ACQUISITION SCREENING

The Copper Kettle (Harrogate) Ltd

Café, artisan bakery & event catering · Harrogate, UK · Asking £295,000 · share purchase

EXECUTIVE SUMMARY

The documents present the company at an asking price of £295,000 and describe three revenue strands: café and bakery counter trade, an events and catering arm, and other activity. Automated analysis identified that the company number supplied in the deal documents resolves on the Companies House public register to an unrelated active Leeds-based security company, and no entry for the named entity was located under that name or any close variant. The Financial output records vendor-presented earnings of £119,000, of which two of ten listed add-backs were accepted under the evidence-only policy, producing defensible earnings of £26,100 and an implied multiple of 11.3x against the asking price, which the Market output places materially above the 1.5x–3.5x range documented for comparable single-site owner-operated businesses. The documents also record a lease with approximately three years unexpired, a landlord-only break at the 2026 review date, an upward-only rent review due 1 May 2025 with the landlord seeking £39,000–£42,000, and landlord consent to the change of control documented as conditional on a replacement personal guarantee. The Financial and legal outputs note an unexplained turnover difference between the statutory figure of £368,400 and the £412,000 stated in the particulars, together with till notes recording unbanked cash and cash wages. The transaction is documented as a share purchase, on which the company would transfer with its existing contracts, employees and historic liabilities. Source-data confidence is recorded as low by the Financial and Enrichment outputs, and the scorecard coverage rating is medium.

Key Strengths

- Two weeks of till Z-reads average £11,260 gross per week, broadly consistent with and above the particulars' stated weekly takings, indicating an active trading counter.
- Card settlements and cash deposits recur regularly across the two months of bank statements provided, consistent with ongoing daily trade.
- The business age of approximately six years aligns with the lease commencement date of 1 May 2018, so that particular claim is internally consistent.
- The coffee supply agreement is a written contract with documented terms, allowing the obligations to be assessed rather than resting on informal arrangements.
- The heads of terms record that landlord consent to the change of control and verification of turnover and adjusted earnings are treated as conditions, and that add-backs are to be substantiated.
- The Market output documents a growing UK bakery café sector (IBISWorld reporting 6.6% CAGR over five years to 2025–26) and an active Harrogate independent food and drink scene.

Key Risks

- The company number supplied in the deal documents resolves on the Companies House public register to an unrelated active Leeds-based security company, and no entry for the named entity was located under that name or any close variant; on a share purchase the identity of the correct legal entity is the foundation of the transaction, and this conflict is a documented priority matter for legal due diligence.

- Eight of the ten listed add-backs were excluded under the evidence-only policy for lack of independent supporting documentation; defensible earnings are £26,100 against a vendor-presented figure of £119,000, and the vendor's schedule does not internally reconcile, leaving £7,220 unexplained. The implied multiple at the asking price is 11.3x defensible earnings against a documented market-comparable range of 1.5x–3.5x for this business format.

- The lease has approximately three years unexpired at completion, a landlord-only break at the 2026 review date on six months' notice, and an upward-only rent review due 1 May 2025 with the landlord seeking £39,000–£42,000 against a current £34,800; landlord consent to the change of control is documented as conditional on a replacement personal guarantee, with breach wording noted in the extract, and only a 4-page extract of the 38-page lease was provided.

- Statutory turnover for FY2024 is £368,400 while the sales particulars state £412,000, a difference of approximately £44,000 attributed to events revenue 'partly invoiced through a separate arrangement' that was not documented; till records note cash not banked and cash wages to Saturday staff, net profit declined from £8,800 to £2,800 over the two years of accounts supplied, and no CT600 returns were provided.

- The Dales Roastery supply agreement documents a minimum purchase commitment of approximately £35,640 per year binding on successors, with any shortfall payable in full and an equipment exit liability of £6,400; three years remain on the current term and the agreement auto-renews for further three-year periods unless terminated on twelve months' written notice, with pricing referenced to the 'prevailing list price'.

DOMAIN PROFILE

ASSESSED FACTORS ONLY

Domain	Assessed	Score
Financial	5/5 applicable assessed	1.0 / 5
Revenue	1/3 applicable assessed	2.0 / 5
People	3/4 applicable assessed	1.3 / 5
Legal & structure	4/6 applicable assessed	1.3 / 5
Integrity & market	2/2 applicable assessed	1.5 / 5

0 = more adverse documented indicators · 5 = stronger documented position

EVIDENCE COVERAGE

20-FACTOR SCORECARD

15 factors assessed

Assessed	15
Insufficient data	5
Not applicable	0

Missing evidence affects confidence, not the indicator score.

RISK SCORECARD - 20 FACTORS

Scorecard coverage: 15/20 applicable factors assessed Coverage rating: MEDIUM

Financial

avg 1.0 / 5

F1 - Earnings quality and stability

1/5

Base anchor: 2 (declining/erratic earnings). Adjusted down by 1 to 1 because of compounding aggravants: net profit fell from £8,800 (FY2023) to £2,800 (FY2024) despite turnover rising from £351,200 to £368,400, indicating net-level margin compression concurrent with revenue growth. Only two years of unaudited FRS 105 micro-entity accounts are available, with no CT600 returns and only two months of bank statements covering September–October 2024. Till notes record cash 'NOT banked — see jar / petty' and cash wages to Saturday staff, meaning the statutory figures cannot be reconciled to a complete cash record. A £43,600 gap between statutory turnover of £368,400 and the particulars' claim of £412,000 — attributed to events activity 'partly invoiced through a separate arrangement' — is undocumented. These factors together prevent independent corroboration of any revenue or earnings trend.

F2 - Add-back / normalisation integrity

0/5

Base anchor: 0 (presented earnings largely fictional). No adjustment applied. Of the 10 listed add-backs totalling £108,980, only two were accepted under the evidence-only policy: Director's salary £9,100 (matched to accounts) and Depreciation £14,200 (non-cash charge). Eight add-backs were excluded: Director's dividends £34,000 (distributions of profit, not costs); Motor vehicle (Range Rover) £11,400; 'Consultancy' to Mrs Vendor £18,000; Family mobile phones (x4) £1,680; 'Research' trips (Italy, France) £6,200; Home office & sundry £3,400; One-off refurb cost £8,900; Owner's car insurance/repairs £2,100 — none supported by any document independent of the seller's own schedule. The vendor's note 'I run a lot through the company' underlines the absence of an audit trail. Additionally, the vendor-presented figure of £119,000 does not reconcile to baseline earnings of £2,800 plus listed add-backs of £108,980: the listed components total £111,780, leaving £7,220 unexplained within the vendor's own schedule. Defensible earnings after normalisation are £26,100 against a presented figure of £119,000, a difference of £92,900.

F3 - Margin trend

2/5

Base anchor: 2 (clear multi-year compression). No adjustment applied. Gross profit margin improved marginally from £208,300 on £351,200 (59.3%, FY2023) to £216,800 on £368,400 (58.8%, FY2024), effectively flat. However, net profit fell sharply from £8,800 to £2,800 over the same period, indicating that operating cost growth below the gross profit line absorbed the additional gross contribution. With only two years of accounts, a trend cannot be fully established, but the documented net-level decline is consistent with structural cost pressure — wage costs, lease cost, and supplier minimum-spend obligations — rather than a cyclical dip. The imminent rent review to £39,000–£42,000 (from £34,800) represents a further documented cost increment not yet reflected in the filed figures.

F4 - Price vs benchmark

0/5

Base anchor: 0 (far above range). No adjustment applied. Defensible earnings are £26,100. The asking price of £295,000 implies a multiple of 11.3x defensible earnings. Market evidence from multiple 2025–2026 sources consistently places single-site owner-operated café/bakery businesses at 1.5x–3.5x SDE, with exceptional operations occasionally reaching 4.0x. At the documented earnings base, market-comparable multiples would support a valuation in the approximate range of £39,000–£91,000 based on those comparators. The asking price of £295,000 therefore carries substantial goodwill at a level materially above the range supported by current market evidence. This divergence is further compounded by the low confidence in the earnings figure itself, the unreconciled turnover gap, the imminent rent review, and the short lease tail.

F5 - Working capital and cash conversion

2/5

Base anchor: 3 (adequate). Adjusted down by 1 to 2 because of documented aggravants. Net assets are £41,200, and trade creditors of £31,200 are recorded without underlying debtor/creditor detail. The HP liability of £6,400 and director's loan account credit of £18,000 remain within the company on a share purchase. Till records document cash wages and cash not banked, raising questions about cash management that a tax adviser and accountant would ordinarily examine. Bank balances moved from £12,100 (1 September 2024) to £34,540 (31 October 2024) over two months, a material swing consistent with project-based or seasonal receipts, but insufficient to establish a working-capital norm. No CT600 returns were provided, so the tax position within the company cannot be confirmed from the records supplied.

Revenue

avg 2.0 / 5

R1 - Customer concentration

INSUFFICIENT DATA

No customer list, revenue concentration analysis, or events booking records were provided. Counter trade is transactional by nature and unlikely to be concentrated, but the events and catering arm — described in the particulars as 'contributing significantly' — could carry client concentration. The split between counter revenue and events revenue, and the identity or number of events clients, cannot be assessed from the documents supplied.

R2 - Recurring vs one-off revenue

2/5

Base anchor: 3 (mixed). Adjusted down by 1 to 2 because of documented aggravants. The business operates three revenue strands: café/bakery counter trade (recurring, evidenced by two weeks of till Z-reads averaging £11,260 gross per week), an events/catering arm described as 'partly invoiced through a separate arrangement', and unspecified other activity. Statutory turnover of £368,400 (FY2024) is £43,600 below the particulars' claim of £412,000, with the gap attributed to events invoiced outside the main entity. No events invoicing records, customer list, or full-year bank statements were provided to verify the events strand. The proportion of recurring counter trade versus project-based events revenue is therefore undocumented. Statutory turnover grew only modestly from £351,200 to £368,400 over two years, against the seller's claim of strong year-on-year growth.

R3 - Contract security

INSUFFICIENT DATA

No customer contracts, events booking agreements, or revenue retention evidence were provided. Counter trade operates without documented customer contracts by its nature. The events/catering arm is described in the particulars as a growing revenue strand, but no booking contracts, deposit terms, or cancellation terms were supplied. The contractual position for either revenue strand cannot be assessed from the documents provided.

People

avg 1.3 / 5

P1 - Owner / founder dependency

1/5

Base anchor: 1 (critical dependency with owner exiting and no plan). No adjustment applied. The business is described as owner-operated by a single working director/shareholder. The heads of terms record a handover commitment, but no documented transition plan, training schedule, or retain period is evidenced. A separate documented single-point-of-failure exists in the head baker, noted in the staff schedule as 'Key — early starts, holds recipes', with no cross-training or recipe documentation provided. On a share purchase the company transfers, but the operational continuity of both the owner and the head baker are matters that a commercial reviewer would ordinarily examine. The combination of an exiting owner-operator and an undocumented key employee dependency creates two concurrent people risks.

P2 - Management depth / key-person

2/5

Base anchor: 2 (no management layer below owner). No adjustment applied. The staff schedule lists a café manager (full-time, 40 hrs) below the working director, which provides a partial management layer. However, the head baker — noted as holding all recipes with no documented cross-training or recipe records — represents a documented single point of failure for product quality. The events/catering strand is described as growing but no events manager or documented management structure for that strand was identified in the materials. Overall management depth is thin relative to the operational complexity of a three-strand business.

P3 - Staff / TUPE / employment liabilities

INSUFFICIENT DATA

No employee contracts, holiday accrual records, or pension scheme details were provided. Headcount is recorded inconsistently across three sources: statutory accounts state 7 employees (FY2024), the staff schedule lists 9 named staff (excluding casual events staff and the director), and the lease schedule references 6 named keyholders. Till records note cash wages paid to Saturday staff, which raises questions about PAYE compliance and worker classification that a tax adviser and employment lawyer would ordinarily examine. On a share purchase the company transfers with all employment liabilities. The true headcount, accrued holiday, pension auto-enrolment position, and the employment status of casual and weekend staff cannot be assessed from the documents supplied.

S1 - Key-relationship and repeat-business transferability

1/5

Base anchor: 1 (critical transferability uncertainty with no documented plan). No adjustment applied. This profile-specific factor examines whether the customer relationships, repeat trade, and operational know-how that underpin the business are capable of transferring on a change of ownership. The seller claims an outstanding local reputation, strong loyal custom, and award-winning status, but no customer list, retention data, review platform presence, or award citations were located in the documents or public records. The head baker is documented as holding all recipes with no cross-training or recipe records, meaning core product know-how is concentrated in a single employee who is not the owner. The working director is the sole shareholder and operator, with no documented evidence of staff-led or systemised customer relationships. No post-completion handover plan beyond a general statement in the heads of terms was provided. The combination of unverifiable reputation claims, undocumented product IP held by a key employee, and the absence of any retention evidence means the transferability of the business's stated goodwill cannot be assessed from the materials supplied.

Legal Structure

avg 1.3 / 5

L1 - Deal structure and inherited liabilities

1/5

Base anchor: 2 (share deal with material inherited exposure). Adjusted down by 1 to 1 because of the combination and scale of documented inherited exposures. The transaction is structured as a 100% share purchase. The company would transfer with: unaudited FRS 105 accounts with no CT600 verification; a £43,600 unexplained turnover gap attributed to events invoiced outside the main entity; till records documenting cash wages and unbanked cash raising historic PAYE/NIC questions; a director's loan account credit of £18,000 whose repayment terms and tax treatment are undocumented; an HP liability of £6,400 whose agreement was not provided; the Dales Roastery minimum-spend commitment of approximately £35,640/year binding on successors for three further years; FRI lease obligations with no dilapidations assessment; and inconsistent headcount with no employment contracts. The number and variety of undocumented or unquantified inherited exposures within the company is a documented aggregate concern.

L2 - Change-of-control exposure

1/5

Base anchor: 2 (material revenue/contract exposed). Adjusted down by 1 to 1 because two independent documented change-of-control provisions have been identified, both of which affect the company's ability to continue operating without interruption. First, the lease extract appears to provide that on a share sale the landlord must be notified and may require a replacement personal guarantee; the extract also records that failure to obtain consent may constitute a breach. For a single-site hospitality business, continuity of the lease is existential. Second, Clause 11 of the Dales Roastery supply agreement records that the agreement binds successors and that a change of control does not terminate the minimum-spend commitment of approximately £35,640/year, with three years remaining. The lease change-of-control provision is the more significant of the two given the premises dependency. The HP agreement was not provided and may contain additional change-of-control provisions that cannot be assessed.

L3 - Charges, guarantees, director loans

2/5

Base anchor: 2 (guarantees/charges needing replacement/discharge). No adjustment applied. Three documented encumbrances exist within the company: (1) the lease is personally guaranteed by the current director for the full term, and landlord consent to the change of control is documented as conditional on a replacement personal guarantee from the incoming director; (2) a director's loan account credit of £18,000 whose nature, repayment terms, and tax treatment on completion are undocumented; (3) an HP liability of £6,400 on coffee equipment whose agreement was not provided. The espresso machine exit liability of £6,400 under the supply agreement may overlap with or be separate from the HP liability, requiring clarification. A solicitor and tax adviser would ordinarily examine the guarantee release, director's loan treatment, and HP agreement terms.

L4 - Lease security

1/5

Base anchor: 1 (near-expiry or hostile terms). No adjustment applied. The lease has approximately 3 years unexpired at completion (10-year term from 1 May 2018). A landlord-only break at the 2026 review date on 6 months' notice means the landlord may end the lease before its natural expiry, while the tenant may not. An upward-only open-market rent review is due 1 May 2025, with the landlord seeking £39,000–£42,000 against a current £34,800 — an increase of approximately 12%–21%. The lease is on FRI terms with no dilapidations assessment completed. Landlord consent to the share purchase is conditional on a replacement personal guarantee. Only a 4-page extract of the 38-page lease was provided; the rent review memorandum, service charge provisions, and any side letters were not included. Whether the lease benefits from Landlord and Tenant Act 1954 security of tenure protection, or whether that protection has been contracted out, cannot be determined from the extract supplied.

L5 - IP / brand / asset ownership

INSUFFICIENT DATA

No IP ownership documentation, trade mark registrations, or assignment agreements were provided. The staff schedule notes the head baker 'holds recipes', and no recipe documentation or confidentiality/restrictive covenant terms for the head baker were supplied. Whether the recipes and product knowledge are owned by or formally assigned to the company, or reside with the individual, cannot be determined from the documents reviewed. The two espresso machines are documented as on loan from the supplier and are not company-owned assets. No other asset ownership documentation was provided.

L6 - Regulatory / licensing

INSUFFICIENT DATA

No food hygiene rating, Food Standards Agency registration, licensing documentation, health and safety records, or insurance policies were provided. No FSA listing for this specific Harrogate business was located in public records. The permitted use under the lease extract is recorded as A3/A1 food and drink only, and no late licence is documented as held, which is relevant to the events/catering activity described in the particulars. The regulatory and compliance status of the business as a food operator cannot be assessed from the documents supplied.

Integrity Market

avg 1.5 / 5

I1 - Internal consistency / contradictions

0/5

Base anchor: 0 (internally incoherent / wrong entity). No adjustment applied. Multiple documented contradictions exist across the materials. First, and most structurally significant: The company number supplied in the deal documents resolves on the Companies House register to an active company in an unrelated sector and region, with no connection to a Harrogate café or bakery. No Companies House entry for 'The Copper Kettle (Harrogate) Limited' was located under that name or any close variant. This is a direct conflict between the identity claim in the deal documents and the public register. Second, statutory turnover for FY2024 is £368,400, while the sales particulars state £412,000 — a £43,600 (12%) unexplained gap attributed to events invoiced through an undocumented separate arrangement. Third, headcount is recorded as 7 (accounts), 9 (staff schedule), and 6 (lease schedule) across three sources simultaneously. Fourth, the vendor-presented earnings of £119,000 do not reconcile to baseline earnings of £2,800 plus listed add-backs of £108,980; the listed components total £111,780, leaving £7,220 unexplained within the vendor's own schedule. Fifth, the vendor's award-winning claims and stated reputation have no corroborating public footprint, though this is classified as a verification gap rather than a direct contradiction.

M1 - Market / sector context

3/5

Base anchor: 3 (stable/neutral). No adjustment applied. The UK bakery café sector is documented as growing at 6.6% CAGR over the five years to 2025–26 (IBISWorld), with artisan and premium formats identified as structural growth segments. Sourdough formats are reported at 46% year-on-year growth (Nielsen/Finsbury Food Group, 2025). Harrogate is described as having an active independent food and drink scene and hosts a recurring food festival. These are documented sectoral tailwinds. Counterbalancing headwinds include wage cost pressure, commodity input volatility (wheat, butter, eggs), and increasing competition from national artisan chain entrants. The sector context is broadly supportive but does not distinguish the specific competitive position of this business, which could not be verified from public sources.

28 / 100

OBSERVED INDICATOR BAND

Some observed indicators

The scorecard is dominated by a cluster of factors assessed at the lowest two levels of the scale. F2 (add-back integrity) and I1 (internal consistency) are each assessed at the lowest level: eight of ten listed add-backs totalling the majority of the presented earnings figure were excluded for lack of independent supporting documentation, reducing defensible earnings from a presented £119,000 to £26,100; and the company number supplied in the deal documents resolves on Companies House to an unrelated active company, with no entry found for the named entity under any variant. F4 (price versus benchmark) is also assessed at the lowest level, with the implied multiple of 11.3x defensible earnings materially above the 1.5x–3.5x range documented across multiple current market sources for comparable businesses. F1 (earnings quality), L1 (inherited liabilities), L2 (change-of-control exposure), L4 (lease security), P1 (owner dependency), and S1 (key-relationship transferability) are each assessed at the second-lowest level, reflecting a combination of declining net profitability, a share purchase structure carrying multiple undocumented or unquantified inherited exposures, two independent change-of-control provisions in the lease and supply agreement, a lease with approximately three years unexpired and a landlord-only break, an exiting single owner-operator with no documented transition plan, and recipe and product know-how concentrated in an undocumented key employee. Several factors — including R1, R3, P3, L5, and L6 — could not be assessed because the required documents were not supplied; this limits confidence in the overall picture rather than contributing directly to the score. The assessed factors that sit at moderate or above relate principally to the sector context (M1, assessed at 3) and working capital (F5, assessed at 2), which are partially offsetting but do not materially alter the picture established by the lower-scoring factors.

Acquisition Screening Score

This score is a defined aggregation of the observed indicators identified in the documents supplied for review. It summarises the presence and weighting of those indicators using Aquerim's published methodology. It is not a recommendation regarding whether any acquisition should proceed and should not be relied upon as investment, legal, accounting or tax advice.

Where this report uses terms such as 'significant', 'material' or similar descriptors, those expressions describe the prominence of documented indicators within the report methodology only. They do not express an opinion on the desirability, suitability or commercial merits of any proposed transaction.

FINANCIAL ANALYSIS

£26,100
DEFENSIBLE EARNINGS

11.3x
IMPLIED MULTIPLE

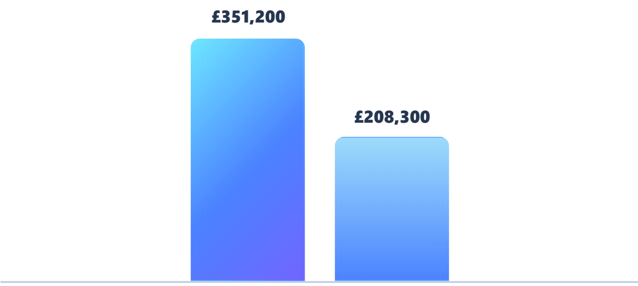
The £295,000 asking price implies 11.30x defensible earnings of £26,100
BENCHMARK OBSERVATION

The Copper Kettle (Harrogate) Ltd is presented at £295,000. The supplied schedule states presented earnings of £119,000 from baseline earnings of £2,800 and 10 listed add-backs totalling £108,980. The listed components total £111,780, leaving £7,220 unexplained against the presented figure. After the documented normalisation adjustments, defensible earnings are £26,100, implying 11.30x at the asking price. The adjustments removed are: Director's dividends £34,000; Motor vehicle (Range Rover) £11,400; 'Consultancy' to Mrs Vendor £18,000; Family mobile phones (x4) £1,680; 'Research' trips (Italy, France) £6,200; Home office & sundry £3,400; One-off refurb cost £8,900; Owner's car insurance/repairs £2,100. Data confidence is recorded as low - driven by unaudited FRS 105 accounts, only two months of bank statements and two weeks of till data, an unreconciled turnover gap, till notes indicating unbanked cash, and largely undocumented add-backs..

Assessment: The £295,000 asking price implies 11.30x defensible earnings of £26,100. Public comparator evidence is addressed in the Market Context section.

FINANCIAL PERFORMANCE

SOURCE: SANITISED FINANCIALS

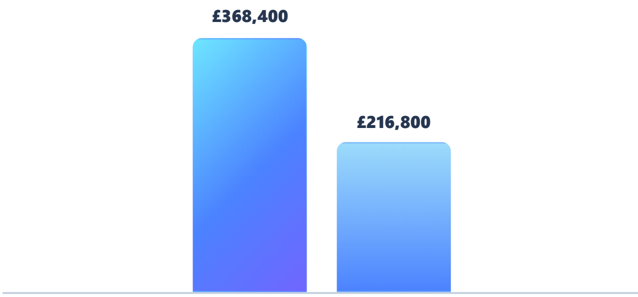


FY2023

Gross margin 59.3%

Net result **£8,800**

Margin 2.5%



FY2024

Gross margin 58.8%

Net result **£2,800**

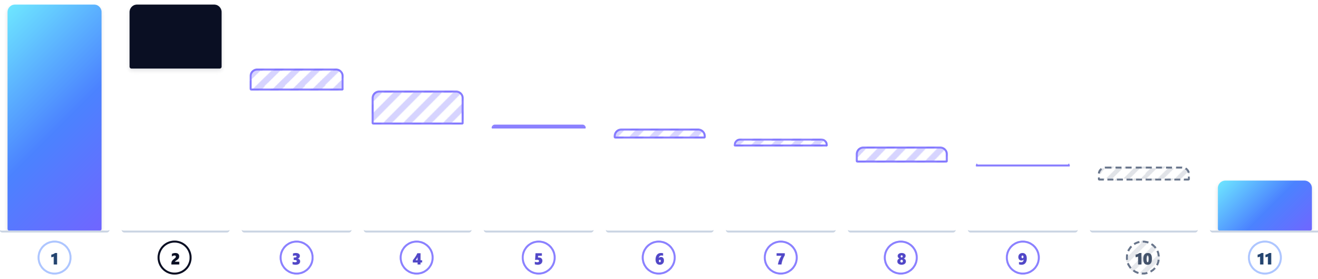
Margin 0.8%

Revenue · Gross profit

Revenue and gross profit share one scale. Margins are derived directly from the supplied figures.

NORMALISATION BRIDGE

SOURCE: FINANCIAL OUTPUT



Presented / defensible figure · Clear-cut exclusion · Judgement item pending evidence · Source reconciliation discrepancy

1. **Presented figure**
   £119,000
2. **Director's dividends**
   -£34,000
3. **Motor vehicle (Range Rover)**
   -£11,400
4. **'Consultancy' to Mrs Vendor**
   -£18,000
5. **Family mobile phones (x4)**
   -£1,680
6. **'Research' trips (Italy, France)**
   -£6,200
7. **Home office & sundry**
   -£3,400
8. **One-off refurb cost**
   -£8,900
9. **Owner's car insurance/repairs**
   -£2,100
10. **Vendor presented earnings do not reconcile to listed add-backs**
    -£7,220
11. **Defensible figure**
    £26,100

Add-back treatment

Classification explains why each listed item was treated this way. Judgement items are not treated as proven invalid; they remain outside the evidence-only figure pending supporting evidence.

Supported adjustments — **£23,300**

Included in the defensible figure.

Director's salary	£9,100
Depreciation	£14,200

Clear-cut exclusions — **£34,000**

Definitionally not an operating-cost add-back.

Director's dividends	£34,000

Judgement items — **£51,680**

Not included pending evidence about business or personal treatment.

Motor vehicle (Range Rover)	£11,400
'Consultancy' to Mrs Vendor	£18,000
Family mobile phones (x4)	£1,680
'Research' trips (Italy, France)	£6,200
Home office & sundry	£3,400
One-off refurb cost	£8,900
Owner's car insurance/repairs	£2,100

The hatched reconciliation step is a separate source-arithmetic discrepancy, not an add-back classification.

LEGAL FINDINGS - SHARE PURCHASE

This is a share purchase of The Copper Kettle (Harrogate) Ltd, on which the company would transfer with its existing contracts, employees, and historic liabilities. Several documented legal matters for review cluster around the premises: the lease extract records approximately 3 years unexpired, a landlord-only break at the 2026 review, an imminent upward-only rent review, FRI repairing obligations, and landlord consent to the change of control conditioned on a replacement personal guarantee, with breach wording documented. Further documented matters include the Dales Roastery supply agreement's minimum-spend commitment and equipment liability binding on successors, inconsistent employee headcount across three sources alongside notes of cash wages, a director's loan account and HP liability within the company, recipes held by the head baker with no IP documentation, and unaudited FRS 105 accounts with an unexplained turnover discrepancy. Documentation is partial across the lease, employment, tax, supplier, and regulatory areas, which limits confidence and leaves many items uncorroborated against primary records. This report organises and explains what the supplied documents show for investigation by qualified professional advisers; it is informational screening only and is not legal advice or a substitute for review by a qualified solicitor.

Landlord consent to change of control conditioned on a replacement personal guarantee, with breach wording documented HIGH

The lease extract records that on a share sale the landlord must be notified and may require a replacement personal guarantee, and that lease assignment is conditional on the incoming director providing one. The extract also records that failure to obtain consent may constitute a breach. A personal guarantee means an individual becomes personally liable for the rent and lease obligations if the company defaults. For a premises-dependent hospitality business, continuity of occupation is central, so consent terms and the guarantee requirement are matters commonly examined during professional legal due diligence.

Matter for review: The full lease and consent provisions, the scope and duration of the replacement personal guarantee sought, and whether landlord consent is treated as a condition to completion.

Short unexpired term (~3 years) combined with landlord-only break at the 2026 review date HIGH

The lease extract records approximately 3 years unexpired at completion (10-year term from 1 May 2018) and a landlord-only break at the 2026 review date on 6 months' notice. A landlord-only break means the landlord can end the lease early, while the tenant cannot. For a single-site business dependent on these premises (café at ground floor, bakery in the basement), a short remaining term and a landlord break create premises-continuity uncertainty that would ordinarily be examined during professional legal due diligence.

Matter for review: The break clause terms, the likelihood and mechanics of the landlord exercising the break, and options for renewal or security of tenure under the Landlord and Tenant Act 1954 (and whether that protection has been contracted out).

Coffee supply agreement with minimum-spend commitment binding on successors HIGH

The Dales Roastery supply agreement records a minimum purchase commitment of 1,800kg per annum at the prevailing list price (currently £19.80/kg, approximately £35,640/year), with any shortfall against the minimum payable in full. Clause 11 records that the agreement binds successors and that a change of control does not terminate the minimum-spend commitment. On a share purchase this commitment remains within the company. Three years remain on the current term, and the agreement auto-renews for further 3-year periods unless terminated with 12 months' written notice. This is a fixed forward cost obligation regardless of trading volume.

Matter for review: The full supply agreement, the pricing mechanism ('prevailing list price' allows price movement), the shortfall calculation, and the 12-month notice/auto-renewal timing.

Imminent upward-only rent review with landlord seeking a material increase MEDIUM

The lease extract records an open-market rent review due 1 May 2025 on an upward-only basis, with the landlord indicating a figure of £39,000-£42,000 against the current £34,800 (an increase of roughly 12%-21%). 'Upward-only' means the rent cannot fall at review. This is a documented future cost movement affecting the company's overhead base. The rent review memorandum was not included in the extract provided.

Matter for review: The rent review mechanism in the full lease and rent review memorandum, and the basis on which the landlord's indicated figure is calculated.

Full repairing and insuring (FRI) obligations with no dilapidations assessment MEDIUM

The lease extract records that the lease is on full repairing and insuring (FRI) terms, meaning the tenant carries responsibility for repairs and insurance of the premises. The extract states a schedule of dilapidations has not yet been assessed. Under FRI terms, accrued repair liabilities can crystallise into a cost, particularly at lease end. This liability sits within the company on a share purchase.

Matter for review: The repairing covenants in the full lease and a dilapidations survey to quantify any accrued repair obligations.

Equipment loan liability on termination of the coffee supply agreement MEDIUM

The supply agreement records that two espresso machines are provided on loan by the roaster, and that on termination the equipment must be returned or the depreciated value (currently £6,400) paid, in addition to any shortfall. This means the espresso machines are not company-owned assets and carry an exit liability. This overlaps with the £6,400 HP entry noted in the balance sheet, which requires clarification as to whether these are the same item or separate liabilities.

Matter for review: Ownership status of the espresso machines, the depreciated-value calculation, and reconciliation against the £6,400 HP figure in the balance sheet to establish whether these are one liability or two.

Limited supplier and no customer contract documentation for a three-strand business MEDIUM

Only the coffee supply agreement was provided. No other supplier contracts, and no customer contracts, invoices, or retention evidence, were supplied. The sales particulars emphasise a growing events and catering arm, which for catering can involve booking contracts, deposits, and cancellation terms. Without these documents, the contractual position for the events revenue strand and other supply relationships cannot be verified from the material reviewed.

Matter for review: Other key supplier contracts and any customer or events booking contracts, including terms on cancellation, deposits, and any change-of-control provisions.

Employees remain within the company on a share purchase; headcount recorded inconsistently across three sources MEDIUM

On a share purchase the company retains its employees on their existing terms, and associated PAYE, holiday, and pension liabilities remain within the company. Headcount is recorded inconsistently: the accounts state 7 employees (FY2024), the staff schedule lists 9 named staff excluding casual events staff and the director, and the lease references 6 named keyholders. No employee contracts, holiday accrual records, or pension scheme details were provided. Accurate headcount and employment liabilities are matters commonly examined during professional legal and accounting due diligence, and are typically addressed through warranties on a share purchase.

Matter for review: Payroll records, employee contracts, holiday accrual, pension auto-enrolment compliance, and the status of casual events staff (employee vs worker vs self-employed) to establish true headcount and associated liabilities.

Cash wages to Saturday staff and informal cash handling noted on till records MEDIUM

The till Z-read notes record £300 taken for float plus 'cash wages (Sat staff)' and that 'some cash NOT banked - see jar / petty'. Cash wages, if not run through payroll, raise questions about PAYE and National Insurance compliance and correct worker classification. On a share purchase, any historic PAYE or NIC exposure remains within the company. This is a matter commonly examined during professional accounting and employment due diligence.

Matter for review: Whether cash payments to staff were processed through PAYE, the classification of casual/weekend staff, and any resulting historic PAYE/NIC exposure remaining in the company.

Existing lease personal guarantee by the current director and replacement guarantee requirement MEDIUM

The lease is personally guaranteed by the current director, Mr Vendor, for the full term. The documents record that landlord consent to the change of control is conditional on a replacement personal guarantee from the incoming director. This links the guarantee obligation to the consent and premises-continuity matters above. Whether the outgoing director's guarantee is released and how the replacement guarantee is structured are matters that would ordinarily be examined during professional legal due diligence.

Matter for review: The terms of the existing guarantee, whether it is released on the change of control, and the scope of any replacement guarantee required.

Director's loan account (credit) of £18,000 within the company MEDIUM

The balance sheet records a director's loan account in credit of £18,000, meaning the company owes the director this amount. On a share purchase, how this balance is treated (repaid, waived, or assumed) affects the company's liabilities post-completion, and there may be tax consequences. The nature and repayment terms of this balance are not documented in the material provided.

Matter for review: The nature, repayment terms, and completion treatment of the director's loan account, and any associated tax treatment, which a solicitor and tax adviser would ordinarily examine.

Recipes held by the head baker; no IP ownership documentation MEDIUM

The staff schedule notes the head baker is 'Key — early starts, holds recipes', and no IP documents were provided. For an artisan bakery, recipes and product knowledge are core to the business. Where such knowledge sits with an individual employee rather than being documented and owned by the company, there is a continuity question if that person leaves, and the company's ownership of the recipes may not be formally established.

Matter for review: Whether recipes and product IP are owned by or assigned to the company, whether they are documented, and the terms of the head baker's employment including any confidentiality or restrictive covenants.

Unaudited FRS 105 micro-entity accounts and material unverified turnover discrepancy MEDIUM

The accounts are unaudited, prepared under FRS 105 micro-entity provisions, with no profit and loss account delivered to the Registrar, and are marked 'for information only'. Statutory turnover for FY2024 is £368,400 against £412,000 in the sales particulars (a variance of approximately £44k / 12%), attributed to events/catering 'partly invoiced through a separate arrangement' that was not documented. On a share purchase, the accuracy of the company's records and any undisclosed arrangements affect the liabilities within the company and are matters commonly examined during professional accounting and legal due diligence, typically supported by warranties.

Matter for review: Reconciliation of statutory turnover against the events 'separate invoicing arrangement', full bank statements, CT600 tax returns, and VAT records to establish the true trading position and any tax exposure within the company.

Permitted use limited to A3/A1 food and drink, with no late licence held LOW

The lease extract records permitted use as A3/A1 food and drink only, and states no late licence is currently held. The sales particulars reference a 'growing events and catering arm' and scope for expansion through extended opening hours. Any activity beyond the documented permitted use, or events requiring later hours or alcohol, may depend on landlord consent and/or licensing not evidenced in the documents provided.

Matter for review: The permitted use provisions in the full lease and any licensing requirements for the events/catering activity and extended-hours trading.

HP liability on coffee equipment of £6,400 within the company LOW

The balance sheet records a hire purchase (HP) liability of £6,400 on coffee equipment. On a share purchase this liability remains within the company. HP agreements can contain change-of-control or termination provisions. The HP agreement itself was not provided, and this figure overlaps with the espresso machine exit value under the supply agreement, requiring clarification.

Matter for review: The HP agreement terms including any change-of-control provisions, and reconciliation of the £6,400 figure against the supply agreement equipment liability.

Regulatory and insurance documentation not provided for a food business LOW

No food hygiene rating, licensing, health and safety records, or insurance policy documentation was provided. For a food and hospitality business, food hygiene registration and appropriate insurance are ordinarily required. On a share purchase these registrations generally remain with the company, but their currency and compliance status cannot be confirmed from the material reviewed.

Matter for review: Current food hygiene rating and registration, any required licences, and confirmation of insurance cover in force.

MARKET CONTEXT

Sector: Growing. IBISWorld reports the UK bakery café sector at £1.4bn market size in 2026, with industry revenue growing at a CAGR of 6.6% over the past five years. Tailwinds include rising consumer demand for artisanal and premium products, growing coffee culture, and event catering opportunities. Headwinds include wage cost pressure, commodity input volatility (wheat, butter, eggs), and increasing competition from national chains such as Gail's and Ole & Steen.

Price sense-check: The deal's implied multiple of 11.3x SDE is materially above the 1.5x–3.5x range found across multiple current sources for comparable single-site owner-operated café/bakery businesses. At £26,100 defensible earnings, market evidence indicates the earnings base alone would typically support a valuation in the approximate range of £39,000–£91,000, implying the asking price of £295,000 carries substantial goodwill/premium above what earnings alone would ordinarily support at market-comparable multiples. This divergence is a documented market sense-check point that would ordinarily be examined during commercial due diligence.

PUBLIC-RECORD VERIFICATION LOW

Public-record verification identified a material discrepancy between the company number supplied in the deal documents and the Companies House register. The company number supplied in the deal documents resolves on the Companies House register to an active company in an unrelated sector and region, with no connection to a Harrogate café or bakery. No Companies House entry for 'The Copper Kettle (Harrogate) Limited' was located under that name or any close variant. Separately, no website, review platform listing, press coverage or directory entry for this specific Harrogate business was found, meaning all seller claims relating to reputation, turnover, profit, growth, awards and trading history could not be corroborated from public sources. These items are classified as could-not-verify rather than discrepancies, because the absence of a public footprint is the expected result for many small private UK businesses. However, the company-number mismatch — where the supplied number resolves to a wholly different, active company — is a documented conflict with the seller's identity claim and would ordinarily be examined as a priority matter during legal due diligence to establish the correct legal entity carrying on the business before any share purchase proceeds.

MATTERS IDENTIFIED FOR FURTHER PROFESSIONAL REVIEW

1. Establishing the correct registered legal entity carrying on the business and reconciling the company-number mismatch against the Companies House register before any share purchase proceeds.
2. Reconciliation of statutory turnover against the events 'separate invoicing arrangement', supported by full-year bank statements, CT600 tax returns and VAT records, to establish the trading position and any tax exposure remaining within the company.
3. The full lease and consent provisions, the scope and duration of any replacement personal guarantee, the rent review mechanism and memorandum, the landlord-only break clause, FRI repairing obligations and a dilapidations assessment, and whether Landlord and Tenant Act 1954 security of tenure applies or has been contracted out.
4. The full Dales Roastery supply agreement, including the pricing mechanism, shortfall calculation, equipment exit liability, and the twelve-month notice and auto-renewal timing, and reconciliation of the £6,400 equipment figure against the £6,400 HP entry in the balance sheet to establish whether these are one liability or two.
5. Whether cash payments to staff were processed through PAYE, the classification of casual and weekend staff, and any resulting historic PAYE/NIC exposure remaining within the company, alongside payroll records, employee contracts, holiday accrual and pension auto-enrolment position.
6. The nature, repayment terms and completion treatment of the director's loan account credit of £18,000 and any associated tax treatment.
7. Whether recipes and product IP are owned by or assigned to the company or reside with the head baker individually, and the terms of the head baker's employment including any confidentiality or restrictive covenants.
8. Current food hygiene rating and registration, any required licences for the events and extended-hours activity, and confirmation of insurance cover in force.
9. The relationship between the documented rent trajectory and the defensible earnings base, given that the indicated rent range would, if agreed, represent an annual lease cost exceeding the documented defensible earnings figure.

Verification Gaps - confirm directly (not adverse findings)

- The correct registered company number and name could not be confirmed from public sources; the supplied number returns an unrelated entity.
- No filed accounts were located for the entity as described, so the stated turnover of £412,000, adjusted profit of £119,000, and year-on-year growth could not be corroborated from public records.
- No website, review platform listing, press coverage or directory entry was found for this specific Harrogate business, so the claimed reputation, loyal custom and award-winning status could not be corroborated from public sources.
- No FSA food hygiene rating listing was located for this specific business.
- Customer concentration and contract security for the events strand could not be assessed because no customer list, revenue concentration analysis or events booking records were provided.
- Employment liabilities could not be quantified because no employee contracts, holiday accrual records or pension scheme details were provided, and headcount is recorded inconsistently across three sources (6, 7 and 9).
- IP and asset ownership could not be assessed because no IP ownership documentation, trade mark registrations or assignment agreements were provided.
- Regulatory and licensing status could not be assessed because no food hygiene rating, FSA registration, licensing documentation or insurance records were provided.
- Only two months of bank statements (September–October 2024), two weeks of till data and unaudited FRS 105 micro-entity accounts were supplied, with no CT600 returns, limiting reconciliation of the revenue run-rate, seasonality and cash records.
- Replacement salary was not quantifiable from the supplied documents and has not been factored into any earnings assessment.