Eggfree Cake Box®

'...making celebrations a piece of cake'

2021

ANNUAL REPORT AND ACCOUNTS

Company Overview

WE ARE BRITAIN'S LEADING EGGFREE CELEBRATION CAKE FRANCHISE OPERATING OVER 150 STORES NATIONWIDE

Financial Highlights

£21.9m

Revenue
+16.9% year on year

2021	**£21.9m**
2020	£18.7m

£10.9m

Gross profit
+23.8% year on year

2021	**£10.9m**
2020	£8.8m

£4.9m

EBITDA*
+14.6% year on year

2021	**£4.9m**
2020	£4.3m

£4.2m

Pre-tax profit
+11.8%

2021	**£4.2m**
2020	£3.8m

£5.1m

Cash at Bank
+37.8%

2021	**£5.1m**
2020	£3.7m

8.4p

Earnings per share
+7.7%

2021	**8.4p**
2020	7.8p

3.7p

Final dividend declared

2021	**3.7p**
2020	0.0p

- Another period of strong growth in an unprecedented year
- Group revenue up 16.9% to £21.9m (2020: £18.7m
- Gross margin improved to 49.7% (2020: 46.7%)
- Cash from operations of £5.2m (2020: £3.8m)
- Strong balance sheet with £5.1m cash at period end (2020: £3.7m)
- Dividend per share for the full year: 3.7 pence per share. (Interim dividend of 1.85 pence per share.)

* EBITDA is calculated as operating profit before depreciation

Operational Highlights

- 84% growth in online sales for the comparable period
- Launch of our own delivery platform to complement third party delivery and Click & Collect offerings
- 24 new franchise stores added in the year (2020: 20)
- 157 franchise stores in operation as at 31 March 2021 (2020: 133)
- Successful ongoing trial of five kiosks with a national supermarket chain and four new shopping centre kiosks, taking total number of kiosks to 21 (2020: 12)
- New product launches including eggfree custard, and further vegan and gluten-free options
- Commenced operations at new bakery and distribution centre in Coventry in April 2021
- Exceptional provision of £486k made for fines and related costs following a website data breach in 2020; customer remedial action taken alongside significant steps to improve security

Franchisee Store Highlights

- Franchisee total turnover up by 17% to £42.7m (2020: £36.5m)
- Franchisee online sales up 71% to £9.4m (2020: £5.5m)
- Like-for-like[1] sales growth of 14.7% in franchise stores (2020: 2%) in the 40 week comparable period from 1 June 2020 to 7 March 2021[3]

Current Trading[2] and Outlook

- Trading has remained strong post-period end
- Nine new franchise stores opened in the first quarter
- Targeting 18-24 new franchise store openings in FY22 underpinned by record number of deposits from prospective franchisees
- One supermarket kiosk opened post period end, six new sites confirmed following successful initial trial
- Business opportunities for new and existing franchisees remains highly attractive
- Confident of making continued progress in the years ahead

1 Like-for-like: Stores trading for at least one full financial year prior to 31 March 2021
2 Current trading defined as average store turnover for last 12 weeks to week ended 27 June 2021
3 Trading affected by COVID from mid-March to end of June 2020

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About us

WE ARE THE ON DEMAND, EGG FREE, FRESH CREAM CAKE PROVIDER

The Cake Box journey began back in 2008 when one small store opened in the heart of East London, prompted by our founder's daughter requesting an egg free cake for her birthday. Twelve years later and our mission remains the same: to provide the UK market with delicious fresh cream celebration cakes made without eggs, and providing an 'on demand' service to cater for our ever-increasingly busy lives.

We now have 157 franchise stores in addition to kiosks within shopping centres and supermarkets nationally.

We also refer to ourselves as the 'Cake Box Family', and feel our success is not only due to our commitment to the brand, but extending our family circle to include our staff, franchisees and customers.

This was never more meaningful than during the COVID-19 pandemic. Each and every one of our franchisees and staff worked tirelessly and positively to support the Company during this unprecedented time. The safety measures we implemented in our stores, head office and distribution hubs have been well thought out and exceed our legal obligations.

We were congratulated by Environmental Health Officers throughout the country for our safety efforts in relation to covid measure put into place and Cake Box continued to lead the way on the high street concerning Covid. We are proud to say that the Company is now steadily moving forward to building an even greater presence on the high street with monthly, multiple, new store openings plus kiosks in shopping malls and supermarkets. Trading continues to increase and improve on a weekly basis which is also due to our ongoing collaboration with the online delivery platforms and our own website delivery service which has recently been launched.

> We like to think of each other as family, and feel our success is not only due to our commitment to the brand, but extending our family circle to include our staff, franchisees and customers.

During the year, the Group engaged with London Borough of Enfield and entered into a Primary Authority Partnership, a government-backed scheme which allows businesses to partner local authorities and receive tailored and assured advice on meeting environmental health and other trading standards. We requested a detailed audit to be carried out at our Enfield warehouse by the Principal Environment Health Officer (EHO) in respect to Hazard Analysis and Critical Control Point (HACCP) procedures, and a 5 day audit was completed in October 2020 by the Borough to assess our procedures. The EHO raised a number of improvements and recommendations critical to the Group's operations and in which we are looking to take forward to achieve the highest standards. The partnership has been impacted by COVID-19 delays and we have been unable to work with the Borough as much as we would have hoped for, however we met with the Borough subsequent to the year-end date, in June 2021, to agree to continue the partnership, formulate an action plan in respect of the audit findings and agree subsequent review dates. We will look forward to implementing recommendations made, which were focused on the warehouse and manufacturing, while also looking to review and assess procedures for our franchisees and retail processes in the near future.

Our delivery sales have increased to nearly 500,000 per month by March 2021. As you would expect, we continue to use our high end secret recipe, eliminating the egg in all of our products, whilst guaranteeing there is no compromise on the taste, texture or appearance of any of our cakes. We pride ourselves on sourcing and using only the finest, ethically sourced ingredients, and teamed with our commitment to quality and value, means that you will receive a delicious product every time. With our policy of having multiple suppliers for the same product we ensure that the suppliers are competitive both in pricing and ethical supply chain.

Our research & development team are constantly expanding our product range and we are so proud of the new improved vegan, gluten free and luxury gift products we have launched this year; and our customers seem to love them too. We have a new marketing team who are constantly developing

fabulous campaigns, engaging with our customers with a great revamped social media platform and have introduced cutting edge, in-store, ordering screens to really bring Cake Box kicking and screaming out of the pandemic and back to the party! The website is constantly being reviewed to keep it fresh both in content and functionality, for example, the addition of our delivery service.

Our growth

Born at the height of the recession in 2008 the business has proved to be incredibly resilient in all economic climates, including a global pandemic! The original franchise model was established by late 2008 and we opened our first franchised store by 2009. We continued to add stores with a steady growth over the next 12 years. We opened our 50th store in 2016, our 100th store in 2018 and 150th store in early 2021. We are mindful that the control environment is developed along this rapid growth to safeguard the brand and assets of the company.

In June 2018 we listed on the London Stock Exchange's AIM market, further cementing our growth pattern by benefiting from the wider exposure that listing on the Stock Exchange brings. We will continue to expand and grow in high streets across the UK with more store openings coupled with newer formats such as kiosks in shopping malls and supermarkets.

At a glance

"Forever Eggless"

When Sukh's daughter said to him "Daddy I don't want eggs in my birthday cake" he went on to find a celebration cake recipe that didn't use eggs in the batter but he wanted the best tasting cake.

Twelve years later and we now have more than 157 stores, over 20 shopping centre kiosks and 5 supermarket locations generating over 40m worth of cake sales. We serve more than 60,000 customers every week.

The Cake Box Journey

2008

Sukh Chamdal opens the first Cake Box store in East London

2009

Pardip Dass joins Sukh to start the Eggfree Cake Box Franchise with a £25,000 start-up loan from NatWest Bank

2010

Three franchisees recruited to open stores in Bow, Slough and Walthamstow. Total stores now five.

2011

First out of London store opened in Leicester with record sales

2012

Birmingham and Luton locations added, bringing the total to 15 stores, now serving more than 2,500 customers per week.

2013

Purchase of a 5,000 sqft baking and warehousing facility that will accommodate up to 35 stores

Our values

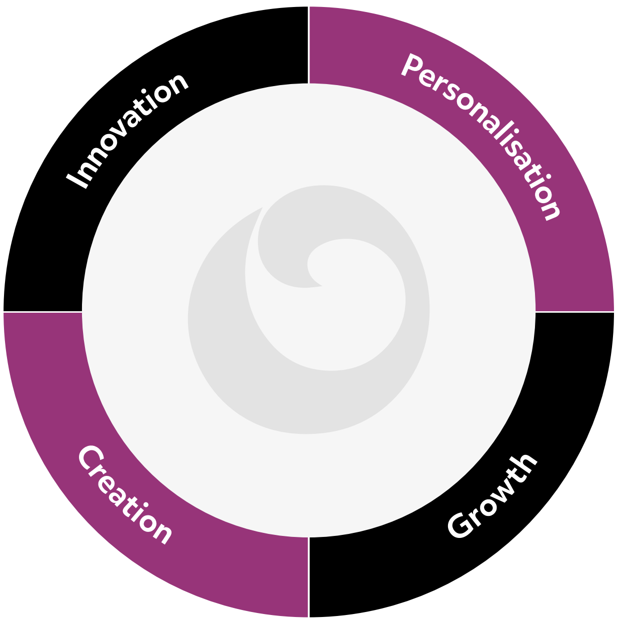
Respect: for all religions, traditions, cultures, customs and lifestyles

Unity: Equality and neutrality

Playful: Fun, passion and indulgence

Sustainable: Environmentally and socially responsible

Our business model



2014

30th store opened in Nottingham, sales pass £200,000 per week

2015

We purchase our current 40,000 sqft Enfield warehouse and distribution facility and suddenly production capabilities increase by five-fold

2016

Our 50th store is opened in Watford

First Cake Box opened in Scotland

2017

Automated cheesecake line was installed at Enfield, as sales of cheesecakes skyrocketed.

2018

Cake Box listed on the AIM Market on 27 June

We open our 100th store in Bletchley, Milton Keynes

2019

27 June – We listed on the London Stock Exchange

2020

Due to COVID-19 all stores close for a period of six weeks in the first lockdown

Partner with UberEats, Just Eat and Deliveroo allowing us to offer customers a home delivery service. In late 2020 a delivery service was added from our own website

2021

We opened our 150th store in Romford, Essex and now serve more that 15,000 customers per week.

Coventry warehouse and distribution centre opens adding greater capacity and reducing road miles by over 80% or 600,000 miles per month

Our business features

Free-From

We promise to be egg and alcohol free. This is an assurance sought by some medically or religiously particular customers who would not buy from us if we worked with egg or alcohol on our premises. Allergy and religious aversion is an important reason for some customers to shop with us.

All Occasions

Our shops can provide cakes for all occasions, however large or small. From children's birthdays at home to weddings and events, we can provide cakes that become the centre of attention.

Personalisation

More than 90% of customers have messages added to their cakes, many deciding on the spot whilst purchasing the cake in store. This sets us apart from traditional bakers who require several days' notice to add messages. From "Happy Birthday Adam", to "Congratulations on your Vaccination!", cake is a greeting card like no other.

Ready to Go

Over the years our in store displays have increased in size with improved lighting offering customers an improved experience and showcasing the variety of cakes. They are far easier to manage for the stores when receiving, preparing, storing and receiving orders, especially for Click & Collect within the hour.

Chairman's statement

THIS CHALLENGING YEAR HAS BROUGHT OUT THE BEST IN OUR BUSINESS

Neil Sachdev MBE Non-Executive Chairman

The Cake Box Family has continued to grow throughout the last year, with the Group reaching the landmark achievement of opening our 150th franchise store in Romford, Essex in February, as part of the 24 new stores opened during the year.

It has been an extraordinary year for the Cake Box Family and the country as a whole. There have been tough challenges for everyone, both within the business and personally. What has struck me most is the resilience, determination and compassion, which has allowed us to continue serving customers whilst looking out for one another.

Results

Despite the ongoing impact of the Government's lockdown restrictions throughout the year, the Group delivered a strong performance, with a sustained recovery in trading as shops began to reopen after the first UK lockdown in May last year.

I want to thank our customers for their ongoing support through this extraordinary year and our staff and franchisees for their enormous commitment and effort.

For the year as a whole, Cake Box delivered a 16.9% increase in revenues, and a 24.8% increase in adjusted profit before tax. To have achieved these figures during an ordinary year would have been an achievement, but to deliver them during an undoubtedly extraordinary year we have had is a result that gives me immense pride in the whole Cake Box Family.

Website data breach

A malware attack occurred in 2020 which impacted our website payment system and resulted in a website data breach. We have contacted any customers whose personal information was potentially exposed during the attack and provide them with support where required. We have also informed the relevant authorities.

We take the security of our customers' personal information extremely seriously and took appropriate action to secure the website. We set up a dedicated team, available to impacted customers by email, to provide help including a complimentary fraud protection service and would like to apologise to customers for any inconvenience this attack may have caused.

Our franchise platform

The platform founded by our entrepreneurial management team over ten years ago has facilitated these record results, delivering for all of our stakeholders and gives us a simple recipe for future growth.

We have a franchisee proposition that supports entrepreneurship and job creation across the UK, often in underserved communities. Most of all we are delighted that we continue to attract many female franchisees.

We have a unique and attractive customer proposition, which we have made more accessible through strategic initiatives including our kiosk trials, third party delivery platforms and, more recently, our own online delivery channel.

We have an investment proposition which offers shareholders access to the attractive growth and returns we generate through our proven, capital light, cash generative franchise model.

Cake Box continues to serve our communities, whether that be through the donations of over 100,000 cakes to key workers during the pandemic, or simply through making sure that birthdays up and down the country can still be celebrated with a delicious slice of cake.

The Cake Box Family

At its core this business is a collection of extraordinary entrepreneurs, united by the Cake Box brand. These results are not just testament to the strength, resilience and adaptability of the franchise platform, but to our franchisees and committed staff across the UK, who have continued to serve and support their communities through a global health crisis. On behalf of the Board, I would like to thank them for their enthusiasm, dedication and perseverance.

The Cake Box Family has continued to grow throughout the last year, with the Group reaching the landmark achievement of opening our 150th franchise store in Romford, Essex in February, as part of the 24 new stores opened during the year.

24

New sites opened during the year

To open a small business for the first time during a pandemic is no mean feat, and I would like to welcome all our new franchisees to the Cake Box Family – from Hove to Sunderland. We have also had existing franchisees continue to expand their businesses during the last year, and I would like to commend them for their tenacity. These new store openings have allowed us to create more than 200 new roles, including 25 at our new and existing warehouse and bakery sites.

Whilst there is much rhetoric (from financial institutions) of supporting small businesses across the UK economy, some of our franchisees have encountered significant challenges in obtaining financing from our usual banking relationship to open their stores. Therefore, we took the important decision to support several of these individuals who weren't able to secure a commercial loan during COVID-19, with a Franchisee Support Fund. The Franchisee Support Fund has been put in place whilst COVID-19 affects the availability of commercial loans to franchisees and matches the terms of commercial loans that have historically been available through the banks, some of which have been withdrawn during COVID 19 These loans typically amount to a £50k contribution to new franchise store start-up costs and to date, Cake Box has loaned c.£890k to 16 franchisees. The Board has set a limit of £1.5m that can be provided in aggregate as loans to franchisees through the Franchisee Support Fund. The expectation is that conditions normalise, commercial loans will become readily available again to new franchisees and we are in discussions to widen our banking relationships for franchisees. I am immensely proud of the management team for this initiative, which speaks to the passion they have in allowing other entrepreneurs to grow their own businesses.

Dividend

The Group reinstated its interim dividend in November, as well as declaring a special dividend on 1 September 2020, following the announcement in April 2020 that the Board did not feel it appropriate to recommend a final dividend. The decision to pay a special dividend and to reinstate the interim dividend reflected the Board's confidence in the strength of the balance sheet, and was taken only after we repaid all government monies received for the furloughing of Group level employees who were unable to work as a result of the immediate impact of COVID-19. The Group has taken no further Government support in the second half and remain very grateful for the support the government has offered.

The Group's balance sheet remains strong, underpinned by the highly cash generative nature of the Group's business model. Net cash at period end was £3.6m (FY20: £2.1m), up 71% on the prior year. In line with our progressive dividend policy, the Board has declared a dividend of 3.7p for the full year.

Looking ahead

As we cautiously emerge from the shadow of the COVID-19 pandemic, I can confidently say that I have never been more excited about the Group's prospects.

We have not only continued to grow the business over the last twelve months, we have also reinforced the foundations for our future growth with the opening of our Coventry and Bradford production facilities, and expanded the drivers of future growth through several strategic initiatives.

All of this is underpinned by the Cake Box franchise platform and the Cake Box Family, led by our founding executive management team. Under their stewardship, this model and these extraordinary entrepreneurs have allowed us to thrive during an unprecedented crisis despite the challenges encountered with the GDPR issue. I am looking forward to Cake Box continuing to thrive and grow over the next year and beyond.

Neil Sachdev MBE
Non-Executive Chairman

Chief Executive's Review

SAFEGUARDING THE HEALTH AND WELL-BEING OF OUR STAKEHOLDERS

Sukh Chamdal Chief Executive Officer

> A core driver of our sales is ensuring our differentiated customer proposition remains relevant, and that we continue to grow our product offering.

Overview

I am very pleased with the progress we made over this challenging year, marking our third consecutive year of double-digit revenue growth against the most difficult of backdrops.

In this climate, our first priority has remained the health, safety and wellbeing of our customers, colleagues, franchisees and their staff. I am immensely grateful that we successfully and safely reopened our store estate at the end of the first lockdown and continued to serve our customers through an incredibly challenging time.

This has been made possible through our continued commitment of backing our franchisees. Their dedication and that of everyone in the Cake Box Family has meant that we have been able to emerge stronger from a year marked by the global pandemic.

Sales

In the last 12 months the group achieved a total turnover up by 16.9% to £21.9m (2020: £18.7m), which has been driven by record franchisee sales in the last 12 months despite being closed for the first 6 weeks due to the pandemic. Pleasingly, when stores were trading, we saw like-for-like sales growth of 14.7% in franchise stores (2020: 5.1%) in the 40 week comparable period from 1st June 2020 to 7th March 2021.

A core driver of our sales is ensuring our differentiated customer proposition remains relevant, and that we continue to grow our product offering:- keep the proposition fresh and to accommodate new tastes and flavours. Accordingly, during the year we introduced exciting new launches including an egg free custard to complement products such as our new packaged loaf cakes. We also developed further gluten free and vegan product options.

Store estate

Having started this business from a single shop in East London, the landmark of our 150th franchise store opening in Romford, Essex earlier this year was a significant moment for me both personally and professionally and I was thrilled to be able to stand next to the franchisee, Sharon, as her new store opened for trading.

Overall, there were 24 store openings during the year, taking the total number of franchise stores in the Cake Box estate to 157 at the period end.

+17%

Sales growth of franchise stores

Strategic initiatives

We have continued to make significant progress on our strategic initiatives to complement our franchise store estate growth, allowing new and existing franchisees to grow their businesses through new channels including kiosks and online delivery through third party platforms as well as our own delivery platform.

There was further substantial growth in the number of orders which were made online during the year, with online sales increasing 71% year-on-year (up 84% on a like for like week basis), making up 22% (2020: 14.9%) of total franchisee sales. Order volumes placed through our own-brand delivery platform have been encouraging since the launch.

Having successfully launched our shopping centre kiosk proposition, we are trialling five Cake Box kiosks with a national supermarket chain and the results so far have been very encouraging. Despite the reliance of our shopping centre kiosks on footfall, we are confident in the continued attractiveness of this offering for existing franchisees.

Trading at these locations has resumed following the reopening of non-essential retail locations on 12 April 2021.

Following investment to support the Group's continued expansion, operations at Cake Box's new bakery and distribution centre in Coventry commenced in April this year, complementing existing facilities in Enfield and Bradford.

Bringing all of these initiatives together, we have both reinforced the foundations of the Group's future growth with the infrastructure to expand our franchise store growth, and we have expanded the drivers of future growth by creating new channels to make the Cake Box customer proposition more accessible across the UK.

Looking ahead

As we continue to grow the business, a key priority for the Board remains unpinning this growth with the appropriate level of experience and expertise for the Group's central functions, internal controls and processes. This includes the recruitment of an IT Director, a Commercial/Managing Director with responsibility for Group marketing and supply chain management, a Financial Analyst and strengthening our internal audit function to ensure that stronger ongoing controls are operated across the group particularly in light of the data breach and increased online sales.

Summary and Outlook

Looking back to what we've achieved over the last twelve months, I am both incredibly proud of the Cake Box Family and incredibly optimistic for the future. We have achieved record results during a year which included a global pandemic and the temporary closure of our entire store estate. We have ultimately emerged a bigger, better business.

Trading has remained strong post-period end with nine new franchise stores opened in the first quarter.

We have a record number of holding deposits for new franchise stores wanting to start and grow their own businesses. This underpins our confidence in meeting our ongoing target of 18-24 franchise store openings for FY22. Following a successful trial of five supermarket kiosk locations, we have already opened a further supermarket kiosk post period end and have had a further six new locations confirmed.

Despite continued uncertainty in the operating environment, our unique proposition for customers and new and existing franchisees remains highly attractive and we are confident of making continued progress in the years ahead.

In June 2020, amidst the onset of the pandemic, I wrote that "there will still be birthdays, marriages and numerous other occasions, large and small, to celebrate up and down the country" and our performance this year has clearly shown this to be the case. As we cautiously emerge from the pandemic, I am thrilled that more customers than ever will be celebrating reunions with friends, family and colleagues over a slice of our delicious, egg-free cake.

Sukh Chamdal
Chief Executive Officer

Our strategy

TO BE BRITAIN'S MARKET LEADERS IN PREMIUM EGGLESS CELEBRATION CAKES, TREATS AND CONFECTIONERY

Franchisees

- Targeting towns and cities far and wide in mainland Britain
- Shop openings – full pipelines of new and existing franchisees
- Kiosks – existing franchisees reaching out from their shops to display counters in malls and supermarkets
- Training programmes for multi-site owners

An attractive franchise proposition

No baking – simple business model, refined for ease of operation over 12 years

Retail pure and simple – totally cash business – no B2B accounts to manage/credit control

Full training and ongoing support

VAT free product – easier accounting

Sociable hours – most of our stores open 11am to 7pm

Turnkey build, ready-to-trade handover to franchisee

Average payback of investment in 18 months

Relatively low start-up cost for a high street franchise

Franchisees who have begun their multi-site journey

No. of stores	No. of franchisees
1	30
2	23
3	8
4	0
5	2
6	4
7	1
8	1

Our achievements

- Launching home delivery on our website during COVID-19
- Adding products that have previously only been available in-store, to our website for home delivery or Click & Collect
- Stores remaining open, with safety procedures in place, to ensure customers are safe during lockdown
- Introducing new cake ranges including Red Velvet and Caramel collection, Naked Collection and a new 6" size
- Ensuring our new Coventry distribution hub is operational

157

stores opened

Our management

- Led by Executive founding Directors that are passionate, longstanding senior management team.
- Major recruitment drive to enable expansion at all of our sites
- Growth conscious bringing new challenges for personal development
- Flexible working from home and office during COVID-19 restrictions
- Fun and family orientated culture in the office

1,000+

staff

Our operations

Enfield Head Office:
Bakery and South East distribution centre

Bradford:
Bakery and North distribution centre

Coventry:
Bakery and Midlands and South West distribution centre

- National training centre located at Milton Keynes is our Centre of Excellence, developed for new franchisees and refresher courses
- Menus, designs and pricing centrally controlled from Head Office
- Innovative production of cakes, with continual improvement in our manufacturing systems
- New partnerships with external bakers to produce additional range of products
- Worldwide sourcing of materials to keep purchasing sustainable, yet competitive
- A developing online presence to meet the needs of the internet generation

3

operational sites

Franchise model

OUR FRANCHISE MODEL, AND HOW THE STRATEGIC VISION HAS BUILT OUR BUSINESS TO WHAT IT IS TODAY

Why invest?

+ Attractive proposition
+ Comfortable trading hours
+ Competitive pricing
+ Limited competition
+ Turnkey solution
+ Loyal customer base
+ Recognised brand
+ Franchisees seeking further stores
+ Stable franchise model

Who are we looking for?

To successfully expand, it is very important that we recruit the right people to work with our brand. We are looking for people with the right attitude who must be prepared to follow an established business model and be flexible as changes arise.

As well as the usual business acumen, we are looking for:

- A genuine commitment to providing the highest quality eggfree cakes to a diverse range of customers and communities
- Individual franchisees, not partnerships
- Dedicated people who are motivated to providing the highest levels of customer service in a retail environment
- Leaders who will manage staff, their training and continued development
- Team players – franchising is all about the wider network and being part of a supportive 'family' of franchise owners
- Well organised and disciplined in all aspects of a business
- People who will follow systems and set procedures
- Previous food or cake knowledge is not required as full training will be provided

The process

Step 1	Review
Step 2	Complete Advanced Application Form and Review
Step 3	Attend Cake Box Head Office Presentation Meeting
Step 4	Secure Area and Pay Deposit
Step 5	Locate a Shop in Chosen Area
Step 6	ECB View and Approve
Step 7	Develop Business Plan and Make Application for Funding
Step 8	Offer Made to Agent With Help From ECB
Step 9	Offer Requested
Step 10	Sign Legal Agreement
Step 11	Lease Completion

3

Weeks full training

1

Franchise Forums every week

Franchisee Support and Training

To ensure franchisees start their new business venture with the best possible impact we provide them and their staff with a comprehensive training programme.

They will receive three weeks of full training in all aspects of operating an Eggfree Cake Box franchise prior to opening.

They will have their training at our Head Office Training Academy in Enfield or our Centre of Excellence in Milton Keynes.

On opening the store they will have our Training Manager and Regional Business Development Manager on hand to assist and advise, ensuring the smooth opening of the business.

They will also receive regular training, guidance, and full support every step of the way to ensure their success.

They will receive the full support of the Franchise Team in helping them to succeed in their franchise venture. As an Eggfree Cake Box franchisee, they will benefit from attending our Franchise Forums that discuss many topics including training and updates on new developments and products within the Company.

Developing Careers

After completing three years in the corporate pharmaceutical industry, I felt it was the right time for me to go on to something that I was truly passionate about. My vision, since I graduated, was always to eventually have my own business and a franchise was certainly the preferred route.

I wanted something outside of the typical 9 to 5 routine that would give me the right work-life balance to allow me to focus on planning a family and spending that valuable time with them, as well as building a successful career for myself.

I did not want to have to choose between having a family or being a successful businesswoman. This is where Cake Box came into the picture. From my first meeting it was evident the support they offered and how they empowered their franchisees to grow with them. This is what set them apart from other franchise models. When investing in a franchise my decision was strongly based on the power of the Cake Box brand.

The Eggfree Cake Box had it all. They had a great product with a brand that you just knew would go places and become a household name. They were a unique franchise that offered the high street something totally different.

I was sold without much persuading; I knew this was right for me.

Nearly nine years on from opening my first store in Tooting, South London I can honestly say I've not looked back. I have not only grown my store portfolio to three stores, but I have also grown my own family to four with the addition of our first child in 2016 and more recently I welcomed my second child in 2020.

I have already achieved the milestones I set out to do and I am now focusing on building my portfolio further. Cake Box have given me the support framework any young businesswoman would hope for when taking such a big step into the unknown. They have a robust business model and a growth plan that will continue to help me grow and hopefully be more successful.

Tanvi Roy
Director, Franchisee
Eggfree Cake Box Tooting

68 Upper Tooting Road,
London SW17 7PB

Franchise model (continued)

Our supply chain

Far East
Packaging, machinery

Bakery
Production sites

UK and Europe
Flour, cream, ingredients

Head Office (London)

Locally sourced fresh fruit

Deliveries
Ancillary • Sundry supplies

Cake Box Stores

Collection in-store

In-store purchases

Delivery Platforms
UberEats • Deliveroo • Just Eat • Home Delivery

03
Distribution centres
Providing store deliveries within 90 minutes and reducing travel miles

157
Total stores
New store openings have continued during a challenging period but delivered increased sales

24
New stores opened

Bakeries and distribution centres

Bradford
This northern hub came into operation around February 2020 and serves 28 shops by the end of March 2021.

Coventry
Coventry became operational in April 2021, and served 31 shops later than originally planned due to COVID-19 related delays.

London
Enfield, North London continues to be the head office since 2015. It houses the biggest bakery, currently serving 109 sites in London and the South East.

It also serves as the national warehouse for smaller goods such as kitchen tools, uniforms, candles and balloons.

Financial Review

WE DELIVERED RECORD SALES AND PROFITABILITY IN AN UNPRECEDENTED YEAR, EVEN THOUGH OUR STORES WERE CLOSED FOR SIX WEEKS

Pardip Dass Chief Financial Officer

"Revenue increased by 16.9% compared to the previous financial year, through an increase in-store like-for-like sales and with the addition of 24 new stores and 9 new kiosk openings.

	FY21 £m	FY20 £m
Revenue	**21.9**	18.7
Gross profit	10.9	8.8
Operating expenses	6.2	5.0
EBITDA	**4.9**	4.3
Exceptional item	0.5	0.0
Depreciation	0.7	0.5
Share based payment	0.3	0.2
Operating profit	**4.7**	3.8
Profit before tax	**4.2**	3.8
Adjusted Profit before tax*	**4.7**	3.8
Tax	0.8	0.6
Profit for the period	**3.4**	3.1
Adjusted Profit for the period*	**3.9**	3.1

Another period of strong growth in an unprecedented year

Despite the ongoing impact of the Government's lockdown restrictions throughout the year, the Group delivered a strong performance, with a sustained recovery in trading as shops began to reopen after the first UK lockdown in May last year. In the 40 weeks from 1 June 2020 to 7 March 2021, like-for-like sales in franchise stores grew by 14.7%.

Revenue

Reported revenue for the year to 31 March 2021 was £21.9m. Revenue increased by 16.9% compared to the previous financial year. This was achieved through an increase in in-store like-for-like sales and with the addition of 24 new stores and nine kiosk openings in shopping centres around the UK in new locations including Gloucester, Epsom, Newport, Ipswich and Hove.

* Calculated after adjusting for provision for GDPR Breach of £486k

Gross margin
Gross profit as a percentage of sales improved from 46.8% to 49.7% reflecting a combination of a volume increase and a price efficiency in sponge and cake supplies amounting to a 250 basis point saving.

EBITDA
EBITDA increased by 14.6% to £4.9m as a result of the strong increase in sales and improved margins. Adjusted EBITDA rose by 25.9% to £5.4m as a result of strong trading.

Exceptional items
Following the website data breach that occurred in 2020, the Company was subsequently informed by its merchant services provider that it would be fined €204k in relation to this. The Company has made a total provision of £486k in FY21 allowing for additional legal and professional fees and potential fine relating to the breach. Given the one-off nature of the incident, this fine has been categorised as an exceptional item in the Group's accounts.

Balance sheet
Cake Box has a strong balance sheet with a cash balance at the year end of £5.1m. The Group's only debt is a mortgage of £1.5m secured by its freehold properties in Enfield, Bradford and Coventry.

The Group operates a franchise model and therefore has a relatively low and flexible cost base. The Board is therefore very comfortable with the Group's cash levels and liquidity despite the unprecedented events of 2020.

Taxation
The effective rate of taxation was 18.0% (2020: 16.9%). This is in line with relief obtained in Research and Development costs, being offset with corporation tax and differences on capital assets.

Earnings per share (EPS)
Un-adjusted earnings per share were 8.42 pence (2020: 7.82 pence). Adjusted earnings per share was 9.63p (2020: 7.82p) (adjusted due to the provision made for the GDPR breach). An increase of 23% reflecting the increase in profitability of the Group. The number of shares in issue are 40,000,000 and is unchanged since the Company's IPO in June 2019.

Dividend
Having delivered a year of strong growth, the Board is pleased to propose a final dividend of 3.7 pence per share (2020: 3.2 pence), bringing the total dividend for the year to 5.55 pence per share (2020: 4.8 pence).

If approved by the shareholders at the Company's AGM on 6th August 2021, the final dividend of 3.7 pence per share will be paid on 13 August 2021 to shareholders on the register on 16 July 2021.

As previously stated, the Company intends that the total dividend for each year will split into one third for the first six months of the year to two thirds for the year end.

Cash position
The Group had £5.1m of cash at year end, an increase of £1.5m. At the year end, the Group had a net cash position of £3.6m which was up £1.6m from the previous year. I am pleased to say that we have been able to increase our cash balance even after loans of £0.9m were drawn by our franchisees from our Franchisee Support Fund which we introduced this year to help with funding new franchisee loans.

Trade and other receivables
The Group had £3.53m of trade and other receivables (including other financial assets) at 31 March 2021, an increase on the previous year. The majority of this balance relates to trade receivables which have increased by £2m, partly as a result of not only the increase in turnover, but also due to £0.9m being utilised by the Franchisee Support Fund mentioned earlier. Trading debts relating to purchases of products by franchisees remain low in comparison as credit terms have a defined seven day payment term.

Trade and other payables
The Group had £3.35m of trade and other payables at the year end, an increase of £1.8m on the prior year. The Group actively sources cost effective suppliers without compromising on the quality of the products. Other payables are paid according to terms specified.

Pardip Dass
Chief Financial Officer

£21.9m
Revenue

2021	**£21.9m**
2020	£18.7m
2019	£16.9m

£10.9m
Gross profit

2021	**£10.9m**
2020	£8.8m
2019	£7.7m

£3.9m
Adjusted profit after tax

2021	**£3.9m**
2020	£3.1m
2019	£3.2m

9.76p
Adjusted Earnings per share

2021	**9.76p**
2020	7.82p
2019	7.89p

Operational Review

WE SOURCE COST EFFECTIVE SUPPLIERS WITHOUT COMPROMISING ON THE QUALITY OF THE PRODUCTS

Dr. Jaswir Singh Chief Operating Officer

> Sales have steadily grown in all marketing platforms, and this is particularly apparent on special occasion days such as Valentine's and Mother's Day – especially whilst in a lockdown.

Stores

The Group opened 24 new franchise stores in the year, taking the total number of franchise stores to 157 at the year end. We also expanded the successful trial of kiosks into a further nine shopping centre locations including five in a major supermarket chain. These are operated by local franchisees as an extension to their existing stores. This maximises the efficiency of the operation and allows access to a wider customer base. With limited additional overheads and relatively low capital outlay when compared with the set-up costs of a new store.

Although there was an impact on the timing of openings in the first half of the financial year as a result of COVID-19, we had a stronger second half of store openings. The Group currently has a strong pipeline of new franchise store openings and since the start of the new financial year we have opened seven new franchise stores in just two months.

Home delivery

As the national lockdown came into place at the end of March 2020, coincidentally we were piloting a home delivery service using custom made packaging. The delicate nature of our cakes had restricted us from offering this service before. However, utilising delivery platforms allowed us, for the first time, to provide home delivery. Uber Eats were first on board followed quickly by Just Eat and Deliveroo.

It was a steep learning curve for shops to ensure the cakes were securely packaged for delivery.

This activity was a new venture for many of the delivery drivers as the packaging was very different from the usual takeaway boxes. It required care and consideration as the cakes are delicate and can't be handled in a rough way.

Through trial and error we deduced that the risk of damage was greatly reduced when using a vehicle to deliver the cake.

As the car couriers weren't universally available, we encouraged the stores to take out contracts with local minicab firms so they could be used for deliveries through the platforms.

As this became workable and shop staff were getting accustomed to processing delivery orders, it was a small step for us to introduce a delivery option for orders taken on our website.

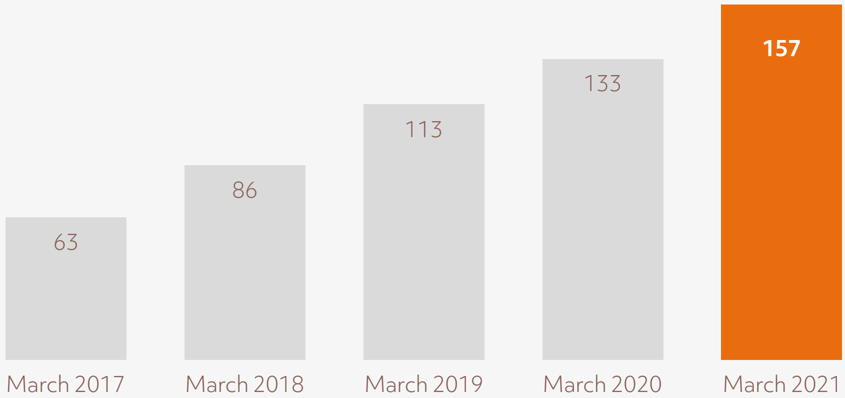
Sales have steadily grown in all marketing platforms, and this is particularly apparent on special occasion days such as Valentine's and Mother's Day – especially whilst in a lockdown.

Warehouse, distribution and production facilities

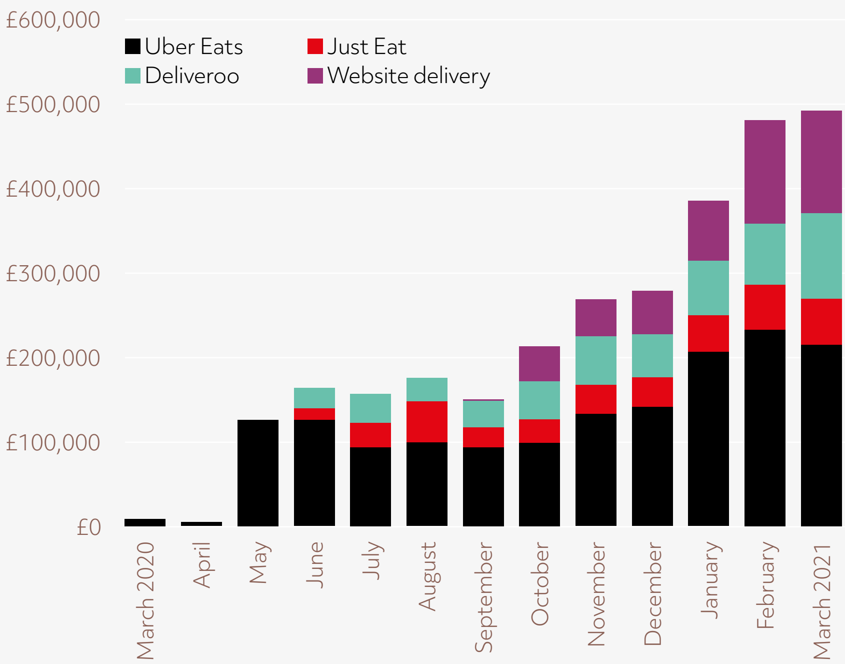
The Coventry warehouse and distribution centre was operational at the year end date. As well as stock distribution we have installed a sponge production facility capability at all sites which will enable us to reduce our existing distribution costs and provide a back up to our production facility in Enfield. This has provided us with a more streamlined production and distribution operation, reducing the delivery time to within 90 minutes for 90% of our franchise stores. In turn, this also reduced our annual road miles by over 600,000 as well as creating employment opportunities in these areas and addressing our goals of reducing food delivery miles which helps mitigate our environmental impact.

Jaswir Singh
Chief Operating Officer

Number of stores (excluding kiosks)



Home delivery sales



Environmental, Social and Governance Report

CAKE BOX BELIEVES THAT ESG AND SOCIAL RESPONSIBILITY IS ABOUT BEING COMMUNITY MINDED, RESPONSIBLE AND MAKING A DIFFERENCE

Cake Box believes that our Environmental, Social, and Governance policy is about responsibly maintaining an obligation to consider the interests of our customers, employees, shareholders and communities. We must also consider our impact on the environment and the social consequences of our business activities.

By continuing to adopt these values we believe that we have a significant contribution to our core business processes and stakeholder management. This will help us achieve our ultimate goal of creating a fully sustainable and ethical business that will also help the less fortunate and promote equality for all.

Aims and values

Our values continue to underpin our vision, and guide all of our actions. Their presence in everything we do will ensure that we are ethical in all our dealings.

Customers – listen to our customers and provide great customer service

People – reward the efforts and achievements of our colleagues in an open and honest way of working, acknowledging inclusion and diversity in all that we do

Operations – get better at what we do

Honesty – openness and honesty as a way of working

Commercial Success – drive commercial success through effective leadership and teamwork

We promote initiatives which support and encourage staff to achieve an acceptable work/life balance. As a company we strive to recruit and retain the best people, continue to encourage our family culture and values, motivate our people and reward them accordingly.

Cake Box is committed to creating a positive impact on the communities around us. We follow many business principles and are mindful of our ethical, social and economic impact. To us, ESG means doing everything we can to be a good company committed to socially responsible practices. This strategy confirms our commitment to acting responsibly and delivering high quality products and service.

Economy

We provide employment to people in local communities across Britain and we encourage, and are proud to have, a large and diverse workforce. We have opened 157 shops nationwide since we started in 2008, thereby boosting the economy and providing employment. Our aim is to teach the unemployed new, practical skills and to improve incentives to work. Our franchisee network has enabled 1200 jobs to be created nationwide and are completely inclusive in applications for employment.

People

Our Company is dedicated to protecting our employees' health and well-being. Our people are our best asset and one of our most important objectives is to keep them safe and healthy, which we have been particularly proud of throughout the COVID-19 pandemic. We also provide a comprehensive Private Health policy for every eligible employee and a 'Death in Service' benefit for all employees to ensure some financial security for their loved ones in the event of their death. We are constantly auditing and reviewing our internal policies and procedures to see where we can incorporate more beneficial practices for our employees.

We have a sickness absence policy which incorporates paid company sick pay for all staff.

Communities

Our Company will initiate and support community investment and educational programmes. We are currently looking at ways we can provide support to non-profit organisations to promote cultural and economic development of local communities. During the pandemic we donated £10,000 to our local authorities' Business Hardship Fund which supported smaller businesses through the pandemic who were not eligible for Government support as they fell outside the criteria.

We support charitable giving and volunteer efforts within our communities. Our shops support local communities such as kids' football and cricket clubs.

We run a 'Hot Kitchen' every Wednesday for the homeless or needy in a deprived Borough of London, providing hot food to consume or take away. This runs from October to April every year.

The Directors also sponsor a free dispensary back in their home village in India providing free tests, free medicines and free check-ups for the whole community as well as yearly eye and cancer camps. Our Franchisees carry out charity driven initiatives in their local communities and we have introduced a Charity Matched Giving Policy for our staff at Head Office. Any monies being raised by staff will be matched by the Company.

Environment: protecting and preserving the environment

Apart from legal obligations, our Company is committed to proactively protecting the environment. We will not enter into negotiations with any company supplying goods that do not have a sustainability programme. We will not buy any product that contains palm oil which is not from a sustainable production farm. We are reviewing all our ingredients to ensure that they fit in to our criteria.

Plastics – Our aim is to have over 90% of plastics used on our packaging to be recyclable or biodegradable by 2022.

Carbon Footprint – We have reduced our travel mileage by opening distribution centres within 90 minutes of our stores based in Bradford and Coventry. Both sites are now fully operational. This helps to reduce our carbon footprint, vehicle maintenance and our diesel mileage.

At the new distribution centres we have introduced a bulk waste initiative allowing each site to have these regularly collected and processed. They include industrial containers for general waste and cardboard, helping to reduce unnecessary waste.

We have also installed LED lighting across our offices and our distribution centres to further reduce our energy consumption. In addition to the lighting, we have also replaced our ovens with gas versions, for improved energy saving, more efficient baking and reduced emissions.

Within our offices we have introduced a printer cartridge recycling facility to help remove waste from consumable items, that would normally head to landfill.

We will continue to review our office and production practises to ensure we are actively making changes to improve efficiency and lower our impact on the environment.

Principal Risks and Uncertainties

The Corporate Governance Report includes an overview of the Group's approach to risk management and internal controls. Set out below are the principal risks and uncertainties that the Group faces and the activities designed to mitigate these risks.

The Board recognises that the nature and scope of risks can change and that there may be other risks to which the Group is exposed and therefore the list is not intended to be exhaustive.

Risk category	Potential impact	Mitigation	Risk rating
Robust infrastructure	The Company is experiencing rapid growth, and this can put additional strain on both its human resources, their skills as well as the physical assets.	The Company prepares long and medium-term strategic plans and maps the resources requirements against these. It will then take the appropriate action to ensure the right resources are in place. The small and focused Board will also react quickly to changes in the risk profile to implement new process and add additional resources.	**High**
Cyber Security	As Cake Box increases its online sales, any loss of availability or integrity could result in a short-term impact on commercial performance and loss of customer confidence. There is significant reliance on third parties for hosting the transactional website and ensuring it is as secure as it can be. The cyber threat landscape is evolving all of the time with ransomware, data breaches and targeted cyber attacks becoming more sophisticated and commonplace (the Company having experienced such an attack during the year).	Controls are in place to protect the platform availability, although no company is able to protect their website 100% from Cyber criminals as experienced by the company last year. We have multiple backups of data, both in the cloud and physical servers to keep data files. In addition, we use an external company to regularly carry out testing on our website security and PCI Data Security Standards. We are increasing investment in our IT capabilities and will review the IT infrastructure and security controls to better protect the platform from future external threats.	**High**
Central Hygiene Rating	Low food hygiene and /or health and safety rating by authorities could lead to a temporary closure of any central production site.	The company works with its Primary Authority Partner to ensure that standards are met and actions any remedial works via a team action plan. Production can also be switched between the three production sites.	**Medium/ High**
Reliance on key staff	Loss of key management could impact the group's ability carry out the roll out programme within the desired timeframe.	The Group is not reliant on one single individual and seeks to have a deputy for each department. The Remuneration Committee seeks to ensure that key individuals are suitability incentivised to aid retention.	**Medium**
Ability to recruit and retain skilled franchisees	The ability of the Group to attract and retain new franchisees with the appropriate attitude, expertise and skills, in available and suitable locations, cannot be guaranteed. The Group may experience difficulties in finding and retaining appropriate franchisees.	The Group undertakes a rigorous recruitment and vetting process and has become very experienced at identifying good franchisees.	**Medium**
COVID-19	Government action in instigating further lockdown bringing closure of retail operations and temporarily shut down of the business. Impact of closure of kiosks in shopping malls.	The Group has a strong Balance Sheet to weather any potential lockdown. It has also shown that it can operate safely as a food business during the lockdown period through the delivery platform it has established. We have enhanced our website with the addition of our own home delivery function.	**Medium/ Low**

Risk category	Potential impact	Mitigation	Risk rating
Consumer Trends	Financial results can be materially impacted by any material change in consumer habits within the United Kingdom.	Our products are "treats" in the mind of the consumer, when it comes to treats consumers disregard health, sugar, and fat concerns as can be seen in the purchasing of chocolate bars. Our products are indulgent treats. We have developed new products to appeal to a wider demographic such as vegan and gluten-free.	**Low**
Product Quality	A reduction in quality may reduce franchisee sales and so supplies purchased from Cake Box would also reduce.	The Group undertakes a rigorous recruitment and vetting process and has become very experienced at identifying good franchisees. Sponge, the major constituent, is produced centrally and quality tested regularly.	**Low**
Poor Performance of Franchisees	Multiple franchisees could underperform in the market, which could result in lower revenues for the Group and potential damage to its reputation and financial performance. Even though the Group has the ability to terminate underperforming franchisees, this may not in itself allow it to stop any such potential damage.	The Directors believe that the Group provides its franchisees with all the appropriate and necessary training, guidance and procedures to operate a franchisee store successfully, safely and to the standards that the Group expects of its franchise stores. The Group also undertakes periodic audits of its franchisee stores.	**Low**
	Low food hygiene and health and safety rating by authorities could be very damaging.	Poor audit scores automatically trigger retraining of the franchisee and their staff. In between we undertake our own audits to maintain high standards	
Failure of Significant Sites	Potential risks include a disruptive event such as fire, flood, a major incident at site level, such as an explosion, IT systems failure, cyber attack or other events such as geopolitical instability.	In 2019 we took the action of purchasing two additional sites in Bradford and Coventry. Both of these are now fully open and can also provide backup facilities to our main depot in London.	**Low**
	The consequences associated with this risk include the impact on our ability to manufacture goods and satisfy customer demands.		
Cost pressures reduce profits for franchisees	Increased labour costs through rises in the Living Wage / Minimum Wage and increases in shop running costs (rents / rates etc.) mean that operating a franchise may be less profitable. This could reduce the interest in new franchises and reduce the number of existing franchises.	Franchisees currently have a healthy profit margin and so can absorb small increases in labour costs. There will also be a short-term benefit from the reduction in rates for small businesses. Franchisees can also increase the retail price of cakes to maintain margins as we are a unique offering.	**Medium**
Brexit	Uncertainty around Brexit has caused volatility in Sterling and so can cause purchase prices to be higher and unpredictable. Brexit may also reduce consumer spending because of the uncertainty.	Historically, at times of uncertainty the celebration cake market has not been impacted as much as the rest of the economy. In addition we set higher stock levels and also look for alternative suppliers in the UK who don't have the same supply chain.	**Medium**
	Import delays.	Additional 3 week lead time built into international orders.	


Eggfree
Eggfree
Custard
Deliciously Creamy!
Great hot over cake or enjoy cold over fruit.
Serving suggestion
1 litre ℮

Considering all of our Stakeholders (S172)

WE TAKE A DISCIPLINED APPROACH TO ENGAGING WITH OUR PEOPLE, CUSTOMERS AND THE BROADER GROUP OF STAKEHOLDERS

Duty to Promote the Success of the Company (Section 172)

STATEMENT BY THE DIRECTORS RELATING TO THEIR STATUTORY DUTIES UNDER SECTION 172(1) OF THE COMPANIES ACT 2006

The Directors, in line with their duties under S172 of the Companies Act 2006, act individually and collectively in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members, and in doing so have regard, amongst other matters, to:

- the likely consequences of any decision in the long term;
- the interests of the Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and other third parties;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct;
- the need to act fairly as between members of the Company.

The Directors' view to these matters is embedded in their decision-making process, through the Company's business strategy, culture, governance framework, management information flows and stakeholder engagement processes.

The Company's business strategy is focused on achieving success for the Company in the long term. In setting this strategy, the Board takes into account the impact of relevant factors and stakeholder interests on the Company's performance. The Board also identifies principal risks facing the business and sets risk management objectives. The Board promotes a culture of upholding the highest standards of business conduct and regulatory conduct. The Board ensures these core values are communicated to the Company's employees and embedded in the Company's policies and procedures, employee induction and training programmes; and its risk control and oversight framework. The Board recognises that building strong and lasting relationships with our stakeholders will help us to deliver our strategy in line with our long-term values, and operate a sustainable business.

The Directors are supported in the discharge of their duties by:

- processes which ensure the provision of timely management information and escalation through reporting lines to the Board from the Company's business areas, its risk and control functions, support teams and committees of the Board;
- agenda planning for Board and Committee meetings to provide sufficient time for the consideration and discussion of key matters.

Stakeholders

The Board understands the importance of engagement with all of its stakeholders and gives appropriate weighting to the outcome of its decisions for the relevant stakeholder in weighing up how best to promote the success of the Company. The Board regularly discuss issues concerning employees, customers, suppliers, community and environmental impact, regulators and its shareholders. In addition, the Board seeks to understand the interests and views of the Company's stakeholders by engaging with them directly, when required. The following summarises the key stakeholders and how we engage with each:

Employees

Our employees contribute to a positive working culture and healthy working environment. Employees are key to the success of our business. In addition to aiming to be a responsible employer in our approach to pay and benefits, we continue to engage with our team to ascertain which training and development opportunities should be made available to improve our team's productivity and our individual employees' potential within the business. We continually invest in employee development and well-being to create and encourage an inclusive culture within the organisation. Our employee appraisal programme encourages employee feedback and facilitates the opportunity for both employees and managers to set performance goals on an annual basis. Our culture invites different perspectives, new ideas and opportunities for growth. We work hard to ensure employees feel welcome and are valued and recognised for their hard work. Employees have access to a range of resources including a monthly 'well-being' drop-in session to ensure staff's mental health is considered. We provide staff with a charging point for hybrid or battery powered vehicles.

Our strategy **on page 10**

Customers

Customers are at the centre of our business. As part of our customer retention programme our plan includes new product launches, improved campaign content, new channels and the appointment of a marketing agency to work alongside head office Marketing. Following the cyber attack in 2020, we take the security of our customers' personal information extremely seriously and we have taken appropriate action to secure the website.

Our franchise model **on page 12**

Franchisees

The best managers are owner occupiers which describes our franchisees perfectly. They are fully dedicated to the development of their business with additional benefit of support from a network of franchisor personnel and management giving them support at each level to fully release their shop potential. This has led to 34 franchisees being multiple site owners.

Our franchise model **on page 12**

Community and Environment

The Board's approach to social responsibility, diversity and the community is of high importance. At Cake Box, we strive to create sustainable value and help investors seek more meaningful returns. Our franchisee's interact and support their local communities, for example sponsoring youth football and cricket teams. Our Newham franchisee supports a hot kitchen for the homeless and needy every week in the winter months in conjunction with the local church. Corporate social responsibility principles are part of our culture and decision-making process. Diversity and inclusion are key to the success of Cake Box and our H.R. department ensures we follow government guidelines and best practice.

Our franchise model **on page 12**

Suppliers

As a growing business, we work with a wide range of suppliers both in the UK and overseas. We remain committed to being fair and transparent in our dealings with all of our suppliers. The Company has procedures requiring all suppliers to maintain a due diligence process ensuring internal governance that includes, for example, their anti-bribery and corruption policies along with data protection, and modern day slavery. The Company has systems and processes in place to ensure suppliers are paid in a timely manner.

Our supply chain **on page 15**

Regulators

The Board's intention is to behave responsibly and to ensure that the management team operates the business in a responsible manner, acting with the high standards and good governance expected of a regulated business like ours. In doing so, we believe we will achieve our long-term business strategy and further develop our reputation in our sector. We have a risk and control framework to ensure that the Company complies with all legal and regulatory requirements relating to the provision of products and services to our clients. We have a Primary Authority Partnership with Enfield Council who provide support with all our processes from hygiene to production and food legislation.

Our supply chain **on page 15**


Happy
Birthday
Emily

Considering all of our Stakeholders (S172) (continued)

Women in Business

Our ethos and corporate identity at Cake Box is based on equality, diversity and inclusivity. We believe women deserve to be as much at the forefront in business as their male counterparts.

We have heard from intelligent, successful and skilled women, time and time again, who have started a family but were unable to keep up with the demands of childcare and a more traditional career. Having a family is not a disadvantage, in fact, we believe quite the opposite. Our Directors merit family values, and that is reflected in the high number of female franchisees that have enlisted with Cake Box. The work/life balance of the business teamed with the brand ideals have become a natural fit for the 'working mother'. The modern woman who is willing to 'give it her all' to 'have it all'.

Over the years, we are proud to say that many babies, toddlers and even teens have joined us by attending conferences, workshops and meetings. They have grown with the brand and are part of the extended family, which is The Cake Box. New parents are supported and welcomed to attend any meetings at Head Office with their children.

It has never been an issue and has allowed the franchisee to attend even if they do not have access to childcare. We offer this support because we understand that being parents and having a successful career does not have to cancel each other out. Cake Box offers flexibility which is key to a young or growing family.

Ayn Rand
Philosopher

> The question isn't who's going to let me; it's who is going to stop me?

By normalising a 'family friendly' environment and practices, our female franchisees have thrived, often operating multiple stores. They work extremely hard and are working towards bridging the gap of women in business.

Cerina Bhurji
Woman, Mother, Successful Franchisee

Coronavirus, one year on...

It's difficult to imagine that just over a year ago, in mid to late February 2020, it was becoming clear that the Coronavirus was heading our way. However, none of us could have predicted or anticipated the utter devastation it was going to cause.

At Cake Box we were proactive and precautious in our response. We ordered additional sanitising supplies, cleaning products, and PPE from new and regular suppliers. Our senior management team communicated to all staff the importance of a strict hygiene protocol and what to do in the event of a member of staff feeling unwell. Handwashing training was given to all staff and everyone was supplied with PPE including hand sanitiser and masks. Drivers were given concise instructions on social distancing when making deliveries, as well as a staff social distancing policy being put in place.

From the beginning of March 2020, as Coronavirus gained momentum, regular meetings to discuss its impact were formally documented and communicated to our Board, staff, franchisees and shop staff. We took the measure of reducing all but critical visitors to Head Office and finally, by the middle of March, no visitors were permitted. All meetings were conducted by video or telephone conference call – which strangely feels quite normal now.

As government guidelines changed and the country was virtually put into a full lockdown, we were forced to address whether or not our stores could stay open. As a food business we were allowed to stay open and initially it was felt we could continue to supply online orders and work with the delivery platform UberEats safely. However, as the virus' destruction increased, claiming more and more lives, we made the tough decision that all shops should close with immediate effect. Our main priority was to keep our staff, customers and the NHS safe.

As the shops closed, they utilised their existing stock by supplying cakes to NHS staff and key workers at hospitals throughout the country. The response from the recipients was heart-warming, many posted to social media about how grateful they were.

The majority of staff at head office, warehouse, production, packing and drivers were furloughed with only critical business staff continuing to work from home. Extensive planning was underway in finding a solution to opening our shops safely for all concerned.

Franchisees were supported in obtaining professional advice on all aspects including business loans, staff issues, business continuity, insurance, and dealing with landlords. Morale remained high amongst staff and franchisees.

Our website and social media posts kept our customers informed of our decision to temporarily close and we would reopen when it was safe to do so. This was met with comments of support from all of our customers who enjoyed some friendly interaction by sharing pictures of homemade birthday cakes during lockdown.

Although our shops were closed for six weeks, this time was used to plan and work with our franchisees to develop safety procedures and protocols. Each store was fitted with counter sneeze boards, social distancing measures, and safety instruction signage on floors and doors, as well as an abundance of PPE for staff and customers.

24

New shops opened in 2020

Cake Box started to reopened its doors from 11th May 2020. We are proud to say that we were one of the first stores to reopen on the high street and our safety measures and procedures were commended by EHOs across the country. We continue with the same safety precautions today.

The resilience that all of our people showed during this time was nothing short of exceptional. Every store remained compliant and our Head Office and Distribution Centre staff worked tirelessly to ensure the Cake Box 'machine' kept going.

Bill Gates
Philantropist

In life and in business, if you want to go fast, go alone. If you want to go far, go together.

Despite the pandemic, Cake Box experienced an increase in sales and profits and opened 24 new shops. Our mission was always to 'Make Celebrations a Piece of Cake', and at times of great uncertainty and sadness 2020 has shown us that we were still able to bring happiness and comfort to our customers.

There is no doubt that the coronavirus severely impacted all businesses and the economy. Throughout the crisis many companies responded to accelerated digital adoption and faced the changing consumer needs with new solutions.

Cake Box was no different. Our reaction was to find solutions to keep our Company manufacturing and the retail stores in business, whilst also keeping our staff and customers happy and healthy. Over the course of the pandemic we have seen an acceleration of changes in consumer behaviour – mostly based around delivery.

Digital tools were a lifeline during lockdown and they will be a catalyst as we start to emerge from this pandemic. We have all changed the way we do things to keep up with this 'new normal'. Consumer trends will be central to our planning and this will be our strategic focus and drive for renewed growth for our business.

As the second and third lockdowns were enforced we dealt with them in a much calmer and controlled manner, confidently knowing we had everything in place to continue trading safely with the additional benefits of a very sustainable home delivery strategy.

During the summer, the Company took the decision to return all of the furlough money received from during the first lockdown and financially helped our home authority to support smaller businesses that had struggled throughout the crisis.

The strength of the brand, and all those who worked behind it has stabilised its foundations. We have recently opened our milestone 150th store and look forward to increasing shop openings. In the last 14 months, Cake Box has been tested like never before and we have emerged stronger, wiser and with the confidence that we have the resilience to ride out even the darkest storms. We have worked to protect our 'Cake Box Family' but most of all we have continued to serve the community and their celebrations, which has made us who we are today.

Pardip Dass
Chief Financial Officer

Board of Directors

EXPERIENCED, QUALIFIED AND HIGHLY DRIVEN LEADERSHIP

Neil Sachdev MBE (63)
Non-Executive Chairman

Year appointed
June 2018

Previous experience

- He is an experienced Non-Executive Director and Chair and has extensive retail experience in Tesco and Sainsbury's
- Neil was awarded his MBE for his work in the retail sector
- He is currently Chair of Warwick Business School and serves as Non-executive Chair and Director in the public sector
- He also has an MBA from the University of Stirling

External commitments
N/A

N A R

Sukh Chamdal (59)
Co-founder and Chief Executive Officer

Year appointed
March 2009

Previous experience

- Sukh opened the first Cake Box concept store in 2008 and co-founded the franchise business in 2009
- He has over 35 years' experience in the food manufacturing and food retail industry
- He was previously a consultant for a food equipment company that specialised in high volume food production

External commitments
N/A

Pardip Dass ACMA (49)
Co-founder and Chief Financial Officer

Year appointed
March 2009

Previous experience

- Co-founded the Cake Box franchise business in 2009
- He has over 20 years' experience within the food and beverage industry
- He has previously worked for Starbucks, Masala Zone, Group Chez Gerard Restaurants and Real Pubs
- He qualified as a Chartered Management Accountant in 2007

External commitments
N/A

N Nomination Committee

A Remuneration Committee

R Audit Committee

Committee Chair

Committee Member

Dr. Jaswir Singh (64)
Chief Operating Officer

Year appointed
March 2010

Previous experience
- Dr Singh joined Cake Box Holdings as Chief Operating Officer and has extensive retail experience within the clothing industry.
- He successfully ran his own restaurant business for nine years before joining Cake Box in March 2010
- Jaswir is a qualified medical doctor

External commitments
N/A

Martin Blair (63)
Non-Executive Director

Year appointed
June 2018

Previous experience
- Martin joined Cake Box Holdings as Non-executive Director in June 2018
- Previously Martin was CFO of Pilat Media (AIM listed) from 2001 to 2014
- Martin is a qualified Chartered Accountant

External commitments
- He is Non-executive Director of AIM listed Kape Technologies and Starcom plc.

Audit Committee Report **on page 36**

N A R

Adam Batty (49)
Non-Executive Director

Year appointed
June 2018

Previous experience
- Adam joined the Company as Non-Executive Director in June 2018.
- Adam is a corporate lawyer and was previously General Counsel and Company Secretary of Domino's Pizza Group plc and Selfridges Group and has run his own restaurant business
- Adam is a qualified solicitor

External commitments
- Adam is currently General Counsel and Company Secretary at McCarthy and Stone plc, the leading house builder

Remuneration Committee **on page 40**

N A R

Corporate Governance Statement

STATEMENT OF COMPLIANCE WITH THE QCA CORPORATE GOVERNANCE CODE

The Board seeks to follow best practice in corporate governance as appropriate for a company of our size, nature and stage of development.

Chairman's introduction

The Corporate Governance information was last updated on 31 March 2021.

The Board seeks to "Do the right thing" for our customers, people, suppliers and shareholders. The Board is strongly focused on promoting a positive culture and we believe that equality, diversity and inclusion are fundamental for our strategy to be successful. The Board believes this is vital to creating a sustainable growing business and is a key responsibility of the Company.

The Non-Executive Directors continue to provide independent judgement on key issues affecting the Company.

It is the Board's job to ensure that Cake Box is managed for the long-term benefit of all shareholders, and intends to continue to provide effective and efficient decision making and a solid foundation for robust corporate governance, to underpin the work of the Executive Management Team.

The Board seeks to follow best practice in corporate governance as appropriate for a company of our size, nature and stage of development. As a public company, admitted to trading on AIM, we are mindful of the trust placed in the Board by institutional and retail investors, employees and other stakeholders. We recognise the importance of an effectively operating corporate governance framework and the 10 principles set out in the QCA Code, and this statement briefly sets out how we currently comply with the provisions of the QCA Code.

Neil Sachdev MBE
Non-Executive Chairman

Principle 1 **Establish a strategy and business model which promote long-term value for shareholders**	The Board has clearly articulated its strategy and business model in the Company's strategy and business operations of the Group. The Board is responsible for the Group's strategy and the operation of the Board is documented in a formal schedule of matters reserved for its approval which is reviewed annually. This includes the Group's strategic aims and objectives. The Group's overall strategic objective is to become the UK customers' number one choice when ordering a celebration cake by continuing to open new franchises. The Board believes that this approach will continue to deliver significant long-term value for shareholders through a strong share performance and against the Group's key performance indicators. The Board also believes that remaining committed to trading on AIM is of long-term value to shareholders as it offers a combination of access to capital markets, flexibility to make acquisitions, incentives and rewards to management through share schemes, and a regulatory environment appropriate to the size of the Company.
Principle 2 **Seek to understand and meet shareholder needs and expectations**	The Company recognises the importance of engaging with its shareholders in order to communicate the Group/Company's strategy and progress and to understand the expectations and needs of shareholders. Beyond the Annual General Meeting, the Chief Executive Officer, Chief Operating Officer and Chief Financial Officer meet regularly with investors (including institutional shareholders) and analysts to actively build the relationship, provide them with updates on the Group's business and to obtain feedback regarding the market's expectations for the Group. Shareholders also have access to current information on the Company through its website: investors.eggfreecake.co.uk, and via its financial PR advisor.
Principle 3 **Consider wider stakeholder and social responsibilities and their implications for long-term success**	We recognise that we are responsible not only to shareholders and employees, but to a wider group of stakeholders (including our customers and suppliers) and the communities in which we operate. The Company is focused on inclusivity, leadership and engagement. The Company strives for a visible benefit from everything it does, whether that is promoting diversity and inclusivity through its events or creating value for its shareholders. The Company acts with integrity, focuses on creating results and more importantly values people – from its members of staff to those who form the communities with which it engages. The Non-Executive Directors are available to discuss any matter stakeholders might wish to raise. The Company is especially focused on building and nurturing its relationships with the Franchisees who are key to the business model. The Company solidifies its relationship with the Franchisees by holding a bi-monthly Franchise Forum that all Franchisees can attend. This is a regular, team building day, where the Executive Team, employees and Franchisees can get together. New products are launched and any outstanding issues are addressed.
Principle 4 **Embed effective risk management, considering both opportunities and threats, throughout the organisation**	The Board is responsible for determining the nature and extent of significant risks that may have an impact on the Company's operations, and for maintaining a risk management framework. The Board is responsible for the management of risk and carries out robust assessments of the principal risks and uncertainties affecting the Company's business, discussing how these could affect operations, performance and solvency and what mitigating actions, if any, should be taken.

Corporate Governance Statement (continued)

Principle 5 **Maintain the Board as a well-functioning, balanced team led by the Chair**	The Board includes a balance of Executive and Non-Executive Directors. All the Directors have appropriate skills and experience for the roles they perform at Cake Box, including as members of Board Committees. The Board is responsible to the Company's shareholders and sets the Company's strategy for achieving long-term success. It is also ultimately responsible for the management, governance, controls, risk management, direction and performance of the Company. The Board meets ten times per year as well as regular one-to-one meetings between Executive and Non-Executive Directors. The Chairman is responsible for ensuring that the Directors receive accurate and timely information and ensures that any feedback or suggestions for improvement on Board papers is fed back to management. Adam Batty and Martin Blair are Non-Executive Directors of the Company and Neil Sachdev is the Non-Executive Chairman. The Board considers that Neil, Adam and Martin are independent, in character and in judgement, and have no business relationships which impact on their independence. The Board has delegated specific responsibilities to the Audit, Remuneration and Nomination committees. Each committee reports back to the Board and has written terms of reference setting out its duties, authority and reporting responsibilities. The terms of reference will be kept under continuous review to ensure they remain appropriate and reflect any changes in legislation, regulation or best practice. Each committee meets at least twice a year and all meetings are documented. The Company has recognised the need to further strengthen the Board by bringing in a new Non-Executive Director with a background in marketing and we would also like to increase the Board's gender diversity, so are close to finalising a new Board appointment. In addition the Company is recruiting some key new hires in the Finance and IT teams as well as a new Commercial/Managing Director. Notwithstanding this, the Company is satisfied that the current Board is sufficiently resourced to discharge its governance obligations on behalf of all stakeholders. Directors are subject to re-election annually.
Principle 6 **Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities**	The Board currently comprises of three Executive and three Non-Executive Directors with an appropriate balance of sector, financial and public market skills and experience. The experience and knowledge of each of the Directors gives them the ability to constructively challenge strategy and to scrutinise performance. In addition, the Chairman, Neil Sachdev, brings further strategic, commercial, transaction and leadership experience which will be invaluable as the Board pursues the Company's growth strategy and continues to transform the Company. In addition, the Directors can consult with external advisors when seeking advice in their field of expertise especially with the events of this year, the Directors will be undergoing further training in relation to GDPR and engaging further with the Primary Authority Partnership to ensure high standards are met. See page 30 for a list of the Directors and their skills and capabilities.
Principle 7 **Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement**	The Chair reviews the contributions of Board members, as well as the Board Committees and conducts effectiveness reviews. The Board conducted an internal board effectiveness review in 2019/20 by means of a questionnaire and another review took place in March 2021. In addition, the Non-Executive Directors will meet, without the Chairman present, and will evaluate his performance. The Nomination Committee is responsible for succession planning of the executive leadership team and makes recommendations to the Board for the reappointment of any Non-Executive Directors if and when necessary. Succession planning is reviewed on an ongoing basis alongside the capability of the senior management and Directors.

Principle 8 **Promote a corporate culture that is based on ethical values and behaviour**	The Board monitors and promotes a healthy corporate culture and considers how that culture is consistent with the Company's objectives, strategy and business model and with the description of principal risks and uncertainties. Our franchise manual is issued to all franchisees and provides specific detail of the policies and procedures in place to promote and support ethical behaviour and values. The Company employs Audit Compliance Officers who visit each shop to ensure policies, procedures and standards are being adhered to. We also employ mystery shoppers who go into our stores at various times throughout the year, and report back. The Board has considered and assessed the culture as being inclusive, transparent and collaborative with appropriate behaviours. The Board is satisfied that the Company has a 'speak up' culture and the Directors regularly observe this occurring in practice. The Company has a Code of Conduct and policies and procedures relating to whistleblowing stating the Company's commitment to conducting its business with honesty and integrity, its expectation that staff will maintain high standards, and encouraging prompt disclosure of any suspected wrongdoing. The terms of reference of the Audit Committee include reviewing the adequacy and security of the Company's arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters and keeping under review the Company's procedures for handling allegations from whistleblowing. The Board believes that diversity is key to the future success of our business (we widen our business to include Franchisees) we have placed an emphasis on monitoring and improving the gender ratio in the Company as we firmly believe that part of the Company's success is the global and diverse nature of our workforce and we intend to continue our effort to promote diversity.
Principle 9 **Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board**	The governance structure adopted by the Group is set out in the Governance section of this annual report and on our website. This includes, but is not limited to, the composition and role of the Board; roles and responsibilities of the Board; the roles of the Board Committees and the compliance with our chosen corporate governance code. The terms of reference of our Board Committees is available on our website. The Board believes our governance framework is consistent with our culture and appropriate to our size and requirements. We will continue to evolve our governance framework, as necessary.
Principle 10 **Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders**	The above-mentioned formal schedule of matters reviewed annually by the Board includes matters relating to effective communication with the Company's shareholders. The Company maintains communication with its institutional shareholders through individual meetings with Executive Directors, particularly following publication of the Group's interim and full year results. Private shareholders are encouraged to attend the Company's Annual General Meeting at which the Company's activities will be considered and questions answered. If 20% of the independent votes have been cast against a resolution proposed at any general meeting, the Company will include, on a timely basis, an explanation of what actions it intends to take to understand the reasons behind that vote result, and, where appropriate, any different action it will take as a result of that vote. The Non-Executive Directors are available to discuss any matter stakeholders might wish to raise, and the Chairman and independent Non-Executive Directors will attend meetings with investors and analysts as required.

Statement from the Chair of the Audit Committee

EFFICIENCY IN PLANNING REVIEW AND EXECUTION

"The Group's operations have continued to grow this year despite the various lockdowns.

On behalf of the Board I am pleased to present the Audit Committee report for the period to 31 March 2021. The Group's operations have continued to grow this year despite the various lockdowns. The number of shops has increased by 24 during the year and the Group has also started to distribute its products through kiosks in shopping centres and through supermarket stores. The nature of the Group's operations hasn't changed significantly as a result of this, however we continue to review the systems and controls that we have in place to ensure they are adequate for a Group of our size as well as reflecting our growth aspirations. We periodically review the risk register and this year both as a result of the pandemic and the UK leaving the EU we have paid particular attention to supply chain to make sure we have ample inventory in stock and can source alternative suppliers if necessary.

As a result of the cyber-attack we suffered we have raised the risk rating in this area and have implemented additional measures including retaining an external firm with experience in this area to regularly test our website controls and the recruitment on an internal IT manager. We have also thought it appropriate now to put in place an internal audit function and we are undertaking a review of how this should be staffed.

The Audit Committee continues to work closely with the external auditors in the planning, execution and review of both the interim and final audits. We review the accounting policies periodically to make sure they are appropriate and reflect any changes in the Group's operations.

Internal control

The Group's policies, internal control and corporate governance are reviewed periodically and where appropriate they are enhanced and improved:

- proper business records are maintained and reported on, which might reasonably affect the conduct of the business;
- monitoring procedures for the performance of the Group are presented to the Board at regular intervals;
- budget proposals are submitted to the Board no later than one month before the start of each financial year;
- accounting policies and practices suitable for the Group's activities are followed in preparing the financial statements;
- the Group is provided with general accounting, administrative and secretarial services as may reasonably be required; and
- interim and annual accounts are prepared and submitted in time to enable the Group to meet statutory filing deadlines.
- the Group installed an electronic stock system this year which has improved the internal stock control There are further improvements we intend to make in this area and these will be identified and implemented in conjunction with the internal audit function.

As described above, following the cyber-attack and resultant website data breach which occurred in 2020, a key priority for the Board is enhancing the internal risk management and control systems, and we are in the process of recruiting for an internal audit role to strengthen this area.

The Board also wishes to underpin the growth capabilities of the business with the addition of some key new hires in the Finance and IT teams as well as a new Commercial/Managing Director.

Board Committees

To assist it in carrying out its duties, the Board has set up three committees comprising the Audit Committee, the Remuneration Committee, and the Nomination Committee with formally delegated duties and responsibilities and with written terms of reference. From time to time separate committees may be set up by the Board to consider specific issues when the need arises. An explanation of the responsibilities and composition of these committees is set out below and the terms of reference can be downloaded from our website.

Audit Committee	Remuneration Committee	Nomination Committee
The Audit Committee consists of:	The Remuneration Committee consists of:	The Nomination Committee consists of:
Martin Blair, Chairman **Adam Batty** **Neil Sachdev**	**Adam Batty, Chairman** **Neil Sachdev, Chairman** **Martin Blair**	**Neil Sachdev, Chairman** **Martin Blair** **Adam Batty**
The Audit Committee is expected to meet formally at least twice a year and otherwise as required. It has responsibility for ensuring that the financial performance of the Group is properly reported on and reviewed, and its role includes monitoring the integrity of the financial statements of the Group (including annual and interim accounts and results announcements), reviewing internal control and risk management systems, reviewing any changes to accounting policies, reviewing and monitoring the extent of the non-audit services undertaken by external auditors and advising on the appointment of external auditors.	The Remuneration Committee is expected to meet no less than twice a year and at such other times as required. The Remuneration Committee has responsibility for determining, within the agreed terms of reference, the Group's policy on the remuneration packages of the Company's Chief Executive, the Chairman, the Executives and Non-Executive Directors, and other senior executives. The Remuneration Committee also has responsibility for determining the total individual remuneration package of the Chairman, each Executive Director and the Chief Executive Officer (including bonuses, incentive payments and share options or other share awards). No Director or manager may be involved in any discussions as to their own remuneration.	The Nomination Committee is expected to meet not less than once a year and at such other times as required. It has responsibility for reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board, and giving full consideration to succession planning. It also has responsibility for recommending new appointments to the Board.

Statement from the Chair of the Audit Committee (continued)

Appointment of the external auditor
The Committee considers a number of areas when reviewing the external auditor appointment, namely their performance in discharging the audit, the scope of the audit and terms of engagement, their independence and objectivity, and remuneration. RSM conducted the audit of the Group's financial statements for the financial year ended 31 March 2021.

Auditor independence
The Audit Committee monitors the independence of the Group's external auditor. The Audit Committee considered the threats to the independence of RSM created by the provision of the non-audit services and concluded that sufficient safeguards were in place.

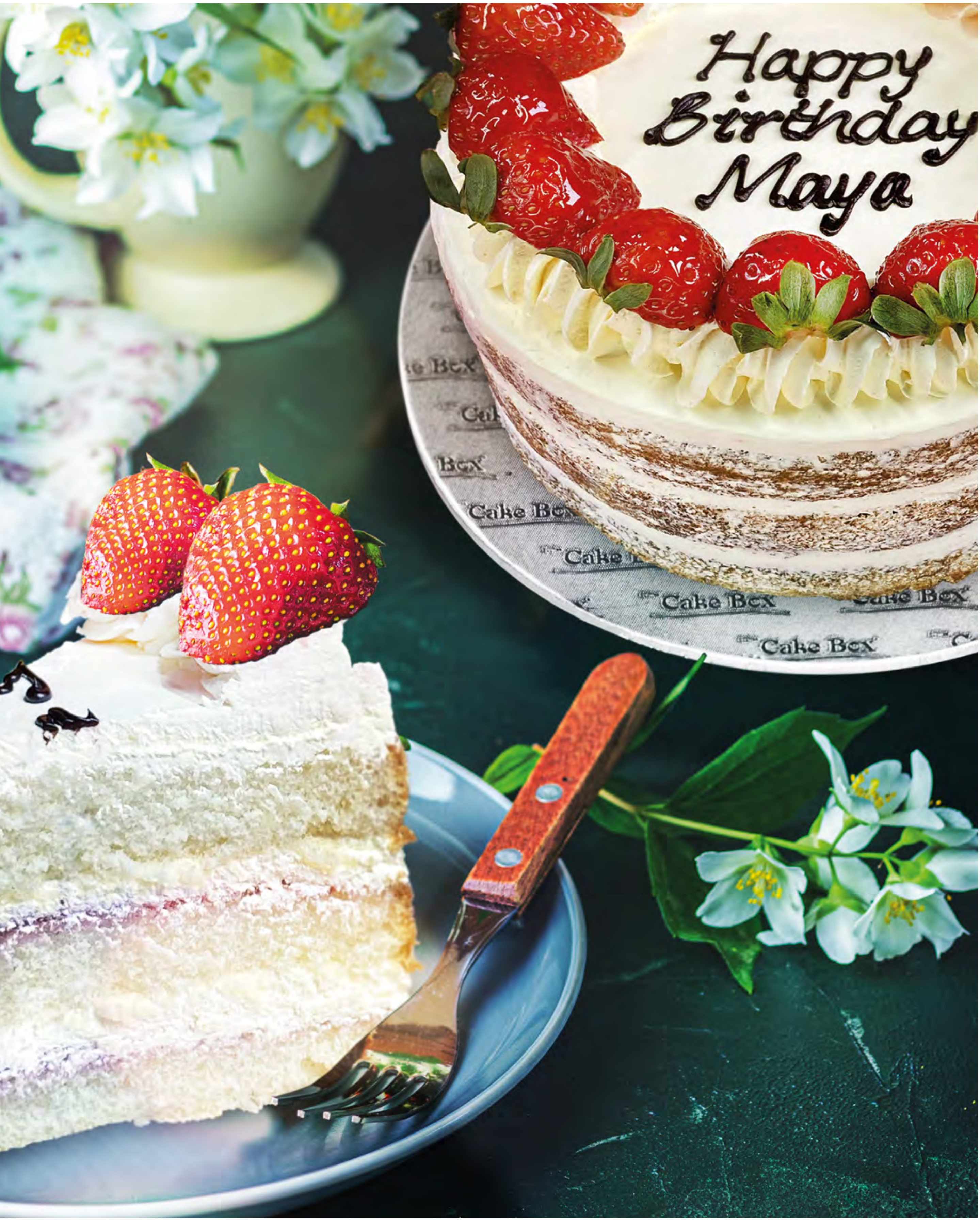
External audit process
The external auditor prepares a plan for its audit of the full year financial statements which was presented to the Company in March. The audit plan sets out the scope of the audit, areas of significant risk to focus their work on and audit timetable. This plan is reviewed and agreed in advance by the Audit Committee.

Following its external audit process, the auditor presented its findings to the Audit Committee for discussion. There were a number of areas of high concerns highlighted by the external auditor during the year, these areas of significant risk and other matters of audit relevance were discussed.

Anti-Corruption
The Board is also responsible for ensuring the Group's compliance with all applicable anti-corruption legislation, including, but not limited to, the UK Bribery Act 2010 and the US Foreign Corrupt Practices Act 1977. The Group complies and always has complied with all applicable anti-corruption laws. In view of the requirement in the UK Bribery Act 2010 for relevant companies to have adequate anti-bribery procedures, the Group has devised and implemented a suite of anti-corruption policies and procedures designed to prevent corruption by anyone working on its behalf. The Group has adopted a zero-tolerance approach to corruption and is committed to ethical business practices.

Risk management and controls
As described on page 22 of the Strategic Report and page 32 of the Corporate Governance Statement, the Board has established a framework of risk management and internal control systems, policies and procedures. The Audit Committee is responsible for reviewing the risk management and internal control framework and ensuring that it operates effectively. During the year, the Committee has reviewed the framework and the Committee has identified areas where the internal control systems can be improved. The actions we are taking have been detailed elsewhere in this report and we will review and report on the success of these actions in next year's report. One of the risks that the company has is its supply chain and we are pleased that we took action early in ordering additional stock for those items that might have been impacted by a delay in delivery. We continually review the suppliers we use and make sure we don't have an overdependence on one supplier and can obtain items from a number of locations meaning any impact on global supply routes is minimised.

Martin Blair
Chair of the Audit Committee


Happy
Birthday
Maya
Cake Box
Cake Box
Cake Box
Cake Box

Statement from the Chair of the Remuneration Committee

CAKE BOX HAS CONTINUED TO INVEST IN SUPPORTING ITS EXPANSION PLANS, OPENING A NEW BAKERY AND DISTRIBUTION CENTRE

"The business has shown considerable resilience in unprecedented circumstances.

I am pleased to present this remuneration report for year ending 31 March 2021.

How the Committee operates

The Committee is appointed by the Board and is formed of Non-Executive Directors. In the year, the Committee was chaired by Adam Batty; the other members of the Committee were Neil Sachdev and Martin Blair.

The report comprises a description of how the Committee operates; a brief overview of the remuneration policy and how we intend to implement it in 2021/22; together with details of compensation paid to the Board of Directors within the financial year.

The business has shown considerable resilience in unprecedented circumstances. As set out in the Financial Review:

- Like for like sales grew by over 14% in the 40 week comparable period.
- We achieved record revenue of £21.9m, up 16.9% on the prior year despite the ongoing impact of the Government's lockdown restrictions throughout the financial year
- Adjusted Profit before tax grew by 25% to £4.7m
- The Group's balance sheet remains strong, with net cash of 3.6m, up 71% on the prior year
- A final dividend for the year of 3.7p (2020:3.2p)

While the Group made use of the Government's Coronavirus Job Retention Scheme, all monies received were repaid during the year.

2020/21 annual bonus

The annual bonus was capped at 75% of salary and was based on EBITDA and the achievement of strategic objectives. As a result of a successful year as set out above, the bonus targets were achieved in full. While the maximum entitlement was achieved, at the request of the Executive Directors, bonuses were waived in full by all the Executive Directors.

Remuneration policy review

For context, since listing of the business on AIM in 2018, as a consequence of the significant founder director shareholdings, the Committee has taken a very conservative approach to pay, with salaries purposefully positioned well below market levels. As the Group has grown and continues to expand, the Executive Directors' low salaries has limited the ability to progress salaries below the Board and to recruit external talent in key functions. As we approach our third anniversary since listing, the Committee has sought to address this and formalise other elements of the Directors' pay policy to ensure it can support an expanding business.

Towards the end of the financial year, the Committee undertook a comprehensive review of Executive Directors' remuneration and sought independent advice. This review took place to ensure the remuneration levels set were appropriately competitive in the market, recognised the skills and experience of the Executive Directors and reflected the strong financial performance and growth in size of the Company since it listed on AIM, including the last 12 months despite the challenging economic environment. The Committee further reviewed the operation of variable incentive plans to ensure they have an appropriate link between performance, strategy and reward.

As a result of this review and following a comprehensive shareholder consultation, the Committee decided that the current structure of the packages was still broadly appropriate, but that some changes should be made for the FY21/22 financial year. A summary of the key changes are as follows:

- base salaries should be increased to recognise the responsibilities of the Directors and their strong performance but continue to be positioned at a modest level relative to equivalent roles at companies with similar characteristics and sector comparators;
- annual bonus opportunity should remain unchanged with performance assessed against a combination of financial and operational goals linked to the Company's strategy; and
- despite not making an award in 2020/21, going forward annual awards of performance shares should be made. However, going forward it is intended that awards will be subject to a three (rather than four) year vesting period. A three-year vesting period is in line with typical market practice and helps the Committee set more robust and accurate performance EPS targets. To ensure there is appropriate long-term alignment, a two-year holding period will apply.

Full details of the proposed changes are set out in the Annual Report on Remuneration.

Against the backdrop of a record year for the Company in its third year as a public company, especially in the face of the trading restrictions imposed as a result of the Government's national lockdown as a result of COVID-19, the Committee is satisfied that the remuneration policy adopted for FY21/22 operates in such a way as to drive, support and reward our critical leadership team to achieve our strategy both operationally and over the longer term, providing sustainable returns for our investors.

For the first time this report will be subject to an advisory shareholder vote. I would like to take the opportunity to thank shareholders for their views on our pay arrangements and hope you will support the remuneration resolution which will be tabled at the AGM.

Adam Batty
Remuneration Committee Chair

Statement from the Chair of the Remuneration Committee (continued)

Annual Report on Remuneration

How the Committee operates

The Committee is appointed by the Board and is formed of Non-Executive Directors. In the year under review, the Committee was chaired by Adam Batty; the other members of the Committee were Neil Sachdev and Martin Blair.

The Committee met four times during the year and all Committee members attended every meeting. The Committee's terms of reference are available for public inspection on the Company's website at www.eggfreecake.co.uk.

Other members of the Board of Directors are invited to attend meetings when appropriate, but no Director is present when his remuneration is discussed. FIT Remuneration Consultants ("FIT") were appointed during the year and provided advice to the Committee. FIT is a signatory to the Remuneration Consultants Group code of conduct and has no other connection with the Company other than in the provision of advice on remuneration from time to time.

The Committee's principal duties remain as follows:

- to review and make recommendations in relation to the Company's Senior Executive remuneration policy;
- to apply these recommendations when setting the specific remuneration packages for each Executive Director, the Company Chairman and other selected members of senior management and to include annual bonuses, the eligibility requirements for long-term incentive schemes, pension rights, contracts of employment and any compensation payments;
- to ensure that the remuneration policy is aligned with the short and long-term strategy of the Company;
- to manage performance measurements and make awards under the Company's annual bonus and long-term incentive plans;
- to consult with key shareholders with regards to remuneration where appropriate and take their views into account; and
- to manage reporting and disclosure requirements relating to Executive remuneration.

The remuneration policy is designed to provide an appropriate level of compensation to senior management such that they are sufficiently incentivised and rewarded for their strong performance, levels of responsibility and complexity of their role and to reflect their skills and experience over time. Using appropriate measures of financial and personal performance, as well as equity-based rewards, helps to align the interests of the Directors with those of the Company's shareholders.

The Committee has taken into account market data when setting remuneration levels, positioning Executives' overall pay at a broadly lower quartile level relative to similarly sized AIM-listed companies, as well as those from the food sector. This provides a package which is both fair and competitive within the market.

Base salary

The base salary provides a base level of remuneration to support recruitment and retention of Executive Directors with the necessary experience and expertise to deliver the Company's strategy.

Base salaries are reviewed on an annual basis, and any increases become effective from the start of the financial year. As set out in last year's report, the Committee decided, with effect from 1 April 2020, to modestly increase the base salaries of each of the Executive Directors over the previous financial year. However, in light of the COVID-19 crisis and the Government advice to close the Group's stores, the Executive Directors volunteered to defer such base salary increases until such time as it was appropriate to introduce them. As a result, from August 2020, Sukh Chamdal became entitled to a base salary of £193,000, Pardip Dass became entitled to a base salary of £127,000 and Dr Jaswir Singh became entitled to a base salary of £97,000.

As mentioned above, the three Directors were appointed on modest salaries and an independent review of pay levels commissioned by the Remuneration Committee has confirmed that salaries are significantly below the mid-market rate.

The Committee is acutely aware of the dangers of justifying remuneration increases on the basis of benchmarking data. However, the Board has identified issues with being able to attract and retain top talent and would like to put the foundations in place to facilitate succession planning that enables the business to recruit management with the required skillset, experience and expertise to help achieve the next stage of growth for the business. The Committee believes that addressing Executive Directors' salary positioning will help to mitigate the risks identified and will benefit shareholders in the longer term. The Committee has decided in light of the most recent salary benchmarking exercise, which confirmed that the salaries are still significantly below the mid-market rate, together with the record performance of the business in the year in spite of the COVID-19 crisis, to increase the base salary of Sukh Chamdal to £220,000, Pardip Dass to £175,000 and Dr Jaswir Singh to £125,000. The Committee has made the Executive Directors aware that the size of these base salary increases are exceptional/reflect a correction and increases of this size should not be expected in future years.

Pension and benefits

The Executive Directors are entitled to a pension contribution of up to 2% of salary in the form of a defined contribution to a stakeholder pension plan, in line with the rest of the workforce. Additionally, the Executive Directors are entitled to private medical insurance as a benefit in kind.

Annual bonus

The annual bonus provides an incentive linked to the achievement in delivering goals that are closely aligned with the Company's strategy and the creation of value for shareholders.

The remuneration policy allows the Committee, at its discretion, to make annual cash bonus awards to the Executive Directors, which will normally be limited to a bonus opportunity of 75% of salary per annum.

Stretching performance targets are determined by the Committee at the start of the financial year, which are fully aligned with the Company's strategy and objectives. These targets (a majority of the bonus) are financial in nature (e.g. adjusted EBITDA), with a minority of the bonus payable for the achievement of qualitative strategic and personal performance targets that underpin the Company's growth ambitions set by the Chief Executive Officer and agreed by the Chairman. For the financial targets, a sliding scale target range is used, with no bonus payable for this element unless a threshold level of performance is achieved (which will be achieving market consensus). Clawback provisions do apply.

As a result of meeting their personal objectives and the record financial performance of the business in the year under review (with EBITDA of £5.4m exceeding the maximum EBITDA target set), the Executive Directors are eligible for an annual bonus at 75% of salary but against the backdrop of an unprecedented year which has seen the business have to cease operations and close stores for a number of months and avail itself of Government financial support (note all furlough monies received have now been repaid to the Government), the Committee can report that Executive Directors have volunteered to waive their annual bonus.

Long-term incentives

The Group operates two equity-settled share-based remuneration schemes. Awards are granted to incentivise, retain and reward Executive Directors in relation to long term performance and achievement of the Company's strategy. Payment in shares enables Executive Directors to build on their existing shareholdings, promotes long-term shareholding and promotes alignment of interest with shareholders.

The EMI scheme awards are subject to stretching performance conditions set at the time of grant, which comprise metrics based on financial performance in line with our key objectives of delivering returns to our shareholders through achievement of our growth strategy and ongoing employment. The Committee firmly believes that these challenging performance conditions will help to drive strong performance over the long term.

In terms of grants made, the Executive Directors did not receive an award of share options at IPO, but did receive an initial award of performance shares in FY19/20, at 250% of salary on a four year vesting period. In FY20/21, the Committee decided not to make any annual awards, in light of the disruption to the business caused by COVID-19 crisis. For FY21/22, the Committee is considering exercising has decided to exercise its discretion to make a second award of performance shares, at 100% of salary but on a three year vesting period, rather than four year, which the Committee feels is in line with typical market practice and helps the Committee set more robust and accurate performance EPS targets. However, the Committee is introducing going forward a two-year holding period to all future awards granted to Executive Directors, thereby ensuring a five year gap between grant and the first available opportunity to benefit from a vested LTIP award.

Non-Executive Director fees

Fees for Non-Executive Directors are set with reference to market data, time commitment, responsibilities and chairmanship of Board Committees. Fees are normally reviewed biennially and the current fees were set during FY19/20 to take effect from 1 April 2020 but were voluntarily deferred until August 2020 in line with the increases to the Executive Directors' salaries as a result of the COVID-19 crisis. The fees payable to the Non-Executive Directors are £62,000 for Neil Sachdev as Chairman and £38,500 for Adam Batty and Martin Blair. No increases are proposed for FY21/22. Other than their annual fee, as well as appropriate travel expenses to and from Board meetings, no additional compensation is payable.

Pay and conditions elsewhere in the Company

The remuneration policy described above provides an overview of the structure that operates for the most senior executives in the Company, with a significant element of remuneration dependent on Company and individual performances. A lower aggregate level of incentive payment applies below Executive Director level. The vast majority of the Company's employees participate in an annual bonus plan with the limits and performance conditions varying according to job grade. The Committee believes in broad-based employee share ownership being a key element in retention and motivation in the wider workforce, so a number of the more senior employees are provided with longer-term incentives through discretionary share schemes. The Committee takes into account remuneration packages within the Company as a whole when determining executive pay levels.

Statement from the Chair of the Remuneration Committee (continued)

Service agreements

The Executive Directors' service agreements provide that their employment with the Company is on a rolling basis, subject to written notice being served by either party of not less than six months.

The current service contracts and letters of appointment include the following terms:

		Date of contract	Notice period
Executive Directors	Sukh Chamdal	20 June 2018	Six months
	Pardip Dass	20 June 2018	Six months
	Dr Jaswir Singh	20 June 2018	Six months
Non-Executive Directors	Adam Batty	20 June 2018	Three months
	Martin Blair	20 June 2018	Three months
	Neil Sachdev	20 June 2018	Three months

Under these service contracts, the Company may terminate an Executive Director's employment immediately by making a payment in lieu of base salary, benefits and statutory entitlements, and any bonus or commission payments pro-rated for the duration of the notice period. No bonus would be payable in the event of an Executive Director's resignation.

Remuneration

The Directors received the following remuneration for the financial year ended 31 March 2021.

	Salary and fees[1] £'000	Benefits in kind[2] £'000	Pension £'000	Annual bonus £'000	**2021 Total £'000**	2020 Total £'000
Executive Directors						
Sukh Chamdal	186,367	3,223	1,313	–	**190,903**	180,458
Pardip Dass	123,850	1,721	1,313	–	**126,884**	118,482
Dr Jaswir Singh	95,433	2,658	1,313	–	**99,404**	91,904
Non-Executive Directors						
Adam Batty	37,333	–	–	–	**37,333**	35,000
Martin Blair	37,333	–	–	–	**37,333**	35,000
Neil Sachdev	60,000	–	–	–	**60,000**	55,000
Aggregate emoluments						

1. Includes £4,500 Car allowance
2. Includes the provision of private medical insurance

Outstanding share-based awards

Awards to Executive Directors were granted in 2019 and remain unvested:

	Date of grant	Number	Market price at grant date	Exercise price	Number still outstanding
EMI Share Options					
Pardip Dass	24 July 2019	151,515	181p	165p	151,515
Unapproved Share Options					
Sukh Chamdal	24 July 2019	266,667	181p	1p	266,667
Pardip Dass	24 July 2019	23,485	181p	1p	23,485
Dr Jaswir Singh	24 July 2019	133,333	181p	1p	133,333
Total		**575,000**			**575,000**

Statement of Directors' interests

The table below sets out the beneficial interests in shares and the unvested share options of all Directors holding office as at 31 March 2021:

	Ordinary shares		Unexercised share options		Total interests	
	At 31 March 2021	At 31 March 2020	**At 31 March 2021**	At 31 March 2020	**At 31 March 2021**	At 31 March 2020
Sukh Chamdal	**12,787,915**	16,537,915	**266,667**	266,667	**13,054,582**	16,804,582
Pardip Dass	**3,895,418**	3,670,418	**175,000**	175,000	**4,070,418**	3,845,418
Dr Jaswir Singh	**556,012**	546,666	**133,333**	133,333	**689,345**	679,999
Adam Batty	**–**	–	**–**	–	**–**	–
Martin Blair	**–**	–	**–**	–	**–**	–
Neil Sachdev	**18,518**	18,518	**–**	–	**18,518**	18,518

Adam Batty
Chairman of the Remuneration Committee

Statement from the Chair of the Nomination Committee

The Nomination Committee is chaired by Neil Sachdev and its other members are Adam Batty and Martin Blair who are all independent Directors.

The Nomination Committee is responsible for reviewing the structure size and composition (including the skills knowledge experience and diversity) of the Board and making recommendations to the Board with regard to the changes. The Committee considers succession planning taking into account the challenges and opportunities facing the Company now and the future. The Board regularly reviews the skills and expertise needed on the Board and in management, to ensure we are able to deliver our aims and objectives for the longer term. The Committee regularly reviews how we lead and the leadership needs of the organisation to ensure our values are upheld.

The Committee has met twice this year and has reviewed its terms of reference this year.

Time commitments
All Directors have been advised of the time requirement to fulfil their roles prior to appointment and have all confirmed they can make the requirement before they were appointment. This requirement is also included in their letters of appointment.

The Board is satisfied that the Chairman and each of the Non-Executive Directors are able to devote sufficient time to the Group's business.

Board effectiveness review
No formal, externally facilitated board evaluation was undertaken this year. However, we conducted an internal evaluation in January 2021 by way of extensive questionnaire. The findings have been discussed and actions created post the review. Additionally, the Chairman's performance was discussed independently by the Board without the Chairman being present.

The Board was satisfied that it was well run, whilst acknowledging areas of improvement for the Board as a whole and individuals. The evaluation also tested strategic direction of the Company and these items are taken forward to future Board meetings. The aim is to carry out an internal review every year but with a formal external review every three years, the first being in FY2021/22.

Continuous development of Directors
The Directors are all required to keep themselves abreast of changes in relevant legislation and regulations. The Chairman and Non-Executives are encouraged to share their wider experiences at the Board to enhance the learning experiences of the whole Board at every meeting.

Succession Planning and External Appointments
The Board reviews succession planning for the senior management every year and considers the skill gaps in planning its recruitment. All senior appointments have Independent Non-Executive involvement and the use of external recruitment advisors is recommended to ensure we do get reach to the appropriate talent pools. All new external appointments require the Chair's approval.

Conflicts of interest
At each meeting the Board considers Directors' conflicts of interest. The Company's Articles of Association provide for the Board to authorise any or actual conflicts of interest.

Independent Profession Advice
Directors have access to independent professional advice at the Company's expense. In addition, they also have access to the advice and services of the Company's advisors.

Directors' and Officers' Liability Insurance
The Company has purchased Directors' and Officers' liability insurance during the year as permitted by Company's articles.

Election of Directors and Officers
In accordance with the provisions of the code to enable a smooth rotation of Directors, three Directors will offer themselves up for re-election every year. This year, Neil Sachdev, Sukh Chamdal and one other will offer themselves up for election.

Culture and Values
The Board monitors and promotes a values based corporate culture and has considered how the culture is consistent with the Company's objectives, strategy and business model. The Board review staff surveys to ensure that the values of the organisation are fully embedded and actions followed through.

The Board has considered and assessed the culture and continues to monitor its inclusiveness. The Board are fully aware of the need to improve gender balance on the Board and across the organisation at management levels. This is a key action over the coming period.

The Company has a Code of Conduct, Anti-Bribery and Corruption policy and a Modern Slavery Statement. It has policies and procedures relating to whistleblowing, stating the Company's commitment to conducting its business with honesty and integrity, its expectation that staff maintain high standards and encouraging prompt disclosure of any suspected wrongdoing.

The Directors follow the guidance set out by Rule 21 of the AIM Rules relating to dealings by directors in company securities and to this end the Company has adopted an appropriate share dealing code.

Neil Sachdev MBE
Non-Executive Chairman

Directors' Report

The Directors present their annual report and audited financial statements for the Group for the year ended 31 March 2021.

Principal activity

The principal activity of the Group continues to be the specialist retailer of fresh cream cakes.

Review of business

A detailed review of the development of the business is contained in the Chairman's and Chief Executive's Statements, which are included in the Strategic Report.

Results

The Group made a profit before income tax of £4,209,270 (2020 - £3,763,944) for the year ended 31 March 2021 on turnover of £21,910,862 (2020 - £18,742,175).

At 31 March 2021 the Group had total assets of £17,904,113 (2020 - £13,772,748).

Dividends

The Directors proposed the payment of a final dividend of 3.7 pence per share for the year ended 31 March 2021 bringing the total dividend for the year to 5.55 pence per share (2020: 4.8p).

Directors

The Directors who served during the year were:

S R Chamdal
P Dass
Dr J Singh
A Batty
M Blair
N Sachdev

Substantial Shareholdings

So far as the Directors are, aware the parties who are directly or indirectly interested in 3% or more of the nominal value of the Company's share capital at 31 March 2021 are as follows:

Name	Number of shares held	% of ordinary share capital
Sukh Chamdal	12,787,915	31.97%
Pardip Dass	3,895,418	9.74%
Dr Jaswir Singh	556,012	1.39%
Neil Sachdev	18,518	0.05%
Canaccord Genuity Wealth Management (Inst)	4,234,000	10.59%
Amati Global Investors	4,226,388	10.57%
AXA Framlington Investment Managers	1,934,382	4.84%
Ennismore Fund Management	1,365,076	3.41%
River and Mercantile Asset Management	1,277,391	3.19%
Cazenove Capital Management	1,199,388	3.00%

Indemnity of Directors

The Group has indemnified the Directors of the Group for costs incurred, in their capacity as a Director, for which they may be held personally liable, except where there is a lack of good faith.

Disabled employees

Due to the size of the Group, no formal policy for the employment of disabled persons has been established. However, the Group gives full consideration to employment applications from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job.

Likely future developments

Information on likely future developments of the Group is disclosed in the Strategic Report.

Directors' Report (continued)

Financial instruments
Information on the Group's financial instruments is disclosed in the Strategic Report and note 27 to the Financial Statements.

Research and development activities
During the year the Company conducted research and development in respect of cake innovations.

Going Concern
The Directors have prepared and reviewed financial forecasts and the cash flow requirements to meet the Group and the Company's financial objectives. The Directors are satisfied that, taking into account the current cash resources and facilities available to the business and its future cash requirements, it is appropriate to prepare accounts on a going concern basis.

Post balance sheet events
As a result of the cyber-attack we suffered we have raised the risk rating in this area and have implemented additional measures including retaining an external firm with experience in this area to regularly test our website controls and the intention is to recruit an internal IT manager. We have also thought it appropriate now to put in place an internal audit function and we are undertaking a review of how this should be staffed.

Disclosure of information to auditor
Each of the Directors who are in office at the date when this report is approved has confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the Directors has confirmed that they have taken all the steps that they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the auditor is aware of such information.

Auditors
The auditor, RSM UK Audit LLP, will be proposed for reappointment in accordance with section 489 of the Companies Act 2006.

On behalf of the Board

P Dass
Director

Date: 29 June 2021

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Strategic Report and the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Company financial statements for each financial year. The Directors have elected under company law to prepare group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and have elected under company law to prepare the company financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

The Group and Company financial statements are required by law and international accounting standards in conformity with the requirements of the Companies Act 2006 to present fairly the financial position of the Group and the Company and the financial performance of the Group. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period.

In preparing each of the group and company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Cake Box Holdings Plc website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditor's Report to the Members of Cake Box Holdings Plc

Opinion

We have audited the financial statements of Cake Box Holdings Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2021 which comprise Consolidated Statement of Comprehensive Income, Consolidated and Company Statement of Financial Position, Consolidated and Company Changes in Equity, Consolidated and Company Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards in conformity with the requirements of the Companies Act 2006 and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2021 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006;
- the parent company financial statements have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and as applied in accordance with the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included reviewing and evaluating management's cash flow forecasts to June 2022, including review of management's sensitivity analysis and forecast compliance with covenants, as well as performing our own sensitivity analysis. No significant observations were identified and the directors' assessment appears to be appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Summary of our audit approach

Key audit matters	**Group** • Provisions – Website Data Breach • Stock **Parent Company** • None
Materiality	**Group** • Overall materiality: £237,000 (2020: £199,000) • Performance materiality: £178,000 (2020: 149,000) **Parent Company** • Overall materiality: £37,900 (2020: £20,400) • Performance materiality: £28,400 (2020: £15,300)
Scope	Our audit procedures covered 100% of revenue, 100% of total assets and 100% of profit before tax.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the group financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the group financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Provisions – Website Data Breach	
Key audit matter description	Refer to page 60 (Accounting policies – Significant judgements and estimates), page 64 (Accounting policies – 2.18 – Provisions) and page 76 (Note 24 – Provisions) During the finalisation of the audit management informed us of a data breach in respect to the Group's website. It was noted that the data breach occurred initially from March 2020 with the final compromise window in August 2020. In February 2021 the group was notified by the payment platform lawyer's that a significant fine was to be levied. A total provision of £486k (2020: £nil) has been recognised in respect of the fine from the payment platform, as well as expected fines from the Information Commissioner's Office (ICO) in respect of GDPR non-compliance and related costs We considered there to be the following key implications for the audit: • Completeness and timeliness of information received from management • IT risks arising from the data breach • Quantum of provision and capture of relevant costs and fines. We consider the website data breach and the resultant impact on our audit focus to be a key audit matter due to the level of judgement and estimation involved in respect of the quantum of the provision of fines. Furthermore, the additional work was required to satisfy ourselves that the data breach had been adequately dealt with and that we had been informed of all material matters relating to the group. These matters resulted in significant time and resource allocation to complete our work in this area.
How the matter was addressed in the audit	Our audit approach included: • Holding detailed discussions with management and the Board in respect of the breach and disclosure of information to the auditors • Reviewing signed confirmations from all department heads to assess that we had been informed of all material matters including any legal claims or disputes during the year or outstanding subsequent to the year-end • Holding detailed discussions with the Group's legal advisors to ensure completeness of legal claims or disputes. • Engaging internal IT experts to assist with addressing the IT risks • Holding detailed discussions with the independent 3rd party company responsible for investigation into the data breach and subsequent PCI compliance assessment • Holding detailed discussions with the website hosting company to confirm remediations have been implemented • Confirmation that website is independent and there is no automatic link to the Group's other IT systems and networks, including the financial accounting system • Obtaining, reviewing and challenging management's consideration of the quantum of the provision for fines and relevant associated costs • Holding detailed discussions with management's legal advisor in respect of the GDPR breach and associated fines • Reviewing disclosures in the financial statements for their completeness, accuracy and appropriateness • Obtained representations from management in respect to the completeness and quantum of the provision recognised
Key Observation	Management failed to inform us of the data breach at the time and the resultant impact on the business. This resulted in us having to revisit our risk assessment and to complete additional work to determine whether all material matters had been notified to us as auditor.

Independent Auditor's Report to the Members of Cake Box Holdings Plc (continued)

Stock	
Key audit matter description	Refer to page 63 (Accounting policies – 2.11 – Inventories) and page 72 (Note 15 – Inventories) The Group's stock held at the balance sheet date was £1,902k (2020: £1,396k) and as such a material balance to the Group. Stock consists of products sold to the Group's franchisees including sponges, food products but also non-food products including relevant equipment, boxes, print etc. During the year, the Group implemented a new stock system and as such there is a risk that the new stock system has not been appropriately implemented. Furthermore, we have found historic errors identified in respect to stock costing as well as control deficiencies in respect to this area and as such determined stock to be a significant risk. We consider stock to be key audit matter due the significant allocation of audit resources as well as the control weaknesses identified.
How the matter was addressed in the audit	Our audit procedures included: • Consultation with internal IT experts in respect to the implementation of the new stock system • Attendance at year-end stock counts at Enfield and Bradford warehouses and performing counts on a sample of stock lines from quantities recorded on stock count sheets and stock physically present, and vice versa. • Reconciliation of stock take tests to final stock at the balance sheet date. • Testing of a sample of stock lines to agree stock held at the lower of cost and net realisable value, with comparison of cost back to respective purchase invoices and/or other supporting documentation where relevant. • Assess management's evaluation of any slow-moving or obsolete stock lines and provision required.
Key Observation	Control weaknesses were identified over the implementation of the new stock system and stock costing procedures.

Our application of materiality

When establishing our overall audit strategy, we set certain thresholds which help us to determine the nature, timing and extent of our audit procedures. When evaluating whether the effects of misstatements, both individually and on the financial statements as a whole, could reasonably influence the economic decisions of the users we take into account the qualitative nature and the size of the misstatements. Based on our professional judgement, we determined materiality as follows:

	Group	Parent company
Overall materiality	£237,000 (2020: £199,000)	£37,900 (2020: £20,400)
Basis for determining overall materiality	4.4% of EBITDA (2020: 5% of EBITDA)	3% of total assets
Rationale for benchmark applied	EBITDA is the main measure by which the users of the financial statements assess financial performance and health of the Group which is consistent with a number of Listed businesses in the Consumer market and EBITDA is disclosed as a KPI.	Assets chosen as a benchmark as the Company is a holding company with limited costs, being solely Plc and payroll costs.
Performance materiality	£178,000 (2020: £149,000)	£28,400 (2020: £15,300)
Basis for determining performance materiality	75% of overall materiality	75% of overall materiality
Reporting of misstatements to the Audit Committee	Misstatements in excess of £11,800 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.	Misstatements in excess of £1,890 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit
The group consists of 3 components, all of which are based in the UK and audited by the Group audit team.

The coverage achieved by our audit procedures was:

	Number of components	Revenue	Total assets	Profit before tax
Full scope audit	3	100%	100%	100%
Total	3	100%	100%	100%

Other information
The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors
As explained more fully in the directors' responsibilities statement set out on page 49, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report to the Members of Cake Box Holdings Plc (continued)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that the group and parent company operates in and how the group and parent company are complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

The most significant laws and regulations were determined as follows:

Legislation / Regulation	Additional audit procedures performed by the audit engagement team included:
IFRS/UK-adopted IAS and Companies Act 2006	Review of the financial statement disclosures and testing to supporting documentation. Completion of disclosure checklists to identify areas of non-compliance
Tax compliance regulations	Inspection of advice received from internal / external tax advisors Inspection of correspondence with local tax authorities
Food Safety	ISAs limit the required audit procedures to identify non-compliance with these laws and regulations to inquiry of management and where appropriate, those charged with governance (as noted above) and inspection of legal and regulatory correspondence, if any. We note that during the year, the Group entered into a Primary Authority Partnership with London Borough of Enfield at the request of the Group, a detailed audit has been carried out by the Principal Environmental Health Officer in respect to Hazard Analysis and Critical Control Point (HACCP) procedures. The Group is working with the Borough to assess findings and implement recommendations made. We held discussions with the internal Health & Safety officer and the Enfield Principal Environmental Health Officer.
GDPR	Held discussions with legal advisors and reviewed initial advice in respect of the data breach and expected fines. (see key audit matter above).

The areas that we identified as being susceptible to material misstatement due to fraud were:

Risk	Audit procedures performed by the audit engagement team:
Revenue recognition	Obtaining an understanding of the processes and controls around revenue recognition. Transactions posted to nominal ledger codes outside of the normal revenue cycle were identified using a data analytic tool and investigated. Evaluation of the appropriateness of the accounting policies.
Management override of controls	Testing the appropriateness of journal entries and other adjustments; Assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and Evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the report
This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Euan Banks (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB

Date: 29 June 2021

Consolidated Statement of Comprehensive Income for the Year Ended 31 March 2021

	Note	2021 £	2020 £
Revenue	3	**21,910,862**	18,742,175
Cost of sales		**(10,978,993)**	(9,978,675)
Gross profit		**10,931,869**	8,763,500
Administrative expenses before exceptional items	4	**(6,198,981)**	(4,971,999)
Exceptional items	4	**(486,319)**	–
Administrative expenses	4	**(6,685,300)**	(4,971,999)
Other operating income	5	**–**	8,800
Operating profit	6	**4,246,569**	3,800,301
Net finance costs	7	**(37,299)**	(36,357)
Profit before income tax		**4,209,270**	3,763,944
Income tax expense	11	**(854,330)**	(635,349)
Profit after income tax		**3,366,908**	3,128,595
Other comprehensive income for the year			
Revaluation of freehold property	13	**24,901**	1,400,000
Deferred tax on revaluation of freehold property	12	**(4,731)**	(266,000)
Total other comprehensive income for the year		**20,170**	1,134,000
Total comprehensive income for the year		**3,387,078**	4,262,595
Attributable to:			
Equity holders of the parent		**3,387,078**	4,262,595
Earnings per share			
Basic	33	**8.42p**	7.82p
Diluted	33	**8.42p**	7.82p

The prior year diluted earnings per share has been corrected to reflect that performance conditions on share options which have not been met at the balance sheet date

The notes on pages 60 to 81 form part of these financial statements.

Consolidated Statement of Financial Position as at 31 March 2021

Company Registration No. 08777765

	Note	2021 £	2020 £
Assets			
Non-current assets			
Property, plant and equipment	13	**7,251,602**	7,199,549
Other financial assets	17	**656,004**	10,000
Deferred tax asset	13	**95,447**	37,690
		8,003,053	7,247,239
Current assets			
Inventories	14	**1,902,171**	1,396,235
Trade and other receivables	15	**2,490,217**	1,318,169
Other financial assets	17	**382,808**	135,063
Cash and cash equivalents		**5,125,864**	3,676,042
		9,901,060	6,525,509
Total Assets		**17,904,113**	13,772,748
Equity and liabilities			
Equity			
Issued share capital	18	**400,000**	400,000
Capital redemption reserve	19	**40**	40
Share option reserve	19	**488,596**	198,368
Revaluation reserve	19	**1,609,592**	1,589,422
Retained earnings	19	**8,643,415**	7,296,507
Equity attributable to the owners of the Parent company		**11,141,643**	9,484,337
Current liabilities			
Trade and other payables	23	**3,353,749**	1,493,352
Short-term borrowings	21	**167,754**	167,754
Current tax payable		**903,469**	648,522
Provisions	24	**486,319**	–
		4,911,291	2,309,628
Non-current liabilities			
Borrowings	21	**1,318,005**	1,446,288
Deferred tax liabilities	13	**533,174**	532,495
		1,851,179	1,978,783
Total Equity and Liabilities		**17,904,113**	13,772,748

The financial statements were approved by the Board on 29th June 2021 and signed on its behalf by

P Dass
Director

The notes on pages 60 to 81 form part of these financial statements.

Consolidated Cash Flow Statement for the Year Ended 31 March 2021

	Note	2021 £	2020 £
Cash flows from operating activities			
Profit before income tax		**4,209,270**	3,763,944
Adjusted for:			
Depreciation		**670,333**	491,630
Exceptional item		**486,319**	–
Profit on disposal of tangible fixed assets		**(18,972**	(5,608)
Increase in inventories		**(505,936)**	(486,519)
(Increase)/decrease in trade and other receivables		**(1,172,047)**	119,818
Increase/(decrease) in other financial assets		**1,860,396**	–
(Increase)/decrease in trade and other payables		**2,016,111**	(38,537)
Share based payment charge		**288,000**	198,368
Finance income		**(4,087)**	(17,872)
Cash generated from operations		**5,813,276**	4,025,224
Finance costs		**41,386**	54,229
Taxation paid		**(646,995)**	(727,898)
Net cash inflow from operating activities		**5,207,667**	3,351,555
Cash flows from investing activities			
Sale of investment properties		**–**	650,000
Purchases of property, plant and equipment		**(704,959)**	(1,266,242)
Proceeds from sale of property, plant and equipment		**26,446**	28,462
Interest received		**4,087**	17,872
New shop loans		**(1,016,813)**	(124,005)
Repayment of shop loans		**123,063**	126,303
Net cash outflow from investing activities		**(1,568,176)**	(567,610)
Cash flows from financing activities			
Repayment of borrowings		**(128,283)**	(535,718)
Dividends paid	9	**(2,020,000)**	(1,600,000)
Interest paid		**(41,586)**	(54,229)
Net cash outflow from financing activities		**(2,189,869)**	(2,189,947)
Net increase in cash and cash equivalents		**1,449,622**	593,998
Cash and cash equivalents brought forward		**3,676,042**	3,082,044
Cash and cash equivalents carried forward	31	**5,125,864**	3,676,042

* The comparative 2020 has been corrected to reclassify and show separately the issue and repayment of franchisee loans

The notes on pages 60 to 81 form part of these financial statements.

Consolidated Statement of Changes in Equity for the Year Ended 31 March 2021

	Attributable to the owners of the Parent Company					
	Share capital £	Capital redemption reserve £	Share option reserve £	Revaluation reserve £	Retained earnings £	Total £
At 31 March 2019	400,000	40	–	455,422	5,767,912	6,623,374
Profit for the year	–	–	–	–	3,128,595	3,128,595
Revaluation of freehold property	–	–	–	1,400,000	–	1,400,000
Deferred tax on revaluation of freehold property	–	–	–	(266,000)	–	(266,000)
Total comprehensive income for the year	–	–	–	1,134,000	3,128,595	4,262,595
Transactions with owners in their capacity as owners						
Share-based payments	–	–	198,368	–	–	198,368
Dividends paid	–	–	–	–	(1,600,000)	(1,600,000)
At 31 March 2020	**400,000**	**40**	**198,368**	**1,589,422**	**7,296,507**	**9,484,337**
Profit for the year	–	–	–	–	3,366,908	3,366,908
Revaluation of freehold property	–	–	–	24,901	–	24,901
Deferred tax on revaluation of freehold property	–	–	–	(4,731)	–	(4,731)
Total comprehensive income for the year	–	–	–	20,170	3,366,908	3,366,908
Transactions with owners in their capacity as owners						
Share-based payments	–	–	288,000	–	–	288,000
Deferred tax on share-based payments	–	–	2,228	–	–	2,228
Dividends paid	–	–	–	–	(2,020,000)	(2,020,000)
At 31 March 2021	**400,000**	**40**	**488,596**	**1,609,592**	**8,643,415**	**11,141,643**

The notes on pages 60 to 81 form part of these financial statements.

Notes to the Consolidated Financial Statements for the Year Ended 31 March 2021

1. General information

Cake Box Holdings Plc is a listed company limited by shares, incorporated and domiciled in England and Wales. Its registered office is 20 – 22 Jute Lane, Enfield, Middlesex, EN3 7PJ.

The financial statements cover Cake Box Holdings Plc ('Company') and the entities it controlled at the end of, or during, the financial year (referred to as the 'Group').

The principal activity of the Group continues to be the specialist retailer of fresh cream cakes.

2. Accounting policies

2.1 Basis of preparation of financial statements

The consolidated financial statements for the year ended 31 March 2021 have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act.

The consolidated financial statements have been prepared under the historical cost convention, other than certain classes of property, plant and equipment, and equity settled share-based payments in scope of IFRS 2, which are measured at fair value.

The numbers presented in the financial statements have been rounded to the nearest pound (£) unless otherwise stated.

Sources of estimation uncertainty

The preparation of financial statements under IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Estimates and assumptions are reviewed on an ongoing basis and any revision to estimates or assumptions are recognised in the period in which they are revised and in future periods affected.

Significant judgements and estimates

The material areas in which estimates, and judgements are applied are as follows:

Provisions – Judgement and Estimate

The Group has recognised provisions following a data breach which impacted the Group's website payment system as further set out in Note 24. The provision relates to the fine received by the merchant service provider, and estimated costs associated including potential fines from the ICO in respect to GDPR breaches and associated legal and professional fees. Management use judgement in respect of potential fees and fines and estimates to calculate the quantum of costs which equate to £304,176 of the total provision.

Freehold property – Judgement

Freehold properties are held at valuation. Depreciation has not been provided as there is no difference between the carrying value and expected residual value.

One property held at valuation has been revalued by an independent valuer during the year. The Directors consider that the value of the freehold property is representative of the current market value after consideration to similar properties in the surrounding area based upon extensive research at the balance sheet date. See note 13 for further information.

Share-based payment – Estimate

Share based payments have been measured using the Black-Scholes valuation model which requires a range of input factors which are estimates based on historical data, expected data, benchmarking and consideration of non-market based performance conditions. Full details of these factors are detailed in note 20.

2.2 Functional and presentation currency

The currency of the primary economic environment in which the Group operates (the functional currency) is Pound Sterling ("GBP or £") which is also the presentation currency.

2.3 Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and all its subsidiaries. Subsidiaries include all entities over which the Group has the power to govern financial and operating policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control commences until the date that control ceases. Intra-group transactions are eliminated in preparing the Consolidated Financial Statements.

A list of the significant investments in subsidiaries, including the name, country of incorporation and proportion of ownership interest is given in note 5 to the Company's separate financial statements.

2. Accounting policies (continued)

2.4 Application of New and Revised IFRSs

As a result of the UK leaving the EU the group has early adopted the UK-adopted IFRS's. At the balance sheet date there were no material differences as a result of the adoption.

In the current year, the Group has applied a number of other amendments to Standards and Interpretations issued by the IASB that are effective for an annual period that begins on or after 1 January 2020. This has not had any material impact on the amounts reported for the current and prior years. These include:

		Effective Date
IAS 1 & 8	Definition of material	1 January 2020
IFRS 3	Definition of a business	1 January 2020
IFRS 9, IAS 39 & IFRS 7	IBOR (Inter-Bank Offered Rates) Reforms Phase 1 Amendment	1 January 2020
Conceptual Framework	Amendments References to the Conceptual Framework in IFRS standards	1 January 2020

At the date of authorisation of these financial statements the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective and are not expected to have a material impact on the Group:

		Effective Date
IFRS 9, IAS 39 & IFRS 7	IBOR (Inter-Bank Offered Rates) Reforms Phase 2 Amendment	1 January 2021
IFRS 3	'Amendments References to the Conceptual Framework in IFRS standards	1 January 2022
IAS 16	Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use	
IAS 37	Amendments regarding the costs to include when assessing whether a contract is onerous	
IAS 1 & IAS 8	Amendments regarding the disclosure of accounting policies and amendments regarding the definition of accounting estimates	1 January 2023

2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Directors that make strategic decisions. Whilst the Group trading has numerous components, the chief operating decision maker (CODM) is of the opinion that there is only one operating segment. This is in line with internal reporting provided to the executive directors.

2.6 Going concern

The Directors pay careful attention to the cost base of the Group ensuring not only that it is kept at a level to satisfy the commercial requirements but also that it remains appropriate to the level of activity of the Group and the financial resources available to it.

The COVID-19 pandemic has been unprecedented in scale and impact and the Directors have taken swift and decisive action to protect customers, colleagues, franchisees, and the communities in which the Group operates, by implementing the necessary steps to safeguard business through the crisis, in line with UK Government guidelines.

There remains much uncertainty about the virus and how long it will continue to impact the Group, customers, and the wider public and economy but the Directors are confident that the Group has the financial and operational resilience such that no material uncertainty exists.

Based on the current working capital forecast, the Group is unlikely to need additional funds within twelve months of the date of approval of these financial statements in order to maintain its proposed work levels and to continue successfully managing its cash resources. After making enquiries and considering the assumptions upon which the forecasts have been based, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

2.7 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised.

Notes to the Consolidated Financial Statements for the Year Ended 31 March 2021 (continued)

2. Accounting policies (continued)

2.7 Revenue recognition (continued)

Sale of goods

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with the ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Fees

Fees receivable from the franchisee for branding, equipment, training and initial support are recognised on delivery of the equipment and rendering of the services enabling the franchisee to operate at which time the Group has performed its obligations under the franchise agreement in respect of the fees. Fees received in advance are held on the Consolidated Statement of Financial Position as deferred income.

Online sales

Online sales which include click and collect sales where the franchisee has the primary responsibility for the fulfillment of the order and the Group is collecting consideration on behalf of the franchisee as agent are not recognised as revenue of the Group. Only the net commission amount is recognised.

2.8 Current and deferred taxation

Current tax liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset, limited to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Deferred Tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases (known as temporary differences). Deferred tax liabilities are recognised for all temporary differences that are expected to increase taxable profit in the future. Deferred tax assets are recognised for all temporary differences that are expected to reduce taxable profit in the future, and any unused tax losses or unused tax credits, limited to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The net carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. Any adjustments are recognised in the statement of comprehensive income. Deferred tax is calculated at the tax rates that are expected to apply to the taxable profit (tax loss) of the periods in which it expects the deferred tax asset to be realised or the deferred tax liability to be settled, on the basis of tax rates that have been enacted or substantively enacted by the end of the reporting period.

Tax Expense

Income tax expense represents the sum of the tax currently payable and deferred tax movement for the current period. The tax currently payable is based on taxable profit for the year.

2.9 Tangible fixed assets – held at cost

Property, plant & equipment, other than investment and freehold properties, are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Land is not depreciated. Depreciation on other assets is charged to allocate the cost of assets less their residual value over their estimated useful lives, using the straight line method.

Depreciation is provided on the following annual basis:

Plant & machinery	–	25% Straight-line method
Motor vehicles	–	25% Straight-line method
Fixtures & fittings	–	25% Straight-line method
Assets under construction	–	Not depreciated

2. Accounting policies (continued)

2.9 Tangible fixed assets – held at cost (continued)

Assets under the course of construction are carried at cost less any recognised impairment loss. Depreciation of these assets commences when the assets are ready for the intended use.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the profit and loss.

2.10 Tangible fixed assets – held at valuation

Individual freehold properties are carried at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at each Consolidated Statement of Financial Position date.

Fair values are determined by an independent valuer and updated by the directors from market-based evidence.

Revaluation gains and losses are recognised in Other Comprehensive Income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in the profit and loss.

2.11 Inventories

Inventories are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

2.12 Financial instruments

Recognition of Financial Instruments

Financial assets and financial liabilities are recognised when the company becomes party to the contractual provisions of the instrument.

Trade and other receivables

Trade and other receivables are initially measured at fair value and subsequently amortised cost. All sales are made on the basis of normal credit terms, and the receivables do not bear interest. Where credit is extended beyond normal credit terms, receivables are measured at amortised cost using the effective interest method. At the end of each reporting period, the carrying amounts of trade and other receivables are reviewed. Impairment provisions for current and non-current trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within cost of sales in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Other financial assets

Other financial assets are initially measured at fair value and subsequently at amortised cost. At the end of each reporting period the carrying amount of these assets are reviewed on an individual balance basis and appropriate impairment is made if required.

Trade and other payables

Trade and other payables are initially measured at fair value and subsequently at amortised cost. Trade payables are obligations on the basis of normal credit terms and do not bear interest. Trade payables denominated in a foreign currency are translated into Sterling using the exchange rate at the reporting date. Foreign exchange gains or losses are included in other income or other expenses.

Bank loans and overdrafts

All borrowings are initially recorded at the amount of proceeds received, net of transaction costs. Borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the income statement over the period of the relevant borrowing.

Interest expenses are recognised on the basis of the effective interest method and are included in finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Notes to the Consolidated Financial Statements for the Year Ended 31 March 2021 (continued)

2. Accounting policies (continued)

2.13 Finance costs

Finance costs are charged to the Consolidated Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.14 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

2.15 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an Annual General Meeting.

2.16 Leases

Leases would have been recognised under IFRS16 but as the leases have less than 12 months until expiry, they have been recognised on a straight line basis.

2.17 Employee benefits

Short Term Employee Benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as leave pay and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Consolidated Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

Termination benefits

The entity recognises the expense and corresponding liability for termination benefits when it is demonstrably committed to either of the following scenarios:

a. The termination of the employment of an employee or group of employees before the normal retirement age, or
b. The provision of termination benefits in relation to an offer made to encourage voluntary redundancy.

The value of such benefit is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

2.18 Provisions and contingencies

Provisions are recognised when the Group has an obligation at the reporting date as a result of a past event; it is probable that the Group will be required to transfer economic benefits in settlement; and the amount of the obligation can be estimated reliably.

Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks to a specific obligation. The increase in the provision due to the passage of time is recognised as interest expense.

Provisions are not recognised for future operating losses.

Contingent assets and contingent liabilities are not recognised.

2.19 Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

2.20 Research and development

Research and development expenditure is charged to the Consolidated Statement of Comprehensive Income in the year in which it is incurred.

2. Accounting policies (continued)

2.21 Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

2.22 Share based payment

Where share options are awarded to employees, the fair value of the options (measured using the Black-Scholes model) at the date of grant is charged to the Statement of Comprehensive Income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Statement of Financial Position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party or factors which are within the control of one or other of the parties. Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to Statement of Comprehensive Income over the remaining vesting period.

2.23 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.

3. Segment reporting

Components reported to the chief operating decision maker (CODM) are not separately identifiable and as such consider there to be one reporting segment. The group makes varied sales to its customers but none are a separately identifiable component. The following information is disclosed:

	2021 **£**	2020 £
Sale of goods	**19,213,915**	16,580,555
Sale of services	**2,794,564**	2,161,620
Total	**22,008,479**	18,742,175

All revenue occurred in the United Kingdom.

The operating segment information is the same information as provided throughout the consolidated financial statements and are therefore not duplicated.

The Group was not reliant upon any major customer during 2021 or 2020.

Notes to the Consolidated Financial Statements for the Year Ended 31 March 2021 (continued)

4. Expenses by nature

The Administrative expenses have been arrived at after charging:

	2021 £	2020 £
Wages and salaries	**3,702,499**	2,821,761
Travel and entertaining costs	**210,587**	389,781
Supplies costs	**233,258**	99,254
Professional costs	**538,533**	433,513
Depreciation costs	**670,333**	491,630
Rates and utilities costs	**294,292**	291,626
Property maintenance costs	**193,607**	148,910
Advertising costs	**317,154**	231,013
Other costs	**38,718**	64,511
Exceptional costs	**486,319**	–
Total	**6,685,300**	4,971,999

5. Other operating income

	2021 £	2020 £
Rent receivable	**–**	8,800

6. Operating profit

The operating profit is stated after charging/(crediting):

	2021 £	2020 £
Depreciation of tangible fixed assets	**670,333**	491,630
Stock recognised as an expense	**8,768,319**	8,839,732
Profit on disposal of property, plant & equipment	**(18,972)**	(5,608)
Research and development charged as an expense	**215,555**	254,053
Operating lease rentals	**–**	45,000
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	**87,000**	60,000
Fees payable to the Group's auditor and its associates for the audit of the Group's interim financial statements	**7,500**	7,000
Fees payable to the Group's auditor and its associates for non-audit services	**–**	–
Share based payment charge	**288,000**	198,368
Defined contribution pension cost	**42,080**	32,780

7. Net finance costs

	2021 £	2020 £
Finance expenses		
Bank loan interest	**35,771**	54,229
Interest on overdue tax	**5,615**	–
Finance income		
Bank interest received	**(4,087)**	(17,872)
Total	**37,299**	36,357

8. Staff costs

Staff costs, including Directors' remuneration, were as follows:

	2021 £	2020 £
Wages and salaries	**3,055,008**	2,341,395
Social security costs	**287,875**	221,297
Pension costs	**42,080**	32,780
Private health	**29,536**	27,921
Share based payment expense	**288,000**	198,368
Total	**3,702,499**	2,821,761

The average monthly number of employees, including Directors, for the year was 107 (2020 – 81).

9. Dividends

	2021 £	2020 £
Interim dividend of 1.6p per ordinary share	**–**	640,000
Final dividend of 2.4p per ordinary share proposed and paid during the year relating to the previous year's results	**–**	960,000
Interim dividend of 1.85p per ordinary share	**740,000**	–
Final dividend of 3.2p per ordinary share proposed and paid during the year relating to the previous year's results	**1,280,000**	–
Total	**2,020,000**	1,600,000

On 10 August 2020 the Directors declared a final dividend for the year ended 31 March 2020 of 3.2p per ordinary share, which was paid on 23 October 2020.

Since the year end the Directors proposed the payment of a final dividend of 3.7 pence (2020 – 3.2 pence) per share totaling 1,480,000 (2020 - £1,280,000) for the year ended 31 March 2021.

Notes to the Consolidated Financial Statements for the Year Ended 31 March 2021 (continued)

10. Directors' remuneration

The Directors' remuneration is disclosed within the Directors' Remuneration Report on page 44. The Directors are considered key management personnel. Employers NIC paid on Directors' remuneration in the year was £62,287 (2020 – £51,970).

11. Exceptional Items

	2021 £	2020 £
Website data breach	**486,319**	–

Please see note 24 for further information.

12. Taxation

	2021 £	2020 £
Corporation tax		
Current tax on profits for the year	**900,406**	648,521
Adjustments in respect of previous periods	**1,536**	(19,574)
Deferred tax		
Arising from origination and reversal of temporary differences	**(59,580)**	6,402
Taxation on profit on ordinary activities	**854,330**	635,349

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2020 – lower than) the standard rate of corporation tax in the UK of 19% (2020 – 19%). The differences are explained below:

	2021 £	2020 £
Profit on ordinary activities before tax	**4,209,270**	3,763,944
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 – 19%)	**799,761**	715,149
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**95,115**	50,795
Adjustment in research and development tax credit leading to a decrease in the tax charge	**(53,242)**	(111,021)
Difference in tax rates used within share-based payments	**(808)**	–
Adjustments to tax charge in respect of prior periods	**1,536**	(19,574)
Total tax charge for the year	**854,330**	635,349

Factors that may affect future tax charge

At the Budget 2021 on 3 March 2021, the Government announced that the Corporation Tax rate will increase to 25% for companies with profits above £250,000 with effect from 1 April 2023, as well as announcing a number of other changes to allowances and treatment of losses. These changes are not yet substantively enacted, and the Company has not yet undertaken a full analysis of the impact of the changes.

13. Deferred taxation

	2021 £	2020 £
Balance brought forward	**494,805**	222,403
Charged to other comprehensive income:		
Deferred tax on revalued freehold property	**4,731**	266,000
Charged directly to reserves:		
Employee benefits (including share-based payments)	**(2,228)**	–
Charged to profit and loss:		
Deferred tax on revalued investment properties	**–**	(78,169)
Accelerated capital allowances	**(3,715)**	122,261
Employee benefits (including share-based payments)	**(55,529)**	(37,690)
Other short-term timing differences	**(337)**	–
Balance carried forward	**437,727**	494,805

	2021 £	2020 £
Deferred tax liabilities		
Accelerated capital allowances	**197,261**	200,976
Other short-term timing differences	**(1,751)**	(1,414)
Property revaluations (including indexation)	**337,664**	332,933
	533,174	532,495
Deferred tax assets		
Employee benefits (including share-based payments)	**(95,447)**	(37,690)
	437,727	494,805

Movements in deferred tax in direct relation to freehold property revaluation are recognised immediately against the revaluation reserve.

Notes to the Consolidated Financial Statements for the Year Ended 31 March 2021 (continued)

14. Property, plant and equipment

	Assets under construction £	Freehold property £	Plant & machinery £	Motor vehicles £	Fixtures & fittings £	Total £
Cost or valuation						
At 1 April 2019	1,570,793	2,500,000	1,103,652	392,310	1,002,422	6,569,177
Additions	306,927	–	120,348	253,837	585,130	1,266,242
Disposals	–	–	–	(49,142)	–	(49,142)
Transfer between classes	(839,543)	724,851	(207,972)	4,025	318,639	–
Assets written off	–	–	(30,579)	–	(86,701)	(117,280)
Revaluations	–	1,400,000	–	–	–	1,400,000
At 31 March 2020	**1,038,177**	**4,624,851**	**985,449**	**601,030**	**1,819,490**	**9,068,997**
Depreciation						
At 1 April 2019	–	–	624,893	204,296	692,197	1,521,386
Charge for the year	–	–	93,359	122,321	275,950	491,630
Disposals	–	–	–	(26,288)	–	(26,288)
Transfer between classes	–	–	(39,640)	2,934	36,706	–
Assets written off	–	–	(30,579)	–	(86,701)	(117,280)
At 31 March 2020	**–**	**–**	**648,033**	**303,263**	**918,152**	**1,869,448**
Net book value						
At 31 March 2020	**1,038,177**	**4,624,851**	**337,416**	**297,767**	**901,338**	**7,199,549**

The valuation at the balance sheet date has been made by the directors based upon costs incurred during the construction phase.

14. Property, plant and equipment (continued)

	Assets under construction £	Freehold property £	Plant & machinery £	Motor vehicles £	Fixtures & fittings £	Total £
Cost or valuation						
At 1 April 2020	1,038,177	4,624,851	985,449	601,030	1,819,490	9,068,997
Additions	82,396	–	88,295	146,005	388,263	704,959
Disposals	–	–	–	(44,165)	–	(44,165)
Revaluations	–	24,901	–	–	–	24,901
At 31 March 2021	**1,120,573**	**4,649,752**	**1,073,744**	**702,870**	**2,207,753**	**9,754,692**
Depreciation						
At 1 April 2020	–	–	648,033	303,263	918,152	1,869,448
Charge for the year	–	–	138,766	132,471	399,096	670,333
Disposals	–	–	–	(36,691)	–	(36,691)
At 31 March 2021	**–**	**–**	**786,799**	**399,043**	**1,254,249**	**2,440,091**
Net book value						
At 31 March 2021	**1,120,573**	**4,649,752**	**286,945**	**303,827**	**890,505**	**7,251,602**

The valuation at the balance sheet date has been made by the directors based upon costs incurred during the construction phase.

On 24 February 2021 existing freehold property was revalued by an independent qualified valuer, in accordance with the RICS Valuation – Global Standards 2017 (the Red Book). This valuation was maintained by the directors after consideration to similar properties in the surrounding area based upon extensive research at the balance sheet date.

The directors have judged previous third party and internal valuations, made on the same basis as above, on other freehold property as a true measure of value for at the balance sheet date.

The fair value of freehold property is categorised as a level 3 recurring fair value measurement.

If the freehold properties had been accounted for under the historic cost accounting rules, the properties would have been measured as follows:

	2021 £	2020 £
Historic cost	**2,817,188**	2,817,188

Notes to the Consolidated Financial Statements for the Year Ended 31 March 2021 (continued)

15. Inventories

	2021 £	2020 £
Finished goods and goods for resale	1,902,171	1,396,235

Inventories are charged to cost of sales in the Consolidated Statement of Comprehensive Income.

16. Trade and other receivables

	2021 £	2020 £
Trade receivables	2,041,673	934,763
Other receivables	17,147	179,236
Prepayments	431,397	204,170
Total	2,490,217	1,318,169
Non-current	–	–
Current	2,490,217	1,453,232
Total	2,490,217	1,453,232

The fair value of those trade and other receivables classified as financial assets at amortised cost are disclosed in the financial instruments. (Note 27).

The Group's exposure to credit and market risks, including impairments and allowances for credit losses, relating to trade and other receivables is disclosed in the financial risk management and impairment of financial assets note.

All non-current assets are due within three years of the statement of financial position date.

17. Other financial assets

	2021 £	2020 £
Other financial assets	1,038,812	145,063
Non-current	656,004	10,000
Current	382,808	153,063
Total	1,038,812	145,063

All non-current assets are due within five years of the statement of financial position date. The loans are interest free and payable in equal monthly instalments.

18. Share capital

	2021 **£**	2020 £
40,000,000 Ordinary shares of £0.01 each	**400,000**	400,000

All shares rank equally in all respects.

19. Reserves

The following describes the nature and purpose of each reserve within equity:

Capital redemption reserve
Amounts transferred from share capital on redemption of issued shares.

Revaluation reserve
Gain/(losses) arising on the revaluation of the Group's property (other than investment property).

Retained earnings
All other net gains and losses and transactions with owners (e.g. dividends, fair value movements of investment property) not recognised elsewhere.

Share option reserve
Gains/losses arising on amounts in respect of equity-settled share options outstanding. See note 20 for more information.

20. Share-Based Payments

The Group operates two equity-settled share-based remuneration schemes for certain employees at management and Executive Director level: A United Kingdom tax authority approved scheme for senior managers and an Executive Director and an unapproved scheme for Executive Directors. The main vesting condition for senior managers is EBITDA reaching £19m by the third anniversary of the date of the grant. The main vesting condition for the Executive Director is Earnings Per Share reaching a minimum of 36.41p by the third anniversary of the date of the grant on which 30% will be exercisable. This increases by 0.0963% for every penny over the minimum level. The individuals must remain employees of the Group over the three or four year period. Under the unapproved scheme, options vest on the same basis as the approved scheme for the Executive Director. In addition, the options will lapse 10 years after the grant date.

	2020 Weighted average exercise price (pence)	**2020 Number**	2019 Weighted average exercise price (pence)	2019 Number
Outstanding as at 1 April	**64**	**688,400**	–	
Granted during the year	**–**	**64**	688,400	
Forfeited during the year	**–**	**–**		
Exercised during the year	**–**	**–**		
Lapsed during the year	**–**	**–**		
Outstanding as at 31 March	**64**	**688,400**	64	688,400

The exercise price of options outstanding at 31 March 2021 ranged between 1 penny and 165 pence which represented the grant of the unapproved and approved options respectively. Their weighted average remaining contractual life of these options at the year end date was 520 days (2020 – 885 days).

Notes to the Consolidated Financial Statements for the Year Ended 31 March 2021 (continued)

20. Share-Based Payments (continued)

Of the total number of options outstanding at 31 March 2021, none had vested nor were any exercisable.

	2020 £	2019 £
Option pricing model used	**Black-Scholes**	Black-Scholes
Share price at date of grant (pence)	**181**	181
Contractual life (days)	**1096 – 1461**	1096 – 1461
Exercise price (pence)	**1-165**	1-165
Volatility	**20%**	20%
Risk free interest rate	**0.71%**	0.71%

The volatility assumption, measured at the standard deviation of expected share price returns, is based on a statistical analysis of share prices of similar listed entities over the recent years.

The share based payment expense of £288,000 (2020 – £198,368) is included in notes 6 and 8. This is calculated on the above assumptions over the relevant period and that the attrition rate is 100%.

The Group did not enter into any share-based payment transactions with parties other than employees during the current or previous period.

21. Borrowings

	2021 £	2020 £
Non-current borrowings		
Bank loans	**1,318,005**	1,446,288
Current borrowings		
Bank loans	**167,754**	167,754

Bank loans have fixed charges over the properties to which they relate and interest of 2.15% - 2.23% above Bank of England base rate are charged on the loans. The loans are repayable in monthly instalments with final payments due between March 2024 and November 2025.

22. Leases

Operating Leases – Lessee

The Group leased a building under non-cancellable operating lease agreements. There are no lease commitments at the year-end date.

The total future value of minimum lease payments is as follows:

	2021 £	2020 £
Land and buildings		
Not later than 1 year	–	23,671
Later than 1 year and not later than 5 years	–	–
Total	–	23,671

Operating Leases – Lessor

One leased property was sub-leased. The total future value of minimum lease payments is due as follows:

	2021 £	2020 £
Not later than 1 year	–	46,288
Later than 1 year and not later than 5 years	–	–
Total	–	46,288

23. Trade and other payables

	2021 £	2020 £
Trade payables	**2,495,741**	684,767
Other taxation and social security	**242,473**	207,336
Other payables	**21,165**	142,250
Accruals and deferred income	**594,436**	458,999
Total	**3,353,749**	1,493,352

The fair value of the trade and other payables classified as financial instruments are disclosed in the financial instruments (Note 27).

The Group's exposure to market and liquidity risks related to trade and other payables is disclosed in the financial risk management and impairment of financial assets note. The Group pays its trade payables on terms and as such trade payables are not yet due at the statement of financial position dates.

Notes to the Consolidated Financial Statements for the Year Ended 31 March 2021 (continued)

24. Provisions

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £42,080 (2020 – £32,780). Contributions totaling £10,089 (2020 – £10,652) were payable to the fund at the statement of financial position date.

	2021 £	2020 £
Website data breach	**486,319**	–

Website data breach

A malware attack occurred in 2020 which impacted our website payment system. The company has made a total provision of £486,319, which represents the fine issued by the merchant services provider totalling €204k. This amount is expected to be settled in the next financial year. In addition, further provisions represent the potential fines from the Information Commissioner's Office ("ICO") in respect to breach of General Data Protection Regulation ("GDPR) and other associated legal and professional fees. The amount provided for is based on independent legal advice and timing of settlement is uncertain.

Given the one-off nature of the incident, this fine has been categorised as an exceptional item in the Group's accounts.

	Website data breach £
Carrying amount at the start of the year	–
Additional amounts recognised	486,319
Carrying amounts at the end of the year	486,319

25. Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £42,080 (2020 - £32,780). Contributions totaling £10,089 (2020 - £10,652) were payable to the fund at the statement of financial position date.

26. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation. Related party transactions are considered to be at arm's-length.

Details of amounts paid to key management personnel which includes executive and non-executive directors are included within note 10 and the Directors Remuneration Report on page 44.

During the year the Group made sales to companies under the control of the Directors. All sales were made on an arm's-length basis. These are detailed as follows with Director shareholding % shown in brackets:

	2021		2020	
Mr Sukh Chamdal*	**Sales £**	**Balance £**	Sales £	Balance £
Cake Box (Crawley) Limited (0%)	**111,825**	**2,639**	132,092	13,708
Cake Box CT Limited (0%)	**222,752**	**20,157**	126,110	–
Cake Box (Strood) Limited (0%)	**147,985**	**3,361**	123,298	6,197
Cake Box (Gravesend) Limited (0%)	**123,162**	**(1,021)**	116,814	19,060
Total	**605,724**	**25,136**	498,314	38,965

	2021		2020	
Mr Pardip Dass	**Sales £**	**Balance £**	Sales £	Balance £
Eggfree Cake Box Barking Limited (30%)	**242,150**	**2,840**	206,152	6,075

26. Related party transactions (continued)

	2021		2020	
Dr Jaswir Singh	**Sales £**	**Balance £**	Sales £	Balance £
Luton Cake Box Limited (10%)	**361,150**	**7,563**	315,243	(996)
Peterborough Cake Box Limited (30%)	**219,363**	**10,227**	187,136	–
Cream Cake Limited (30%)	**171,051**	**6,107**	319,432	–
MK Cakes Limited (0%)**	**218,676**	**(3,578)**	185,575	–
Bedford Cake Box Limited (0%)**	**145,883**	**1,432**	134,251	–
Chaz Cakes Limited (50%)	**161,371**	**1,231**	–	–
Eggless Cake Company (50%)	**165,623**	**2,698**	–	–
Total	**1,443,117**	**25,680**	1,141,637	(996)

* 100% Owned by Mr. Chamdal's daughter
** 100% Owned by Dr Singh's son/daughter

27. Financial instruments

In common with other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

The significant accounting policies regarding financial instruments are disclosed in note 2.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous years unless otherwise stated in this note (See Note 28).

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

Financial Assets

	Held at amortised cost	
	2021 £	2020 £
Cash and cash equivalents	**5,125,864**	3,676,042
Trade and other receivables	**2,058,820**	1,113,999
Other financial assets	**1,038,812**	145,063
Total	**8,223,496**	4,935,104

Financial Liabilities

	Held at amortised cost	
	2021 £	2020 £
Trade and other payables	**3,111,275**	1,286,016
Secured borrowings	**1,485,759**	1,614,042
Total	**4,597,034**	2,900,058
Net	**3,609,250**	2,035,046

There is no significant difference between the fair value and carrying value of financial instruments.

Notes to the Consolidated Financial Statements for the Year Ended 31 March 2021 (continued)

28. Financial risk management

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, while retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The board receives regular reports from the Finance Director through which it reviews the effectiveness of processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

Credit risk and impairment

Credit risk arises principally from the Group's trade and other receivables. It is the risk that the counter party fails to discharge its obligation in respect of the instrument. The maximum exposure to credit risk equals the carrying value of these items in the financial statements as the group has the power to stop supplying the customer until payment is received in full.

Definition of default

The loss allowance on all financial assets is measured by considering the probability of default.

Receivables are considered to be in default when the principal or any interest is more than 90 days past due, based on an assessment of past payment practices and the likelihood of such overdue amounts being recovered.

Determination of credit-impaired financial assets

The Group considers financial assets to be 'credit-impaired' when the following events, or combinations of several events, have occurred before the year-end:

- significant financial difficulty of the counterparty arising from significant downturns in operating results and/or significant unavoidable cash requirements when the counterparty has insufficient finance from internal working capital resources, external funding and/or group support;
- a breach of contract, including receipts being more than 240 days past due;
- it becoming probable that the counterparty will enter bankruptcy or liquidation.

Write-off policy

Receivables are written off by the Company when there is no reasonable expectation of recovery, such as when the counterparty is known to be going bankrupt, or into liquidation or administration. Receivables will also be written off when the amount is more than 300 days past due and is not covered by security over the assets of the counterparty or a guarantee.

Impairment of trade receivables and other financial assets

The Group calculates lifetime expected credit losses for trade receivables and other financial assets using a portfolio approach. All items are grouped based on the credit terms offered and the type of product sold. The probability of default is determined at the year-end based on the ageing of the receivables, historical data about default rates on the same basis. That data is adjusted if the Group determines that historical data is not reflective of expected future conditions due changes in the nature of its customers and how they are affected by external factors such as economic and market conditions.

In accordance with IFRS 9, the Group performed a year end impairment exercise to determine whether any write down in amounts receivable was required, using an expected credit loss model. The expected loss rate for receivables less than 90 days old is 0% on the basis of the group's history of bad debt write offs and above 90 days has not been considered on the basis of immateriality.

As at 31 March 2020, the total loss allowances against the Group's financial assets were immaterial and no charge to the income statement was recognised.

Liquidity risk

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due.

The Board receives cash flow projections on a regular basis which are monitored regularly. The Board will not commit to material expenditure in respect of its ongoing development programme prior to being satisfied that sufficient funding is available to the Group to finance the planned programmes.

The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities:

28. Financial risk management (continued)

Borrowings

	2021 £	2020 £
Borrowings – Due within one year	**167,754**	167,754
Borrowings – Due between one to five years	**1,318,005**	1,446,288
Total	**1,485,759**	1,614,042

Trade and other payables

	2021 £	2020 £
0 to 30 Days	**2,364,512**	1,105,254
30 to 60 Days	**447,476**	45,509
60 to 90 Days	**41,348**	475
90 to 120 Days	**40,300**	119,278
120 Days to 1 year	**217,639**	15,500
Total	**3,111,275**	1,286,016

Interest rate risk

The Group is exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining good relationships with banks and other lending providers and by ensuring cash reserves are high enough to cover the debt. Where possible fixed terms of interest will be sought.

The Group analyses the interest rate exposure on a regular basis. A sensitivity analysis is performed by applying a simulation technique to the liabilities that represent major interest-bearing positions. Various scenarios are run taking into consideration refinancing, renewal of the existing positions, alternative financing and hedging. Based on the simulations performed, the impact on profit or loss and net assets of a 25 basis-point shift (being the maximum reasonable expectation of changes in interest rates) would be a change of £3,714 (2019 – £4,035).

Capital risk management

The Group considers its capital to comprise its ordinary share capital and retained profits as its equity capital. In managing its capital, the Group's primary objective is to provide return for its equity shareholders through capital growth and future dividend income. The Group's policy is to seek to maintain a gearing ratio that balances risks and returns at an acceptable level and also to maintain a sufficient funding base to enable the Group to meet its working capital and strategic investment needs. In making decisions to adjust its capital structure to achieve these aims, either through new share issues or the issue of debt, the Group considers not only its short-term position but also its long-term operational and strategic objectives.

Details of the Group's capital are disclosed in the Statement of Changes in Equity.

There have been no other significant changes to the Group's management objectives, policies and procedures in the year nor has there been any change in what the Group considers to be capital.

Currency risk

The Group is not exposed to any significant currency risk. The Group also manages its currency exposure by retaining its cash balances in Sterling.

Notes to the Consolidated Financial Statements for the Year Ended 31 March 2021 (continued)

29. Post statement of financial position events

Post year end the Group has declared a final dividend of 3.7p (2020 – 3.2p per share).

The assets under construction, being the new warehouse in Coventry, became fully operational in April 2021.

As noted in Note 11 and Note 24, the Group suffered a website data breach during 2020. Subsequent to the year-end, the Group notified customers who were potentially impacted and informed the Information Commissioners Office (ICO) of the breach. We have recognised a provision of expected fines and associated costs in respect to this matter.

30. Subsidiary undertakings

The following were subsidiary undertakings of the Company included in the Group results:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Eggfree Cake Box Ltd	United Kingdom	Ordinary	100%	Franchisor of specialist cake store
Chaz Ltd	United Kingdom	Ordinary	100%	Property rental company

The above subsidiaries have the same registered office address as Cake Box Holdings Plc.

31. Notes supporting statement of cash flows

Cash and cash equivalents for the purposes of the statement of cash flows comprise of:

	2021 £	2020 £
Cash at bank available on demand	**5,123,796**	3,675,981
Cash on hand	**2,068**	61
Total	**5,125,864**	3,676,042

There were no significant non-cash transactions from financing activities (2020 – none).

Non-cash transactions from financing activities are shown in the reconciliation of liabilities from financing transactions below:

	Non-current borrowings £	Current borrowings £	Total £
As at 1 April 2019	1,937,577	212,183	2,149,760
Cash flows			
Repayments	(349,494)	(186,224)	(535,718)
Non-Cash flows:			
Non-current loans becoming current during the year	(141,795)	141,795	–
As at 31 March 2020	1,446,288	167,754	1,614,042
Cash flows			
Repayments	–	(128,283)	(128,283)
Non-Cash flows:			
Interest	39,471	–	39,471
Non-current loans becoming current during the year	(167,754)	167,754	–
As at 31 March 2021	**1,318,005**	**167,754**	**1,485,759**

32. Ultimate controlling party

The Group considers there is no ultimate controlling party.

33. Earnings per share

	2021 £	2020 £
Profit after tax attributable to the owners of Cake Box Holdings Plc	3,366,908	3,128,595

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	40,000,000	40,000,000
Weighted average number of ordinary shares used in calculating diluted earnings per share	40,000,000	40,000,000

	Pence	Pence
Basic earnings per share	8.42	7.82
Diluted earnings per share	8.42	7.82

Company Statement of Financial Position as at 31 March 2021

Company Registration No. 08777765

	Note	2021 £	2020 £
Assets			
Non-current assets			
Investments	5	**488,796**	198,568
		488,796	198,568
Current assets			
Trade and other receivables	6	**524,835**	600,643
Cash and cash equivalents	7	**250,115**	82,171
		774,950	682,814
Total Assets		**1,263,746**	881,382
Equity and Liabilities			
Issued share capital	8	**400,000**	400,000
Capital redemption reserve		**40**	40
Share option reserve		**488,596**	198,368
Retained earnings		**106,436**	35,979
Total Equity		**995,072**	634,387
Current liabilities			
Trade and other payables	9	**252,694**	240,901
Current tax payable		**15,980**	6,094
		268,674	246,995
Total Equity and Liabilities		**1,263,746**	881,382

As permitted by Section 408 of the Companies Act 2006, no separate Statement of Comprehensive Income is presented in respect of Cake Box Holdings Plc. Its profit after tax and total comprehensive income for the year ended 31 March 2021 was £2,090,457 (2020 – £1,615,272).

The financial statements were approved by the Board on 29th June 2021 and signed on its behalf by

P Dass
Director

Company Cash flow Statement
as at 31 March 2021

	2021 £	2020 £
Cash flows from operating activities		
Profit before income tax	**2,106,437**	1,621,366
Adjusted for:		
Decrease/(increase) in trade and other receivables	**75,808**	(34,507)
Increase in trade and other payables	**11,793**	237,911
Cash generated in operations	**2,194,038**	1,824,770
Taxation paid	**(6,094)**	(142,693)
Net cash generated from operating activities	**2,187,944**	1,682,077
Cash flows from financing activities		
Dividends paid	**(2,020,000)**	(1,600,000)
Net cash outflow in from financing activities	**(2,020,000)**	(1,600,000)
Net increase in cash and cash equivalents	**167,944**	82,077
Cash and cash equivalents brought forward	**82,171**	94
Cash and cash equivalents carried forward	**250,115**	82,171

The notes on pages 85 to 88 form part of these financial statements.

Company Statement of Changes in Equity for the Year Ended 31 March 2021

	Share capital £	Capital redemption reserve £	Share option reserve £	Retained earnings £	Total £
At 1 April 2019	400,000	40		20,707	420,747
Total comprehensive income for the year	–	–		1,615,272	1,615,272
Transactions with owners in their capacity as owners					
Share based payments	–	–	198,368	–	198,368
Dividends paid	–	–		(1,600,000)	(1,600,000)
At 31 March 2020	**400,000**	**40**	**198,368**	**35,979**	**634,387**
Total comprehensive income for the year	–	–	–	2,090,457	2,090,457
Transactions with owners in their capacity as owners					
Share based payments	–	–	290,228	–	290,228
Dividends paid	–	–	–	(2,020,000)	(2,020,000)
At 31 March 2021	**400,000**	**40**	**488,596**	**106,436**	**995,072**

Notes to the Company Financial Statements for the Year Ended 31 March 2021

1. Accounting policies

The accounting policies of the Company are shown in the Consolidated Financial Statements on pages 60 to 65.

1.1 Investment in subsidiaries

Investments in subsidiaries are stated at cost less any provision for impairment.

2. Staff costs

The average number of employees, including Directors, during the year was 6 (2020 – 6). The Directors received remuneration during the year as detailed in Note 4.

3. Dividends

	2021 **£**	2020 £
Dividends paid	**2,020,000**	1,600,000

Please see note 9 in the consolidated notes for further details.

4. Directors' remuneration

The Directors' remuneration is disclosed within the Directors' Remuneration Report on page 44. The Executive Directors are considered key management personnel. Employers NIC paid on Directors' remuneration in the year was £62,287 (2020 - £51,970).

Notes to the Company Financial Statements for the Year Ended 31 March 2021 (continued)

5. Investment in subsidiary undertakings

	Investments in subsidiary companies £
Cost	
At 1 April 2020	198,568
Additions	290,228
At 31 March 2021	**488,796**

Net book value	
At 31 March 2021	**488,796**
At 31 March 2020	198,568

The additions are share based payments to be settled in the Company's equity for services received by a subsidiary company.

The following companies are the principal subsidiary undertakings at 31 March 2021 and are all consolidated:

Subsidiary undertakings	Country of incorporation	Class of share	Percentage of shares held
Eggfree Cake Box Ltd	England and Wales	Ordinary	100%
Chaz Ltd	England and Wales	Ordinary	100%

The principal activity of these undertakings for the last relevant financial year was as follows:

Subsidiary undertakings	Principal activity
Eggfree Cake Box Ltd	Franchisor of specialist cake stores
Chaz Ltd	Property rental company

6. Trade and other receivables

	2021 £	2020 £
Amounts receivable from subsidiaries	**514,488**	598,310
Other debtors	**10,347**	2,333
Total	**524,835**	600,643

The fair value of those trade and other receivables classified as financial assets are disclosed in the financial instruments note (Note 27).

7. Cash and cash equivalents

	2021 £	2020 £
Cash at bank	**250,115**	82,171

For the purpose of the cash flow statement, cash and cash equivalents comprise the following at 31 March 2021:

	2021 £	2020 £
Cash at bank	**250,115**	82,171

8. Issued share capital

	2021 £	2020 £
40,000,000 Ordinary shares of £0.01 each	**400,000**	400,000
	400,000	400,000

Details of changes in share capital are included at note 18 to the Consolidated Financial Statements.

9. Trade and other payables

	2021 £	2020 £
Trade payables	**9,625**	22,020
Other taxation and social security	**174,725**	154,778
Other payables	**875**	3,209
Accruals	**67,469**	60,894
Total	**252,694**	240,901

10. Capital Commitments

There were no capital commitments at the year end.

11. Key management personnel compensation

Key management personnel compensation is disclosed in Note 10 to the Consolidated Financial Statements.

12. Related party disclosures

The following transactions and balances occurred with related parties:

	2021 £	2020 £
Amounts due from own subsidiaries	**514,488**	598,310
Management charges to own subsidiaries	**1,000,000**	840,000
Dividends received from own subsidiaries	**2,020,000**	1,600,000

The above loans are interest free and repayable on demand.

Notes to the Company Financial Statements for the Year Ended 31 March 2021 (continued)

13. Financial instruments

Details of key risks are included at Note 25 to the Consolidated Financial Statements.

Accessing significant increases in credit risk

The Company undertake the following procedures to determine whether there has been a significant increase in the credit risk of its other receivables, including group balances, since their initial recognition. Where these procedures identify a significant increase in credit risk, the loss allowance is measured based on the risk of a default occurring over the expected life of the instrument rather than considering only the default events expected within 12 months of the year-end.

The Company's Group receivables represent trading balances and interest free amounts advanced to other Group companies with no fixed repayment dates.

The Company determines that credit risk has increased significantly when:

- there are significant actual or expected changes in the operating results of the group entity, including declining revenues profitability or liquidity management problems, or;
- there are existing or forecast adverse changes to the business, financial or economic conditions that may impact the group entity's ability to meet its debt obligations, and;
- the group entity is unable to rely on the support of other group entities to meet its debt obligations.

No impairment has been recognised in respect of this. (2020: £nil)

Categories of financial instruments

Financial Assets at amortised cost

	Held at amortised cost	
	2021 £	2020 £
Cash and cash equivalents	**250,115**	82,171
Trade and other receivables	**514,488**	598,310
Total	**764,603**	680,481

Financial Liabilities

	Held at amortised cost	
	2021 £	2020 £
Trade and other payables	**77,969**	86,123
	77,969	86,123

14. Ultimate controlling party

There is no ultimate controlling party.

15. Post statement of financial position events

Post year end the Group has declared a final dividend of 3.7p (2020 – 3.2p per share).

As noted in Note 11 and Note 24 of the Consolidated Financial Statements, the Group suffered a website data breach during 2020. Subsequent to the year-end, the Group notified customers who were potentially impacted and informed the Information Commissioners Office (ICO) of the breach. We have recognised a provision of expected fines and associated costs in respect to this matter.

Company Information

Directors

S R Chamdal	Chief Executive Officer
P Dass	Chief Financial Officer
Dr J Singh	Executive Director
A Batty	Non-Executive Director
M Blair	Non-Executive Director
N Sachdev	Non-Executive Chairman

Company secretary

L Park

Company number

08777765 (England and Wales)

Registered office

20 – 22 Jute Lane
Enfield
Middlesex
EN3 7PJ

Auditor

RSM UK Audit LLP
Chartered Accountants and Statutory Auditor
25 Farringdon Street
London
EC4A 4AB

Legal Adviser

Charles Russell Speechlys LLP
5 Fleet Place
London
EC4M 7RD

Registrars

Computershare Investor Services Plc
The Pavilions
Bridgwater Road
Bristol
BS13 8AE

Nominated Adviser & Broker

Shore Capital & Corporate Limited & Shore Capital Stockbrokers Limited
Cassini House
57 St James's Street
London
SW1A 1LD

Financial PR and Media

MHP Communications
60 Great Portland Street
London
W1W 7RT

Design & Production
www.carrkamasa.co.uk

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Cake Box Holdings Plc

Head Office
20-22 Jute Lane
Enfield
London EN3 7PJ

Tel: 020 8050 2026
info@eggfreecake.co.uk | www.eggfreecake.co.uk