

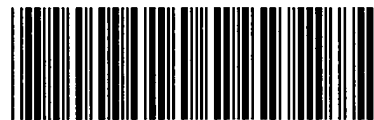
Company Registration No. 05786163

Underdog Restaurants Limited

Report and Financial Statements

For the year ended 31 December 2014

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Underdog Restaurants Limited

Report and financial statements 2014

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Underdog Restaurants Limited

Report and financial statements 2014

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 £25,566k in 2013 to £28,054k in 2014, with underlying EBITDA rising to £4,828k from £4,792k in comparison with 2013.

Good like for like sales growth in the existing restaurants together with the opening of a restaurant in Knightsbridge in June 2014 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

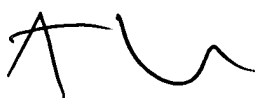
The company faces growing internal and external cost pressures. These pressures are managed with a focus on improving supply chain management, operational efficiency and appropriately robust cost control. The company is constantly looking to implement new initiatives to improve efficiency across its 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

30 April 2015

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 2014.

Going concern

During the year the company made an operating profit of £3,077k (2013: £3,753k). The balance sheet showed net current assets of £711k (2013: net assets of £450k).

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 £34k (2013: £28k) 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 (2013: £nil).

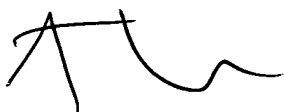
Directors

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 2014 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

30 April 2015

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 2014

	Notes	2014 £'000	2013 £'000
Turnover	2	28,054	25,566
Cost of sales		(16,655)	(15,141)
Gross profit		11,399	10,425
Administrative expenses		(8,340)	(6,729)
Other operating income		18	57
Operating profit	2	3,077	3,753
Interest payable and similar charges		-	(38)
Profit on ordinary activities before taxation		3,077	3,715
Tax on profit on ordinary activities	3	(711)	(886)
Profit for the financial year		2,366	2,829

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 2014

	Notes	2014 £'000	2013 £'000
Fixed assets			
Tangible assets	4	8,059	5,923
Current assets			
Stocks		460	364
Debtors: amounts due within one year	5	3,913	2,529
Debtors: amounts due after one year	5	280	383
Cash at bank and in hand		801	1,959
		<u>5,454</u>	<u>5,235</u>
Creditors: amounts falling due within one year	6	<u>(4,743)</u>	<u>(4,785)</u>
Net current assets		<u>711</u>	<u>450</u>
Total assets less current liabilities		<u>8,770</u>	<u>6,373</u>
Provisions for liabilities	8	<u>(134)</u>	<u>(103)</u>
Net assets		<u>8,636</u>	<u>6,270</u>
Capital and reserves			
Called up share capital	9	-	-
Share premium	10	1,023	1,023
Profit and loss account	10	7,613	5,247
Shareholders' funds		<u>8,636</u>	<u>6,270</u>

The financial statements of Underdog Restaurants Limited, registered number 05786163 were approved by the Board of Directors and authorised for issue on 30 April 2015.

Signed on behalf of the Board of Directors



A McLauchlan
Director

Underdog Restaurants Limited

Statement of changes in equity Year ended 31 December 2014

	Called-up share capital £	Share premium £	Profit and loss account £	Total £
At 1 January 2012 as restated	-	1,001	1,371	2,372
Total comprehensive income	-	-	1,047	1,047
At 31 December 2012	-	1,001	2,418	3,419
Total comprehensive income	-	22	2,829	2,851
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

Underdog Restaurants Limited

Notes to the financial statements Year ended 31 December 2014

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.

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 2014

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:

	2014 £'000	2013 £'000
Depreciation – owned assets	949	907
Operating lease rentals – other	1,026	662
	<u> </u>	<u> </u>
Directors' remuneration and other benefits etc	606	530
	<u> </u>	<u> </u>

3. Staff costs

The average monthly number of employees (including executive directors) was 491 (2013: 402). Their aggregate remuneration comprised:

	2014 £'000	2013 £'000
Wages and salaries	8,780	7,644
Social security costs	692	625
Pension contributions to private schemes	85	33
	<u> </u>	<u> </u>
	9,557	8,302
	<u> </u>	<u> </u>

The highest paid director in the year received emoluments of £173,000 (2013: £173,000)

Underdog Restaurants Limited

Notes to the financial statements Year ended 31 December 2014

4. Taxation

(a) Analysis of the tax charge

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

	2014 £'000	2013 £'000
Current tax:		
UK corporation tax	646	906
Underprovision in prior years	34	4
	<hr/>	<hr/>
Total current tax	680	910
Deferred tax	31	(24)
	<hr/>	<hr/>
Tax on profit on ordinary activities	<u>711</u>	<u>886</u>

(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 22.5% (2013: 23.5%). The differences are reconciled below:

	2014 £'000	2013 £'000
Profit on ordinary activities before tax	<u>3,077</u>	<u>3,715</u>
Profit on ordinary activities multiplied by the effective rate of corporation tax in the UK at 22.5% (2013: 23.5%)	692	873
Expenditure not deductible for tax purposes	5	4
Timing differences on fixed assets	(51)	29
Adjustment to tax charge in respect of previous periods	<u>34</u>	<u>4</u>
	<hr/>	<hr/>
Total current tax (note 4 (a))	<u>680</u>	<u>910</u>

Underdog Restaurants Limited

Notes to the financial statements Year ended 31 December 2014

5. Tangible fixed assets

	Leasehold expenditure £'000	Plant and machinery £'000	Fixtures and fittings £'000	Total £'000
Cost				
At 1 January 2014	5,527	1,360	991	7,878
Additions	2,382	375	328	3,085
At 31 December 2014	7,909	1,735	1,319	10,963
Accumulated depreciation				
At 1 January 2014	624	729	602	1,955
Charge for the year	365	334	250	949
At 31 December 2014	989	1,063	852	2,904
Net book value				
At 31 December 2014	6,920	672	467	8,059
At 31 December 2013	4,903	631	389	5,923

6. Debtors

Amounts falling due within one year:

	2014 £'000	2013 £'000
Trade debtors	535	465
Amounts owed by group undertakings	2,709	1,572
Other debtors	278	97
Prepayments	391	395
	3,913	2,529

Amounts falling due after more than one year:

	2014 £'000	2013 £'000
Other debtors	280	383

Underdog Restaurants Limited

Notes to the financial statements Year ended 31 December 2014

7. Creditors: amounts falling due within one year

	2014 £'000	2013 £'000
Trade creditors	1,601	1,037
Amounts owed to group undertakings	415	274
Corporation tax	346	906
Other taxation and social security	712	1,164
Other creditors	635	498
Accruals and deferred income	1,034	906
	<u>4,743</u>	<u>4,785</u>

8. Provisions for liabilities and charges

	2014 £'000	2013 £'000
Provision for deferred taxes	<u>134</u>	<u>103</u>
		Deferred tax
		£'000
On accelerated capital allowances		
Balance at 1 January 2014		103
Profit and loss account		31
Balance at 31 December 2014		<u>134</u>

9. Called up share capital

	2014 £	2013 £
Allotted, issued and fully paid		
9,500 Ordinary "A" shares of 1p each	95	95
2,822 Ordinary "B" shares of 1p each	28	18
7,400 Ordinary "C" shares of 1p each	74	74
	<u>197</u>	<u>187</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 2014

10. Reserves

	Profit and loss account £'000	Share premium £'000	Totals £'000
At 1 January 2014	5,247	1,023	6,270
Profit for the year	2,366	-	2,366
At 31 December 2014	7,613	1,023	8,636

11. Operating lease commitments

Annual commitments under non-cancellable operating leases are as follows:

	Land and buildings	
	2014 £'000	2013 £'000
Expiring:		
Within one year	32	-
Between two and five years	-	32
In more than five years	1,190	675

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.