COOKS GLOBAL FOODS LIMITED

ANNUAL REPORT
31 MARCH 2020

Contents to Consolidated Financial Statements

Executive Chairman's Report

Highlights

- Operating loss from continuing operations before depreciation, amortisation & finance charges improved to $35k compared to prior year loss of $2.4 million.
- Cash flow from continuing operations was $193k positive after deducting interest of $1,414K compared to prior year loss of ($2,404k) after deducting interest of $289k as restructuring initiatives are implemented and the results are being realised.
- Group revenue from continuing activities increased 4.3% to $4.2 million.
- The Covid-19 impact in all markets applied from mid-March with the revenue declines supported by various levels of government support packages that mitigated the full impact.
- All operating markets are now recovering as the various government lockdown measures are relaxed. Average sales for July and the first two weeks of August across our major markets of UK and Ireland are 100% and 82% respectively for open stores compared to the same weeks for last year.
- Performance for the above 6-week period has been 148% of the revised internal budgets for UK & 121% for Ireland showing a stronger recovery than was projected. Central city stores however have been the most affected negatively as workers continue to work from home and tourism into the major cities is severely reduced. Neighbourhood outlets have experienced strong recoveries.
- There was a slowing of new store growth as openings were deferred due to the Covid close downs, but this program is now being revived as the various economies reopen.
- There were no store closures attributable to Covid-19 within the reporting period.

Revenue from continuing operations was $4.2 million which was 4.3% ahead of last year's comparatives, with revenue from discontinued operations being $2.9 million which was 53.4% ahead of last year's comparatives. Overall revenue for the 12 months thereby rose 20.1% to $7.1 million as we saw the full year impact of the short term holding of 4 stores in the UK contribute to the sales value growth. These stores along with the New Zealand FMCG operations have been determined to be non-core and have been closed or sold as part of the drive to improve cash profitability.

The group is focused on profitably growing core business and divesting non-core activities, and this has resulted in benefits during FY20 which will be further evidenced in FY21 and beyond as the company comes out of the Covid period.

The UK business was re-organised in FY19 with a focus on developing regional master franchisees and the strengthening of operational management. This change is working positively and to date three regions have been sold and the results of this are being shown with faster growth as local developers ramped up activity. This has slowed in the Covid period but is regaining momentum as government controls are relaxed.

As discussed above 4 stores were held and operated by the company for various periods as part of a plan to sell the businesses to new franchisees. This process is well advanced, and the stores are classified as discontinued business. One store was closed in March and the others are in the process of being sold to new franchisees.

The company has restructured the Middle East operations and are now working with key supply partners to provide local servicing to our franchisees rather than having our own operations and staff in the region. This has resulted in cost reduction whilst aligning supply sources with our UK and Irish businesses and providing in-market services through third parties who represent international business partners.

The Scarborough Fair tea and Grounded coffee brands were determined to be non-core and were sold with a sale agreement concluded in July 2020.

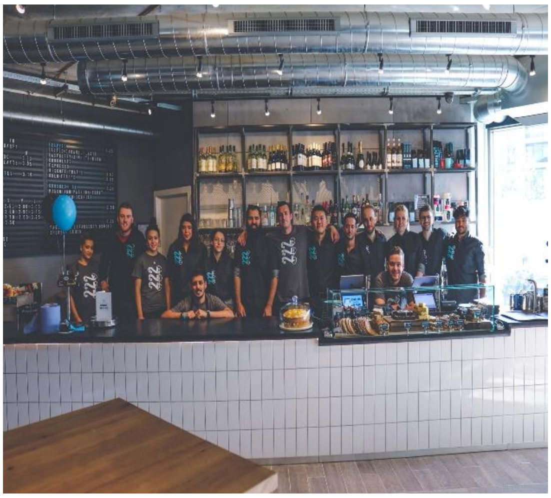
The major focus of the business is cafes in UK, Ireland and Europe plus providing support to our master franchise partners in the Middle East, Pakistan, Canada and Indonesia.

TRIPLE TWO ACQUISITION

Cooks Global Foods acquired the fast-growing Triple Two Café chain in June 2020. Triple Two Coffee franchises 13 cafes in the UK and has been one of the most highly recruited franchises in the UK since the start of 2019. Triple Two currently operate across several regions in the UK, with the initial flagship store opening in Swindon in August 2016. They now have sites trading in major towns and cities across the UK, such as London, Colchester, Oxford, Cheltenham, Cirencester and Hove.

Triple Two Coffee provided a significant benefit to our scale and critical mass in the UK. Triple Two adds 13 stores to the existing 44 store UK network and provides vital critical mass. There are numerous synergies with the existing UK business that will prove valuable in the future.

The images below show the staff at Royal Wharf in London on opening day and the Colchester store.



BUSINESS PERFORMANCE BY MARKET

THE UNITED KINGDOM

UK store numbers increased to 44 at the end of March up from 39 at the same time a year ago. During the year 7 stores were opened and 2 closed. Constant currency coffee store sales for the year increased to $20.9 million from $20.6 million in the same period a year ago. Most of the new stores were opened in the second half of FY20 and sales for the first 2 months of the final quarter were 9.2% up on FY19 but this was offset by the closures due to Covid-19 in March when sales were 73% of FY19.

During the period from April to June 2020 we had very few stores open as cafes could only offer takeout and many were required to be closed given the government restrictions that applied. During this period shopping mall stores were unable to open and public places such as museums and libraries where the company has stores were also closed. As restrictions have been lifted it has been the community-based stores that have recovered better than the central city, High street or mall stores.

The sales recovery post Covid has been very encouraging with sales for July & the first 2 weeks of August in the UK being 100%% of last year's levels for stores open and 148% of the revised Covid adjusted budget set in early April. Outlets were able to open from 4th July under strict conditions that included social distancing guidelines, strict sanitisation and personal hygiene requirements.

There have been different responses in different channels as is shown in the graph below. The central city stores have been impacted in both UK & Ireland with sales at 39% of last year and 54% of the revised budget. Other channels have positive results against revised budget and retail parks & neighbourhood stores have recovered particularly strongly. Shopping Malls have been positive when it is considered that some continue to operate on reduced hours and trading days.

The government supported program to reduce VAT from 20% to 5% for the period August 2020 to January 2021 is assisting along with the "Eat Out, Help Out" program where the UK Government pays 50% of the bill up to a maximum of £10 per person for Monday-Wednesday during August. The wage subsidy scheme in the UK acted for the period from April to July and was paid at a level of 80% of workers salaries for workers who were furloughed. The company took advantage of this generous support and staff have been progressively returning since the easing of the restrictions. All staff have been retained through the lockdown period.

The company has also had an active new store development plan in place which was accelerating pre Covid and total sales included a 23% of total sales contribution from stores that were not open in the same period 2019. The program has been restarted from July and to date.

The UK business strategy is to establish regional franchise developers and as part of this, it has restructured the regional franchise fee and royalty schedule to better incentivise franchisees.

Continuing operations in the UK division demonstrate positive operating profits of $0.2 million, with discontinued operations representing operating losses of $0.8 million.

Triple Two profitability prior to the acquisition was $1.2 million for the FY20 financial year. This business will be additive to earnings and cash flows post acquisition in FY21.

As the UK recovers from the Covid-19 impact we look forward to seeing the momentum return and with the combined Esquires and Triple Two brands we believe we are well placed to deliver strong and sustainable results.

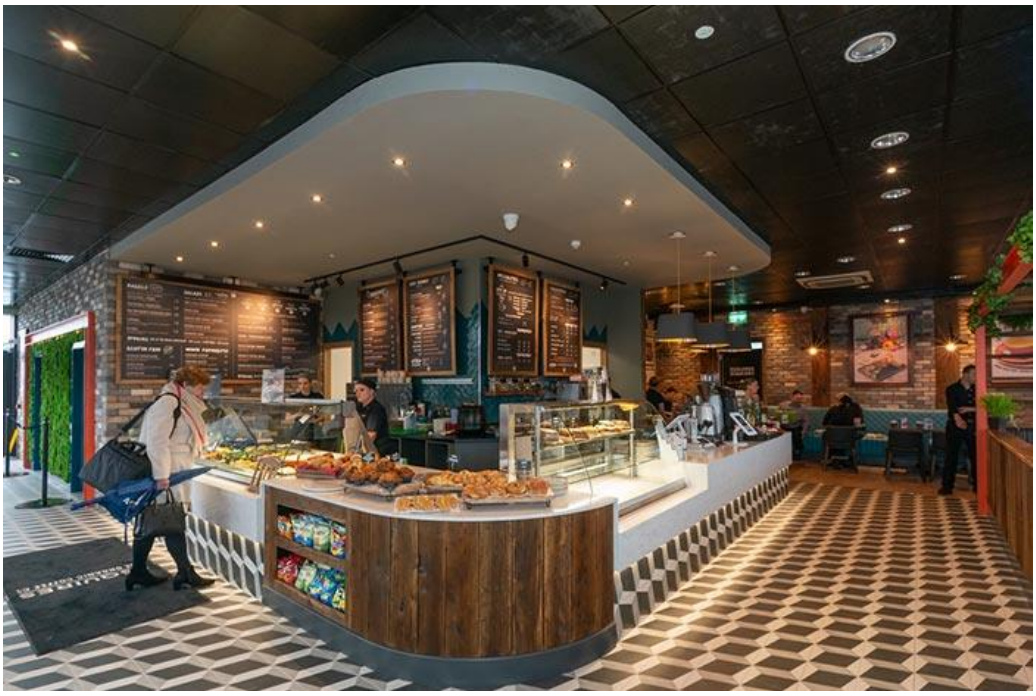
IRELAND AND EUROPE

Constant currency total store sales in Ireland were 4.5% ahead of FY19 despite the impact of COVID-19 on March 2020 sales. During the year we added one new store in Ireland and that was only opened for 4 days in March before it had to close due the government regulations. Prior to this, constant store sales were 5.1% ahead of the prior year in local currency.

During the period from April to June there were very few stores open as cafes could only offer takeout and many were required to be closed given the government restrictions that applied to certain locations. During this period shopping mall stores were unable to open. As restrictions have been lifted it has been the community-based stores that have recovered better than the central city or mall stores.

The sales recovery post Covid has been encouraging with sales for July and the first 2 weeks of August in Ireland being 82% of last year's levels for stores open and 121% of the revised Covid adjusted budget set in early April. Outlets were able to open from 29th June under strict conditions that included social distancing guidelines, strict sanitisation, and personal hygiene requirements.

There have been different responses in different channels as is shown in the graph below. The central city stores have been impacted in both UK & Ireland with sales at 45% of last year and 70% of the revised budget. In a similar way to the UK we did not fully appreciate the potential impact on the central city working environment and the impact of the lack of tourists on the city when the budgets were revised in March. Other channels have positive results against revised budget and retail parks have recovered particularly strongly with sales at 124% of last year & 142% of the revised budget. Shopping Malls have been positive when it is considered that some continue to operate on reduced hours and trading days.



The region posted an operating profit of $0.1 million compared against an operating loss of $0.2 million in the same period a year ago, resulting from increased revenue in Ireland offset against increased costs representing investment in the European region.

GLOBAL AND MIDDLE EAST

Cooks operating revenue in the combined segments fell from $1.4 million to $1.3 million, with the fall relating to decreased international product sales to the Middle East. The segments posted a favourable operating profit of $0.7 million compared to an operating loss of $0.5 million in the same period a year ago, largely due to significantly lower staffing costs, legal and consulting fees than incurred in the prior year. There was a significant reduction in staffing related to the Design business, equating to a comparative cost saving of $0.7 million per annum.

SUPPLY AND CORPORATE

Revenue at the supply businesses increased to $1.2 million from the same period a year ago at $0.8 million with strong gains in revenue in the new carbon-neutral Grounded coffee brand offset by weakness in Scarborough Fair's other brands. The Crux supply business also recorded weaker sales, and this was due largely to the timing of shipments to and from its customers offshore.

Supply operating losses rose to $0.4 million compared to $0.3 million at the same time a year ago.

Corporate operating losses were $1.2 million, improved from an operating loss of $1.6 million last year due to overall reduced expenses, particularly in relation to legal and consulting fees.

BALANCE SHEET

Borrowings decreased to $5.5 million from $5.7 million at the same time a year ago. These include loans from entities associated with Executive Chairman Keith Jackson as well as certain convertible loan notes. Cooks continues to pursue alternative funding options to better reflect the appropriate mix of equity and debt requirements for the business.

Lease receivables of $18.3 million and right-of-use assets of $2.5 million, lease liabilities of $20.9 million have been recognised this year, following the adoption of NZ IFRS 16 Leases from 1 April 2019.

CHINA BUSINESS CARRYING VALUE

The Directors have been carefully reviewing the carrying value of the China investment in accordance with the current activities of the Chinese company and its future plans and have decided to re-evaluate the carrying value.

In the later part of 2019, there has been continued restructuring of the business and the closure of all but 8 cafes due to adverse trading that was further exacerbated during the lockdown period in China from Covid-19. Of the operational cafes at the end of March 2020, 6 were in Shandong Province, one in Beijing and the other in Shanghai.

During the FY20 financial year the Chinese company purchased a coffee roastery which has the capacity of 1,800 tonnes of coffee per annum, the roastery has secured the coffee supply to a number of high-profile café customers in Shanghai.

There are numerous opportunities for growth in all segments and there are a number of new business opportunities being worked on by the high calibre team based in Shanghai.

The Chinese operations are now undergoing a significant re-focus of their operations under the lead of the majority shareholders.

The Chinese company will no longer seeking to grow a large franchise operation in China, instead is pursuing an opportunity related to self-serve coffee outlets. There is no requirement for Cooks Global Foods to provide any funds for this new investment strategy. However, as a result of this change in business, the Directors have concluded that it is probable there will be no positive cash-flows from this investment in the near future, and that no value can be ascribed to any potential future value. As a result, the Directors have fully impaired the investment in the associate as at 31 March 2020, leading to a write down of $2.5 million in the FY20 accounts.

OUTLOOK

Cooks Global Foods generated significant momentum in the second half of FY20 and this had begun to show benefits in scale and profitability with a strong pipeline of new stores coming on stream in both core markets in the second half of the year.. The first stages of these benefits are evidenced in the result for the FY20 year. The timing of the Covid-19 pandemic has been unfortunate to say the least and at this time we cannot accurately determine the impact. We believe that the business model is sound with the focus on clearly defined core business areas that we can scale and we are well placed to emerge from the outbreak with our ability to respond to local customer preferences through the franchise network placing us well for the recovery. The acquisition of Triple Two Coffee will be positive in FY21 and beyond as this high growth business delivers on its potential.

We remain focussed on safeguarding the business both growing the business in core markets and reducing costs in order to endure these uncertain times and be able to take opportunities that may present themselves in the months to come.

We would like to thank all shareholders, staff, franchisees, suppliers and our valued customers for their continued support.

ESQUIRES OPERATING METRICS

12 MONTHS TO 31 MARCH 2020

TOTAL NETWORK	2020	2019	VARIANCE
Esquires Coffee Store sales	NZ $48,657,181	NZ $49,328,111	-1.36%
Transactions	4,633,645	4,662,293	-0.61%
Average transaction value	NZ $10.50	NZ $10.58	-0.75%

STORE NUMBERS

	MAR 2020	OPENED	CLOSED	MAR 2019
UK	44	7	2	39
Canada	1	0	1	2
Asia	73	62	23	34
Europe	15	1	1	15
Middle East	18	3	6	21
TOTAL	**151**	**73**	**33**	**111**

GLOSSARY OF TERMS USED RELATING TO ESQUIRES OPERATING METRICS:

Constant Currency:

All references to sales and transaction values are constant currency. This means prior year figures are converted at the same exchange rate as the current year to eliminate the effects of foreign exchange rate fluctuations.

Network (Store) Sales:

Total store sales are the aggregate of sales of all Esquires branded coffee stores, whether franchised or partially/fully owned, across the company's global brand network. Cooks derives income from its franchised stores from franchise related fees, primarily related to these sales levels as well as store sales for those stores directly owned by the company, except in China.

Total network store sales, therefore, have a correlation to the portion of revenue earned by Cooks Global Foods relating to recurring franchise fees. Chinese sales are also indicative of the potential value residing in the Chinese venture. However, total network sales are not and should not be confused with the revenue of Cooks Global Foods which is reported in its financial statements as the two do not directly correlate.

Transactions:

Transactions relate to the total individual transactions, which occur within Esquires branded coffee stores, whether franchised or owned. A transaction is defined as a single financial transaction for food, beverage or product that is processed through the point-of-sale system within a coffee store.

Average Transaction Value:

Average transaction values are derived by dividing total Esquires coffee store sales by total transactions recorded over the period.

Total (Store) Network:

All stores whether owned, (in full or as part of an associate, such as in the case of the China business), or franchised, which operate under a brand owned by companies within the Cooks Global Foods

Directors' report

The directors of Cooks Global Foods Limited are pleased to present to shareholders the Annual Report and consolidated financial statements for Cooks Global Foods Limited and its controlled entities (together the "Group") for the year ended 31 March 2020.

The directors are responsible for presenting consolidated financial statements in accordance with New Zealand law and generally accepted accounting practice, which give a true and fair view of the financial position of the Group as at 31 March 2020 and their financial performance and cash flows for the year ended on that date.

The directors consider that the consolidated financial statements of the Group have been prepared using appropriate accounting policies, consistently applied and supported by reasonable judgements and estimates and that all relevant financial reporting and accounting standards have been followed.

The directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Group and facilitate compliance of the consolidated financial statements with the Financial Reporting Act 2013.

The directors consider they have taken adequate steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The directors note that there were no material changes in the nature of the business undertaken by the Company in the past year.

Going Concern
The directors consider that using the going concern assumption is appropriate having reviewed cash flow projections of the Group which are based on several key assumptions such as the outcome of current funding discussions.

Greater detail of the going concern assumptions and the cash generating initiatives currently underway are detailed in Note 4 of the consolidated financial statements.

Donations & Audit Fees
The Group made no donations during the past year. Amounts paid to William Buck for audit and other services are shown in Note 21 of the consolidated financial statements.

Other Statutory Information
Additional information required by the Companies Act 1993 is set out in the Regulatory Disclosures and Shareholder Information sections.

The directors present the consolidated financial statements set out in pages 17 to 66, of Cooks Global Foods Limited and its controlled entities for the period 1 April 2019 to 31 March 2020.

The Board of Directors of Cooks Global Foods Limited authorised these consolidated financial statements for issue on 31 August 2020.

Keith Jackson	Paul Elliott
Executive Chairman	Director

Cooks Global Foods Limited

Independent auditor's report to the Shareholders

Report on the Audit of the Consolidated Financial Statements

Qualified Opinion

We have audited the consolidated financial statements of Cooks Global Foods Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 March 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the matter expressed in the *Basis for Qualified Opinion* section of our report, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

Basis for Qualified Opinion

The 31 March 2019 financial statements were audited by another auditor who expressed a disclaimer of opinion on those consolidated financial statements. We have been unable to obtain sufficient appropriate audit evidence that Investment in Associate was correctly recorded at 31 March 2019. As a result of this matter, we were unable to determine whether any adjustments might have been necessary in respect of the Investment in Associate at 31 March 2019, the share of net loss of investment in associate accounted for using the equity method, Impairment of investment in associate and the resultant impact on Total comprehensive loss for the year ended 31 March 2020.

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with Professional and Ethical Standard 1 (Revised) Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, Cooks Global Foods Limited or any of its subsidiaries.

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William Buck Audit (NZ) Limited

Material Uncertainty Related to Going Concern

We draw attention to Note 4 in the financial statements, which indicates that the Group incurred a total comprehensive loss of $5,183,000 for the year ended 31 March 2020 and, as of that date, the Group's total liabilities exceeded its total assets (negative equity) by $5,711,000.

As stated in Note 4, these events or conditions, along with other matters as set forth in Note 30 in relation to Events after the reporting period, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INVESTMENT IN ASSOCIATE	
Area of focus - Refer also to Note 14.2	**How our audit addressed it**
The Group had a significant investment in an Associated Company, located in China. That business has restructured its operations and closed all but 8 of its cafes. The Group has fully impaired the investment at 31 March 2020.	Our audit procedures included: — Analysed the Group's impairment assessment — Reviewed available financial information from the Associated company — Considered the accounting treatment of the investment — Ensure appropriate disclosure has been included in the financial statements — We were unable to assess what provision would have been required on the Opening Balance, and the resultant impact on current year impairment charge

INTANGIBLE ASSETS	
Area of focus - Refer also to Note 15	**How our audit addressed it**
The Group has significant indefinitely lived intangible assets relating to the Global (excluding a few countries) franchise rights of Esquires Coffee. The Group has assessed that the useful life of these intangible assets to be indefinite.	Our audit procedures included: — Assessed the useful life of the assets — Analysed the Group's impairment assessment — Performed stress testing of the key assumptions — Obtained independent expert advice on the Discount rates applied — Ensure appropriate disclosure has been included in the financial statements

REVENUE RECOGNITION	
Area of focus - Refer also to Note 3.9	**How our audit addressed it**
The Group implemented NZ IFRS 15 *Revenue Recognition* in the year ended 31 March 2019 which the previous auditor referred to in their disclaimer of opinion.	Our audit procedures included: — Reviewed the detailed NZ IFRS 15 analysis prepared by independent accounting experts subsequent to the date of finalising the 2019 financial statements — Tested the impact of applying NZ IFRS 15 on the Group's various revenue streams — Tested key transactions relating to revenue recorded by the Group — Ensure appropriate disclosure has been included in the financial statements

LEASES	
Area of focus - Refer also to Notes 3.3 & 3.4	**How our audit addressed it**
The Group implemented NZ IFRS 16 Leases in the year ended 31 March 2020. This has a significant impact on the Group's financial statements.	Our audit procedures included: — Reviewed the detailed analysis prepared by independent accounting experts on the impact of NZ IFRS 16 on the Group's various leases — Tested key transactions relating to leases of the Group — Tested for completeness — Ensure appropriate disclosure has been included in the financial statements

DISCONTINUED OPERATIONS	
Area of focus - Refer also to Note 13.5	**How our audit addressed it**
During the year the Group commenced a process to dispose of certain non-core portions of the operations. The Group has determined that this meets the definitions of a discontinued operation.	Our audit procedures included: — Reviewed the detailed analysis for compliance with NZ IFRS 5 *Discontinued Operations* by the Group — Assessed the estimated proceeds to arise from the disposal process — Ensure appropriate disclosure has been included in the financial statements

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The directors are responsible for the other information in the Annual Report. The other information comprises the information in the Annual Report that accompanies the consolidated financial statements and the audit report. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. 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.

Other Matter

The financial statements of The Group for the year ended 31 March 2019 were audited by another auditor who expressed a Disclaimer of Opinion on those statements on 8 August 2019. Their opinion was a disclaimer on three matters:

1. Their inability to obtain sufficient audit evidence that the Group was a going concern;
2. Their inability to obtain sufficient audit evidence to support the carrying amount of the Group's Investment in Associate, the Group's share of the Associates net loss for the year, and related disclosures; and
3. Their inability to obtain sufficient audit evidence to support the Group's adoption of NZ IFRS 15 *Revenue from Contracts with Customers* and the appropriateness of the revenue recognition policies adopted and disclosures made.

They considered that the impact of the above matters to be material and pervasive to the consolidated financial statements of the Group for the year ended 31 March 2019.

Directors' Responsibilities

The directors are responsible on behalf of the entity for the preparation of consolidated financial statements that give a true and fair view in accordance with New Zealand equivalents to International Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group'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 to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 (NZ) 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 consolidated financial statements.

A further description of our responsibilities for the audit of these financial statements is located at the External Reporting Board (XRB) website at:

https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-1/

This description forms part of our independent auditor's report.

The engagement director on the audit resulting in this independent auditor's report is Darren Wright.

Restriction on Distribution and Use

This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state to the Company's shareholders those matters which 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 shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

William Buck

William Buck Audit (NZ) Limited
Auckland

31 August 2020

COOKS GLOBAL FOODS LIMITED

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2020

	Notes	31-Mar 2020 $'000	31-Mar 2019 $'000
Continuing operations			
Revenue	5	**4,190**	4,019
Other income		**12**	103
Raw materials and consumables used		**(133)**	(78)
Depreciation and amortisation	15,16	**(187)**	(228)
Property related costs		**(126)**	(225)
Net foreign exchange (losses)/gains		**(69)**	(232)
Employee costs	6	**(1,806)**	(2,294)
Other expenses	7	**(2,103)**	(3,697)
Operating profit/(loss)		**(222)**	(2,632)
Finance costs	8	**(687)**	(742)
Impairment of investment in associate	14.2	**(2,520)**	-
Share of net loss of associate accounted for using the equity method	14.2	**(168)**	(399)
Loss before income tax		**(3,597)**	(3,773)
Income tax (expense)/credit	9	**7**	(4)
Loss for the year from continuing operations		**(3,590)**	(3,777)
Net loss for the year from discontinued operations	13.4	**(1,593)**	(1,036)
Net loss for the year		**(5,183)**	(4,813)
Loss attributable to:			
- Shareholders of the parent		**(5,208)**	(4,803)
- non-controlling interests		**25**	(10)
		(5,183)	(4,813)
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss			
Change in foreign currency translation reserve		**(99)**	150
Change in share based equity reserve	19.3	**-**	575
Other comprehensive income after tax		**(99)**	725
Total comprehensive loss for the year		**(5,282)**	(4,088)
Attributable to:			
- Shareholders of the parent		**(5,307)**	(4,078)
- non-controlling interests		**25**	(10)
		(5,282)	(4,088)
Total comprehensive loss for the year attributable to Shareholders of the parent arises from:			
- Continuing operations		**(3,689)**	(3,052)
- Discontinued operations	13.4	**(1,593)**	(1,036)
		(5,282)	(4,088)
Loss per share:			
Basic and diluted loss per share (New Zealand Cents) from continuing and discontinued operations:	19.2	**(1.06)**	(0.98)
Basic and diluted loss per share (New Zealand Cents) from continuing operations:	19.2	**(0.73)**	(0.77)
Basic and diluted loss per share (New Zealand Cents) from discontinued operations:	19.2	**(0.33)**	(0.21)

This statement should be read in conjunction with the notes to the consolidated financial statements.

COOKS GLOBAL FOODS LIMITED

Consolidated Statement of Changes in Equity

For the year ended 31 March 2020

		Attributable to Equity holders of the Company						
	Notes	Share Capital $'000	Foreign currency translation reserve $'000	Share based payment reserve $'000	Accumulated Losses $'000	Total $'000	Non-controlling interest $'000	Total Equity $'000
Balance at 1 April 2018		42,687	99	1,588	(42,535)	1,839	(68)	1,771
IFRS 15 Revenue adjustment to Accumulated Losses		-	-	-	(1,212)	(1,212)	-	(1,212)
Adjusted balance at 1 April 2019		**42,687**	**99**	**1,588**	**(43,747)**	**627**	**(68)**	**559**
Comprehensive loss for the year								
Loss for the year		-	-	-	(4,803)	(4,803)	(10)	(4,813)
Other comprehensive income								
Items that may be subsequently reclassified to profit or loss:								
Change in foreign currency translation reserve		-	150	-	-	150	-	150
Change in share based payment reserve		-	-	575	-	575	-	575
Total comprehensive income/(loss) for the year		-	150	575	(4,803)	(4,078)	(10)	(4,088)
Transactions with owners of the Company								
Ordinary shares to be issued	19.1	(170)	-	-	-	(170)	-	(170)
Total contributions by owners of the Company		(170)	-	-	-	(170)	-	(170)
Balance at 31 March 2019		42,517	249	2,163	(48,550)	(3,621)	(78)	(3,699)
Balance at 1 April 2019		**42,517**	**249**	**2,163**	**(48,550)**	**(3,621)**	**(78)**	**(3,699)**
Comprehensive loss for the year								
Loss for the year		**-**	**-**	**-**	**(5,208)**	**(5,208)**	**25**	**(5,183)**
Other comprehensive income								
Items that may be subsequently reclassified to profit or loss:								
Change in foreign currency translation reserve		**-**	**(99)**	**-**	**-**	**(99)**	**-**	**(99)**
Total comprehensive income/(loss) for the year		**-**	**(99)**	**-**	**(5,208)**	**(5,307)**	**25**	**(5,282)**
Transactions with owners of the Company								
Issue of ordinary shares	19	**3,032**	**-**	**-**	**-**	**3,032**	**-**	**3,032**
Change in share based payment reserve	19.3	**-**	**-**	**238**	**-**	**-**	**-**	**238**
Total contributions by owners of the Company		**3,032**	**-**	**238**	**-**	**3,032**	**-**	**3,270**
Balance at 31 March 2020		**45,549**	**150**	**2,401**	**(53,758)**	**(5,896)**	**(53)**	**(5,711)**

This statement should be read in conjunction with the notes to the consolidated financial statements.

COOKS GLOBAL FOODS LIMITED

Consolidated Statement of Financial Position

As at 31 March 2020

	Notes	31-Mar 2020 $'000	31-Mar 2019 $'000
Current Assets			
Cash and cash equivalents	10	**255**	450
Trade and other receivables	11	**951**	296
Inventories	12	**53**	219
Lease receivables	20.1	**1,670**	-
Other current assets	11	**608**	761
Assets classified as held-for-sale	13.4	**422**	-
Current Assets		**3,959**	1,726
Non-Current Assets			
Intangible assets	15	**2,840**	2,842
Property, plant and equipment	16	**145**	787
Right-of-use assets	20.1	**2,468**	-
Investments accounted for using the equity method	14.2	**-**	2,688
Lease receivables	20.1	**16,653**	-
Other non-current financial assets		**15**	15
Non-current assets		**22,121**	6,332
Total Assets		**26,080**	8,058
Liabilities			
Current Liabilities			
Trade and other payables	17	**3,996**	4,565
Bank overdraft	10	**-**	148
Deferred Revenue	5	**211**	163
Lease liabilities	20.1	**2,112**	-
Borrowings and other liabilities	18	**3,431**	5,514
Current liabilities		**9,750**	10,390
Non-Current Liabilities			
Deferred Revenue	5	**1,192**	1,146
Lease liabilities	20.1	**18,758**	-
Borrowings and other liabilities	18	**2,091**	221
Non-current liabilities		**22,041**	1,367
Total Liabilities		**31,791**	11,757
Net Assets/(Liabilities)		**(5,711)**	(3,699)
Equity			
Share capital	19.1	**45,549**	42,517
Accumulated losses		**(53,758)**	(48,550)
Foreign currency translation reserve	3.7	**150**	249
Share based equity reserve	19.3	**2,401**	2,163
Equity attributable to owners of the parent		**(5,658)**	(3,621)
Non-controlling interests		**(53)**	(78)
Total equity		**(5,711)**	(3,699)

G. K. Jackson

Director

Director

The consolidated financial statements were approved for issue for and on behalf of the Board as at 31 August 2020.

This statement should be read in conjunction with the notes to the consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 March 2020

	Notes	31-Mar 2020 $'000	31-Mar 2019 $'000
Operating activities			
Cash was provided from:			
Receipts from customers		**12,824**	5,893
Cash was applied to:			
Interest cost		**(1,414)**	(289)
Payments to suppliers & employees		**(11,217)**	(8,008)
Net cash provided from/(applied to) operating activities	22	**193**	(2,404)
Investing activities			
Cash was applied to:			
Purchase of property, plant and equipment		**(80)**	(194)
Acquisition of intangible assets		**(8)**	-
Net cash provided from/(applied to) investing activities		**(88)**	(194)
Financing activities			
Cash was provided from:			
Proceeds from borrowings		**1,712**	3,259
Proceeds from share issue		**-**	1,139
Cash was applied to:			
Principal elements of lease payments		**(1,855)**	-
Repayment of borrowings		**-**	(1,032)
Net cash provided from/(applied to) financing activities		**(143)**	3,366
Net increase/(decrease) in cash and cash equivalents held		**(38)**	768
Cash & cash equivalents at beginning of the year		**302**	(466)
Effect of exchange rate changes on foreign currency balances		**(9)**	-
Cash & cash equivalents at end of the year	10	**255**	302
Composition of cash and cash equivalents:			
Bank balances	10	**255**	450
Overdraft balances	10	**-**	(148)
		255	302

This statement should be read in conjunction with the notes to the consolidated financial statements.

Notes to the Consolidated Financial Statements

1. Nature of operations

Cooks Global Foods Limited ("CGF" or the "Company") and its controlled entities (the "Group") principal activity is the food and beverage industry with the primary focus being on operating a network of cafes internationally generally via franchised operations.

2. General information and statement of compliance

Cooks Global Foods Limited is the Group's ultimate parent company, is incorporated and domiciled in New Zealand and is listed on the Main board of the New Zealand stock exchange.

The address of its registered office and its principal place of business is 3 City Road, Auckland, New Zealand.

Cooks Global Foods Limited is a company registered under the Companies Act 1993 and is an FMC reporting entity under Part 7 of the Financial Markets Conduct Act 2013. The consolidated financial statements of the Group have been prepared in accordance with the requirements of Part 7 of the Financial Markets Conduct Act 2013 and the NZX Market Listing Rules.

The consolidated financial statements comprise the Company, its controlled entities and its associates (together the "Group"). See Note 14.1.

For the purposes of complying with NZ GAAP, the Group is a Tier 1 for-profit entity. The Company's consolidated financial statements comply with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS). They comply with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and IFRIC interpretations.

The information in the consolidated financial statements is presented in New Zealand dollars which is the functional currency of the ultimate parent company. Amounts in the consolidated financial statements have been rounded off to the nearest thousand, or in certain cases, the nearest dollar unless otherwise stated.

The consolidated financial statements for the year ended 31 March 2020 ("FY20") were approved and authorised for issue by the Board of Directors on 31 August 2020.

3. Summary of accounting policies

3.1. Going concern

The directors have prepared the consolidated financial statements on the going concern basis. In doing so significant judgement has been applied. For further details of these assumptions and other associated material uncertainties refer to Note 4.

3.2. Overall considerations

The principal accounting policies applied in the preparation of these financial statements are set out in the accompanying notes where an accounting policy choice is provided by NZ IFRS, is new or has changed, is specific to the Group's operations or is significant or material.

These policies have been consistently applied to all the years presented, unless otherwise stated.

The consolidated financial statements have been prepared using the historic cost basis with the exception of financial assets and liabilities which are carried at fair value through the profit or loss. The measurement bases are more fully described in the accounting policies below.

3.3. New standards, amendments and interpretations

The Group has applied the following standards for the first time for their annual reporting period commencing 1 April 2019; NZ IFRS 16. Impact of the adoption of these standards is covered in more detail below, see Note 3.4.

NZ IFRS 16: "Leases"

The Group has initially adopted NZ IFRS 16 Leases from 1 April 2019.

NZ IFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Group, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. As a sub-lessor, the Group has recognised lease receivables representing its right to receive lease payments.

The Group has applied NZ IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 April 2019. Accordingly, the comparative information presented for 2019 has not been restated – i.e. it is presented, as previously reported, under NZ IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below.

a) Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under NZ IFRIC 4 Determining Whether an Arrangement contains a Lease. The Group now assesses whether a contract is or contains a lease based on the new definition of a lease. Under NZ IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to NZ IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied NZ IFRS 16 only to contacts that were previously identified as leases. Contracts that were not identified as leases under NZ IAS 17 and IFRIC 4 were not reassessed for whether there is a lease. Therefore, the definition of a lease under NZ IFRS 16 was only applied to contracts entered into or changed on or after 1 April 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices.

b) As a lessee

The Group leases store and office properties. As a lessee, the Group previously classified these leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under NZ IFRS 16, the Group recognises right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

However, the Group has elected not to recognise right-of-use assets and lease liabilities for some leases of low-value assets (e.g. IT equipment). The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Previously, the Group classified all its leases as operating leases under NZ IAS 17. These include store and office properties. The lease terms of these leases typically range from 10 to 20 years. Some leases include an option to renew the lease for an additional period after the end of the non-cancellable period, or an option to terminate the lease prior to the end of the non-cancellable period. Some leases provide for additional rent payments that are based on changes in local price indices or market rental rates.

At transition, for leases classified as operating leases under NZ IAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 April 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Group used the following practical expedients when applying NZ IFRS 16 to leases previously classified as operating leases under NZ IAS 17:

- applied the exemption to not recognise right-of-use assets and liabilities of leases with remaining lease term of 12 months or less;
- applied the exemption to not recognise right-of-use assets and liabilities of leases for which the underlying assets are of low value; and
- excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- used hindsight determining the lease term if the contract contains options to extend or terminate the lease.

c) As a lessor

The Group subleases the majority of its leased store properties to its franchisees. The Group has classified these subleases as finance leases.

The accounting policies applicable to the Group as a sub-lessor are not different from those under NZ IAS 17. However, when the Group is an intermediate sub-lessor the subleases are classified with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

Previously, the Group classified all its subleases as operating leases under NZ IAS 17. On transition to NZ IFRS 16, these leases were reassessed and classified as finance leases, since the subleases were for the whole of the remaining terms of the head leases. These subleases have been accounted for as new finance leases entered into at the date of initial application.

At transition, the right-of-use assets recognised from the head leases were disposed by entering into finance leases. Since the interest rate implicit in the subleases cannot be readily determined, the discount rates used for the head leases were used for measuring the lease receivables associated with the subleases. Since the sublease contracts are further like-for-like when compared to the head leases (e.g. same duration and payments), no gain or loss was recognised on the disposal of the right-of-use assets and the initial recognition of the lease receivables. Subsequently, the interest income from the subleases is further equal to the interest expense incurred on the related head leases.

Notes to the Consolidated Financial Statements

d) Impact on financial statements

Impacts on transition

On transition to NZ IFRS 16, the Group recognised additional right-of-use assets, lease receivables and lease liabilities, recognising the difference in retained earnings. The impact on transition is summarised below.

	1 April 2019 $'000
Right-of-use assets	2,828
Finance lease receivables	15,048
Lease liabilities	(17,876)

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 April 2019. The weighted-average rate applied is 6.22%. When measuring lease receivables for subleases that were classified as finance leases, the Group discounted lease payments using the discount rates used in the head leases.

	1 April 2019 '000
Operating lease commitments as at 31 March 2019	23,734
Discounted using the lessee's incremental borrowing rate as at 1 April 2019	(6,405)
Less: low-value leases not recognised as a liability	(15)
Add: adjustments as a result of different treatments of extension and termination options	561
Lease liabilities recognised as at 1 April 2019	17,876

Impacts for the period

As a result of initially applying NZ IFRS 16, in relation to the leases that were previously classified as operating leases, the Group recognised $2,469,000 of right-of-use assets, $18,323,000 of lease receivables, and $20,871,000 of lease liabilities as at 31 March 2020.

Also in relation to those leases under NZ IFRS 16, the Group has recognised depreciation expense and interest expense instead of operating lease expense. For subleases classified as finance leases under NZ IFRS 16, the Group has recognised interest income instead of rent income. During the year ended 31 March 2020, the Group recognised $504,000 of depreciation expense, $1,192,000 of interest expense, and $1,054,000 of interest income from these leases.

3.4. Changes in accounting policies

Where a sublease is classified as a finance lease, except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 March 2019.

Right of Use Assets, Leases Liabilities and Finance Lease Receivables

The Group leases stores and office premises. Lease contracts are typically made for fixed periods of 5 to 10 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2020 financial year, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 April 2019, leases are recognised as a right-of-use ('ROU') asset and a lease liability at the lease commencement date.

Right-of-Use Assets

The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability.

Costs included in the measurement of the right-of-use asset comprise the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the lessee; and
- an estimate of the restoration costs to be incurred by the lessee, recognised and measured applying NZ IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Depreciation is charged so as to write off the cost of assets, over the lease term using the straight-line method.

Lease Liabilities

The lease liability is initially measured at the present value of the future lease payments over the lease term that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate, being the rate that the lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Generally, the Group uses the lessee's incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee’s incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from:

- A change in an index or rate;
- A change in the estimate of the amount expected to be payable under a residual value guarantee;
- Changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised; or
- A lease modification that is not accounted for as a separate lease.

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

Finance Lease Receivables

Where the sublease is classified as a finance lease, the Group recognises the assets held under a finance lease in its statement of financial position and present them as a finance lease receivable at an amount equal to the net investment in the lease.

The net investment in the lease is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or in the case of a sublease, if the interest rate implicit in the sublease cannot be readily determined, the discount rate used for the head lease (adjusted for any initial direct costs associated with the sublease).

Lease payments included in the measurement of net investment comprise the following:

- fixed payments (including in-substance fixed payments), less any lease incentives payable;
- variable lease payment that are based on an index or a rate;
- any residual value guarantees provided to the lessor;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The finance lease receivable is subsequently increased by the interest income on the finance lease receivable and decreased by lease payment received. It is remeasured when there is a lease modification that is not accounted for as a separate lease.

3.5. Basis of consolidation

The Group consolidated financial statements consolidate those of the parent company and all its controlled entities as of 31 March 2020. The Group controls an entity if it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective. Amounts reported in the consolidated financial statements of controlled entities have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of controlled entities acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

3.6. Investments in associates

Associates are those entities over which the Group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

3.7. Foreign currency translation

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items at year end exchange rates are recognised in profit or loss.
Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the date of the transaction).

Foreign operations

In the Group's consolidated financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than the NZD are translated into NZD upon consolidation. The functional currencies of the entities in the Group have remained unchanged during the reporting period.

On consolidation, assets and liabilities have been translated into NZD at the closing rate at the reporting date. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into NZD at the closing rate. Income and expenses have been translated into NZD at the average rate (the use of average rates is appropriate only if rates do not fluctuate significantly) over the reporting period. Exchange differences are charged/credited to other comprehensive income and recognised in the currency translation reserve in equity. On disposal of a foreign operation the cumulative translation differences recognised in equity are reclassified to profit or loss and recognised as part of the gain or loss on disposal.

3.8. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the IRD. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis and, except for the GST components of investing and financing activities, are disclosed as operating cash flows.

3.9. Revenue

Revenue arises mainly from the sale of food and beverage products from our artisan style coffee stores that the Group owns directly and from franchise and royalty arrangements that it has in place with franchise holders.

Revenue is recognised either at a point in time or over time, or when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

The transaction price for a contract excludes any amounts collected on behalf of third parties.

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position.

Royalty income from Franchise or Master Franchise Agreements (MFAs)

The Group recognises royalty revenue derived from its Franchises and MFAs at a point in time, based on sales by Franchisees that are reported back to Company on a monthly basis for sales that occurred in that month.

Incentives from Suppliers

The Group recognises incentives from suppliers derived from its Franchises at a point in time, based on purchases by Franchisees that are reported back to Company on a monthly basis for purchases that occurred in that month.

Franchise fees

The Group recognises revenue derived from its Country & Regional franchise operations on a straight-line basis over a period of time that the franchise agreement is in place, which is generally 10 years. This is the period of time over which the performance obligation is satisfied. Payment is received upfront upon signing the franchise contract.

The transaction price includes a variable price consideration for the possible transfer of franchise rights. This is unknown until and if the transaction is completed. Given the high uncertainty of this transfer, the transaction price for franchise contract is not adjusted for these transferred franchise rights. Revenue from the sale off individual café franchises is recognised over time.

Sale of Beverages

The Group is in the business of providing artisan style coffee solutions to its customers and franchisees. Revenue from contracts with customers is recognised when control of the goods is transferred to the customer or franchisee at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods. The Group has concluded that it is the principal in its revenue arrangements, because it controls the goods or services before transferring them to the customer.

Management has determined the performance obligation to deliver the food & proprietary products is completed when control of goods passes to customer, revenue is recognised at this time.

Other revenue

Other revenue includes services to independent franchisees or other third parties received by the Group. Other revenues are recognised when reliable estimates of the amounts due to the Group are deemed to be highly probable.

Significant financing components

Using the practical expedient in NZ IFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

3.10. Income taxes

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to or claims from Tax authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the consolidated financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in controlled entities is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income, based on the Group’s forecast of future operating results which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

Deferred tax assets and liabilities are offset only when the Group has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

3.11. Employment benefits

Defined contribution plans

The Group pays fixed contributions into independent entities in relation to several state plans and insurance for individual employees. The Group has no legal or constructive obligations to pay contributions in addition to its fixed contributions, which are recognised as an expense in the period that relevant employee services are received.

Short-term employee benefits

Short-term employee benefits, including annual leave entitlement, are current liabilities included in employee benefits, measured at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

3.12. Impairment testing of other intangible assets, property, plant and equipment and investments in associates

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset’s or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. Any reversal of an impairment loss will be limited to what the carrying amount would have been, net of depreciation or amortisation, if no impairment had taken place. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group’s latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management’s assessment of respective risk profiles, such as market and asset-specific risks factors.

Impairment losses for cash-generating units is charged pro rata to the other assets in the cash-generating unit. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash-generating unit’s recoverable amount exceeds its carrying amount.

3.13. Financial instruments

A financial instrument is recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the Group’s contractual rights to the cash flows from the financial assets expire or when the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, i.e. the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised when the Group's obligations specified in the contract expire or are discharged or cancelled.

Financial assets

Following NZ IFRS 9 treatment, the Group classifies its financial assets as those to be measured at amortised cost (loans, receivables and non-derivative financial instruments), and those to be measured at fair value either through OCI or through profit or loss.

Financial assets that are stated at amortised cost are reviewed individually at balance date. In relation to the impairment of financial assets, NZ IFRS 9 requires an expected credit loss model ('ECL'). The expected credit loss model requires the Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets i.e. a credit event does not have to have occurred before credit losses are recognised. The Group has adopted the simplified method for its ECL calculations. Refer to note 27.2 Credit Risk.

Non-derivative financial instruments

Non-derivative financial instruments comprise trade receivables and other debtors, which are initially recognised at fair value plus transaction costs and subsequently measured at amortised cost, cash and cash equivalents, loans and borrowings (initially recognised at fair value plus transaction costs and subsequently measured at amortised cost), and creditors and accruals which are initially recognised at fair value and subsequently measured at amortised cost.

Derivative financial instruments

The Group holds derivative financial instruments to manage the exposures that arise due to movements in foreign currency exchange rates and interest rates arising from operational, financing and investment activities.

Interest income and expense

Interest income and expenses are reported on an accrual basis using the effective interest method.

3.14. Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes all expenses directly attributable to freight. Costs of ordinarily interchangeable items are assigned using the first in, first out cost formula. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

3.15. Intangible assets

Recognition of intangible assets

Acquired intangible assets

Trademarks, global IP rights and rights acquired in a business combination that qualify for separate recognition are initially recognised as intangible assets at their fair values.

Subsequent measurement

Intangible assets not of an indefinite life are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives, as these assets are considered finite. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing as described in Note 3.12.

Amortisation has been included within depreciation and amortisation.

Intangible assets (Global IP rights) of an indefinite life are tested for impairment annually by comparing their carrying amount with their recoverable amount. An estimate of an assets recoverable amount made in a preceding period may be used in the impairment test for that asset in the current period provided certain criteria are met.

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset and is recognised in profit or loss within other income or other expenses.

3.16. Property, plant and equipment

Property, plant and equipment (comprising fittings and furniture, plant and equipment and motor vehicles) are initially recognised at acquisition cost or manufacturing cost, including any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by the Group's management.

Property, plant and equipment are subsequently measured using the cost model: cost less subsequent depreciation and impairment losses.

Depreciation is recognised on a straight-line basis to write down the cost less estimated residual value of property, plant and equipment. The following useful lives are applied:

- Computer equipment: 2 - 5 years
- Furniture and fittings: 3 - 12 years
- Plant and equipment: 3 - 12 years
- Motor vehicles: 5 - 8 years.

Material residual value estimates and estimates of useful life are updated as required, but at least annually.

Gains or losses arising on the disposal of plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within other income or other expenses.

3.17. Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised

Notes to the Consolidated Financial Statements

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss.

3.18. Equity, reserves and dividend payments

Share capital represents the fair value of shares on issue that have been issued. Any transaction costs associated with the issuing of shares are deducted from share capital, net of any related income tax benefits.

Other components of equity include the following:

- Foreign currency translation reserve – comprises foreign currency translation differences arising on the translation of consolidated financial statements of the Group's foreign entities into NZD (see Note 3.7),
- Accumulated losses include all current and prior period results,
- Non-controlling interests.

Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved in a general meeting prior to the reporting date.

All transactions with owners of the parent are recorded separately within equity.

3.19. Significant management judgement in applying accounting policies and estimation uncertainty

When preparing the consolidated financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses as follows:

Going concern

The considered view of the Board of Directors of the Company is that, after making enquiries, we have a reasonable expectation that Cooks Global Foods Limited (the Company) and Group have access to adequate resources to continue operations for the foreseeable future. For this reason, the Board of Directors considers the adoption of the going concern assumption in preparing the consolidated financial statements for the year ended 31 March 2020 to be appropriate. (See Note 4).

Leases

<u>Extension and termination options</u>

Extension and termination options are included in a number of leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

Notes to the Consolidated Financial Statements

Critical judgements in determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

Incremental borrowing rates

Lease liabilities are measured by discounting the lease payments using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- Uses a build-up approach that starts with a risk-free interest rate, adjusted for the credit risk spread of the lessee. The credit risk spread is determined by reference to recent third-party financing received by the individual lessee, or indicative quotes obtained from the lessee's primary lender.
- Make adjustments specific to the lease, e.g. term, security, country and currency.

Estimate of sales prices of discontinued operations

China Business

The Board has considered impairment indicators as at March 2020 and take the position that based on a review of all relevant factors, the Directors have concluded that it is probable there will be no positive cash-flows from this investment in the near future, and that no value can be ascribed to any potential future value. As a result, the Directors have fully impaired the investment in the Associate as at 31st March 2020, leading to a write down of $2.5 million in the FY20 financial statements.

Impairment testing of intangible assets

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit based on various valuation models as deemed appropriate. Estimation uncertainty relates to assumptions and judgements used as disclosed in Note 15.

Carrying value of receivables

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue and makes assumptions to allocate an overall expected credit loss rate for each group. In making this judgement, the Group evaluates amongst other factors whether there is objective evidence of significant financial difficulty of individual customers or customer groups, whether there has been breach of contract such as default in payment terms, whether it has become probable that the customer or other party will enter into bankruptcy or other financial reorganisation, the disappearance of an active market for that customer because of financial difficulties, and national or local economic conditions that could impact on the customer (see Notes 11 and 27.2). Apart from historical collection rates, the Group also evaluates forward-looking information that is available. The allowance for expected credit losses, as disclosed in note 27.2, is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the Group's future taxable income against which the deferred tax assets can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions (See Note 9).

4. Going Concern

The Group reported a loss of $5,183,000 (2019: $4,813,000) and operating cash inflows of $193,000 (2019: outflows of -$2,404,000) for the year ended 31 March 2020.

As at 31 March 2020 the Group has reported net liabilities of $5,711,000 (2019 Net Liabilities of $3,699,000) and current liabilities exceed current assets by an amount of $5,791,000 (2019: $8,664,000).

The ability of the Group to pay its debts as they fall due and to realise their assets and extinguish their liabilities in the normal course of business at the amounts stated in the consolidated financial statements has been considered by the Directors in the adoption of the going concern assumption during the preparation of these financial statements.

The Directors forecast that the Group can manage its cash flow requirements at levels appropriate to meet its cash commitments for the foreseeable future being a period of at least 12 months from the date of authorisation of these consolidated financial statements. In reaching this conclusion, the Directors have considered the achievability of the plans and assumptions underlying those forecasts. The key assumptions include the:

- Group's ability to successfully conclude present discussions regarding the roll-over of existing debt (NZ$2.4 million).
- The successful integration of operation of the Triple Two Acquisition includes the sale of franchises.
- Group's ability to successfully conclude the sale of at least one of the regional development areas currently being offered for sale in the UK at a value that will realise at least NZ$450,000.
- Proceeds from the Sale of Discontinued Operations of $130,000.
- Sale of European Master Franchise Agreement for at least $350,000.
- Group's ability to raise debt or equity funds as part of an overall strategy to re-gear the balance sheet as part of the overall restructuring plan that is in progress.
- The ability of related parties of Keith Jackson to continue to provide funding as required, and market conditions which the Group operates in, including impacts of Covid-19.

After considering the uncertainties described above the Directors have reasonable expectation that the Group has sufficient headroom in its cash resources and shareholder support to allow the Group to continue to operate for the foreseeable future or alternatively it can manage its working capital requirements to create additional required headroom.

Any significant departure from the above assumptions may cast significant doubt over the ability to continue as a going concern for the foreseeable future.

Whilst the Directors acknowledge that there are capital raising, credit, exchange and liquidity risks in the global economic market in which the Group operates, they are confident that additional capital or funding will be sourced by the Group. In particular, the Directors have received a confirmation from related parties of Keith Jackson, that they will continue to financially support the Group for the foreseeable future. They note the Group has a track record of obtaining financial support from cornerstone investors and related parties and, where necessary, negotiating the deferment of debt repayments. The Directors are also confident that operating cash flows will continue to improve as a result of the restructuring activities that have been undertaken, most recently with the sale of the Scarborough Fair business in NZ along with reductions in corporate office costs, the acquisition of Triple Two in the United Kingdom, to reduce the extent of cash outflow and profitability.

The Directors continue to consider other opportunities to further improve the Group's cash position which include discussing collaborations with partners overseas, negotiations with potential strategic equity partners, investigating new facility lines, ongoing discussions in the UK and Ireland relating to potential acquisitions, rationalising the business wherever possible to concentrate on core business activity and greater focus on improving existing core business activities.

After taking into account all available information, the Directors have concluded that there are reasonable grounds to believe that the forecasts and plans are achievable, the Group will be able to pay its debts as and when they become due and payable, there is sufficient headroom in available cash resources, and the basis of preparation of the financial report on a going concern basis is appropriate.

Should the Group be unable to continue as a going concern it may be required to realise its assets and discharge its liabilities other than in the normal course of business and at amounts different to those stated in the consolidated financial statements. The consolidated financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount of liabilities that might result should the Group be unable to continue as a going concern and meets its debts as and when they fall due.

5. Revenue

The Group's revenue is analysed as follows for each major category:

	Continuing Operations		Discontinued Operations	
	31-Mar 2020 $'000	**31-Mar 2019 $'000**	**31-Mar 2020 $'000**	**31-Mar 2019 $'000**
Royalties	**2,400**	2,369	**-**	-
Incentives from Suppliers	**959**	833	**-**	-
Franchise fees	**466**	400	**-**	-
Sale of Beverage	**37**	99	**2,941**	1,550
Other revenue	**328**	318	**-**	367
Group revenue	**4,190**	4,019	**2,941**	1,917

Included in franchise fees is the amortisation of deferred revenue related to the sale of country and regional franchises and store franchises.

Notes to the Consolidated Financial Statements

6. Employee costs

Expenses recognised for employee costs are analysed below:

	Continuing Operations		Discontinued Operations	
	31-Mar 2020 $'000	**31-Mar 2019 $'000**	**31-Mar 2020 $'000**	**31-Mar 2019 $'000**
Wages, salaries	**1,365**	2,278	**1,171**	748
Defined contribution funds	**54**	26	**-**	3
Other staff costs	**387**	(10)	**-**	40
	1,806	2,294	**1,171**	791

7. Other expenses

Expenses recognised as other costs are analysed below:

	Continuing Operations		Discontinued Operations	
	31-Mar 2020 $'000	**31-Mar 2019 $'000**	**31-Mar 2020 $'000**	**31-Mar 2019 $'000**
Administration and other costs	**768**	1,565	**424**	250
Directors fees (Note 23)	**80**	79	**3**	3
Selling and distribution costs	**3**	38	**-**	-
Management fees	**180**	180	**-**	-
Marketing costs	**481**	715	**185**	154
Professional and consulting services	**257**	724	**26**	109
Travel costs	**334**	396	**1**	6
	2,103	3,697	**639**	522

8. Finance costs

Finance costs for the reporting periods consist of the following:

	Continuing Operations		Discontinued Operations	
	31-Mar 2020 $'000	**31-Mar 2019 $'000**	**31-Mar 2020 $'000**	**31-Mar 2019 $'000**
Finance charges	**16**	8	**134**	11
Interest expense on leases	**1,192**	-	**-**	-
Finance income interest	**(1,055)**	-	**-**	-
Interest on loans	**534**	734	**-**	-
	687	742	**134**	11

Finance costs relate to liabilities at amortised cost and finance leases.

Notes to the Consolidated Financial Statements

9. Income Tax and Deferred Tax

The major components of tax expense and the reconciliation of the expected tax expense /credit based on the domestic effective tax rate of Cooks Global Foods Limited at 28% and the reported tax expense/credit in profit or loss are as follows:

	31-Mar 2020 $'000	31-Mar 2019 $'000
Loss before tax from continuing operations	**(3,597)**	(3,773)
Loss before tax from discontinuing operations	**(1,593)**	(1,036)
	(5,190)	(4,809)
Domestic tax rate for Cooks Global Foods Limited	**28%**	28%
Expected tax expense (income)	**(1,453)**	(1,346)
Adjustment for tax-rate differences in foreign jurisdictions	**149**	139
Adjustment for non-deductible expenses:		
Relating to amortisation of intangible assets	**3**	25
Relating to loss from discontinued operations and write-down of investment in Associate	**677**	-
Other non-deductible expenses	**90**	278
Actual tax expense (income)	**(534)**	(904)
Tax expense (income) comprises:		
Current tax expense (income)	**(534)**	(904)
Deferred tax expense (income):		
- Origination and reversal of temporary differences	**(34)**	15
- Tax Losses not recognised	**766**	885
- Unrecognised Tax Losses	**(205)**	-
Income tax expense (income)	**(7)**	(4)
Income tax expense (income) is attributable to:		
Loss from continuing operations	**(7)**	(4)
Loss from discontinued operations	**-**	-
	(7)	(4)

The Group has computed tax losses within each jurisdiction since acquisition as follows:

	31-Mar 2020 $'000	31-Mar 2019 $'000
New Zealand	**7,118**	6,819
United Kingdom	**8,384**	6,795
Ireland	**984**	949
Canada	**161**	160
Australia	**320**	295
	16,967	15,018

Available New Zealand imputation tax credits are $176 (2019: $3).

Notes to the Consolidated Financial Statements

10. Cash and cash equivalents

Cash and cash equivalents consist of the following:

	31-Mar 2020 $'000	31-Mar 2019 $'000
Cash at bank and in hand:		
NZD	**49**	53
AUD	**1**	1
EUR	**43**	143
GBP	**161**	242
USD	**1**	11
Cash and cash equivalents	**255**	450
Bank overdraft NZD (Current Liability)	**-**	(148)
Net Cash and cash equivalents	**255**	302

There are no restrictions on the cash and cash equivalents.

The Group had nil overdraft banking facilities as at 31 March 2020 (2019: $148,000).

11. Trade and other receivables and other current assets

Trade and other receivables are initially recognised at the fair value of the amounts to be received, plus transaction costs (if any).

The Group has recognised expected credit losses in the Statement of Profit or Loss and Other Comprehensive Income by applying the simplified impairment approach, whereby upon initial measurement of the trade receivables, the Group considers all credit losses that are expected to occur during the lifetime of the receivable. The Group has reviewed the historical ageing analysis of gross trade receivables and considered forward looking macro-economic factors, by geographic region, to determine the expected credit loss rate. This rate is applied to outstanding gross trade receivables as at 31 March 2020 to calculate the allowance for expected credit losses.

(a) Trade and other receivables consist of the following:

	31-Mar 2020 $'000	31-Mar 2019 $'000
Trade and other receivables		
Trade receivables	**1,171**	613
Less: provision for impairment of trade receivables	**(220)**	(317)
Net trade and other receivables	**951**	296
Movements in provision		
Opening Balance	**(317)**	(160)
Bad Debts write-off	**121**	-
Additional Doubtful Debt provision	**(24)**	(157)
Closing Balance	**(220)**	(317)

Notes to the Consolidated Financial Statements

As at 31 March the ageing of trade receivables is as follows:

	31-Mar 2020 $'000	31-Mar 2019 $'000
Trade receivables		
Current	**552**	254
31 to 60 days	**52**	148
61 to 90 days	**-**	164
> 90 days	**567**	47
	1,171	613

(b) Other current assets consist of the following:

Other current assets		
Prepayments	**407**	373
Other short-term assets	**201**	388
Other current assets	**608**	761

12. Inventories

	31-Mar 2020 $'000	31-Mar 2019 $'000
Raw materials and consumables	**-**	31
Finished goods	**53**	188
Total inventories	**53**	219

13. Assets and liabilities classified as held-for-sale and discontinued operations

The operating components listed below were reclassified as discontinued operations, by the Directors, during the year ended 31 March 2020, as the Directors had engaged in selling the operating components as they were either no longer seen to be core to the business operations.

As a result, the Group treated the related trading results to 31 March 2020 as discontinued operations in its Consolidated Statement of Profit or Loss and Other Comprehensive Income.

13.1. UK retail operation

The Group reclassified its UK retail business as a discontinued operation for the year ended 31 March 2020 after the decision was made to sell the corporate-held café stores as franchised businesses. The associated assets are consequently presented as held for sale in the 2020 financial statements.

The UK retail business was comprised of all corporate-held café stores located in the UK: Durham, Lancaster, Putney and Sunderland. These stores became corporate stores due to the franchisees being unable to successfully operate the businesses and the concept has always been to hold the stores for sale whilst improving the operational performance or reviewing the store's opportunities. Putney was closed in March 2020 and the remaining stores are in active sales processes.

Notes to the Consolidated Financial Statements

13.2. USA franchising & retail operation

The Group reclassified its USA franchising & retail business as a discontinued operation for the year ended 31 March 2020. The USA franchising & retail operation was an operating segment of Franchise Development Limited.

13.3. Supply operation

The Group reclassified its beverage supply business as a discontinued operation for the year ended 31 March 2020 after the decision was made to sell the operations to focus on core business. The associated assets and liabilities are consequently presented as held for sale in the 2020 financial statements.

The beverage supply business is comprised of Scarborough Fair Limited in NZ, and Scarborough Fair Foods Pty Limited in Australia. The Scarborough Fair business was sold in July 2020 after a sale process managed by external brokers.

13.4. Financial performance and cash flow information

The financial performance and cash flow information presented are for the year ended 31 March 2020 and the year ended 31 March 2019.

	31-Mar 2020 $'000	31-Mar 2019 $'000
Results of discontinued operation		
Revenue	**2,941**	1,917
Other income	**-**	-
Raw materials and consumables used	**(1,614)**	(1,093)
Depreciation and amortisation	**(573)**	(36)
Property related costs	**(398)**	(494)
Net foreign exchange (losses)/gains	**(5)**	(6)
Employee costs	**(1,171)**	(791)
Other expenses	**(639)**	(522)
Operating loss	**(1,459)**	(1,025)
Finance costs	**(134)**	(11)
Impairment of goodwill	**-**	-
Share of net loss of associate accounted for using the equity method	**-**	-
Loss before income tax	**(1,593)**	(1,036)
Income tax (expense)/credit	**-**	-
Loss for the year from discontinued operation	**(1,593)**	(1,036)
Loss attributable to:		
- Shareholders of the parent	**(1,593)**	(1,036)
- Non-controlling interests	-	-
Amounts included in accumulated OCI:		
Foreign currency translation adjustments	**(4)**	
Reserve of disposal group classified as held for sale	**(4)**	
Cash flows used in discontinued operation		
Net cash used in operating activities	**(256)**	(255)
Net cash used in investing activities	**-**	-
Net cash used in financing activities	**(364)**	(212)
Net cash flows for the year	**(620)**	(467)

Notes to the Consolidated Financial Statements

	31-Mar 2020 $'000
Effect on the financial position of the Group	
Inventories	43
Property, plant and equipment	379
Assets classified as held-for-sale	**422**
Net assets classified as held-for-sale	**422**

Notes to the Consolidated Financial Statements

14. Interests in other entities

14.1. Interests in subsidiaries and other holdings

	Country	% Holding		Principal activity
		2020	2019	
Scarborough Fair Foods Pty Limited	Australia	100	100	Beverage Products
Esquires Coffee Canada Limited	Canada	100	100	Food and beverage
Esquires Coffee International Inc	Canada	100	100	IP Holding Company
CGF Franchise Development (Canada) Limited	Canada	100	100	Master Franchisor
Shanghai Niuxin Management Company Limited	China	100	100	Holding Company
Shanghai Yinshi Food and Beverage Management Company Limited	China	21	21	Food and beverage
Bishops Café Limited	England	100	100	Food and beverage
Esquires Coffee UK Limited	England	100	100	Food and beverage
Esquires Franchising (UK) Limited	England	100	100	Holding Company
Esquires HQ (UK) Limited	England	100	100	Holding Company
Esquires Real Estate (UK) Limited	England	100	100	Store Lease Holding
Cooks Coffee Café Limited	Ireland	100	100	Store Lease Holding
Cooks Coffee Houses Ireland Limited	Ireland	100	100	Store Lease Holding
Cooks Coffee Houses Limited	Ireland	0	100	Store Lease Holding
Cooks Coffee Houses Europe Limited	Ireland	100	0	Store Lease Holding
Cooks Coffee Ireland Limited	Ireland	100	100	Store Lease Holding
Cooks Food & Beverages Ltd	Ireland	100	100	Name protection
Cooks Franchise Ireland Limited	Ireland	0	100	Name protection
ECH Franchise Development (Europe) Limited	Ireland	100	100	Master Franchisor
ECH Franchise Development (Romania) Limited	Ireland	0	100	Holding Company
ECH Franchise Development Limited	Ireland	100	0	Holding Company
Esquires Coffee Houses Ireland Limited	Ireland	100	100	Food and beverage
CGF Employee Share Trust Limited	NZ	100	100	Nominee Services
Cooks Supply Group Limited	NZ	100	100	Holding Company
Crux Products Limited	NZ	50	50	Export
Esquires Asia Limited	NZ	100	100	Name protection
Esquires Bahrain Limited	NZ	100	100	Master Licence Agreement
Esquires Canada IP Limited	NZ	100	100	IP Holding Company
Esquires China Limited	NZ	100	100	Holding Company
Esquires Coffee China Limited	NZ	100	100	IP Holding Company
Esquires Coffee India Limited	NZ	100	100	Holding Company
Esquires Coffee Malaysia IP Holdings Limited	NZ	100	100	IP Holding Company
Esquires Coffee Supply Limited	NZ	100	100	Name protection
Esquires Egypt Limited	NZ	100	100	Name protection
Esquires EP and Bahrain Limited	NZ	100	100	Name protection
Esquires Fiji Limited	NZ	100	100	Master Licence Agreement
Esquires Global IP Holdings Limited	NZ	100	100	IP Holding Company
Esquires India Limited	NZ	100	100	Master Licence Agreement
Esquires Indonesia Limited	NZ	100	100	Name protection
Esquires Iraq IP Holdings Limited	NZ	100	100	IP Holding Company
Esquires Jordan Limited	NZ	100	100	Master Licence Agreement
Esquires Kuwait Limited	NZ	100	100	Master Licence Agreement
Esquires Malaysia Limited	NZ	100	100	Master Licence Agreement
Esquires Middle East & Africa IP Holdings Limited	NZ	100	100	IP Holding Company
Esquires Northern Cyprus Limited	NZ	100	100	IP Holding Company
Esquires NZ Franchise Holdings Limited	NZ	100	100	Name protection
Esquires Office Limited	NZ	100	100	Office Lease Holding
Esquires Oman Limited	NZ	100	100	Master Licence Agreement
Esquires Pakistan Limited	NZ	100	100	Master Licence Agreement
Esquires Port Denarau Marina Limited	NZ	100	100	Name protection
Esquires Portugal Limited	NZ	100	100	Master Licence Agreement
Esquires Qatar Limited	NZ	100	100	Master Licence Agreement
Esquires Saudi Arabia Limited	NZ	100	100	Master Licence Agreement
Esquires Turkey Limited	NZ	100	100	Master Licence Agreement
Esquires U.A.E. Limited	NZ	100	100	Master Licence Agreement
Esquires UK 1 Limited	NZ	100	100	Master Licence Agreement
Franchise Development Limited	NZ	100	100	Master Franchisor
Franchise Holdings NZ Limited	NZ	100	100	Holding Company
Franchise Management NZ Ltd	NZ	100	100	Name protection
LSD Global Limited	NZ	100	100	IP Holding Company
Cooks Supply No 2 Limited	NZ	100	100	Fresh Produce
Scarborough Fair Limited	NZ	100	100	Beverage Products
CGF Franchise Development (US) Limited	USA	100	100	Master Franchisor

Notes to the Consolidated Financial Statements

14.2. Interest in associate

Name of entity	Place of business/country of incorporation	% of ownership interest		Nature of relationship	Measurement method	Carrying amount	
		2020	2019			2020	2019
		%	%			$'000	$'000
Shanghai Yinshi Food and Beverage Management Company Limited ("SYI")	China	21.00%	21.00%	Associate	Equity method	-	2,688

As reported in the 31 March 2017 financial statements, SYI had 26 sites operating in China at that time. Its budgeted stores (set in 2016) in China for 2021 was published as being 220, with a stretch target of 300.

On the basis of the below, given the developments in FY20, the Directors of CGF have concluded that it is appropriate to fully impair the Investment in Associate at March 2020.

Currently there are only 8 franchised stores in the whole of China, and one Tmall Campus café. It has 20+ ‘instant real coffee machines’ stationed in 3rd party offices. In 2019 opened a 1,500m2 speciality roaster in Songjiang, Shanghai.

The existing 8 franchised stores were all closed during the first quarter of 2020 as a result of COVID and these have now re-opened. Of these 6 are in Shandong Province and are mainly attached to supermarkets or shopping malls operated by CGF’s major shareholder JJY Group. There is one store in Beijing and one in Shanghai. SYI has hired new General Manager and is focusing on growing the ‘in office’ coffee machines and is no longer pursuing franchising.

The trading results of SYI for the year ended 31 March 2020 are reported as follows:

- Revenue of NZ$1.3 million
- HO mgmt. fee of NZ$2.3 million
- Total loss of $2.5 million

The Board of CGF has considered the following factors:

- The original vision of SYI will no longer be realised with the change in strategy in FY20 from franchised operations to coffee machines
- CGF has minimal expertise in this new line of business
- As the strategic direction is all ‘blue sky’ and new business activities, there is no longer value in previous operations
- That the existing 8 franchised stores do not contribute royalties to SYI or CGF
- Given the change in business model that any future forecasts are unreliable and cannot be used as a basis for determining a business value
- CGF has no requirement to contribute any further capital
- CGF is currently not receiving any future cash inflows from this investment in the foreseeable future
- An expected equity transaction with a major European coffee business has not occurred and is now considered remote.

Notes to the Consolidated Financial Statements

15. Intangible Assets

The Group acquired trademarks, Global Intellectual Property rights ("Global IP Rights") and rights through business acquisitions.

	Trademarks	Global IP Rights	Total
	$'000	$'000	$'000
Cost			
Balance at 1 April 2018	86	3,243	**3,329**
Balance at 31 March 2019	**86**	**3,243**	**3,329**
Balance at 1 April 2019	86	3,243	**3,329**
Additions	6	2	**8**
Balance at 31 March 2020	**92**	**3,245**	**3,337**
Accumulated amortisation			
Balance at 1 April 2018	(35)	(346)	(381)
Amortisation charge for the year	(18)	(88)	(106)
Balance at 31 March 2019	**(53)**	**(434)**	**(487)**
Balance at 1 April 2019	(53)	(434)	**(487)**
Amortisation charge for the year	(10)	-	**(10)**
Balance at 31 March 2020	**(63)**	**(434)**	**(497)**
Carrying amounts			
At 31 March 2019	33	2,809	**2,842**
At 31 March 2020	**29**	**2,811**	**2,840**

Management assessed the recoverable amounts of the Group's Global IP Rights asset using 'value in use' calculations to assess for any impairment.

Global IP rights were tested for impairment using discounted cash flow projections based on management approved forecasts for a maximum 5-year period.

Key assumptions in the models were:

- annual growth in total network sales down -18% due to Covid19 impact in FY21;
- in FY22 +86% year on year growth which reflects the acquisition of Triple Two and recovery to pre-Covid levels;
- in FY23 +19% year on year growth;
- in both FY24 and FY25 +10% year on year growth;
- exchange rates of 0.5445 (NZD/EURO) and 0.51 (NZD/GBP); and
- a discount rate of 8.1%-10.9% per annum.

Based on this work the recoverable amount for Global IP rights was assessed by management to be above its existing carrying value with no impairment required.

16. Property, plant and equipment

	Furniture & Fittings $'000	Plant & Equipment $'000	Computer Equipment $'000	Motor Vehicles $'000	Total $'000
Cost					
Balance at 1 April 2018	268	265	293	4	**830**
Additions	-	581	13	-	**594**
Disposals	(7)	(1)	-	-	**(8)**
Balance at 31 March 2019	**261**	**845**	**306**	**4**	**1,416**
Balance at 1 April 2019	261	845	306	4	**1,416**
Additions	19	34	27	-	**80**
Assets classified as held for sale and other disposals	(124)	(692)	(17)	(4)	**(837)**
Balance at 31 March 2020	**156**	**187**	**316**	**-**	**659**
Accumulated depreciation					
Balance at 1 April 2018	(111)	(173)	(187)	-	**(471)**
Depreciation	(100)	(11)	(47)	-	**(158)**
Disposals	-	-	-	-	**-**
Balance at 31 March 2019	**(211)**	**(184)**	**(234)**	**-**	**(629)**
Balance at 1 April 2019	(211)	(184)	(234)	-	**(629)**
Depreciation	(8)	(136)	(43)	-	**(187)**
Assets classified as held for sale and other disposals	81	208	13	-	**302**
Balance at 31 March 2020	**(138)**	**(112)**	**(264)**	**-**	**(514)**
Carrying amounts					
At 31 March 2019	50	661	72	4	**787**
At 31 March 2020	**18**	**75**	**52**	**-**	**145**

17. Trade and other payables

Trade and other payables recognised are all short-term and consist of the following:

Trade and other payables	**31-Mar 2020 $'000**	**31-Mar 2019 $'000**
- Trade payables	**2,194**	2,402
- Related party payables	**457**	256
- Other payables	**1,345**	1,907
	3,996	4,565
Trade payables		
Within Terms	**1,084**	464
Overdue	**1,109**	1,938
	2,194	2,402

The carrying value of trade and other payables classified as financial liabilities measured at amortised cost approximates fair value. Refer to Note 27 on foreign currency risk.

Notes to the Consolidated Financial Statements

18. Borrowings and other liabilities

	Current 2020 $'000	Non-Current 2020 $'000	Current 2019 $'000	Non-Current 2019 $'000
Convertible loan (a), comprising				
- Host Debt	**-**	**-**	1,212	-
- Embedded Derivative	**-**	**-**	538	
Finance Loans (b)	**2,608**	**-**	1,121	221
Related Party Loans (c)	**821**	**2,073**	2,621	-
Hire Purchase	**2**	**18**	-	-
	3,431	**2,091**	5,514	221

(a) A convertible loan agreement was entered into with CGF Cooks Global L.P. (SPV) on 4 July 2018, where the SPV would advance monies to the Group. The first advance of USD$500,000 was received on 30 October 2018, with each subsequent advance under the facility agreement to be at least USD$100,000 and the principal amount of the loan not to exceed USD$1,500,000. Each advance was for a period of 12 months from the date of receipt. At 31 March 2019, USD$1,030,000 was advanced under this unsecured loan agreement. Interest accrues daily on the principal amount due at 18% per annum and is payable either on the maturity date of each advance or quarterly after receipt of the relevant advance.

A new convertible loan agreement was entered into with CGF Cooks Global L.P. (SPV) on 21 February 2020, conditional upon the full repayment of interest and the loan under the convertible loan agreement dated 4 July 2018 as detailed above. Interest continues to accrue daily on the conditional repayment at 18% per annum. No monies have been advanced under this new convertible loan agreement for the year ended 31 March 2020.

The election of full repayment of the existing interest and loan by SPV has resulted in a re-assessment of the financial liability as an ordinary finance loan, no longer being a hybrid contract containing a host financial liability and embedded derivative liabilities which could cause cash flows required by the contract to be modified by financial or non-financial variables. As such, the convertible loan disclosed in its separate components in accordance with the Financial Instruments reporting standard (NZ IFRS 9) at 31 March 2019 has been disclosed instead within Finance Loans (b) at 31 March 2020.

(b) Finance loans also represent loans from two other lenders. One is for $250,000 redeemable convertible notes with a 9% interest rate due for repayment in 31 December 2020. The other is for $235,000, is denominated in RMB, and is interest-free. This is currently due for repayment.

(c) The non-current balance of $2,073,000 related party loans includes $1,993,000 for Nikau Trust and $80,000 for Weihai Station. Interest on the Nikau Trust loan is 10% (2019: 8.25% to 10%) and is payable monthly. The loan is payable on demand but The Nikau Trust has committed to not require repayment within the FY21 period or unless the company is able to meet all obligations. The current related party loans represents a loan from a related family member of a Director. It is denominated in AUD, bears interest at 15% and is payable upon demand. The loan is unsecured.

Notes to the Consolidated Financial Statements

Summary of cash and non-cash changes to borrowings and other liabilities, as per the movements in the Consolidated Statement of Cash Flows:

		Cash flows included in:			Non-cash changes:				
	31 Mar 2019 Net Debt	Financing activities	Investing activities	Operating activities	Conversion to Shares	Foreign exchange movements	New leases	Other	31 Mar 2020 Net Debt
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Current convertible loans	1,750	-	-	-	-	-	-	(1,750)	-
Current finance loans	1,121	-	-	-	-	14	-	1,473	2,608
Current related party loans	2,621	-	-	-	-	(49)	-	(1,751)	821
Current lease liabilities	-	(1,855)	-	-	-	-	3,967	-	2,112
Non-current finance loans	221	-	-	-	-	-	-	(221)	-
Non-current related party loans	-	1,712	-	-	(2,668)	-	-	3,029	2,073
Non-current lease liabilities	-	-	-	-	-	-	18,758	-	18,758
Total	5,713	(143)	-	-	(2,668)	(35)	22,725	780	26,372

Movements on Consolidated Statement of Cash Flows	
Proceeds from borrowings	1,712
Principal elements of lease payments	(1,855)
	(143)

The 'Other' column includes the effect of reclassification between current-term loans and non-current-term loans, the effect of reclassification of loans to different loan classes, the effect of accrued but note yet paid interest on interest-bearing loans and borrowings, including lease liabilities. The Group classifies interest paid as cash flows from operating activities.

Hire purchase borrowings are secured over the underlying assets financed, all other borrowings are unsecured. The Group has no available undrawn facilities. At year end there were no lending covenants in place.

All facilities expiring within one year are subject to a review by the lenders. Refer Note 4.

<u>Fair value</u>

The fair value of current borrowings approximates to the fair value and the impact of discounting is not significant.

Notes to the Consolidated Financial Statements

19. Equity

19.1.Share Capital

The share capital of Cooks Global Foods Limited consists of issued ordinary shares, each share representing one vote at the company's shareholder meetings. All shares are equally eligible to receive dividends and the repayment of capital. The shares have no par value.

Movements of share capital	**31-Mar-20**	**31-Mar-19**
Number of Shares issued:	**No. of Shares**	**No. of Shares**
Ordinary shares opening balance	489,509,248	489,509,248
Ordinary shares issued	36,470,701	-
Ordinary shares bought back on-market and cancelled	-	-
Total ordinary shares authorised at 31 March	525,979,949	489,509,248

Movements of share capital	**31-Mar-20**	**31-Mar-19**
Value of Shares issued:	**$'000**	**$'000**
Ordinary shares opening balance	**42,517**	42,687
Ordinary shares issued less share issue expenses	**3,032**	-
Ordinary shares bought back on-market and cancelled	**-**	-
Ordinary shares to be issued	-	(170)
Total ordinary shares authorised at period end	**45,549**	42,517

At 31 March 2020, there was no ordinary share capital unpaid (2019: nil).

During the year ended 31 March 2020, the company issued 36,470,701 new shares (2019: nil) and no shares were cancelled (2019: nil).

Cooks Investment Holdings (CIHL) which acted as trustee for a number of investors was wound up and all shares distributed to the beneficial owners. Keith Jackson acted as Bare Trustee on behalf of the owners and the original intention was for the shares to be distributed after an appropriate period. CIHL no longer holds any shares. Total of 36,470,701 ordinary shares were issued at issue price of $0.0775 with effect 31st March 2020.

19.2.Loss per share

The calculation of basic loss per share for the year ended 31 March 2020 was based on the weighted average number of ordinary shares on issue. The calculation of diluted earnings per share for the year ended 31 March 2020 was based on the weighted average number of ordinary shares.

	31-Mar-20	**31-Mar-19**
Weighted average ordinary shares issued	**489,509,248**	489,509,248
Weighted average potentially dilutive options issued	**-**	-
Basic and diluted loss per share (New Zealand Cents) from continuing and discontinued operations:	**(1.06)**	(0.98)
Basic and diluted loss per share (New Zealand Cents) from continuing operations:	**(0.73)**	(0.77)
Basic and diluted loss per share (New Zealand Cents) from discontinued operations:	**(0.33)**	(0.21)
Net tangible assets per share (New Zealand Cents)	**(1.75)**	(1.34)

Notes to the Consolidated Financial Statements

19.3. Share based payment reserve

The earn-out relating to the acquisition of the Irish business (Esquires Coffee Houses Ireland) in 2013.

The conditions of key terms of the earn-out payment as specified in the 2013 Sale and Purchase Agreement for the Irish business were:

- Calculation of the Earn-Out to be four times the Earnings Before Income Tax Depreciation and Amortisation (EBITDA) for the Irish franchise business either for the average of the three financial years prior to the earn-out payment date or the financial year immediately prior to the earn-out payment date;
- The earn-out payment date could be triggered by formal notification from the vendor any time up to October 2020;
- The earn-out payment was contingent on the principal owner and operator of the Irish business remaining as an employee within the business after the acquisition date.
- The earn-out payment will be settled by the issue of Cooks shares.

Movement in Share based payment reserve

	31-Mar 2020 $'000	31-Mar 2019 $'000
Esquires Coffee Ireland Limited share-based payment		
Opening balance	2,163	1,588
Amount expensed during current vesting period	238	369
Adjustment based on best available estimate	-	206
Closing balance	2,401	2,163

The annual movement in the amount provided for the earn-out is included in Other Comprehensive Income.

Notes to the Consolidated Financial Statements

20. Leases

20.1. Amounts recognised in the Statement of Financial Position

The Statement of Financial Position shows the following amounts relating to leases:

Right-of-use assets

	31-Mar 2020 $'000
Property	
Cost	2,828
Less: Accumulated depreciation	-
Net book value as at 1 April 2019	2,828
Additions	**-**
Remeasurement of lease liability	**-**
Movement in FX	145
Depreciation expense	(505)
Disposal	-
Net book value as at 31 March 2020	**2,468**
Cost	**2,973**
Less: Accumulated depreciation	**(505)**
Net book value as at 31 March 2020	**2,468**

The right-of-use assets relate to the corporate offices and the corporate-operated stores which are expected to be franchised in the UK.

Lease liabilities

	31-Mar 2020 $'000
Current	2,112
Non-current	18,758
	20,870

Finance lease receivables

	31-Mar 2020 $'000
Current	1,670
Non-current	16,653
	18,323

Notes to the Consolidated Financial Statements

The average effective interest rate contracted in 2020 is approximately 6.49% per annum.

The finance lease receivables at the end of the reporting period are neither past due nor impaired.

20.2. Amounts recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income

The Consolidated Statement of Profit or Loss and Other Comprehensive Income shows the following amounts relating to leases:

	31-Mar 2020 $'000
As a lessee:	
Interest expense on lease liabilities (included in finance costs)	1,192
Depreciation expense on right-of-use assets (included in depreciation and amortisation)	505
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in administrative and other costs)	7
Income from subleasing right-of-use assets:	
- Interest income from subleases classified as finance leases	1,055
As a lessor:	
Finance income on net investment in finance leases	1,055

The total cash outflow for leases to franchisee landlords in 2020 was $3,047,000.

20.3. Maturity analysis of lease payments

Lease liabilities as the lessee

	31-Mar 2020 $'000
Less than one year	3,335
One to five years	14,658
More than five years	10,640
Total undiscounted lease liabilities	**28,633**

Notes to the Consolidated Financial Statements

Finance lease arrangements as the lessor

	31-Mar 2020 $'000
Year 1	2,771
Year 2	2,634
Year 3	2,606
Year 4	2,618
Year 5	2,614
Onwards	12,194
Lease payments	25,437
Unguaranteed residual values	-
Gross investment in the lease	25,437
Less: unearned finance income	(7,114)
Present value of minimum lease payments receivable	18,323
Impairment losses	-
Net investment in the lease	**18,323**

21. Fees paid to auditor

The Auditor of the Group for 31 March 2020 is William Buck. The previous Auditor of the Group was BDO Auckland.

	31-Mar 2020 $'000	31-Mar 2019 $'000
Audit of financial statements		
- Statutory Audit	**90**	120
- Overseas network firms	**28**	28
Total fees paid to auditor	**118**	**148**

Notes to the Consolidated Financial Statements

22. Reconciliation of cash flows from operating activities

	31-Mar 2020 $'000	31-Mar 2019 $'000
Loss after tax	**(5,183)**	(4,813)
Add non-cash items:		
Depreciation and amortisation	**760**	264
Share of losses of associate	**168**	399
Impairment of investment in associate	**2,520**	-
Add/(Less) movements in assets/liabilities:		
Inventories	**166**	65
Trade and other receivables	**(655)**	1,162
Lease receivables	**1,427**	-
Other short-term assets	**153**	(145)
Trade payables	**(7)**	(39)
Other liabilities	**750**	540
Contract liabilities	**94**	163
Net cash flow applied to operating activities	**193**	(2,404)

23. Related party transactions

The Group's related parties include the directors and senior management personnel of the Group and any associated parties as described below.

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received.

Keith Jackson is a director of Cooks Investment Holdings Limited, Jackson & Associates Limited, Ascension Capital and Weihai Station Limited and a trustee of Nikau Trust.

Mike Hutcheson is a director of Image Centre Limited and Lighthouse Ventures Holdings Limited.

Peihuan Wang is a director of Jiajiayue Holding Group Limited and Weihai Station Limited.

Tony McVerry is a director of Esquires Coffee Houses Ireland Limited.

Aiden Keegan is a director of Esquires Coffee UK Limited.

Notes to the Consolidated Financial Statements

Number of shares held by directors and other related parties:

	31-Mar 2020	31-Mar 2019
Jiajiayue Holding Group	**148,203,944**	148,203,944
Yunnan Metropolitan Construction Investment Group Co Ltd	**100,719,640**	100,719,640
Keith & Patricia Jackson & PM Picot	**50,051,530**	50,051,530
Tasman Capital Limited	**2,362,780**	2,362,780
Maretha McVerry	**573,687**	573,687
CGF Employee Share Trust	**562,486**	562,486
Lighthouse Ventures Holdings Limited	**455,533**	455,533
Mike Hutcheson	**367,671**	367,671
Aiden Keegan	**212,488**	212,488

23.1.Transactions with related parties

The following transactions occurred with related parties during the year:

	31-Mar 2020 $'000	31-Mar 2019 $'000
Purchases of goods and services		
Purchase of management services	**180**	185
Property rental agreement with related party	**-**	-
Purchase of other services	**-**	-
Interest paid to related parties	**341**	205
Other transactions		
Related party receivables	**-**	998
Subscriptions for new ordinary shares	**2,668**	-
Funding loans advanced by related parties	**1,792**	1,728
Subscriptions for ordinary shares to be issued	**-**	-

The above values are exclusive of GST or VAT if any.

Notes to the Consolidated Financial Statements

23.2.Balances outstanding with related parties

	31-Mar 2020 $'000	31-Mar 2019 $'000
Outstanding balances arising from purchases of goods and services		
Entities controlled by key management personnel	**457**	256
Loans to/from related parties		
Loans to related party		
Beginning of the year	**-**	1,302
Loan reduction	**-**	(1,302)
End of period	**-**	-
Loans from related party		
Beginning of the year	**2,621**	1,725
Loans advanced	**1,792**	1,728
Reclassification from finance loans	**871**	-
Satisfaction of related party receivables	**(2,668)**	(998)
Net foreign exchange effects	**(50)**	-
Interest charged	**383**	205
Interest paid	**(55)**	(39)
End of period	**2,894**	2,621

The above values are inclusive of GST or VAT if any.

23.3.Transactions with directors and senior management personnel

Key management of the Group are the executive members of Cooks Global Foods Limited's Board of Directors and senior management. Directors and senior management personnel payments (exclusive of GST if any) made during the year includes the following expenses:

	31-Mar 2020 $'000	31-Mar 2019 $'000
Directors fees	**80**	80
Salaries, wages and contractor payments	**986**	1,353
	1,066	1,433

Notes to the Consolidated Financial Statements

24. Segment reporting

Management currently identifies the Groups product and service lines in various geographical locations as its operating segments.

The Esquires franchising & retail segment receives two main income streams: Retail Sales from owned stores (UK and China) and Royalties from and Product Sales to Franchisees (UK, Europe, Ireland, and the Middle East). The supply segment represents the supply of tea/coffee/beverages and fresh produce.

Segment information for the reporting period is as follows:

31 March 2020 **Global operational splits**	**Continuing operations** **Global franchising & design** **$'000**	**UK franchising** **$'000**	**Middle East franchising & retail** **$'000**	**Europe franchising & retail** **$'000**	**Supply** **$'000**	**Corporate** **$'000**	**Total** **$'000**
Revenue	1,077	1,492	222	1,121	171	107	**4,190**
Other income	-	16	-	-	-	(4)	**12**
Raw materials and consumables used	(3)	(6)	-	(13)	(111)	-	**(133)**
Depreciation and amortisation	(14)	(83)	-	(6)	-	(84)	**(187)**
Property related costs	1	(55)	-	(26)	-	(46)	**(126)**
Net foreign exchange (losses)/gains	20	(1)	-	(2)	-	(86)	**(69)**
Employee costs	(112)	(731)	(128)	(468)	(7)	(360)	**(1,806)**
Other expenses	(352)	(597)	27	(478)	67	(770)	**(2,103)**
Operating (loss)/profit	**617**	**35**	**121**	**128**	**120**	**(1,243)**	**(222)**
Finance costs	(1)	(7)	(1)	(2)	(1)	(675)	**(687)**
Impairment of investment in associate	(2,520)	-	-	-	-	-	**(2,520)**
Share of net loss of associate accounted for using the equity method	(168)	-	-	-	-	-	**(168)**
Loss before income tax	**(2,072)**	**28**	**120**	**126**	**119**	**(1,918)**	**(3,597)**
Income tax (expense)/credit	-	-	-	-	3	4	**7**
Loss for the year from continuing operations	**(2,072)**	**28**	**120**	**126**	**122**	**(1,914)**	**(3,590)**
Non-current assets							
Intangible assets	**47**	**845**	**-**	**467**	**-**	**1,481**	**2,840**
Property, plant and equipment	**15**	**72**	**-**	**25**	**9**	**24**	**145**

31 March 2020 **Global operational splits**	**Discontinued operations** **UK retail** **$'000**	**USA franchising & retail** **$'000**	**Supply** **$'000**	**Total** **$'000**
Revenue	1,899	-	1,042	**2,941**
Other income	-	-	-	**-**
Raw materials and consumables used	(605)	-	(1,009)	**(1,614)**
Depreciation and amortisation	(570)	-	(3)	**(573)**
Property related costs	(396)	-	(2)	**(398)**
Net foreign exchange (losses)/gains	-	-	(5)	**(5)**
Employee costs	(724)	(53)	(394)	**(1,171)**
Other expenses	(468)	(8)	(163)	**(639)**
Operating (loss)/profit	**(864)**	**(61)**	**(534)**	**(1,459)**
Finance costs	(132)	-	(2)	**(134)**
Impairment of investment in associate	-	-	-	**-**
Share of net loss of associate accounted for using the equity method	-	-	-	**-**
Loss before income tax	**(996)**	**(61)**	**(536)**	**(1,593)**
Income tax (expense)/credit	-	-	-	**-**
Loss for the year from discontinued operations	**(996)**	**(61)**	**(536)**	**(1,593)**
Non-current assets				
Intangible assets	**-**	**-**	**-**	**-**
Assets held for Sale	**379**	**-**	**43**	**422**

Continuing operations

31 March 2019 **Global operational splits**	**Global franchising & design $'000**	**UK franchising $'000**	**Middle East franchising & retail $'000**	**Europe franchising & retail $'000**	**Supply $'000**	**Corporate $'000**	**Total $'000**
Revenue	1,088	1,444	272	1,167	48	-	**4,019**
Other income	1	-	-	-	1	101	**103**
Raw materials and consumables used	-	(16)	(56)	(2)	(4)	-	**(78)**
Depreciation and amortisation	(29)	(153)	-	(36)	-	(10)	**(228)**
Property related costs	-	(71)	-	(30)	-	(124)	**(225)**
Net foreign exchange (losses)/gains	(108)	-	-	-	-	(124)	**(232)**
Employee costs	(801)	(715)	(203)	(332)	(56)	(187)	**(2,294)**
Other expenses	(540)	(813)	(141)	(975)	(8)	(1,220)	**(3,697)**
Operating (loss)/profit	**(389)**	**(324)**	**(128)**	**(208)**	**(19)**	**(1,564)**	**(2,632)**
Finance costs	(3)	-	-	(2)	1	(738)	**(742)**
Impairment of goodwill	-	-	-	-	-	-	**-**
Share of net loss of associate accounted for using the equity method	(399)	-	-	-	-	-	**(399)**
Loss before income tax	**(791)**	**(324)**	**(128)**	**(210)**	**(18)**	**(2,302)**	**(3,773)**
Income tax (expense)/credit	-	-	-	-	-	(4)	**(4)**
Loss for the year from continuing operations	**(791)**	**(324)**	**(128)**	**(210)**	**(18)**	**(2,306)**	**(3,777)**
Non-current assets							
Intangible assets	50	845	-	467	-	1,481	**2,843**
Property, plant and equipment	19	715	-	24	12	17	**787**

Discontinued operations

31 March 2019 **Global operational splits**	**UK retail $'000**	**USA franchising & retail $'000**	**Supply $'000**	**Total $'000**
Revenue	1,147	-	770	**1,917**
Other income	-	-	-	**-**
Raw materials and consumables used	(419)	-	(674)	**(1,093)**
Depreciation and amortisation	(35)	-	(1)	**(36)**
Property related costs	(488)	-	(6)	**(494)**
Net foreign exchange (losses)/gains	-	-	(6)	**(6)**
Employee costs	(558)	(17)	(216)	**(791)**
Other expenses	(152)	(175)	(195)	**(522)**
Operating (loss)/profit	**(505)**	**(192)**	**(328)**	**(1,025)**
Finance costs	(5)	-	(6)	**(11)**
Impairment of goodwill	-	-	-	**-**
Share of net loss of associate accounted for using the equity method	-	-	-	**-**
Loss before income tax	**(510)**	**(192)**	**(334)**	**(1,036)**
Income tax (expense)/credit	-	-	-	**-**
Loss for the year from discontinued operations	**(510)**	**(192)**	**(334)**	**(1,036)**
Non-current assets				
Intangible assets	**-**	**-**	**-**	**-**
Property, plant and equipment	**-**	**-**	**-**	**-**

25. Contingencies

Contingent Liabilities

There are no contingent liabilities as at 31 March 2020 (2019: $nil).

26. Capital commitments

There were no capital commitments as at 31 March 2020 (2019: $nil).

Notes to the Consolidated Financial Statements

27. Financial risk management

Due to the broad range of the Group's activities, there is exposure to a variety of financial risks:

- Market risk (including currency risk and interest rate risk);
- Credit risk; and
- Liquidity risk

The Group's risk management programme focuses on minimising the potential adverse effects of these risks. The Group's business is primarily denominated in foreign currencies. The Group holds New Zealand dollars and other currencies to settle transactions in the normal course of business.

27.1. Market risk

Foreign Currency Risk
The Group operates internationally and is exposed to foreign currency risk arising from various currency exposures. Though the NZD remains the main currency for corporate funding and Group reporting, it will continue to diminish as a proportion of total Group as product sales outstrip growth in the New Zealand market.

A significant amount of the Group's transactions are carried out other than in New Zealand Dollars. The Group has debt denominated in foreign currency which is not hedged. Exposures to currency exchange rates arise from the Group's overseas company holdings (Ireland and United Kingdom), and foreign currency denominated income for New Zealand domiciled companies (royalties, store openings, design and other franchise fees, product sales). These are primarily denominated in European currency (EURO) and Pound Sterling (GBP).

Refer to note 18 on borrowings denominated in foreign currency. As disclosed in note 24 Segmental Reporting, global franchising and design, UK franchising, Middle East franchising and Europe franchising are all primarily transacted in foreign currency.

27.2.Credit Risk

Credit risk is managed on a Group basis. The Group generally trades with customers and banking counterparties who are well established. Receivables balances are managed by and reported regularly to senior management according to the Company's credit management policies and procedures. The amount outstanding at reporting date represents the maximum exposure to credit risk.

Cash and cash equivalents of the Group are deposited with a number of trading banks in New Zealand and overseas: $49,000 is deposited with a NZ trading bank (2019: $53,000), $161,000 (2019: $242,000) with a British trading bank and $43,000 (2019: $143,000) with an Irish trading bank. The Group uses banks with credit ratings of AA – BB.

Trade receivables
The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 24 months before 31 March 2020 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The

Group has evaluated available forward-looking information and has concluded that there is no indication that historical loss rates should be adjusted.

Lease receivables
The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all lease receivables

To measure the expected credit losses, lease receivables have been grouped based on shared credit risk characteristics.

The expected loss rates are based on the historical credit losses experienced for each credit risk group within a period of 24 months before 31 March 2020. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has evaluated available forward-looking information, including any rent relief expected to be provided due to COVID-19, and has concluded that there is no indication that historical loss rates should be adjusted.

Notes to the Consolidated Financial Statements

27.3. Liquidity Risk

The Group maintains regular forecasts of liquidity based on expected cash flows. The table below analyses the Group's financial liabilities into relevant groups based on the remaining period at the reporting date to the end of the contractual date. The amounts disclosed are the contractual undiscounted cash flows.

At 31 March 2020	Less than 1 year $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000
Trade payables	**2,194**	**-**	**-**	**-**
Related party payables	**457**	**-**	**-**	**-**
Other payables	**1,345**	**-**	**-**	**-**
Short term finance loans	**2,610**	**18**	**-**	**-**
Related party loans	**821**	**2,073**	**-**	**-**
Lease Liabilities	**3,335**	**3,056**	**11,601**	**10,641**
	10,762	**5,147**	**11,601**	**10,641**

At 31 March 2019	Less than 1 year $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000
Bank overdraft	148	-	-	-
Trade payables	2,658	-	-	-
Other payables	1,907	-	-	-
Short term finance loan	1,121	221	-	-
Related party loan	2,621	-	-	-
Convertible loan	1,750	-	-	-
CVA Creditors (UK)	22	-	-	-
	10,227	**221**	**-**	**-**

For further details in relation to the liquidity risk refer to Note 4.

27.4. Capital risk management

The Group's objectives when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns to shareholders and benefits to other stakeholders and to maintain an optimal capital structure. The Group currently monitors capital based on cash requirements and, in order to maintain or adjust the capital structure, generally issues new shares to investors through share issues. The Group and the Company have not been subject to any externally imposed capital requirements during the period.

The Group is currently in need of additional capital injections to be able to execute its strategy, for further details of this refer to Note 4.

28. Financial instruments by category

	31-Mar 2020 $'000	31-Mar 2019 $'000
Financial assets at amortised cost		
Cash and cash equivalents	**255**	450
Trade and other receivables	**1,171**	613
	1,426	1,063
Financial liabilities at amortised cost		
Trade payables	**2,194**	2,658
Borrowings and other liabilities	**5,522**	5,197
	7,716	7,855
Finacial liabilities at fair value through profit or loss		
Embedded derivative liabilities	**-**	538

29. Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

At 31 March 2019	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Assets per the statement of financial position	-	-	-	-
Liabilities per the statement of financial position				
Embedded Derivative Liabilities	-	538	-	-
	-	538	-	-

The fair value for the embedded derivative conversion features (foreign exchange and share options) a convertible note raised in July 2018.

30. Post-reporting date events

Nikau Trust, a vehicle associated with Keith Jackson, has advanced short-term funds of $240k to the company subsequent to reporting date on normal commercial terms. See Note 18(c).

CHANGE IN OWNERSHIP IN CRUX

As at 1st April 2020, CGF acquired the remaining 50% and now owns 100% of Crux Products Limited.

SALE OF SCARBOROUGH FAIR

The Scarborough Fair tea and Grounded coffee brands were determined to be non-core and were sold with a sale agreement concluded in July 2020.

The Group reclassified its beverage supply business as a discontinued operation for the year ended 31 March 2020 after the decision was made to sell the NZ operations and dispose of the Australian operations to focus on core business. The associated assets and liabilities are consequently presented as held for sale in the 2020 financial statements.

The beverage supply business is comprised of Scarborough Fair Limited in NZ, and Scarborough Fair Foods Pty Limited in Australia.

The Scarborough Fair business was sold in July 2020 after a sale process managed by external brokers.

TRIPLE TWO ACQUISITION

CGF acquired the fast growing Triple Two Café chain in June 2020. Triple Two Coffee franchises 13 cafes in the UK and has been one of the most highly recruited franchises in the UK since the start of 2019. Triple Two currently operate across a number of regions in the UK, with the initial flagship store opening in Swindon in August 2016. They now have several sites trading in major towns, cities and shopping centres across the UK, such as London, Colchester, Oxford, Cheltenham, Cirencester and Hove. Due to the unrivalled demand the brand has seen, there is currently a strong pipeline of sites expected to open by the end of 2020, despite the COVID 19 pandemic, the next being in Manchester that will open in August.

Triple Two originated from seeing an opportunity in the market to create a brand where customers can enjoy speciality quality coffee alongside freshly prepared grab and go style food in a relaxing, modern and unique environment.

“The Triple Two model is to create a business that gives customers an experience where they can get great coffee and fantastic food. We will also look to accelerate our focus in our 'cafe bar' style sites, retail range, online coffee subscriptions and international expansion, with our first unit in Paris anticipated to still open this year.”

The acquisition fits with building scale and critical mass in our core UK market area.

On 19th June 2020, CGF acquired 100% of the issued shares in Triple Two Coffee Holdings Limited, Triple Two Coffee franchises 13 cafes in the UK, for consideration of 100% of the share capital in exchange for 102 million CGF shares and £386,425. This cash payment is due in early 2021 and is payable in shares if targeted EBITDA is not reached in 2020. There is an earn out provision whereby the vendors can increase their consideration by improving on the performance in the base year which was 2019. The acquisition is expected to increase the group's market share and reduce cost through economies of scale. The synergistic business will also provide profitability and add cashflow to the Esquires Coffee UK Group.

The financial effects of this transaction have not been recognised at 31st March 2020. The operating results and assets and liabilities of the acquired company will be consolidated from 19th June 2020.

(i) Purchase consideration and fair value of net assets acquired

Details of the consideration transferred are :

Purchase consideration	NZD '000
Cash payable	387
Shares issued	6,671
Contingent consideration	11,407
Total purchase consideration	18,465

100% of the share capital was acquired in exchange for CGF shares.

The price was being settled with an issue of 101,853,883 shares in Cooks at $0.0655 a share, based on 7.25 times the underlying profit in 2019 of $1.029m which equates to the sum of £3,477,825 (being 90% of 7.25 x the 2019 EBITDA).

The final price will be based on 7.25 times the best underlying profit achieved by Triple Two over the four calendar years ending in 2022.

The provisionally determined fair values of the assets and liabilities of Triple Two Coffee Holdings at the date of acquisition are as follows :

	NZD'000
Cash and cash equivalents	669
Property, plant and equipment	353
Other assets	31
Receivables	1,348
Payables	(428)
Other payables	(272)
Borrowings	(67)
Net identifiable assets acquired	1,639
Add: goodwill and intangible assets	16,826
Net assets acquired	18,465

The fair value of intangible assets with the IP rights of the franchise system has yet to be determined. None of the goodwill and intangible assets are expected to be deductible for tax purposes.

The FY20 revenue for Triple Two Coffee was $2.64m and profit of $1.2m were not included in the CGF group results for FY20.

Notes to the Consolidated Financial Statements

(ii) Contingent consideration
There is an earn out provision whereby Triple Two can increase their consideration by improving on the performance in the base year which was calendar year 2019 and in any year from 2020 to 2022.

The estimated total consideration based on the current forecasted results will be NZD \$18.5m if the budgeted EBITDA from CY2020-2022 are achieved, with the consideration estimated to be 40% shares and 60% cash.

(iii) Acquisition-related costs
Acquisition-related costs of \$31,000 will be included in administrative expenses in the statement of profit or loss in the reporting period ending 31 March 2021.

(iv) Information not disclosed as not yet available
At the time the financial statements were authorised for issue, CGF had not yet completed the accounting for the acquisition of Triple Two Coffee Holdings Limited. It is also not yet possible to provide detailed information about their latest financial results and any contingent liabilities of the acquired entity.

COVID-19 PANDEMIC

The Group earns revenue from their franchisees and company owned stores. The COVID-19 pandemic and responses inhibited general activity and confidence levels within the community, the economy and the operations of the Group's business.

When the UK and Ireland went into lock down towards the end of March 2020 all stores globally were closed including the Middle East, Pakistan and Portugal. The UK and Ireland stores reopened in July 2020 with limited services varying across different diversified locations which allowed dine in service but had social distancing restrictions. While the impact of COVID-19 remains uncertain as at the date of signing these financial statements, the Group continues to monitor developments and has initiated plans to mitigate adverse impacts and maximise opportunities.

In response to the COVID-19 pandemic, management has:

- Implemented appropriate health and safety responses to ensure the continuity of its business operations under each of the Alert Levels, whilst complying with the applicable public health and social measures for that level.
- Implemented measures to reduce operating costs and capital expenditures (where applicable deferring non essential capital projects).
- Provided Royalty Relief to franchisees over the period April 2020 to September 2020.

Applied for the COVID-19 'Wage Subsidy Scheme' developed by the New Zealand Government, which is available to certain New Zealand businesses that are adversely affected by the COVID-19 pandemic. Similar schemes in the UK and Ireland were also applied including rebates from our suppliers. In the UK the company is a participant in the "Eat out, help out" government initiative which provides support to the level of 50% of the bill for dine in customers to a limit of £10 per person (including children). This is of particular importance with the UK and Irish stores reopening which we monitor closely at Group on its performance in FY21.

This wage subsidy will be taken to the Statement of Comprehensive Income as other income, and allocated over 12 weeks from the 1 April 2020, thus increasing the Group's FY21 revenue.

Notes to the Consolidated Financial Statements

Approached landlords for rent relief during the lockdown periods. The group received rent relief on all occupied sites and the franchise system also received short-term rent relief packages and still in negotiation with the landlords. This rent relief occurred in FY21 from 1 April 2020.

These financial statements have been prepared based upon conditions existing at the end of the reporting period 31 March 2020, and considering those events occurring subsequent to that date, up to the date of the signing of these financial statements, that provide evidence of conditions that existed at the end of the reporting period. As the outbreak of COVID-19 pandemic occurred before 31 March 2020, its impacts are considered an event that is indicative of conditions that arose prior to reporting period.

While we know there will be significant impacts on the broader New Zealand and global economy, and on our business, there is currently a high level of uncertainty on the scale of those impacts. In the face of this uncertainty, investors and stakeholders should know that the Group is focused on tight, disciplined governance and management to ensure CGF comes through this crisis as strongly as it possibly can.

The implications of COVID-19 placed even greater importance on cost management. Significant cost reductions have been identified and CGF is committed to delivering them in FY21. Accordingly, as at the date of the signing of these financial statements, all reasonably known and available information with respect to the COVID-19 pandemic, has been taken into consideration and all reasonably determinable adjustments have been made in preparing these financial statements. Management has also determined that the Group has sufficient available financial resources and facilities to maintain the application of the going concern basis of accounting for the 12 months from the date of signing these financial statements.

The Group relied on the NZX class waiver from listing rules 3.5.1 and 3.6.1, dated 19 March 2020, which provides listed companies with an additional 30 days to prepare and release results announcements, and an additional two months to prepare and release annual reports in acknowledgement of the challenges caused by Covid-19.

STATUTORY INFORMATION AND CORPORATE GOVERNANCE

Directors Relevant Interests in Company Securities as at 31 March 2020

Substantial Security Holder	Shares Held
Graeme Keith Jackson, Patricia Frances Jackson & Philip Mack Picot	50,051,530
Mike Hutcheson	367,671
Total Number of Shares Held:	**50,419,201**

Director Dealings in Company Securities

There have been the following transactions in respect of Cooks Global Foods Limited (**CGF** or **Company**) securities by directors of the Company (**Directors**) in the 12 months ending 31 March 2020:

Director	Dealings
Mr. Graeme Keith Jackson	• Mr. Graeme Keith Jackson is the beneficial holder of 12,877,811 ordinary shares in the Company currently held by Graeme Keith Jackson, Patricia Frances Jackson & Philip Mack Picot.

Interests Register

CGF has D&O insurance which ensures that generally, Directors and officers will incur no monetary loss as a result of actions undertaken by them. CGF has entered an indemnity in favour of its Directors for the purposes of Section 162 of the Companies Act 1993.

Use of Company Information

The Board received no notices from Directors wishing to use Company information received in their capacity as Directors which would not have been ordinarily available.

Other Director Interests

Other directorship appointments during the financial year ended 31 July 2020 held by CGF Directors:

Graeme Keith Jackson	
Arana Holdings Limited	Esquires Middle East & Africa IP Holdings Limited
CFG Employee Share Trust Limited	Esquires Northern Cyprus Limited
Cooks Global Foods Limited	Esquires NZ Franchise Holdings Limited
Cooks Investment Holdings Limited	Esquires Office Limited
Cooks Supply Limited	Esquires Oman Limited
Crux Products Limited	Esquires Pakistan Limited
Dairy Farm Investments (Ruawhata) Limited	Esquires Port Denarau Marina Limited
Esquires Asia Limited	Esquires Portugal Limited
Esquires Bahrain Limited	Esquires Qatar Limited
Esquires Canada IP Limited	Esquires Romania Limited
Esquires China Limited	Esquires Saudi Arabia Limited
Esquires Coffee China Limited	Esquires Supply No 2 Limited
Esquires Coffee India Limited	Esquires Turkey Limited
Esquires Coffee Malaysia IP Holdings Limited	Esquires U.A.E. Limited
Esquires Coffee Supply Limited	Esquires UK 1 Limited
Esquires Egypt Limited	Franchise Development Limited
Esquires EP & Bahrain Limited	Franchise Holdings NZ Limited
Esquires Fiji Limited	Franchise Management NZ Limited
Esquires Global IP Holdings Limited	Jackson & Associates Limited
Esquires India Limited	LSD Global Limited
Esquires Indonesia Limited	Nikau Trust
Esquires Iraq IP Holdings Limited	Resnik Corporation Limited
Esquires Jordan Limited	Scarborough Fair Limited
Esquires Kuwait Limited	Ascension Capital Limited
Esquires Malaysia Limited	Weihai Station Limited

Michael George Rae Hutcheson	
2 Life Limited Eschool Limited	Lighthouse Ventures Limited
Eschool Holdings Limited	Lonely Cow Wines Holdings Limited
Cooks Global Foods Limited	AUT Ventures
Eunoia Holdings Limited	Raye Blumenthal Freedman Trust
Hotfoot Retail Services Limited	Scarborough Fair Limited
Ice Capital Partners Limited	Tangible Media Limited
Image Centre Holdings Limited	The Lighthouse Ideas Company Limited
Image Centre Publishing Limited	Tradewinds Investment Trust
Lighthouse Ideas Limited	Auckland University of Technology

Paul Valentine Mark Elliott	
Agribusiness Investments NZ Limited	Elliott Capital Advisors Limited
Agribusiness Solutions NZ Limited	Parawai Point Trustees Limited
Cooks Global Foods Limited	Time Capital NZ Limited
EFT Trustees Limited	Ignite Nominees Limited
Ignite Finance Limited	Ignite Solutions Limited

Peihuan Wang	
Cooks Global Foods Limited Crux Products Limited Jiajiayue Group Limited. (China) Jiajiayue Holding Group Limited (CHINA)	Shandong Shibale Supermarket Limited Spar China Group LTD. Weihai Station Limited

Alex Qiang Kui
Caiyun International Investment Limited Australia YMCI Pty Limited Top Spring International Holding Limited

Spread of Quoted Security Holders as at 31 July 2020:

RANGE	SHAREHOLDERS		SHARES	
	NUMBER	%	NUMBER	%
1-1,000	272	43.17	269,811	0.04
1,001-5,000	71	11.27	196,108	0.03
5,001-10,000	21	3.33	163,187	0.03
10,001-50,000	105	16.67	2,931,394	0.47
50,001-100,000	29	4.60	2,080,284	0.33
100,001 and over	132	20.95	622,193,047	99.10
TOTAL	**630**	**100.00**	**627,833,831**	**100.00**

20 Largest Holdings of Equity Securities
As at 31 July 2020:

Rank	Investor Name	Total Units	% Issued Capital
1	Jiajiayue Holding Group Limited	148,203,944	23.61
2	Graeme Keith Jackson & Patricia Frances Jackson & Phillip Mack Picot	106,609,689	16.98
3	Yunnan Metropolitan Construction Investment Group Co Ltd	100,719,640	16.04
4	Graham Hodgetts	53,218,654	8.48
5	ADG Investments Limited	42,199,758	6.72
6	Alistair Tillen	20,065,215	3.20
7	Suhua He	13,915,182	2.22
8	David Hodgetts	12,120,612	1.93
9	Sezan Walker	12,069,685	1.92
10	Shuxin Zhang	9,013,773	1.44
11	PKB Trustees Limited	6,453,562	1.03
12	Graham Maxwell Drury & Gloria Kaye Drury & Srhb 2006 Trustee Company Ltd	6,451,135	1.03
13	Peter James Kirton	5,005,723	0.80
14	Anne Margaret Mervis	4,521,477	0.72
15	Emma Jane Waite	3,275,333	0.52
16	Real Action Group Limited	3,251,334	0.52
17	Lewis Andrew Deeks & Wendy May Stanley & Pompallier Investment Management Limited	2,960,000	0.47
18	New Zealand Central Securities Depository Limited	2,872,239	0.46
19	Ruby Cove Holdings Limited	2,650,867	0.42
20	Neil Robert Butler & Kim Maree Green & Oac Trustees Limited	2,500,000	0.40
		558,077,822	**88.89**

SUBSTANTIAL PRODUCT HOLDERS

The following information is provided in compliance with section 293 of the Financial Markets Conduct Act 2013 and is stated as at 31 July 2020. The total number of voting financial products of Cooks Global Foods Limited at that date was 627,833,831 and ordinary shares are the only such product on issue.

Holder Name	Number Ordinary Shares held	Disclosure date
Michael George Rae Hutcheson and Michelle Marie Hutcheson	986,980	20 May 2019
Graeme Keith Jackson & Patricia Frances Jackson & Phillip Mack Picot	106,609,689	31 July 2020

EMPLOYEE REMUNERATION

During the accounting period, the following number of CGF's employees/independent contractors (not being a director) received remuneration and other benefits in that person's capacity as employee/independent contractor of CGF, the value of which exceeded $100,000 per annum:

Remuneration ranges For CGF Group:	Number of employees 2020	Number of employees 2019
100,000 – 109,999	-	1
110,000 – 119,999	1	2
130,000 – 139,999	1	-
140,000 – 149,999	-	1
160,000 – 169,999	-	1
170,000 – 179,999	1	2
180,000 – 189,999	1	1
190,000 – 199,999	-	-
200,000 – 209,999	1	-

DIRECTOR REMUNERATION AND OTHER BENEFITS

During the accounting period, the Directors of the Company received the following remuneration:

Name	Directors' Fees	Executive Salary	Share based payments
Mike Hutcheson	40,000	-	-
Graeme Keith Jackson	-	180,000	-
Paul Elliott	33,330	-	-
Peihuan Wang	-	-	-
Alex Qiang Kui	-	-	-

Donations

No donations were made in the 12-month financial period ended 31 March 2020.

CORPORATE GOVERNANCE STATEMENT

Cooks Global Foods Limited (**CGF**) believes in the benefit of good corporate governance and the value it provides for shareholders and other stakeholders. CGF is committed to ensuring that the company meets best practice corporate governance principles, to the extent that it is appropriate for the nature of CGF's operations.

The board of CGF is responsible for establishing and implementing the company's corporate governance frameworks, and is committed to fulfilling this role in accordance with best practice having regard to applicable laws, the NZX Corporate Governance Code and the Financial Markets Authority Corporate Governance – Principles and Guidelines.

As at 31 March 2020, CGF has implemented policies and processes to establish, shape and maintain appropriate governance standards and behaviours throughout CGF that aligns with the NZX Corporate Governance Code 2017 (**Code**). CGF's approach to applying the recommendations outlined in the Code is set out below. This statement is set out in the order of the principles detailed in the Code and explains how CGF is applying the Code's recommendations. CGF is in compliance with the Code, with the exception of recommendations 2.8 and 6.1 for the reasons explained below.

Principle 1 – Code of ethical behaviour

"Directors should set high standards of ethical behaviour, model this behaviour and hold management accountable for these standards being followed throughout the organisation."

Code of Ethics

The Board Charter, Code of Ethics and Code of Conduct establish the standards of ethical behaviour expected of Directors and staff. The Board expects Directors, management and staff to personally subscribe to these values and use them as a guide to make decisions. The Audit and Risk Committee has responsibility for monitoring compliance with internal processes, including compliance with the Code of Ethics.

Directors are expected to ensure the potential for conflicts of interests is minimised by restricting involvement in other businesses or in private capacities that could lead to a conflict. In considering matters affecting the Company, Directors are required to disclose any actual or potential conflicts. Where a conflict or potential conflict is disclosed, the Director takes no further part in receipt of information or participation in discussions on that matter. The Board maintains an interests' register and it is reviewed at each board meeting.

Should any member of staff have concerns regarding practices that may conflict with the Code of Conduct they are able to raise the matter with the Chair, as appropriate, on a confidential basis. Directors would raise any concerns regarding compliance with the Code of Ethics with the Chair. The Chair of the Board and the Chair of the Audit and Risk Committee note there have been no financial matters raised in this respect in the 2020 financial year.

Financial Product Trading

Directors, officers, employees and contractors are restricted in their trading of Cooks Global Foods securities and must comply with the Financial Products Trading Policy and Guidelines which is available on the Website.

Principle 2 – Board composition and performance

"To ensure an effective board, there should be a balance of independence, skills, knowledge, experience and perspectives."

Board Charter

The Board of Directors of the Company is elected by the shareholders to supervise the management of the Company. The Board establishes the Company's objectives, overall policy framework within which the business of the Company is conducted and confirms strategies for achieving these objectives. The Board also monitors performance and ensures that procedures are in place to provide effective internal financial control.

The Board is responsible for guiding the corporate strategy and direction of the Company and has overall responsibility for decision making. The Board has delegated responsibility for implementing the Board's strategy and for managing the operations of the Company to the Chairman.

CGF's board operates under a written charter which defines the respective functions and responsibilities of the board, focusing on the values, principles and practices that provide the corporate governance framework. The charter complies with the relevant recommendations in the Code and is reviewed annually.

The board uses committees to address certain matters that require detailed consideration. The board retains ultimate responsibility for the function of its committees and determines their responsibilities.

Nomination and appointment of directors

In accordance with CGF's constitution and NZX Listing Rules, the directors are required to retire by rotation and may offer themselves for re-election by shareholders each year. Procedures for the appointment and removal of directors are also governed by the Board Charter. CGF does not maintain a separate nomination committee, given the current size and nature of CGF's business, director nominations and appointments are the responsibility of the full board.

Written Agreements with directors

CGF intends to enter written agreements with any newly appointed directors establishing the terms of their appointment.

Director Information and Independence

The Board currently comprises of five Directors including the Chairman & Chief Executive Officer, Keith Jackson. The Board met twice during the year on a formal basis. The Audit and Finance Committee meetings are held outside these meetings on a regular basis as required.

The board takes into account guidance provided under the NZX Listing Rules in determining the independence of directors. Director independence is considered annually. Directors are required to inform the board as soon as practicable if they think their status as an independent director has (or may have) changed.

The directors that the board considers are independent and information in respect of directors' ownership interests is contained in this annual report.

Diversity

Cooks recognises the wide-ranging benefits that diversity brings to an organisation and its workplaces. Cooks endeavours to ensure diversity at all levels of the organisation to ensure a balance of skills and perspectives are available in the service of our shareholders and customers. To this end, the Board is committed to fostering a culture that embraces diversity.

The Board also has the responsibility of monitoring and promoting the diversity of staff and associated corporate culture, including requiring that recruitment and selection processes at all levels are appropriately structured so that a diverse range of candidates are considered and to avoid conscious and unconscious biases that might discriminate against certain candidates.

The gender balance of the Group's Directors, officers and all employees were as follows:

	As at 31 March 2019			As at 31 March 2020		
	Directors	Officers	Employees	Directors	Officers	Employees
Female	-	-	29	-	-	26
Male	5	1	15	5	1	16
Total	**5**	**1**	**44**	**5**	**1**	**42**

At 31 March 2020, the Group's Directors, officers and all employees 15 nationalities are represented.

Director Training

All directors are responsible for ensuring they remain current in understanding their duties as directors. Where necessary, CGF will support directors to help develop and maintain directors' skills and knowledge relevant to performing their role.

Separation of the Chair and Managing Director

Due to the size and nature of CGF and its cash flow requirements CGF does not comply with 2.8 of the Code, the chair of the board and managing director are not separate people.

Principle 3 – Board Committees

"The board should use committees where this will enhance its effectiveness in key areas, while still retaining board responsibility."

Given the small scale of the company and board, the board currently has one standing committees, the Audit and Risk. This committee operates under a specific charter which is approved by the Board and will be reviewed annually. Any recommendations made by these committees are recommendations to the board.

Directors

Name	Status	Current/Resigned	Sub-committee membership	Attendance*
Keith Jackson	*Chairman & CEO Executive*	Appointed 18/8/08	Audit & Finance	5
Paul Elliott	*Non-Executive Independent*	Appointed 30/5/19	Audit & Finance	5
Mike Hutcheson	*Non-Executive Independent*	Appointed 3/10/13	Audit & Finance	5
Peihuan Wang	*Non-Executive Independent*	Appointed 29/4/16	-	2
Alex Qiang Kui	*Non-Executive Independent*	Appointed 27/2/19	- -	2

Audit and Risk Committee

The Audit and Risk Committee Charter sets out the objectives of the Audit and Risk Committee which are to provide assistance to the board in fulfilling its responsibilities in relation to the company's financial reporting, internal controls structure, risk management systems and the external audit function.

The audit committee currently comprises Keith Jackson, Paul Elliott and Mike Hutcheson. Paul Elliott and Mike Hutcheson are considered Independent Directors for the purposes of NZX Listing Rule 2.1.1. All members of the Audit and Risk Committee have appropriate financial experience and an understanding of the industry in which CGF operates.

The Audit and Risk Committee focusses on audit and risk management and specifically addresses responsibilities relative to financial reporting and regulatory compliance. The Audit and Risk Committee is accountable for ensuring the performance and independence of the external auditor, including that CGF provides for 5-yearly rotation of either the external auditor or the lead audit partner.

The committee provides a forum for the effective communication between the board and external auditors. The responsibilities of the committee include:

- reviewing the appointment of the external auditor, the annual audit plan, and addressing any recommendations from the audit;
- reviewing any financial information to be issued to the public; and
- ensuring that appropriate financial systems and internal controls are in place.

The Audit and Risk Committee may have in attendance the Managing Director and/or others including the external auditor as required from time to time.

Takeover Response Protocol

The board has protocols in place that set out the procedure to be followed if there is a takeover offer for CGF. This procedure is set out in the board charter.

Principle 4 – Reporting and Disclosure

"The board should demand integrity in financial and non-financial reporting, and in the timeliness and balance of corporate disclosures."

Continuous Disclosure

The board focusses on providing accurate, adequate and timely information both to existing shareholders and the market generally. This enables all investors to make informed decisions about CGF.

CGF, as a company listed on the NZX Main Board, has an obligation to comply with the disclosure requirements under the NZX Listing Rules, and the Financial Markets Conduct Act 2013. CGF has a Continuous Disclosure Policy designed to ensure this occurs. CGF recognises that these requirements aim to provide equal access for all investors or potential investors to material price-sensitive information concerning issuers or their financial products. This in turn promotes confidence in the market. The Continuous Disclosure Policy outlines the obligations for CGF in satisfying the disclosure requirements. CGF's Disclosure Officer (currently the Chair) is responsible for ensuring compliance with the NZX continuous disclosure requirements and overseeing and co-ordinating disclosure to the exchange.

Financial Reporting

The Board monitors:

- available cash in the Company to ensure there are sufficient funds available to satisfy debts as they fall due; and
- the continued support of the Company's principal creditors, to ensure their continued support of the Company and continued intention to not call up amounts owing to them.

The Board is committed to keeping the market and its shareholders informed of all material information relating to the Company through meeting the obligations imposed under the Listing Rules and relevant legislation such as the Financial Markets Conduct Act 2013.

CGF seeks to make disclosures in a timely and balanced way to ensure transparency in the market and equality of information for investors. The Company also recognises the benefits of providing other releases that broaden the market's knowledge of the Company's business and financial performance and seeks, where appropriate, to use communications that achieve this objective.

The website is a key channel for the distribution of Cooks' information and is updated after documents are disclosed on the NZX.

The Chair of the Board and the CEO are responsible for the day to day management of ensuring these obligations are met. The Board will review compliance with the continuous disclosure obligations at every board meeting.

Cooks was referred by NZX to the NZ Markets Disciplinary Tribunal (Tribunal) and in a determination dated 4 February 2020, the Tribunal found that Cooks Global Foods Limited (CGF) breached NZX Listing Rule 3.6.1 by filing its 2019 Annual Report 5 business days late. The Tribunal ordered that CGF pay a financial penalty of $35,000, pay the costs of NZX and the Tribunal, and be publicly censured.

Principle 5 – Remuneration

"The remuneration of directors and executives should be transparent, fair and reasonable."

Directors' Remuneration

The Remuneration Committee makes recommendations to the board on remuneration matters in keeping with the Remuneration Policy which outlines the key principles that influence CGF's remuneration practices. The committee is also responsible for making recommendations to the board on the remuneration of the Chair. Directors' fees are determined by the board on the recommendation of the committee within the aggregate director remuneration pool approved by shareholders.

Details of remuneration paid to directors are disclosed in the latest annual report.

Principle 6 –Risk Management

"Directors should have a sound understanding of the material risks faced by the issuer and how to manage them. The Board should regularly verify that the issuer has appropriate processes that identify and manage potential and material risks."

The board considers its material risks are any decision to realise or make new investments and to carefully manage cash flow. The Managing Director reports regularly to the full board on these key risks, and operating expenses are kept to a bare minimum.

Key risk management tools used by CGF include the Audit and Risk Committee function and outsourcing certain functions to service providers (such as legal and audit). CGF also maintains insurance policies that is considers adequate to meet insurable risks. The board of CGF will continue to regularly consider any potential risks and its risk management processes and adapt these should the nature and size of the business change in the future. While CGF is comfortable this approach to risk is sufficient, it does not comply with recommendation 6.1 of the Code as it does not have a formal risk management framework.

Health and Safety

The board does not consider it necessary to maintain a specific health and safety committee. The full board of CGF recognise the importance of health and safety considerations, and will continue to assess any risks, management and performance in this regard in the future.

Principle 7 – Auditors

"The board should ensure the quality and independence of the external audit process."

The Audit and Risk Committee makes recommendations to the board on the appointment of the external auditor as set out in Audit and Risk Committee Charter. The committee also monitors the independence and effectiveness of the external auditor and reviews and approves any non-audit services performed by the external auditor.

Principle 8 – Shareholder rights and relations

"The board should respect the rights of shareholders and foster constructive relationships with shareholders that encourage them to engage with the issuer."

Information for Shareholders

The Company aims to ensure that shareholders are informed of all major developments affecting the Company affairs. Information is communicated to shareholders in the Annual Report, Interim Report, and regular NZX announcements, including major share transactions, acquisitions, store expansion and new franchises and any personnel changes of significance.

The company website provides an overview of the business and information about CGF. This information includes details of investments, latest news, investor information, key corporate governance information, and copies of significant NZX announcements. The website also provides profiles of the directors and the senior executive team. Copies of previous annual reports, financial statements, and results presentations are available on the website.

Shareholders have the right to vote on major decisions of the company in accordance with requirements set out in the Companies Act 1993 and the NZX Listing Rules.

Communicating with Shareholders

CGF endeavours to communicate regularly with its shareholders through its market updates and other investor communications. The company receives questions from time to time from shareholders, and has processes in place to ensure shareholder communications are responded to in a timely and accurate manner. CGF's website sets out appropriate contact details for communications from shareholders, including the phone number and email address of the Chair, Keith Jackson. CGF provides the opportunity for shareholders to receive and send communications by post or electronically.

CGF sends the annual shareholders notice of meeting and publishes it on the company website as soon as possible and at least 28 days before the meeting each year.

Directory

Company number:	2089337
Year of incorporation:	2008
Registered office:	Level 5, 3 City Road Auckland 1010
Nature of business:	Food & beverage industry
Directors:	Graeme Keith Jackson Michael George Rae Hutcheson Peihuan Wang Paul Valentine Mark Elliott (Appointed 30 May 2019) Alex Qiang Kui (Appointed 27 February 2019)
Solicitors:	Duncan Cotterill Wellington
Bankers:	ANZ Bank, Auckland
Auditors:	William Buck Audit (NZ) Limited
Share registry:	Link Market Services Limited Auckland