

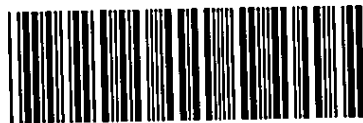
Company Registration No. 05786163

Underdog Restaurants Limited

Report and Financial Statements

For the year ended 31 December 2015

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Underdog Restaurants Limited

Report and financial statements 2015

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Underdog Restaurants Limited

Report and financial statements 2015

Officers and professional advisers

Directors

W Beckett
H Gott
P Campbell
K Jones
A McLauchlan

Secretary

A McLauchlan

Registered Office

Unit 402
70 Wapping Wall
London
E1W 3SS

Underdog Restaurants Limited

Strategic report

The directors, in preparing the strategic report, have complied with s414C of the Companies Act 2006

Principal activities

The principal activity of the company in the year under review was to operate restaurants under the 'Hawksmoor' brand

Business review and future developments

The directors consider turnover and EBITDA (earnings before interest, taxation, depreciation and amortisation) as the key performance indicators for the company. Turnover for the year increased from £28,054k in 2014 to £32,898k in 2015, with underlying EBITDA rising to £5,233k from £4,828k in comparison with 2014

A continuation of like for like sales growth in the existing restaurants together with the opening of a restaurant in Manchester in March 2015 were the main drivers of the improved performance

The directors expect the results to continue to reflect the business's growing popularity and successful branding

Principal risks and uncertainties

The company looks to manage the principal risks and uncertainties, arising from both internal and external factors that could impact the company's performance. The company has risk management processes to identify, monitor and evaluate such issues as they emerge, enabling the Board to take appropriate action where possible

Economic and market risk

The economic environment and general consumer sentiment have a significant bearing on the success of the company. Both consumer and corporate spending is increasing with the latter being more susceptible to market sentiment. Furthermore, the company is exposed to the market risks associated with the activities and operation of competing restaurants

The company is committed to maintaining a highly desirable customer experience. Internal processes ensure that the company is well-positioned to react to market pressures while continuing to deliver a high quality product at competitive prices to its customers

Operational efficiency and cost control

The company faces growing internal and external cost pressures. These pressures are managed with a focus on improving supply chain management, operational efficiency and appropriately robust cost control. The company is constantly looking to implement new initiatives to improve efficiency across its restaurants, resulting in lower operating costs without compromising product quality or service levels

Financing and treasury

Key to the financial success of the business is the availability of sufficient finance to allow the company to meet its obligations and to enable it to continue to fund its growth through investment in new restaurants and in improving its existing venues. The company continues to monitor its working capital position and thus mitigate liquidity risk

The nature of the business is such that there is minimal exposure to credit risk, foreign currency exchange risk or interest rate risk

Approved by the Board of Directors
and signed on behalf of the Board



A McLauchlan
Director

11th AUGUST 2016

Underdog Restaurants Limited

Directors' report

The directors present their annual report on the affairs of the company together with the financial statements for the year ended 31 December 2015

Going concern

During the year the company made an operating profit of £3,887k (2014 £3,077k) The balance sheet showed net current assets of £3,997k (2014 net assets of £711k)

The directors, for the reasons set out in the Accounting Policies, together with a capital structure that has appropriately manageable long-term financing, have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements

Political and charitable contributions

During the year company made charitable donations of £29k (2014 £34k) for the benefit of various charities

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged It is the policy of the company and that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees

Employee consultation

The company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the company

Dividends

The directors did not recommend the payment of a dividend in the year (2014 £nil)

Directors

The directors who served in the year are presented on page 1 of the annual report

Exemption from audit

For the year ending 31 December 2015 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies

Approved by the Board of Directors
and signed on behalf of the Board



A McLauchlan
Director

11th August 2016

Underdog Restaurants Limited

Statement of directors' responsibilities

The directors are responsible 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 Company and of the profit or loss of the company 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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

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 to 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Underdog Restaurants Limited

Profit and loss account For the year ended 31 December 2015

	Notes	2015 £'000	2014 £'000
Turnover	2	32,898	28,054
Cost of sales		(19,441)	(16,655)
Gross profit		13,457	11,399
Administrative expenses		(9,612)	(8,340)
Other operating income		42	18
Operating profit	2	3,887	3,077
Interest payable and similar charges		-	-
Profit on ordinary activities before taxation		3,887	3,077
Tax on profit on ordinary activities	3	(697)	(711)
Profit for the financial year		3,190	2,366

All amounts reported in the profit and loss account relate to continuing operations

There were no recognised gains or losses during the current or prior year other than the profit for that financial year
Accordingly, no separate statement of total recognised gains and losses has been presented

Underdog Restaurants Limited

Balance sheet As at 31 December 2015

	Notes	2015 £'000	2014 £'000
Fixed assets			
Tangible assets	4	8,006	8,059
Current assets			
Stocks		615	460
Debtors: amounts due within one year	5	8,168	3,913
Debtors: amounts due after one year	5	218	280
Cash at bank and in hand		56	801
		<u>9,057</u>	<u>5,454</u>
Creditors: amounts falling due within one year	6	(5,060)	(4,743)
Net current assets		<u>3,997</u>	<u>711</u>
Total assets less current liabilities		12,003	8,770
Provisions for liabilities	8	(177)	(134)
Net assets		<u>11,826</u>	<u>8,636</u>
Capital and reserves			
Called up share capital	9	-	-
Share premium	10	1,023	1,023
Profit and loss account	10	10,803	7,613
Shareholders' funds		<u>11,826</u>	<u>8,636</u>

The financial statements of Underdog Restaurants Limited, registered number 05786163 were approved by the Board of Directors and authorised for issue on 11 August 2016.

For the financial year in question the company was entitled to exemption under section 479A of the Companies Act 2006. No members have required the company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibility for complying with the requirements of the Act with respect to accounting records and for the preparation of accounts.

Signed on behalf of the Board of Directors



Alex McLauchlan
Director

Underdog Restaurants Limited

Statement of changes in equity Year ended 31 December 2015

	Called-up share capital £	Share premium £	Profit and loss account £	Total £
At 31 December 2013	-	1,023	5,247	6,270
Total comprehensive income	-	-	2,366	2,366
At 31 December 2014	-	1,023	7,613	8,636
Total comprehensive income	-	-	3,190	3,190
At 31 December 2015	-	1,023	10,803	11,826

Underdog Restaurants Limited

Notes to the financial statements Year ended 31 December 2015

1. Accounting policies

Accounting convention

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council

The accounting policies adopted by the Company are set out below and have been applied consistently throughout the year and are consistent with the preceding year

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside these consolidated financial statements. Exemptions have been taken in relation to the presentation of a cash flow statement and remuneration of key management personnel

Critical accounting judgements and key sources of estimation uncertainty

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amount of assets and liabilities, income and expenses. The estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form a basis for making the judgements about carrying value of assets and liabilities that are not readily apparent from other sources

The directors have reviewed the estimates and assumptions used in the preparation of the consolidated financial statements. The directors do not believe that there is a significant risk which would lead to material adjustments to the carrying value of any assets and liabilities in the next financial year due to the changes on the estimates or assumptions

Going concern

The directors have reviewed the current and projected financial position of the company and having taken into account that the company has appropriately manageable long-term financing, fully expect that the company will have access to adequate resources to continue in operation for the foreseeable future

Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements

Turnover

Turnover represents restaurant and bar takings registered at point of sale through electronic tills, excluding any discretionary service charge and value added tax. The origin and destination of all turnover was the United Kingdom

Tangible fixed assets

Tangible fixed assets are stated at historical cost, net of depreciation and any provision for impairment

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life

Leasehold expenditure	- over the duration of the lease
Plant and machinery	- 33 33% straight-line on cost
Fixtures and fittings	- 33 33% straight-line on cost

Stocks

Stocks are valued at the lower of cost and net realisable value on a first-in-first-out basis, after making due allowance for obsolete and slow moving items

Underdog Restaurants Limited

Notes to the financial statements Year ended 31 December 2015

1 Accounting policies (continued)

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the relevant tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted at the balance sheet date. Deferred tax is measured on a non-discounted basis

Leases

Rentals paid under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease, even if payments are not made on such a basis. The aggregate benefit of any rent-free period or similar incentive under rental operating leases is also recognised on a straight-line basis over the full lease period. The Company has taken the transitional allowance on existing leases to not restate those lease incentives accounted for under UITF 28

2 Operating profit

The operating profit is stated after charging

	2015 £'000	2014 £'000
Depreciation – owned assets	1,021	949
Operating lease rentals – other	1,111	1,026
	<u>612</u>	<u>606</u>
Directors' remuneration and other benefits etc	<u>612</u>	<u>606</u>

3 Staff costs

The average monthly number of employees (including executive directors) was 571 (2014: 491). Their aggregate remuneration comprised

	2015 £'000	2014 £'000
Wages and salaries	10,294	8,780
Social security costs	800	692
Pension contributions to private schemes	122	85
	<u>11,216</u>	<u>9,557</u>

The highest paid director in the year received emoluments of £176,000 (2014: £173,000)

Underdog Restaurants Limited

Notes to the financial statements Year ended 31 December 2015

4. Taxation

(a) Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows

	2015 £'000	2014 £'000
Current tax		
UK corporation tax	749	646
(Over)/underprovision in prior years	(95)	34
Total current tax	654	680
Deferred tax	43	31
Tax on profit on ordinary activities	697	711

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year varies from the effective rate of corporation tax in the UK of 20.25% (2014 22.5%). The differences are reconciled below

	2015 £'000	2014 £'000
Profit on ordinary activities before tax	3,887	3,077
Profit on ordinary activities multiplied by the effective rate of corporation tax in the UK at 20.25% (2014 22.5%)	787	692
Expenditure not deductible for tax purposes	4	5
Timing differences on fixed assets	(42)	(51)
Adjustment to tax charge in respect of previous periods	(95)	34
Total current tax (note 4 (a))	654	680

Underdog Restaurants Limited

Notes to the financial statements Year ended 31 December 2015

5. Tangible fixed assets

	Leasehold expenditure £'000	Plant and machinery £'000	Fixtures and fittings £'000	Total £'000
Cost				
At 1 January 2015	7,909	1,735	1,319	10,963
Additions	486	174	308	968
At 31 December 2015	8,395	1,909	1,627	11,931
Accumulated depreciation				
At 1 January 2015	989	1,063	852	2,904
Charge for the year	463	289	269	1,021
At 31 December 2015	1,452	1,352	1,121	3,925
Net book value				
At 31 December 2015	6,943	557	506	8,006
At 31 December 2014	6,920	672	467	8,059

6 Debtors

Amounts falling due within one year

	2015 £'000	2014 £'000
Trade debtors	667	535
Amounts owed by group undertakings	6,800	2,709
Other debtors	234	278
Prepayments	467	391
	8,168	3,913

Amounts falling due after more than one year

	2015 £'000	2014 £'000
Other debtors	218	280

Underdog Restaurants Limited

Notes to the financial statements Year ended 31 December 2015

7. Creditors: amounts falling due within one year

	2015 £'000	2014 £'000
Trade creditors	2,055	1,601
Amounts owed to group undertakings	516	415
Corporation tax	366	346
Other taxation and social security	830	712
Other creditors	223	635
Accruals and deferred income	1,070	1,034
	<u>5,060</u>	<u>4,743</u>

8. Provisions for liabilities and charges

	2015 £'000	2014 £'000
Provision for deferred taxes	<u>177</u>	<u>134</u>
		Deferred tax £'000
On accelerated capital allowances		
Balance at 1 January 2015		134
Profit and loss account		<u>43</u>
Balance at 31 December 2015		<u>177</u>

9. Called up share capital

	2015 £	2014 £
Allotted, issued and fully paid		
9,500 Ordinary "A" shares of 1p each	95	95
2,822 Ordinary "B" shares of 1p each	28	28
7,400 Ordinary "C" shares of 1p each	74	74
	<u>197</u>	<u>197</u>

The company has three classes of ordinary share, each of which carries no right to fixed income All shares are ranked *pari passu*

Underdog Restaurants Limited

Notes to the financial statements Year ended 31 December 2015

10. Reserves

	Profit and loss account £'000	Share premium £'000	Totals £'000
At 1 January 2015	7,613	1,023	8,636
Profit for the year	3,190	-	3,190
At 31 December 2015	<u>10,803</u>	<u>1,023</u>	<u>11,826</u>

11 Operating lease commitments

Annual commitments under non-cancellable operating leases are as follows

	Land and buildings	
	2015 £'000	2014 £'000
Expiring		
Within one year	-	32
Between two and five years	69	-
In more than five years	<u>1,205</u>	<u>1,190</u>

12. Control

At the balance sheet date, the directors consider Underdog Group (C) Limited, a company incorporated in the United Kingdom, to be the parent company. The smallest and largest group into which the results of the company are consolidated is that headed by Underdog Group Limited.

Copies of the consolidated financial statements can be obtained from Underdog Group Limited, Unit 402, 70 Wapping Wall, London E1W 3SS.

The directors do not consider there to be an ultimate controlling party.