

Registered number: 08177784

FLAT IRON STEAK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE 52 WEEK PERIOD ENDED 29 AUGUST 2021



FLAT IRON STEAK LIMITED

COMPANY INFORMATION

Directors	S McNamara T Byng (appointed 28 January 2021)
Registered number	08177784
Registered office	Fifth Floor Berkshire House 168-173 High Holborn London WC1V 7AA
Independent auditors	Haysmacintyre LLP 10 Queen Street Place London EC4R 1AG

FLAT IRON STEAK LIMITED

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FLAT IRON STEAK LIMITED

STRATEGIC REPORT FOR THE 52 WEEK PERIOD ENDED 29 AUGUST 2021

Introduction

The Directors present the strategic report for Flat Iron Steak Limited ("the Company") for the 52 week period ended 29 August 2021.

Principal activity

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

Business review

Against the continuing challenges presented by the Covid 19 pandemic, none more so than only being able to trade for two thirds of the year, the business has demonstrated its resilience and has performed remarkably during the year.

During the year, 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 its restaurants were permitted to trade, they still did so under a variety of restrictions. To mitigate the impact of restricted trading, wherever possible, Management took advantage of Government support, including placing most of the team on flexible furlough under the Coronavirus Job Retention Scheme ("CJRS"), the Business Rates holiday, VAT deferments under the VAT Deferral Scheme; agreeing a payment plan with HMRC to defer payment of PAYE/NI and receipt of further Government Grants.

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

From 17th May 2021, following a 5 month lockdown, our restaurants were finally permitted to reopen, albeit with restrictions until 14th July 2021 when all sites were able to trade freely. The Directors have been greatly encouraged with the performance since reopening, with trading to the date of signing of these financial statements significantly beyond expectations.

In December 2020 the business opened a new Flat Iron restaurant on James Street in Marylebone. The site launched well and has traded very successfully since.

As a result of the above, Adjusted EBITDA, calculated as profit before interest, tax, depreciation, amortisation, non-trading items and pre-opening costs was £93,675 (2020: £387,633).

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. Additionally, 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.

In September 2021 the business opened another new restaurant on Clink Street in London, bringing the number of trading restaurants to 9. The Directors have been delighted with the performance of this new site.

FLAT IRON STEAK LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE 52 WEEK PERIOD ENDED 29 AUGUST 2021**

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

The Directors continue to monitor the situation in respect to the departure of the UK from the European Union, in particular the impact on supply chain, consumer sentiment and the effects on our team.

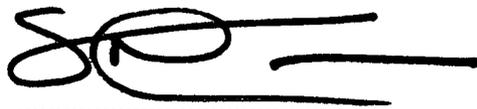
Financial key performance indicators

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 29 August 2021	53 weeks ended 30 August 2020
Turnover growth (period on period)	(35.2)%	(31.9)%
Gross profit margin	14.9%	11.2%
Adjusted EBITDA margin	1.2%	3.1%

Given the continued impact of the Covid-19 pandemic the Directors are satisfied with the KPIs in 2021.

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



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S McNamara
Director

Date: 21 December 2021

FLAT IRON STEAK LIMITED

DIRECTORS' REPORT FOR THE 52 WEEK PERIOD ENDED 29 AUGUST 2021

The directors present their report and the financial statements for the 52 week period ended 29 August 2021.

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 £1,208,360 (2020 - loss £1,354,416).

Directors

The directors who served during the period were:

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

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.

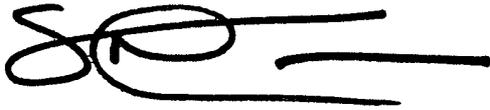
FLAT IRON STEAK LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE 52 WEEK PERIOD ENDED 29 AUGUST 2021**

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.



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S McNamara
Director

Date: 21 December 2021

FLAT IRON STEAK LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FLAT IRON STEAK LIMITED

Opinion

We have audited the financial statements of Flat Iron Steak Limited (the 'Company') for the period ended 29 August 2021, 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 29 August 2021 and of its loss 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

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

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

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

FLAT IRON STEAK LIMITED

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

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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 set out 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.

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.

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Based on our understanding of the Company and industry, we identified that the principal risks of non-compliance with laws and regulations related to regulatory requirements for the investment advisory business and trade regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, income tax, payroll tax and sales tax.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to revenue and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- inspecting correspondence with regulators and tax authorities;
- discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- evaluating management's controls designed to prevent and detect irregularities;
- identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions; and
- challenging assumptions and judgements made by management in their critical accounting estimates.

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

FLAT IRON STEAK LIMITED

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

Emma Bernardez

Emma Bernardez (Senior Statutory Auditor)

for and on behalf of
Haysmacintyre LLP

Statutory Auditors

10 Queen Street Place
London
EC4R 1AG

21 December 2021

FLAT IRON STEAK LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE 52 WEEKS ENDED 29 AUGUST 2021**

	Note	52 weeks ended 29 August 2021 £	53 weeks ended 30 August 2020 £
Turnover	4	8,011,038	12,361,007
Cost of sales		(6,818,056)	(10,996,552)
Gross profit		1,192,982	1,364,455
Administrative expenses		(4,057,113)	(4,833,001)
Other income		1,864,168	2,226,365
		(999,963)	(1,242,181)
Adjusted EBITDA*		93,675	387,633
Depreciation and loss on disposal of fixed assets		(669,920)	(669,339)
Impairment of tangible fixed assets		-	(265,900)
Pre-opening costs		(109,955)	(219,167)
Charitable donations		(6,171)	(181,664)
Onerous lease provision		-	142,068
Exceptional items	7	(307,592)	(435,812)
Operating loss	6	(999,963)	(1,242,181)
Interest payable and expenses	11	(423,342)	(326,843)
Other finance income	12	296,009	
Loss before taxation		(1,127,296)	(1,569,024)
Tax on loss	13	(81,064)	214,608
Loss after tax and comprehensive income for the financial period		(1,208,360)	(1,354,416)

There were no recognised gains and losses for 2021 or 2020 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

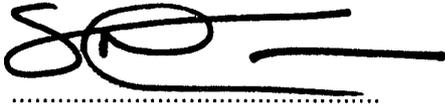
STATEMENT OF FINANCIAL POSITION
AS AT 29 AUGUST 2021

	Note	29 August 2021 £	30 August 2020 £
Fixed assets			
Tangible assets	14	4,723,047	4,452,544
		<u>4,723,047</u>	<u>4,452,544</u>
Current assets			
Stocks	15	178,450	149,327
Debtors: amounts falling due after more than one year	16	373,199	188,250
Debtors: amounts falling due within one year	16	1,769,387	2,131,458
Cash at bank and in hand	17	2,475,863	1,203,864
		<u>4,796,899</u>	<u>3,672,899</u>
Creditors: amounts falling due within one year	18	(4,186,797)	(3,691,612)
Net current assets/(liabilities)		<u>610,102</u>	<u>(18,713)</u>
Total assets less current liabilities		<u>5,333,149</u>	<u>4,433,831</u>
Creditors: amounts falling due after more than one year	19	(6,374,546)	(4,253,078)
Provisions for liabilities			
Provisions	22	(31,210)	(45,000)
		<u>(31,210)</u>	<u>(45,000)</u>
Net (liabilities)/assets		<u><u>(1,072,607)</u></u>	<u><u>135,753</u></u>
Capital and reserves			
Called up share capital	23	1	1
Share premium account	24	472,089	472,089
Profit and loss account	24	(1,544,697)	(336,337)
		<u>(1,072,607)</u>	<u>135,753</u>

FLAT IRON STEAK LIMITED
REGISTERED NUMBER: 08177784

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 29 AUGUST 2021

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: 21 December 2021

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

FLAT IRON STEAK LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE 52 WEEK PERIOD ENDED 29 AUGUST 2021**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 31 August 2020	1	472,089	(336,337)	135,753
Loss for the period	-	-	(1,208,360)	(1,208,360)
At 29 August 2021	1	472,089	(1,544,697)	(1,072,607)

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

**STATEMENT OF CHANGES IN EQUITY
FOR THE 53 WEEK PERIOD ENDED 30 AUGUST 2020**

	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 year	-	-	(1,354,416)	(1,354,416)
At 30 August 2020	1	472,089	(336,337)	135,753

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

FLAT IRON STEAK LIMITED

ANALYSIS OF NET DEBT
FOR THE 52 WEEK PERIOD ENDED 29 AUGUST 2021

	At 31 August 2020 £	Cash flows £	At 29 August 2021 £
Cash at bank and in hand	1,203,864	1,271,999	2,475,863
Debt due after 1 year	(4,253,078)	(2,121,468)	(6,374,546)
Debt due within 1 year	(856,657)	747,179	(109,478)
	<u>(3,905,871)</u>	<u>(102,290)</u>	<u>(4,008,161)</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEK PERIOD ENDED 29 AUGUST 2021**

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 trading restrictions and changes in guest behaviour. As noted above, 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. 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.

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 52 WEEK PERIOD ENDED 29 AUGUST 2021

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 52 WEEK PERIOD ENDED 29 AUGUST 2021

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEK PERIOD ENDED 29 AUGUST 2021

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEK PERIOD ENDED 29 AUGUST 2021

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

	52 week period ended 29 August 2021 £	53 week period ended 30 August 2020 £
Government grants receivable	1,864,168	2,226,365
	<u>1,864,168</u>	<u>2,226,365</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 £342,246 from local authorities in respect of disruption to trade as a result from the COVID-19 pandemic.

FLAT IRON STEAK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEK PERIOD ENDED 29 AUGUST 2021**

6. Operating loss

The operating loss is stated after charging:

	52 week period ended 29 August 2021 £	53 week period ended 30 August 2020 £
Depreciation of tangible fixed assets	669,920	669,400
Other operating lease rentals	839,163	848,635
Charitable donations	6,171	181,664
	<u> </u>	<u> </u>

These items were included within administrative expenses.

The charitable donations in the current period were made to The Felix Project in the period. Charitable donations were made to The Flat Iron Fund in the prior period.

7. Exceptional items**8. Auditors' remuneration**

	52 week period ended 29 August 2021 £	53 week period ended 30 August 2020 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	20,800	20,000
	<u> </u>	<u> </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.

FLAT IRON STEAK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEK PERIOD ENDED 29 AUGUST 2021**

9. Employees

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

	52 week period ended 29 August 2021 £	53 week period ended 30 August 2020 £
Wages and salaries	4,689,016	6,481,026
Social security costs	365,367	463,077
Pension	62,032	91,315
	<u>5,116,415</u>	<u>7,035,418</u>

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

	52 week period ended 29 August 2021 No.	53 week period ended 30 August 2020 No.
Directors	2	3
Management, operations and administration	230	346
	<u>232</u>	<u>349</u>

10. Directors' remuneration

	52 week period ended 29 August 2021 £	53 week period ended 30 August 2020 £
Directors' emoluments	454,003	397,721
	<u>454,003</u>	<u>397,721</u>

The highest paid director received remuneration of £253,688 (2020 - £182,934).

FLAT IRON STEAK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEK PERIOD ENDED 29 AUGUST 2021**

11. Interest payable and similar expenses

	52 week period ended 29 August 2021 £	53 week period ended 30 August 2020 £
Bank interest payable	423,342	326,843
	<u>423,342</u>	<u>326,843</u>

Included in bank interest payable is £165,806 (period ended 30 August 2020 - £nil) of implied interest in respect of the CBILS facilities (see note 20) which is guaranteed by the UK Government in response to the COVID-19 pandemic. The 12 month interest guaranteed is also reflected as a government grant (see note 5).

12. Other finance income

	52 week period ended 29 August 2021 £	53 week period ended 30 August 2020 £
CBILS - UK Government interest guarantee	296,009	-
	<u>296,009</u>	<u>-</u>

13. Taxation

	2021 £	2020 £
Total current tax	<u>-</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	81,064	(214,608)
Total deferred tax	<u>81,064</u>	<u>(214,608)</u>
Taxation on loss on ordinary activities	<u>81,064</u>	<u>(214,608)</u>

FLAT IRON STEAK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEK PERIOD ENDED 29 AUGUST 2021**

13. Taxation (continued)**Factors affecting tax charge for the 52 week period**

The tax assessed for the 52 week period is higher than (2020 - higher than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
Loss on ordinary activities before tax	(1,127,296)	(1,569,024)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	(214,186)	(298,115)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	11,566	11,445
Fixed asset differences	59,556	15,548
Increase in provision due to changes in tax rates	271,904	-
Other differences leading to an increase (decrease) in the tax charge	(47,776)	56,514
Total tax charge for the 52 week period	81,064	(214,608)

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.

FLAT IRON STEAK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEK PERIOD ENDED 29 AUGUST 2021

14. Tangible fixed assets

	Short-term leasehold property £	Assets under construction £	Equipment £	Fixtures and fittings £	Computer and tills £	Total £
Cost or valuation						
At 31 August 2020	4,221,089	478,370	1,343,450	946,943	161,700	7,151,552
Additions	206,823	392,088	171,635	100,216	69,661	940,423
Transfers between classes	478,370	(478,370)	-	-	-	-
At 29 August 2021	<u>4,906,282</u>	<u>392,088</u>	<u>1,515,085</u>	<u>1,047,159</u>	<u>231,361</u>	<u>8,091,975</u>
Depreciation						
At 31 August 2020	1,020,558	-	935,981	601,373	141,096	2,699,008
Charge for the period on owned assets	292,941	-	188,350	105,044	83,585	669,920
At 29 August 2021	<u>1,313,499</u>	<u>-</u>	<u>1,124,331</u>	<u>706,417</u>	<u>224,681</u>	<u>3,368,928</u>
Net book value						
At 29 August 2021	<u>3,592,783</u>	<u>392,088</u>	<u>390,754</u>	<u>340,742</u>	<u>6,680</u>	<u>4,723,047</u>
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>

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

FLAT IRON STEAK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEK PERIOD ENDED 29 AUGUST 2021**

15. Stocks

	29 August 2021 £	30 August 2020 £
Goods held for resale	132,394	95,615
Cattle	46,056	53,712
	<u>178,450</u>	<u>149,327</u>

16. Debtors

	29 August 2021 £	30 August 2020 £
Due after more than one year		
Property deposits	373,199	188,250
	<u>373,199</u>	<u>188,250</u>
Due within one year		
Trade debtors	279,041	111,124
Amounts owed from group undertakings	1,160,405	1,359,137
Other debtors	81,825	175,064
Prepayments and accrued income	196,264	61,547
Deferred taxation	39,114	120,178
Government grants receivable	12,738	304,408
	<u>1,769,387</u>	<u>2,131,458</u>

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

FLAT IRON STEAK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEK PERIOD ENDED 29 AUGUST 2021**

17. Cash and cash equivalents

	29 August 2021 £	30 August 2020 £
Cash at bank and in hand	2,475,863	1,203,864
	<u>2,475,863</u>	<u>1,203,864</u>

18. Creditors: Amounts falling due within one year

	29 August 2021 £	30 August 2020 £
Bank loans	87,163	846,922
Trade creditors	1,359,635	935,229
Other taxation and social security	761,510	784,752
Other creditors	689,894	211,817
Accruals and deferred income	1,288,595	912,892
	<u>4,186,797</u>	<u>3,691,612</u>

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

	29 August 2021 £	30 August 2020 £
Bank loans	6,374,546	4,253,078
	<u>6,374,546</u>	<u>4,253,078</u>

FLAT IRON STEAK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEK PERIOD ENDED 29 AUGUST 2021**

20. Loans

Analysis of the maturity of loans is given below:

	29 August 2021 £	30 August 2020 £
Amounts falling due within one year		
Bank loans	87,163	846,922
	<u>87,163</u>	<u>846,922</u>
Amounts falling due 1-2 years		
Bank loans	348,652	4,253,078
	<u>348,652</u>	<u>4,253,078</u>
Amounts falling due 2-5 years		
Bank loans	6,025,894	-
	<u>6,025,894</u>	<u>-</u>
	<u>6,461,709</u>	<u>5,100,000</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, with margin defined as being 6.50% per annum.

Bank loans consist of three facilities with two facilities under the Coronavirus Business Interruption Loan Scheme ('CBILS'). The loan which is not under the CBILS facility is due for repayment in May 2026 and incurs interest at 6.5% per annum.

In September 2020, 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. 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 May 2021, the Company successfully completed a refinancing of its existing debt facilities and applied for further funding of £3,200,000 under the CBILS scheme. The loans incur interest at 6.5% per annum and the loan term is 72 months. £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.

FLAT IRON STEAK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEK PERIOD ENDED 29 AUGUST 2021**

21. Deferred taxation

	2021 £	2020 £
At beginning of year	120,178	(94,430)
Charged to profit or loss	(81,064)	214,608
At end of year	<u>39,114</u>	<u>120,178</u>

The deferred tax asset is made up as follows:

	29 August 2021 £	30 August 2020 £
Accelerated capital allowances	(311,578)	(126,993)
Tax losses carried forward	350,692	247,171
	<u>39,114</u>	<u>120,178</u>

22. Provisions

	Onerous lease provision £
At 31 August 2020	45,000
Charged to profit or loss	(13,790)
At 29 August 2021	<u>31,210</u>

FLAT IRON STEAK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEK PERIOD ENDED 29 AUGUST 2021**

23. Share capital

	29 August 2021 £	30 August 2020 £
Allotted, called up and fully paid		
1,060 (2020 - 1,060) Ordinary A shares of £0.001 each	1	1
340 (2020 - 340) Ordinary B shares of £0.001 each	-	-
110 (2020 - 110) Ordinary C shares of £0.001 each	-	-
	<hr/> 1	<hr/> 1
	<hr/> <hr/>	<hr/> <hr/>

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.

24. 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.

25. 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 £62,032 (2020: £91,315). Contributions totalling £22,315 (2020: £9,735) were payable to the fund at the reporting date and are included in creditors.

FLAT IRON STEAK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEK PERIOD ENDED 29 AUGUST 2021**

26. Commitments under operating leases

At 29 August 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	29 August 2021 £	30 August 2020 £
Not later than 1 year	1,561,770	941,168
Later than 1 year and not later than 5 years	4,685,310	5,577,694
Later than 5 years	12,335,682	11,200,686
	<u>18,582,762</u>	<u>17,719,548</u>

The following changes in lease payments arising from rent concessions occurring as a direct consequence of the COVID-19 pandemic have been recognised as a reduction in expense in profit or loss.

	29 August 2021 £	30 August 2020 £
Changes in lease payments arising from COVID-19 related rent concessions	<u>360,923</u>	<u>476,625</u>

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

The remuneration of key management personnel is as follows.

	29 August 2021 £	30 August 2020 £
Aggregate compensation	454,003	397,721
	<u>454,003</u>	<u>397,721</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.

28. 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.