

Company Registration No. 05786163

Underdog Restaurants Limited

Report and Financial Statements

For the year ended 31 December 2020



Underdog Restaurants Limited

Report and financial statements 2020

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Underdog Restaurants Limited

Report and financial statements 2020

Officers and professional advisers

Directors

W Beckett
H Gott
P Campbell
K Jones
A McLauchlan
T Gould

Secretary

A McLauchlan

Registered Office

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

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 decreased from £45.5m in 2019 to £20.5m in 2020, with underlying EBITDA falling from £6.2m in 2019 to £0.4m in 2020 driven by the closure of the restaurants and restrictions put in place following the outbreak of Covid-19 in March 2020.

The directors expect the general level of activity to remain challenging in the forthcoming year whilst the Covid 19 pandemic persists, but are optimistic about the mid-term prospects for the Company.

The Company has built an industry-leading brand, which the directors believe will endure the current issues facing the hospitality sector. The Group entered the pandemic with a healthy cash position and was able to access additional debt facilities. The restaurants experienced a swift return to robust trading after the Government mandated lockdowns and expects strong trading to resume once the vaccination program is sufficiently progressed.

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 directors have put in place robust risk management processes to identify, monitor and evaluate such issues as they emerge, enabling them 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 Company's financial success is the availability of sufficient finance to allow it to meet its obligations and to enable it to fund its growth through investment in new restaurants and in maintaining its existing venues. The Company generates strong cashflows and continues to monitor its working capital position and to mitigate liquidity risk. At the balance sheet date the Group had external bank debt of £13.4m maturing on 31 December 2021. Refinancing of this debt has been agreed post year end and the date of maturity is more than 12 months from the date of signing of this report.

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

Covid-19

The Covid-19 pandemic has resulted in the UK government implementing a number of measures to reduce the spread of the virus, some of which remained in place post year end. These included especially severe restrictions on the hospitality sector, including an enforced closure over a number of months during the year and further closures post year end. The Company's restaurants are open again at the date of this report. The directors continue to monitor the

Underdog Restaurants Limited

Strategic report

situation closely and, where available, make use of applicable mitigations – such as the job retention scheme. As the restrictions continue to abate, the directors have ensured that the Company's underlying investments are well-placed to continue to return to profitability. For further detail, including the impact on the Group's going concern assessment, refer to page 5.

In the year the Company claimed £5,773k in relation to the Coronavirus Job Retention Scheme (CJRS) and £34k through Local Restrictions and Closure Support Grants. The Group also took advantage of the deferral of VAT payments that were due between 20 March 2020 and 30 June 2020 which amounted to £1,523k. The business began payments of this deferred amount in May 2020, and the final payment for this outstanding amount will be paid in January 2022. Other operating income is detailed in Note 4.

Brexit

The Company continues to monitor the situation in respect of the UK's departure from the European Union, in particular the impact on consumer sentiment and the effects on the workforce.

Climate change

The Company does not consider there to exist any immediate risk to its operations from climate change; the directors will continue to monitor the position.

Section 172 Statement

The following disclosure describes how the directors have had regard to the matters set out in section 172(1)(a) to (f) and forms the directors' statement required under section 414CA of The Companies Act 2006.

S172(1) (a) The likely consequences of any decision in the long term

The directors understand the business and the evolving environment in which they operate and strive to deliver sustainable profitable growth while advancing the Company's strong brand reputation. They seek the kind of growth that cascades benefit throughout the entire organisation and creates opportunities for all its associates.

S172(1) (b) The interests of the company's employees

The directors recognise that the Company's employees are fundamental and core to its business and delivery of its strategic ambitions. The success of its business depends on developing an engaged, high-performing team that embodies company values and supports future growth. From ensuring that it remains a responsible employer, from pay and benefits to health, safety and the workplace environment, the directors factor the implications of decisions on employees and the wider workforce, where relevant and feasible.

S172(1) (c) The need to foster the company's business relationships with suppliers, customers and others

Delivering the Company's strategy requires strong mutually beneficial partnerships with customers and suppliers. They are at the centre of every decision the directors make in order to elevate each customer experience and foster exceptional strategic partnerships.

S172(1) (d) The impact of the company's operations on the community and the environment

The Company is committed to protecting the environment. Accordingly, it seeks to conserve and protect resources and to reduce environmental impact through sustainable purchasing, source reduction, waste diversion, energy and water management, using alternative and renewable energy sources wherever possible.

S172(1) (e) The desirability of the company maintaining a reputation for high standards of business conduct

The Company's Code of Conduct gives clear guidance on how to act consistently in accordance with ethical standards.

S172(1) (f) The need to act fairly as between members of the company

The Company is a member of the Underdog Group of companies. The directors ensure that delivery of the strategy is aligned with that of its members.

Underdog Restaurants Limited

Strategic report

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



A McLauchlan
Director

27 January

2022

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 2020.

Going concern

During the year the company made an operating loss of £982k (2019: profit of £4,390k). The balance sheet showed net current assets of £8,232k (2019: £8,061k).

Despite making an operating loss during the year the Company has prepared the FY20 financial statements on a going concern basis.

Underlying trading has historically been strong; however, from its arrival the Covid-19 pandemic has had a profound impact on the Company and the Group. In March 2020 the company temporarily closed all restaurants and subsequently re-opened them with a phased approach from July 2020. A second lockdown occurred in November 2020 and following a brief re-opening in December a third lockdown ensued. Restrictions were once again lifted in May 2021 which allowed all restaurants to re-open for a third time. At the date of signing this report the restaurants remain open however the advice to work from home announced as part of the Government's 'Plan B' measures on 8 December 2021 caused a number of customer cancellations. The workforce was also affected by the new variant, Omicron, resulting in staff absences in-line with those experienced across the United Kingdom.

The Group has taken significant measures to safeguard the business during the periods of lockdown in the interests of all key stakeholders, including working with their banking partner to resolve potential covenant issues and engaging in the UK government's furlough scheme. More details of the measures taken can be found in Note 15.

The Group has produced base case cashflow forecasts for the 12 months following the date of this report assuming a steady reduction in the like-for-like decline compared with 2019 on the back of social distancing restrictions being eased and the re-opening of lunch and breakfast meal periods as the office market returns (expected Q1 2022). Another model has been prepared assuming a 3 month 'winter lockdown'. The Group has sufficient liquidity in both scenarios to honour its obligations as they fall due.

Trading in both re-opening periods in 2020 was very strong and ahead of forecasts, and with additional facilities with our supportive lenders the expectation of the Directors is that the Company will be able to meet liabilities as they fall due for the 12 months that follow the date of this report. On 8 September 2021 the Group successfully opened a new restaurant in New York having postponed the previously planned opening in March 2020 due to the local lockdown imposed. A further site opened on the 16th of November 2021 in Canary Wharf.

In July 2020 loan notes that totalled £44.2m as at 31 December 2020 that had been due for repayment on 29 November 2019 had their maturity extended to 30 June 2022. In December 2021 their maturity date has been further expended to 30 June 2025. At the balance sheet date the Group had external bank debt of £13.4m maturing on 31 December 2021. Refinancing of this debt has been agreed post year end and the date of maturity is more than 12 months from the date of signing of this report.

Whilst the directors believe that the assumptions made in arriving at the Group's base case forecast cash flows are appropriate, as well as in their sensitised scenarios, there is inherent uncertainty in respect of further lockdowns which will place restrictions on the Group's core operating environment and thus its ability to generate cash and comply with its covenants.

Notwithstanding this uncertainty, having assessed likely downside scenarios and mitigation, the directors have formed the judgement that it is appropriate to prepare the financial statements on a going concern basis.

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 its performance. More information can be found in the Strategic Report.

Political and charitable contributions

During the year company made charitable donations of £69k (2018: £31k) for the benefit of various charities.

Underdog Restaurants Limited

Directors' 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 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 could not recommend the payment of a dividend in the year as no distributable reserves were available (2019: £nil).


Directors

The directors who served in the year are presented on page 1 of the annual report. There were no changes in the year or to the date of this report.

Exemption from audit

For the year ending 31 December 2020 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

27 January 2022

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 2020

	Notes	2020 £'000	2019 £'000
Turnover	2	20,521	45,515
Cost of sales		(18,379)	(26,883)
Gross profit		2,142	18,632
Administrative expenses		(8,931)	(14,393)
Impairment of intercompany loan		-	151
Other operating income	4	5,807	-
Operating profit/(loss)	2	(982)	4,390
Interest receivable		2	18
Interest payable and similar charges		-	-
Profit/(loss) on ordinary activities before taxation		(980)	4,408
Tax on profit/(loss) on ordinary activities	5	296	(1,146)
Profit/(loss) for the financial year		(684)	3,262

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 2020

	Notes	2020 £'000	2019 £'000
Fixed assets			
Tangible assets	6	8,096	9,186
Current assets			
Stocks		707	974
Debtors: amounts due within one year	7	15,175	13,487
Debtors: amounts due after one year	7	204	204
Cash at bank and in hand		7,817	3,307
		<u>23,903</u>	<u>17,972</u>
Creditors: amounts falling due within one year	8	<u>(15,670)</u>	<u>(9,911)</u>
Net current assets		<u>8,232</u>	<u>8,061</u>
Total assets less current liabilities		<u>16,328</u>	<u>17,247</u>
Provisions for liabilities	9	<u>(22)</u>	<u>(256)</u>
Net assets		<u>16,307</u>	<u>16,991</u>
Capital and reserves			
Called up share capital	10	-	-
Share premium	11	1,023	1,023
Profit and loss account	11	<u>15,284</u>	<u>15,968</u>
Shareholders' funds		<u>16,307</u>	<u>16,991</u>

The financial statements of Underdog Restaurants Limited, registered number 05786163 were approved by the Board of Directors and authorised for issue on 27 January 2022.

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 2020

	Called-up share capital £	Share premium £	Profit and loss account £	Total £
At 31 December 2018	-	1,023	12,706	13,729
Total comprehensive income	-	-	3,262	3,262
At 31 December 2019	-	1,023	15,968	16,991
Total comprehensive income	-	-	(684)	(684)
At 31 December 2020	-	1,023	15,284	16,307

Underdog Restaurants Limited

Notes to the financial statements **Year ended 31 December 2020**

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

During the year the company made an operating loss of £982k (2019: profit of £4,390k). The balance sheet showed net current assets of £8,232k (2019: £8,061k).

Despite making an operating loss during the year the Company has prepared the FY20 financial statements on a going concern basis.

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The Group has produced base case cashflow forecasts for the 12 months following the date of this report assuming a steady reduction in the like-for-like decline compared with 2019 on the back of social distancing restrictions being eased and the re-opening of lunch and breakfast meal periods as the office market returns (expected Q1 2022). Another model has been prepared assuming a 3 month 'winter lockdown'. The Group has sufficient liquidity in both scenarios to honour its obligations as they fall due.

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Notes to the financial statements Year ended 31 December 2020

1. Accounting policies (continued)

Going concern (continued)

Trading in both re-opening periods in 2020 was very strong and ahead of forecasts, and with additional facilities with our supportive lenders the expectation of the Directors is that the Company will be able to meet liabilities as they fall due for the 12 months that follow the date of this report. On 8 September 2021 the Group successfully opened a new restaurant in New York having postponed the previously planned opening in March 2020 due to the local lockdown imposed. A further site opened on the 16th of November 2021 in Canary Wharf.

In July 2020 loan notes that totalled £44.2m as at 31 December 2020 that had been due for repayment on 29 November 2019 had their maturity extended to 30 June 2022. In December 2021 their maturity date has been further expended to 30 June 2025. At the balance sheet date the Group had external bank debt of £13.4m maturing on 31 December 2021. Refinancing of this debt has been agreed post year end and the date of maturity is more than 12 months from the date of signing of this report.

Whilst the directors believe that the assumptions made in arriving at the Group's base case forecast cash flows are appropriate, as well as in their sensitised scenarios, there is inherent uncertainty in respect of further lockdowns which will place restrictions on the Group's core operating environment and thus its ability to generate cash and comply with its covenants.

Notwithstanding this uncertainty, having assessed likely downside scenarios and mitigation, the directors have formed the judgement that it is appropriate to prepare the financial statements on a going concern basis.

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 (continued) Year ended 31 December 2020

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:

	2020 £'000	2019 £'000
Depreciation – owned assets	1,223	1,519
Impairment of intercompany loan	-	(151)
Operating lease rentals – other	1,275	2,093
	<u> </u>	<u> </u>
Directors' remuneration and other benefits etc	716	874
	<u> </u>	<u> </u>

3. Staff costs

The average monthly number of employees (including executive directors) was 626 (2019: 680). Their aggregate remuneration comprised:

	2020 £'000	2019 £'000
Wages and salaries	12,929	14,655
Social security costs	1,003	1,198
Pension contributions to private schemes	252	374
	<u> </u>	<u> </u>
	14,184	16,227
	<u> </u>	<u> </u>

The highest paid director in the year received emoluments of £183,000 (2019: £196,000)

Underdog Restaurants Limited

Notes to the financial statements (continued) Year ended 31 December 2020

4. Other operating income

	2020 £'000	2019 £'000
Coronavirus Job Retention Scheme (CJRS)	5,773	-
Local Restrictions and Closure Support Grants	34	-
	<u>5,807</u>	<u>-</u>

Other income of £5,807k includes £5,773k claimed in relation to the Coronavirus Job Retention Scheme (CJRS) and £34k claimed through Local Restrictions and Closure Support Grants. There are no unfulfilled conditions or other contingencies in relation to the Local Restrictions and Closure Grants recognised.

5. Taxation

(a) Analysis of the tax charge

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

	2020 £'000	2019 £'000
Current tax:		
UK corporation tax	(296)	902
(Over)/underprovision in prior years	-	135
Total current tax (credit)/charge	<u>(296)</u>	<u>1,037</u>
Deferred tax (credit)/charge	-	109
Tax (credit)/charge on (loss)/profit	<u>(296)</u>	<u>1,146</u>

(b) Factors affecting current tax charge

The tax assessed on the (loss)/profit for the year varies from the effective rate of corporation tax in the UK of 19% (2019: 19%). The differences are reconciled below:

	2020 £'000	2019 £'000
(Loss)/profit before tax	<u>(980)</u>	<u>4,408</u>
(Loss)/profit on ordinary activities multiplied by the effective rate of corporation tax in the UK at 19% (2018: 19%)	(186)	828
Expenditure not deductible for tax purposes	-	(21)
Timing differences on fixed assets	(100)	95
Adjustment to tax charge in respect of previous periods	-	135
Total current (credit)/charge tax (note 5 (a))	<u>(296)</u>	<u>1,037</u>

Underdog Restaurants Limited

Notes to the financial statements (continued) Year ended 31 December 2020

6. Tangible fixed assets

	Leasehold expenditure £'000	Plant and machinery £'000	Fixtures and fittings £'000	Total £'000
Cost				
At 1 January 2020	12,789	2,877	3,129	18,795
Additions	-	133	-	133
At 31 December 2020	12,789	3,010	3,129	18,928
Accumulated depreciation				
At 1 January 2020	4,550	2,518	2,541	9,609
Charge for the year	716	202	305	1,223
At 31 December 2020	5,266	2,720	2,846	10,832
Net book value				
At 31 December 2020	7,523	290	283	8,096
At 31 December 2019	8,239	359	588	9,186

7. Debtors

Amounts falling due within one year:

	2020 £'000	2019 £'000
Trade debtors	79	828
Amounts owed by group undertakings	13,923	11,613
Other debtors	764	401
Prepayments	409	645
	<u>15,175</u>	<u>13,487</u>

Amounts falling due after more than one year:

	2020 £'000	2019 £'000
Other debtors	<u>204</u>	<u>204</u>

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Notes to the financial statements (continued) Year ended 31 December 2020

8. Creditors: amounts falling due within one year

	2020 £'000	2019 £'000
Trade creditors	2,491	2,353
Amounts owed to group undertakings	8,841	3,495
Corporation tax	179	347
Other taxation and social security	2,019	1,278
Other creditors	159	481
Accruals and deferred income	1,981	1,957
	<u>15,670</u>	<u>9,911</u>

9. Provisions for liabilities and charges

	2020 £'000	2019 £'000
Provision for deferred taxes	<u>22</u>	<u>256</u>
		Deferred tax
		£'000
On accelerated capital allowances		
Balance at 1 January 2020		256
Profit and loss account		(234)
Balance at 31 December 2020		<u>22</u>

10. Called up share capital

	2020 £	2019 £
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 (continued) Year ended 31 December 2020

11. Reserves

	Profit and loss account £'000	Share premium £'000	Totals £'000
At 1 January 2020	15,968	1,023	16,991
Loss for the year	(684)	-	(684)
At 31 December 2020	<u>15,284</u>	<u>1,023</u>	<u>16,307</u>

12. Operating lease commitments

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

	Land and buildings	
	2020	2019
	£'000	£'000
Expiring:		
Within one year	2,117	2,107
Between two and five years	8,498	8,534
In more than five years	<u>18,165</u>	<u>19,450</u>

13. Capital commitments

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

Contracted for but not provided in the financial statements:

	2020	2019
	£'000	£'000
Acquisition of property, plant and equipment	<u>-</u>	<u>-</u>

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

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

Underdog Restaurants Limited

Notes to the financial statements (continued) **Year ended 31 December 2020**

15. Post balance sheet events

Further to the UK Government mandated closure of bars and restaurants in March 2020, and the subsequent lockdowns imposed in November and again in December, another national lockdown was announced on the 4th of January 2021. The indoor dining restrictions imposed by this most recent lockdown were lifted on the 17th of May 2021 and all sites have been open and operating since this date. The advice to work from home announced as part of the Government's 'Plan B' measures on 8 December 2021 caused a number of customer cancellations. The workforce was also affected by the new variant, Omicron, resulting in staff absences in-line with those experienced across the United Kingdom. Absences have since abated and trade has been successful with revenue exceeding the same period in 2019, before the pandemic.

During the most recent lockdown imposed, the directors continued with the steps taken in 2020 to safeguard the business and its employees. These included securing additional funding from the Group's banking partner to provide sufficient liquidity to pay suppliers and cover fixed costs as well as making use of the Government Job Retention Furlough Scheme. The Company and its employees have continued to support various charity initiatives throughout the various lockdowns and also continued with the recently developed nationwide meal box delivery service.

Continued initiatives and actions in response to the pandemic include the following:

- £4m term loan to aid liquidity;
- Waiver of existing banking covenants and replacement with alternative covenant tests that have been fully complied with;
- Placement of employees on the Coronavirus Job Retention Scheme; and
- Rent concessions with landlords were extended.

The Group successfully opened a new restaurant in New York on 8 September 2021 having postponed the previously planned opening in March 2020 due to the local lockdown imposed. A further site opened on 16 November 2021 in Canary Wharf.

The Group has incurred significant losses during the first and subsequent lockdowns but maintains sufficient liquidity to meet its financial obligations as they fall due. Further information about the adoption of the going concern basis of accounting is presented in Note 1 to the financial statements.

The bank loan has successfully been refinanced. Please refer to the Directors report on page 5.