

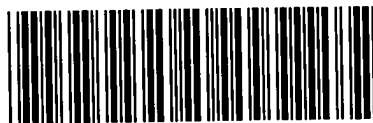
Registered number: 08177784

## FLAT IRON STEAK LIMITED

### ANNUAL REPORT AND FINANCIAL STATEMENTS

53 WEEKS ENDED 30 AUGUST 2020

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**FLAT IRON STEAK LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	S McNamara T Byng (appointed 28 January 2021)
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<b>Registered number</b>	08177784
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<b>Registered office</b>	Fifth Floor Berkshire House 168-173 High Holborn London WC1V 7AA
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<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 53 WEEKS ENDED 30 AUGUST 2020**

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#### **Introduction**

The directors present the strategic report for Flat Iron Steak Limited ("the Company") for the 53 week period ended 30 August 2020.

#### **Principal activity**

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

#### **Business review**

The business review below relates to Flat Iron Steak Limited, as the Directors believe this gives shareholders the most useful information.

Prior to the emergence of the Covid-19, Flat Iron was performing well, with continued year on year sales and adjusted EBITDA growth.

On 18th March 2020, following advice from the UK Government, the Company closed all of its restaurants. Management's focus turned to protecting cash flow and liquidity so the business could survive an extended lockdown and be ready to reopen and grow again when circumstances allowed.

In order to mitigate the impact of Covid-19 on the business a number of actions were taken, including the following:

- Accessing Government Support where available, including the furloughing of the majority of employees under the Coronavirus Job Retention Scheme ("CJRS"), the Business Rates holiday, VAT deferrals under the VAT Deferral Scheme; agreeing a payment plan with HMRC to defer payment of PAYE/NI and receipt of a Retail, Hospitality and Leisure Grant
- Agreeing voluntary pay sacrifices of between 20-40% of salary with the Head Office team
- Immediately ceasing all non-essential Capital Expenditure
- Immediately reducing all costs
- Deferring payments to Suppliers and Landlords
- Securing a Covenant Waiver from Thincats, its lender
- Agreeing Rent Concessions from Landlords

Management also made a number of operational changes to the business to ensure that it emerged from lockdown with a more resilient model that remained profitable at reduced sales levels, without compromising the guest experience.

In July 2020 the business began a phased reopening of restaurants in line with Government recommendations and with a strong focus on ensuring the safety of its teams and guests. All restaurants, except for Aldgate (Bevis Marks), were open and trading by the end of the Financial Year. Following reopening, trading was encouraging, particularly during the Eat Out to Help Out promotion in August and, although sales were reduced from Pre Covid-19 levels, all restaurants were operating profitably.

However, as a result of the above, Adjusted EBITDA, calculated as profit before interest, tax, depreciation, amortisation, non-trading items and pre-opening costs was £387,633 (2019: £1,536,261).

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## FLAT IRON STEAK LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE 53 WEEK ENDED 30 AUGUST 2020

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#### Business review (continued)

Subsequent to the year end, following restrictions implemented by the UK Government, further national lockdowns were introduced at various times during which the Company's restaurants were prevented from trading. Furthermore, at those times when restaurants were permitted to trade, they did so under a variety of restrictions. Wherever possible, Management took advantage of Government Support and the majority of employees were placed on flexible furlough.

Having already drawn a further £1.5m on our existing facilities in October 2019, in September 2020 the Company further strengthened its liquidity through an additional £1.8m CBILS loan facility secured through Thincats expiring on 30 September 2025. Furthermore, in May 2021, the Company refinanced £3.2m of its existing facilities into new CBILS loan facilities and secured a Capital repayment holiday and an extended term on its remaining non-CBILS facility, thus providing significant additional liquidity to the Company.

From 17th May our restaurants were permitted to reopen, albeit with restrictions, and trading to the date of signing of these financial statements has been above expectations.

#### 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.

	53 weeks ended 30 August 2020	52 weeks ended 26 August 2019
Turnover growth (period on period)	(31.9)%	25.4%
Gross profit margin	11%	29.6%
Adjusted EBITDA margin	3.1%	8.5%

The directors are satisfied with the KPI's in 2020 given the impact of the Covid-19 pandemic.

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**FLAT IRON STEAK LIMITED**

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**STRATEGIC REPORT (CONTINUED)**  
**FOR THE 53 WEEK ENDED 30 AUGUST 2020**

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

A handwritten signature in black ink, appearing to be 'S. McNamara', with a horizontal line extending to the right.

.....  
**S McNamara**  
**Director**

Date: 24 August 2021

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## **FLAT IRON STEAK LIMITED**

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### **DIRECTORS' REPORT FOR THE 53 WEEK ENDED 30 AUGUST 2020**

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The directors present their report and the financial statements for the 53 week period ended 30 August 2020.

#### **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 loss for the period, after taxation, amounted to £1,354,416 (2019 - loss £474,348).

#### **Directors**

The directors who served during the period were:

C A Carroll (resigned 28 January 2021)  
J Fleet (resigned 10 January 2021)  
S McNamara

#### **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.

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## FLAT IRON STEAK LIMITED

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### DIRECTORS' REPORT (CONTINUED) FOR THE 53 WEEK ENDED 30 AUGUST 2020

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#### Post balance sheet events

##### COVID-19

Subsequent to the reporting date, the UK government enforced a number of further restrictions including a national lockdown in November 2020 which resulted in all sites being closed. In December 2020, the government relaxed restrictions however regions were placed in a tiered system depending on infection rates. In January 2021, the UK government enforced a further national lockdown. The UK government announced a roadmap to easing restrictions in February 2021 with restrictions eased in April and May 2021 with a full relaxation of restrictions in July 2021.

##### Coronavirus Business Interruption Loan Scheme ("CBILS")

The Company successfully applied for £1,800,000 under the Coronavirus Business Interruption Loan Scheme ("CBILS"). These funds were drawn down in September 2020. The loan incurs interest at 6.5% per annum and the first 12 months interest will be guaranteed by the UK Government. The loan is due for repayment on 30 September 2025. The loan is secured by first legal charge over the company's leasehold properties and its associated assets.

In response to the third national lockdown imposed by the UK government, the Company successfully performed a refinancing of the existing debt and applied for further funding for £3,200,000 under the CBILS scheme in April 2021. The loans incur interest at 6.5% per annum and the loan term is 72 months from drawdown date. £500,000 of the facility is interest only for a period of 12 months followed by monthly capital and interest repayments. The remaining £2,700,000 is monthly interest payments only with a bullet repayment at the end of the loan term. The facility has a first ranking debenture from the Company and a first ranking debenture from the immediate parent undertaking, FI Holdings Limited.

#### 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 and signed on its behalf.



.....  
**S McNamara**  
Director

Date: 24 August 2021



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## **FLAT IRON STEAK LIMITED**

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### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS 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 53 week period ended ended 30 August 2020, 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 30 August 2020 and of its loss for the 53 week period ended 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.

#### **Material uncertainty related to going concern**

We draw attention to note 2.2 in the financial statements, which indicates that the unpredictability of the COVID-19 pandemic and the impact of future government restrictions on the ability to trade may result in the Company breaching its existing banking covenants. As stated in note 2.2, these events or conditions, along with the other matters as set forth in note 2.2, indicate that a material uncertainty exists that may cast significant doubt on the 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 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 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.

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**FLAT IRON STEAK LIMITED**

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

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**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 53 week period ended 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 set out on page 4, 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.

**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.

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**FLAT IRON STEAK LIMITED**

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

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**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.

*Emma Maile*

Emma Maile (Senior Statutory Auditor)

for and on behalf of  
**Haysmacintyre LLP**

Statutory Auditors

10 Queen Street Place  
London  
EC4R 1AG

24 August 2021

**FLAT IRON STEAK LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE 53 WEEKS ENDED 30 AUGUST 2020**

		53 weeks ended 30 August 2020 £	52 weeks ended 25 August 2019 £
	Note		
Turnover	4	12,361,007	18,156,923
Cost of sales		(10,996,552)	(12,790,189)
<b>Gross profit</b>		<b>1,364,455</b>	<b>5,366,734</b>
Administrative expenses		(4,833,001)	(5,578,223)
Other income	5	2,226,365	-
		(1,242,181)	(211,489)
<b>Adjusted EBITDA*</b>		<b>387,633</b>	<b>1,536,261</b>
Depreciation and loss on disposal of fixed assets		(669,339)	(857,258)
Impairment of tangible fixed assets		(265,900)	
Pre-opening costs		(219,167)	(318,848)
Charitable donations		(181,664)	(307,799)
Onerous lease provision	20	142,068	(187,068)
Exceptional items		(435,812)	(76,777)
<b>Operating (loss)/profit</b>	6	<b>(1,242,181)</b>	<b>(211,489)</b>
Interest receivable and similar income		-	-
Interest payable and expenses	10	(326,843)	(211,258)
<b>(Loss)/profit before taxation</b>		<b>(1,569,024)</b>	<b>(422,747)</b>
Tax on (loss)/profit	11	214,608	(51,601)
<b>(Loss)/profit after tax and comprehensive income for the financial period</b>		<b>(1,354,416)</b>	<b>(474,348)</b>

There were no recognised gains and losses for 2020 or 2019 other than those included within the statement of comprehensive income.

\*Adjusted EBITDA is earnings before interest, tax, depreciation and loss on disposal of fixed assets, pre-opening costs, charitable donations, onerous lease provision and exceptional items.

The notes on pages 14 to 29 form part of these financial statements.

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

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 AUGUST 2020**

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Tangible assets	12	4,452,544	4,324,013
		<u>4,452,544</u>	<u>4,324,013</u>
<b>Current assets</b>			
Stocks	13	149,327	180,174
Debtors: amounts falling due after more than one year	14	188,250	191,000
Debtors: amounts falling due within one year	14	2,131,458	2,128,444
Cash at bank and in hand	15	1,203,864	2,538,879
		<u>3,672,899</u>	<u>5,038,497</u>
Creditors: amounts falling due within one year	16	(3,691,612)	(4,176,758)
<b>Net current (liabilities)/assets</b>		<u>(18,713)</u>	<u>861,739</u>
<b>Total assets less current liabilities</b>		<u>4,433,831</u>	<u>5,185,752</u>
Creditors: amounts falling due after more than one year	17	(4,253,078)	(3,414,085)
<b>Provisions for liabilities</b>			
Deferred tax	19	-	(94,430)
Provisions	20	(45,000)	(187,068)
		<u>(45,000)</u>	<u>(281,498)</u>
<b>Net assets</b>		<u>135,753</u>	<u>1,490,169</u>
<b>Capital and reserves</b>			
Called up share capital	21	1	1
Share premium account	22	472,089	472,089
Profit and loss account	22	(336,337)	1,018,079
		<u>135,753</u>	<u>1,490,169</u>

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

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**STATEMENT OF FINANCIAL POSITION (CONTINUED)**  
**AS AT 30 AUGUST 2020**

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



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**S McNamara**  
Director

Date: 24 August 2021

The notes on pages 14 to 29 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 53 WEEK PERIOD ENDED 30 AUGUST 2020**

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	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 26 August 2019	1	472,089	1,018,079	1,490,169
Loss for the period	-	-	(1,354,416)	(1,354,416)
<b>At 30 August 2020</b>	<b>1</b>	<b>472,089</b>	<b>(336,337)</b>	<b>135,753</b>

The notes on pages 14 to 29 form part of these financial statements.

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE 52 WEEK PERIOD ENDED 25 AUGUST 2019**

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	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 27 August 2018	1	472,089	1,492,427	1,964,517
Loss for the period	-	-	(474,348)	(474,348)
<b>At 25 August 2019</b>	<b>1</b>	<b>472,089</b>	<b>1,018,079</b>	<b>1,490,169</b>

The notes on pages 14 to 29 form part of these financial statements.

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**FLAT IRON STEAK LIMITED**

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**ANALYSIS OF NET DEBT  
FOR THE 53 WEEK PERIOD ENDED 30 AUGUST 2020**

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	At 25 August 2019 £	Cash flows £	At 30 August 2020 £
Cash at bank and in hand	2,538,879	(1,335,015)	1,203,864
Debt due after 1 year	(3,414,085)	(1,685,915)	(5,100,000)
Debt due within 1 year	(219,898)	210,163	(9,735)
	<u>(1,095,104)</u>	<u>(2,810,767)</u>	<u>(3,905,871)</u>

The notes on pages 14 to 29 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 53 WEEK ENDED 30 AUGUST 2020

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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 Fifth Floor Berkshire House, 168-173 High Holborn, London, England, WC1V 7AA.

The principal activity of the company is that of a restaurant.

#### 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

In determining whether the Company's financial statements can be prepared on a going concern basis the Directors have considered the Company's financing arrangements, forecast cash flow projections and future trading risks including further lockdowns and changes in guest behaviour. As noted in the Strategic Report, the company took a number of actions to mitigate against the impact of the pandemic.

The Company have modelled various scenarios considering the impact of the pandemic and the sensitivities around the imposition of further trading restrictions or national lockdowns. The base scenario reflects sites trading behind pre COVID-19 levels, for the next 12 months and, under this scenario, there is sufficient headroom for the Directors to expect the Company to comply with its banking covenants over the next 12 months. Under more severe scenarios, including the impact of further national lockdowns or extended periods of closed restaurants, the Company would be at risk of breaching existing loan covenants.

Although not impossible, such scenarios are considered unlikely however, in the event of such scenarios the Directors would expect to renegotiate covenants. Given the unpredictability of the COVID-19 pandemic and the impact of future government restrictions on the ability to trade, the Directors note that this indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Although material uncertainty remains, based on the new CBILs facilities secured, the ability of the business to preserve cash and the support of its suppliers and landlords the Directors have a reasonable expectation that the Company have adequate resources to continue in operational existence for the next 12 months. Thus, they continue to adopt the going concern basis of accounting in preparing the annual 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE 53 WEEK ENDED 30 AUGUST 2020**

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**2. Accounting policies (continued)**

**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.

Temporary lease concessions negotiated due to the impact of Covid-19 are accounted for over the period the concession is intended to compensate.

**2.5 Government grants**

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

**2.6 Interest payable**

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

**2.7 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE 53 WEEK ENDED 30 AUGUST 2020**

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**2. Accounting policies (continued)**

**2.8 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.

**2.9 Exceptional items**

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

**2.10 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 profit or loss.

**2.11 Impairment of fixed assets and goodwill**

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

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## FLAT IRON STEAK LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE 53 WEEK ENDED 30 AUGUST 2020

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#### 2. Accounting policies (continued)

##### 2.12 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.

##### 2.13 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.

##### 2.14 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.

##### 2.15 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.

##### 2.16 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company 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 profit or loss in the year that the Company 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.

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## FLAT IRON STEAK LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE 53 WEEK ENDED 30 AUGUST 2020

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#### 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.

#### 5. Other operating income

	53 week period ended 30 August 2020 £	52 week period ended 25 August 2019 £
Government grants receivable	2,226,365	-
	<u>2,226,365</u>	<u>-</u>

Government grants receivable consists of funds received under the Job Retention Scheme implemented by the UK Government in response to the COVID-19 pandemic as a contribution to employee costs. The company also received £25,000 under the the UK Government's Retail, Hospitality and Leisure Grant Fund.

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## FLAT IRON STEAK LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE 53 WEEK ENDED 30 AUGUST 2020

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#### 6. Operating loss

The operating loss is stated after charging:

	53 week period ended 30 August 2020 £	52 week period ended 25 August 2019 £
Depreciation of tangible fixed assets	669,400	600,150
Other operating lease rentals	848,635	1,166,832
Charitable donations	181,664	307,799
	<u>1,699,700</u>	<u>2,074,781</u>

These items were included within administrative expenses.

The charitable donations were made to The Flat Iron Fund in the period. Charitable donations were made to Macmillan Cancer Support in the prior period.

The onerous lease provision was included to account for the outstanding rent on the Notting Hill site which was closed during the 52 week period ended 25 August 2019. The lease was disposed to a third party with the full lease payments during the 53 week period ended 30 August 2020 therefore the onerous lease provision has been reversed.

In addition to the reversal outlined above, an onerous lease provision of £45,000 has been recognised in respect of the Bevis Marks (Aldgate) site which the Directors' do not expect this to re-open going forward.

#### 7. Auditors' remuneration

	53 week period ended 30 August 2020 £	52 week period ended 25 August 2019 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	20,000	18,500
	<u>20,000</u>	<u>18,500</u>

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

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**FLAT IRON STEAK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE 53 WEEK ENDED 30 AUGUST 2020**

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**8. Employees**

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

	53 week period ended 30 August 2020 £	52 week period ended 25 August 2019 £
Wages and salaries	6,481,026	5,942,971
Social security costs	463,077	478,517
Pension	91,315	67,520
	<u>7,035,418</u>	<u>6,489,008</u>

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

	53 week period ended 30 August 2020 No.	52 week period ended 25 August 2019 No.
Director	3	3
Management, operations and administration	346	317
	<u>349</u>	<u>320</u>

**9. Directors' remuneration**

	53 week period ended 30 August 2020 £	52 week period ended 25 August 2019 £
Directors' emoluments	397,721	419,346
	<u>397,721</u>	<u>419,346</u>

The highest paid director received remuneration of £161,827 (2019 - £180,000).

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**FLAT IRON STEAK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE 53 WEEK ENDED 30 AUGUST 2020**

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**10. Interest payable and similar expenses**

	53 week period ended 30 August 2020 £	52 week period ended 25 August 2019 £
Bank interest payable	326,843	211,258
	<u>326,843</u>	<u>211,258</u>

**11. Taxation**

	2020 £	2019 £
<b>Corporation tax</b>		
Adjustments in respect of previous periods	-	3,480
	<u>-</u>	<u>3,480</u>
<b>Total current tax</b>	<u>-</u>	<u>3,480</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(214,608)	48,121
<b>Total deferred tax</b>	<u>(214,608)</u>	<u>48,121</u>
<b>Taxation on (loss)/profit on ordinary activities</b>	<u>(214,608)</u>	<u>51,601</u>



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**FLAT IRON STEAK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE 53 WEEK ENDED 30 AUGUST 2020**

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**11. Taxation (continued)****Factors affecting tax charge for the 53 week period**

The tax assessed for the 52 week period is higher than (2019 - higher than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
Loss on ordinary activities before tax	(1,569,024)	(422,747)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	(298,115)	(80,322)
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	11,445	6,530
Fixed asset differences	15,548	79,196
Adjustments to tax charge in respect of prior periods	-	3,480
Other differences leading to an increase (decrease) in the tax charge	56,514	42,717
<b>Total tax charge for the 53 week period</b>	<b>(214,608)</b>	<b>51,601</b>

**Factors that may affect future tax charges**

The Government has proposed as part of the Finance Bill 2021 that the main corporation tax rate will increase to 25% for financial years beginning 1 April 2023 for Companies with profit in excess of £250,000. The current main corporation tax rate will continue to apply to companies with an annual profit of less than £50,000.

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**FLAT IRON STEAK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE 53 WEEK ENDED 30 AUGUST 2020**

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**12. Tangible fixed assets**

	Short-term leasehold property £	Assets under construction £	Equipment £	Fixtures and fittings £	Computer and tills £	Total £
<b>Cost or valuation</b>						
At 31 August 2019	3,845,754	148,025	1,104,150	859,127	130,664	6,087,720
Additions	227,310	478,370	239,300	87,816	31,036	1,063,832
Transfers between classes	148,025	(148,025)	-	-	-	-
At 30 August 2020	<u>4,221,089</u>	<u>478,370</u>	<u>1,343,450</u>	<u>946,943</u>	<u>161,700</u>	<u>7,151,552</u>
<b>Depreciation</b>						
At 31 August 2019	552,244	-	724,865	379,470	107,129	1,763,708
Charge for the 53 week on owned assets	281,494	-	185,590	172,485	29,831	669,400
Impairment charge	186,820	-	25,526	49,418	4,136	265,900
At 30 August 2020	<u>1,020,558</u>	<u>-</u>	<u>935,981</u>	<u>601,373</u>	<u>141,096</u>	<u>2,699,008</u>
<b>Net book value</b>						
At 30 August 2020	<u>3,200,531</u>	<u>478,370</u>	<u>407,469</u>	<u>345,570</u>	<u>20,604</u>	<u>4,452,544</u>
At 25 August 2019	<u>3,293,510</u>	<u>148,025</u>	<u>379,285</u>	<u>479,657</u>	<u>23,536</u>	<u>4,324,013</u>

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

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**FLAT IRON STEAK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE 53 WEEK ENDED 30 AUGUST 2020**

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**13. Stocks**

	2020 £	2019 £
Goods held for resale	95,615	154,247
Cattle	53,712	25,927
	<u>149,327</u>	<u>180,174</u>

Changes in stock recognised as cost of sales in the year amounted to £3,937,917 (2019: £6,202,111).  
The write down of stock to net realisable value amount to £nil (2019: £nil).

**14. Debtors**

	2020 £	2019 £
<b>Due after more than one year</b>		
Property deposits	188,250	191,000
	<u>188,250</u>	<u>191,000</u>

	2020 £	2019 £
<b>Due within one year</b>		
Trade debtors	111,124	258,121
Amounts owed from group undertakings	1,359,137	1,306,625
Other debtors	175,064	144,224
Prepayments and accrued income	61,547	419,474
Deferred taxation	120,178	-
Government grants receivable	304,408	-
	<u>2,131,458</u>	<u>2,128,444</u>

Amounts owed by group companies are interest free and repayable on demand.

**15. Cash and cash equivalents**

	2020 £	2019 £
Cash at bank and in hand	1,203,864	2,538,879
	<u>1,203,864</u>	<u>2,538,879</u>

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**FLAT IRON STEAK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE 53 WEEK ENDED 30 AUGUST 2020**

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

	2020 £	2019 £
Bank loans	846,922	185,915
Trade creditors	935,229	1,681,104
Other taxation and social security	784,752	647,240
Other creditors	211,817	967,630
Accruals and deferred income	912,892	694,869
	<u>3,691,612</u>	<u>4,176,758</u>

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

	2020 £	2019 £
Bank loans	4,253,078	3,414,085
	<u>4,253,078</u>	<u>3,414,085</u>

**18. Loans**

Analysis of the maturity of loans is given below:

	2020 £	2019 £
<b>Amounts falling due within one year</b>		
Bank loans	846,922	185,915
	<u>846,922</u>	<u>185,915</u>
<b>Amounts falling due 1-2 years</b>		
Bank loans	4,253,078	3,414,085
	<u>4,253,078</u>	<u>3,414,085</u>
	<u>5,100,000</u>	<u>3,600,000</u>

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**FLAT IRON STEAK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE 53 WEEK ENDED 30 AUGUST 2020**

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**18. Loans (continued)**

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, with margin defined as being 6.50% per annum.

Bank loans consist of four facilities with a total facility period of 60 months. Two loans held are subject to capital and interest payments with the final repayment expected in December 2023 and October 2024. Two loans are subject to interest only payments with the principal due for repayment in December 2023 and October 2024.

As at 30 August 2020, the covenants in respect of the bank loans were breached. The covenants are in respect of minimum liquidity, maximum leverage and debt service cover. The maximum leverage and debt service cover covenants were breached as at 30 August 2020. On 21 August 2020, the company negotiated a £1,800,000 loan under the Coronavirus Business Interruption Loan Scheme ("CBILS"). As part of this agreement, the covenants in place with the existing loans were waived up until 30 September 2020.

Subsequent to the reporting date, further waivers have been negotiated with the bank as part of the refinancing exercise which has been disclosed in note 26.

**19. Deferred taxation**

	2020 £	2019 £
At beginning of year	(94,430)	(46,309)
Charged to profit or loss	214,608	(48,121)
<b>At end of year</b>	<b>120,178</b>	<b>(94,430)</b>

The deferred taxation balance is made up as follows:

	2020 £	2019 £
Accelerated capital allowances	(126,993)	(94,430)
Tax losses carried forward	247,171	-
	<b>120,178</b>	<b>(94,430)</b>

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**FLAT IRON STEAK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE 53 WEEK ENDED 30 AUGUST 2020**

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**20. Provisions**

	2020 £
At 31 August 2019	187,068
Charged to profit or loss	(142,068)
<b>At 30 August 2020</b>	<b>45,000</b>

The onerous lease provision was included in the accounts was for the outstanding rent on the Notting Hill site which was closed during the year. The lease was disposed to a third party during the period therefore the obligation of the lease payments has ceased resulting in the reversal of the onerous lease provision.

**21. Share capital**

	2020 £	2019 £
<b>Allotted, called up and fully paid</b>		
1,059 (2019 - 1,060) Ordinary A shares of £0.001 each	1	1
335 (2019 - 340) Ordinary B shares of £0.001 each	-	-
108 (2019 - 110) 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.

**22. 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 53 WEEK ENDED 30 AUGUST 2020**

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**23. Pension commitments**

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £91,315 (2019: £67,250). Contributions totalling £9,735 (2019: £33,983) were payable to the fund at the reporting date and are included in creditors.

**24. Commitments under operating leases**

At 30 August 2020 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2020 £	2019 £
Not later than 1 year	941,168	1,164,875
Later than 1 year and not later than 5 years	5,577,694	4,577,000
Later than 5 years	11,200,686	11,823,292
	<u>17,719,548</u>	<u>17,565,167</u>

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

The remuneration of key management personnel is as follows.

	2020 £	2019 £
Aggregate compensation	397,721	419,436
	<u>397,721</u>	<u>419,436</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.

During the 53 week period ended 30 August 2020, charitable donations of £181,664 were made to the Flat Iron Fund, a charity of which C Carroll is a trustee.

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## FLAT IRON STEAK LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE 53 WEEK ENDED 30 AUGUST 2020

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#### 26. Post balance sheet events

##### COVID-19

Subsequent to the reporting date, the UK government enforced a number of further restrictions including a national lockdown in November 2020 which resulted in all sites being closed. In December 2020, the government relaxed restrictions however regions were placed in a tiered system depending on infection rates. In January 2021, the UK government enforced a further national lockdown. The UK government announced a roadmap to easing restrictions in February 2021 with restrictions eased in April and May 2021 with a full relaxation of restrictions in July 2021.

##### Coronavirus Business Interruption Loan Scheme ("CBILS")

The Company successfully applied for £1,800,000 under the Coronavirus Business Interruption Loan Scheme ("CBILS"). These funds were drawn down in September 2020. The loan incurs interest at 6.5% per annum and the first 12 months interest will be guaranteed by the UK Government. The loan is due for repayment on 30 September 2025. The loan is secured by first legal charge over the company's leasehold properties and its associated assets.

In response to the third national lockdown imposed by the UK government, the Company successfully performed a refinancing of the existing debt and applied for further funding for £3,200,000 under the CBILS scheme in April 2021. The loans incur interest at 6.5% per annum and the loan term is 72 months from drawdown date. £500,000 of the facility is interest only for a period of 12 months followed by monthly capital and interest repayments. The remaining £2,700,000 is monthly interest payments only with a bullet repayment at the end of the loan term. The facility has a first ranking debenture from the Company and a first ranking debenture from the immediate parent undertaking, FI Holdings Limited.

#### 27. 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 Fifth Floor Berkshire House, 168-173 High Holborn, London, England, WC1V 7AA.