

Bross Bagels in liquidation – £1.2 million owed

EXCLUSIVE

Bross Bagels boss Larah Bross has applied for a court order to place the hipster sandwich group into liquidation as the Inland Revenue pursued the company for debts of more than half a million pounds.

The move comes as a joint investigation by The Edinburgh Reporter/The Edinburgh Guardian found that estimated total debts due by the company are in excess of £1.2 million with the bulk of the debt – approximately £625,000 – due to Inland Revenue.

A petition was lodged at Edinburgh Sheriff Court on 3 August on behalf of Ms Bross and her partner Marc Millar, shareholders of Bross Bagels Limited, for the business “to be wound up by the court and that an interim Liquidator be appointed”.

Larah Bross said: “I’ve had no alternative but to place Bross Bagels Ltd into liquidation. As stated previously all the jobs have been safeguarded and we are bagel business as usual.”

Our investigation established that on 13 July HM Revenue and Customs had sent Bross Bagels a letter “Warning of winding up action for £574,132.03”.

The next day, 14 July, sandwich entrepreneur Larah Bross – also known as Mama Bross – registered a new business at

Companies House in which she is the sole shareholder and trading as Hot Mama Bagels Ltd.



Hole in the accounts at Bross Bagels – owner Larah Bross

The decision to petition the court and move toward a winding-up of the business appears to pre-empt similar action outlined in the letter from HMRC's Debt Management division.

The letter stated: "If the company doesn't pay in full or contact us about a payment plan by 3 August 2023, we may apply for a winding-up order against the company for this debt".

The letter goes on to warn that if the company is wound up the business could lose its assets, have its bank account frozen and may have to pay legal and other costs.

Earlier this month an email was sent by Bross Bagels' financial department informing suppliers that the business had been placed in administration.

Local traders seeking payment and threatening to withhold services were told in the email that "the entity of Bross Bagels Ltd went into administration" on 3 August 2023, adding that the administrators would be in touch directly regarding the debt and to confirm the best way forward.

However, the Canadian born business owner and comedian claimed that the business would continue trading and that following a restructuring it was battling to secure jobs.

She earlier said: "I think everyone is aware of how hard it's been for the hospitality sector over the last few years and things continue to be tough, but we are working tirelessly just to keep ourselves trading.

"We have taken professional advice; and a restructure has allowed us to safeguard all jobs and the good news is that it's business as usual for bagel lovers."

The Edinburgh Reporter/The Edinburgh Guardian have asked Ms Bross about the significance of forming a new entity at a time when core business is being wound up but have not received a

response.

HOT MAMA BAGELS LTD

Company number **SC775826**

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According to Companies House, Bross Bagels Limited latest annual accounts to 30 June, 2022, showed the business had net liabilities of £546,339, compared to just £99,270 in 2021. Short term liabilities – money due to creditors within one year, totalled £770,062 – more than double the 2021 sum of £300,140 – the largest of which was £402,944 due to “other taxation and social security”, while trade creditors at that date were due £157,270.

Longer term creditors, amounts falling due after more than one year, totalled £486,626, more than doubled the 2021 total of £212,698 and this includes a sum of £144,000 due to creditors who donated money through a “Share Holders” crowdfunding initiative.

Founded in a small shop in Portobello in August 2017, the company’s Montreal-style bagels and quirky marketing and social media campaigns built up a strong following. A

crowdfunding initiative was launched in October 2020 to part-finance a larger outlet and bakery in Portobello with “Share Holders” asked to invest £1,000 each – refundable after four years – in return for annual bagel vouchers and certain VIP benefits.

Expansion included opening shops in Leith and Queensferry Street – both now closed – but the brand was rolled out in other trendy city locations including Bruntsfield and Stockbridge. The company’s most ambitious project to date was launched in December 2021 when Bross Deli opened, a 1,200 sq ft unit in Edinburgh’s newest retail hotspot, the St James Quarter.

Last year boss the Bross Bagels boss pulled off a marketing coup when the business signed up Scottish actor Alan Cumming to collaborate on the naming of a new vegan bagel in his honour and in April Larah Bross met up with the Hollywood star during the Tartan Day Parade celebrations in New York and hosted a “Bagel Brunch” at the actor’s Club Cumming cabaret bar.

*Have you worked with Bross Bagels or been a supplier and have a story to tell? Get in touch: editor@theedinburghreporter.co.uk