Company Registration No. 08542386

Underdog Group Limited

Annual Report and Financial Statements

For the year ended 31 December 2022

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
T Besley-Gould
C Gott

Registered Office

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

Auditor

Deloitte LLP
Statutory Auditor
Manchester
United Kingdom

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 year under review was to hold an investment in the Hawksmoor restaurant group. The principal activity of the Group is the operation of restaurants under that brand.

Business review and future developments

In the year, Hawksmoor increased turnover by 107% to £73.9m (2021: £35.7m), driven by the post-COVID recovery, maturing restaurant growth, the first full 12 months of a new restaurant in Canary Wharf and the launch of a new restaurant in Liverpool. Hawksmoor underlying EBITDA increased to £7.0m (2021: £2.9m) in the year as a result.

Post year-end, a Hawksmoor restaurant opened in Dublin, Ireland and a lease has been signed for a new site opening in Chicago, United States due to open in 2024. The directors are not aware, at the date of this report, of any likely major changes in the group's activities.

Key performance indicators

The Group uses financial and non-financial KPIs to measure whether the Group is meeting its objectives. Other qualitative measures are used in addition to the KPIs to evaluate progress against objectives in areas where numerical measures are less relevant.

The KPIs used to measure performance include Turnover and Underlying EBITDA.

	2022 £'000	2021 £'000
Turnover	73,921	35,692
Underlying EBITDA (earnings before interest, taxation, depreciation, amortisation and pre-opening costs & other non-recurring items)	6,711	2,892

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

	2022 £'000	2021 £'000
Operating profit/(loss)	2,874	(298)
Depreciation	1,954	1,218
Pre-opening costs & other non-recurring items (i)	1,883	1,972
Underlying EBITDA	6,711	2,892

(i) Pre-opening costs relate to costs incurred before a restaurant begins trading. Non-recurring items are one-off costs such as refinancing costs, consultancy and termination fees. Both 2021 and 2022 non-recurring items included company funded sick pay for COVID-19 related absence after the government support through furlough ended. Pre-opening costs in the year predominantly reflect the opening of a new restaurant in Liverpool, UK in November 2022, and costs surrounding the opening of a site in Canary Wharf, London in November 2021.

The impact of the COVID-19 pandemic in 2020 and 2021 has made the traditional financial KPIs less representative of the underlying performance of the Group year-on-year. The directors confirm that Underlying EBITDA exceeded pre-pandemic levels in 2022.

Strategic report

Key performance indicators (continued)

At the date of signing, Hawksmoor operated ten restaurants in the United Kingdom, one in New York, United States and one in Dublin, Ireland (2021: nine restaurants operated in the United Kingdom and one in New York, United States).

The Group has built an industry-leading brand, with highly profitable sites at the date of signing, strong cash generation and an excellent reputation with customers and staff, which the directors believe will position it for success. The Group has a strong cash position and has access to additional debt facilities as required. The restaurants experienced a strong recovery post pandemic and are at record sales and profitability.

Principal risks and uncertainties

The Group looks to manage the principal risks and uncertainties arising from both internal and external factors which could impact its 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.

Financial Risk Management

Cashflow risk

Key to the Group's financial success is the availability of sufficient finance to allow it to meet its obligations and to enable it to fund investment in new restaurants and in maintaining its existing venues. The Group has consistently generated strong cashflows, enabling it to successfully navigate the Covid-19 pandemic and exceeded pre-pandemic levels in 2022.

Liquidity risk

The Group continues to monitor its working capital position and to mitigate liquidity risk. At the balance sheet date, the Group had external bank debt of £12.2m maturing on 31 December 2024.

Credit risk

The Group's exposure to credit risk arising from its operations is minimal due to a large and unrelated customer base and that the overwhelming majority of customer transactions are settled through cash or other electronic means at the point of sale.

Foreign exchange risk

The Group's activities primarily expose it to the financial risks of changes in foreign currency exchange rates and interest rates. However, the Group receives revenues and incurs costs in various currencies which helps to diversify the risk arising from its exposure to foreign currencies.

Covid-19

The Covid-19 pandemic resulted in the UK government implementing several measures to reduce the spread of the virus during 2020 and 2021. These included severe restrictions on the hospitality sector, including an enforced closure over several months. These restrictions were lifted in January 2022. The directors continue to monitor the situation closely as future variants leading to lockdowns could impact the business further and, where available, will make use of applicable mitigations should that need arise.

In the year the Group claimed £nil (2021: £2,519k) in relation to the Coronavirus Job Retention Scheme (CJRS) and £38k (2021: £311k) through Local Restrictions and Closure Support Grants.

The Group was granted forgiveness of the Employee Retention Credit (ERTC) of £nil (2021: £140k) received during the pandemic in New York.

Other operating income is detailed in Note 4.

Principal risks and uncertainties (continued)

Climate change

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

Sustainability has always been an important part of the Group's activities. The Group became carbon neutral in 2021 and, as a founding member of the Sustainable Restaurant Association in 2012, we have achieved three-star rating for over a decade. There are several further initiatives underway to reduce its environmental impact, detailed in the Director's report on page 6.

Cost of living crisis

The cost-of-living crisis may impact consumer confidence and a more challenged macroeconomic environment. This is as a result of uncertainty and broader consumer confidence and the fall in real disposable incomes that the United Kingdom has experienced since late 2021. It is being caused predominantly by high inflation, particularly seen in energy and food price increases. More specifically, the Group is affected by these changes in energy and food costs as well as inflationary impact on employee wages and changes in sentiment in the consumer market in which it operates.

The Group monitors and responds to specific KPI's on a weekly and monthly basis, which act as early indicators in relation to the impact of the cost of living crisis on the business. Such indicators include the gross and net margins, labour efficiency, customer demand and feedback and supplier price changes.

Appropriate action is undertaken to mitigate such impact as it arises.

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.

Key stakeholders have been identified through the identification of key stakeholder groups that have been most effected by the key decisions made by the Group. These stakeholders and engagement with them are covered in S172 (1) (a) to (f) below.

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 Group'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 Group'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.

The Directors regularly seek feedback of all aspects of the business from both restaurant staff and the central support team. There are clear channels and regular opportunities for employees to provide feedback.

There are development opportunities available to employees which are advertised regularly alongside ongoing training, both in-role and delivered by external third parties.

Employees are updated on the Group's future plans and strategies as well as current business performance. The Group ensures it remains a responsible employer through a consistent focus on pay, health and wellbeing, benefits, and safety in the workplace.

Section 172 Statement (continued)

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

The Group is proud of the high quality and standards adhered to in the provision of its products and services. The Group invests both time and money in several ways in order to do so. Relationships are built with all suppliers, and inputs are vetted and put through a stringent quality control process to ensure they meet our standards, and this customer expectations. Staff training is a point of focus to ensure customers receive the standard of service they have come to expect in our restaurants. Through this, The Group ensures that that it meets customer expectations and through this can build excellent customer relationships and loyalty. Supplier relationships are equally important in enabling The Group to deliver on customer expectations, and thus both customers and suppliers are at the centre of every decision the directors make 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 Underdog Group 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.

The Group became a certified B Corp in September 2022 because of the projects and activities undertaken to target the way in which it operates within the local community and minimising its impact on the environment.

The Group is committed to several local charities within the communities where there is a presence as well as on a larger scale in supporting larger charities with a wider reach. The charities chosen have a link in to The Group either through staff choices or are affiliated with the industry within which we operate.

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

The Group'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 the ultimate parent of the Underdog group of companies. The directors ensure that delivery of the strategy is aligned with that of its members.

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

A McLauchlan
Director

31 October 2023

Underdog Group Limited

Directors' report

The directors present their annual report on the affairs of the Group and Company together with the audited financial statements for the year ended 31 December 2022.

Going concern

Despite being in a net liabilities and net current liabilities position of £44,154k and £1,446k respectively (2021: £44,576k and £1,652k) at the year end the Group has prepared the FY22 financial statements on a going concern basis.

Revenue rebounded strongly in 2022 following the re-opening of the restaurants post the mandated COVID-19 lockdowns, and has continued that momentum into 2023.

The Group has produced a base case cashflow forecast for the 12 months following the date of this report, alongside a sensitised scenario reflecting depressed revenue, further cost increases and wage inflation. Under both the base case and sensitised scenarios, The Group has sufficient liquidity to honour its obligations as they fall due and meet covenants attached to external bank debt.

At the balance sheet date, the Group had external bank debt of £12.2m maturing on 31 December 2024, and unsecured fixed rate loan notes of £48,196k which bear interest at 6% per annum, with a redemption date of 30 June 2025.

The directors believe that the assumptions made in arriving at the Group's base case forecast cash flows are appropriate, as well as their sensitised scenarios which include significant downside assumptions including the impact of inflation on food and energy costs due to inherent uncertainty in this respect, which could place restrictions on the Group's core operating environment and thus its ability to generate cash and comply with its covenants.

Taking this uncertainty into account, and having assessed likely downside scenarios and appropriate actions to mitigated such scenarios, 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 Group looks to manage the principal risks and uncertainties, arising from both internal and external factors that could impact its performance. In accordance with s414(c)(11) of the Companies Act, included in the Strategic Report is information relating to the Business review, Risks and uncertainties, and Key performance indicators which would otherwise be required by Schedule 7 of the 'large and medium sized companies and groups (accounts and reports) regulations 2008' to be contained in the Directors' report.

Political and charitable contributions

During the year the Group made charitable donations of £56k (2021: £11k) for the benefit of various charities. No political donations were made in either year.

Environment

Sustainability has always been an important part of The Group's activities and continues to play a central role in the way business is conducted across the group. It is delivered against a sustainability plan and targets which determine the group's pathway to net zero by 2030. Several new and ongoing initiatives have been put in place over the last twelve months:

- Director-level sign off on sustainability policy, plan and targets;
- Internal and external board reporting on sustainability targets;
- Roll-out of LED bulbs across the estate taking place from January 2023-December 2023;
- Reduction of food waste, energy use and water waste all made critical projects for Head Chefs and General Managers at all UK restaurants.
- All emissions in 2022 offset to ensure carbon neutrality and a commitment to remain carbon neutral on journey to net zero.

Directors' report

Environment (continued)

These new initiatives build on foundations from previous years and approaches celebrated by the group including:

- Continuing to champion producers, farmers and fishermen who farm and fish sustainably;
- Buying local produce as far as is possible, championing and supporting regenerative agriculture;
- Changing energy supplier for electricity during 2021 to supply all restaurants with 100% green/renewable energy;
- Training staff in carbon literacy; and
- Achieving a three-star rating for over a decade from the Sustainable Restaurant Association, an organisation that benchmarks restaurants on their ethics; and
- Setting targets to becoming a 'net zero company' by 2030, an even greater commitment than becoming carbon neutral.

Streamlined energy and carbon reporting

We have followed the UK Government's environmental reporting guidance on how to measure and report greenhouse gas emissions.

	2022 tCO_2e	2021 tCO_2e
UK scope 1 emissions from gas consumption	808	233
UK scope 2 emissions from purchased electricity	-	341
UK scope 3 emissions from electricity transmission/distribution losses	85	13
Total gross emissions	**893**	**587**
Carbon offsets	(893)	(587)
Total annual net emissions	**0**	**0**

The total energy used to determine the tCO_2e emissions is 6,427,153 kWh (2021: 3,741,292 kWh). The Scope 1 & 2 consumptions are at 3,692,831 and 2,734,322 kWh, (57% and 43%) respectively (2021: 1,269,472 and 2,471,820 kWh, (34% and 66%) respectively).

Two intensity ratios have been calculated that relate to The Group.

- Intensity Ratio (tCO_2e/m^2) = 0.12 (2021: 0.082)
- Intensity Ratio (tCO_2e/covers) = 0.01 (2021: 0.001)

Scope 1 emissions tCO_2e methodology

The Scope 1 emissions have been calculated using monthly gas consumption data from a spreadsheet. From these the total kWh gas consumption (delivered energy) for January – December 2022 was calculated. The total calculated gas consumption was converted to tCO2e emissions using conversion factors from the government DEFRA conversion table spreadsheet for 2022.

Scope 2 emissions tCO_2e methodology

The Scope 2 emissions have been calculated using an electrical consumption data spreadsheet. From these the total kWh electric consumption (delivered energy) for January – December 2022 was calculated. The total electrical consumption was converted to tCO2e emissions, again using conversion factors from the government DEFRA conversion table spreadsheets for 2022.

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Directors' report

Environment (continued)

Scope 3 emissions tCO_2e methodology

The Scope 3 emission for electricity consumption transmission from source was calculated by converting the total electricity consumption kWh taken from Scope 2 and again, using conversion factors from the government DEFRA conversion table spreadsheets for 2022.

Energy efficiency measures have been implemented during 2022, through both operational and behavioural changes, having moved all electricity supply to renewable energy sources in 2021. In addition, the group continues to train key staff in behavioural changes to reduce energy use and emissions.

Dividends

The directors cannot recommend the payment of a dividend in relation to the year ended 31 December 2022 (2021: £nil and none recommended post year end).

Directors

The directors who served in the year are presented on page 1 of the annual report. Two directors, T Besley-Gould and C Gott, were appointed on 31 December 2022.

The Group has entered into 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. The Group's policy is to ensure 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 its performance. 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.

The Group has invested in a branded social media for business platform which is extensively used by all staff. Company information can be cascaded quickly and effectively using this platform and comment gathered from all staff. The Group has also utilised company surveys during the pandemic in order to obtain feedback from employees on important matters.

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 themselves 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.

Underdog Group Limited

Directors' report

Post balance sheet events

A new lease was signed on the 24th of October 2022 to open a restaurant in Chicago, USA in 2024.

A new restaurant in Dublin, Republic of Ireland, opened in May 2023.

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

A McLauchlan

31 October 2023

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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Underdog Group Limited

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 2022 and of the Group's profit 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 statement of comprehensive income;
- the consolidated and Parent Company balance sheets;
- the consolidated and Parent Company statements of changes in equity;
- the consolidated statement of cashflows; and
- the related notes 1 to 21.

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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Underdog Group Limited

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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.

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.

Auditor's responsibilities for the audit of the financial statements (continued)

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.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the Group's industry and its control environment, and reviewed the Group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

Underdog Group Limited

Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)

We obtained an understanding of the legal and regulatory frameworks that the Group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty. These included Health and Safety regulations and The Food Standards Agency.

We discussed among the audit engagement team and relevant internal specialists such industry specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address it is described below:

- Non-routine transactions to revenue – we compared the revenue transactions on a monthly basis per site to the electronic point of sale reports generated through the till system which were in turn assessed for accuracy and completeness through detail testing, any differences which could result in a material misstatement were tested in detail to supporting evidence.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance, and reviewing correspondence with HMRC.

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.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us: or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

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.

Elizabeth Benson BSc ACA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Manchester, United Kingdom

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Underdog Group Limited

Consolidated profit and loss account
For the year ended 31 December 2022

	Notes	2022 £'000	2021 £'000
Turnover	2	73,921	35,692
Cost of sales		(46,428)	(25,234)
Gross profit		27,493	10,458
Administrative expenses		(24,657)	(13,726)
Other operating income	4	38	2,970
Operating profit/(loss)		2,874	(298)
Interest receivable		20	16
Interest payable and similar charges	7	(2,612)	(2,041)
Profit/(loss) before taxation	3	282	(2,323)
Tax Credit on profit/(loss)	8	50	48
Profit/(loss) for the financial year		332	(2,275)

The current year profit was all derived from continuing operations.

In addition to the profit/(loss) for the financial year the group also incurred a loss of £146k (2021: loss of £43k) on the translation of foreign exchange on an overseas group company. Please refer to Statement of comprehensive income, below.

Statement of comprehensive income

	2022 £'000	2021 £'000
Profit/(loss) for the financial year	332	(2,275)
Currency translation difference on foreign currency net investments	(62)	(43)
Tax relating to components of other comprehensive income	-	-
Other comprehensive expense	(62)	(43)
Total comprehensive income/(expense)	270	(2,318)

Underdog Group Limited

Consolidated balance sheet
As at 31 December 2022

	Notes	2022 £'000	2021 £'000
Fixed assets			
Goodwill	9	-	-
Tangible assets	10	19,460	16,768
		19,460	16,768
Current assets			
Stocks	16	1,385	1,066
Debtors: amounts falling due within one year	12	5,047	1,769
Debtors: amounts falling due after more than one year	12	204	454
Cash at bank and in hand		6,315	6,200
		12,951	9,489
Creditors: amounts falling due within one year	13	(14,481)	(11,141)
Net current liabilities		(1,530)	(1,652)
Total assets less current liabilities		17,930	15,116
Creditors: amounts falling due after more than one year	14	(62,022)	(59,692)
Provisions for liabilities	15	-	-
Net liabilities		(44,092)	(44,576)
Capital and reserves			
Called up share capital	17	14	14
Share premium account		986	980
Other reserves		135	(11)
Profit and loss account		(45,227)	(45,559)
Shareholders' deficit		(44,092)	(44,576)

The financial statements of Underdog Group Limited (company number 08542386) were approved by the board of directors and authorised for issue on 31 October 2023. They were signed on its behalf by:

A McLauchlan
Director

Underdog Group Limited

Company balance sheet
As at 31 December 2022

	Notes	2022 £'000	2021 £'000
Fixed assets			
Investments	11	12,036	12,030
Total fixed assets		12,036	12,030
Creditors: amounts falling due within one year	13	(101)	(101)
Net current liabilities		(101)	(101)
Total assets less current liabilities		11,935	11,929
Creditors: amounts falling due after more than one year	14	(17,753)	(17,098)
Net liabilities		(5,818)	(5,169)
Capital and reserves			
Called up share capital	17	14	14
Share premium account	17	986	980
Profit and loss account	17	(6,818)	(6,163)
Shareholders' deficit		(5,818)	(5,169)

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements.

The loss after tax of the parent company for the year was £655k (2021: £495k).

The financial statements of Underdog Group Limited (company number 08542386) were approved by the board of directors and authorised for issue on 31 October 2023. They were signed on its behalf by:

A McLauchlan
Director

Underdog Group Limited

Consolidated Group and Company statements of changes in equity
For the year ended 31 December 2022

Group	Called-up share capital £'000	Share premium account £'000	Other reserves £'000	Profit and loss account £'000	Total £'000
At 1 January 2021	14	980	32	(43,284)	(42,258)
Translation of foreign subsidiary	-	-	(43)	-	(43)
Total other comprehensive expense	-	-	(43)	-	(43)
Loss for the year	-	-	-	(2,275)	(2,275)
At 31 December 2021	14	980	(11)	(45,559)	(44,576)
Translation of foreign subsidiary	-	-	146	-	146
Total other comprehensive expense	-	-	146	-	146
Profit for the year	-	-	-	332	332
New share issue	-	6	-	-	6
At 31 December 20202	14	986	135	(45,227)	(44,092)

Company	Called-up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total £'000
At 1 January 2021	14	980	(5,668)	(4,674)
Loss and total comprehensive expense for the financial year	-	-	(495)	(495)
At 31 December 2021	14	980	(6,163)	(5,169)
New share issue	-	6	-	6
Loss and total comprehensive expense for the financial year	-	-	(655)	(655)
At 31 December 2022	14	986	(6,818)	(5,818)

Underdog Group Limited

Statement of cash flows
For the year ended 31 December 2022

	2022 £'000	2021 £'000
Net cash flows from operating activities (i)	6,614	3,090
Taxation		
Corporation tax paid	(383)	-
Cash flows used in investing activities		
Purchase of equipment	(4,646)	(3,823)
Receipts towards tangible fixed assets	642	-
Net cash flows used in investing activities	(4,004)	(3,823)
Net cash flows before financing activities	2,227	(733)
Cash flows used in financing activities		
New share issue	-	-
Repayments of borrowings	(1,490)	(315)
Interest received	20	16
Interest payable	(713)	(621)
Net cash flows used in financing activities	(2,183)	(920)
Foreign exchange impact on cash	71	(23)
Net increase/(decrease) in cash and cash equivalents	115	(1,676)
Cash and cash equivalents at beginning of year	6,200	7,876
Cash and cash equivalents at end of year	6,315	6,200

Cash and cash equivalents amounts are solely comprised of cash at bank and in hand.

Underdog Group Limited

Statement of cash flows
For the year ended 31 December 2022

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

	2022 £'000	2021 £'000
Operating profit/(loss)	2,874	(298)
Adjustment for:		
Depreciation (note 10)	1,954	1,218
Operating cash flow before movement in working capital	4,828	920
Increase in stocks	(304)	(336)
Increase in debtors	(2,533)	(722)
Increase in creditors	4,617	3,228
Cash generated by operations	6,608	3,090

Net debt

	As at 1 January 2022 £'000	Cash flows £'000	Non-cash movements £'000	As at 31 December 2022 £'000
Cash at bank and in hand	6,200	44	71	6,315
	6,200	44	71	6,315
Borrowings				
Debt due after one year	(59,379)	1,490	(2,269)	(60,158)
Net Debt	(53,179)	1,534	(2,198)	(53,843)

Underdog Group Limited

Notes to the financial statements
Year ended 31 December 2022

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 and Wales. 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. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed.

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with FRS 102, The Financial Reporting Framework applicable in the United Kingdom and Republic of Ireland. 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 functional currency of the group is considered to be pound 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

In application of the company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Critical judgements in applying the company's accounting policies

The directors do not consider there to be any critical accounting judgements that must be applied, apart from those involving estimates which are dealt with separately below.

Key sources of estimation uncertainty

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates or assumptions that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities within the next financial year are addressed below:

1. **Accounting policies (continued)**

Recoverability of loan to group undertakings

There is significant level of judgement involved in determining the recoverability of loans to group undertakings based on the financial position of future prospects of the group undertakings. This takes into consideration a range of factors such as the trading performance and financial position of the group undertakings.

Going concern

Despite being in a net liabilities and net current liabilities position of £44,154k and £1,446k respectively (2021: £44,576k and £1,652k) at the year end the Group has prepared the FY22 financial statements on a going concern basis.

Revenue rebounded strongly in 2022 following the re-opening of the restaurants post the mandated COVID-19 lockdowns, and has continued that momentum into 2023.

The Group has produced a base case cashflow forecast for the 12 months following the date of this report, alongside a sensitised scenario reflecting depressed revenue, further cost increases and wage inflation. Under both the base case and sensitised scenarios, The Group has sufficient liquidity to honour its obligations as they fall due and meet covenants attached to external bank debt.

At the balance sheet date, the Group had external bank debt of £12.2m maturing on 31 December 2024, and unsecured fixed rate loan notes of £48,196 which bear interest at 6% per annum, with a redemption date of 30 June 2025.

The directors believe that the assumptions made in arriving at the Group's base case forecast cash flows are appropriate, as well as their sensitised scenarios which include significant downside assumptions including the impact of inflation on food and energy costs due to inherent uncertainty in this respect, which could place restrictions on the Group's core operating environment and thus its ability to generate cash and comply with its covenants.

Taking this uncertainty into account, and having assessed likely downside scenarios and appropriate actions to mitigated such scenarios, 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. During 2021 and 2022 turnover also included online takings for the Hawksmoor at Home business registered at point of delivery to customers and royalty revenue applied to Ocado sales of Hawksmoor branded products invoiced each month. The Hawksmoor at Home activity was discontinued from May 2022.

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 has been fully amortised.

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

Notes to the financial statements
Year ended 31 December 2022

1. Accounting policies (continued)

Stocks

Stocks are stated 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.

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.

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

The results of overseas operations are translated at the average rates of exchange during the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used, and their balance sheets are translated at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and results of overseas operations are reported in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

Other exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences on transactions entered into to hedge certain foreign currency risks (see above);
- exchange differences arising on gains or losses on non-monetary items which are recognised in other comprehensive income; and

in the case of the consolidated financial statements, exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised in other comprehensive income and reported under equity.

1. **Accounting policies (continued)**

Financial Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

1) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments that comply with all of the condition of paragraph 11.9 of FRS 102 are classified as 'basic'. For debt instruments that do not meet the conditions of FRS 102.11.9, the company considers whether the debt instrument is consistent with the principle in paragraph 11.9A of FRS 102 in order to determine whether it can be classified as basic. Instruments classified as 'basic' financial instruments are measured subsequently at amortised cost using the effective interest method.

Debt instruments that have no stated interest rate (and do not constitute financing transaction) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

With the exception of some hedging instruments, other debt instruments not meeting conditions of being 'basic' financial instruments are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

2) Investments

Investments in non-derivative instruments that are equity of the issuer (where shares are publicly traded or their fair value is reliably measurable) are measured at fair value through profit or loss. Where fair value cannot be measured reliably, investments are measured at cost less impairment.

Investments in subsidiaries and associates are measured at cost less impairment. For investments in subsidiaries acquired for consideration including the issue of shares qualifying for merger relief, cost is measured by reference to the nominal value of the shares issued plus fair value of other consideration. Any premium is ignored.

1. **Accounting policies (continued)**

Financial Instruments (continued)

3) Equity Instruments

Equity instruments issued by the Company are recorded at the fair value of cash or other resources received or receivable, net of transaction costs

Impairment of Assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

1) Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

2) Financial assets

For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Government grants

Government grants are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants are classified as relating either to revenue or to assets. Grants relating to revenue are recognised in income over the period in which the related costs are recognised. A grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised in income in the period in which it becomes receivable. Grants relating to assets are recognised over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income.

2. Turnover

An analysis of the Group's turnover by class of business is set out below.

	2022 £'000	2021 £'000
Turnover:		
Restaurant Sales	72,985	30,820
Online Sales	756	4,694
Royalties	180	178
	73,921	35,692

An analysis of the Group's turnover by geographical market is set out below.

	2022 £'000	2021 £'000
Turnover:		
United Kingdom	63,453	34,151
United States of America	10,468	1,541
	73,921	35,692

Notes to the financial statements
Year ended 31 December 2022

3. Profit/(loss) before taxation

The profit/(loss) before taxation is stated after charging/(crediting):

	2022 £'000	2021 £'000
Depreciation – owned assets (Note 10)	1,954	1,218
Auditor's remuneration (including £nil for subsidiary audit (2021: £20k))	88	70
Fees to the Company's auditor in respect of non-audit services	15	15
Operating lease rentals – other	4,166	3,038
Cost of stock recognised as an expense	22,169	11,807
Other operating income (Note 4)	(38)	(2,970)

Auditors remuneration is solely in relation to auditing of the financial statements.

Fees to the auditor for non-audit services relate to corporation tax calculation and submission.

4. Other operating income

	2022 £'000	2021 £'000
Coronavirus Job Retention Scheme (CJRS)	-	2,519
Local Restrictions and Closure Support Grants	38	311
Employee Retention Credit (ERTC)	-	140
	38	2,970

Other income of £38k (2021: £2,970k) includes £nil (2021: £2,519k) claimed in relation to the Coronavirus Job Retention Scheme (CJRS) and £38k (2021: £311k) claimed through Local Restrictions and Closure Support Grants. The company also recognised £nil (2021: £140k relating to the Employee Retention Credit (ERTC) taken up in 2020, repayment of which was forgiven in 2021. There are no unfulfilled conditions or other contingencies in relation to the Local Restrictions and Closure Grants recognised.

Notes to the financial statements
Year ended 31 December 2022

5. Staff costs

The average monthly number of employees for the Group (including executive directors) was 921 (2021: 616).

Of this, the average monthly number of Head Office/Administrative staff was 48 and Restaurant/Site staff was 873 (2021: Head Office/Administrative Staff was 45 and Restaurant/Site staff was 571).

Their aggregate remuneration comprised:

	2022 £'000	2021 £'000
Wages and salaries	24,456	14,508
Social security costs	2,231	1,185
Pension contributions to private schemes	564	299
	27,251	15,992

The company has no employees (2021: nil).

Directors' remuneration

	2022 £'000	2021 £'000
Emoluments	1,064	848
Pension contributions to private schemes	44	21
	1,108	869

The highest paid director in the year received emoluments of £245,000 (2021: £234,000), which included pension contributions to a defined contribution scheme of £15,000 (2021: £7,000). The pension contributions to private schemes were in relation to 7 directors (2021: 6 directors). This information is solely in relation to directors' emoluments and no other key management personnel.

Notes to the financial statements
Year ended 31 December 2022

6. Loss attributable to the Company

The loss for the financial year dealt with in the financial statements of the parent Company was £655k (2021: loss of £495k).

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.

7. Interest payable and similar charges

	2022 £'000	2021 £'000
Bank interest payable and similar charges	712	621
Interest on loan notes	1,782	1,343
Amortisation of issue costs	118	77
	2,612	2,041

8. Taxation

(a) Analysis of the tax charge

The tax charge on the (loss)/profit for the year was as follows:

	2022 £'000	2021 £'000
Current tax:		
UK corporation tax	445	74
(Over)/under provision from prior years	-	(82)
Total current tax charge/(credit)	445	(8)
Deferred tax credit	(495)	(40)
Tax credit on (loss)/profit	(50)	(48)

8. Taxation (continued)

(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% (2021: 19%). The differences are reconciled below:

	2022 £'000	2021 £'000
Profit/(loss) before tax	282	(2,323)
Profit/(loss) on ordinary activities multiplied by the effective rate of corporation tax in the UK at 19% (2021: 19%)	54	(441)
Expenditure not deductible for tax purposes	613	626
Timing differences on fixed assets	(222)	103
Adjustment to tax in respect of prior periods	-	(82)
Total current tax (credit)/charge (note 8 (a))	445	(8)

The main rate of UK corporation tax is set at 19% for the financial year beginning 1 April 2021. The main rate will also be set at 19% for the financial year beginning 1 April 2022. Existing temporary differences may therefore unwind in periods, subject to changes in rates.

The Finance Bill (No 3) was substantively enacted on 24 May 2021 and increased the UK Corporation tax rate from 19% to 25% from 1 April 2023. Deferred tax balances are measured at the rate of 25%.

(c) Factors affecting deferred taxation

Deferred taxation:	2022 £'000	2021 £'000
At beginning of period	(18)	22
Credited to statement of comprehensive income (note 8 (a))	(495)	(40)
At end of period	(513)	(18)

The provision for deferred taxation is made up as follows:

	2022 £'000	2021 £'000
Fixed asset timing differences	(513)	(18)
Total deferred tax credit	(513)	(18)

9. Intangible assets - Goodwill

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

	£'000
Cost	
At 1 January 2022 and 31 December 2022	34,178
Accumulated amortisation	
At 1 January 2022	34,178
Provided during the year	-
At 31 December 2022	34,178
Net book value	
At 31 December 2022	-
At 31 December 2021	-

The Company has no goodwill or other intangible fixed assets.

10. Tangible fixed assets – Group

	Assets under constriction £'000	Leasehold expenditure £'000	Plant and machinery £'000	Fixtures and fittings £'000	Total £'000
Cost					
At 1 January 2022	-	21,048	3,096	3,089	27,233
Additions	448	2,565	130	1,021	4,164
Foreign exchange impact		446	33	3	482
At 31 December 2022	483	24,060	3,226	4,110	31,879
Accumulated depreciation					
At 1 January 2022	-	5,618	2,187	2,660	10,465
Charge for the year	-	1,329	151	474	1,954
At 31 December 2022	-	6,947	2,338	3,134	12,419
Net book value					
At 31 December 2022	483	17,113	888	976	19,460
At 31 December 2021	-	15,430	909	429	16,768

The depreciation methods used for each class of asset are detailed in Note 1.

Notes to the financial statements
Year ended 31 December 2022

11. Investments

	2022	2021
	£	£
Shares at 1 January and 31 December	1	1

Details of the company's subsidiary undertakings, as at 31 December 2022 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
Hawksmoor Restaurant Group Inc.	USA	Restaurants	Ordinary	100
Hawksmoor Management Inc.	USA	Holding company	Ordinary	100
Hawksmoor Chicago Inc.	USA	Restaurants	Ordinary	100
Hawksmoor Wood Wharf Limited	UK	Restaurants	Ordinary	100
Hawksmoor Liverpool Limited	UK	Restaurants	Ordinary	100
Hawksmoor Dublin Limited	Ireland	Restaurants	Ordinary	100
Foxlow Restaurants Limited **	UK	Restaurants	Ordinary	100
Dinish Restaurants Limited **	UK	Property company	Ordinary	100

* Held directly

** Placed into Creditors' Voluntary Liquidation on 26 September 2019

The registered office of all subsidiary companies 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 ended 31 December 2022 by virtue of Section 479A of the Companies Act 2006 relating to subsidiary companies:

Underdog Restaurants Limited (05786163)
Underdog Group (B) Limited (08542440)
Underdog Group (C) Limited (8542498)
Hawksmoor Wood Wharf Limited (13289005)
Hawksmoor Liverpool Limited (13764622)

Loans to group undertakings - Company

	2022	2021
	£'000	£'000
Loans to group undertakings	12,036	12,030

Loans to group undertakings are non-interest bearing and are repayable on demand, the nature of the loans makes them fall due after more than one year.

12. Debtors

	2022		2021	
	Group £'000	Company £'000	Group £'000	Company £'000
Amounts falling due within one year:				
Trade debtors	1,969	-	412	-
Other debtors	703	-	122	-
Corporation tax recoverable	-	-	8	-
Amounts due from related parties (note 20)	490		385	-
Prepayments and accrued income	1,372	-	824	-
Deferred tax asset	513	-	18	-
	5,047	-	1,769	-
Amounts falling due after more than one year:				
Other debtors	204	-	454	-
	204	-	454	-
	5,251	-	2,223	-

13. Creditors: amounts falling due within one year

	2022		2021	
	Group £'000	Company £'000	Group £'000	Company £'000
Loans from group undertakings	-	101	-	101
Trade creditors	4,241	-	3,955	-
Other taxation and social security	982	-	1,273	-
Corporation tax	54	-	-	-
Other creditors	1,795	-	1,346	-
Accruals & deferred income	7,409	-	4,567	-
	14,481	101	11,141	101

Loan balances with group undertakings are interest free and repayable on demand.

Notes to the financial statements
Year ended 31 December 2022

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

	2022		2021	
	Group £'000	Company £'000	Group £'000	Company £'000
Bank loans	11,962	-	12,965	-
Shareholder loans	48,196	17,753	46,414	17,098
Other creditors	1,864	-	313	-
	62,022	17,753	59,692	17,098

The bank loan is secured, maturing on 31 December 2024.

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 SONIA + margin varying between 3.25% - 4%.

Covenants attached to the bank loan include Cash Available for Debt Service (CFADS) and Senior Leverage tests.

Shareholder loans comprise unsecured fixed rate loan notes which bear interest at 6% per annum and are listed on The International Stock Exchange (TISE). The loan notes have a redemption date of 30 June 2025.

Other creditors relate to landlord lease incentives.

Borrowings are repayable as follows:

	Group	
	2022 £'000	2021 £'000
Between two and five years		
Shareholder loans	48,196	-
	48,196	-
Between one and two years		
Bank loans	12,184	13,305
Deferred issue costs	(222)	(340)
Shareholder loans	-	46,414
	11,962	59,379
On demand or within one year		
	-	-
	60,158	59,379

Notes to the financial statements
Year ended 31 December 2022

15. Provisions for liabilities and charges – Group

	2022 £'000	2021 £'000
Provision for deferred taxes	-	-

	Deferred tax £'000
On accelerated capital allowances	
Deferred tax asset at 1 January 2020	18
Profit and loss account	495
Deferred tax asset at 31 December 2020	513

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.

16. Stocks

	Group	
	2022 £'000	2021 £'000
Food stocks	260	176
Beverage stocks	1,083	846
Consumables stocks	42	44
	1,385	1,066

The cost of inventories recognised as an expense during the year was £46,428k (2021: £25,234k).

The carrying value of inventory is confirmed not to be materially different to the replacement value.

There are no stocks held for the company.

Notes to the financial statements
Year ended 31 December 2022

17. Called up share capital and reserves

	2022 £	2021 £
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
67,375 'E' Ordinary shares of 1p each (2021: 61,400)	674	614
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
	13,973	13,913

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.

On the 31st of December 2022, the company issued 5,975 'E' Ordinary shares for consideration of £5,975.

The group and company's other reserves are as follows;

The share premium reserve contains the premium arising on issue of equity shares, net of issue expenses.

The profit and loss reserve represents cumulative profits or losses.

Other reserves represents the gains or losses on the translation of foreign subsidiary financial information.

18. Financial commitments

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

	2022 £'000	2021 £'000
Within one year	4,437	3,234
Between one and five years	18,441	14,737
In more than five years	43,788	32,501

At the balance sheet date the Group has capital commitments of £156k (2021: Nil)

The company has no non cancellable operating lease commitments or capital commitments.

19. Control

Underdog Group Limited prepares group financial statements, which are the largest and smallest group financial statements within which the results of the company are included, and which are publicly available from Companies House. The registered address of Underdog Group Limited is Jack's Place, Unit B, 6 Corbet Place, London, E1 6NN.

Notes to the financial statements
Year ended 31 December 2022

20. Related parties

As at 31 December 2022 the group had outstanding loans due from directors of £490k (2021: £388k). The year end balances represent the maximum balance during the year. The facility has a maximum limit of £530k, accrues interest at 4% per annum and the full amount is repayable in December 2024. The movement in the current year derives from an additional £83k (2021: £79k) drawn down by the borrower plus interest totalling £19k (2021: £15k) in the year.

Shareholder loans

	Group	
	2022 £'000	**2021 £'000**
Director loans:		
Principal	10,940	10,940
Interest	6,814	6,158
Graphite Capital General Partner VII LLP loans:		
Principal	18,758	18,758
Interest	11,684	10,558
Tax credit on (loss)/profit	48,196	46,414

Graphite Capital General Partner VII LLP loans are held on behalf of investors.

21. Post balance sheet events

A new lease was signed on the 24th of October 2022 to open a restaurant in Chicago, USA in 2024.

A new restaurant in Dublin, Republic of Ireland, opened in May 2023.