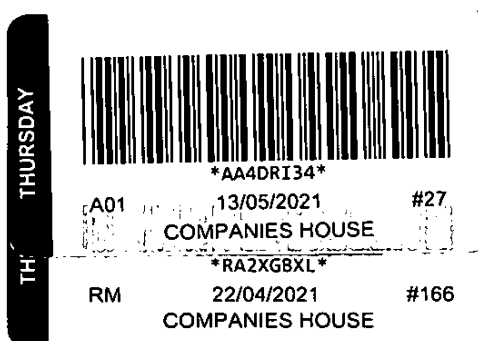


GRAYSONS HOSPITALITY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 29 DECEMBER 2019



GRAYSONS HOSPITALITY LIMITED

COMPANY INFORMATION

Directors	B H C Watson Sir F H Mackay I Daly
Company secretary	B H C Watson
Registered number	07403174
Registered office	Devon House Anchor Street Chelmsford Essex CM2 0GD
Independent auditor	Grant Thornton UK LLP Statutory Auditor, Chartered Accountants Priory Place New London Road Essex CM2 0PP

GRAYSONS HOSPITALITY LIMITED

CONTENTS

	Page
Group strategic report	1 - 5
Directors' report	6 - 7
Independent auditor's report	8 - 11
Consolidated statement of comprehensive income	12
Consolidated statement of financial position	13 - 14
Company statement of financial position	15
Consolidated statement of changes in equity	16
Company statement of changes in equity	17
Consolidated statement of cash flows	18 - 19
Consolidated analysis of net debt	19
Notes to the financial statements	20 - 43

GRAYSONS HOSPITALITY LIMITED

**GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 29 DECEMBER 2019**

Principal activities and recent changes

The Group is principally engaged in the supply of contract catering and hospitality and event catering services. The principal activity of the Company is that of a parent undertaking.

During the year, the Group continued to successfully focus its strategic development on driving sustainable growth which included the benefit accrued from a number of significant new contracts commenced at the end of 2018 focused in the Group's core market sectors.

Results for the year

Turnover for the year is £33.8m and the group has continued to deliver on its growth strategy with turnover growing year on year by 15.1% with the addition of a number of new contracts in 2018. Further new contract wins during the year continued the growth trend whilst Gross Profit has also grown with the underlying Gross Margin been maintained.

The EBITDA for the year of £870,000 has increased year on year due to the growth in Turnover and Gross Profit but offset by a continued investment into the overhead support team and infrastructure to ensure that the Group has the capacity to deliver growth whilst maintaining its reputation for quality and service to its clients and customers. This ongoing investment has been key in delivering the growth on previous years.

A reconciliation of EBITDA is shown in the body of the Consolidated Statement of Comprehensive Income and reflects the underlying cash generation of the operating business before accounting for Exceptional costs, capital expenditure and financing activities.

The Group shows an Operating Profit for the year which includes the continued investment in infrastructure and support.

As stated above, growth during the year continued to be delivered through new contract additions and in the absence of unexpected events such as the Coronavirus pandemic, which is referred to later in this report, the directors would expect to see significant further growth in sales and gross profit.

GRAYSONS HOSPITALITY LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 29 DECEMBER 2019**

Operational review

Graysons (Graysons Restaurants Limited)

Led by Managing Director Tim O'Neill, Graysons is an established caterer and maintains its focus on developing market share in both the business and industry and event venues contract catering markets. It has built a reputation for high quality innovative catering with a bespoke, client centric approach.

Through its corporate client base it provides tailor made staff and public restaurants, cafés, and hospitality and event services to a wide range of businesses including the financial, media and medical research sectors. Alongside this Graysons also delivers bespoke and creative solutions in the equally important conference and event market managing the sales, marketing, and conferencing at unique venues in and around London as well as operating the visitor restaurants, bars, and cafés at these venues. In addition Graysons works in the public visitor and cultural sector managing public cafés, restaurants, and private members services.

The management team have focussed on successfully retaining existing contracts as well as delivering significant new contract additions in the second half of the year.

The ethos of the business continues to be to utilise fresh produce from selected local suppliers whilst continually attracting and developing talented people to deliver bespoke modern food service environments for our customers. The company also recognises its responsibilities to the environment as well as ensuring the quality of its services and is accredited with ISO 9001, ISO 14001, ISO 22000 and 45001.

The management team are focused on delivering continuous improvement and innovation and remain committed to developing sustainable growth in its core sectors over the coming years.

By Word of Mouth Limited

Led by Rick Perry, By Word of Mouth continues to be one of the UK's most admired party design and event catering companies and has been a leader in its industry for over 30 years.

It provides exceptional quality and operates in a wide variety of stunning, high profile and historic venues with both corporate entities and private individuals as its clients.

The results for year shows another very good performance consistent with previous years and which delivers a significant level of sustainable profitability.

Despite the ongoing challenges presented by COVID-19 and an uncertain political and economic environment, the director's believe that the strength of the By Word of Mouth brand coupled with the resilience and adaptability that the company has shown over more than 30 years will allow By Word of Mouth to continue to trade profitably in the medium and longer term whilst developing new offers to capture new opportunities in a rapidly changing environment..

GRAYSONS HOSPITALITY LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 29 DECEMBER 2019**

Principal risks and uncertainties

The majority of the Group's turnover is derived from contractual revenue streams which, whilst not all guaranteed, have a reasonable degree of certainty in normal circumstances.

Whilst it is sometimes the case that certain contracts in the business will be due for renewal during the year we manage this process carefully. Client contract relationships are strong and historical trends show that the Group continues to be successful in renewing these key relationships.

In addition there is a proportion of turnover that is derived from event based revenue streams and these do have some risk associated with them although this is mitigated by the quality of the venues that we operate at in and around London coupled with an excellent reputation in the market for event service delivery.

Retention of key management in the Group is important in maintaining these relationships, delivering quality service and providing continuity and consistency and the Group continues to demonstrate its ability to retain these key individuals with a senior management structure that is largely unchanged since June 2013.

In respect of Brexit, the potential risks for Graysons and BWOM are around the Labour Market and the Supply Chain. The Board have considered the potential risks and do not believe that there are any major threats arising from these risks and where risks do exist, steps are being and have been taken to mitigate any adverse impact.

COVID-19 pandemic

The worldwide pandemic resulting from the spread of the COVID-19 virus has inevitably caused a significant interruption to the Group's business, beginning in March 2020. The situation continues to evolve but whilst the spread of the virus and the restrictions mandated by the UK Government to mitigate this are beyond the Group's control, the Group has taken all steps possible to safeguard the health & safety of its employees, develop COVID secure operating guidelines, minimise its costs where possible and utilise Government support schemes including the Job Retention Scheme, CBILS loans and tax deferrals, whilst working with clients to allow for a continued provision of essential services throughout the restrictions, despite the increased costs of working in a Covid secure environment.

In the circumstances the Group has shown resilience to the impact of the pandemic with a number of its sites continuing to trade following the introduction of restrictions in March 2020. Since the outbreak of the virus the Group has mobilised 4 new contracts and continues to bid successfully on new business opportunities. Whilst some parts of the Group have been significantly affected, the contractual nature of other parts of the Group's Revenue streams coupled with a diverse portfolio of markets in which the Group operates has undoubtedly made a significant contribution to the Group's financial position.

The impact of the pandemic will undoubtedly continue in 2021 with Government restrictions and social distancing expected to be in place until the end of June based on the Government's roadmap announcements but there is good reason for optimism following the very successful vaccination programme over the last 3 months and this provides considerable comfort that revenues will recover during the second half of 2021. Crucially the Group has maintained its core capacity in terms of the key management team and client base, with some large contracts recently extended and this will allow the Group the ability to return to more normal levels of trading. Strong existing client relationships, with good contract tenures together with a strong market position enhanced by the recent elimination of competition through acquisitions, puts the Group in a good position to continue to endure the impact in the short term and return to more normal levels of trade and re-establish the growth trend in the second half of 2021.

GRAYSONS HOSPITALITY LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 29 DECEMBER 2019**

Financial risk management

The Group's principal financial instruments comprise bank overdrafts and cash. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations.

The Group does not enter into derivative transactions.

It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken. The main risks arising from the Group's financial instruments are liquidity risk and credit risk. The board reviews and agrees policies for managing these risks and they are summarised below.

Liquidity risk

The Board of Directors continually review the facilities available to the Group and seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

Credit risk

The Group trades with only recognised, creditworthy third parties. It is the Group policy that all significant customers who wish to trade on credit terms are subject to credit vetting procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Financial key performance indicators

The Directors consider the key performance indicators of the Group to be Turnover and Operating profit. Turnover for the year was £33,781,000 (2018 £29,344,000) and the Operating Profit was £70,000 (2018 £927,000 loss).

As highlighted above in 'Results for the year', whilst the Group only shows an Operating Profit for 2019 of £70,000, this is as a result of increased investment into overhead support costs to facilitate growth and is after Depreciation and Amortisation of Goodwill totalling £800,000 (note reference to EBITDA in 'Results for the year'). The overhead support investment is an up-front cost from which benefit will be derived in future years through continued growth.

Allowing for increased cost of overhead investment, and the continuing growth, the directors are pleased with the performance of the group overall.

Summary

The group continues to build on its successes in securing significant new contracts over the last 3 years by adding further new contracts in the second half of 2019. The group has achieved this whilst continuing to retain and develop its existing contractual relationships and capitalising on its stable business structure. The COVID-19 pandemic has had a significant impact on the business but for the reasons laid out above the management team expects the business to recover from this impact in 2021 and go on to deliver continued development and growth into its preferred sectors.

GRAYSONS HOSPITALITY LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 29 DECEMBER 2019**

Going concern

The group financial statements show positive net assets but net current liabilities. The financial statements have been prepared on a going concern basis, which assumes that the group has sufficient resources to enable it to continue operating and to meet its liabilities as they fall due. The directors believe the going concern assumption to be appropriate for the reasons set out below.

The group directors have prepared cash flow forecasts for 15 months from the date of signing these financial statements. The directors believe the forecasts to be prudent and have undertaken extensive sensitivity analysis to take account of known and potential risks including the recent and ongoing impact of the COVID-19 pandemic. Given the significant impact that COVID-19 is expected to have on the wider UK economy a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. However, the underlying assumption for the purposes of these forecasts is prudent in that it assumes the Group will continue to be impacted by the pandemic throughout 2021 and given the contractual and diverse nature of the group's business coupled with the recent extension of government initiatives such as the extension of the furlough scheme and the reduced rate of VAT for the hospitality sector there is a significant ability to mitigate this uncertainty. Further mitigating factors include funding secured through the government backed CBILS scheme in addition to the other government support. The group also continues to enjoy the support of its major shareholder, Sir Francis Mackay, who has provided working capital for the group's development over many years.

Further to this the group continues to be very active in tendering for new contracts and as a result of that activity reasonably expects to gain further new business following recent contract additions and consolidation of competitors in the marketplace in recent years but is not reliant upon this to support the basis of preparation of the forecasts.

Given all of these factors and the fact that the forecasts demonstrate the ability of the group to operate within its existing facilities the Board has a reasonable expectation that the Group has adequate resources to continue the Group's operations for the foreseeable future.

For the reasons laid out above the Board continues to adopt the going concern basis in preparing these financial statements.

This report was approved by the board and signed on its behalf.

Francis Mackay
Sir F H Mackay
Chairman

Date: 29 March 2021

GRAYSONS HOSPITALITY LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 29 DECEMBER 2019**

The directors present their report and the financial statements for the year ended 29 December 2019.

Results and dividends

The loss for the year, after taxation, amounted to £44,000 (2018 - loss £1,029,000).

The Company have proposed a dividend of £Nil in 2019 (2018: £Nil).

Directors

The directors who served during the year were:

B H C Watson
Sir F H Mackay
I Daly

Directors' responsibilities statement

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated 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 and profit or loss of the Group 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group 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 the Group 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 Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

GRAYSONS HOSPITALITY LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 29 DECEMBER 2019**

Employee involvement

The Group is committed to involving employees in its activities and believes that effective communication brings important benefits and participation, and this is facilitated through frequent staff, team and director meetings. Typical methods of communication include weekly and monthly management meetings, monthly newsletters, and a group-wide personal development review system for all employees providing a forum for active participation and feedback.

The Group is an equal opportunities employer and is committed to ensuring no employee or applicant is treated less favourably on the grounds of age, race, religion, gender, ethnic origin, disability or sexual orientation.

The Group also operates a share option plan for certain employees as the board consider it essential, as part of the strategic development of the Group, that the management teams in the business participate in its future growth and success.

Disabled employees

The Group continues to support the employment of disabled persons, wherever practicable, and to ensure that they share in the training, career development and promotion opportunities available to all employees.

Matters covered in the strategic report

Information in respect of future developments and financial risk management is provided in the Strategic Report.

Disclosure of information to auditor

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

Post balance sheet events

Since the period end there has been significant economic uncertainty regarding the global Covid-19 pandemic. The directors have been closely monitoring the situation with all stakeholders of the Group and taking all actions necessary to mitigate the effect on the business in both the short and long term.

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

Francis Mackay

Sir F H Mackay
Director

Date: 29 March 2021



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GRAYSONS HOSPITALITY LIMITED

Opinion

We have audited the financial statements of Graysons Hospitality Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 29 December 2019, which comprise the Consolidated Statement of comprehensive income, the Consolidated and Company Statements of financial position, the Consolidated Statement of cash flows, the Consolidated and Company Statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. 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).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 29 December 2019 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including 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.

The impact of uncertainties arising from the UK exiting the European Union on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the group's and the company's future prospects and performance.

Covid-19 and Brexit are among the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the group's and the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a group or a company associated with these particular events.

Material uncertainty related to going concern

We draw attention to note 2.3 in the financial statements, which indicates that the conditions caused by the



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GRAYSONS HOSPITALITY LIMITED
(CONTINUED)**

current global COVID-19 pandemic may have on the business. As stated in note 2.3, these events or conditions, along with the other matters as set forth in note 2.3, indicate that a material uncertainty exists that may cast significant doubt on the Group's or the parent Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

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 Group 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 Group strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GRAYSONS HOSPITALITY LIMITED
(CONTINUED)**

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group strategic report or the Directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you 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.

Responsibilities of directors for the financial statements

As explained more fully in the Directors' responsibilities statement on page 6, 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GRAYSONS HOSPITALITY LIMITED
(CONTINUED)**

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.

Grant Thornton UK LLP

James Brown LLB ACA
Senior statutory auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Chelmsford

30 March 2021

GRAYSONS HOSPITALITY LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 29 DECEMBER 2019**

	Note	2019 £000	2018 £000
Turnover	4	33,781	28,459
Cost of sales		(12,346)	(10,823)
Gross profit		21,435	17,636
Administrative expenses		(21,572)	(18,100)
Exceptional administrative expenses		-	(463)
Other operating income	5	207	-
Operating profit/(loss)	6	70	(927)
Interest payable and expenses	10	(105)	(69)
Loss before taxation		(35)	(996)
Tax on loss	11	(9)	(33)
Loss for the financial year		(44)	(1,029)
 Total comprehensive income for the year		 (44)	 (1,029)
(Loss) for the year attributable to:			
Owners of the parent Company		(44)	(1,029)
		(44)	(1,029)
 Total comprehensive income for the year attributable to:			
Owners of the parent Company		(44)	(1,029)
		(44)	(1,029)

The notes on pages 20 to 43 form part of these financial statements.

GRAYSONS HOSPITALITY LIMITED
REGISTERED NUMBER:07403174

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 29 DECEMBER 2019

		29 December 2019 £000	30 December 2018 £000
	Note		
Fixed assets			
Intangible assets	14	3,288	3,551
Tangible assets	15	1,311	1,122
Investment property	17	720	485
		<u>5,319</u>	<u>5,158</u>
Current assets			
Stocks	18	438	450
Debtors: amounts falling due within one year	19	5,658	4,805
Cash at bank and in hand	20	1,359	827
		<u>7,455</u>	<u>6,082</u>
Creditors: amounts falling due within one year	21	(9,477)	(7,911)
Net current liabilities		<u>(2,022)</u>	<u>(1,829)</u>
Total assets less current liabilities		<u>3,297</u>	<u>3,329</u>
Creditors: amounts falling due after more than one year	22	(332)	(320)
Net assets		<u><u>2,965</u></u>	<u><u>3,009</u></u>

GRAYSONS HOSPITALITY LIMITED
REGISTERED NUMBER:07403174

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 29 DECEMBER 2019

		29 December 2019 £000	30 December 2018 £000
	Note		
Capital and reserves			
Called up share capital	27	3,310	3,310
Share premium account	29	1,045	1,045
Profit and loss account	29	(1,390)	(1,346)
		<u>2,965</u>	<u>3,009</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 29 March 2021.

Francis Mackay

Sir F H Mackay
Director

The notes on pages 20 to 43 form part of these financial statements.

GRAYSONS HOSPITALITY LIMITED
REGISTERED NUMBER:07403174

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 29 DECEMBER 2019

	Note	29 December 2019 £000	As restated 30 December 2018 £000
Fixed assets			
Intangible assets	14	2	2
Tangible assets	15	91	149
Investments	16	2,530	2,530
		<u>2,623</u>	<u>2,681</u>
Current assets			
Debtors: amounts falling due within one year	19	1,251	2,044
		<u>1,251</u>	<u>2,044</u>
Creditors: amounts falling due within one year	21	(6,105)	(6,503)
Net current liabilities		<u>(4,854)</u>	<u>(4,459)</u>
Total assets less current liabilities		<u>(2,231)</u>	<u>(1,778)</u>
Net liabilities		<u>(2,231)</u>	<u>(1,778)</u>
Capital and reserves			
Called up share capital	27	3,310	3,310
Share premium account	29	1,045	1,045
Profit and loss account	29	(6,586)	(6,133)
		<u>(2,231)</u>	<u>(1,778)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 29 March 2021

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements. The loss after tax of the parent Company for the period was £453,000 (2018: loss £2,367,000).

Sir F H Mackay
 Director

Francis Mackay

The notes on pages 20 to 43 form part of these financial statements.

GRAYSONS HOSPITALITY LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 29 DECEMBER 2019**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£000	£000	£000	£000
At 31 December 2018	3,310	1,045	(1,346)	3,009
Loss for the year	-	-	(44)	(44)
At 29 December 2019	<u>3,310</u>	<u>1,045</u>	<u>(1,390)</u>	<u>2,965</u>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 DECEMBER 2018**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 January 2018	3,310	1,045	(317)	4,038
Loss for the period	-	-	(1,029)	(1,029)
At 30 December 2018	<u>3,310</u>	<u>1,045</u>	<u>(1,346)</u>	<u>3,009</u>

The notes on pages 20 to 43 form part of these financial statements.

GRAYSONS HOSPITALITY LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 29 DECEMBER 2019**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£000	£000	£000	£000
At 31 December 2018 (as previously stated)	3,310	1,045	(6,531)	(2,176)
Prior year adjustment	-	-	398	398
At 31 December 2018 (as restated)	<u>3,310</u>	<u>1,045</u>	<u>(6,133)</u>	<u>(1,778)</u>
Loss for the year	-	-	(453)	(453)
At 29 December 2019	<u><u>3,310</u></u>	<u><u>1,045</u></u>	<u><u>(6,586)</u></u>	<u><u>(2,231)</u></u>

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 DECEMBER 2018**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 January 2018	3,310	1,045	(3,766)	589
Loss for the period	-	-	(2,367)	(2,367)
At 30 December 2018	<u><u>3,310</u></u>	<u><u>1,045</u></u>	<u><u>(6,133)</u></u>	<u><u>(1,778)</u></u>

The notes on pages 20 to 43 form part of these financial statements.

GRAYSONS HOSPITALITY LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 29 DECEMBER 2019**

	29 December 2019 £000	30 December 2018 £000
Cash flows from operating activities		
Loss for the financial year	(44)	(1,029)
Adjustments for:		
Amortisation of intangible assets	336	281
Depreciation of tangible assets	464	544
(Revaluation)/Impairments of investment property	(213)	188
Interest paid	105	69
Taxation charge	9	33
Decrease/(increase) in stocks	12	(65)
(Increase)/decrease in debtors	(853)	367
Increase in creditors	1,268	528
Increase/(decrease) in provisions	-	(154)
Net cash generated from operating activities	1,084	762
Cash flows from investing activities		
Purchase of intangible fixed assets	(73)	(2)
Purchase of tangible fixed assets	(7)	(495)
Additions to investment properties	(22)	(106)
Net cash from investing activities	(102)	(603)

GRAYSONS HOSPITALITY LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 29 DECEMBER 2019

	29 December 2019 £000	30 December 2018 £000
Cash flows from financing activities		
Repayment of other loans	(159)	-
Repayment of finance leases	(396)	(59)
Loan drawdown/(repayment)	-	233
Interest paid	(105)	(69)
Net cash used in financing activities	<u>(660)</u>	<u>105</u>
Net increase in cash and cash equivalents	<u>322</u>	<u>264</u>
Cash and cash equivalents at beginning of year	(403)	(667)
Cash and cash equivalents at the end of year	<u>(81)</u>	<u>(403)</u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	1,359	827
Bank overdrafts	(1,440)	(1,230)
	<u>(81)</u>	<u>(403)</u>

CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 29 DECEMBER 2019

	At 31 December 2018 £000	Cash flows £000	At 29 December 2019 £000
Cash at bank and in hand	827	532	1,359
Bank overdrafts	(1,230)	(210)	(1,440)
Debt due after 1 year	(159)	159	-
Debt due within 1 year	-	(19)	(19)
Finance leases	(333)	(261)	(594)
	<u>(895)</u>	<u>201</u>	<u>(694)</u>

The notes on pages 20 to 43 form part of these financial statements.

GRAYSONS HOSPITALITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 DECEMBER 2019**

1. General information

Graysons Hospitality Limited is a private company limited by shares and incorporated in England and Wales. Its registered head office is located at Devon House, Anchor Street, Chelmsford, Essex, CM2 0GD.

The Group is principally engaged in the supply of contract catering and hospitality and event catering services. The principal activity of the Company is that of a parent undertaking.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 3).

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

The financial statements are presented in sterling (£).

The subsidiary Word on the Street (UK Events) Limited has claimed exemption from audit under the provision of section 479A of the Companies Act 2006. Graysons Hospitality Limited has provided a guarantee over the subsidiary's liabilities under section 479C of the Act.

The following principal accounting policies have been applied:

2.2 Basis for consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 1 January 2015.

GRAYSONS HOSPITALITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 DECEMBER 2019**

2. Accounting policies (continued)

2.3 Going concern

The group financial statements show positive net assets but net current liabilities. The financial statements have been prepared on a going concern basis, which assumes that the group has sufficient resources to enable it to continue operating and to meet its liabilities as they fall due. The directors believe the going concern assumption to be appropriate for the reasons set out below.

The group directors have prepared cash flow forecasts for 15 months from the date of signing these financial statements. The directors believe the forecasts to be prudent and have undertaken extensive sensitivity analysis to take account of known and potential risks including the recent and ongoing impact of the COVID-19 pandemic. Given the significant impact that COVID-19 is expected to have on the wider UK economy a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. However, the underlying assumption for the purposes of these forecasts is prudent in that it assumes the Group will continue to be impacted by the pandemic throughout 2021 and given the contractual and diverse nature of the group's business coupled with the recent extension of government initiatives such as the extension of the furlough scheme and the reduced rate of VAT for the hospitality sector there is a significant ability to mitigate this uncertainty. Further mitigating factors include funding secured through the government backed CBILS scheme in addition to the other government support. The group also continues to enjoy the support of its major shareholder, Sir Francis Mackay, who has provided working capital for the group's development over many years.

Further to this the group continues to be very active in tendering for new contracts and as a result of that activity reasonably expects to gain further new business following recent contract additions and consolidation of competitors in the marketplace in recent years but is not reliant upon this to support the basis of preparation of the forecasts.

Given all of these factors and the fact that the forecasts demonstrate the ability of the group to operate within its existing facilities the Board has a reasonable expectation that the Group has adequate resources to continue the Group's operations for the foreseeable future.

For the reasons laid out above the Board continues to adopt the going concern basis in preparing these financial statements.

2.4 Prior year adjustment

In preparing the financial statements for the year ended 31 December 2019, management have identified that the previous impairment of investment in subsidiaries was overstated within the financial statements of the parent company. This has been adjusted by way of a prior year adjustment which has resulted in an increase in the profit and loss account brought forward reserve of £398,000 and an increase in investments of £398,000.

GRAYSONS HOSPITALITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 DECEMBER 2019**

2. Accounting policies (continued)

2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.6 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated statement of comprehensive income over its useful economic life.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

GRAYSONS HOSPITALITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 DECEMBER 2019**

2. Accounting policies (continued)

2.7 Tangible fixed assets

Tangible fixed assets under the cost model, other than investment properties, are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Long-term leasehold property	- over the life of the lease
Plant and machinery, fixtures and fittings	- 5 years or over the life of the lease
Motor vehicles	- 3 years
Office equipment	- 3 years
Computer equipment	- 3 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated statement of comprehensive income..

2.8 Investment property

Investment property is carried at fair value determined annually by management and supported by regular external valuations and other market data such as current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Consolidated statement of comprehensive Income..

2.9 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Group shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Consolidated statement of comprehensive income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

2.10 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss

GRAYSONS HOSPITALITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 DECEMBER 2019**

2. Accounting policies (continued)

2.11 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.12 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.13 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.14 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the

GRAYSONS HOSPITALITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 DECEMBER 2019**

2. Accounting policies (continued)

2.14 Financial instruments (continued)

reporting date.

2.15 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated statement of comprehensive income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

2.16 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Group in independently administered funds.

2.17 Finance costs

Finance costs are charged to the Consolidated statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.18 Operating leases: the Group as lessee

Rental paid under operating leases are charged to the Consolidated statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The Group has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 1 January 2018 to continue to be charged over the period to the first market rent review rather than the term of the lease.

GRAYSONS HOSPITALITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 DECEMBER 2019**

2. Accounting policies (continued)

2.19 Finance leases

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Consolidated statement of comprehensive income so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.20 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.

2.21 Borrowing costs

All borrowing costs are recognised in the Consolidated statement of comprehensive income in the year in which they are incurred.

2.22 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

GRAYSONS HOSPITALITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 DECEMBER 2019**

3. Judgements in applying accounting policies and key sources of estimation uncertainty

Management review their estimate of the useful lives of intangible assets at each reporting date, based on the expected utility of the assets.

Property Valuations

Property valuations are obtained on a cyclical basis, the most recent of which was July 2020, by Lambert Smith Hampton. Between valuations, management consider whether there are any factors which indicate that the value of the properties has changed.

4. Turnover

All turnover arose within the United Kingdom.

5. Other operating income

	2019	2018
	£000	£000
Other operating income	207	-

6. Operating profit/(loss)

The operating profit/(loss) is stated after charging:

	2019	2018
	£000	£000
Amortisation - intangible fixed assets	336	281
Depreciation of tangible fixed assets	464	544
Exceptional administrative costs	-	463
Operating lease rentals	246	355

See note 12 for an explanation of the exceptional administrative costs.

GRAYSONS HOSPITALITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 DECEMBER 2019**

7. Auditor's remuneration

	2019	2018
	£000	£000
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	<u>41</u>	<u>35</u>
Fees payable to the Group's auditor and its associates in respect of:		
Taxation compliance services	14	13
Other services relating to taxation	<u>16</u>	<u>-</u>

8. Employees

Staff costs, including directors' remuneration, were as follows:

	Group	<i>Group</i>	Company	<i>Company</i>
	29	30	29	30
	December	<i>December</i>	December	<i>December</i>
	2019	2018	2019	2018
	£000	£000	£000	£000
Wages and salaries	17,681	11,987	2,342	1,524
Social security costs	1,241	880	239	187
Cost of defined contribution scheme	236	106	36	17
	<u>19,158</u>	<u>12,973</u>	<u>2,617</u>	<u>1,728</u>

The average monthly number of employees, including the directors, during the year was as follows:

	Group	<i>Group</i>	Company	<i>Company</i>
	2019	2018	2019	2018
	No.	No.	No.	No.
Admin	26	39	21	20
Management	89	68	15	11
Catering	603	517	-	-
	<u>718</u>	<u>624</u>	<u>36</u>	<u>31</u>

GRAYSONS HOSPITALITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 DECEMBER 2019**

9. Directors' remuneration

	29 December 2019 £000	30 December 2018 £000
Directors' emoluments	191	158

During the year retirement benefits were accruing to 1 director (2018: 1) in respect of defined contribution pension schemes.

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £1,327 (2018: £1,000).

10. Interest payable and similar expenses

	2019 £000	2018 £000
Other loan interest payable	105	69

11. Taxation

	2019 £000	2018 £000
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	9	33
Total deferred tax	9	33
Taxation on profit on ordinary activities	9	33

GRAYSONS HOSPITALITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 DECEMBER 2019**

11. Taxation (continued)

Factors affecting tax charge for the year/period

The tax assessed for the year is higher than (2018 - *higher than*) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £000	2018 £000
Loss on ordinary activities before tax	(35)	(808)
(Loss)/Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	(7)	(154)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	-	106
Adjust deferred tax to the average rate	3	55
Fixed asset differences	29	40
Deferred tax not recognised	31	6
Adjustments to tax charge in respect of prior periods	5	-
Non-taxable income	(51)	-
Other differences leading to an increase (decrease) in the tax charge	-	(20)
Total tax charge/(credit) for the year	10	33

Analysis Table - Please enter figures in the table above.

(1)

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

GRAYSONS HOSPITALITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 DECEMBER 2019**

12. Exceptional items

	2019 £000	2018 £000
Equal pay provision	-	112
Redundancy and reorganisation	-	163
Investment property impairment	-	188
	<u>-</u>	<u>463</u>

Equal pay provision:

This is the release of a provision which arose as a result of an indemnity provided to the buyer of a former subsidiary disposed of in May 2013.

Redundancy and reorganisation:

As part of the strategic review undertaken in February 2018 the Company decided to restructure the level of resources in the operations support team. There were a number of redundancy and reorganisation costs incurred as a result of these changes.

Investment property impairment:

An impairment has been recognised in respect of the investment property held within Graysons Inns Limited. The directors consider the impairment to be exceptional given the material nature of the transaction.

13. Parent company profit for the year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements. The loss after tax of the parent Company for the year was £453,000 (2018 - loss £2,367,000).

GRAYSONS HOSPITALITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 DECEMBER 2019**

14. Intangible assets

Group

	Licenses £000	Goodwill £000	Total £000
Cost			
At 31 December 2018	504	5,398	5,902
Additions	73	-	73
At 29 December 2019	<u>577</u>	<u>5,398</u>	<u>5,975</u>
Amortisation			
At 31 December 2018	415	1,936	2,351
Charge for the year	83	253	336
At 29 December 2019	<u>498</u>	<u>2,189</u>	<u>2,687</u>
Net book value			
At 29 December 2019	<u>79</u>	<u>3,209</u>	<u>3,288</u>
At 30 December 2018	<u>89</u>	<u>3,462</u>	<u>3,551</u>

Company

	Patents £000
Cost	
At 31 December 2018	2
At 29 December 2019	<u>2</u>
Net book value	
At 29 December 2019	<u>2</u>
At 30 December 2018	<u>2</u>

GRAYSONS HOSPITALITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 DECEMBER 2019

15. Tangible fixed assets

Group

	Leasehold property £000	Motor vehicles £000	Plant, Machinery, Fixtures and fittings £000	Computer and Office equipment £000	Total £000
Cost or valuation					
At 31 December 2018	218	70	2,639	795	3,722
Additions	19	-	594	40	653
At 29 December 2019	237	70	3,233	835	4,375
Depreciation					
At 31 December 2018	182	44	1,736	638	2,600
Charge for the year on owned assets	2	10	361	91	464
At 29 December 2019	184	54	2,097	729	3,064
Net book value					
At 29 December 2019	53	16	1,136	106	1,311
At 30 December 2018	36	26	903	157	1,122

The Group had investment property held at a valuation of £720,000 (2018: £485,000), see note 17.

The net book value of assets held under finance leases or hire purchase contracts is £558,000 (2018: £203,000).

GRAYSONS HOSPITALITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 DECEMBER 2019**

15. Tangible fixed assets (continued)

Company

	Long-term leasehold property £000	Motor vehicles £000	Fixtures and fittings £000	Computer equipment £000	Total £000
Cost or valuation					
At 31 December 2018	9	20	31	368	428
Additions	-	-	-	21	21
At 29 December 2019	9	20	31	389	449
Depreciation					
At 31 December 2018	8	18	24	229	279
Charge for the year on owned assets	1	2	6	70	79
At 29 December 2019	9	20	30	299	358
Net book value					
At 29 December 2019	-	-	1	90	91
At 30 December 2018	1	2	7	139	149

GRAYSONS HOSPITALITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 DECEMBER 2019**

16. Fixed asset investments

Company

	Investments in subsidiary companies £000
Cost or valuation	
At 31 December 2018	4,356
At 29 December 2019	<u>4,356</u>
Impairment	
At 31 December 2018 (as previously stated)	2,224
Prior Year Adjustment	(398)
At 31 December 2018 (as restated)	<u>1,826</u>
At 29 December 2019	<u>1,826</u>
Net book value	
At 29 December 2019	<u>2,530</u>
At 30 December 2018 (as restated)	<u><u>2,530</u></u>

GRAYSONS HOSPITALITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 DECEMBER 2019

16. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Graysons Venues Limited*	Devon House, Anchor Street, Chelmsford, Essex, CM2 0GD	Ordinary	100
Graysons Limited	Devon House, Anchor Street, Chelmsford, Essex, CM2 0GD	Ordinary	100
Graysons Inns Limited	Devon House, Anchor Street, Chelmsford, CM2 0GD	Ordinary	100
By Word of Mouth Limited	Devon House, Anchor Street, Chelmsford, Essex, CM2 0GD	Ordinary	100
Word on the Street (UK Events) Limited	19-26 Glenville Mews, London, England, SW18 4NJ	Ordinary	100
Graysons Restaurants Limited	Devon House, Anchor Street, Chelmsford, Essex, CM2 0GD	Ordinary	100

* denotes an indirect shareholding.

GRAYSONS HOSPITALITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 DECEMBER 2019**

17. Investment property

Group

	Freehold investment property £000
Valuation	
At 31 December 2018	485
Additions at cost	22
Revaluation	213
At 29 December 2019	<u><u>720</u></u>

18. Stocks

	Group 29 December 2019 £000	<i>Group 30 December 2018 £000</i>	Company 29 December 2019 £000	<i>Company 30 December 2018 £000</i>
Raw materials and consumables	60	62	-	-
Finished goods and goods for resale	378	388	-	-
	<u><u>438</u></u>	<u><u>450</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

The difference between purchase price of stocks and their replacement cost is not material.

Stock recognised in cost of sales during the year as an expense was £10,150,047 (2018 - £9,659,000).

GRAYSONS HOSPITALITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 DECEMBER 2019**

19. Debtors

	Group 29 December 2019 £000	<i>Group 30 December 2018 £000</i>	Company 29 December 2019 £000	<i>Company 30 December 2018 £000</i>
Trade debtors	4,190	2,981	-	-
Amounts owed by group undertakings	-	-	897	1,623
Other debtors	366	258	-	79
Prepayments and accrued income	729	1,184	354	342
Deferred taxation	373	382	-	-
	<u>5,658</u>	<u>4,805</u>	<u>1,251</u>	<u>2,044</u>

An impairment charge of £16,000 (2018: £13,000) was recognised against trade debtors during the year.

20. Cash and cash equivalents

	Group 29 December 2019 £000	<i>Group 30 December 2018 £000</i>	Company 29 December 2019 £000	<i>Company 30 December 2018 £000</i>
Cash at bank and in hand	1,359	827	-	-
Less: bank overdrafts	(1,440)	(1,230)	(22)	(65)
	<u>(81)</u>	<u>(403)</u>	<u>(22)</u>	<u>(65)</u>

Included within bank overdrafts is £1,418,000 (2018: £1,165,000) offered as security under an invoice financing facility.

GRAYSONS HOSPITALITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 DECEMBER 2019**

21. Creditors: Amounts falling due within one year

	Group 29 December 2019 £000	Group 30 December 2018 £000	Company 29 December 2019 £000	Company 30 December 2018 £000
Bank overdrafts	1,440	1,230	22	65
Trade creditors	2,799	2,501	-	-
Amounts owed to group undertakings	-	-	5,643	6,082
Other taxation and social security	2,431	1,785	-	-
Obligations under finance lease and hire purchase contracts	262	172	-	-
Other creditors	667	918	-	-
Accruals and deferred income	1,878	1,305	440	356
	9,477	7,911	6,105	6,503

22. Creditors: Amounts falling due after more than one year

	Group 29 December 2019 £000	Group 30 December 2018 £000	Company 29 December 2019 £000	Company 30 December 2018 £000
Other loans	-	159	-	-
Net obligations under finance leases and hire purchase contracts	332	161	-	-

Obligations under finance lease and hire purchase contracts are secured by the assets to which they relate.

GRAYSONS HOSPITALITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 DECEMBER 2019**

23. Loans

	Group 29 December 2019 £000	<i>Group 30 December 2018 £000</i>
Amounts falling due 1-2 years		
Other loans	-	159
	<u>-</u>	<u>159</u>
	<u>-</u>	<u>159</u>

24. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 29 December 2019 £000	<i>Group 30 December 2018 £000</i>
Within one year	236	172
Between 1-2 years	246	161
Between 2-5 years	112	-
	<u>594</u>	<u>333</u>

GRAYSONS HOSPITALITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 DECEMBER 2019**

25. Financial instruments

	Group 29 December 2019 £000	<i>Group 30 December 2018 £000</i>	Company 29 December 2019 £000	<i>Company 30 December 2018 £000</i>
Financial assets				
Financial assets at amortised cost	<u>6,278</u>	<u>4,595</u>	<u>897</u>	<u>1,702</u>
Financial liabilities				
Financial liabilities at amortised cost	<u>(6,784)</u>	<u>(6,078)</u>	<u>(7,206)</u>	<u>(6,503)</u>

Financial assets measured at amortised cost comprise cash, trade debtors, accrued income and in the case of company, amounts owed by group undertakings.

Financial liabilities measured at amortised cost comprise trade creditors, accruals, various other creditors, and in case of company, amounts owed to group undertakings.

26. Deferred taxation

Group

	2019 £000	<i>2018 £000</i>
At beginning of year	382	<i>415</i>
Charged to profit or loss	(9)	<i>(33)</i>
At end of year	<u>373</u>	<u><i>382</i></u>
	Group 29 December 2019 £000	<i>Group 30 December 2018 £000</i>
Tax losses carried forward	374	<i>398</i>
Fixed asset timing differences	(1)	<i>(16)</i>
	<u>373</u>	<u><i>382</i></u>

GRAYSONS HOSPITALITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 DECEMBER 2019**

27. Share capital

	29 December 2019 £000	30 December 2018 £000
Allotted, called up and fully paid		
13,240,000 (2018 - 13,240,000) Ordinary shares of £0.25 each	3,310	3,310

All ordinary shares carry equal ordinary voting and dividend rights.

There is a single class of ordinary shares. There are no restrictions on dividends and the repayment of capital.

28. Share based payments

There have been neither issue or exercise of share options during the year.

29. Reserves

Share premium account

This reserve records the amount above nominal value received for shares issued, less transaction costs.

Profit and loss account

This reserve comprises all current and prior years retained profits and losses.

30. Contingent liabilities

The Company has entered into a multi-lateral agreement with other members of the Group. The potential Group liability of the Company as at 29 December 2019 in respect of this guarantee was £508,984 (2018: £404,000).

31. Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £199,000 (2018: £106,000). Contributions totalling £148,000 (2018: £3,000) were payable to the fund at the balance sheet date and are included in creditors.

GRAYSONS HOSPITALITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 DECEMBER 2019**

32. Commitments under operating leases

At 29 December 2019 the Group had future minimum lease payments under non-cancellable operating leases as follows:

	Group 29 December 2019 £000	<i>Group 30 December 2018 £000</i>
Not later than 1 year	246	<i>240</i>
Later than 1 year and not later than 5 years	495	<i>465</i>
Later than 5 years	-	<i>34</i>
	741	<i>739</i>

33. Related party transactions

The Group has taken advantage of the exemption allowed under FRS 102 from disclosing transactions with other wholly owned members of the Group.

At 29 December 2019, £19,000 (2018: £159,000) was owed to Sir Francis Mackay.

Key management personnel compensation amounted to £797,000 (2018: £893,000).

34. Post balance sheet events

Since the period end, the World Health Organisation has declared a global pandemic in relation to the Covid-19 virus. Whilst estimating the financial impact on the business has challenges, the directors have performed scenario planning in order to consider the potential impact of Covid-19 on the group's results. The pandemic did not have any impact on the measurement of assets and liabilities as at 29 December 2019 as it is a post balance sheet event.

35. Controlling party

The ultimate controlling part is considered to be Sir Francis Mackay by virtue of his shareholding in the Company.