

Parent Company accounts of
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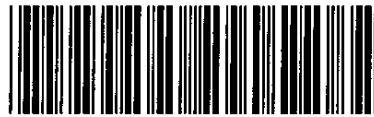
Company Registration No. 08542386

Underdog Group Limited

Annual Report and Financial Statements

For the year ended 31 December 2018

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Underdog Group Limited

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Underdog Group Limited

Company information and advisers

Directors

W Beckett
H Gott
A McLauchlan
K Jones
P Campbell

Secretary

A McLauchlan

Registered Office

Jack's Place, Unit B,
6 Corbet Place,
London
E1 6NN

Auditor

Deloitte LLP
Statutory Auditor

Underdog Group 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 period under review was to hold an investment in the Hawksmoor and Foxlow restaurant group. The principal activity of the Group is the operation of restaurants under those two brands.

Business review and future developments

Hawksmoor increased turnover by 8.2% in the year to £42.0m (2017: £38.8m), driven by like-for-like sales growth and the opening of a new restaurant in Edinburgh. Hawksmoor EBITDA increased to £6.0m in the year (2017: £5.5m).

A lease was signed to open a Hawksmoor restaurant in New York in early 2020.

Foxlow restaurants remained loss-making throughout 2018 and into 2019, the company was eventually placed into creditors' voluntary liquidation in September 2019.

Group turnover for the year was £46.9m (2017: £43.7m), with underlying EBITDA of £5.7m (2017: £4.8m).

Key performance indicators

	2018 £'000	2017 £'000
Turnover	46,919	43,744
Underlying EBITDA (earnings before interest, taxation, depreciation, amortisation and pre-opening costs)	5,666	4,839

Underlying EBITDA reconciles to the statutory operating profit value presented in the Profit and Loss Account as follows:

	2018 £'000	2017 £'000
Operating profit	2,623	2,307
Depreciation	2,016	1,656
Pre-opening costs & other exceptional items (i)	1,027	876
EBITDA	5,666	4,839

- (i) Pre-opening costs relate to costs incurred before a restaurant begins trading. Exceptional items relate to non-recurring one-off costs.

The directors remain confident about the future prospects of the group.

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 general bearing on the success of the company. Furthermore, the company is exposed to the general 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.

Underdog Group Limited

Strategic report (continued)

The company is exposed to some potential adverse impacts in the event of a 'no-deal' Brexit in its trade with EU countries, for example the weakening of Sterling over time contributing to higher costs for purchases from Eurozone countries. The directors continue to monitor the situation and will act accordingly as the political landscape becomes clearer.

Principal risks and uncertainties (continued)

Operational efficiency and cost control

The company faces cost pressures which 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 generates strong cashflows and continues to monitor its working capital position and thus mitigate liquidity risk. In 2018 the Group secured a refinancing of its external debt that have further enhanced the Group's liquidity profile.

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

Date 30th September 2019

Underdog Group 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 2018.

Going concern

The Group has net current liabilities of £41,100k largely due to the other loans due within one year of £42,401. (2017: £6,706k).

The Group is highly cash generative with a low level of bank debt and healthy trading activity by industry standards. The directors have every expectation that the other loans due for repayment on 29th November 2019 will either be refinanced or an extension made to the maturity date following early discussions with the loan note holders. A refinancing of the external bank debt was secured in August 2018 which extended the maturity of £5m of debt until 2021. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Future developments and principal risks

The company looks to manage the principal risks and uncertainties, arising from both internal and external factors that could impact the company's performance. More information can be found in the Strategic Report.

Political and charitable contributions

During the period company made charitable donations of £26k (2017: £42k) for the benefit of various charities. No political donations were made in either period.

Dividends

The directors did not recommend the payment of a dividend in the period (2017: £nil).

Directors

The directors who served in the period, except as noted, are presented on page 1 of the annual report. The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

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 Group continues and that appropriate training is arranged. It is the policy of the Group and the Company 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 Group 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 Group and the Company. This is achieved through formal and informal meetings and the Company newsletter. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

Underdog Group Limited

Directors' report (continued)

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:


- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Post balance sheet events

Two subsidiary companies, Foxlow Restaurants Limited and Dinish Restaurants Limited were placed into a creditors' voluntary liquidation in September 2019 as the trading businesses ceased to be economically viable.



A. McLAUGHLAN

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

Date 30th SEPTEMBER 2019

Underdog Group 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), 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 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Independent auditor's report to the members of Underdog Group Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Underdog Group Limited (the 'parent company') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2018 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated profit and loss account;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement;
- the related notes 1 to 17.

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).

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 Financial Reporting Council's (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 required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Responsibilities of directors

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.

Independent auditor's report to the members of Underdog Group Limited (continued)

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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

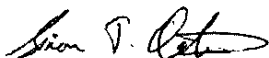
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

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.



Simon Oaten FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
30 September 2019

Underdog Group Limited

Consolidated profit and loss account For the year ended 31 December 2018

	Notes	2018 £'000	2017 £'000
Turnover	2	46,919	43,744
Cost of sales		(28,509)	(27,155)
Gross profit		18,410	16,589
Administrative expenses		(15,795)	(14,365)
Other operating income		8	83
Operating profit	3	2,623	2,307
Goodwill amortisation	7	(3,898)	(6,720)
Impairment of fixed assets	8	(832)	(1,045)
Interest payable and similar charges		(2,203)	(2,085)
Loss on ordinary activities before taxation		(4,310)	(7,543)
Tax charge on loss on ordinary activities	6	(826)	(227)
Loss for the financial year		(5,136)	(7,770)

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

There were no recognised gains or losses during the current year other than the loss for that financial year. Accordingly, no separate statement of comprehensive income has been presented.

Underdog Group Limited

Consolidated balance sheet As at 31 December 2018

	Notes	2018 £'000	2017 £'000
Fixed assets			
Goodwill	7	-	3,898
Tangible assets	8	10,821	10,467
		<u>10,821</u>	<u>14,365</u>
Current assets			
Stocks		943	782
Debtors: amounts due within one year	10	2,012	2,597
Debtors: amounts due after one year	10	220	323
Cash at bank and in hand		5,328	760
		<u>8,503</u>	<u>4,462</u>
Creditors: amounts falling due within one year	11	<u>(49,603)</u>	<u>(11,168)</u>
Net current assets/(liabilities)		<u>(41,100)</u>	<u>(6,706)</u>
Total assets less current liabilities		<u>(30,279)</u>	<u>7,659</u>
Creditors: amounts falling due after one year	12	<u>(7,670)</u>	<u>(40,619)</u>
Provisions	13	<u>(147)</u>	<u>-</u>
Net liabilities		<u>(38,096)</u>	<u>(32,960)</u>
Capital and reserves			
Called up share capital	14	14	14
Share premium	15	975	975
Profit and loss account	15	<u>(39,085)</u>	<u>(33,949)</u>
Shareholders' deficit		<u>(38,096)</u>	<u>(32,960)</u>

The financial statements of Underdog Group Limited (company number 08542386) were approved by the board of directors and authorised for issue on 30th September 2019. They were signed on its behalf by:



A McLauchlan
Director

Underdog Group Limited

Company balance sheet As at 31 December 2018

	Notes	2018 £'000	2017 £'000
Fixed assets			
Investments	9	-	-
Current assets			
Debtors: amounts due after one year	10	12,026	12,026
		12,026	12,026
Creditors: amounts falling due within one year	11	(15,619)	-
Creditors: amounts falling due after one year	12	(101)	(15,064)
Net liabilities		(3,694)	(3,038)
Capital and reserves			
Called up share capital	14	14	14
Share premium	15	975	975
Profit and loss account	15	(4,683)	(4,027)
Shareholders' deficit		(3,694)	(3,038)

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 £656k (2017: £653k)

The financial statements of Underdog Group Limited (company number 08542386) were approved by the board of directors and authorised for issue on 30th September 2019. They were signed on its behalf by:



A McLauchlan
Director

Underdog Group Limited

Group and Company statements of changes in equity For the year ended 31 December 2018

	Called-up share capital £'000	Share premium £'000	Profit and loss account £'000	Total £'000
Group				
At 1 January 2017	14	964	(26,179)	(25,201)
Loss for financial year	-	-	(7,770)	(7,770)
New share issue	-	11	-	11
At 31 December 2017	14	975	(33,949)	(32,960)
Loss for financial year	-	-	(5,136)	(5,136)
At 31 December 2018	14	975	(39,085)	(38,096)
	Called-up share capital £'000	Share premium £'000	Profit and loss account £'000	Total £'000
Company				
At 1 January 2017	14	964	(3,374)	(2,396)
Loss for financial year	-	-	(653)	(653)
New share issue	-	11	-	11
At 31 December 2017	14	975	(4,027)	(3,038)
Loss for financial year	-	-	(656)	(656)
At 31 December 2018	14	975	(4,683)	(3,694)

Underdog Group Limited

Consolidated cash flow statement For the year ended 31 December 2018

	2018 £'000	2017 £'000
Net cash flows from operating activities (i)	5,748	4,106
Return on investment and servicing of finance		
Interest paid	(329)	(239)
Taxation		
Corporation tax paid	(445)	(555)
Cash flows from investing activities		
Purchase of equipment	(2,980)	(2,955)
Receipt from sales of fixed assets	15	160
Net cash flows from investing activities	2,009	517
Cash flows from financing activities		
New share issue	-	11
Issue costs	(345)	-
New bank loan	3,053	-
Repayments of borrowings	-	(900)
Net cash flows from financing activities	2,708	(889)
Foreign exchange gains and (losses)	(149)	-
Net (decrease)/increase in cash and cash equivalents	4,568	(372)
Cash and cash equivalents at beginning of year	760	1,132
Cash and cash equivalents at end of year	5,328	760

(i) Reconciliation of operating profit to cash generated by operations

	2018 £'000	2017 £'000
Operating profit	2,623	2,307
Adjustment for:		
Depreciation	2,016	1,656
Operating cash flow before movement in working capital	4,639	3,963
Increase in stocks	(161)	(95)
Decrease/(increase) in debtors	529	(372)
Increase in creditors	741	610
Cash generated by operations	5,748	4,106

Underdog Group Limited

Notes to the financial statements Year ended 31 December 2018

1. Accounting policies

General Information

Underdog Group Limited (the "Company") is a company incorporated in the United Kingdom under the Companies Act 2006.

The Company is a private company limited by shares and is registered in England. The address of the Company's registered office is shown on page 1.

The nature of the Company's operations and its principal activities are set out in the strategic report on page 2.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates (its functional currency).

Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 31 December each year. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

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 period and are consistent with the preceding period.

The functional currency of the group is considered to be Sterling given that is the currency of the primary economic environment in which the group operates.

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 company only cash flow statement, financial instruments 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.

Underdog Group Limited

Notes to the financial statements (continued) **Year ended 31 December 2018**

1. Accounting policies (continued)

Going concern

Consistent with the wider licensed retail sector, the Group has highly liquid debtor balances in comparison with its accrual and creditor ageing profile. As such, and with its continued investment in the Group's existing and new portfolio the group has net current assets of £1.3m (2017: net liabilities of £6.7m).

The directors have reviewed the current and projected financial position of the company, including its compliance with financial covenants, and given the underlying profitability and cash generating potential fully expect that the company will have access to adequate resources, including long term financing options, to continue in operation for the foreseeable future. Furthermore, all planned capital expenditure is uncommitted, which allows the Group to adapt accordingly to short-term liquidity demands. Further information is provided in the Directors' report.

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.

Goodwill

Goodwill arising on acquisitions is amortised over a period of five years, which represents the useful economic life as estimated by the directors. All goodwill was amortised in full during 2018.

Tangible fixed assets

Tangible fixed assets of the Group are stated at historical cost, net of depreciation and any provision for impairment. The company holds no fixed assets.

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.

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 substantially enacted at the balance sheet date. Deferred tax is measured on a non-discounted basis.

Underdog Group Limited

Notes to the financial statements (continued) Year ended 31 December 2018

1. Accounting policies (continued)

Leases

Rentals paid under operating leases are charged to income 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 utilised the transitional allowance on existing leases to not restate those lease incentives accounted for under UITF 28 on its conversion to FRS 102.

2. Turnover

Turnover, attributable to continuing operations, is derived from the sale of food, wines, spirits, other beverages and sundry items. It is recognised at the point of sale net of VAT and discounts offered. The origin and destination of all turnover was the United Kingdom.

3. Operating profit

The operating profit is stated after charging:

	2018 £'000	2017 £'000
Depreciation – owned assets (Note 8)	2,016	1,656
Auditor's remuneration (including £10k for subsidiary audit (2017: £10k))	60	30
Fees to the Company's auditor in respect of non-audit services	15	55
Operating lease rentals – other	2,530	2,347

4. Staff costs

The average monthly number of employees for the Group (including executive directors) was 759 (2017: 714). Their aggregate remuneration comprised:

	2018 £'000	2017 £'000
Wages and salaries	15,339	14,692
Social security costs	1,248	1,176
Pension contributions to private schemes	341	154
	16,928	16,022

Directors' remuneration

	2018 £'000	2017 £'000
Emoluments	567	547
Pension contributions to private schemes	82	32
	649	579

The highest paid director in the year received emoluments of £182,000 (2017: £173,000), which included pension contributions to a defined contribution scheme of £25,000 (2017: £32,000).

Underdog Group Limited

Notes to the financial statements (continued) Year ended 31 December 2018

5. Loss attributable to the Company

The loss for the financial year dealt with in the financial statements of the parent Company was £656k (2017: loss of £653k).

As permitted by Section 408 of the Companies Act 2006, no separate profit and loss account or statement of comprehensive income is presented in respect of the parent Company.

6. Taxation

(a) Analysis of the tax charge

The tax charge on the loss on ordinary activities for the period was as follows:

	2018 £'000	2017 £'000
Current tax:		
UK corporation tax	516	433
Under provision from prior years	4	144
Total current tax	520	577
Deferred tax credit	306	(350)
Tax charge on loss on ordinary activities	826	227

(b) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the period varies from the effective rate of corporation tax in the UK of 19% (2017: 19%). The differences are reconciled below:

	2018 £'000	2017 £'000
Loss on ordinary activities before tax	(4,310)	(7,543)
Loss on ordinary activities multiplied by the effective rate of corporation tax in the UK at 19% (2017: 19%)	(819)	(1,433)
Expenditure not deductible for tax purposes	1,166	1,696
Timing differences on fixed assets	169	170
Adjustment to tax in respect of prior periods	4	144
Total current tax (note 6 (a))	520	577

Underdog Group Limited

Notes to the financial statements (continued) Year ended 31 December 2018

7. Intangible assets - Goodwill

The net book value of goodwill for the group is comprised as follows:

	Total £'000
Cost	
At 1 January 2018 and 31 December 2018	34,178
Accumulated amortisation	
At 1 January 2018	30,280
Provided during the year	3,898
At 31 December 2018	34,178
Net book value	
At 31 December 2018	-
At 31 December 2017	3,898

The Company has no goodwill or other intangible fixed assets.

8. Tangible fixed assets – Group

	Leasehold expenditure £'000	Plant and machinery £'000	Fixtures and fittings £'000	Total £'000
Cost				
At 1 January 2018	12,794	2,751	2,643	18,188
Additions	2,117	357	506	2,980
Disposals	-	-	(15)	(15)
At 31 December 2018	14,911	3,108	3,134	21,153
Accumulated depreciation				
At 1 January 2018	4,281	1,752	1,688	7,721
Charge for the year	975	504	537	2,016
Disposals	-	-	(15)	(15)
Impairment	610	-	-	610
At 31 December 2018	5,866	2,256	2,210	10,332
Net book value				
At 31 December 2018	9,045	852	924	10,821
At 31 December 2017	8,513	999	955	10,467

During the period the directors reassessed the carrying value of certain of the group's properties in light of indicators that the sites may be impaired. The result was an aggregated impairment of £610k of the properties to their net realisable value (2017: £1,045k).

Underdog Group Limited

Notes to the financial statements (continued) Year ended 31 December 2018

9. Investments

	2018 £	2017 £
Shares at 1 January and 31 December	1	1

Details of the company's subsidiary undertakings, as at 31 December 2018 are as follows:

Company	Country of incorporation	Nature of business	Class	%
Underdog Group (B) Limited *	UK	Holding company	Ordinary	100
Underdog Group (C) Limited	UK	Holding company	Ordinary	100
Underdog Restaurants Limited	UK	Restaurants	Ordinary	100
Foxlow Restaurants Limited	UK	Restaurants	Ordinary	100
Dinish Restaurants Limited	UK	Property company	Ordinary	100

* Held directly

The registered office of all subsidiary company's is Jack's Place, Unit B, 6 Corbet Place, London, E1N 6NN.

The following companies are exempt from the requirement relating to the audit of individual accounts for the year end 31 December 2018 by virtue of Section 479A of the Companies Act 2006 relating to subsidiary companies:

Underdog Restaurants Limited (05786163)

Underdog Group (C) Limited (8542498)

10. Debtors

	2018		2017	
	Group £'000	Company £'000	Group £'000	Company £'000
Amounts falling due within one year:				
Trade debtors	834	-	1,095	-
Other debtors	403	-	600	-
Deferred tax asset	-	-	159	-
Prepayments and accrued income	775	-	743	-
	<u>2,012</u>	<u>-</u>	<u>2,597</u>	<u>-</u>
Amounts falling due after more than one year:				
Amounts owed by Group undertakings	-	12,026	-	12,026
Other debtors	220	-	323	-
	<u>220</u>	<u>12,026</u>	<u>323</u>	<u>12,026</u>
	<u>2,232</u>	<u>12,026</u>	<u>2,920</u>	<u>12,026</u>

Underdog Group Limited

Notes to the financial statements (continued) Year ended 31 December 2018

10. Debtors (continued)

Amounts owing to and from Group undertakings accrue no interest and have no repayment date assigned. As such, they are repayable on demand; however, the Company has provided a confirmation to its subsidiaries that it will not call these amounts within the following 12 months from the approval of these financial statements.

11. Creditors: amounts falling due within one year

	2018		2017	
	Group £'000	Company £'000	Group £'000	Company £'000
Bank loans and overdrafts (see note 12)	153	-	4,935	-
Trade creditors	2,851	-	2,551	-
Corporation tax	292	-	217	-
Other taxation and social security	1,326	-	1,156	-
Other creditors	523	-	445	-
Accruals and deferred income	2,057	-	1,864	-
Other loans	42,401	15,619	-	-
	<u>49,603</u>	<u>15,619</u>	<u>11,168</u>	<u>-</u>

The bank loan is secured by a fixed and floating charge over the Company's assets and is repayable in instalments. Interest is payable at LIBOR + margin varying between 3% - 4%.

12. Creditors: amounts falling due after more than one year

	2018		2017	
	Group £'000	Company £'000	Group £'000	Company £'000
Bank loans	7,670	-	-	-
Amounts owed to Group undertakings	-	101	-	101
Other loans	-	-	40,619	14,963
	<u>7,670</u>	<u>101</u>	<u>40,619</u>	<u>15,064</u>

The bank loan is secured by a fixed and floating charge over the Company's assets and is repayable in instalments. Interest is payable at LIBOR + margin varying between 3% - 4%.

Other loans comprise unsecured fixed rate loan notes which bear interest at 6% per annum. The loan notes are redeemable on 26th November 2019.

Underdog Group Limited

Notes to the financial statements (continued) Year ended 31 December 2018

12. Creditors: amounts falling due after more than one year (continued)

Borrowings are repayable as follows:

	Group	
	2018	2017
	£'000	£'000
Bank loans:		
Between one and two years	612	-
Between two and five years	7,365	-
After five years	-	-
	<u>7,977</u>	<u>-</u>
On demand or within one year	153	5,000
Deferred issue costs	(307)	(65)
	<u>7,823</u>	<u>4,935</u>

13. Provisions for liabilities and charges – Group

	2018	2017
	£'000	£'000
Provision for deferred taxes	<u>147</u>	<u>(159)</u>
		Deferred tax
		£'000
On accelerated capital allowances		
At 1 January 2018		(159)
Profit and loss account		306
Balance at 31 December 2018		<u>147</u>

Deferred tax assets and liabilities are offset only where the Group has a legally enforceable right to do so and where the assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

Underdog Group Limited

Notes to the financial statements (continued) Year ended 31 December 2018

14. Called up share capital

	2018 £	2017 £
Allotted, issued and fully paid		
505,312 'A' Ordinary shares of 1p each	5,053	5,053
275,356 'B' Ordinary shares of 1p each	2,754	2,754
50,000 'C' Ordinary shares of 1p each	500	500
80,000 'D' Ordinary shares of 5p each	4,000	4,000
45,100 'E' Ordinary shares of 1p each (2016: 44,985)	566	566
2,500 'F' Ordinary shares of 1p each	25	25
15,738 'B2' Ordinary shares of 5p each	787	787
3,594 'B3' Ordinary shares of 5p each	180	180
	<u>13,865</u>	<u>13,865</u>

All shares are ranked *pari passu* except 'B2' and 'B3' shares have enhanced voting rights 5% for each share held and 'D' 3 votes for each share held. No shares carry a right to fixed income.

15. Reserves

Group	Called up share capital £'000	Share premium £'000	Profit and loss account £'000	Total £'000
At 1 January 2018	14	975	(33,949)	(32,960)
Loss for the year	-	-	(5,136)	(5,136)
At 31 December 2018	<u>14</u>	<u>975</u>	<u>(39,085)</u>	<u>(38,096)</u>

Company	Called up share capital £'000	Share premium £'000	Profit and loss account £'000	Total £'000
At 1 January 2018	14	975	(4,027)	(3,038)
Loss for the year	-	-	(656)	(656)
At 31 December 2018	<u>14</u>	<u>975</u>	<u>(4,683)</u>	<u>(3,694)</u>

16. Financial commitments

Total future minimum lease commitments under non-cancellable operating leases are as follows:

	2018 £'000	2017 £'000
Within one year	2,620	2,358
Between one and five years	10,385	9,314
In more than five years	<u>24,893</u>	<u>23,003</u>

The company has no non-cancellable operating lease commitments.

Underdog Group Limited

Notes to the financial statements (continued) **Year ended 31 December 2018**

17. Control

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

18. Related Parties

As at 31 December 2018 the group had outstanding loans with directors of £146k (2017 £81k). The facility has a maximum limit of £230k, accrues interest at 4% pa and the full amount is repayable in 2021. The movement in the current year derives from an additional £65,000 drawn down by the borrower.

19. Post Balance Sheet Events

Two subsidiary companies, Foxlow Restaurants Limited and Dinish Restaurants Limited were placed into a creditors' voluntary liquidation in September 2019 as the trading businesses ceased to be economically viable.