Company registration number: 08951280

MW Restaurants Limited

Report and Financial Statements

For the 53 week period ended 2 January 2022

Directors
M Williams
R Butler
S Cramer

Company Number
08951280

Auditors
Ernst & Young LLP
Bedford House
16 Bedford Street
Belfast
Northern Ireland, BT2 7DT

Bankers
Barclays Bank Plc
UK Banking 1 Churchill Place
London E14 5HP

Solicitors
Hogan Lovells
Atlantic House
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Registered Office
2 & 3 Threadneedle Walk
60 Threadneedle Street
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Strategic report

The directors present their strategic report for the 53 week period ended 2 January 2022.

Principal activity and review of the business

The principal activity of the Company is the running of restaurants. At 2 January 2022, the Company operated 2 UK restaurants (2020 – 2).

The Company's key performance indicators are as follows:

	53 weeks ended 2 January 2022	*52 weeks ended 27 December 2020*
Turnover (£'000)	4,279	2,327
Gross Profit Margin (% of revenue)	26.6%	(4.5)%
Gross Profit Margin* (% of revenue) *	34.2%	20.9 %
Operating EBITDA (£'000)	(358)	(1,533)
Adjusted operating EBITDA* (£'000)	(313)	(1,533)

* Adjusted operating EBITDA is stated before exceptional items and pre-opening costs.

Like all other businesses in our sector, 2021 was the second year significantly impacted by the Covid-19 pandemic and the consequential lockdowns and work-from-home guidance. As a result, all of our restaurants were closed for the first 13 weeks of the year and then under restricted trading conditions for the following 12 weeks. Further government 'work from home' guidance also significantly impacted festive trading at the end of the year, resulting in significant cover loss through the last 4 weeks of the period and the first 6 weeks of 2022.

Notwithstanding this, when we were able to open, trade was extremely robust with revenues over the second half of the year above the same period in 2019. This strong performance has continued post year end.

Principal risks and uncertainties

The Company's strategy is to follow an appropriate risk policy, which effectively manages exposures related to the achievement of business objectives. The key risks which management face are detailed as follows:

Cash control

Effective control of restaurant level cash income is key to reducing the likelihood of internal fraud. The Company have several elements to ensuring cash income is properly recorded and controlled. These begin with strict employee cash controls and continue through to the restaurant manager's procedures to track cash income – from employee receipt to the bank deposit. Further controls exist at the head office level to identify any missing cash quickly in order to take positive action should the need arise.

Business performance risk

A fall in restaurant revenues versus forecast might cause a de-leverage on costs and a fall in profits. The Company manages this through tight variable cost controls – specifically employee costs – which effectively reduce employee hours in line with sales. Weekly reviews of sales and costs allow for a continuing re-adjustment of the balance between such sales and costs.

Business continuity risk

Operating from several sites, the Company potentially faces the risk of these sites being closed for a period of time due to unforeseen events such as terrorism. The Company protects itself through business interruption insurance that would compensate for a loss of income. This policy has been recently reviewed and management are confident that the level of cover is sufficient.

Strategic report

Principal risks and uncertainties (continued)

Health and safety risk

Appropriate health and safety training is a key component for all staff members, with particular emphasis on staff members working with food. The Company takes its responsibilities very seriously and carry out audits of its restaurants to ensure compliance with standards.

Restaurant company operational risks

All restaurant companies face potential issues with staff training, recruitment, standards, consistency, etc. as it opens new outlets. The Company have sought to offset this by investing in a head office team that is highly operationally focused and staffed with management who have worked in the system for a number of years. These senior coaches work with the restaurant general managers and head chefs to ensure consistency of customer experience.

In addition, training and consistency of standards are a priority for the Company and significant time and money is invested in this area to ensure staff are set up for success.

This structure and philosophy ensure that the Company is set up for successful expansion with the usual development risks mitigated as far as possible.

Credit risk

Company income is derived from restaurant level cash and credit cards with only an immaterial amount of customers paying on account. The risk derived from credit is therefore minimal with almost all non-cash income being received through credit card companies.

Interest rate risk

The Company has borrowings from external lenders on which interest is paid. Rates are based on LIBOR which will be monitored and managed if any future changes take place.

Liquidity risk

The Company's liquidity risk is managed through monthly cash flow forecasts that capture all future cash flows for the next 12-24 months. Management reviews available facilities and cash headroom to ensure sufficient liquidity is available.

Foreign currency risk

The majority of the Company's costs are fixed in Sterling with currency risk coming from the underlying foreign currency movements when the product supplied originates outside of the UK. The Company's chief mitigation strategy is to fix pricing in sterling where possible.

By order of the Board

M Williams (Director)

Date: 28 September 2022

Registered No. 08951280

Directors' report

The directors present their report for the 53 week period ended 2 January 2022.

Results and dividends

The loss for the 53 week period after taxation amounted to £944,090 (2020 – loss of £2,033,117). The directors do not recommend a final dividend (2020 – £nil).

Directors

The directors who served the Company during the year were as follows:

M Williams
R Butler
R Dawson (resigned 8 May 2021)
S Cramer (appointed 12 October 2021)

Going Concern

The Directors are satisfied that the financial statements should be prepared under the going concern basis. The parent company, Lomo Topco Limited, has committed to providing financial support to the Company, to the extent required, for the period from the approval of the financial statements up to 30 September 2023, which is more than 12 months from the date of approval of the financial statements. In relying on this support, the directors have satisfied themselves that the parent company has the means and ability to provide such support and in doing so have reviewed group cashflow forecasts, understood and challenged the key assumptions, reviewed sensitivity analysis and held relevant discussions with group directors.

Having taken all these into account and obtained any necessary covenant waivers from its debt holders as well as extending the senior loan facility repayment date to 31 December 2023, the Directors are confident that the Company can continue to meet its liabilities as they fall due.

Fixed assets

Full disclosure of all matters relating to fixed assets are explained in the notes to the financial statements.

Matters covered in the strategic report

Principal risks and uncertainties have been set out in the Strategic report from page 2-3.

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the Company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Directors' report

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

On behalf of the Board

M Williams (Director)

Date: 28 September 2022

Directors' Responsibilities Statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102 'The Financial Reporting Standard Applicable in the United Kingdom and Republic of Ireland' (United Kingdom Accounting Standards and applicable law). 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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report

to the members of MW Restaurants Limited

Opinion

We have audited the financial statements of MW Restaurants Limited (the 'Company') for the 53 week period ended 2 January 2022 which comprise the Profit and Loss account, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Balance Sheet and the related notes 1 to 24, 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 FRS 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 Company's affairs as at 2 January 2022 and of its loss for the 53 week 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 Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 to 30 September 2023, which is for a period of at least twelve months from the date 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. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Independent auditors' report

to the members of MW Restaurants Limited

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information 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 this 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 there is 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the 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 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 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.

Independent auditors' report

to the members of MW Restaurants Limited

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Company and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are those that relate to United Kingdom Accounting Standards, including FRS 102 'The Financial reporting Standard applicable in the UK and the Republic of Ireland' Bribery Act 2010, Money Laundering Regulations and UK Tax Legislation.

- We understood how MW Restaurants Limited is complying with those frameworks by making enquires of senior management and those charged with governance, obtaining an understanding of entity-level controls and considering the influence of the control environment; obtaining an understanding of policies and procedures in place regarding compliance with laws and regulations, including how compliance with such policies is monitored and enforced; obtaining an understanding of management's process for identifying and responding to fraud risks, including programs and controls established to address risks identified, or otherwise prevent, deter and detect fraud, and how senior management monitors those programs and controls. We corroborated our enquiries through our review of Board minutes and reviewing correspondence with relevant regulatory authorities if applicable.

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

- We assessed the susceptibility of the financial statements to material misstatement, including how fraud might occur by meeting with senior management, and those charged with governance to understand where it considered there was susceptibility to fraud and how it assessed whistleblowing incidences for those with a potential financial reporting impact. We considered the procedures and controls that the Company has established to address risks identified or that otherwise prevent, deter and detect fraud and how senior management monitors these controls. Where the risk was considered to be higher, including areas impacting key performance indicators or management remuneration we performed audit procedures to address each identified fraud risk.

- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved testing of journal entries, with focus on manual journals, large or unusual transactions, or journals meeting our defined risk criteria based on our understanding of the business; reviewing accounting estimates for evidence of management bias; enquiring of senior management and those charged with governance regarding their knowledge of any non-compliance or potential non-compliance with laws and regulations that could affect the financial statements; enquiring about the policies that have been established to prevent noncompliance with laws and regulations by directors and employees, and whether such policies are formalized in a code of conduct, conflict-of-interests statement or similar standard; enquiring about the Company's methods of enforcing and monitoring compliance with such policies, if any; and inspecting correspondence, if any, with the relevant licensing or regulatory authorities.

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

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

Lindsay Russell (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

Belfast

Date: 28th September 2022

Registered No. 08951280

Profit and loss account

For the 53 week period ended 2 January 2022

	Notes	53 week period ended 2 January 2022 £	52 week period ended 27 December 2020 £
Turnover	2	4,278,568	2,326,920
Cost of sales		(3,139,170)	(2,430,795)
Gross profit/(loss)		1,139,398	(103,875)
Administrative expenses before exceptional items:		(2,185,599)	(2,385,478)
Grant Income	3	325,733	589,659
Exceptional items	4	(45,084)	–
Operating loss	5	(765,552)	(1,899,694)
EBITDA before exceptional items		(312,722)	(1,532,736)
Depreciation and amortisation		(407,746)	(366,958)
Exceptional items	4	(45,084)	–
Operating loss	5	(765,552)	(1,899,694)
Interest payable and similar charges	6	(178,538)	(133,423)
Loss before taxation		(944,090)	(2,033,117)
Tax charge	10(a)	–	–
Loss for the financial period		(944,090)	(2,033,117)

All amounts relate to continuing activities.

Statement of comprehensive income

For the 53 week period ended 2 January 2022

There is no comprehensive income other than the loss attributable to the shareholders of the Company of £944,090 for the 53 week period ended 2 January 2022 (52 week period ended 27 December 2020 – loss of £2,033,117).

Statement of changes in equity

For the 53 week period ended 2 January 2022

	Called up share capital	*Share premium account*	*Profit and loss account*	*Total equity*
	£	£	£	£
At 29 December 2019	3,993	6,169,312	(4,069,946)	2,103,359
Loss for the period	–	–	(2,033,117)	(2,033,117)
At 27 December 2020	3,993	6,169,312	(6,103,063)	70,242
Loss for the period	–	–	(944,090)	(944,090)
At 2 January 2022	3,993	6,169,312	(7,047,153)	(873,848)

Called up share capital

Called up share capital represents the nominal value of shares issued.

Profit and loss account

The cumulative income and expenses recognised in the profit and loss account together with cumulative items, other than the proceeds of share issues recognised in equity.

Registered No. 08951280

Balance sheet

As at 2 January 2022

	Notes	*2 January 2022* £	*27 December 2020* £
Fixed assets			
Intangible assets	11	28,965	31,847
Tangible assets	12	4,011,955	3,045,403
Investments	13	4	4
		4,040,924	3,077,254
Current assets			
Stocks	14	322,322	234,780
Debtors	15	3,094,311	2,315,785
Cash at bank and in hand		481,149	279,507
		3,897,782	2,830,072
Creditors: amounts falling due within one year	16	(8,812,554)	(5,187,084)
Net current liabilities		(4,914,772)	(2,357,012)
Creditors: amounts falling due after more than one year	17	–	(650,000)
Net (liabilities)/assets		(873,848)	70,242
Capital and reserves			
Called up share capital	18	3,993	3,993
Share premium account		6,169,312	6,169,312
Profit and loss account		(7,047,153)	(6,103,063)
Shareholders' (deficit)/funds		(873,848)	70,242

The financial statements have been approved by the Board and signed by:

S Cramer (Director)

Date: 28 September 2022

Notes to the financial statements

For the 53 week period ended 2 January 2022

1. Accounting policies

Statement of compliance

MW Restaurants Limited is a private company limited by shares and incorporated in England and Wales. The registered office is 60 Threadneedle Street, London, EC2R 8HP.

The Company financial statements have been prepared in compliance with FRS 102 as it applies for the 53 week period ended 2 January 2022.

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards. The financial statements are prepared in sterling which is the functional currency of the Company and figures are stated to the nearest pound.

Reduced disclosure framework

The Company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this Company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The Company has therefore taken advantage of exemptions from the following disclosure requirements on the grounds that its results are included in that of its publicly available ultimate parent company consolidated financial statements of Lomo Topco Limited:

- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 7 'Statement of Cash Flows' and Section 3 'Financial Statement Presentation' – requirement to prepare a cashflow statements;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The Company's immediate parent company is Rare Restaurants Ltd and ultimate parent company is Lomo Topco Limited, both companies have registered their address at 60 Threadneedle Street, London, EC2R 8HP.

The Company is exempt from preparing group financial statements under section 400 of the Companies Act 2006 on the grounds that it is a wholly owned subsidiary, and its ultimate parent undertaking provides a set of publicly available financial statements.

Notes to the financial statements

For the 53 week period ended 2 January 2022

1. Accounting policies (continued)

Going Concern

The Directors are satisfied that the financial statements should be prepared under the going concern basis. The parent company, Lomo Topco Limited, has committed to providing financial support to the Company, to the extent required, for the period from the approval of the financial statements up to 30 September 2023, which is more than 12 months from the date of approval of the financial statements. In relying on this support, the directors have satisfied themselves that the parent company has the means and ability to provide such support and in doing so have reviewed group cashflow forecasts, understood and challenged the key assumptions, reviewed sensitivity analysis and held relevant discussions with group directors.

Having taken all these into account and obtained any necessary covenant waivers from its debt holders, including an extension on the maturity date to 31 December 2023 for the senior debt facility, the Directors are confident that the Company can continue to meet its liabilities as they fall due.

Judgements and key sources of estimation

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the period. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant impact on amounts recognised in the financial statements.

The following are the Company's key sources of judgement:

Operating lease commitments

The Company has entered into commercial property leases as a lessee on its investment property portfolio and as a lessee it obtains use of property, plant and equipment. The classification of such leases as operating or finance lease requires the Company to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the statement of financial position.

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets are sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual assets are re-assessed annually. They are amended when necessary to reflect current estimates based on technological advancement, future investments, economic utilization and the physical condition of the asset.

Impairment of trade receivables

Management include impairment provisions for any potential unrecoverable trade receivables which are estimated based on the age of the trade receivables and provide fully against any known unrecoverable amounts.

Significant accounting policies

Revenue

Turnover comprises revenue recognised by the Company in respect of goods and services supplied during the period, exclusive of Value Added Tax and trade discounts.

Notes to the financial statements

For the 53 week period ended 2 January 2022

1. Accounting policies (continued)

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Investment

Fixed asset investments in subsidiaries are included at cost less amounts written off. Impairment reviews are performed when there has been an indication of potential long-term, drop in performance.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition, as follows:

Raw materials and consumables	–	purchase cost on a first-in, first out basis

At each balance sheet 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 the profit and loss account.

Intangible fixed assets and impairment

Intangible assets compromise of intellectual property and is stated at cost and are amortised over its expected useful economic life of 12 years. The Company will assess whether there is a need for impairment on a periodic basis.

Tangible fixed assets and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended. At each reporting date the Company assesses where there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount. Depreciation is provided on all property, plant and equipment, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

Short term leasehold property	–	Straight line over the remaining period of the lease
Fixtures and fittings	–	10% straight-line
Office equipment	–	12.5% straight-line
Capital work in progress	–	Not depreciated until asset has been brought into use

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Foreign currencies

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Notes to the financial statements

For the 53 week period ended 2 January 2022

1. Accounting policies (continued)

Financial Instruments

The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial instruments, including cash held at bank and amounts owed by group undertakings, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period, financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the statement of comprehensive income.

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the statement of comprehensive income.

Other financial assets are initially measured at fair value, which is normally the transaction price.

Such assets are subsequently carried at fair value and the changes in fair value are recognised in the profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including amounts owed to group undertakings, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Operating leases

Rentals under operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

The Company has not applied paragraphs 20.15A or 20.25A of FRS 102.30 to lease incentives where the lease commenced before the date of transition to FRS 102. It has continued to recognise any residual benefit or cost associated with these lease incentives on the same basis that applied prior to transition to FRS 102.

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

Notes to the financial statements

For the 53 week period ended 2 January 2022

1. Accounting policies (continued)

Current and deferred taxation

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

Deferred tax is recognised in respect of all timing differences which are differences between taxable profits and total comprehensive income that 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, except that:

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

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

2. Turnover

The whole of the turnover is attributable to the Company's principal activity.

All turnover relates to sale of goods and arose within the United Kingdom.

3. Grant income

	53 week period ended 2 January 2022	*52 week period ended 27 December 2020*
	£	*£*
Government grants receivable	325,733	589,659
	325,733	589,659

During the period the Company participated in the Coronavirus Job Retention Scheme which was made available by the Government to help ease the impact of the Covid-19 pandemic.

Notes to the financial statements

For the 53 week period ended 2 January 2022

4. Exceptional items

	53 week period ended 2 January 2022	*52 week period ended 27 December 2020*
	£	£
Reorganisation costs	45,084	-
	45,084	-

During the period the Company undertook a number of changes to systems to ensure it is well placed to capitalise on the opportunities for growth in the current market.

5. Operating loss

This is stated after charging:

	53 week period ended 2 January 2022	*52 week period ended 27 December 2020*
	£	£
Amortisation of intangible fixed assets (note 11)	2,882	2,198
Depreciation of tangible fixed (note 12)	404,864	364,760
Operating lease rentals	561,095	542,968

6. Interest charges

Interest payable and similar charges

	53 week period ended 2 January 2022	*52 week period ended 27 December 2020*
	£	£
Senior facility	34,242	36,221
Interest accrued to group undertakings	144,296	97,202
	178,538	133,423

Notes to the financial statements

For the 53 week period ended 2 January 2022

7. Auditors' remuneration

	53 week period ended 2 January 2022	*52 week period ended 27 December 2020*
	£	*£*
Audit of financial statements	15,730	12,300
	15,730	12,300

No non audit services were performed by the auditors in either the current or prior periods.

8. Directors' remuneration

All directors were paid by another company within the group and the relevant portion of their costs recharged to the Company as administrative costs.

9. Staff Costs

	53 week period ended 2 January 2022	*52 week period ended 27 December 2020*
	£	*£*
Wages and salaries	1,405,076	1,775,265
Social security costs	144,789	112,956
Other pension costs	27,874	25,691
	1,577,739	1,913,912

The average monthly number of employees for the 53 week period was made up as follows:

	2022	*2020*
	No.	*No.*
Administration	1	4
Restaurant	76	84
	77	88

Notes to the financial statements

For the 53 week period ended 2 January 2022

10. Tax

(a) Tax on loss

The tax credit is made up as follows:

	53 week period ended 2 January 2022	*52 week period ended 27 December 2020*
	£	£
Current tax		
Corporation tax on profit for the period	-	-
Total current tax	-	-
Tax credit (note 10(b))	-	-

(b) Factors affecting tax credit for the period

The tax assessed for the year/period differs from the standard rate of corporation tax in the UK of 19% (2020 – 19%). The differences are explained below:

	2022	*2020*
	£	£
Loss before tax	(944,090)	(2,033,117)
Loss multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	(179,377)	(386,293)
Effects of:		
Disallowed expenses and non-taxable income	21,611	6,881
Capital Allowances super-deduction	(9,359)	-
Effects of group relief	300,587	379,412
Deferred tax not provided	(133,462)	-
Total tax credit for the year (note 10(a))	-	-

(c) Deferred tax liability

	£
At 27 December 2020	-
Adjustment in respect of previous periods	-
Deferred tax charge to the profit and loss account for the period	-
At 2 January 2022	-

The provision for the deferred tax (asset) is made up as follows:

	2022	*2020*
	£	£
Fixed asset timing difference	256,820	181,531
Short term timing differences – trading	(1,216)	(1,194)
Losses	(255,604)	(180,337)
	-	-

Notes to the financial statements

For the 53 week period ended 2 January 2022

11. Intangible assets

	Professional fees
	£
Cost or valuation:	
At 27 December 2020	188,663
Additions	–
At 2 January 2022	188,663
Amortisation or impairment:	
At 27 December 2020	156,816
Amortisation	2,882
At 2 January 2022	159,698
Net book value:	
At 27 December 2020	31,847
At 2 January 2022	28,965

At 2 January 2022 there were 9 years useful life remaining on the intangible asset.

Notes to the financial statements

For the 53 week period ended 2 January 2022

12. Tangible fixed assets

	Short-term leasehold property £	*Fixtures and fittings* £	*Office equipment* £	*Capital work in progress* £	*Total* £
Cost :					
At 27 December 2020	2,697,488	1,412,751	740,274	88,199	4,938,712
Additions	56,747	109,192	35,295	1,170,182	1,371,416
Disposals	–	–	–	–	–
At 2 January 2022	2,754,235	1,521,943	775,569	1,258,381	6,310,128
Depreciation:					
At 27 December 2020	699,680	671,097	522,532	–	1,893,309
Charge for the period	137,589	197,866	69,409	–	404,864
Disposals	–	–	–	–	–
At 2 January 2022	837,269	868,963	591,941	–	2,298,173
Net book value:					
At 27 December 2020	1,997,808	741,654	217,742	88,199	3,045,403
At 2 January 2022	1,916,966	652,980	183,628	1,258,381	4,011,955

Impairment review

The Company considers each restaurant to be a Cash Generating Unit (CGU) and each CGU has been reviewed for indicators of impairment. Property, Plant and Equipment are reviewed for impairment if events or changes in circumstances indicate that the carrying amounts may not be recoverable or as otherwise required by relevant accounting standards.

Shortfalls between the carrying value of fixed assets are their recoverable amounts, being the higher of net realisable value and value in use are recognised as impairments. All impairments are recognised in the profit and loss account. The directors consider this to be an annual exercise with changes being passed to the profit and loss account when CGU forecast performance changes.

As a result of these impairment reviews, the directors concluded that no impairment was required.

Notes to the financial statements

For the 53 week period ended 2 January 2022

13. Investments

	Investment in subsidiary	*Total*
	£	*£*
Cost and Net Book Value		
At 27 December 2020	4	4
At 2 January 2022	4	4

Details of the Company's directly held subsidiaries at 2 January 2022 are as follows:

Name of undertaking	**Registered Office**	**Nature of business**	**Class of shares held**	**% held**
MW Restaurants (Canary Wharf) Limited	England & Wales	Dormant	Ordinary	100
MW Restaurants (Social) Limited	England & Wales	Restaurant	Ordinary	100
MW Wine Store Online Limited	England & Wales	Dormant	Ordinary	100

14. Stocks

	2 January 2022	*29 December 2020*
	£	*£*
Raw materials and consumables	322,322	234,780
	322,322	234,780

The amount of inventories recognised as an expense during the year was £1,064,267 (2020 – £703,588). There is no material difference between the book value of stock and its replacement value.

15. Debtors

	2 January 2022	*27 December 2020*
	£	*£*
Trade debtors	88,377	69,049
Amounts owed by group undertakings	1,745,380	1,429,721
Other debtors	981,593	739,966
VAT receivable	–	24,591
Prepayments and accrued income	278,961	52,458
	3,094,311	2,315,785

Included within other debtors are rent deposits of £690,240 (2020 – £690,240) which are amounts due after more than one year.

Amounts owed to group undertakings are unsecured, interest free and balances are payable on demand.

Notes to the financial statements

For the 53 week period ended 2 January 2022

16. Creditors: amounts falling due within one year

	2 January 2022	27 December 2020
	£	£
Trade creditors	539,905	515,977
Amounts owed to group undertakings	4,773,022	3,313,257
Social security and other taxes	167,978	98,956
Other creditors	250,354	661,226
Accruals and deferred income	2,431,295	597,668
Senior facility	650,000	–
	8,812,554	5,187,084

At 2 January 2022 the Senior facility had a repayment date of 31 December 2022, 363 days after the year end, and has therefore been disclosed as falling due within one year. After the year end, the repayment date was extended to 31 December 2023 and therefore, at the point of signing, is due after more than one year.

Interest is accrued at 5% + LIBOR.

17. Creditors: amounts due after one year

	2 January 2022	27 December 2020
	£	£
Senior facility	–	650,000
	–	650,000

18. Issued share capital

	2 January 2022	27 December 2020
Allotted, called up and fully paid	£	£
100,000 Ordinary A of 1p each	1,000	1,000
297,774 Ordinary B of 1p each	2,978	2,978
147,400 Ordinary B of 0.001p each	15	15
	3,993	3,993

19. Capital commitments

As at the 53 week period ended 2 January 2022, the Company had £nil (2020 - £nil) contracted capital commitments relating to the development and refurbishment of restaurants.

20. Pensions

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administrated fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £27,874 (2020 – £25,691).

Notes to the financial statements

For the 53 week period ended 2 January 2022

21. Other financial commitments

As at the 53 week period ended 2 January 2022, the Company had future minimum rentals payable under non-cancellable operating leases as set out below:

	Land and buildings	
	2022	*2020*
	£	£
Future minimum rentals payable:		
Within one year	681,090	831,090
Between one to two years	681,090	831,090
Between two to five years	2,043,270	2,493,270
Over five years	5,501,327	6,786,907
	8,906,777	10,942,357

22. Related party transactions

All year end balances and transactions between the Company and other wholly owned members of the same group are related parties as defined by FRS 102.33.

The Company has taken advantage of the exemption granted by FRS 102.33 "Related party transactions" not to disclose related party transactions with wholly owned group companies.

23. Guarantee

The Company has provided to GLAS Trust Corporation Limited on behalf of Investec Bank Plc and SC Lowy P.I. (Lux) S.a.r.l, a debenture in respect of bank borrowings advanced to Rare Restaurants Ltd (previously named Lomo Bidco Limited), Gioma (UK) Limited and MW Restaurants (Social) Limited; and has guaranteed the liabilities of these borrowers under the Senior Facilities Agreement and Mezzanine Facilities Agreements dated 23 October 2018.

The total amount owed by the group and outstanding under these facilities is £30,240,250 of which £29,839,719 is principal and £400,531 is interest.

24. Ultimate parent undertaking and controlling party

The immediate parent undertaking at the period end was Rare Restaurants Ltd, a company incorporated in England and Wales.

The Company's ultimate parent undertaking and controlling party at the period end was Lomo Topco Limited, a company incorporated in England and Wales.

The Company's controlling parties are Investec Investments (UK) Ltd and SC Lowy Primary Investments Ltd (Cayman Islands).