

Registered number: 07403174

GRAYSONS HOSPITALITY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 27 JUNE 2021

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GRAYSONS HOSPITALITY LIMITED

COMPANY INFORMATION

Directors	B H C Watson Sir F H Mackay I Daly T P O'Neill (appointed 1 June 2021)
Company secretary	B H C Watson
Registered number	07403174
Registered office	Devon House Anchor Street Chelmsford Essex CM2 0GD
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor Priory Place New London Road Chelmsford Essex CM2 0PP

GRAYSONS HOSPITALITY LIMITED

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GRAYSONS HOSPITALITY LIMITED

**GROUP STRATEGIC REPORT
FOR THE PERIOD ENDED 27 JUNE 2021**

Principal activities and recent changes

The Group is principally engaged in the supply of contract catering and hospitality and event catering services in the following sectors: workplace catering for business and industry across the UK, event venue management, public visitor attraction catering, and as a listed caterer at prestigious venues in and around London. The principal activity of the Company is that of a parent undertaking.

As with all hospitality and foodservice companies, the COVID-19 pandemic has had a significant impact on the Group's business during the period and for a significant part of this period parts of the business was unable to trade due to ongoing Covid restrictions. However, the Group was able to mitigate some of this impact and secure its financial position by reducing its costs where possible and utilising Government support schemes where available and appropriate.

In spite of the impact of the pandemic, the Group continued to focus on its long term strategic development and was awarded a number of significant and prestigious new contracts in the period both in its core and new market sectors, and the pipeline and current new business activity is very strong.

COVID-19 pandemic

The worldwide pandemic resulting from the spread of the COVID-19 virus has inevitably caused a significant interruption to the Group's business beginning in March 2020. The Group has taken all steps possible to safeguard the health & safety of its employees and to develop COVID secure operating guidelines.

The situation has continued to evolve and the business has been able to respond to the challenges and pressures presented through an agile senior management team able to make quick decisions as events have unfolded. By managing and reducing its costs where possible, utilising the government furlough scheme and raising new funding through the government backed business interruption loan scheme (CBILS), the Group has managed to secure its financial position.

The Group has shown resilience to the impact of the pandemic with a number of its sites continuing to trade following the introduction of restrictions in March 2020 and continued to win and mobilise a notable number of new contracts during the period. Whilst some parts of the Group have been significantly affected, the contractual nature of the Group's Revenue streams coupled with a diverse portfolio of sectors in which the Group operates has undoubtedly made a significant contribution to the Group's financial position during the course of the pandemic.

The impact of the global pandemic is at last starting to recede and the Directors are cautiously optimistic with regards to future trading, and Revenues and Profit in the second half of 2021 are evidence of this.

Crucially the Group has maintained its core capacity in terms of the key management team and client base, with some large contracts recently extended and new contracts added. Strong existing client relationships, with good contract tenures together with a strong market position enhanced by the recent elimination of competition through acquisitions, puts the Group in a strong position to continue to endure any remaining impact of the pandemic in the short term and return to profitability and growth.

GRAYSONS HOSPITALITY LIMITED

GROUP STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 27 JUNE 2021

Results for the period

Turnover for the period is £18.5m, significantly reduced from the previous period due to the impact of the COVID-19 pandemic where the effect of interruptions from lockdowns and restrictions had a significant impact on the normal trading position of the business. The events businesses were the most significantly impacted but the diverse nature of the Group's client portfolio meant that certain locations continued to trade throughout the period and this was a significant mitigating factor in respect of the Group's financial position. Whilst the interruption caused by the pandemic has temporarily impacted the growth that the Group was delivering, in spite of this the Group has continued to focus on the longer term growth strategy and has secured some significant new contracts in the period and achieved an increase in the Gross Profit margin during the period.

The EBITDA loss for the period of £1,873,000 is as a result of the decreased Turnover and after accounting for exceptional administrative expenses but mitigated by cost savings made during the period to offset the impact of the pandemic whilst retaining the core capacity and capability within the business to deliver both a return to more normal trading levels as well as continued future growth and maintaining its reputation for quality and service to its clients and customers.

A reconciliation of EBITDA is shown in the body of the Consolidated Statement of Comprehensive Income and reflects the underlying cash generation of the operating business before accounting for capital expenditure and financing activities.

The Group shows an Operating Loss for the year for the reasons already explained above.

Given the impact of the interruption caused by the pandemic, the directors would expect to see significant growth in sales and a return to profitability in the next 12 months enhanced by the continued success of the Group in securing new contracts.

Operational review**Graysons (Graysons Restaurants Limited)**

Led by Managing Director Tim O'Neill, Graysons is an established caterer and maintains its focus on developing market share in the workplace catering, event venues management, and public visitor attraction catering markets. It has built a reputation for high quality innovative catering with a bespoke, client centric approach.

Through its corporate client base, it provides tailor made staff and public restaurants, cafés, and hospitality and event services to a wide range of businesses including the financial, media and medical research sectors. Alongside this Graysons also delivers bespoke and creative solutions in the equally important conference and event market managing the sales, marketing, and conferencing at unique venues in and around London as well as operating the visitor restaurants, bars, and cafés at these venues. It has a strong presence in Livery and in addition Graysons works in the public visitor and cultural sector managing public cafés, restaurants, and private members services as well as in education on university campuses.

During the period the management team have been focussed on managing the impact of the interruption caused by the pandemic for both clients and for Graysons, on the successful retention and extension of existing contracts as well as continuing to deliver growth through the mobilisation of significant new contracts.

The ethos of the business continues to be to utilise fresh produce from selected local suppliers whilst continually attracting and developing talented people to deliver bespoke modern food service environments for our customers. The company also continues to recognise its responsibilities to the environment as well as ensuring the quality of its services and is accredited with ISO 9001, ISO 14001, ISO 22000 and 45001.

The management team are focused on delivering continuous improvement and innovation and remain committed to returning to developing sustainable growth in its core sectors over the coming years post pandemic.

GRAYSONS HOSPITALITY LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 27 JUNE 2021**

By Word of Mouth Limited

Led by Rick Perry, By Word of Mouth continues to be one of the UK's most admired party design and event catering companies and has been a leader in its industry for over 30 years.

It provides exceptional quality and operates in a wide variety of stunning, high profile and historic venues with both corporate entities and private individuals as its clients.

The results for period shows a significant loss due to the interruption caused by the pandemic but the strength with which business has returned since the end of the lockdown in July 2021 is evidence of the strength and depth of the reputation of the business and its long established presence in this market and confirms the expectation that the business will deliver significant levels of profitability in the future consistent with that seen in previous years.

Principal risks and uncertainties

The majority of the Group's turnover is derived from contractual revenue streams which, whilst not all guaranteed, have a reasonable degree of certainty in normal circumstances.

The ongoing commercial risk for companies in this sector is to retain existing clients and grow organically. The Group's strategy is to align itself with client organisations and to work very closely to deliver joint financial, quality, and cultural targets. As such we have strong client relationships and historical trends show that the Group continues to be very successful in renewing these key relationships and attaining new relationships.

In addition there is a proportion of turnover that is derived from event based revenue streams and these do have some risk associated with them although this is mitigated by the quality of the venues that we operate at in and around London coupled with an excellent reputation in the market for event service delivery.

Retention of key management, attracting the highest calibre people, and developing our existing teams in the Group is important in maintaining these relationships, delivering quality service, and providing continuity and consistency and the Group continues to demonstrate its ability in this area with a core senior management structure that is largely unchanged since June 2013, and with high achieving individuals added to the wider team during this time.

In respect of Brexit, the potential risks for Graysons and BWOM are around the Labour Market and the Supply Chain. The Board has considered the potential risks and does not believe that there are any major threats arising from these risks and where risks do exist, steps are being and have been taken to mitigate any adverse impact.

GRAYSONS HOSPITALITY LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 27 JUNE 2021

Financial risk management

The Group's principal financial instruments comprise bank overdrafts and cash. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations.

The Group does not enter into derivative transactions.

It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken. The main risks arising from the Group's financial instruments are liquidity risk and credit risk. The board reviews and agrees policies for managing these risks and they are summarised below.

Liquidity risk

The Board of Directors continually review the facilities available to the Group and seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

Credit risk

The Group trades with only recognised creditworthy third parties. It is the Group policy that all significant customers who wish to trade on credit terms are subject to credit vetting procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Financial key performance indicators

The Directors consider the key performance indicators of the Group to be Turnover and Operating profit. Turnover for the year was £18,523,000 (2019: £33,781,000) and the Operating Loss was £3,171,000 (2019: £70,000 profit).

As highlighted above in 'Results for the year', whilst the Group shows an Operating Loss for the period, this was a result of the significant interruption to the business as a result of the pandemic and is after Depreciation, Amortisation of Goodwill and Exceptional Items totalling £2,077,000 (note reference to EBITDA in 'Results for the period').

Allowing for the extreme impact of the pandemic and considering the underlying performance of the Group's contracts and the opportunities for continued growth, the directors are satisfied with the performance of the Group overall.

Summary

As the effects of the pandemic recede the Group continues to build on its successes in securing significant new contracts over the last 5 years and has added further new contracts during the period and in the second half of 2021. The group has achieved this whilst continuing to retain and develop its existing contractual relationships and capitalising on its stable business structure. The COVID-19 pandemic has undoubtedly had a significant impact on the business but for the reasons laid out above the management team expects the business to recover from this and go on to deliver continued development and growth into its preferred sectors.

GRAYSONS HOSPITALITY LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 27 JUNE 2021**

Going concern

The group financial statements show net liabilities and net current liabilities. The financial statements have been prepared on a going concern basis, which assumes that the group has sufficient resources to enable it to continue operating and to meet its liabilities as they fall due. The directors believe the going concern assumption to be appropriate for the reasons set out below.

The group directors have prepared cash flow forecasts for 20 months from the date of signing these financial statements. The directors believe the forecasts to be prudent and have undertaken extensive sensitivity analysis to take account of known and potential risks including the recent and ongoing impact of the COVID-19 pandemic. *The underlying assumption for the purposes of these forecasts is deemed to be prudent as it assumes that the Group will continue to be impacted by the pandemic in the first part of 2022 and assumes lower volumes in key areas of the business than those experienced before the pandemic.* In addition, given the contractual and diverse nature of the group's business there is a significant ability to mitigate future uncertainties. The group also continues to enjoy the support of its major shareholder, Sir Francis Mackay, who has provided working capital for the group's development over many years and is committed to supporting the business to ensure its development and expansion.

Further to this the group continues to be very active in tendering for new contracts and has been successful in securing 6 new contracts in the last 4 months with a significant value of new contracts currently being tendered and due to be tendered within the next 9 months. As a result of this continued activity the directors reasonably expect to gain further new business following the recent contract additions and the ongoing consolidation of competitors in the marketplace in recent years but as the forecast sensitivity analysis shows, the Group is not reliant upon this to support the adoption of the going concern principle.

Given all of these factors and the fact that the forecasts demonstrate the ability of the group to operate within its existing facilities the Board has a reasonable expectation that the Group has adequate resources to continue the Group's operations for the foreseeable future.

For the reasons laid out above the Board continues to adopt the going concern basis in preparing these financial statements.

This report was approved by the board and signed on its behalf.

Francis Mackay

Sir F H Mackay
Director

Date: 17/5/2022

GRAYSONS HOSPITALITY LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 27 JUNE 2021

The directors present their annual report and the financial statements for the period ended 27 June 2021. The period end has been extended from 31 December to 30 June to capture the period during which the majority of the impact of the interruption caused by COVID-19 pandemic was experienced. Amounts reflected in the financial statements may not be entirely comparable due to reporting for the current period of 18 months.

Results and dividends

The loss for the period, after taxation, amounted to £3,149,000 (2019: loss £44,000).

The Company have proposed a dividend of £Nil in 2021 (2019: £Nil).

Directors

The directors who served during the period were:

B H C Watson
Sir F H Mackay
I Daly
T P O'Neill (appointed 1 June 2021)

Directors' responsibilities statement

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated 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, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). 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 and profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group 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 Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

GRAYSONS HOSPITALITY LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 27 JUNE 2021**

Employee involvement

The Group is committed to involving employees in its activities and believes that effective communication brings important benefits and participation, and this is facilitated through frequent staff, team and director meetings. Typical methods of communication include weekly and monthly management meetings, monthly newsletters, and a group-wide personal development review system for all employees providing a forum for active participation and feedback.

The Group is an equal opportunities employer and is committed to ensuring no employee or applicant is treated less favourably on the grounds of age, race, religion, gender, ethnic origin, disability or sexual orientation.

The Group also operates a share option plan for certain employees as the board consider it essential, as part of the strategic development of the Group, that the management teams in the business participate in its future growth and success.

Disabled employees

The Group continues to support the employment of disabled persons, wherever practicable, and to ensure that they share in the training, career development and promotion opportunities available to all employees.

Matters covered in the strategic report

Information in respect of future developments and financial risk management is provided in the Strategic Report.

Disclosure of information to auditor

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

Francis Mackay

Sir F H Mackay
Director

Date: 17/5/2022



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GRAYSONS HOSPITALITY LIMITED

Opinion

We have audited the financial statements of Graysons Hospitality Limited (the 'parent Company') and its subsidiaries (the 'Group') for the period ended 27 June 2021, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated Statement of Cash Flows, the Consolidated and Company Statement of Changes in Equity 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 of the parent Company's affairs as at 27 June 2021 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's responsibilities for the audit of the financial statements' section of our report. We are independent of the Group and the parent Company 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.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and of the parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group and the parent Company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the Group's and of the parent Company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the Group's and of the parent Company's financial resources or ability to continue operations over the going concern period.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GRAYSONS HOSPITALITY LIMITED
(CONTINUED)**

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and of the parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section 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.

Opinions on other matters 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 Group Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GRAYSONS HOSPITALITY LIMITED
(CONTINUED)**

Matter on which we are required to report under the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which 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 for the financial statements

As explained more fully in the Directors' Responsibilities Statement, 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.

Auditor's 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GRAYSONS HOSPITALITY LIMITED
(CONTINUED)**

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and parent Company. We concluded that there are certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements, as follows: the Companies Act, Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and taxation laws;
- We understood how the Group and the parent Company are complying with those legal and regulatory frameworks by making enquiries of management. Any matters arising are communicated with the board so we corroborated this through our review of board minutes;
- We enquired of management and those charged with governance, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud;
- We assessed the susceptibility of the Group's and parent Company's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls and through manipulation of accounting estimates. Audit procedures performed included:
 - identifying and assessing the design and implementation of controls that management has in place to prevent and detect fraud;
 - identifying and testing journal entries, in particular any journal entries posted with unusual account combinations;
 - challenging assumptions and judgements made by management in its significant accounting estimates; and
 - confirming the compliance with the relevant laws and regulations as part of our procedures on the related financial statement item;
- We completed audit procedures to conclude on the compliance of disclosures in the accounts with applicable financial reporting requirements;



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GRAYSONS HOSPITALITY LIMITED
(CONTINUED)**

- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- The assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration by the engagement partner of the engagement team's:
 - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation;
 - knowledge of the industry in which the Group and the parent Company operate; and
 - understanding the legal and regulatory requirements specific to the Group and the parent Company.
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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.

Grant Thornton UK LLP

James Brown LLB ACA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Chelmsford
Date: 18/5/2022

GRAYSONS HOSPITALITY LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 27 JUNE 2021**

		2021	2019
	Note	£'000	£'000
Turnover	4	18,523	33,781
Cost of sales		(5,234)	(12,346)
Gross profit		13,289	21,435
Administrative expenses		(21,012)	(21,572)
Exceptional administrative expenses	12	(779)	-
Other operating Income	5	5,331	207
EBITDA*		(1,873)	870
Depreciation		(841)	(464)
Operating (loss)/profit before amortization		(2,714)	406
Amortisation		(457)	(336)
Operating (loss)/profit	6	(3,171)	70
Interest payable	10	(117)	(105)
Loss on ordinary activities before taxation		(3,288)	(35)
Tax on loss on ordinary activities	11	139	(9)
Loss on ordinary activities for the period/year		(3,149)	(44)

*EBITDA is profit before interest, taxation, amortization and depreciation but after exceptional administrative expenses

There were no recognised gains and losses for 2021 or 2019 other than those included in the consolidated statement of comprehensive income.

The notes on pages 20 to 45 form part of these financial statements.

GRAYSONS HOSPITALITY LIMITED
REGISTERED NUMBER:07403174

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 27 JUNE 2021

		27 June 2021 £000	29 December 2019 £000
Fixed assets	Note		
Intangible assets	14	2,831	3,288
Tangible assets	15	801	1,311
Investment property	17	759	720
		<u>4,391</u>	<u>5,319</u>
Current assets			
Stocks	18	308	438
Debtors: amounts falling due within one year	19	2,466	5,658
Cash at bank and in hand	20	1,143	1,359
		<u>3,917</u>	<u>7,455</u>
Creditors: amounts falling due within one year	21	(6,326)	(9,477)
Net current liabilities		<u>(2,409)</u>	<u>(2,022)</u>
Total assets less current liabilities		<u>1,982</u>	<u>3,297</u>
Creditors: amounts falling due after more than one year	22	(2,166)	(332)
Net (liabilities)/assets		<u><u>(184)</u></u>	<u><u>2,965</u></u>
Capital and reserves			
Called up share capital	28	3,310	3,310
Share premium account	29	1,045	1,045
Profit and loss account	29	(4,539)	(1,390)
		<u>(184)</u>	<u>2,965</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

Francis Mackay

17/5/2022

Sir F H Mackay
 Director

The notes on pages 20 to 45 form part of these financial statements.

GRAYSONS HOSPITALITY LIMITED
REGISTERED NUMBER:07403174

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 27 JUNE 2021

		27 June 2021 £000	29 December 2019 £000
	Note		
Fixed assets			
Intangible assets	14	1	2
Tangible assets	15	33	91
Investments	16	2,530	2,530
		<u>2,564</u>	<u>2,623</u>
Current assets			
Debtors: amounts falling due within one year	19	1,353	1,251
Cash at bank and in hand	20	613	-
		<u>1,966</u>	<u>1,251</u>
Creditors: amounts falling due within one year	21	(4,693)	(6,105)
Net current liabilities		<u>(2,727)</u>	<u>(4,854)</u>
Total assets less current liabilities		<u>(163)</u>	<u>(2,231)</u>
Creditors: amounts falling due after more than one year	22	(2,140)	-
Net liabilities		<u><u>(2,303)</u></u>	<u><u>(2,231)</u></u>
Capital and reserves			
Called up share capital	28	3,310	3,310
Share premium account	29	1,045	1,045
Profit and loss account	29	(6,658)	(6,586)
		<u><u>(2,303)</u></u>	<u><u>(2,231)</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The loss after tax of the parent Company for the period was £72,000 (2019: loss £453,000).

Sir F H Mackay
 Director

Francis Mackay

17/5/2022

The notes on pages 20 to 45 form part of these financial statements.

GRAYSONS HOSPITALITY LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 27 JUNE 2021**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£000	£000	£000	£000
At 30 December 2019	3,310	1,045	(1,390)	2,965
Loss for the period	-	-	(3,149)	(3,149)
At 27 June 2021	3,310	1,045	(4,539)	(184)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 29 DECEMBER 2019**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£000	£000	£000	£000
At 31 December 2018	3,310	1,045	(1,346)	3,009
Loss for the period	-	-	(44)	(44)
At 29 December 2019	3,310	1,045	(1,390)	2,965

The notes on pages 20 to 45 form part of these financial statements.

GRAYSONS HOSPITALITY LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 27 JUNE 2021**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£000	£000	£000	£000
At 30 December 2019	3,310	1,045	(6,586)	(2,231)
Loss for the period	-	-	(72)	(72)
At 27 June 2021	3,310	1,045	(6,658)	(2,303)

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 29 DECEMBER 2019**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£000	£000	£000	£000
At 31 December 2018	3,310	1,045	(6,133)	(1,778)
Loss for the period	-	-	(453)	(453)
At 29 December 2019	3,310	1,045	(6,586)	(2,231)

The notes on pages 20 to 45 form part of these financial statements.

GRAYSONS HOSPITALITY LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 27 JUNE 2021**

	27 June 2021 £000	29 December 2019 £000
Cash flows from operating activities		
Loss for the financial period	(3,149)	(44)
Adjustments for:		
Amortisation of intangible assets	457	336
Depreciation of tangible assets	841	464
Loss on disposal of tangible assets	41	-
(Revaluation)/Impairments of investment property	-	(213)
Interest paid	117	105
Taxation charge	(134)	9
Decrease in stocks	130	12
Decrease/(increase) in debtors	3,329	(853)
(Decrease)/increase in creditors	(2,391)	1,268
Net cash (used in) generated from operating activities	(759)	1,084
Cash flows from investing activities		
Purchase of intangible fixed assets	-	(73)
Purchase of tangible fixed assets	(418)	(7)
Purchase of listed investments	-	(22)
Net cash used in investing activities	(418)	(102)

GRAYSONS HOSPITALITY LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE PERIOD ENDED 27 JUNE 2021

	27 June 2021 £000	29 December 2019 £000
Cash flows from financing activities		
Other new loans	2,680	-
Repayment of other loans	-	(159)
Repayment of finance leases	(352)	(396)
Interest paid	(117)	(105)
Net cash from (used in) financing activities	<u>2,211</u>	<u>(660)</u>
Net increase in cash and cash equivalents	<u>1,034</u>	<u>322</u>
Cash and cash equivalents at beginning of period	(81)	(403)
Cash and cash equivalents at the end of period	<u><u>953</u></u>	<u><u>(81)</u></u>
Cash and cash equivalents at the end of period comprise:		
Cash at bank and in hand	1,143	1,359
Bank overdrafts	(190)	(1,440)
	<u><u>953</u></u>	<u><u>(81)</u></u>

GRAYSONS HOSPITALITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 27 JUNE 2021

1. General information

Graysons Hospitality Limited is a private company limited by shares and incorporated in England and Wales. Its registered head office is located at Devon House, Anchor Street, Chelmsford, Essex, CM2 0GD.

The Group is principally engaged in the supply of contract catering and hospitality and event catering services. The principal activity of the Company is that of a parent undertaking.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The financial statements are presented in sterling (£).

The subsidiaries By Word of Mouth Limited (company number 03310603), Graysons Restaurants Limited (company number 04654181), Word on the Street (UK Events) Limited (company number 06324407), Graysons Inns Limited (company number 08033407), Graysons Venues Limited (company number 06321367) and Graysons Limited (company number 06313792) have claimed exemption from audit under the provisions of section 479A of the Companies Act 2006. Graysons Hospitality Limited has provided a guarantee over each subsidiary's liabilities under section 479C of the Act.

The following principal accounting policies have been applied:

2.2 Basis for consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 1 January 2015.

GRAYSONS HOSPITALITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27 JUNE 2021**

2. Accounting policies (continued)

2.3 Going concern

The group financial statements show net liabilities and net current liabilities. The financial statements have been prepared on a going concern basis, which assumes that the group has sufficient resources to enable it to continue operating and to meet its liabilities as they fall due. The directors believe the going concern assumption to be appropriate for the reasons set out below.

The group directors have prepared cash flow forecasts for 20 months from the date of signing these financial statements. The directors believe the forecasts to be prudent and have undertaken extensive sensitivity analysis to take account of known and potential risks including the recent and ongoing impact of the COVID-19 pandemic. The underlying assumption for the purposes of these forecasts is deemed to be prudent as it assumes that the Group will continue to be impacted by the pandemic in the first part of 2022 and assumes lower volumes in key areas of the business than those experienced before the pandemic. In addition, given the contractual and diverse nature of the group's business there is a significant ability to mitigate future uncertainties. The group also continues to enjoy the support of its major shareholder, Sir Francis Mackay, who has provided working capital for the group's development over many years and is committed to supporting the business to ensure its development and expansion.

Further to this the group continues to be very active in tendering for new contracts and has been successful in securing 6 new contracts in the last 4 months with a significant value of new contracts currently being tendered and due to be tendered within the next 9 months. As a result of this continued activity the directors reasonably expect to gain further new business following the recent contract additions and the ongoing consolidation of competitors in the marketplace in recent years but as the forecast sensitivity analysis shows, the Group is not reliant upon this to support the adoption of the going concern principle.

Given all of these factors and the fact that the forecasts demonstrate the ability of the group to operate within its existing facilities the Board has a reasonable expectation that the Group has adequate resources to continue the Group's operations for the foreseeable future.

For the reasons laid out above the Board continues to adopt the going concern basis in preparing these financial statements.

GRAYSONS HOSPITALITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27 JUNE 2021**

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.5 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Consolidated Statement of Comprehensive Income in the same period as the related expenditure.

GRAYSONS HOSPITALITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27 JUNE 2021**

2. Accounting policies (continued)

2.6 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated Statement of Comprehensive Income over its useful economic life.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

2.7 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Long-term leasehold property	- over the life of the lease
Plant and machinery, fixtures and fittings	- 4 to 5 years or over the life of the lease
Motor vehicles	- 3 to 4 years
Office equipment	- 3 to 4 years
Computer equipment	- 3 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

GRAYSONS HOSPITALITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27 JUNE 2021**

2. Accounting policies (continued)**2.8 Investment property**

Investment property is carried at fair value determined annually by management and supported by regular external valuations and other market data such as current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Consolidated Statement of Comprehensive Income.

2.9 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Group shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Consolidated Statement of Comprehensive Income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

2.10 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each reporting date, stocks are assessed for impairment. If stock is 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.

2.11 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.12 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.13 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

GRAYSONS HOSPITALITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27 JUNE 2021**

2. Accounting policies (continued)

2.14 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

2.15 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

GRAYSONS HOSPITALITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27 JUNE 2021**

2. Accounting policies (continued)**2.16 Pensions****Defined contribution pension plan**

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

2.17 Finance costs

Finance costs are charged to the Consolidated Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.18 Operating leases: the Group as lessee

Rental paid under operating leases are charged to the Consolidated Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The Group has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 1 January 2018 to continue to be charged over the period to the first market rent review rather than the term of the lease.

2.19 Finance leases

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Consolidated Statement of Comprehensive Income so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.20 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.

GRAYSONS HOSPITALITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27 JUNE 2021**

2. Accounting policies (continued)

2.21 Borrowing costs

All borrowing costs are recognised in the Consolidated Statement of Comprehensive Income in the period in which they are incurred.

2.22 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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 and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

Management review their estimate of the useful lives of intangible assets at each reporting date, based on the expected utility of the assets.

Property Valuations

Property valuations are obtained on a cyclical basis, the most recent of which was July 2020, by Lambert Smith Hampton. Between valuations, management consider whether there are any factors which indicate that the value of the properties has changed.

4. Turnover

All turnover arose within the United Kingdom.

GRAYSONS HOSPITALITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27 JUNE 2021**

5. Other operating income

	Period ended 27 June 2021 £000	<i>Period ended 29 December 2019 £000</i>
Other operating income	-	207
Government grants receivable	5,372	-
Loss on disposal of tangible assets	(41)	-
	<u>5,331</u>	<u>207</u>

Government grants receivable pertains to the income from the Government Coronavirus Job Retention Scheme.

6. Operating (loss)/profit

The operating loss is stated after charging:

	Period ended 27 June 2021 £000	<i>Period ended 29 December 2019 £000</i>
Amortisation - intangible fixed assets	457	336
Depreciation of tangible fixed assets	841	464
Exceptional administrative costs	779	-
Operating lease rentals	164	246
	<u>164</u>	<u>246</u>

See note 12 for an explanation of the exceptional administrative costs.

GRAYSONS HOSPITALITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27 JUNE 2021**

7. Auditor's remuneration

	Period ended 27 June 2021 £000	<i>Period ended 29 December 2019 £000</i>
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	35	41
Fees payable to the Group's auditor and its associates in respect of:		
Accounts preparation services	9	-
Taxation compliance services	16	14
Other services relating to taxation	1	16

8. Employees

Staff costs, including directors' remuneration, were as follows:

	Group 27 June 2021 £000	<i>Group 29 December 2019 £000</i>	Company 27 June 2021 £000	<i>Company 29 December 2019 £000</i>
Wages and salaries	15,139	17,681	2,238	2,342
Social security costs	1,254	1,241	263	239
Cost of defined contribution scheme	317	236	50	36
	16,710	19,158	2,551	2,617

The average monthly number of employees, including the directors, during the period was as follows:

	Group 2021 No.	<i>Group Period ended 2019 No.</i>	Company 2021 No.	<i>Company Period ended 2019 No.</i>
Admin & Management	89	115	36	36
Catering	392	603	-	-
	481	718	36	36

GRAYSONS HOSPITALITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27 JUNE 2021**

9. Directors' remuneration

	27 June 2021 £000	<i>Period ended 29 December 2019 £000</i>
Directors' emoluments	208	191

During the period retirement benefits were accruing to 1 director (2019: 1) in respect of defined contribution pension schemes.

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £2,252 (2019: £1,327).

10. Interest payable and similar expenses

	Period ended 27 June 2021 £000	<i>Period ended 29 December 2019 £000</i>
Other loan interest payable	117	105

11. Taxation

	Period ended 27 June 2021 £000	<i>Period ended 29 December 2019 £000</i>
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	(139)	9
Total deferred tax	(139)	9
Taxation on (loss)/profit on ordinary activities	(139)	9

GRAYSONS HOSPITALITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27 JUNE 2021**

11. Taxation (continued)

Factors affecting tax charge for the period

The tax assessed for the period is higher than (2019: *higher than*) the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	Period ended 27 June 2021 £000	Period ended 29 December 2019 £000
Loss on ordinary activities before tax	(3,288)	(35)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	(625)	(7)
Effects of:		
Expenses not deductible for tax purposes	84	-
Remeasurement of deferred tax for changes in tax rates	(230)	3
Fixed asset differences	28	29
Movements in deferred tax not recognised	608	31
Adjustments to tax charge in respect of prior periods	(4)	5
Non-taxable income	-	(51)
Other differences leading to an increase (decrease) in the tax charge	-	(1)
Total tax charge for the period	(139)	9

Factors that may affect future tax charges

On 3 March 2021, the Chancellor of the Exchequer announced that the main rate of corporation tax in the United Kingdom will rise to 25% with effect from 1 April 2023 for companies earning annual taxable profits in excess of £250,000. Companies earning annual taxable profits of £50,000 or less will continue to pay corporation tax at 19% with a marginal rate adjustment for companies earning annual taxable profits between the two levels. These changes had not been substantively enacted at the Balance Sheet date and therefore no adjustment has been made to deferred taxation balances to account for this change.

GRAYSONS HOSPITALITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27 JUNE 2021**

12. Exceptional items

	Period ended 27 June 2021 £000	<i>Period ended 29 December 2019 £000</i>
Exceptional items	779	-

Exceptional items in 2021 relate to restructuring and redundancy costs to mitigate the impact of the COVID-19 pandemic.

13. Parent company loss for the year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The loss after tax of the parent Company for the year was £72,000 (2019: loss £453,000).

GRAYSONS HOSPITALITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27 JUNE 2021**

14. Intangible assets

Group

	Licenses £000	Goodwill £000	Total £000
Cost			
At 30 December 2019	577	5,398	5,975
Disposals	(84)	-	(84)
At 27 June 2021	<u>493</u>	<u>5,398</u>	<u>5,891</u>
Amortisation			
At 30 December 2019	498	2,189	2,687
Charge for the period on owned assets	45	412	457
On disposals	(84)	-	(84)
At 27 June 2021	<u>459</u>	<u>2,601</u>	<u>3,060</u>
Net book value			
At 27 June 2021	<u>34</u>	<u>2,797</u>	<u>2,831</u>
At 29 December 2019	<u>79</u>	<u>3,209</u>	<u>3,288</u>

Amortisation on intangible assets is charged to administrative expenses.

GRAYSONS HOSPITALITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27 JUNE 2021**

14. Intangible assets (continued)

Company

	Patents £000
Cost	
At 30 December 2019	2
At 27 June 2021	<u>2</u>
Amortisation	
Charge for the year	1
At 27 June 2021	<u>1</u>
Net book value	
At 27 June 2021	<u><u>1</u></u>
At 29 December 2019	<u><u>2</u></u>

Amortisation on intangible assets is charged to administrative expenses.

GRAYSONS HOSPITALITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27 JUNE 2021**

15. Tangible fixed assets

Group

	Leasehold property £000	Motor vehicles £000	Plant, Machinery, Fixtures and fittings £000	Computer and Office equipment £000	Total £000
Cost					
At 30 December 2019	237	70	3,233	835	4,375
Additions	-	5	299	75	379
Disposals	-	-	(176)	(8)	(184)
At 27 June 2021	237	75	3,356	902	4,570
Depreciation					
At 30 December 2019	184	54	2,097	729	3,064
Charge for the period on owned assets	8	10	694	129	841
Disposals	-	-	(134)	(2)	(136)
At 27 June 2021	192	64	2,657	856	3,769
Net book value					
At 27 June 2021	45	11	699	46	801
At 29 December 2019	53	16	1,136	106	1,311

The net book value of assets held under finance leases or hire purchase contracts is £368,000 (2019: £558,000).

GRAYSONS HOSPITALITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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15. Tangible fixed assets (continued)

Company

	Long-term leasehold property £000	Motor vehicles £000	Fixtures and fittings £000	Computer equipment £000	Total £000
Cost					
At 30 December 2019	9	20	31	389	449
Additions	-	-	-	31	31
At 27 June 2021	9	20	31	420	480
Depreciation					
At 30 December 2019	9	20	30	299	358
Charge for the period on owned assets	-	-	1	88	89
At 27 June 2021	9	20	31	387	447
Net book value					
At 27 June 2021	-	-	-	33	33
At 29 December 2019	-	-	1	90	91

GRAYSONS HOSPITALITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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16. Fixed asset investments

Company

	Investments in subsidiary companies £000
Cost	
At 30 December 2019	4,356
At 27 June 2021	<u>4,356</u>
Impairment	
At 30 December 2019	1,826
At 27 June 2021	<u>1,826</u>
Net book value	
At 27 June 2021	<u><u>2,530</u></u>
At 29 December 2019	<u><u>2,530</u></u>

GRAYSONS HOSPITALITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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16. Fixed asset investments (continued)**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Graysons Venues Limited*	Devon House, Anchor Street, Chelmsford, Essex, CM2 0GD	Ordinary	100
Graysons Limited	Devon House, Anchor Street, Chelmsford, Essex, CM2 0GD	Ordinary	100
Graysons Inns Limited	Devon House, Anchor Street, Chelmsford, CM2 0GD	Ordinary	100
By Word of Mouth Limited	Devon House, Anchor Street, Chelmsford, Essex, CM2 0GD	Ordinary	100
Word on the Street (UK Events) Limited	19-26 Glenville Mews, London, England, SW18 4NJ	Ordinary	100
Graysons Restaurants Limited	Devon House, Anchor Street, Chelmsford, Essex, CM2 0GD	Ordinary	100

* denotes an indirect shareholding.

17. Investment property**Group**

	Freehold investment property £000
Valuation	
At 30 December 2019	720
Additions at cost	39
At 27 June 2021	759

GRAYSONS HOSPITALITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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18. Stocks

	Group	<i>Group</i>	Company	<i>Company</i>
	27 June	<i>29</i>	27 June	<i>29</i>
	2021	<i>December</i>	2021	<i>December</i>
	£000	<i>2019</i>	£000	<i>2019</i>
		£000		£000
Raw materials and consumables	36	60	-	-
Finished goods and goods for resale	272	378	-	-
	<u>308</u>	<u>438</u>	<u>-</u>	<u>-</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

Stock recognised in cost of sales during the year as an expense was £4,884,484 (2019: £10,150,047).

19. Debtors

	Group	<i>Group</i>	Company	<i>Company</i>
	27 June	<i>29</i>	27 June	<i>29</i>
	2021	<i>December</i>	2021	<i>December</i>
	£000	<i>2019</i>	£000	<i>2019</i>
		£000		£000
Trade debtors	1,109	4,190	-	-
Amounts owed by group undertakings	-	-	1,122	897
Other debtors	207	366	-	-
Prepayments and accrued income	638	729	231	354
Deferred taxation	512	373	-	-
	<u>2,466</u>	<u>5,658</u>	<u>1,353</u>	<u>1,251</u>

An impairment loss of £2,800 (2019: £16,000) was recognised against trade debtors during the year.

GRAYSONS HOSPITALITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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20. Cash and cash equivalents

	Group	<i>Group</i>	Company	<i>Company</i>
	27 June	<i>29 December</i>	27 June	<i>29 December</i>
	2021	<i>2019</i>	2021	<i>2019</i>
	£000	<i>£000</i>	£000	<i>£000</i>
Cash at bank and in hand	1,143	<i>1,359</i>	613	<i>-</i>
Less: bank overdrafts	(190)	<i>(1,440)</i>	-	<i>(22)</i>
	953	<i>(81)</i>	613	<i>(22)</i>

Included within bank overdrafts is £190,000 (2019: £1,418,000) offered as security under an invoice financing facility.

21. Creditors: Amounts falling due within one year

	Group	<i>Group</i>	Company	<i>Company</i>
	27 June	<i>29 December</i>	27 June	<i>29 December</i>
	2021	<i>2019</i>	2021	<i>2019</i>
	£000	<i>£000</i>	£000	<i>£000</i>
Bank overdrafts	190	<i>1,440</i>	-	<i>22</i>
Other loans	540	<i>-</i>	540	<i>-</i>
Trade creditors	1,349	<i>2,799</i>	-	<i>-</i>
Amounts owed to group undertakings	-	<i>-</i>	3,819	<i>5,643</i>
Other taxation and social security	1,998	<i>2,431</i>	-	<i>-</i>
Obligations under finance lease and hire purchase contracts	216	<i>262</i>	-	<i>-</i>
Other creditors	398	<i>667</i>	-	<i>-</i>
Accruals and deferred income	1,635	<i>1,878</i>	334	<i>440</i>
	6,326	<i>9,477</i>	4,693	<i>6,105</i>

Other creditors at 27 June 2021 include debt owed to Sir Francis Mackay amounting to £95,000 (2019: £19,000).

GRAYSONS HOSPITALITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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22. Creditors: Amounts falling due after more than one year

	Group	<i>Group</i>	Company	<i>Company</i>
	27 June	<i>29</i>	27 June	<i>29</i>
	2021	<i>December</i>	2021	<i>December</i>
	£000	<i>2019</i>	£000	<i>2019</i>
	£000	<i>£000</i>	£000	<i>£000</i>
Other loans	2,140	-	2,140	-
Net obligations under finance leases and hire purchase contracts	26	332	-	-
	<u>2,166</u>	<u>332</u>	<u>2,140</u>	<u>-</u>

Obligations under finance lease and hire purchase contracts are secured by the assets to which they relate.

23. Loans

	Group	<i>Group</i>	Company	<i>Company</i>
	27 June	<i>29</i>	27 June	<i>29</i>
	2021	<i>December</i>	2021	<i>December</i>
	£000	<i>2019</i>	£000	<i>2019</i>
	£000	<i>£000</i>	£000	<i>£000</i>
Amounts falling due within one year				
Other loans	540	-	540	-
Amounts falling due 2-5 years				
Other loans	2,140	-	2,140	-
	<u>2,680</u>	<u>-</u>	<u>2,680</u>	<u>-</u>

These are loans obtained under the Coronavirus Business Interruption Loan Scheme. The loans carry an interest rate of 3% per annum over base rate and are repayable over 5 years from period end date.

GRAYSONS HOSPITALITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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20. Cash and cash equivalents

	Group	<i>Group</i>	Company	<i>Company</i>
	27 June	<i>29 December</i>	27 June	<i>29 December</i>
	2021	<i>2019</i>	2021	<i>2019</i>
	£000	<i>£000</i>	£000	<i>£000</i>
Cash at bank and in hand	1,143	<i>1,359</i>	613	<i>-</i>
Less: bank overdrafts	(190)	<i>(1,440)</i>	-	<i>(22)</i>
	953	<i>(81)</i>	613	<i>(22)</i>

Included within bank overdrafts is £190,000 (2019: £1,418,000) offered as security under an invoice financing facility.

21. Creditors: Amounts falling due within one year

	Group	<i>Group</i>	Company	<i>Company</i>
	27 June	<i>29 December</i>	27 June	<i>29 December</i>
	2021	<i>2019</i>	2021	<i>2019</i>
	£000	<i>£000</i>	£000	<i>£000</i>
Bank overdrafts	190	<i>1,440</i>	-	<i>22</i>
Other loans	540	<i>-</i>	540	<i>-</i>
Trade creditors	1,349	<i>2,799</i>	-	<i>-</i>
Amounts owed to group undertakings	-	<i>-</i>	3,819	<i>5,643</i>
Other taxation and social security	1,998	<i>2,431</i>	-	<i>-</i>
Obligations under finance lease and hire purchase contracts	216	<i>262</i>	-	<i>-</i>
Other creditors	398	<i>667</i>	-	<i>-</i>
Accruals and deferred income	1,635	<i>1,878</i>	334	<i>440</i>
	6,326	<i>9,477</i>	4,693	<i>6,105</i>

Other creditors at 27 June 2021 include debt owed to Sir Francis Mackay amounting to £95,000 (2019: £19,000).

GRAYSONS HOSPITALITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27 JUNE 2021**

22. Creditors: Amounts falling due after more than one year

	Group	<i>Group</i>	Company	<i>Company</i>
	27 June	<i>29</i>	27 June	<i>29</i>
	2021	<i>December</i>	2021	<i>December</i>
	£000	<i>2019</i>	£000	<i>2019</i>
	£000	<i>£000</i>	£000	<i>£000</i>
Other loans	2,140	-	2,140	-
Net obligations under finance leases and hire purchase contracts	26	332	-	-
	<u>2,166</u>	<u>332</u>	<u>2,140</u>	<u>-</u>

Obligations under finance lease and hire purchase contracts are secured by the assets to which they relate.

23. Loans

	Group	<i>Group</i>	Company	<i>Company</i>
	27 June	<i>29</i>	27 June	<i>29</i>
	2021	<i>December</i>	2021	<i>December</i>
	£000	<i>2019</i>	£000	<i>2019</i>
	£000	<i>£000</i>	£000	<i>£000</i>
Amounts falling due within one year				
Other loans	540	-	540	-
Amounts falling due 2-5 years				
Other loans	2,140	-	2,140	-
	<u>2,680</u>	<u>-</u>	<u>2,680</u>	<u>-</u>

These are loans obtained under the Coronavirus Business Interruption Loan Scheme. The loans carry an interest rate of 3% per annum over base rate and are repayable over 5 years from period end date.

GRAYSONS HOSPITALITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27 JUNE 2021**

24. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 27 June 2021 £000	<i>Group 29 December 2019 £000</i>
Within one year	216	236
Between 1-2 years	26	246
Between 2-5 years	-	112
	242	594

25. Financial instruments

	Group 27 June 2021 £000	<i>Group 29 December 2019 £000</i>	Company 27 June 2021 £000	<i>Company 29 December 2019 £000</i>
Financial assets				
Financial assets that are debt instruments measured at amortised cost	2,252	6,278	1,735	897
Financial liabilities				
Financial liabilities measured at amortised cost	(6,252)	(6,784)	(6,833)	(7,206)

Financial assets measured at amortised cost comprise cash, trade debtors, accrued income and in the case of company, amounts owed by group undertakings.

Financial liabilities measured at amortised cost comprise trade creditors, accruals, bank overdrafts, other loans, various other creditors, and in case of company, amounts owed to group undertakings.

GRAYSONS HOSPITALITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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26. Analysis of net debt

	At 30 December 2019 £000	Cash flows £000	At 27 June 2021 £000
Cash at bank and in hand	1,359	(216)	1,143
Bank overdrafts	(1,440)	1,250	(190)
Debt due after 1 year	-	(2,140)	(2,140)
Debt due within 1 year	(19)	(616)	(635)
Finance leases	(594)	352	(242)
	<u>(694)</u>	<u>(1,370)</u>	<u>(2,064)</u>

27. Deferred taxation

Group

	2021 £000	2019 £000
At beginning of year	373	382
Charged to profit or loss	139	(9)
At end of year	<u>512</u>	<u>373</u>

	Group 27 June 2021 £000	Group 29 December 2019 £000
Tax losses carried forward	511	374
Fixed asset timing differences	1	(1)
	<u>512</u>	<u>373</u>

GRAYSONS HOSPITALITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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28. Share capital

	27 June 2021 £000	²⁹ <i>December 2019 £000</i>
Allotted, called up and fully paid		
13,240,000 (2019: 13,240,000) Ordinary shares of £0.25 each	3,310	<i>3,310</i>

All ordinary shares carry equal voting and dividend rights.

There is a single class of ordinary shares. There are no restrictions on dividends and the repayment of capital.

29. Reserves

Share premium account

This reserve records the amount above nominal value received for shares issued, less transaction costs.

Profit and loss account

This reserve comprises all current and prior years retained profits and losses.

30. Contingent liabilities

The Company has entered into a multi-lateral agreement with other members of the Group. The potential Group liability of the Company as at 27 June 2021 in respect of this guarantee was £45,682 (2019: £508,984).

31. Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £325,000 (2019: £236,000). Contributions totalling £133,000 (2019: £148,000) were payable to the fund at the balance sheet date and are included in creditors.

GRAYSONS HOSPITALITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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32. Commitments under operating leases

At 27 June 2021 the Group had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 27 June 2021 £000	<i>Group 29 December 2019 £000</i>
Not later than 1 year	222	246
Later than 1 year and not later than 5 years	200	495
	422	741

33. Related party transactions

The Group has taken advantage of the exemption allowed under FRS 102 from disclosing transactions with other wholly owned members of the Group.

At 27 June 2021, £95,000 (2019: £19,000) was owed to Sir Francis Mackay.

Key management personnel compensation amounted to £951,000 (2019: £797,000).

34. Controlling party

The ultimate controlling part is considered to be Sir Francis Mackay by virtue of his shareholding in the Company.