

**Company Registration No. 05786163**

**Underdog Restaurants Limited**

**Report and Financial Statements**

**For the year ended 31 December 2017**

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# **Underdog Restaurants Limited**

## **Report and financial statements 2017**

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# **Underdog Restaurants Limited**

## **Report and financial statements 2017**

### **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 £34,028k in 2016 to £38,809k in 2017, with underlying EBITDA rising from £5,352k in 2016 to £5,549k in 2017.

A new restaurant opened in Borough Market, London, in February 2017 and a further restaurant opened in Edinburgh in the summer of 2018.

The directors expect the results to continue to reflect the business's growing popularity.

### 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. 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 generates strong cashflows and 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

26th September 2018

# 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 2017.

### Going concern

During the year the company made an operating profit of £3,376k (2016: £4,221k). The balance sheet showed net current assets of £9,056k (2016: net assets of £6,756k).

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 £42k (2016: £22k) 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 (2016: £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 2017 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

26th September 2018

# **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 2017

	Notes	2017 £'000	2016 £'000
Turnover	2	38,809	34,028
Cost of sales		(23,171)	(19,980)
<b>Gross profit</b>		<b>15,638</b>	<b>14,048</b>
Administrative expenses		(12,345)	(9,873)
Other operating income		83	46
<b>Operating profit</b>	2	<b>3,376</b>	<b>4,221</b>
Interest payable and similar charges		-	-
<b>Profit on ordinary activities before taxation</b>		<b>3,376</b>	<b>4,221</b>
Tax on profit on ordinary activities	3	(863)	(642)
<b>Profit for the financial year</b>		<b>2,513</b>	<b>3,579</b>

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 2017

	Notes	2017 £'000	2016 £'000
<b>Fixed assets</b>			
Tangible assets	4	8,976	8,840
<b>Current assets</b>			
Stocks		694	594
Debtors: amounts due within one year	5	14,539	10,982
Debtors: amounts due after one year	5	202	218
Cash at bank and in hand		601	1,021
		<u>16,036</u>	<u>12,815</u>
<b>Creditors: amounts falling due within one year</b>	6	<u>(6,980)</u>	<u>(6,059)</u>
<b>Net current assets</b>		<u>9,056</u>	<u>6,756</u>
<b>Total assets less current liabilities</b>		<u>18,032</u>	<u>15,596</u>
<b>Provisions for liabilities</b>	8	<u>(114)</u>	<u>(191)</u>
<b>Net assets</b>		<u><u>17,918</u></u>	<u><u>15,405</u></u>
<b>Capital and reserves</b>			
Called up share capital	9	-	-
Share premium	10	1,023	1,023
Profit and loss account	10	<u>16,895</u>	<u>14,382</u>
<b>Shareholders' funds</b>		<u><u>17,918</u></u>	<u><u>15,405</u></u>

The financial statements of Underdog Restaurants Limited, registered number 05786163 were approved by the Board of Directors and authorised for issue on 26<sup>th</sup> SEPTEMBER 2018.

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 26<sup>th</sup> September 2018  
Director

## **Underdog Restaurants Limited**

### **Statement of changes in equity Year ended 31 December 2017**

	<b>Called-up share capital £</b>	<b>Share premium £</b>	<b>Profit and loss account £</b>	<b>Total £</b>
At 31 December 2015	-	1,023	10,803	11,826
Total comprehensive income	-	-	3,579	3,579
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2016	-	1,023	14,382	15,405
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income	-	-	2,513	2,513
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2017	-	1,023	16,895	17,918
	<hr/>	<hr/>	<hr/>	<hr/>

# Underdog Restaurants Limited

## Notes to the financial statements Year ended 31 December 2017

### 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 are associated 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 2017

### 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:

	2017 £'000	2016 £'000
Depreciation – owned assets	1,158	954
Impairment of fixed assets	587	-
Operating lease rentals – other	1,730	1,261
	<u>3,475</u>	<u>2,215</u>
Directors' remuneration and other benefits etc	579	646
	<u>4,054</u>	<u>2,861</u>

### 3. Staff costs

The average monthly number of employees (including executive directors) was 600 (2016: 564). Their aggregate remuneration comprised:

	2017 £'000	2016 £'000
Wages and salaries	12,444	10,828
Social security costs	1,004	843
Pension contributions to private schemes	137	124
	<u>13,585</u>	<u>11,795</u>

The highest paid director in the year received emoluments of £173,000 (2016: £186,000)

# Underdog Restaurants Limited

## Notes to the financial statements Year ended 31 December 2017

### 4. Taxation

#### (a) Analysis of the tax charge

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

	2017 £'000	2016 £'000
Current tax:		
UK corporation tax	796	636
(Over)/underprovision in prior years	144	(8)
Total current tax	940	628
Deferred tax	(77)	14
Tax on profit on ordinary activities	863	642

#### (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 19% (2016: 20%). The differences are reconciled below:

	2017 £'000	2016 £'000
Profit on ordinary activities before tax	3,376	4,221
Profit on ordinary activities multiplied by the effective rate of corporation tax in the UK at 19% (2016: 20%)	641	844
Expenditure not deductible for tax purposes	5	4
Timing differences on fixed assets	150	(212)
Adjustment to tax charge in respect of previous periods	144	(8)
Total current tax (note 4 (a))	940	628

## Underdog Restaurants Limited

### Notes to the financial statements Year ended 31 December 2017

#### 5. Tangible fixed assets

	<b>Leasehold expenditure £'000</b>	<b>Plant and machinery £'000</b>	<b>Fixtures and fittings £'000</b>	<b>Total £'000</b>
<b>Cost</b>				
At 1 January 2017	9,625	2,135	1,959	13,719
Additions	1,104	392	385	1,881
At 31 December 2017	10,729	2,527	2,344	15,600
<b>Accumulated depreciation</b>				
At 1 January 2017	1,935	1,557	1,387	4,879
Charge for the year	550	283	325	1,158
Impairment	587	-	-	587
At 31 December 2017	3,072	1,840	1,712	6,624
<b>Net book value</b>				
At 31 December 2017	7,657	687	632	8,976
At 31 December 2016	7,690	578	572	8,840

#### 6. Debtors

Amounts falling due within one year:

	<b>2017 £'000</b>	<b>2016 £'000</b>
Trade debtors	963	837
Amounts owed by group undertakings	12,479	9,198
Other debtors	513	454
Prepayments	584	493
	14,539	10,982

Amounts falling due after more than one year:

	<b>2017 £'000</b>	<b>2016 £'000</b>
Other debtors	202	218

# Underdog Restaurants Limited

## Notes to the financial statements Year ended 31 December 2017

### 7. Creditors: amounts falling due within one year

	2017 £'000	2016 £'000
Trade creditors	2,130	2,085
Amounts owed to group undertakings	1,268	1,059
Corporation tax	575	406
Other taxation and social security	1,012	953
Other creditors	406	358
Accruals and deferred income	1,589	1,198
	<u>6,980</u>	<u>6,059</u>

### 8. Provisions for liabilities and charges

	2017 £'000	2016 £'000
Provision for deferred taxes	<u>114</u>	<u>191</u>
		<b>Deferred tax £'000</b>
On accelerated capital allowances		191
Balance at 1 January 2017		(77)
Profit and loss account		<u>114</u>
Balance at 31 December 2017		<u>114</u>

### 9. Called up share capital

	2017 £	2016 £
<b>Allotted, issued and fully paid</b>		
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 2017

### 10. Reserves

	Profit and loss account £'000	Share premium £'000	Totals £'000
At 1 January 2017	14,382	1,023	15,405
Profit for the year	2,513	-	2,513
At 31 December 2017	16,895	1,023	17,918

### 11. Operating lease commitments

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

	Land and buildings	
	2017 £'000	2016 £'000
Expiring:		
Within one year	1,752	1,674
Between two and five years	6,784	6,420
In more than five years	15,945	17,260

### 12. Capital commitments

At the balance sheet date the company had capital commitments as follows:

Contracted for but not provided in the financial statements:

	2017 £'000	2016 £'000
Acquisition of property, plant and equipment	-	673

### 13. 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.