

Hush Brasseries Limited

Annual Report and Consolidated Financial Statements
for the Period from 27 December 2021 to 25 December 2022

Sterlings Ltd
Chartered Accountants and Registered Auditors
Lawford House
Albert Place
London
N3 1QA

Hush Brasseries Limited

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Hush Brasseries Limited

Company Information

Directors E J F Standring
I S Neill
J L Barber
S Marsh

Company secretary J L Barber

Registered office C/O Sterlings Ltd Lawford House
Albert Place
London
N3 1QA

Auditors Sterlings Ltd
Chartered Accountants and Registered Auditors
Lawford House
Albert Place
London
N3 1QA

Hush Brasseries Limited

Strategic Report for the period from 27 December 2021 to 25 December 2022

The directors present their strategic report for the period from 27 December 2021 to 25 December 2022.

Principal activity

The principal activity of the group is the operation of restaurants and bars.

Fair review of the business

Sales for the year were £14,157,246 (2021: £11,478,717) showing growth of 23%.

The Company traded well for the first half of the year. In the second half of the year, the impact of the cost of living crisis, utility and food inflation, and transport strikes had a detrimental effect on performance and these pressures have continued into 2023.

Menu engineering helped to keep our cost of sales to 26% (2021: 24%).

Post-year end, our franchise partner in Saudi Arabia opened the second unit under the Cabana brand in Jubail, Saudi Arabia and this is performing in line with expectations.

Strategically, the Company made the decision to focus on Haché sites with strong delivery sales and unit performance, and the Cabana sites which are more geared towards wet led activities (which typically have a lower cost of sales and labour). This led to the disposal of two small Haché sites in Shoreditch and Clapham, which were more exposed to increases in its cost base, and our site in Westfield London which were completed post year end.

In December 2022, the Company won a lengthy lawsuit with the landlord at Hush securing its lease and preserving value. We were subsequently able to re-commence negotiations with an acquirer which began before COVID, and we were able to successfully complete the sale of our lease in Mayfair post year end.

The total value of these disposals was in excess of £3.34 million. Further sums are due in 2024 although contingent on the outcome of certain planning goals.

The sale of these assets has allowed us to focus on our core activities, to repay certain shareholder loans, our overdraft facility in full, and to provide liquidity moving forward.

Overall, the Company made an EBITDA loss of £388,926 (2021: £1.076 million).

The group's key financial and other performance indicators during the period were as follows:

Financial KPIs	Unit	2022	2021
Turnover	£'m	14.16	11.48
Gross profit margin	%	73.99	76.39
Adjusted EBITDA	£'000	(388.93)	1,075.81

*Adjusted EBITDA is calculated as earnings before interest, tax, depreciation, amortisation, new restaurant pre-opening costs and other exceptional costs

Hush Brasseries Limited

Strategic Report for the period from 27 December 2021 to 25 December 2022

Principal risks and uncertainties

The principal business risks relate to the following:

- Behavioural shifts and consumer spending power
- The effect of inflation on the cost of food and utilities
- Competition and current economic climate

The above risks are partly mitigated by the following key measures:

- A well developed delivery and click and collect offer
- Speed and agility in responding to cost increases
- A continued focus on delivering a great experience to our customers at excellent value for money. Innovation is a priority to keep customer engaged and interested in our activities.

Financial risk management objectives and policies

The company uses financial instruments, comprising borrowings, cash and other liquid resources and various other items such as trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations. The main risk arising from the company's financial instruments are interest rate risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below. The policies have remained unchanged from previous periods.

Interest rate risk

The group finances its operations through cash flow. The company has immaterial bank debt, and shareholder debt is subject to fixed rates.

Liquidity risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs. Primarily this is achieved through close management control of working capital and utilisation of existing loan facilities. Volatility in the sector and performance, and changes to government guidance in relation to COVID-19 can impact cashflow management.

Approved and authorised by the Board on 13 March 2024 and signed on its behalf by:

.....

J L Barber

Company secretary and director

Hush Brasseries Limited

Directors' Report for the Period from 27 December 2021 to 25 December 2022

The directors present their report and the for the period from 27 December 2021 to 25 December 2022.

Directors of the group

The directors who held office during the period were as follows:

E J F Standing

C Barber (resigned 29 December 2023)

I S Neill

J L Barber - Company secretary and director

S Marsh

Information included in the Strategic Report

As permitted by S414c(11) of the Companies Act 2006, the directors have elected to disclose information, required to be in the directors' report by Schedule 7 of the 'Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008' in the strategic report.

Disclosure of information to the auditor

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Approved and authorised by the Board on 13 March 2024 and signed on its behalf by:

.....

J L Barber

Company secretary and director

Hush Brasseries Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Hush Brasseries Limited

Independent Auditor's Report to the Members of Hush Brasseries Limited

Opinion

We have audited the financial statements of Hush Brasseries Limited (the 'parent company') and its subsidiaries (the 'group') for the period from 27 December 2021 to 25 December 2022, which comprise the Consolidated Profit and Loss Account, Consolidated Balance Sheet, Balance Sheet, Consolidated Statement of Changes in Equity, Statement of Changes in Equity, Consolidated Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 25 December 2022 and of the group's loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Material uncertainty related to going concern

We draw attention to Note 2 in the financial statements, which indicates that the group's ability to continue as a going concern is based on forecasts and projections that involve management's judgements regarding customer behaviour and economic conditions. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, 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.

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

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Hush Brasseries Limited

Independent Auditor's Report to the Members of Hush Brasseries Limited

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

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

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Hush Brasseries Limited

Independent Auditor's Report to the Members of Hush Brasseries Limited

Auditor Responsibilities for the audit of the financial statements

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

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- the Senior Statutory Auditor ensured that the audit team collectively had the appropriate competence, skills, and capabilities to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the group through discussions with directors and other management, and from our commercial knowledge and experience of the relevant industry;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation, and other legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence where relevant; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HM Revenue & Customs, relevant regulators, and the company's legal advisors.

There are inherent limitations in our audit procedures described above. The more remote that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

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

Hush Brasseries Limited

Independent Auditor's Report to the Members of Hush Brasseries Limited

Use of our report

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

.....
Stephen Fenton FCA (Senior Statutory Auditor)
For and on behalf of Sterlings Ltd, Statutory Auditor
Lawford House
Albert Place
London
N3 1QA

13 March 2024

Hush Brasseries Limited

Consolidated Profit and Loss Account for the Period from 27 December 2021 to 25 December 2022

	Note	2022 £	2021 £
Turnover	<u>3</u>	14,157,246	11,478,717
Cost of sales		<u>(3,681,886)</u>	<u>(2,709,935)</u>
Gross profit		10,475,360	8,768,782
Administrative expenses		(11,821,381)	(9,626,607)
Exceptional costs		(9,643)	-
Other gains/losses		-	(18,178)
Other operating income	<u>4</u>	<u>225,436</u>	<u>1,285,173</u>
Operating (loss)/profit	<u>6</u>	(1,130,228)	409,170
Interest payable and similar expenses	<u>7</u>	<u>(217,842)</u>	<u>(129,732)</u>
(Loss)/profit before tax		<u>(1,348,070)</u>	279,438
(Loss)/profit for the financial period		<u><u>(1,348,070)</u></u>	<u><u>279,438</u></u>
Profit/(loss) attributable to:			
Owners of the company		<u><u>(1,348,070)</u></u>	<u><u>279,438</u></u>

The above results were derived from continuing operations.

The group has no recognised gains or losses for the period other than the results above.

Hush Brasseries Limited

(Registration number: 03670723)

Consolidated Balance Sheet as at 25 December 2022

	Note	2022 £	2021 £
Fixed assets			
Intangible assets	<u>12</u>	2,144,319	2,392,138
Tangible assets	<u>13</u>	2,573,060	2,572,795
		<u>4,717,379</u>	<u>4,964,933</u>
Current assets			
Stocks	<u>15</u>	329,575	324,816
Debtors	<u>16</u>	995,506	812,853
Cash at bank and in hand		759,355	1,341,918
		<u>2,084,436</u>	<u>2,479,587</u>
Creditors: Amounts falling due within one year	<u>18</u>	<u>(4,854,203)</u>	<u>(4,597,676)</u>
Net current liabilities		<u>(2,769,767)</u>	<u>(2,118,089)</u>
Total assets less current liabilities		1,947,612	2,846,844
Creditors: Amounts falling due after more than one year	<u>18</u>	<u>(2,680,714)</u>	<u>(2,231,876)</u>
Net (liabilities)/assets		<u>(733,102)</u>	<u>614,968</u>
Capital and reserves			
Called up share capital	<u>20</u>	1,518,498	1,518,498
Share premium reserve		6,580,640	6,580,640
Profit and loss account		<u>(8,832,240)</u>	<u>(7,484,170)</u>
Equity attributable to owners of the company		<u>(733,102)</u>	<u>614,968</u>
Shareholders' (deficit)/funds		<u>(733,102)</u>	<u>614,968</u>

Approved and authorised by the Board on 13 March 2024 and signed on its behalf by:

.....
J L Barber
Company secretary and director

Hush Brasseries Limited
(Registration number: 03670723)
Balance Sheet as at 25 December 2022

	Note	2022 £	2021 £
Fixed assets			
Intangible assets	<u>12</u>	1	1
Tangible assets	<u>13</u>	945,112	1,187,828
Investments	<u>14</u>	3,587,376	3,737,376
		<u>4,532,489</u>	<u>4,925,205</u>
Current assets			
Stocks	<u>15</u>	81,381	129,373
Debtors	<u>16</u>	306,723	699,109
Cash at bank and in hand		212,674	342,283
		600,778	1,170,765
Creditors: Amounts falling due within one year	<u>18</u>	<u>(1,984,752)</u>	<u>(2,541,588)</u>
Net current liabilities		<u>(1,383,974)</u>	<u>(1,370,823)</u>
Total assets less current liabilities		3,148,515	3,554,382
Creditors: Amounts falling due after more than one year	<u>18</u>	<u>(2,380,664)</u>	<u>(2,231,876)</u>
Net assets		<u>767,851</u>	<u>1,322,506</u>
Capital and reserves			
Called up share capital	<u>20</u>	1,518,498	1,518,498
Share premium reserve		6,580,640	6,580,640
Profit and loss account		<u>(7,331,287)</u>	<u>(6,776,632)</u>
Shareholders' funds		<u>767,851</u>	<u>1,322,506</u>

The company made a loss after tax for the financial period of £554,655 (2021 - loss of £58,521).

Approved and authorised by the Board on 13 March 2024 and signed on its behalf by:

.....
J L Barber
Company secretary and director

Hush Brasseries Limited

Consolidated Statement of Changes in Equity for the Period from 27 December 2021 to 25 December 2022

Equity attributable to the parent company

	Share capital £	Share premium £	Profit and loss account £	Total £	Total equity £
At 27 December 2021	1,518,498	6,580,640	(7,484,170)	614,968	614,968
Loss for the period	-	-	(1,348,070)	(1,348,070)	(1,348,070)
At 25 December 2022	1,518,498	6,580,640	(8,832,240)	(733,102)	(733,102)
	Share capital £	Share premium £	Profit and loss account £	Total £	Total equity £
At 28 December 2020	1,515,298	6,580,640	(7,763,608)	332,330	332,330
Profit for the period	-	-	279,438	279,438	279,438
New share capital subscribed	3,200	-	-	3,200	3,200
At 26 December 2021	1,518,498	6,580,640	(7,484,170)	614,968	614,968

Hush Brasseries Limited

Statement of Changes in Equity for the Period from 27 December 2021 to 25 December 2022

	Share capital £	Share premium £	Profit and loss account £	Total £
At 27 December 2021	1,518,498	6,580,640	(6,776,632)	1,322,506
Loss for the period	-	-	(554,655)	(554,655)
At 25 December 2022	1,518,498	6,580,640	(7,331,287)	767,851
	Share capital £	Share premium £	Profit and loss account £	Total £
At 28 December 2020	1,515,298	6,580,640	(6,718,111)	1,377,827
Loss for the period	-	-	(58,521)	(58,521)
New share capital subscribed	3,200	-	-	3,200
At 26 December 2021	1,518,498	6,580,640	(6,776,632)	1,322,506

Hush Brasseries Limited

Consolidated Statement of Cash Flows for the Period from 27 December 2021 to 25 December 2022

	Note	2022 £	2021 £
Cash flows from operating activities			
(Loss)/profit for the period		(1,348,070)	279,438
Depreciation and amortisation	<u>6</u>	741,301	666,640
Loss on disposal of tangible assets	<u>5</u>	-	18,178
Interest paid	<u>7</u>	217,842	129,732
		(388,927)	1,093,988
Working capital adjustments			
Increase in stocks	<u>15</u>	(4,759)	(98,822)
(Increase)/decrease in debtors	<u>16</u>	(182,653)	165,278
Increase in creditors	<u>18</u>	313,082	574,454
Cash generated from operations		(263,257)	1,734,898
Income taxes received		600	1,727
Net cash flow from operating activities		(262,657)	1,736,625
Cash flows from investing activities			
Acquisitions of tangible assets		(493,748)	(498,692)
Cash flows from financing activities			
Interest paid		(217,842)	(57,503)
Issue of ordinary shares		-	3,200
Repayment of other borrowings		(9,722)	(50,000)
Proceeds of other borrowing		342,816	200,000
Repayment of convertible debt		(175,000)	-
Proceeds from finance lease creditors		241,964	-
Payments to finance lease creditors		(8,374)	(37,153)
Repayment of bank loan		-	(598,843)
Net cash flows from financing activities		173,842	(540,299)
Net (decrease)/increase in cash and cash equivalents		(582,563)	697,634
Cash and cash equivalents at 27 December		1,341,918	644,284
Cash and cash equivalents at 25 December		759,355	1,341,918

Hush Brasseries Limited

Notes to the Financial Statements for the Period from 27 December 2021 to 25 December 2022

1 General information

Hush Brasseries Limited operates a group of restaurants under the Hush, Hache and Cabana brands. The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:
C/O Sterlings Ltd Lawford House
Albert Place
London
N3 1QA
England

The principal place of business is:
95-97 High Holborn
London
WC1V 6LF
United Kingdom

These financial statements were authorised for issue by the Board on 13 March 2024.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland and the Companies Act 2006'.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

The financial statements are presented in Sterling (£), which is also the company's functional currency.

Summary of disclosure exemptions

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements.

Hush Brasseries Limited meets the definition of a qualifying entity under FRS 102 and has therefore take advantage of the disclosure exemptions available to it in respect of its separate financial statements. Exemptions have been taken in relation to share-based payments, financial instruments, presentation of a cash flow statement and remuneration of key management personnel.

Hush Brasseries Limited

Notes to the Financial Statements for the Period from 27 December 2021 to 25 December 2022

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 25 December 2022.

A subsidiary is an entity controlled by the company. Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the profit and loss account from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the group.

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between the company and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate. The directors have considered the impact of ongoing challenges facing the hospitality industry. The group's forecasts and projections have been prepared based on management's best estimate of customer behaviour and an increasing level of tourism and footfall. The forecasts also reflect the expectation that the inflation experienced during 2022 and 2023 has largely abated, that a proposed National Minimum Wage increase can be mitigated, and that a stability is returning to the economy and therefore to the hospitality industry. However, the precise forecasting of the timing and extent of improvement in consumer spending and the normalisation of inflationary pressures is extremely difficult. Therefore, the directors acknowledge a material uncertainty that could cast significant doubt on the group's ability to continue as a going concern.

Nevertheless, having considered the financial results, cash reserves and current forecasts, the directors believe the group will have adequate resources to continue in operational existence and meet its liabilities as they fall due for a period of at least twelve months from the date these financial statements are approved. Accordingly, the directors consider the going concern basis to be appropriate for preparing the financial statements.

Hush Brasseries Limited

Notes to the Financial Statements for the Period from 27 December 2021 to 25 December 2022

Judgements

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Estimates and assumptions have been used for the calculation of the useful economic lives of goodwill, leasehold properties, fixtures, fittings and equipment and motor vehicles and the provision of accruals. There were no estimates or assumptions that the directors deem to pose a significant risk of material misstatement.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the group's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts.

The group recognises revenue when:

The amount of revenue can be reliably measured;

it is probable that future economic benefits will flow to the entity;

and specific criteria have been met for each of the group's activities.

Franchise income

Franchise income is receivable on net sales of the licensed products sold. Franchise income is recognised on an accruals basis and in accordance with the substance of the relevant agreements.

Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants of a revenue nature are recognised in the profit and loss account in the same period as the related expenditure.

Tax

The tax expense for the period comprises current tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Hush Brasseries Limited

Notes to the Financial Statements for the Period from 27 December 2021 to 25 December 2022

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Short-term leasehold property	Over the lease term
Fixtures and fittings	10% per annum

Business combinations

Business combinations are accounted for using the purchase method. The consideration for each acquisition is measured at the aggregate of the fair values at acquisition date of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquired, plus any costs directly attributable to the business combination. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the group includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

Goodwill

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date. Goodwill is amortised over its useful life, which shall not exceed ten years if a reliable estimate of the useful life cannot be made.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Goodwill	Over the useful life of 10-15 years

Cash and cash equivalents

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

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business. Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables.

Hush Brasseries Limited

Notes to the Financial Statements for the Period from 27 December 2021 to 25 December 2022

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the group does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the profit and loss account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance costs in the profit and loss account and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

Share capital

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

Hush Brasseries Limited

Notes to the Financial Statements for the Period from 27 December 2021 to 25 December 2022

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the group has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

3 Turnover

The analysis of the group's Turnover for the period from continuing operations is as follows:

	2022	2021
	£	£
Sale of goods	14,157,246	11,478,717

4 Other operating income

The analysis of the group's other operating income for the period is as follows:

	2022	2021
	£	£
Government grants receivable	66,214	946,808
Rent receivable - sub lease rental income	80,000	49,167
Other operating income	-	11,167
Insurance claim	24,403	250,000
Franchise income	54,819	28,031
	225,436	1,285,173

5 Other gains and losses

The analysis of the group's other gains and losses for the period is as follows:

	2022	2021
	£	£
Loss on disposal of tangible assets	-	(18,178)

Hush Brasseries Limited

Notes to the Financial Statements for the Period from 27 December 2021 to 25 December 2022

6 Operating (loss)/profit

Arrived at after charging/(crediting)

	2022	2021
	£	£
Depreciation expense	493,482	418,821
Amortisation expense	247,819	247,819
Research and development cost	3,589	6,742
	<u>3,589</u>	<u>6,742</u>

7 Interest payable and similar expenses

	2022	2021
	£	£
Interest on bank overdrafts and borrowings	1,257	10,993
Interest on obligations under finance leases and hire purchase contracts	18,332	32,393
Interest expense on other finance liabilities	198,253	86,346
	<u>217,842</u>	<u>129,732</u>

8 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2022	2021
	£	£
Wages and salaries	4,759,662	4,310,034
Social security costs	398,470	348,788
Pension costs, defined contribution scheme	70,968	91,816
Other employee expense	71,008	31,207
	<u>5,300,108</u>	<u>4,781,845</u>

The average number of persons employed by the group (including directors) during the period, analysed by category was as follows:

	2022	2021
	No.	No.
Staff	254	209
	<u>254</u>	<u>209</u>

Hush Brasseries Limited

Notes to the Financial Statements for the Period from 27 December 2021 to 25 December 2022

9 Directors' remuneration

The directors' remuneration for the period was as follows:

	2022 £	2021 £
Remuneration	425,802	375,230
Contributions paid to defined contribution pension scheme	4,064	26,506
	<u>429,866</u>	<u>401,736</u>

During the period the number of directors who were receiving benefits and share incentives was as follows:

	2022 No.	2021 No.
Accruing benefits under defined contribution pension scheme	<u>4</u>	<u>4</u>

In respect of the highest paid director:

	2022 £	2021 £
Remuneration	176,095	166,857
Company contributions to money purchase pension schemes	<u>1,321</u>	<u>23,852</u>

10 Auditors' remuneration

	2022 £	2021 £
Audit of these financial statements	<u>30,497</u>	<u>24,999</u>

Hush Brasseries Limited

Notes to the Financial Statements for the Period from 27 December 2021 to 25 December 2022

11 Taxation

Tax charged/(credited) in the consolidated profit and loss account

	2022 £	2021 £
The tax on profit before tax for the period is higher than the standard rate of corporation tax in the UK (2021 - lower than the standard rate of corporation tax in the UK) of 19% (2021 - 19%). The differences are reconciled below:		
	2022 £	2021 £
(Loss)/profit before tax	(1,348,070)	279,438
Corporation tax at standard rate	(256,133)	53,093
Effect of expense not deductible in determining taxable profit (tax loss)	1,513	4,296
Utilisation of unrelieved tax losses brought forward	(35,773)	(84,354)
Tax increase/(decrease) from effect of capital allowances and depreciation	46,441	(20,121)
Tax increase from effect of unrelieved tax losses carried forward	196,866	-
Non-tax deductible amortisation of goodwill and impairment	47,086	47,086
Total tax charge/(credit)	-	-

Hush Brasseries Limited

Notes to the Financial Statements for the Period from 27 December 2021 to 25 December 2022

12 Intangible assets

Group

	Goodwill £	Total £
Cost or valuation		
At 27 December 2021	3,637,598	3,637,598
At 25 December 2022	3,637,598	3,637,598
Amortisation		
At 27 December 2021	1,245,460	1,245,460
Amortisation charge	247,819	247,819
At 25 December 2022	1,493,279	1,493,279
Carrying amount		
At 25 December 2022	2,144,319	2,144,319
At 26 December 2021	2,392,138	2,392,138

Company

	Goodwill £	Total £
Cost or valuation		
At 27 December 2021	1	1
At 25 December 2022	1	1
Carrying amount		
At 25 December 2022	1	1
At 26 December 2021	1	1

Hush Brasseries Limited

Notes to the Financial Statements for the Period from 27 December 2021 to 25 December 2022

13 Tangible assets

Group

	Land and buildings £	Furniture, fittings and equipment £	Total £
Cost or valuation			
At 27 December 2021	4,288,832	1,290,402	5,579,234
Additions	190,184	303,564	493,748
Disposals	-	(106,762)	(106,762)
	<hr/>	<hr/>	<hr/>
At 25 December 2022	4,479,016	1,487,204	5,966,220
	<hr/>	<hr/>	<hr/>
Depreciation			
At 27 December 2021	2,529,294	477,145	3,006,439
Charge for the period	351,840	141,642	493,482
Eliminated on disposal	-	(106,761)	(106,761)
	<hr/>	<hr/>	<hr/>
At 25 December 2022	2,881,134	512,026	3,393,160
	<hr/>	<hr/>	<hr/>
Carrying amount			
At 25 December 2022	<u>1,597,882</u>	<u>975,178</u>	<u>2,573,060</u>
At 26 December 2021	<u>1,759,538</u>	<u>813,257</u>	<u>2,572,795</u>

Included within the net book value of land and buildings above is £1,597,882 (2021 - £1,759,538) in respect of short leasehold land and buildings.

Hush Brasseries Limited

Notes to the Financial Statements for the Period from 27 December 2021 to 25 December 2022

Company

	Land and buildings £	Furniture, fittings and equipment £	Total £
Cost or valuation			
At 27 December 2021	3,258,948	570,551	3,829,499
Additions	62,326	130,554	192,880
Disposals	(528,150)	(190,764)	(718,914)
At 25 December 2022	2,793,124	510,341	3,303,465
Depreciation			
At 27 December 2021	2,327,042	314,629	2,641,671
Charge for the period	208,144	51,460	259,604
Eliminated on disposal	(407,433)	(135,489)	(542,922)
At 25 December 2022	2,127,753	230,600	2,358,353
Carrying amount			
At 25 December 2022	665,371	279,741	945,112
At 26 December 2021	931,906	255,922	1,187,828

Included within the net book value of land and buildings above is £665,371 (2021 - £931,906) in respect of short leasehold land and buildings.

14 Investments

Company

	2022 £	2021 £
Investments in subsidiaries	3,587,376	3,737,376
Subsidiaries		£
Cost or valuation		
At 27 December 2021		3,737,376
Provision		150,000
Carrying amount		
At 25 December 2022		3,587,376
At 26 December 2021		3,737,376

Hush Brasseries Limited

Notes to the Financial Statements for the Period from 27 December 2021 to 25 December 2022

Details of undertakings

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2022	2021
Subsidiary undertakings				
Hache Burger Connoisseurs Ltd	C/O Sterlings Ltd Lawford House, Albert Place, London, N3 1QA United Kingdom	Ordinary shares	100%	100%
Hache Trading Ltd	C/O Sterlings Ltd Lawford House, Albert Place, London, N3 1QA United Kingdom	Ordinary shares	100%	100%
Fired Up One Ltd	C/O Sterlings Ltd Lawford House, Albert Place, London, N3 1QA United Kingdom	Ordinary shares	100%	100%

Subsidiary undertakings

Hache Burger Connoisseurs Ltd

The principal activity of Hache Burger Connoisseurs Ltd is the operation of restaurants.

Hache Trading Ltd

The principal activity of Hache Trading Ltd is the operation of a restaurant.

Fired Up One Ltd

The principal activity of Fired Up One Ltd is the operation of restaurants.

For the period ending 25 December 2022 the following subsidiaries were entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies:

Hache Burger Connoisseurs Ltd

Fired Up One Ltd

Hush Brasseries Limited

Notes to the Financial Statements for the Period from 27 December 2021 to 25 December 2022

15 Stocks

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Other inventories	329,575	324,816	81,381	129,373

16 Debtors

	Note	Group		Company	
		2022	2021	2022	2021
Current		£	£	£	£
Trade debtors		142,066	134,370	65,565	81,656
Amounts owed by related parties <u>25</u>		-	-	2	352,829
Other debtors		161,966	148,936	-	26,589
Prepayments		691,474	529,547	241,156	238,035
		995,506	812,853	306,723	699,109

Details of non-current trade and other debtors

Group / Company

£Nil (2021 - £26,589) of other debtors are due after more than one year.

17 Cash and cash equivalents

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Cash on hand	4,150	4,350	2,150	2,350
Cash at bank	755,205	1,337,568	210,524	339,933
	759,355	1,341,918	212,674	342,283

Hush Brasseries Limited

Notes to the Financial Statements for the Period from 27 December 2021 to 25 December 2022

18 Creditors

		Group		Company	
	Note	2022 £	2021 £	2022 £	2021 £
Due within one year					
Loans and borrowings	21	751,489	808,644	560,269	702,868
Trade creditors		1,807,512	1,784,636	557,583	834,609
Amounts due to related parties	25	-	-	27,423	133,363
Social security and other taxes		1,064,407	729,652	355,522	326,166
Outstanding defined contribution pension costs		24,081	17,863	9,253	7,414
Other payables		566,156	541,035	197,754	206,102
Accruals		638,231	714,119	275,121	329,339
Income tax liability	11	2,327	1,727	1,827	1,727
		4,854,203	4,597,676	1,984,752	2,541,588
Due after one year					
Loans and borrowings	21	2,680,714	2,231,876	2,380,664	2,231,876

19 Pension and other schemes

Defined contribution pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the group to the scheme and amounted to £70,968 (2021 - £91,816).

Contributions totalling £24,081 (2021 - £17,863) were payable to the scheme at the end of the period and are included in creditors.

20 Share capital

Allotted, called up and fully paid shares

	2022		2021	
	No.	£	No.	£
A Ordinary shares of £0.01 each	151,209,854	1,512,099	151,209,854	1,512,099
B Ordinary shares of £0.01 each	640,000	6,400	640,000	6,400
	<u>151,849,854</u>	<u>1,518,499</u>	<u>151,849,854</u>	<u>1,518,499</u>

Except for the 'B' shareholders having no right to attend or vote at any general meeting, the 'A' and 'B' shares rank pari passu until a listing is obtained or an unconditional sale is exchanged, at which point the 'A' shares will convert to 'B' shares or deferred shares through the operation of the ratchet mechanism described in the Articles of Association.

Hush Brasseries Limited

Notes to the Financial Statements for the Period from 27 December 2021 to 25 December 2022

21 Loans and borrowings

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Non-current loans and borrowings				
Bank borrowings	25,930	35,727	25,930	35,727
Hire purchase contracts	123,157	-	40,769	-
Other borrowings	2,531,627	2,196,149	2,313,965	2,196,149
	<u>2,680,714</u>	<u>2,231,876</u>	<u>2,380,664</u>	<u>2,231,876</u>

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Current loans and borrowings				
Bank borrowings	9,722	9,647	9,722	9,647
Hire purchase contracts	118,806	8,374	34,924	2,598
Convertible debt	415,623	590,623	415,623	590,623
Other borrowings	207,338	200,000	100,000	100,000
	<u>751,489</u>	<u>808,644</u>	<u>560,269</u>	<u>702,868</u>

Group

Bank borrowings

The bank borrowings are secured by fixed and floating charges over the assets and undertakings of the group.

Bank borrowings relate to a Bounce Bank Loan from HSBC which is repayable in monthly instalments to May 2026 and incurs interest at a fixed rate of 2.5% per annum. The amount outstanding at the year end was £35,652 (£9,722 (2021: £9,647) within current borrowings and £25,930 (2021: £35,727) within non-current borrowings).

Convertible debt

Convertible loan notes totalling £190,623 (2021: £190,623) that are included in current borrowings were issued at par and are convertible into ordinary shares at a rate of £0.06 per share for every £1 of loan note. Interest rates is 6% per annum. The loan notes are repayable on demand and unsecured.

Also included in current borrowings are convertible loan notes totalling £225,000 (2021: £400,000) included in non-current borrowings which were issued at par and are convertible into ordinary shares at a rate of £0.12 per share for every £1 of loan note. Interest rate vary from 6% to 15% per annum is payable on these loan notes and £175,000 of loan note was repaid on 1 August 2022. The final redemption date for the remaining loan notes is extended to December 2023. The holders of these loan notes have a second charge over all assets and undertakings of the group.

Other borrowings

Included in non-current other borrowings is £2,313,965 (2021: £2,196,149) payable on secured loan notes. The amount outstanding comprises the loan principal of £2,111,593 plus accrued interest. Under the terms of the instrument, the principal and any unpaid interest is repayable in March 2026. Interest of 6% per annum is payable on the principal.

Hush Brasseries Limited

Notes to the Financial Statements for the Period from 27 December 2021 to 25 December 2022

22 Commitments under operating leases

Amounts not provided for in the balance sheet

Group

		25 December 2022	26 December 2021
	Note	£	£
Not later than 1 year		1,902,381	1,807,135
Later than 1 year and not later than 5 years		4,388,744	7,025,291
Later than 5 years		4,211,446	8,549,684
		<u>10,502,571</u>	<u>17,382,110</u>

Company

		25 December 2022	26 December 2021
	Note	£	£
Not later than 1 year		440,000	573,326
Later than 1 year and not later than 5 years		-	2,240,000
Later than 5 years		-	1,851,068
		<u>440,000</u>	<u>4,664,394</u>

23 Other financial commitments

In order for the subsidiary companies, Hache Burger Connoisseurs Ltd and Fired Up One Ltd, to take the audit exemption under section 479A of the Companies Act 2006, the company has guaranteed all outstanding liabilities of those subsidiary companies at 25 December 2022 until those liabilities are satisfied in full.

24 Analysis of changes in net debt

Group

	At 27 December 2021	Financing cash flows	At 25 December 2022
	£	£	£
Cash and cash equivalents			
Cash	1,341,918	(582,563)	759,355
Borrowings			
Long term borrowings	(2,231,876)	(448,838)	(2,680,714)
Short term borrowings	(800,270)	167,587	(632,683)
Hire purchase contracts	(8,374)	(110,432)	(118,806)
	<u>(3,040,520)</u>	<u>(391,683)</u>	<u>(3,432,203)</u>
	<u>(1,698,602)</u>	<u>(974,246)</u>	<u>(2,672,848)</u>

Hush Brasseries Limited

Notes to the Financial Statements for the Period from 27 December 2021 to 25 December 2022

25 Related party transactions

Company

The company has taken advantage of the exemption contained in FRS 102 section 33 “Related Party Disclosures” from disclosing transactions with entities which are a wholly owned part of the group.

Summary of transactions with other related parties

Key management includes the directors only.

Included in non-current creditors are borrowings of £232,548 (2021: £232,548) owed to a director of the company, under a secured loan note. The loan is repayable in March 2026 under the terms of the secured loan instrument, and carries an interest rate of 6% per annum. Interest of £13,953 (2021: £13,953) was payable to the director during the period and £6,976 (2021: £3,488) was accrued at the reporting date.

During the period advisory fee totalling £14,900 (2021: £16,000) was paid to a company that is under the control of two directors of the company.

Creditors due within one year includes convertible loan notes of £125,000 (2021: £125,000) owed to close family members of a director. The loans are unsecured, have no fixed terms of repayment and carry an interest rate of 5% to 6% per annum. Interest of £7,500 (2021: £5,625) was payable on the loans during the period and £3,750 (2021: £1,875) was accrued at the reporting date.

Creditors due after more than one year includes a balance of £1,071,665 (2021: £1,071,665) owed to a shareholder that has significant influence over the company. The loan plus accrued interest is repayable in March 2026 under the terms of a secured loan note, which carries an interest rate of 6% per annum. During the period, interest of £67,193 (2021: £48,225) was charged on the loan and will be repaid upon redemption in March 2026.

26 Non adjusting events after the financial period

The group have sold four of its restaurants after the period end for total proceeds of £3.368 million.

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