COOKS GLOBAL FOODS LIMITED

ANNUAL REPORT

31 MARCH 2021

Contents to Consolidated Financial Statements

Executive Chairman's Report

REPORT FOR THE 12 MONTHS TO 31 MARCH 2021

Positive trends offset by Covid-19 impact

SUMMARY

- Covid-19 impact on trading was significant in all markets during the year and led to delays in the store development and opening program.
- The Covid-19 impact in all markets applied throughout the year in line with respective government-imposed measures. The revenue declines were somewhat offset by various levels of government support packages that somewhat mitigated the full impact.
- A number of store openings and other development activities were delayed due to the various government restrictions and other Covid-19 impacts.
- Trading was positive in periods when the stores were able to trade and a number of stores were able to adapt and revise their model to the new operating procedures but this was not possible for other stores that due to their location or licencing were not able to operate effectively.
- The acquisition of the fast-growing Triple Two Coffee business in June 2020 has added scale to the core UK market and placed CGF as the #4 Coffee focused chain in UK as measured by total store numbers.
- Cash flow from operating activities was positive $36,000 compared to prior year of $193,000
- Total group revenue from continuing activities decreased by 59% to $1.714m.
- Net loss before tax from continuing operations was $2.618m which was improved compared to the same period a year ago despite the significant reduction in revenue due to Covid-19 restrictions, reflecting the benefits of prior restructuring and reduction of costs and the resilience of the business model.
- Operating loss before depreciation, amortisation & finance charges was $908,000 compared to prior year profit of $480,000 and the operating loss from continuing operations after tax decreases to $2.539m from loss of $3.590m last year.
- The delays in store openings and other non operational factors have resulted in revenue of $4.991m being deferred until stores will open, which is expected over the next year.

Whilst the FY21 financial year was dominated by the Covid-19 pandemic it has shown the strength of the business model and has demonstrated a resilient heartland in towns and suburbs and with vehicle accessed locations outperforming the larger city centre outlets that were affected by the combination of the working from home (WFH) phenomenon along with the lack of tourists that impacted franchised stores in cities like Dublin, Windsor & Stratford on Avon. Independent industry research from Allegra Research in the UK showed that the Esquires UK brand outperformed the market in calendar year 2020 with sales down 29% compared to the industry decline of 39%.

The first half of the year saw strong lockdown for the April to June period in almost all markets in which we operate globally followed by various levels of opening from July – October period which was then followed by a second series of lockdowns that have gradually reopened with the UK being open from June 2021 and Ireland from the end of July 2021.

Store sales for the period August – October Esquires UK sales were 16% up on the prior year whilst in Ireland our store sales were down 14% of the prior year due to the significant impact of lack of tourists and workers in the CBD in Dublin.

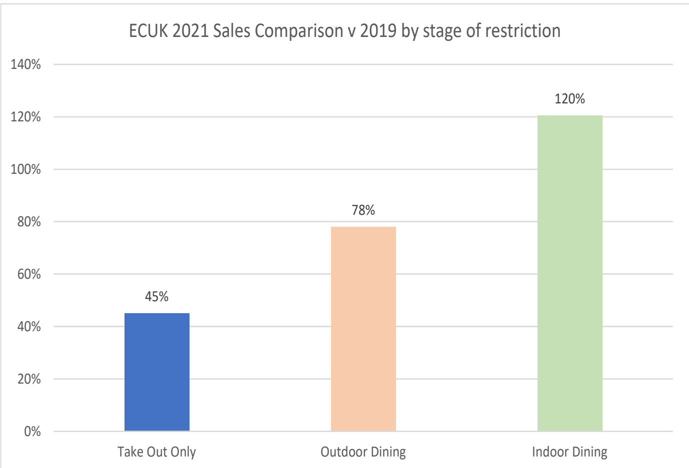
During the financial year the group opened twelve new stores in UK & Ireland and in Saudi Arabia and nine outlets were closed during the year. With the addition of the Triple Two stores the estate was 93 outlets at the end of March 2021.

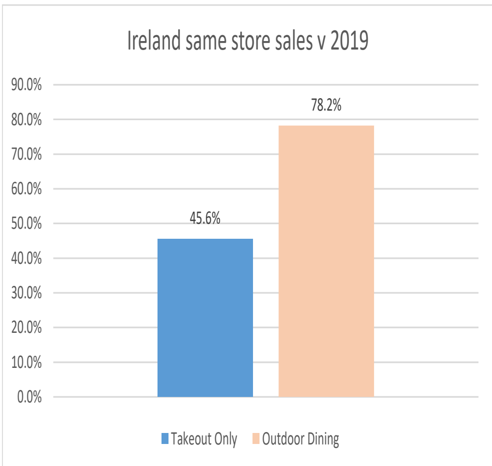
COVID-19

The FY21 financial year and beyond have been significantly impacted by the Covid-19 pandemic. During the year there were times when there were no stores trading and other times where stores were only able to trade under various levels of Government imposed restrictions. Rules varied by country and the information below is showing the situation in Esquires UK & Ireland and shows comparisons between 2021 & 2019. Given that Triple Two was acquired in June 2020 comparative figures for the 2019 year are not available. The information is presented to show the different stages of restriction under which the trading was operating in 2021. There have been 3 different levels of restriction:

1. When takeout only was able to be conducted
2. When customers could dine outside as well as purchase takeout
3. When customers could dine inside under various restrictions relating to number of people per table etc.

The graph below shows the actual system wide store sales comparison in both UK & Ireland under these restrictions up to the 25th July 2021. Note that the Stage 3 relaxation as per the above only came into effect in Ireland on 26th July2021.





The trends are very similar between the two countries, and this provides confidence relating to potential future trends as Ireland opens up.

These UK figures relate to overall sales, and we have observed transaction numbers being slightly down on the 2019 numbers but the average transaction value (ATV) being up by approximately 30% in the Indoor Dining stage. In the takeout only stage the ATV was 18% up, under the Outdoor Dining stage the ATV was 27% up and in the Stage 3 – Indoor Dining the ATV has averaged 35% up on 2019.

In Ireland the ATV was down 6% when the stores could only do takeout driven by lower food sales than normal whereas under the Outdoor Dining stage the ATV was 16% up on 2019. The sales mix for the year to date to 25th July is 59% beverage sales & 41% food whereas the Irish business normally trades at 45% Beverage & 55% Food. The changed mix is due to the nature of the customer experience, and it is expected that the Stage 3 trading with Indoor Dining will result in higher food sales more in line with historic trends.

During the Covid period the company has accelerated the development of digital tools such as Click & Collect and added delivery in a number of stores. These trends were previously being promoted but the pandemic has driven the change at a faster rate than we would have normally seen.

Industry studies have shown consumer resilience and a desire amongst people to socialise when they can both with friends, family and work colleagues. We believe that the franchise model with local ownership in the communities provides a strong link to the consumers and that the resilience shown to date during the pandemic should translate through to positive trends going forward. Along with the strong growth in store numbers, the solid performance of existing stores will combine to build a strong branded offering in the defined core markets.

BALANCE SHEET

Borrowings increased to $7.507m from $5.522m 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 funding options to better reflect the appropriate mix of equity and debt requirements for the business.

Lease receivables of $18.283m and right-of-use assets of $715,000 lease liabilities of $19.080m have been recognised this year under IFRS 16 Accounting Standard for Finance Leases & $5.196m of Current & $1.760m on Non-Current Liabilities was classified as Deferred Revenue.

Loans of $1.8m will be converted to equity under a commitment from parties related to the Chairman, Keith Jackson, this will be tabled for approval at the AGM prior to formal implementation.

OPERATIONAL BUSINESS PERFORMANCE

THE UNITED KINGDOM

The United Kingdom entered lockdown from mid-March 2020 to early July 2020 and then from mid October 2020 through to mid-2021. As a result, many of our franchised stores were temporarily closed for considerable periods of time and others are operating as takeaway only outlets only. Government support packages have assisted our franchisees in being able to maintain their businesses through this period.

Limited income from franchise fees was received during the period as these relate directly to store sales. Despite store growth being paused due to Covid, the group has continued to build for the future.

Timing delays due to Covid uncertainties delayed the opening of numerous stores although this activity has resumed in FY22.

Esquires UK store numbers increased to 45 at the end of March. During the year 7 stores were opened and 6 were closed. Constant currency Esquires Coffee store sales for the year were NZ$12.244m which was 58% of the $20.890m in the same period a year ago. For the period August to October 2020 when all stores were open and trading as per “normal” the sales for the Esquires UK system were 16% ahead of the same period for the prior year.

TRIPLE TWO COFFEE

The Triple Two network that was acquired in June 2020, opened 2 new stores in Manchester & Lakeside in Essex during the financial year. Triple Two has opened eight new outlets in April to July 2021 with another six in the pipeline to be opened later in 2021.

Triple Two Coffee operating results are impacted by the deferral of income in accordance with IFRS 15. This will be released to revenue as the stores open in the future.

UK SUMMARY

With 56 stores operating at the end of March the group are the 4th largest coffee focused café chain in the UK after Costa, Starbucks & the Caffe Nero group based on Allegra Research data as measured by store numbers. With an additional 9 outlets being opened between April & July 2021 the UK outlet numbers to 68 at the end of July 2021 The growth pathway remains positive and as the UK recovers from the Covid-19 impact we look forward to seeing the pre-Covid momentum return and with the combined Esquires and Triple Two brands we believe have a scalable business with critical mass and are well placed to deliver strong and sustainable results.

IRELAND & EUROPE

The Esquires network in Ireland added a new outlet in December 2020 in the Ilac Shopping Centre in Dublin which replaced the nearby Savoy outlet which was closed when the landlord decided to upgrade the Savoy Movie theatre complex. The same franchisee established the Ilac store which opened with many of the staff transferring to the new outlet. Outlet numbers at the end of the year were 13 and there is an encouraging pipeline of new stores in development for the balance of 2021 subject to the current program for the removal of restrictions being implemented as per the current plan. The company plans to open six new outlets in Ireland in FY22 and one will close as the lease is expiring.

Constant currency total store sales in Ireland were 41% of the FY20 year with the major impact being in the central city locations, particularly Dublin. Retail Parks that are in smaller & rural locations were 59% of prior year whilst Shopping Centres that were often closed due to the restrictions were 29% of prior year.

The region posted an operating loss of $79,000 compared against an operating profit of $128,000 in the same period a year ago.

The European business development has been delayed due to the Covid-19 impact and the existing outlet in Porto in Portugal was significantly affected by Covid lockdowns during the year.

GLOBAL

Cooks operating revenue in the segment was $153,000 compared to last year operating revenue of $1.077m, with the fall relating to discontinued international product sales to the Middle East. The global business posted an operating loss of $205,000 compared to an operating profit of $617,000 in the same period a year ago.

SUPPLY

Revenue in the supply business decreased to $37,000 from the same period a year ago. Crux Products recorded weaker sales, due largely to the timing of shipments and the logistics challenges related to Covid factors that were experienced globally. Supply operating profit was $25,000 compared to $120,000 at the same time a year ago.

CORPORATE

Total Corporate expenses were $1.266m as compared to $2.021m last year last year due to overall reduced expenses, particularly in relation to legal and consulting fees. This included finance & foreign exchange translation costs were $425,000 compared to $761,000 last year.

During the year the overall corporate costs were reduced due to the simplification of the business and the sale of non-core business units. The benefits that will flow from the restructuring are expected to continue to build in future years.

CHINA

CGF has held a minority interest in a Chinese joint venture for several years. The joint venture company has been developing cafes, self-serve coffee machines and a coffee roastery in Mainland China.

The joint venture partners have been called on to provide additional capital to fund growth and accordingly rather than allocating capital to the Chinese joint venture, CGF has decided to withdraw from the joint venture and focus on core markets of UK & Europe. The franchise agreement that was in place allowing the IP rights to the JV for use of the brand has been revised to reflect the change in shareholding.

This has not had any impact on the financial statements of CGF for the current financial year as the value of the joint venture interest was written off in FY20.

Debt re-financing

CGF entered new debt facilities of approximately $535,000 with Summit Capital Limited & has now repaid all facilities with ANZ Bank.

SUMMARY

CGF had generated significant momentum in the second half of FY20 and this had begun to show benefits in scale and profitability. The first stages of these benefits were evidenced in the result for the FY20 year. Our permanent restructuring changes completed during the last 12 months have significantly reduced the overhead costs of the group and the group is positioned well for future profitability.

The Covid-19 pandemic has been unfortunate to say the least and at this time we cannot accurately determine the full longer-term impact. We believe that the business model is sound with the focus on clearly defined core business areas that we can scale up 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 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 and Indonesia.

TRIPLE TWO ACQUISITION

Cooks Global Foods acquired the fast-growing Triple Two Coffee café chain in June 2020. Triple Two Coffee franchises 18 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, and Hove.

The images below show the staff at Triple Two Bristol on opening day.

BUSINESS PERFORMANCE BY MARKET

THE UNITED KINGDOM

UK store numbers increased to 56 at the end of March up from 44 at the same time a year ago due to adding the Triple Two network. During the year 20 stores were opened and 8 closed. Constant currency coffee store sales for the year reduced to $13.507m from $20.890m in the same period a year ago due to the Covid trading restrictions.

Esquires Addlestone, UK

Esquires Caerphilly, UK

The government support program to reduce VAT from 20% to 5% for the period August 2020 to September 2021 is assisting. The wage subsidy scheme in the UK continues to operate and the company has taken advantage of this generous support. One of the major challenges facing all employers at present is being able to attract new employees as many of the normal staff have returned to their homelands on the Continent. This challenge is being faced in numerous countries around the world at present and may result in some reduction of trading hours as franchisees manage the challenge of lower available staff and enthusiastic customers.

The company has also had an active new store development plan in place which was accelerating pre Covid and this is evidenced by 29% of sales in the last 4-month period to July 2021 coming from new stores that were not open in 2019.

The Esquires Coffee 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 to grow the business. There are 3 regions currently sold and this process has been put on hold during the pandemic given the uncertainties that existed. This is now being re-established.

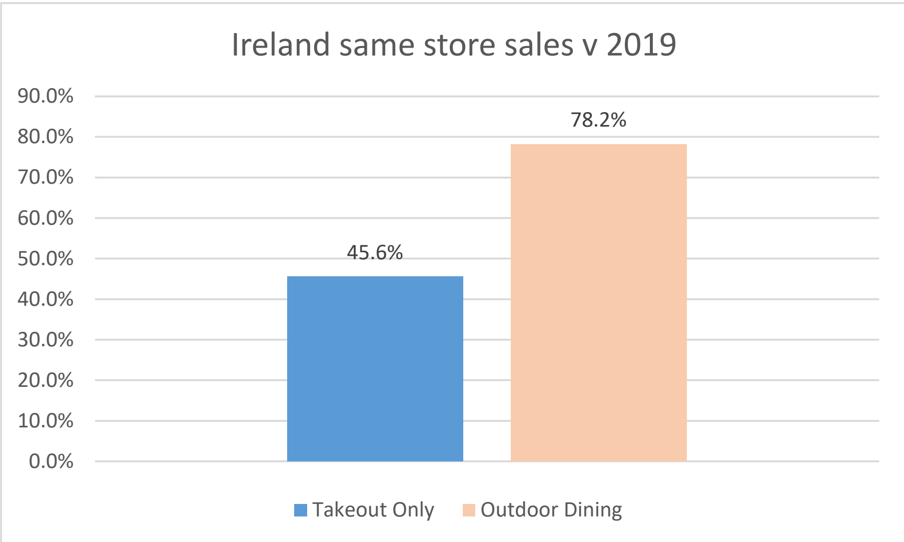
Continuing operations in the UK division demonstrate operating loss of $1.280m, with discontinued operations representing operating losses of $127,000.

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 60% below of FY20 due to the effects of the pandemic that meant that stores were closed for long periods of time and the Dublin based stores in the CBD and Mall stores were particularly affected.

The graph below shows sales trends for the same stores from April to the end of July 2021 v 2019 when all stores were open. The trends are similar to the UK and the company is hopeful of a strong recovery with indoor dining being allowed from the 26th July 2021 under strict conditions. Ireland has a strong pipeline of new stores due to open in the remainder of FY22 and the plan is to have 18 stores open by March 2022 compared to the current 13.



The region posted an operating loss of $79,000 compared against an operating profit of $128,000 in the same period a year ago, resulting from increased revenue in Ireland offset against increased costs representing investment in the European region.

Esquires Limerick, Ireland

Esquires Coffee, Portugal

GLOBAL AND MIDDLE EAST

Cooks operating revenue in the combined segments fell from $1.299m to $175,000, with the fall relating to decreased international product sales to the Middle East. The segments posted an operating loss of $182,000 compared to an operating profit of $738,000 in the same period a year ago.

SUPPLY AND CORPORATE

Revenue at the supply businesses decreased to $37,000 from the same period a year ago at $278,000. The Crux supply business recorded weaker sales, and this was due largely to the timing of shipments to and from its customers offshore.

Supply has operating profit of $25,000 compared to $120,000 profit at the same time a year ago.

Corporate operating losses were $413,000, compared to the operating loss of $1.243m last year due to overall reduced expenses, particularly in relation to legal and consulting fees.

BALANCE SHEET

Borrowings increased to $7.507m from $5.522m 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 $18.283m and right-of-use assets of $715,000, lease liabilities of $19.080m have been recognised this year, following the adoption of NZ IFRS 16 Leases from 1 April 2019.

OUTLOOK

The timing of the Covid-19 pandemic has been unfortunate to say the least and at this time we cannot accurately determine the ongoing impact. With the evidence of the strong recovery that has been evident as markets open up, we believe that the business model is sound and resilient with the focus on clearly defined core markets that we can scale and we are well placed to emerge from the pandemic with our ability to respond to local customer preferences through the franchise network placing us well for the revival. The acquisition of Triple Two Coffee will be positive in FY22 and beyond as this high growth business delivers on its potential and adds a complimentary brand offering in our major market of UK.

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 most importantly our valued customers for their continued support through these unique times.

ESQUIRES OPERATING METRICS

12 MONTHS TO 31 MARCH 2021

TOTAL NETWORK	2021	2020	VARIANCE
Esquires Coffee Store sales	NZ $24,779,788	NZ $48,657,181	-49.07%
Transactions	2,104,494	4,633,645	-54.58%
Average transaction value	NZ $11.77	NZ $10.50	12.13%

Store Numbers	Mar-20	Stores Opened	Stores Closed	Mar-21
Esquires UK	44	7	6	45
Triple Two	0	13	2	11
Ireland	13	2	2	13
Europe	1	0	0	1
Asia	4	2	1	5
Middle East	18	2	2	18
Total	80	26	13	93

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 & Triple Two 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. 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 & Triple Two 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 & Triple Two coffee store sales by total transactions recorded over the period.

Total (Store) Network:

All stores whether owned 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 2021.

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 2021 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 Markets Conduct 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 22 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 22 to 70, of Cooks Global Foods Limited and its controlled entities for the period 1 April 2020 to 31 March 2021.

The Board of Directors of Cooks Global Foods Limited authorised these consolidated financial statements for issue on 30 July 2021.

Cooks Global Foods Limited

Independent auditor’s report to the Shareholders

Report on the Audit of the Consolidated Financial Statements

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 2021, 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 the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2021, 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) and International Financial Reporting Standards.

Basis for Opinion

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.

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 $2,487,000 for the year ended 31 March 2021 and, as of that date, the Group’s total liabilities exceeded its total assets (negative equity) by $14,231,000

ACCOUNTANTS & ADVISORS
Level 4, 21 Queen Street
Auckland 1010, New Zealand
PO Box 106 090
Auckland 1143, New Zealand
Telephone: +64 9 366 5000
williambuck.co.nz

William Buck Audit (NZ) Limited

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.

<table>
<tr><th colspan="2">BUSINESS COMBINATION</th></tr>
<tr><td>Area of focus - Refer also to Note 31</td><td>How our audit addressed it</td></tr>
<tr><td>The Group acquired a significant subsidiary, Triple Two, on 19 June 2020. This has resulted in recognition of several significant balances in the Statement of Financial Position on acquisition:
• Intangible Asset of $4.9m
• Deferred Tax Liability of $1.4m
• Goodwill of $11.6m
• Contingent Consideration Liability of $6.4m</td><td>Our audit procedures included:
- Analysed the Group's Business Combination accounting for compliance with NZ IFRS 3
- Engaged a expert third party to test the valuation of the Intangible Asset
- Tested the calculations and key assumptions for determing the Contingent consideration and the accounting treatment
- Ensure appropriate disclosure has been included in the financial statements</td></tr>
<tr><th colspan="2">INTANGIBLE ASSETS</th></tr>
<tr><td>Area of focus - Refer also to Note 15</td><td>How our audit addressed it</td></tr>
<tr><td>The Group has significant intangible assets relating to the Global franchise rights (excluding a few countries) of Esquires Coffee. The Group has assessed that the useful life of these intangible assets to be indefinite.
The Group has significant intangible assets relating to the franchise rights of Triple Two that are amortised.</td><td>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</td></tr>
</table>

REVENUE RECOGNITION	
Area of focus - Refer also to Note 3.9	**How our audit addressed it**
The Group recognsies revenue in accordance with NZ IFRS 15 *Revenue Recognition.* The acquisition of Triple Two resulted in additional services being provided by the Group which required analysis to comply with NZ IFRS 15. This has resulted in a significant balance of Deferred Revenue been recognised at 31 March 2021.	Our audit procedures included: - 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 - Tested key transactions to underlying supporting documentation relating to deferred revenue recorded by the Group at 31 March 2021 - Ensure appropriate disclosure has been included in the financial statements

LEASES	
Area of focus - Refer also to Note 3.3 & 3.4	**How our audit addressed it**
The Group applies NZ IFRS 16 *Leases,* which 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

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.

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

30 July 2021

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2021

	Notes	31 March 2021 $'000	31 March 2020 $'000
Continuing operations			
Revenue	5	**1,714**	4,190
Other income	5	**1,013**	12
Raw materials and consumables used		**(138)**	(133)
Depreciation and amortisation	15,16,21	**(819)**	(702)
Impairment Loss	11	**(48)**	(229)
Net foreign exchange (losses)/gains		**370**	(69)
Employee costs	6	**(2,260)**	(1,806)
Other expenses	7	**(1,560)**	(1,485)
Operating profit/(loss)		**(1,727)**	**(222)**
Interest Income		**1,147**	**1,055**
Finance costs	8	**(2,039)**	(1,742)
Impairment of investment in associate	14.2	**-**	(2,520)
Share of net loss of associate accounted for using the equity method	14.2	**-**	(168)
Loss before income tax		**(2,618)**	**(3,597)**
Income tax (expense)/credit	9	**80**	7
Loss for the year from continuing operations		**(2,539)**	(3,590)
Net loss for the year from discontinued operations	13.1	**(7)**	(1,593)
Net loss for the year		**(2,545)**	(5,183)
Loss attributable to:			
- Shareholders of the parent		**(2,545)**	(5,208)
- non-controlling interests		**-**	25
		(2,545)	(5,183)
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss			
Change in foreign currency translation reserve		**58**	(99)
Other comprehensive income after tax		**58**	**(99)**
Total comprehensive loss for the year		**(2,487)**	**(5,282)**
Attributable to:			
- Shareholders of the parent		**(2,487)**	**(5,307)**
- non-controlling interests		**-**	**25**
		(2,487)	**(5,282)**
Total comprehensive loss for the year attributable to Shareholders of the parent arises from:			
- Continuing operations		**(2,480)**	**(3,689)**
- Discontinued operations	13.1	**(7)**	**(1,593)**
		(2,487)	**(5,282)**
Loss per share:			
Basic and diluted loss per share (New Zealand Cents) from continuing and discontinued operations:	20.2	**(0.42)**	(1.06)
Basic and diluted loss per share (New Zealand Cents) from continuing operations:	20.2	**(0.42)**	(0.73)
Basic and diluted loss per share (New Zealand Cents) from discontinued operations:	20.2	**-**	(0.33)

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

Consolidated Statement of Changes in Equity

For the year ended 31 March 2021

		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 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								
Ordinary shares to be issued	20.1	3,032	-	-	-	**3,032**	-	**3,032**
Change in share based payment reserve		-	-	238	-	**238**	-	**238**
Total contributions by owners of the Company		**3,032**	**-**	**238**	**-**	**3,270**	**-**	**3,270**
Balance at 31 March 2020		45,549	150	2,401	(53,758)	(5,658)	(53)	(5,711)
Balance at 1 April 2020		**45,549**	**150**	**2,401**	**(53,758)**	**(5,658)**	**(53)**	**(5,711)**
Comprehensive loss for the year								
Loss for the year		**-**	**-**	**-**	**(2,545)**	**(2,545)**	**-**	**(2,545)**
Other comprehensive income								
Items that may be subsequently reclassified to profit or loss:								
Change in foreign currency translation reserve		**-**	**58**	**-**	**-**	**58**	**-**	**58**
Total comprehensive income/(loss) for the year		**-**	**58**	**-**	**(2,545)**	**(2,487)**	**-**	**(2,487)**
Transactions with owners of the Company								
Issue of ordinary shares	20.1	**6,671**	**-**	**-**	**-**	**6,671**	**-**	**6,671**
Changed ownership interests of the parent and the NCI					**(53)**	**(53)**	**53**	**-**
Option to purchase own shares					**(194)**	**(194)**		**(194)**
Total contributions by owners of the Company		**6,671**	**-**	**-**	**(247)**	**6,424**	**53**	**6,477**
Balance at 31 March 2021		**52,220**	**208**	**2,401**	**(56,550)**	**(1,721)**	**-**	**(1,721)**

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

Consolidated Statement of Financial Position
As at 31 March 2021

	Notes	31 March 2021 $'000	31 March 2020 $'000
Current Assets			
Cash and cash equivalents	10	**886**	255
Trade and other receivables	11	**4,615**	951
Lease receivables	21.1	**2,085**	1,670
Other current assets	11	**1,274**	661
Assets classified as held-for-sale	13	**29**	422
Current Assets		**8,888**	**3,959**
Non-Current Assets			
Property, plant and equipment	16	**78**	**145**
Right-of-use assets	21.1	**715**	**2,468**
Lease receivables	21.1	**16,198**	**16,653**
Goodwill	15,31	**11,569**	-
Intangible assets	15	**7,495**	**2,840**
Other non-current financial assets		**15**	**15**
Non-current assets		**36,071**	**22,121**
Total Assets		**44,959**	**26,080**
Liabilities			
Current Liabilities			
Trade and other payables	17	**5,401**	**3,996**
Deferred Revenue	18	**5,196**	**211**
Lease liabilities	21.1	**1.941**	**2.112**
Contingent Consideration	31	**6,431**	**-**
Borrowings and other liabilities	19	**4,150**	**3,431**
Current liabilities		**23,119**	**9,750**
Non-Current Liabilities			
Deferred Revenue	18	**1,760**	1,192
Lease liabilities	21.1	**17,138**	18,758
Deferred tax liabilities	9	**1,306**	-
Borrowings and other liabilities	19	**3,357**	2,091
Non-current liabilities		**23,561**	**22,041**
Total Liabilities		**46,680**	**31,791**
Net Assets/(Liabilities)		**(1,721)**	**(5,711)**
Equity			
Share capital	20.1	**52,220**	**45,549**
Accumulated losses		**(56,550)**	**(53,758)**
Foreign currency translation reserve		**208**	**150**
Share based equity reserve	20.3	**2,401**	**2,401**
Equity attributable to owners of the parent		**(1,721)**	**(5,658)**
Non-controlling interests		**-**	(53)
Total equity		**(1,721)**	**(5,711)**

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

Director

Director

The consolidated financial statements were approved for issue for and on behalf of the Board as at 30 July 2021.

Consolidated Statement of Cash Flows

For the year ended 31 March 2021

	Notes	31-Mar 2021 $'000	31-Mar 2020 $'000
Operating activities			
Cash was provided from:			
Receipts from customers		**4,242**	**12,824**
Cash was applied to:			
Interest cost		**(210)**	**(1,414)**
Payments to suppliers & employees		**(3,995)**	**(11,217)**
Net cash provided from/(applied to) operating activities	23	**36**	**193**
Investing activities			
Cash was provided from:			
Disposal of discontinued operation, net of cash disposed of		**158**	-
Acquisition of subsidiary, net of cash acquired		**451**	-
Cash was applied to:			
Purchase of property, plant and equipment		**(103)**	**(80)**
Acquisition of intangible assets		**-**	**(8)**
Net cash provided from/(applied to) investing activities		**506**	**(88)**
Financing activities			
Cash was provided from:			
Proceeds from borrowings		**1,651**	1,712
Cash was applied to:			
Principal elements of lease payments		**(736)**	(1,855)
Repayment of borrowings		**(846)**	-
Net cash provided from/(applied to) financing activities		**69**	**(143)**
Net increase/(decrease) in cash and cash equivalents held		**611**	(38)
Cash & cash equivalents at beginning of the year		**255**	302
Effect of exchange rate changes on foreign currency balances		**19**	(9)
Cash & cash equivalents at end of the year	10	**886**	**255**
Composition of cash and cash equivalents:			
Bank balances	10	**886**	255
Overdraft balances	10	**-**	-
		886	**255**

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 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 96 St Georges Bay Road, Parnell, Auckland, 1052, 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 2021 ("FY21") were approved and authorised for issue by the Board of Directors on 30 July 2021.

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.

COVID-19-Related Rent Concessions (Amendments to NZ IFRS 16)

Effective 1 June 2020, NZ IFRS 16 was amended to provide a practical expedient for lessees accounting for rent concessions that arise as a direct consequence of the COVID-19 pandemic and satisfy the following criteria:

(a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

(b) The reduction is lease payments affects only payments originally due on or before 30 June 2022; and

(c) There are is no substantive change to other terms and conditions of the lease.

Rent concessions that satisfy these criteria may be accounted for in accordance with the practical expedient, which means the lessee does not assess whether the rent concession meets the definition of a lease modification. Lessees apply other requirements in NZ IFRS 16 in accounting for the concession.

The Group has elected to utilise the practical expedient for all rent concessions that meet the criteria. The practical expedient has been applied retrospectively, meaning it has been applied to all rent concessions that satisfy the criteria, which in the case of the Group, occurred from March 2020 to March 2021.

Accounting for the rent concessions as lease modifications would have resulted in the Group remeasuring the lease liability to reflect the revised consideration using a revised discount rate, with the effect of the change in the lease liability recorded against the right-of-use asset. By applying the practical expedient, the Group is not required to determine a revised discount rate and the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

The effect of applying the practical expedient is disclosed in Note 21 for Leases.

3.3. Changes in accounting policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 March 2020.

3.4. Basis of consolidation

The Group consolidated financial statements consolidate those of the parent company and all its controlled entities as of 31 March 2021. 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.

3.5. 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.

3.6. 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.

3.7. 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.

3.8. Revenue

Revenue arises mainly from the franchise rights and royalty arrangements that it has in place with franchise holders. The Group now also earns additional revenue from franchisees in the establishment of their stores.

Under NZ IFRS 15, revenue from Contracts with Customers, 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 deferred revenue 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.

The Group recognises revenue derived from the Franchise Agreements entered by Triple Two Coffee at the point in time as opposed to over a period of time. The Group has considered, on a balance of facts, there is only one performance obligation for the contracts entered by Triple Two. The transaction price is the Franchisee Fee charged in these contracts, which includes three levels: 1) standard franchise licence; 2) franchise licence with variable management services, such as site location or store design; 3) franchise licence with fitout as a ‘turn-key’ operation. The Group has identified three points in time for these three levels of fees to be recognised as revenue, respectively, being 1) when franchisee staff are trained; 2) when additional management services are provided; 3) when stores open. Payment is due to be received upfront upon signing the Franchise Agreements. Please refer to Note 31 for further details of the analysis of the revenue recognition for Triple Two Coffee.

Grant Income

The accounting policy adopted is to recognise the grant income in the period to which the underlying furloughed staff costs relate to. The amount of the grant income (ie. subsidy) is based on the difference between the actual hours a staff worked compared to their contracted hours for a certain period. Therefore, within the period of claim, it is deemed that the conditions have been met to make a claim for that payroll accounting period.

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.

3.9. Business Combinations and Goodwill

The Group applies the acquisition method in accounting for business combinations under IFRS 3.

The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement.

Acquisition costs are expensed as incurred.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination at their acquisition-date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of

a) fair value of consideration transferred,

b) the recognised amount of any non-controlling interest in the acquiree and

c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (ie gain on a bargain purchase) is recognised in profit or loss immediately.

Please refer to Note 31 for further details on the Goodwill recognised in the acquisition of Triple Two Coffee.

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, trade receivables and lease receivables), 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 28.2 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.

Interest income and expense

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

3.14. 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. As of 31 March 2021 the remaining useful life for Trademark available is 7 years and the useful life for Franchise System is 13 years.

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.

3.15. 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.

3.16. 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

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.

3.17. Equity, reserves and dividend payments

Share capital represents the consideration received for shares 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 3.6),
- Share based payment reserve,
- 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.

3.18. 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:

Intangible assets

Intangible assets are recognised on business combinations if they are separable from the

acquired entity or give rise to other contractual/legal rights under IFRS3. The amounts of intangibles are estimated by using appropriate valuation techniques. The useful economic life of externally acquired intangible assets are initially recognised at cost and subsequently amortised on a straight-line basis over their useful economic lives.

Please refer to note 31 for the intangible assets recognised from the acquisition of Triple Two Coffee.

Contingent consideration

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

The Group has measured its contingent consideration in relation to the earn-out provision for Triple Two Coffee acquisition based on the budgeted EBITDA for the calendar years from 2020 to 2022 as approved by the management.

Please refer to Note 31 for the contingent consideration recognised from the acquisition of Triple Two Coffee.

Impairment on Goodwill

The Group is required to test, at least on an annual basis, whether goodwill has suffered any impairment. Impairment loss incurred when the carrying amount of the goodwill more than its recoverable amount. The Group has determined the recoverable amount based on its value in use, being the budgeted cashflow at the Cash Generating Unit (CGU) level. The Group has determined the Goodwill at the CGU level, being the Triple Two Coffee Group as this is the smallest identifiable group of assets that generates cash inflows that are largely independent of the IP rights of the franchise system of Triple Two Coffee.

Please refer to Note 15 for further disclosure of the impairment on Goodwill.

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 2021 to be appropriate. (See Note 4).

Deferred Costs

The Group estimates the amount of direct labour costs pertaining to pre-opened franchises and in accordance with IFRS 15.

Leases

Extension and termination options

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.

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.

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 28.2). 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 28.2, 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 for continuing operation of $2,539,000 (2020: $3,590,000) and operating cash inflows of $36,000 (2020: inflows of $193,000) for the year ended 31 March 2021.

As at 31 March 2021 the Group has reported Net Liability of $1,721,000 (2020 Net Liabilities of $5,711,000) and current liabilities exceed current assets by an amount of $14,231,000 (2020: $5,791,000).

Included in current liabilities is $5,196,000 of Deferred Revenue. The deferred revenue is a non-cash item and will be recognised in revenue as the Group's franchisees open stores or when the services are provided. Also included in current liabilities is $6,431,000 of Contingent Consideration. It is the intention of the Directors that the contingent consideration will be settled by the issuance of shares in the Company.

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 and to continue trading 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:

- Opening multiple new stores in the United Kingdom in FY22, with seven sites already opened in the first quarter
- High vaccination levels in the UK and Ireland have increased, and government restrictions are expected to ease, which will lead to increased economic activity.
- The Group has a strong Cash position of $886,000 as at 31 March 2021
- The Budget for the FY22 presents a positive cash inflow of $3.36m.
- Group's ability to successfully conclude present discussions regarding the roll-over of existing debt
- 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.

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 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 recovery from the various government imposed restrictions related to Covid-19, restructuring activities that have been undertaken, most recently with the sale of the Scarborough Fair business in NZ plus the disposal of assets held for sale in the UK, along with reductions in corporate office costs, the acquisition of Triple Two in the United Kingdom, to reduce the extent of cash outflow and improve 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 considering 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 2021 $'000	**31-Mar 2020 $'000**	**31-Mar 2021 $'000**	**31-Mar 2020 $'000**
Royalties	**736**	2,400	**1**	-
Incentives from Suppliers	**489**	959	**-**	-
Franchise fees	**307**	466	**-**	-
Sale of Beverage	**32**	37	**278**	2,941
Other trading revenue	**150**	328	**735**	-
Group revenue	**1,714**	4,190	**1,014**	2,941

Included in franchise fees is the amortisation of deferred revenue related to the sale of country and regional franchises and store franchises.During the 31 March 2021 year, the Group's franchisees opened 26 new stores (2020:12).

Grant income

Included in other income of $1.1m, there is grant income of $809,000 relating to the wage subsidy the Governments due to Covid-19 pandemic in the United Kingdom, Ireland and New Zealand.

6. Employee costs

Expenses recognised for employee costs are analysed below:

	Continuing Operations		Discontinued Operations	
	31-Mar 2021 $'000	**31-Mar 2020 $'000**	**31-Mar 2021 $'000**	**31-Mar 2020 $'000**
Wages, salaries	**2,007**	1,365	**371**	1,171
Defined contribution funds	**45**	54	**4**	-
Other staff costs	**208**	387	**22**	-
	2,260	1,806	**397**	1,171

7. Other expenses

Expenses recognised as other costs are analysed below:

	Continuing Operations		Discontinued Operations	
	31-Mar 2021 $'000	**31-Mar 2020 $'000**	**31-Mar 2021 $'000**	**31-Mar 2020 $'000**
Administration and other costs	**354**	150	**506**	424
Directors fees	**80**	80	**-**	3
Selling and distribution costs	**-**	3	**-**	-
Management fees	**100**	180	**-**	-
Marketing costs	**299**	481	**-**	185
Professional and consulting services	**539**	257	**73**	26
Travel costs	**189**	334	**-**	1
	1,560	**1,485**	**579**	**639**

8. Finance costs

Finance costs for the reporting periods consist of the following:

	Continuing Operations		Discontinued Operations	
	31-Mar 2021 $'000	**31-Mar 2020 $'000**	**31-Mar 2021 $'000**	**31-Mar 2020 $'000**
Finance charges	**15**	16	**1**	134
Interest expense on leases	**1,250**	1,192	**-**	-
Interest on loans	**774**	534	**-**	-
	2,039	1,742	**1**	134

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 2021 $'000	31-Mar 2020 $'000
Loss before tax from continuing operations	**(2,618)**	(3,597)
Loss before tax from discontinuing operations	**(7)**	(1,593)
	(2,625)	(5,190)
Domestic tax rate for Cooks Global Foods Limited	**28%**	28%
Expected tax expense (income)	**(735)**	**(1,453)**
Adjustment for tax-rate differences in foreign jurisdictions	**183**	149
Adjustment for non-deductible expenses:		
Relating to amortisation of intangible assets	**2**	3
Relating to loss from discontinued operations and write-down of investment in Associate	**-**	**677**
Other non-deductible expenses	**9**	**90**
Actual tax expense (income)	(541)	(534)
Tax expense (income) comprises:		
Current tax expense (income)	**(541)**	(534)
Deferred tax expense (income):		
- Origination and reversal of temporary differences	**(7)**	(34)
- Temporary difference relating to amortisation of intellectual property on acquisition	**(80)**	-
- Tax losses adjustment to prior period	**(355)**	-
- Tax Losses not recognised	**927**	**766**
- Unrecognised Tax Losses	**(24)**	(205)
Income tax expense (income)	**(80)**	**(7)**
Income tax expense (income) is attributable to:		
Loss from continuing operations	**(80)**	**(7)**
Loss from discontinued operations	**-**	-
	(80)	**(7)**

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

	31-Mar 2021 $'000	31-Mar 2020 $'000
New Zealand	**8,746**	7,118
United Kingdom	**9,911**	8,384
Ireland	**1,130**	984
Canada	**162**	161
Australia	**328**	320
	20,276	16,967

At 31 March 2021, the Group has deferred tax liabilities relating to acquired Franchise System in the UK amounting to $1.31m. The deferred tax liabilities are not expected to crystallise within the next 12 months.

10. Cash and cash equivalents

Cash and cash equivalents consist of the following:

	31-Mar 2021 $'000	31-Mar 2020 $'000
Cash at bank and in hand:		
NZD	**1**	49
EUR	**85**	43
GBP	**800**	161
Other	**-**	2
Cash and cash equivalents	**886**	**255**

There are no restrictions on the cash and cash equivalents.

The Group had nil overdraft banking facilities as at 31 March 2021 (2020: $NIL).

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 2021 to calculate the allowance for expected credit losses.

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

	31-Mar 2021 $'000	31-Mar 2020 $'000
Trade and other receivables		
Trade receivables	**4,883**	1,171
Less: provision for expected credit losses	**(268)**	(220)
	4,615	951
Movements in provision		
Opening Balance	**(220)**	(317)
Bad Debts write-off	**25**	121
Provision for expected credit losses	**(73)**	(24)
Closing Balance	**(268)**	(220)

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

	31-Mar 2021 $'000	31-Mar 2020 $'000
Trade receivables		
Current	**702**	552
31 to 60 days	**763**	52
61 to 90 days	**454**	-
> 90 days	**2,964**	567
	4,883	1,171

Included in trade receivable of $4.9m, $1.3m relates to rent receivable.

(c) Other current assets consist of the following:

	31-Mar 2021 $'000	31-Mar 2020 $'000
Prepayments	**112**	407
Deferred Costs	**1,131**	-
Other short-term assets	**31**	254
Other current assets	**1,274**	**661**

Deferred Costs represent the project costs capitalised for the revenue haven't derived for Triple Two Coffee. This includes direct related materials and external costs, and direct labour. Please refer to Note 12.

12. Deferred Costs

Triple Two under their contract of services with their franchisees have staff working on specific projects and contracts to expand their brand through these franchisees. The performance obligation (under IFRS 15) is attributed to the opening of a store and/or specific obligations if shopfit income is not stipulated. The deferred costs are from the specific staff who work to complete these performance obligations or contribute their time to the specific contracts.

Under this methodology, wage costs of personnel directly related to the services (and for valuation purposes their salary) has been capitalised in line with store openings and contracts entered in to with various franchisees and has been recorded as deferred costs in the Balance Sheet. This includes staffs and project management, property design and training.

Key assumptions:

- Staff time spent working with specific contracts: 80%
- Furloughed staff was discounted for the time they were on leave – this is to partly offset the government grant received on behalf of furloughed staff

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

The Group had previously classified certain operations as discontinued. During the year ended 31 March 2021, the Group has:

- Sold Scarborough Fair Limited in NZ
- Closed Scarborough Fair Foods Pty Limited in Australia
- Closed café stores Durham and Putney (UK)

At as 31 March 2021, the Group classified its UK retail operations as asset held for sale, which comprised of all remaining corporate-held café stores located in the UK, being Lancaster and Sunderland as being held for sale. 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. The Group remains committed to its plan to sell these stores.

The Group classified its USA franchising & retail business as a discontinued operation for the year ended 31 March 2021. The USA franchising & retail operation was an operating division of Franchise Development Limited.

As at 31 March 2020, the Group classified its beverage supply business as a discontinued operation. The associated assets and liabilities were consequently presented as held for sale in the 2020 financial statements.

13.1. Financial performance and cash flow information

The financial performance and cash flow information presented are for the year ended 31 March 2021 and the year ended 31 March 2020.

	31-Mar 2021 $'000	31-Mar 2020 $'000
Results of discontinued operation		
Revenue	**732**	2,941
Other income	**380**	-
Raw materials and consumables used	**(145)**	(1,614)
Depreciation and amortisation	**-**	(573)
Property related costs	**-**	(398)
Net foreign exchange (losses)/gains	**4**	(5)
Employee costs	**(397)**	(1,171)
Other expenses	**(579)**	(639)
Operating profit (loss)	**(6)**	(1,459)
Finance costs	**(1)**	(134)
Loss before income tax	**(7)**	(1,593)
Income tax (expense)/credit	**-**	-
Loss for the year from discontinued operation	**(7)**	(1,593)
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	**158**	(256)
Net cash used in investing activities	**-**	-
Net cash used in financing activities	**-**	(364)
Net cash flows for the year	**158**	(620)

14. Interests in other entities

14.1. Interests in material subsidiaries

	Country	% Holding		Principal activity
		2021	2020	
Bishops Café Limited	England	100	100	Food and beverage
Esquires Coffee UK Limited	England	100	100	Food and beverage
Esquires Real Estate (UK) Limited	England	100	100	Store Lease Holding
Esquires Coffee Houses Ireland Limited	Ireland	100	100	Food and beverage
Esquires Coffee Houses Europe Limited	Ireland	100	100	Master Franchisor - Holding Master Franchise Agreement
Triple Two Holdings Limited	UK	100	-	Holding company
Triple Two Coffee Franchise Limited	UK	100	-	Master Franchisor - Holding Master Franchise Agreement
TTC Contractors Limited	UK	100	-	Fit Out and Construction
Triple Two Coffee Property Limited	UK	100	-	Property Search and Management
Triple Two Coffee London Limited	UK	100	-	Regional Franchisor

14.2. Interest in associate

Name of entity	Place of business/country of incorporation	% of ownership interest		Nature of relationship	Measurement method	Carrying amount	
		2021 %	2020 %			2021 $'000	2020 $'000
Shanghai Yinshi Food and Beverage Management Company Limited ("SYI")	China	0.00%	21.00%	Associate	Equity method	-	-

During the year, the Group divested its shares in SYI for nil consideration.

15. Intangible Assets

The Group acquired trademarks, Global Intellectual Property rights ("Global IP Rights") and Goodwill through business acquisitions. During 2021 the Group acquired Triple Two Franchise System in the UK. Please refer to Note 31.

	Trademarks	Global IP Rights	Franchise Rights	Total
	$'000	$'000		$'000
Cost				
Balance at 1 April 2019	86	3,243	-	**3,329**
Additions	6	2	-	**8**
Balance at 31 March 2020	**92**	**3,245**	**-**	**3,337**
Balance at 1 April 2020	92	3,245	-	**3,337**
Additions	1	-	4,950	**4,951**
Balance at 31 March 2021	**93**	**3,245**	**4,950**	**8,288**
Accumulated amortisation				
Balance at 1 April 2019	(53)	(434)	-	(487)
Amortisation charge for the year	(10)	-	-	(10)
Balance at 31 March 2020	**(63)**	**(434)**	**-**	**(497)**
Balance at 1 April 2020	(63)	(434)	-	**(497)**
Amortisation charge for the year	(10)	-	(286)	**(296)**
Balance at 31 March 2021	**(73)**	**(434)**	**(286)**	**(793)**
Carrying amounts				
At 31 March 2020	29	2,811	-	**2,840**
At 31 March 2021	**20**	**2,811**	**4,664**	**7,495**

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 2-year period.

Key assumptions in the models were:

- FY22 reflects the partial recovery to pre-Covid levels in UK and Ireland markets with the key assumption being that there will be no more long term lockdowns that will impact on the ability of the franchise store network to operate in a normal manner.
- FY23 +40% year on year revenue growth that relates to FY23 being a full year of "normal trading" in core markets and the benefits of the new store acquisition program with the store numbers in UK & Ireland at the end of FY23 forecast to be 122 compared to 96 at the end of FY22;
- Long term growth rate of 1.5% per annum from FY23 onwards;
- exchange rates of 0.56 (NZD/EURO) and 0.50 (NZD/GBP); and
- a discount rate of 13% 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.

Goodwill:

	Goodwill $'000
Cost	
Balance at 1 April 2019	-
Additions	-
Balance at 31 March 2020	**-**
Balance at 1 April 2020	-
Additions	11,569
Balance at 31 March 2021	**11,569**
Carrying amounts	
At 31 March 2020	-
At 31 March 2021	**11,569**

The Group has recorded Goodwill in the business combination of Triple Two Coffee on 19 June 2020. Refer to Note 31. The Group is required to test, on an annual basis, whether goodwill has suffered any impairment.

The carrying amount of Goodwill is allocated to Triple Two Coffee as the separate cash generated unit (CGU). Recoverable amount of is determined based on the "value in use" calculations for Triple Two Coffee. The use of this method requires the estimation of future cash flows for projected 2 years and the determination of a discount rate in order to calculate the present value of the cash flows.

The key assumptions in the models were:

- Long term growth rate of 3.0% per annum from FY23 onwards;
- exchange rates of 0.50 (NZD/GBP); and
- a post-tax discount rate of 14% per annum.

If any of the following changes were made to the above key assumptions the carrying amount and the recoverable amount would be equal.

	Current	Revised
Long-term growth rate	3.0%	1.5%
Exchange rate NZD/ GBP	0.50	0.56
Post-tax discount rate	14.0%	15.3%

Based on this work the recoverable amount for Goodwill 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 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**
Balance at 1 April 2020	156	187	316	-	**659**
Additions	7	36	47	14	**104**
Disposals	(126)	(198)	(322)	-	**(646)**
Assets classified as held for sale	(29)			-	**(29)**
Balance at 31 March 2021	**8**	**26**	**40**	**14**	**88**
Accumulated depreciation					
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)**
Balance at 1 April 2020	(138)	(112)	(264)	-	**(514)**
Depreciation	(25)	(22)	(33)	(1)	**(81)**
Disposals	573	11	-	-	**584**
Balance at 31 March 2021	**410**	**(123)**	**(297)**	**(1)**	**(10)**
Carrying amounts					
At 31 March 2020	18	75	52	-	**145**
At 31 March 2021	**418**	**(97)**	**(256)**	**13**	**78**

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 2021 $'000**	**31-Mar 2020 $'000**
- Trade payables	**3,042**	2,194
- Related party payables	**556**	457
- Other payables	**1,803**	1,345
	5,401	3,996
Trade payables		
Within Terms	**638**	1,084
Overdue	**2,404**	1,109
	3,042	2,194

The carrying value of trade and other payables classified as financial liabilities measured at amortised cost approximates fair value. Refer to Note 28.1 on foreign currency risk.

Included in the trade payable of $3.04m is the $1.3m relates to rent payable to the landlords, which is recoverable from the franchisees (refer Note 11b)

18. Deferred revenue

Below is the breakdown of the current and non-current deferred revenue as presented in the Balance Sheet.

Segment	Triple Two	UK Franchising	Global Franchising & Design	Total
	NZD'000	**NZD'000**	**NZD'000**	**NZD'000**
Opening balance as of 1 April 2020	Nil	1,116	287	1,403
Additions during the year	4,220	Nil	Nil	4,220
Additions from business acquisition	1,749	Nil	Nil	1,749
Recognised as revenue during the year	(162)	(195)	(59)	(416)
Closing balance as of 31 March 2021	**5,807**	**921**	**228**	**6,956**
- Current	4,991	147	58	5,196
- Non Current	816	774	170	1,760

Timing of recognition as revenue in Profit & Loss

Please refer Note 3.8 Revenue for the explanation regarding the timing of the revenue recognition. For Triple Two, $1.45m has been recognised as revenue post 31 March 2021 and as of reporting date.

19. Borrowings and other liabilities

	Current 2021 $'000	Non-Current 2021 $'000	Current 2020 $'000	Non-Current 2020 $'000
Finance Loans	**2,629**	**458**	2,608	-
Related Party Loans*	**879**	**2,889**	821	2,073
Hire Purchase	**-**	**10**	2	18
Payable for acquistion of subsidary*	**642**	**-**	-	-
	4,150	**3,357**	3,431	2,091

* Further information relating to related party loans and other related party liabilities are set out in Note 24.

Fair value

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

20. Equity

20.1. 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-21**	**31-Mar-20**
Number of Shares issued:	**No. of Shares**	**No. of Shares**
Ordinary shares opening balance	525,979,949	489,509,248
Ordinary shares issued	101,853,882	36,470,701
Ordinary shares bought back on-market and cancelled	-	-
Total ordinary shares authorised at 31 March	627,833,831	525,979,949

Movements of share capital	**31-Mar-21**	**31-Mar-20**
Value of Shares issued:	**$'000**	**$'000**
Ordinary shares opening balance	45,549	42,517
Ordinary shares issued less share issue expenses	6,671	3,032
Ordinary shares bought back on-market and cancelled	-	-
Ordinary shares to be issued	-	-
Total ordinary shares authorised at period end	52,220	45,549

At 31 March 2021, there was no ordinary share capital unpaid (2020: nil).

During the year ended 31 March 2021, the company issued 101,853,883 new shares (2020: 36,470,701) and no shares were cancelled (2020: nil).

Total of 101,53,883 ordinary shares were issued at issue price of $0.06550 with effect 19th June 2020 for acquisition of Triple Two Coffee.

20.2. Loss per share

The calculation of basic and diluted loss per share for the year ended 31 March 2021 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 2021 was based on the weighted average number of ordinary shares.

	31-Mar-21	**31-Mar-20**
Weighted average ordinary shares issued	**602,412,181**	489,509,248
Weighted average potentially dilutive options issued	**-**	-
Basic and diluted loss per share (New Zealand Cents) from continuing and discontinued operations:	**(0.42)**	(1.06)
Basic and diluted loss per share (New Zealand Cents) from continuing operations:	**(0.42)**	(0.73)
Basic and diluted loss per share (New Zealand Cents) from discontinued operations:	**-**	(0.33)
Net tangible assets per share (New Zealand Cents)	**(3.45)**	(1.75)

The weighted average numbers of shares are calculated below:

Weighted average number of shares	**31-Mar-21**	**31-Mar-20**
Number of Shares issued:	**No. of Shares**	**No. of Shares**
Ordinary shares opening balance	489,509,248	489,509,248
Ordinary shares issued	112,902,933	-
Ordinary shares bought back on-market and cancelled	-	-
Total ordinary shares authorised at 31 March	602,412,181	489,509,248

20.3.Share based payment reserve

Movement in Share based payment reserve

	31-Mar 2021 $'000	31-Mar 2020 $'000
Esquires Coffee Ireland Limited share-based payment		
Opening balance	2,401	2,163
Amount expensed during current vesting period	-	238
Adjustment based on best available estimate	-	-
Closing balance	2,401	2,401

- The Earn-Out relating to the acquisition of the Irish business (Esquires Coffee Houses Ireland) in 2013 was fully vested at 31 March 2021.
- No earn-out payment has been made as at 31 March 2021.
- The earn-out payment will be settled by the issue of Cooks shares.

21. Leases

The Group leases stores and office premises from various third-party landlords and subsequently re-lease them to the franchisees under the separate lease contracts. This lease arrangement is limited to the franchises in the UK and Ireland only. 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.

<u>Right-of-Use Assets</u>

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.

As a result of the Covid-19 pandemic, the International Accounting Standards Board (IASB) has introduced a narrow -scope amendments to IFRS16 to offer relief to lessees in accounting for lease modifications that arise as a direct result of Covid-19. The practical expedient applies only to rent concessions occurring as a direct consequence of the Covid-19 pandemic and only if all of the following conditions are met:

a. The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.

b. Any reduction in lease payments affects only payments originally due on or before 30 June 2022.

c. There is no substantive change to other terms and conditions of the lease.

The Group has elected to utilise the practical expedient for all rent concessions that arises as a direct consequence of the COVID-19 pandemic. The impact of these reliefs is summarised in Note 21.2.

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.

21.1. 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 2021 $'000	31-Mar 2020 $'000
Property		
Cost	2,973	2,828
Less: Accumulated depreciation	(505)	-
Net book value as at 1 April 2020	2,468	2,828
Additions	18	-
Remeasurement of lease liability	(297)	-
Movement in FX	54	145
Depreciation expense	(442)	(505)
Disposal	(1,086)	-
Net book value as at 31 March	**715**	**2,468**
Cost	**1,663**	**2,973**
Less: Accumulated depreciation	**(948)**	**(505)**
Net book value as at 31 March	**715**	**2,468**

The right-of-use assets relate to the corporate-operated stores which are expected to be franchised in the UK. In prior year the right-of-use assets also included the corporate office however this was vacated in the current year and the lease was taken over by an unrelated third party.

Lease liabilities

	31-Mar 2021 $'000	31-Mar 2020 $'000
Current	1,941	2,112
Non-current	17,138	18,758
	19,079	**20,870**

The finance lease payable to the landlords that are fall due at the end of reporting period are $1.3m which is the same as the finance lease receivables and are recorded in the payable (refer note 17).

Finance lease receivables

	31-Mar 2021 $'000	31-Mar 2020 $'000
Current	2,085	1,670
Non-current	16,198	16,653
	18,283	**18,323**

The average effective Incremental Borrowing Rate in 2021 is approximately 5.83% per annum.

The finance lease receivables that are fall due at the end of reporting period are $1.3m which are recorded in the receivable (refer to Note 11 b). The management has reviewed all the leases from lease receivable from collectability point of view and no impairment is required.

During the financial year the rent written off by utilising the Covid-19 practical expedient for rent concessions was $219,000. An additional $650,000 is expected to be provided in financial year 2022.

Rent reduction as a result of lease modification was $63,000.

The rent relief is due to challenges faced by the tenants due to Covid19 lockdown. With the high vaccination rate in the UK and EU and life is resuming to normality gradually, the management is of the opinion that further impairment is not required.

21.2. 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 2021 $'000	31-Mar 2020 $'000
As a lessee:		
Interest expense on lease liabilities (included in net finance costs, Note 8)	1,250	1,192
Depreciation expense on right-of-use assets (included in depreciation and amortisation)	443	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 (included in net finance costs, Note 8)	1,147	1,055

The total cash outflow for leases to franchisee landlords in 2021 was $736,000 (2020 was $3.05m).

21.3. Maturity analysis of lease payments

Lease liabilities as the lessee:

	31-Mar 2021 $'000	31-Mar 2020 $'000
Less than one year	1,941	3,335
One to five years	8,285	14,658
More than five years	8,853	10,640
Total undiscounted lease liabilities	**19,079**	**28,633**

Finance lease arrangements as the lessor:

	31-Mar 2021 $'000	31-Mar 2020 $'000
Year 1	3,175	2,771
Year 2	3,047	2,634
Year 3	2,940	2,606
Year 4	2,817	2,618
Year 5	2,641	2,614
Onwards	10,214	12,194
Lease payments	24,834	25,437
Unguaranteed residual values	-	-
Gross investment in the lease	24,834	25,437
Less: unearned finance income	(6,551)	(7,114)
Present value of minimum lease payments receivable	18,283	18,323
Net investment in the lease	**18,283**	**18,323**

22. Fees paid to auditor

The Auditor of the Group for 31 March 2021 is William Buck. The auditor for UK firms is Rouse Partners LLP.

	31-Mar 2021 $'000	31-Mar 2020 $'000
Audit of financial statements		
- Statutory Audit	**83**	90
- Overseas firms	**64**	28
Total fees paid to auditor	**147**	**118**

23. Reconciliation of cash flows from operating activities

	31-Mar 2021 $'000	31-Mar 2020 $'000
Loss after tax	**(2,545)**	(5,183)
Add non-cash items:		
Depreciation and amortisation	**819**	760
Impairment loss	**48**	-
Net foreign exchange (losses)/gains	**(370)**	-
Share of losses of associate	**-**	168
Impairment of investment in associate	**-**	2,520
Add/(Less) movements in assets/liabilities:		
Inventories	**34**	166
Trade and other receivables	**(5,514)**	(655)
Lease receivables	**-**	1,427
Other short-term assets	**651**	153
Trade payables	**1,410**	(7)
Contract liabilities	**5,553**	94
Other liabilities	**(50)**	750
Net cash flow applied to operating activities	**36**	**193**

24. 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.

Graham Hodgetts is a director of Triple Two Coffee Holdings Limited.

Sezan Walker is a director of Triple Two Coffee Holdings Limited.

David Hodgetts is a director of Triple Two Coffee Holdings Limited.

Alistair Tillen is a director of Triple Two Coffee Holdings Limited.

Number of shares held by directors and other related parties:

	31-Mar 2021	31-Mar 2020
Jiajiayue Holding Group	**148,203,944**	148,203,944
Keith Jackson (including associated parties)	**110,240,494**	52,443,310
Yunnan Metropolitan Construction Investment Group Co Ltd	**100,719,640**	100,719,640
Graham Hodgetts	**53,218,654**	-
Alistair Tillen	**20,065,215**	-
David Hodgetts	**12,120,612**	-
Sezan Walker	**12,069,685**	-
Maretha McVerry	**573,687**	573,687
CGF Employee Share Trust	**562,486**	562,486
Lighthouse Ventures Holdings Limited	**455,533**	455,533
Mike Hutcheson	**986,980**	367,671
Aiden Keegan	**212,488**	212,488

24.1.Transactions with related parties

The following transactions occurred with related parties during the year:

	31-Mar 2021 $'000	31-Mar 2020 $'000
Purchases of goods and services		
Purchase of management services	**100**	180
Property rental agreement with related party	**-**	-
Purchase of other services	**-**	-
Interest paid to related parties	**202**	341
Other transactions		
Related party receivables	**-**	-
Subscriptions for new ordinary shares	**-**	2,668
Funding loans advanced by related parties	**717**	1,792
Subscriptions for ordinary shares to be issued	**-**	-

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

24.2.Balances outstanding with related parties

	31-Mar 2021 $'000	31-Mar 2020 $'000
Outstanding balances arising from purchases of goods and services		
Entities controlled by key management personnel	556	457
Loans to/from related parties		
Loans to related parties		
Beginning of the year	**-**	-
Loan reduction	**-**	-
End of period	**-**	-
Loans and other payables to related parties		
Beginning of the year	**2,894**	2,621
Loans advanced	**717**	1,792
Reclassification from/(to) other liabilities	**(80)**	871
Other liability to related parties from business acquisitions	**650**	-
Satisfaction of related party receivables	**-**	(2,668)
Net foreign exchange effects	**52**	(50)
Interest charged	**379**	383
Interest paid	**(202)**	(55)
End of period	**4,410**	2,894

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

24.3.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 2021 $'000	31-Mar 2020 $'000
Directors fees	**80**	80
Salaries, wages and contractor payments	**333**	986
	413	1,066

25. Segment reporting

The Group's reportable segments are business units deriving Royalties and Product Sales to Franchisees in geographical locations. The management identified Triple Two Coffee as a sperate operating segment from the UK division due to its scale. The Supply segment represents the supply of tea/coffee/beverages and fresh produce. The Corporate segment represents head office operation for the Group.

The Triple Two segment represents nine months trading results from the acquisition date to 31 March 2021. The management considers the figures from 1 April 2020 up to acquisition date as immaterial due to limited business activities in the UK resulted from the Covid-19 lockdown. Please refer to Note 31 for more details on the acquisition of Triple Two Coffee.

The Group has also separated operating segments for the business activities intended to be sold.

Segment information for the reporting period is as follows:

Continuing operations

31/03/2021	Global franchising & design	UK franchising	Middle East franchising & retail	Europe franchising & retail	Supply	Corporate	Triple Two	Total
Global operational splits	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Revenue	153	559	23	577	37	-	366	**1,714**
Other income	(2)	469	-	96	-	77	373	**1,013**
Raw materials and consumables used	-	(1)	-	(7)	-	-	(130)	**(138)**
Depreciation and amortisation	(12)	(470)	-	(5)	-	(45)	(287)	**(819)**
Net foreign exchange (losses)/gains	20	-	-	-	(1)	351	-	**370**
Employee costs	(83)	(768)	-	(409)	(10)	(178)	(811)	**(2,260)**
Other expenses	(278)	(192)	-	(305)	(1)	(569)	(264)	**(1,608)**
Operating (loss)/profit	**(205)**	**(326)**	**23**	**(79)**	**25**	**(413)**	**(753)**	**(1,727)**
Finance costs	(2)	(108)	-	(4)	-	(776)	(1)	**(892)**
Loss before income tax	**(207)**	**(434)**	**23**	**(83)**	**25**	**(1,189)**	**(755)**	**(2,619)**
Income tax (expense)/credit	-	-	-	-	-	-	80	**80**
Loss for the year from continuing operations	**(207)**	**(434)**	**23**	**(83)**	**25**	**(1,189)**	**(675)**	**(2,539)**
Non-current assets								
Intangible assets	20	1,318	-	12	-	1,481	4,664	**7,495**
Property, plant and equipment	1	-	-	26	-	6	45	**78**
Goodwill	-	-	-	-	-	-	11,569	**11,569**

Discontinued operations

31/03/2021	UK retail	Supply	Total
Global operational splits	**$'000**	**$'000**	**$'000**
Revenue	626	106	**732**
Other income	282	98	**380**
Raw materials and consumables used	(62)	(83)	**(145)**
Depreciation and amortisation	-	-	**-**
Property related costs	-	-	**-**
Net foreign exchange (losses)/gains	-	4	**4**
Employee costs	(393)	(4)	**(397)**
Other expenses	(579)	-	**(579)**
Operating (loss)/profit	**(127)**	**121**	**(6)**
Finance costs	0	(1)	**(1)**
Loss before income tax	**(127)**	**120**	**(7)**
Income tax (expense)/credit	-	-	**-**
Loss for the year from discontinued operations	**(127)**	**120**	**(7)**
Non-current assets			
Intangible assets	-	-	**-**
Assets held for Sale	29	-	**29**

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**

26. Contingencies

Contingent Liabilities

There are no contingent liabilities as at 31 March 2021 (2020: $nil).

27. Capital commitments

There were no capital commitments as at 31 March 2021 (2020: $nil).

28. 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.

28.1. Market risk

Foreign Currency Risk

The Group operates internationally and is exposed to foreign currency risk arising from various currency exposures. Although the NZD remains the main currency for corporate funding and Group reporting, the transactions denominated in NZD is diminishing as the growth in the overseas market outweighs the growth in the New Zealand market, especially with the purchase of Triple Two business in the UK. As disclosed in Note 25 Segment Reporting, the revenue generated from the Corporate segment which is denominated in NZD is only $77,000 or 3% of the total group revenue of $2.7 million. This indicates that the Group's exposure to foreign currency risk has increased considerably.

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).

As disclosed in note 25 Segmental Reporting, global franchising and design, UK franchising, Triple Two, Middle East franchising and Europe franchising are all primarily transacted in foreign currency.

The management has performed a sensitivity analysis for a potential foreign currency risk faced by the group. Based on the current year results, in the event that the NZD weakens against GBP and GBP/NZD exchange rate decreases by 5%, the impact on the group result is the loss will be increased by $58,000. If the GBP/NZD exchange rate increase by 5%, the group loss will be reduced by $52,000.

In the event that the NZD weakens against Euro and EURO/NZD exchange rate decreases by 5%, the impact on the group result is the loss will be increased by $4,000. If the EURO/NZD exchange rate increase by 5%, the group loss will be reduced by $4,000.

28.2. 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.

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 2021 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. However, the management has decided to make an additional provision for expected credit losses of $48,000 for Bahrain and Kuwait royalties. The provision for impairment of other receivables has increased from $220,000 in 2020 to $268,000 in 2021 as shown on Note 11 (a).

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 2021. 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.

28.3. 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 2021	**Less than 1 year $'000**	**Between 1 and 5 years $'000**	**Over 5 years $'000**	**Carrying Amount $'000**
Trade payables	**2,392**	**-**	**-**	**2,392**
Related party payables	**556**	**-**	**-**	**556**
Other payables	**1,803**	**-**	**-**	**1,803**
Short term finance loans	**3,292**	**468**	**-**	**3,739**
Related party loans	**879**	**2,889**	**-**	**3,768**
Lease Liabilities	**3,066**	**12,186**	**10,500**	**19,079**
	11,988	**15,543**	**10,500**	**31,337**

At 31 March 2020	**Less than 1 year $'000**	**Between 1 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	14,657	10,641
	10,762	**16,748**	**10,641**

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

28.4. 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.

29. Financial instruments by category

	31-Mar 2021 $'000	31-Mar 2020 $'000
Financial assets at amortised cost		
Cash and cash equivalents	**886**	255
Trade and other receivables	**4,615**	1,171
Lease receivables	**18,283**	18,323
	23,784	19,749
Financial liabilities at amortised cost		
Trade payables	**3,042**	2,194
Borrowings and other liabilities	**7,507**	5,522
Lease liability	**19,079**	20,870
Related party payables	**556**	457
	30,183	29,043
Finacial liabilities at fair value through profit or loss		
Contingent consideration	**6,431**	-
	6,431	**-**

30. Fair value measurement

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).

	Level 1	Level 2	Level 3	Total
At 31 March 2021	**$'000**	**$'000**	**$'000**	**$'000**
				-
Assets per the statement of financial position	-	-	-	-
Liabilities per the statement of financial position				
Contingent Consideration	-		6,431	6,431
	-	-	-	-

31. Business Combination

TRIPLE TWO ACQUISITION

On 19th June 2020, CGF acquired 100% of the issued shares in Triple Two Coffee Holdings Limited for the consideration of 102 million CGF shares. The sale and purchase agreement contains an earn out provision whereby the vendors can increase their consideration when results in any of the calendar years of 2020 to 2022 are in excess of the performance in the base year which was 2019. Further details are discussed in section (ii) below.

Triple Two Coffee currently franchises 18 cafes in the UK as at the end of July 2021 and has been one of the more 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 including in London, Colchester, Oxford, Cheltenham, Cirencester and Hove. The acquisition will increase the group's market share and provide economies of scale.

(i) Purchase consideration and fair value of net assets acquired is as follows:

Purchase consideration	NZD '000
Shares issued	6,671
Cash paid	118
Liability at 31 March 2021 (Note 19)	642
Contingent Consideration	6,431
Total purchase consideration	13,862

The initial purchase price was settled by an issue of 101,853,883 shares, the payment of $118,000 and a final amount payable of $642,000.

The 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	569
Property, plant and equipment	282
Other assets	221
Receivables	600
Payables	(714)
Other payables	(224)
Deferred Revenue	(1749)
Borrowings	(256)
Net identifiable assets acquired	(1271)
Add: intangible assets	4950
Less: deferred tax liability	(1386)
Add: goodwill	11569
Total purchase price	13862

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

The Group expects to recover the full amount of the Receivables of $600,000 as at 31 March 2021.

(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 calendar year from 2020 to 2022.

The estimated total consideration of $6.43m is based on the forecasted results budgeted EBITDA from the calendar years 2021 and 2022.

(iii) Acquisition-related costs

Acquisition-related costs of $31,000 were included in administrative expenses in the statement of profit or loss in the year ended 31 March 2021.

(iv) Deferred Revenue

The management of Triple Two has applied the five-step revenue model under NZ IFRS 15, Revenue from Contracts with Customers to determine when to recognise the revenue generated from the franchise agreements signed with the franchisees and at what amount.

Based on the management assessment, it is concluded that the franchise agreements only consist of one Performance Obligation and that obligation is satisfied at a point of time when the promised services are transferred to the franchisees.

32. Post-reporting date events

There is no post-reporting date event to be disclosed.

Statutory Information and Corporate Governance

Directors Relevant Interests in Company Securities as at 31 March 2021

Substantial Security Holder	Shares Held
Graeme Keith Jackson, Patricia Frances Jackson & Philip Mack Picot	106,609,689
Mike Hutcheson	986,980
Total Number of Shares Held:	**107,596,669**

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 2021:

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 held during the financial year ended 31 March 2021 held by CGF Directors:

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

Michael George Rae Hutcheson	
2 Life Limited	Lighthouse Ventures Limited
Eschool Holdings Limited	Lonely Cow Wines Holdings Limited
Eschool 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
	Auckland University of Technology
	Vodafone Events Centre

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

Peihuan Wang	
Shanghai Shiban Supply Chain Co. Ltd Jiajiayue Group Limited. (China) Jiajiayue Holding Group Limited (CHINA)	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 March 2021:

RANGE	SHAREHOLDERS		SHARES	
	NUMBER	%	NUMBER	%
1-1,000	266	42.36	264,611	0.04
1,001-5,000	74	11.78	209,158	0.03
5,001-10,000	19	3.03	146,261	0.02
10,001-50,000	114	18.15	3,232,358	0.51
50,001-100,000	27	4.30	1,943,688	0.31
100,001 and over	128	20.38	622,037,755	99.09
TOTAL	**628**	**100.00**	**627,833,831**	**100.00**

20 Largest Holdings of Equity Securities

As at 31 March 2021:

Rank	Investor Name	Total Units	% Issued Capital
1	Jiajiayue Holding Group	148,203,944	23.61%
2	Graeme Keith Jackson &	106,609,689	16.98%
3	Yunnan Health AND Tourism	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	PKB Trustees Limited	8,520,519	1.36%
11	New Zealand Central Securities	7,186,465	1.14%
12	Shuxin Zhang	6,529,904	1.04%
13	Graham Maxwell Drury &	6,451,135	1.03%
14	Peter James Kirton	5,005,723	0.80%
15	Anne Margaret Mervis	4,521,477	0.72%
16	Emma Jane Waite	3,275,333	0.52%
17	Real Action Group Limited	3,251,334	0.52%
18	Lewis Andrew Deeks & Wendy May	2,960,000	0.47%
19	Neil Robert Butler & Kim Maree	2,500,000	0.40%
20	Tasman Capital Limited	2,362,780	0.38%
		561,687,049	89.46%

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 March 2021. 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 2021	Number of employees 2020
100,000 – 109,999	-	-
110,000 – 119,999	1	1
130,000 – 139,999	1	1
140,000 – 149,999	-	-
160,000 – 169,999	-	-
170,000 – 179,999	1	1
180,000 – 189,999	1	1
190,000 – 199,999	-	-
200,000 – 209,999	1	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	39,600	-	-
Graeme Keith Jackson	-	100,000	-
Paul Elliott	40,000	-	-
Peihuan Wang	-	-	-
Alex Qiang Kui	-	-	-

Donations

No donations were made in the 12-month financial period ended 31 March 2021

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 2020			As at 31 March 2021		
	Directors	Officers	Employees	Directors	Officers	Employees
Female	-	-	26	-	-	13
Male	5	1	16	5	1	13
Total	5	1	42	5	1	26

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 and 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.

Company Directory

Company number:	2089337
Year of incorporation:	2008
Registered office:	Level 1, 96 St Georges Bay Road, Parnell, Auckland, 1052
Nature of business:	Food & beverage industry
Directors:	
	Graeme Keith Jackson Michael George Rae Hutcheson Peihuan Wang Paul Valentine Mark Elliott Alex Qiang Kui
Solicitors:	Duncan Cotterill Wellington
Bankers:	ANZ Bank, Auckland
Auditors:	William Buck Audit (NZ) Limited
Share registry:	Link Market Services Limited Auckland