

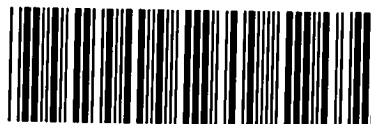
Registered number: 08177784

## **FLAT IRON STEAK LIMITED**

### **ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED 26 AUGUST 2018**

THURSDAY



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**FLAT IRON STEAK LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	C A Carroll J Fleet (appointed 26 September 2017) S McNamara (appointed 20 March 2019)
<b>Registered number</b>	08177784
<b>Registered office</b>	6 York Street London W1U 6QD
<b>Independent auditors</b>	Haysmacintyre LLP 10 Queen Street Place London EC4R 1AG

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**FLAT IRON STEAK LIMITED**

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## **FLAT IRON STEAK LIMITED**

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### **STRATEGIC REPORT FOR THE PERIOD ENDED 26 AUGUST 2018**

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#### **Introduction**

The directors present the strategic report for Flat Iron Steak Limited ("the Company") for the period ended 26 August 2018.

#### **Principal activity**

The principal activity of the Company continued to be that of restaurateurs.

#### **Business review**

Flat Iron was recognised in the 2018 Fast Track 100, published by The Sunday Times, as the company with the 39th fastest growing sales (and overall as the third fastest growing restaurant company in the UK).

As noted in last years' report, having witnessed other restaurant operators struggling in the sector, the directors decided to slow the opening of new sites to monitor the increased availability of prime locations being offered to the Company. This, together with construction delays at a proposed new site, meant that no new restaurants were opened during the year. Despite this the Company's sales growth continued with mature sites delivering very strong sales.

During 2018 the Company made significant investment in its Operations team to support future restaurant growth. As a result, the directors consider the Company to be in a strong position to open further restaurants and have opened a further two sites since the end of the financial year. The new restaurants, on Caledonian Road and Tooley Street in London, are both trading ahead of expectations. We are seeking to open a further site during the financial year to August 2019 and our mature sites continue to deliver strong sales and adjusted EBITDA.

Adjusted EBITDA, calculated as profit before interest, tax, depreciation, amortisation, non-trading items and pre-opening costs was £1,303,054 (2017: £1,352,083).

Despite the UK restaurant market having become more competitive over recent years and with operators continuing to experience cost pressures from National Living Wage increases, rising input and property costs combined with an uncertain economic outlook, Flat Iron continued to generate cash from operating activities and is positive about delivering another year of increased sales.

The main challenges to the business are the dynamic and competitive nature of our sector, economic pressure on consumers, cost inflation, securing new sites in a competitive market and finding the right people to work in those new sites. People are fundamental to our success and the delight of our guests. Since the directors consider this aspect of operations will get tougher in future, more resource is being sought to further improve our rating in the Sunday Times 100 Best Companies to Work For list where the Company was placed 36th.

#### **Going concern**

The Company is profitable, cash generative and continues to trade strongly. Following the end of the Financial Year the Company refinanced its borrowing arrangements. The new arrangements include facilities to fund the continued growth of the Company.

The directors have considered forecast cash flow projections and funding requirements, and as a consequence believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

Based on the above, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and therefore the Company has continued to adopt the going concern basis in preparing the annual financial statements.

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## FLAT IRON STEAK LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 26 AUGUST 2018

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#### Principal risks and uncertainties

The key risks and uncertainties in the main business of restaurant operation relate to ensuring consistent delivery of the product and services offered, to ensure the restaurants retain their attractiveness to guests. There is significant competition in the London restaurant market and the Company aims to offer the highest level of product and service in order to keep ahead of its competitors.

##### *Credit risk*

There is little risk in the restaurant business with the vast majority of guests paying by cash or credit card.

##### *Liquidity risk*

The Company monitors cash flow as part of its day to day control procedures and ensures that appropriate funding is available.

##### *Legislative risk*

On 23 June 2016 the UK electorate voted to discontinue its membership of the European Union. The UK Government further triggered article 50 on 29 March 2017 to start the formal process of leaving the EU. While there will be commercial, operational and legal impacts from the UK's eventual exit from the EU, uncertainties remain and make it difficult to forecast future years. Until further clarity is known regarding the terms of exit, it is too early for the directors to include their assessment of the impact on the company's trade, guests, regulatory requirements and legal consequences of such an event.

#### Financial key performance indicators

The KPI's used to measure performance include turnover growth year on year, gross profit margin and adjusted EBITDA margin. We benchmark these measures against the appropriate industry competitors and implement the necessary controls to ensure that we achieve our target ratios.

	52 weeks ended 26 August 2018	52 weeks ended 27 August 2017
Turnover growth (period on period)	23.6%	55.1%
Gross profit margin	31.4%	33.5%
Adjusted EBITDA margin	9.0%	11.5%

The directors are satisfied with the KPI's in 2018.

This report was approved by the board on 17 May 2019

and signed on its behalf.



**S McNamara**  
Director

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## **FLAT IRON STEAK LIMITED**

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### **DIRECTORS' REPORT FOR THE PERIOD ENDED 26 AUGUST 2018**

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The directors present their report and the financial statements for the period ended 26 August 2018.

#### **Directors' responsibilities statement**

The directors are responsible for preparing the Strategic Report, the Directors' 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **Results and dividends**

The profit for the period, after taxation, amounted to £201,212 (2017 - £626,450).

#### **Directors**

The directors who served during the period were:

C A Carroll  
J Fleet (appointed 26 September 2017)

#### **Disclosure of information to auditors**

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

#### **Post balance sheet events**

There have been no significant events affecting the Company since the year end.

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**FLAT IRON STEAK LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE PERIOD ENDED 26 AUGUST 2018**

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**Auditors**

The auditors, Haysmacintyre LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 17 May 2019

and signed on its behalf.



S McNamara  
Director

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**FLAT IRON STEAK LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF FLAT IRON STEAK LIMITED**

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**Opinion**

We have audited the financial statements of Flat Iron Steak Limited (the 'Company') for the period ended 26 August 2018, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes, 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 Company's affairs as at 26 August 2018 and of its profit for the period 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

**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 Auditors' 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



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**FLAT IRON STEAK LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF FLAT IRON STEAK LIMITED  
(CONTINUED)**

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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.

**Opinion 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 period 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.

**Matters on which we are required to report by exception**

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

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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**

As explained more fully in the Directors' Responsibilities Statement on page 3, 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 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 Company or to cease operations, or have no realistic alternative but to do so.

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**FLAT IRON STEAK LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF FLAT IRON STEAK LIMITED  
(CONTINUED)**

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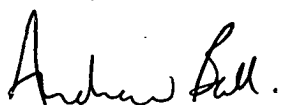
**Auditors' responsibilities for the audit of the financial statements**

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 Auditors' 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' Report.

**Use of our report**

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



Andrew Ball (Senior Statutory Auditor)

for and on behalf of  
**Haysmacintyre LLP**

Statutory Auditors

10 Queen Street Place  
London  
EC4R 1AG

Date: 17 May 2019

# FLAT IRON STEAK LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE 52 WEEKS ENDED 26 AUGUST 2018

	Note	52 weeks ended 26 August 2018 £	52 weeks ended 27 August 2017 £
<b>Turnover</b>	4	14,476,916	11,715,100
Cost of sales		(9,930,668)	(7,795,100)
<b>Gross profit</b>		4,546,248	3,920,000
Administrative expenses		(4,107,978)	(3,385,951)
		438,270	534,049
<b>Adjusted EBITDA*</b>		<b>1,303,054</b>	<b>1,352,083</b>
Depreciation		(489,603)	(415,158)
Pre-opening costs		(106,322)	(146,723)
Other operating costs		(260,999)	(256,153)
Exceptional items		(7,860)	-
<b>Operating profit</b>	5	438,270	534,049
Interest receivable and similar income		89	120
Interest payable and expenses	9	(115,727)	(78,059)
<b>Profit before taxation</b>		322,632	(456,110)
Tax on profit	10	(121,419)	170,340
<b>Profit after tax and comprehensive income for the financial period</b>		<b>201,213</b>	<b>626,450</b>

There were no recognised gains and losses for 2018 or 2017 other than those included within the statement of comprehensive income.

\*Adjusted EBITDA is earnings before interest, tax, depreciation, pre-opening costs, other operating costs and exceptional items.

The notes on pages 11 to 25 form part of these financial statements.

**FLAT IRON STEAK LIMITED**  
**REGISTERED NUMBER: 08177784**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 26 AUGUST 2018**

	Note	2018 £	2017 £
<b>Fixed assets</b>			
Tangible assets	11	2,875,185	2,910,389
		<u>2,875,185</u>	<u>2,910,389</u>
<b>Current assets</b>			
Stocks	12	163,022	111,123
Debtors: amounts falling due after more than one year	13	141,500	273,962
Debtors: amounts falling due within one year	13	1,688,506	1,623,298
Cash at bank and in hand	14	1,972,879	1,489,053
		<u>3,965,907</u>	<u>3,497,436</u>
Creditors: amounts falling due within one year	15	(2,955,266)	(2,269,520)
<b>Net current assets</b>		<u>1,010,641</u>	<u>1,227,916</u>
<b>Total assets less current liabilities</b>		<u>3,885,826</u>	<u>4,138,305</u>
Creditors: amounts falling due after more than one year	16	(1,875,000)	(2,375,000)
<b>Provisions for liabilities</b>			
Deferred tax	18	(46,309)	-
		<u>(46,309)</u>	<u>-</u>
<b>Net assets</b>		<u><u>1,964,517</u></u>	<u><u>1,763,305</u></u>
<b>Capital and reserves</b>			
Called up share capital	19	1	1
Share premium account	20	472,089	472,089
Profit and loss account	20	1,492,427	1,291,215
		<u><u>1,964,517</u></u>	<u><u>1,763,305</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on  
17 May 2019



**S McNamara**  
Director

The notes on pages 11 to 25 form part of these financial statements.

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**FLAT IRON STEAK LIMITED**

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 26 AUGUST 2018**

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	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 28 August 2017	1	472,089	1,291,215	1,763,305
Profit for the period	-	-	201,212	201,212
<b>At 26 August 2018</b>	<b>1</b>	<b>472,089</b>	<b>1,492,427</b>	<b>1,964,517</b>

The notes on pages 11 to 25 form part of these financial statements.

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 27 AUGUST 2017**

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	Called up share capital	Share premium account	Other reserves	Profit and loss account	Total equity
	£	£	£	£	£
At 1 August 2016	1	470,436	69,878	583,574	1,123,889
Profit for the period	-	-	-	626,450	626,450
Shares issued during the period	-	1,653	-	-	1,653
Transfer to/from profit and loss account	-	-	-	81,191	81,191
Transfer between other reserves	-	-	(81,191)	-	(81,191)
Share based payment expense	-	-	11,313	-	11,313
<b>Total transactions with owners</b>	<b>-</b>	<b>1,653</b>	<b>(69,878)</b>	<b>81,191</b>	<b>12,966</b>
<b>At 27 August 2017</b>	<b>1</b>	<b>472,089</b>	<b>-</b>	<b>1,291,215</b>	<b>1,763,305</b>

The notes on pages 11 to 25 form part of these financial statements.

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## **FLAT IRON STEAK LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 26 AUGUST 2018**

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#### **1. General information**

Flat Iron Steak Limited (the "Company") is a private company incorporated, domiciled and registered in England in the UK. The registered number is 08177784 and the registered address is 6 York Street, London, W1U 6QD.

#### **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 management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

##### **2.2 Going concern**

The company is profitable and cash generative, and continues to trade strongly. The directors have considered forecast cash flow projections and funding requirements, and as a consequence believe that the Group is well placed to manage its business risks successfully despite the current economic outlook.

As a result of other restaurant operators struggling in the sector the directors decided after the August 2017 period end to slow the opening of new sites to monitor the increased availability of prime locations being offered to the Company.

Based on the above, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and therefore the Company has continued to adopt the going concern basis in preparing the financial statements.

##### **2.3 Turnover**

Turnover comprises revenue recognised by the Company in respect of sales to customers in the restaurant businesses during the period, net of VAT. Turnover of restaurant services is recognised when the services have been delivered.

##### **2.4 Leases**

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives are recognised in the profit and loss over the term of the lease as an integral part of the total lease expense.

##### **2.5 Interest payable**

Interest payable and similar charges include interest payable on bank loans.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 26 AUGUST 2018**

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**2. Accounting policies (continued)**

**2.6 Current and deferred tax**

Tax on the profit for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met. Deferred tax is not recognised on permanent differences arising because certain types of income and expense are non-taxable or are disallowable for tax because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

**2.7 Employee benefits**

Short term employee benefits including holiday pay and annual bonuses are accrued as services are rendered. Any unused holiday entitlement is accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

*Share-based payment transactions*

The grant date fair value of share based payments awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the awards. The fair value of the awards granted is measured based on a Black-Scholes options model taking into account the terms and conditions upon which the awards were granted. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share based payment awards with non-vesting conditions, the grant date fair value of the share based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 26 AUGUST 2018**

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**2. Accounting policies (continued)**

**2.8 Tangible fixed assets**

Tangible fixed assets under the cost model 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:

Short leasehold	- Straight line over the life of the lease
Equipment	- Straight line over four years
Fixtures and fittings	- Straight line over five years
Computer and tills	- Straight line over four 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 Statement of Comprehensive Income.

**2.9 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. Work in progress and finished goods include labour and attributable overheads.

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.

Stock consists of restaurant stock (food and beverages) and a herd of cattle.

**2.10 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.

**2.11 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.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 26 AUGUST 2018**

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**2. Accounting policies (continued)**

**2.12 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.

**2.13 Financial instruments**

The Company 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, loans to related parties and investments in non-puttable ordinary shares.

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

**Critical judgements**

The preparation of the financial statements in conformity with generally accepted accounting practice requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period. Key judgements made by management include:

***Onerous lease and dilapidation provisions***

Provisions for onerous leases and dilapidations include estimates such as the length of the time a property may be empty for and the value of any make good costs at the end of the lease. Provisions are discounted to present value which requires the use of a discount rate. Provisions are reviewed regularly and adjusted as appropriate.

***Useful lives of tangible assets***

Depreciation and amortisation are provided in order to write down to estimated residual values the cost of each asset over its estimated useful economic life. These useful economic lives require the use of management judgement. These estimates are regularly reviewed.

***Impairment of tangible assets***

Each cash generating unit (CGU) is reviewed annually for indicators of impairment. In assessing whether an asset has been impaired, the carrying value of the CGU is compared to its recoverable amount. The recoverable amount is the higher of its fair value and its value in use. Where value in use is estimated, this is calculated using a discounted cash flow model, which includes assumptions around future performance and the use of an appropriate discount rate. Further projections are compared to actual performance on a regular basis to assess the accuracy of such projections.

**4. Turnover**

The whole of the turnover is attributable to the restaurant sales in the year.

All turnover arose within the United Kingdom.

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**FLAT IRON STEAK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 26 AUGUST 2018**

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**5. Operating profit**

The operating profit is stated after charging:

	2018 £	2017 £
Deal costs	-	110,463
Depreciation of tangible fixed assets	489,603	415,158
Other operating lease rentals	1,020,677	920,387
Share based payment	-	11,313
Charitable donations	260,999	134,377
	<u>260,999</u>	<u>134,377</u>

These items were included within administrative expenses.

The charitable donations were made to Macmillan Cancer Support.

**6. Auditors' remuneration**

	2018 £	2017 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>16,500</u>	<u>23,000</u>
<b>Fees payable to the Company's auditor and its associates in respect of:</b>		
Taxation compliance services	<u>2,750</u>	<u>4,250</u>
	<u>2,750</u>	<u>4,250</u>

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**FLAT IRON STEAK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 26 AUGUST 2018**

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**7. Employees**

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

	2018 £	2017 £
Wages and salaries	4,572,280	3,802,061
Social security costs	380,453	268,944
Pension	34,218	-
	<u>4,986,951</u>	<u>4,071,005</u>

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

	2018 No.	2017 No.
Director	2	1
Management, operations and administration	232	219
	<u>234</u>	<u>220</u>

**8. Directors' remuneration**

	2018 £	2017 £
Directors' emoluments	305,000	125,048
	<u>305,000</u>	<u>125,048</u>

**9. Interest payable and similar expenses**

	2018 £	2017 £
Bank interest payable	115,727	78,059
	<u>115,727</u>	<u>78,059</u>

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**FLAT IRON STEAK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 26 AUGUST 2018**

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**10. Taxation**

	2018 £	2017 £
<b>Corporation tax</b>		
Adjustments in respect of previous periods	(3,480)	883
	<u>(3,480)</u>	<u>883</u>
<b>Total current tax</b>	<u>(3,480)</u>	<u>883</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	124,899	(166,076)
Changes to tax rates	-	(5,147)
	<u>124,899</u>	<u>(171,223)</u>
<b>Total deferred tax</b>	<u>124,899</u>	<u>(171,223)</u>
<b>Taxation on profit/(loss) on ordinary activities</b>	<u>121,419</u>	<u>(170,340)</u>

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**FLAT IRON STEAK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 26 AUGUST 2018**

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**10. Taxation (continued)****Factors affecting tax charge for the period**

The tax assessed for the period is lower than (2017 - lower than) the standard rate of corporation tax in the UK of 19% (2017 - 19.59%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	322,631	456,110
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.59%)	61,300	89,355
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	334	324
Fixed asset differences	48,220	24,129
Adjustments to tax charge in respect of prior periods	(3,480)	883
Other timing differences leading to an increase (decrease) in taxation	15,045	14,069
Non-taxable income	-	(2,391)
Adjustment to brought forward values	-	(13,690)
Credit in respect of rate change on deferred tax liability to average rate of 19.59%	-	20,163
Other differences leading to an increase (decrease) in the tax charge	-	(303,182)
<b>Total tax (credit)/charge for the period</b>	<b>121,419</b>	<b>(170,340)</b>

## FLAT IRON STEAK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 26 AUGUST 2018

#### 11. Tangible fixed assets

	Short-term leasehold property £	Assets under construction £	Equipment £	Fixtures and fittings £	Computer and tills £	Total £
<b>Cost or valuation</b>						
At 28 August 2017	2,147,048	167,980	879,297	495,588	108,457	3,798,370
Additions	41,253	307,767	86,816	17,936	627	454,399
At 26 August 2018	<u>2,188,301</u>	<u>475,747</u>	<u>966,113</u>	<u>513,524</u>	<u>109,084</u>	<u>4,252,769</u>
<b>Depreciation</b>						
At 28 August 2017	247,074	-	382,436	201,041	57,430	887,981
Charge for the period on owned assets	145,322	-	206,563	108,166	29,552	489,603
At 26 August 2018	<u>392,396</u>	<u>-</u>	<u>588,999</u>	<u>309,207</u>	<u>86,982</u>	<u>1,377,584</u>
<b>Net book value</b>						
At 26 August 2018	<u>1,795,905</u>	<u>475,747</u>	<u>377,114</u>	<u>204,317</u>	<u>22,102</u>	<u>2,875,185</u>
At 27 August 2017	<u>1,899,974</u>	<u>167,980</u>	<u>496,861</u>	<u>294,547</u>	<u>51,027</u>	<u>2,910,389</u>

The Company's leasehold properties provide security for the bank loan.

#### 12. Stocks

	2018 £	2017 £
Goods held for resale	130,077	76,292
Cattle	32,945	34,831
	<u>163,022</u>	<u>111,123</u>

Changes in stock recognised as cost of sales in the year amounted to £4,737,432 (2017: £3,639,323).  
The write down of stock to net realisable value amount to £nil (2017: £nil).

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**FLAT IRON STEAK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 26 AUGUST 2018**

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**13. Debtors**

	2018 £	2017 £
<b>Due after more than one year</b>		
Property deposits	141,500	273,962
	<u>141,500</u>	<u>273,962</u>
	2018 £	2017 £
<b>Due within one year</b>		
Trade debtors	146,786	113,140
Amounts owed from group undertakings	1,227,254	1,131,386
Other debtors	5,190	33,747
Prepayments and accrued income	309,276	266,435
Deferred taxation	-	78,590
	<u>1,688,506</u>	<u>1,623,298</u>

**14. Cash and cash equivalents**

	2018 £	2017 £
Cash at bank and in hand	1,972,879	1,489,053
	<u>1,972,879</u>	<u>1,489,053</u>

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**FLAT IRON STEAK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 26 AUGUST 2018**

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**15. Creditors: Amounts falling due within one year**

	2018 £	2017 £
Bank loans	500,000	500,000
Trade creditors	1,128,917	525,531
Corporation tax	-	3,480
Other taxation and social security	474,837	426,750
Other creditors	334,477	342,716
Accruals and deferred income	517,035	471,043
	<u>2,955,266</u>	<u>2,269,520</u>

**16. Creditors: Amounts falling due after more than one year**

	2018 £	2017 £
Bank loans	1,875,000	2,375,000
	<u>1,875,000</u>	<u>2,375,000</u>



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**FLAT IRON STEAK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 26 AUGUST 2018**

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**17. Loans**

Analysis of the maturity of loans is given below:

	2018 £	2017 £
<b>Amounts falling due within one year</b>		
Bank loans	500,000	500,000
	<u>500,000</u>	<u>500,000</u>
<b>Amounts falling due within 5 years</b>		
Bank loans	1,875,000	2,375,000
	<u>1,875,000</u>	<u>2,375,000</u>
	<u>2,375,000</u>	<u>2,875,000</u>

Bank loans are secured by first legal charge over the company's leasehold properties and its associated assets. Interest payable on the bank loan for each interest period is the percentage rate per annum which is the aggregate of the applicable margin plus LIBOR, with margin defined as being 3.50% per annum. The loan shall be repaid in quarterly repayments of £125,000 with repayment initially commencing on 2 June 2017 and due on quarterly basis subsequently on the repayment date. The final repayment is due on 2 March 2020.

**18. Deferred taxation**

	2018 £
At beginning of year	78,590
Charged to profit or loss	(124,899)
<b>At end of year</b>	<u>(46,309)</u>

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**FLAT IRON STEAK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 26 AUGUST 2018**

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**18. Deferred taxation (continued)**

The deferred taxation balance is made up as follows:

	2018 £	2017 £
Accelerated capital allowances	(62,159)	(83,964)
Tax losses carried forward	-	148,751
Short term timing differences	15,850	13,803
	<u>(46,309)</u>	<u>78,590</u>

**19. Share capital**

	2018 £	2017 £
<b>Allotted, called up and fully paid</b>		
1,059 (2017 - 1,059) Ordinary A shares of £0.001 each	1	1
335 (2017 - 335) Ordinary B shares of £0.001 each	-	-
108 (2017 - 108) Ordinary C shares of £0.001 each	-	-
	<u>1</u>	<u>1</u>

A and B Ordinary Shareholders are entitled to vote at all general meetings of the Company and are entitled to receive dividends declared from time to time. The holders of C Ordinary shares are not entitled to vote at general meetings of the Company, or to receive any dividends.

**20. Reserves****Share premium account**

The share premium account represents the excess paid for the Company shares over and above the nominal share capital of the company.

**Profit and loss account**

The profit and loss account represents retained profits or losses less amounts distributed to shareholders.

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**FLAT IRON STEAK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 26 AUGUST 2018**

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**21. Share based payments**

The company issues equity settled share based payments to senior members of the management team, whereby services are rendered in exchange for rights over shares in the Company. Only three members of staff were entitled to share options. The option scheme and awards are designed to be in accordance with EMI rules.

The options were granted to senior management in 2013 and 2015 and were exercised on 2 March 2017 as a result of the Company being acquired by FI Holdings Limited.

The fair value of employee share options at the grant date was measured using a Black-Scholes options model, using comparable inputs to a peer group of listed companies. The number and weighted average exercise price of share options for the Company are as follows:

	Weighted average exercise price (pence) 2018	Number 2018	Weighted average exercise price (pence) 2017	Number 2017
Outstanding at the beginning of the year	-	-	19.13	108
Exercised during the year	-	-	(19.13)	(108)
<b>Outstanding at the end of the year</b>		-	-	-

The total expense recognised for the period and the total accrued in the share reserve at the end of the period arising from share based payments are as follows:

	2018	2017
Total share based payment expense	-	11,313
Total amount accrued in share based payment reserve	-	81,191
Amount released to Profit & Loss reserve	-	(81,191)
	<u>2018</u> £	<u>2017</u> £
	-	-

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**FLAT IRON STEAK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 26 AUGUST 2018**

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**22. 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 £34,218 (2017 - £nil). Contributions totalling £7,553 (2017 - £nil) were payable to the fund at the reporting date and are included in creditors.

**23. Commitments under operating leases**

At 26 August 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £	2017 £
Not later than 1 year	916,875	785,000
Later than 1 year and not later than 5 years	3,670,000	3,140,000
Later than 5 years	7,277,292	6,374,603
	<u>11,864,167</u>	<u>10,299,603</u>

**24. Related party transactions****Remuneration of key management personnel**

The remuneration of key management personnel is as follows.

	2018 £	2017 £
Aggregate compensation	347,090	186,846
	<u>347,090</u>	<u>186,846</u>

The Company has taken advantage of exemptions from disclosing transactions with related companies under the provisions of Section 33 of Financial Reporting Standard 102.

**25. Controlling party**

The immediate controlling party is FI Holdings Limited. In the opinion of the directors there is no one ultimate controlling party of the company. The registered address of FI Holdings Limited is 6 York Street, London, W1U 6QD.