

NEWINCCO 1389 LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

NEWINCCO 1389 LIMITED

COMPANY INFORMATION

Directors	S Bathgate R Power
Registered number	09760733
Registered office	42-44 Great Windmill Street London W1D 7NB

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**GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021**

Introduction

Newinco 1389 Limited is the parent company for Ruso Ltd t/a Sophie's Chelsea & Sophie's Soho Ltd t/a Sophie's Soho & Jack Solomons Club. The sole purpose of the company is to oversee the running of the subsidiary companies.

Business review

Following the lifting of Covid restrictions, both restaurants performed well beating forecast sales for the year. Chelsea delivered 20% EBITDA & Soho 15% EBITDA & the business achieved its banking covenants in the final quarter of 2021.

As directors we are in negotiations with our Soho landlord to secure a new lease & are looking to refinance the existing debt. We remain optimistic about the future of the business, having retained a strong management team post pandemic, & are well placed to deliver forecast sales for 2022.

Principal risks and uncertainties

As directors we are acutely aware of the uncertainty in the marketplace in particular the threat that inflation & the increased cost of living poses. As an independent business, we believe we are well placed within the market with the ability to adjust quickly to rising costs & respond accordingly. We have close relationships with all our key suppliers & constantly monitor pricing giving particular focus to menu engineering. We aim to strike the right balance between increasing prices whilst still retaining value for money for our customers.

Challenges around the recruitment of staff remain high particularly with seasonal variations in trade. However, we continue to invest heavily in creating a positive working environment & are focussed on training & development within our team. Our staff retention levels remain high.

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

S Bathgate

Director

Date: 29 September 2022

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021**

The directors present their report and the financial statements for the year ended 31 December 2021.

Directors' responsibilities statement

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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 the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group'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 Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The loss for the year, after taxation, amounted to £578,676 (2020 - loss £1,219,253).

Directors

The directors who served during the year were:

S Bathgate
R Power

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 and the Group'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 and the Group's auditors are aware of that information.

Post balance sheet events

The directors have negotiated a longer lease term in Soho & subsequently refinanced the debt with a new lender on more favourable terms. Within this refinance process, the business has repaid the government bounce back loan secured during the Covid19 pandemic.

NEWINCCO 1389 LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 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 on 29 September 2022 and signed on its behalf.

S Bathgate
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NEWINCCO 1389 LIMITED

Opinion

We have audited the financial statements of Newincco 1389 Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2021, which comprise the Group Statement of Comprehensive Income, the Group and Company Statements of Financial Position, the Group Statement of Cash Flows, the Group and Company 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 Group's and of the parent Company's affairs as at 31 December 2021 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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 Group's or the parent 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NEWINCCO 1389 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 Group Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NEWINCCO 1389 LIMITED (CONTINUED)

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 Group 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 are Companies Act 2006, Health & Safety, Food Hygiene laws and Minimum Wage 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:

- Inquiries of management regarding any correspondence with regulators and tax authorities and where appropriate support threw inspection and review of correspondence.
- Inquiries held with management at planning, fieldwork, and completion of the audit for any known or suspected instance of non-compliance with laws and regulations 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

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NEWINCCO 1389 LIMITED (CONTINUED)

Use of our report

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

Andrew Ball (Senior Statutory Auditor)

for and on behalf of

Haysmacintyre LLP

Statutory Auditors

10 Queen Street Place

London

EC4R 1AG

29 September 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

		2021 £	2020 £
Turnover	3	4,102,405	2,218,279
Cost of sales		(2,033,466)	(1,716,924)
Gross profit		2,068,939	501,355
Administrative expenses		(3,079,122)	(2,338,750)
Exceptional administrative expenses		59,432	-
Other operating income	4	429,282	681,144
Operating loss	5	(521,469)	(1,156,251)
Interest receivable and similar income	8	13	3,337
Interest payable and similar expenses	9	(57,220)	(66,339)
Loss before tax		(578,676)	(1,219,253)
Tax on loss	10	-	-
Loss for the financial year		(578,676)	(1,219,253)
Other comprehensive income for the year			
Total comprehensive income for the year		(578,676)	(1,219,253)
Profit for the year attributable to:			
Owners of the parent company		578,676	1,219,253
		578,676	1,219,253
Total comprehensive income attributable to:			

The notes on pages 14 to 26 form part of these financial statements.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021**

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	12	3,224	4,799
Tangible assets	13	2,645,006	3,514,775
		<u>2,648,230</u>	<u>3,519,574</u>
Current assets			
Stocks	15	79,458	38,344
Debtors: amounts falling due within one year	16	58,528	59,502
Cash at bank and in hand	17	1,083,741	372,332
		<u>1,221,727</u>	<u>470,178</u>
Creditors: amounts falling due within one year	18	(10,040,961)	(9,582,080)
Net current liabilities		<u>(8,819,234)</u>	<u>(9,111,902)</u>
Total assets less current liabilities		<u>(6,171,004)</u>	<u>(5,592,328)</u>
Provisions for liabilities			
Net assets excluding pension asset		<u>(6,171,004)</u>	<u>(5,592,328)</u>
Net liabilities		<u>(6,171,004)</u>	<u>(5,592,328)</u>
Capital and reserves			
Called up share capital	20	1,520,002	1,520,002
Merger reserve		(64,564)	(64,564)
Profit and loss account		(7,626,442)	(7,047,766)
Equity attributable to owners of the parent Company		<u>(6,171,004)</u>	<u>(5,592,328)</u>
		<u>(6,171,004)</u>	<u>(5,592,328)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 29 September 2022.

S Bathgate
Director

R Power
Director

The notes on pages 14 to 26 form part of these financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	2021 £	2020 £
Fixed assets			
Investments	14	2	2
		<u>2</u>	<u>2</u>
Current assets			
Debtors: amounts falling due within one year	16	2	2
		<u>2</u>	<u>2</u>
Creditors: amounts falling due within one year	18	(1,400,000)	(1,400,000)
Net current liabilities		<u>(1,399,998)</u>	<u>(1,399,998)</u>
Total assets less current liabilities		<u>(1,399,996)</u>	<u>(1,399,996)</u>
Net assets excluding pension asset		<u>(1,399,996)</u>	<u>(1,399,996)</u>
Net liabilities		<u>(1,399,996)</u>	<u>(1,399,996)</u>
Capital and reserves			
Called up share capital	20	1,520,002	1,520,002
Profit and loss account brought forward		(2,919,998)	(1,929,998)
Profit/(loss) for the year		-	(990,000)
Profit and loss account carried forward		(2,919,998)	(2,919,998)
		<u>(1,399,996)</u>	<u>(1,399,996)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 29 September 2022.

S Bathgate
Director

R Power
Director

The notes on pages 14 to 26 form part of these financial statements.

NEWINCCO 1389 LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Called up share capital £	Merger reserve £	Profit and loss account £	Equity attributable to owners of parent Company £	Total equity £
At 1 January 2020	1,520,002	(64,564)	(5,828,513)	(4,373,075)	(4,373,075)
Loss for the year	-	-	(1,219,253)	(1,219,253)	(1,219,253)
At 1 January 2021	1,520,002	(64,564)	(7,047,766)	(5,592,328)	(5,592,328)
Loss for the year	-	-	(578,676)	(578,676)	(578,676)
At 31 December 2021	<u>1,520,002</u>	<u>(64,564)</u>	<u>(7,626,442)</u>	<u>(6,171,004)</u>	<u>(6,171,004)</u>

The notes on pages 14 to 26 form part of these financial statements.

NEWINCCO 1389 LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2020	1,520,002	(1,929,998)	(409,996)
Comprehensive income for the year	-	(990,000)	(990,000)
Loss for the year			
At 1 January 2021	1,520,002	(2,919,998)	(1,399,996)
Total transactions with owners	-	-	-
At 31 December 2021	<u>1,520,002</u>	<u>(2,919,998)</u>	<u>(1,399,996)</u>

The notes on pages 14 to 26 form part of these financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021**

	2021 £	2020 £
Cash flows from operating activities		
Loss for the financial year	(578,676)	(1,219,253)
Adjustments for:		
Amortisation of intangible assets	1,575	1,575
Depreciation of tangible assets	887,322	925,353
Government grants	(268,789)	-
Interest paid	57,220	66,339
Interest received	(13)	(3,337)
(Increase)/decrease in stocks	(41,114)	37,702
Decrease in debtors	5,581	412,509
(Increase)/decrease in amounts owed by participating ints	(145,147)	-
Increase/(decrease) in creditors	672,662	(278,986)
Increase in amounts owed to participating ints	140,541	-
Net cash generated from operating activities	731,162	(58,098)
Cash flows from investing activities		
Purchase of tangible fixed assets	(17,551)	(2,184)
Government grants received	268,789	-
Interest received	13	3,337
Net cash from investing activities	251,251	1,153
Cash flows from financing activities		
Repayment of loans	(213,784)	(81,199)
Interest paid	(57,220)	(66,339)
Net cash used in financing activities	(271,004)	(147,538)
Net increase/(decrease) in cash and cash equivalents	711,409	(204,483)
Cash and cash equivalents at beginning of year	372,332	576,815
Cash and cash equivalents at the end of year	1,083,741	372,332
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	1,083,741	372,332
	1,083,741	372,332

The notes on pages 14 to 26 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

1. General information

Newincco 1389 Limited is a private limited company limited by shares incorporated in England. The Registered Office is 42-44 Great Windmill Street, London, W1D 7NB. The entity operates in the restaurant sector.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

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

The following principal accounting policies have been applied:

2.2 Basis of consolidation

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

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

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 January 2015.

2.3 Going concern

Having reviewed the financial statements and cash flows of the business, the directors have formed a judgement that there is a reasonable expectation that the company has the necessary profitability, working capital inflow and funding capacity to continue operations for at least 12 months from the date of approval of these financial statements. Therefore, they are prepared on a going concern basis.

As directors we remain focussed on the business & our long-term commitment is highlighted in our letter of support. Sales are in excess of pre Covid levels. Post pandemic, we now have a better understanding of the marketplace & continue to make capital investment within the restaurants in order to maintain & improve sales. As directors we are optimistic about the future of our business.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

2.4 Revenue

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

2.5 Operating leases: the Group as lessee

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

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

2.6 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

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

2.7 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.8 Finance costs

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

2.9 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.10 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

2.11 Taxation

Tax is recognised in the Consolidated Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

2.12 Exceptional items

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

2.13 Intangible assets

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

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

2.14 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:

Plant and machinery	- 5 years
Fixtures and fittings	- 5 years
Crockery, cutlery and glasses	- 3 years with 100% residual value

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.

2.15 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.16 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 weighted average 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.

2.17 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.

2.18 Cash and cash equivalents

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

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

2.19 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.

2.20 Financial Instruments

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

3. Turnover

An analysis of turnover by class of business is as follows:

	2021 £	2020 £
Food and beverage	4,102,405	2,218,279
	<u>4,102,405</u>	<u>2,218,279</u>

	2021 £	2020 £
United Kingdom	4,102,405	2,218,279
	<u>4,102,405</u>	<u>2,218,279</u>

All turnover arose within the United Kingdom.

4. Other operating income

	2021 £	2020 £
Other operating income	160,493	-
Government grants receivable	268,789	681,144
	<u>429,282</u>	<u>681,144</u>

5. Operating loss

The operating loss is stated after charging:

	2021 £	2020 £
Other operating lease rentals	<u>546,515</u>	<u>433,334</u>

6. Auditors' remuneration

	2021 £	2020 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	<u>18,500</u>	<u>20,500</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

7. Employees

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

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Wages and salaries	1,763,020	1,366,209	9,246	10,193
Social security costs	107,487	74,416	-	-
Cost of defined contribution scheme	21,063	13,211	-	-
	<u>1,891,570</u>	<u>1,453,836</u>	<u>9,246</u>	<u>10,193</u>

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

	2021 No.	2020 No.
Employees	<u>96</u>	<u>101</u>

The Company has no employees other than the directors, who did not receive any remuneration (2020 - £NIL)

8. Interest receivable

	2021 £	2020 £
Other interest receivable	13	3,337
	<u>13</u>	<u>3,337</u>

9. Interest payable and similar expenses

	2021 £	2020 £
Bank interest payable	57,220	66,339
	<u>57,220</u>	<u>66,339</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

10. Taxation

	2021 £	2020 £
Total current tax	-	-

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2020 - the same as) the standard rate of corporation tax in the UK of 19% (2020 - 19%) as set out below:

	2021 £	2020 £
Loss on ordinary activities before tax	(578,676)	(1,219,253)
Effects of:		
Total tax charge for the year	-	-

11. Exceptional items

	2021 £	2020 £
Insurance claim	(59,432)	-
	(59,432)	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

12. Intangible assets

Group and Company

	Computer software £
Cost	
At 1 January 2021	9,450
At 31 December 2021	9,450
Amortisation	
At 1 January 2021	4,651
Charge for the year on owned assets	1,575
At 31 December 2021	6,226
Net book value	
At 31 December 2021	3,224
At 31 December 2020	4,799

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

13. Tangible fixed assets

Group

	Short-term leasehold property £	Plant and machinery £	Fixtures and fittings £	Office equipment £	Other fixed assets £	Total £
Cost or valuation						
At 1 January 2021	4,706,414	518,726	2,766,082	61,444	37,777	8,090,443
Additions	7,030	3,782	6,598	141	-	17,551
At 31 December 2021	4,713,444	522,508	2,772,680	61,585	37,777	8,107,994
Depreciation						
At 1 January 2021	2,428,917	228,538	1,886,181	32,031	-	4,575,667
Charge for the year on owned assets	579,349	74,703	223,021	10,248	-	887,321
At 31 December 2021	3,008,266	303,241	2,109,202	42,279	-	5,462,988
Net book value						
At 31 December 2021	1,705,178	219,267	663,478	19,306	37,777	2,645,006
At 31 December 2020	2,277,497	290,187	879,901	29,413	37,777	3,514,775

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

14. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2021	990,002
At 31 December 2021	990,002
At 1 January 2021	990,000
At 31 December 2021	990,000
Net book value	
At 31 December 2021	2
At 31 December 2020	2

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Ruso Limited	42-44 Great Windmill Street, London, United Kingdom, W1D 7NB	Ordinary	100 %
Sophies Soho Limited	42-44 Great Windmill Street, London, United Kingdom, W1D 7NB	Ordinary	100 %

15. Stocks

	Group 2021 £	Group 2020 £
Finished goods and goods for resale	79,458	38,344
	79,458	38,344

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

16. Debtors

	Group 2021 £	<i>Group</i> <i>2020</i> £	Company 2021 £	<i>Company</i> <i>2020</i> £
Trade debtors	4,138	4,974	-	-
Amounts owed by group undertakings	4,606	-	-	-
Other debtors	8,834	7,806	2	2
Prepayments and accrued income	40,950	46,722	-	-
	<u>58,528</u>	<u>59,502</u>	<u>2</u>	<u>2</u>

17. Cash and cash equivalents

	Group 2021 £	<i>Group</i> <i>2020</i> £
Cash at bank and in hand	1,083,741	372,332
	<u>1,083,741</u>	<u>372,332</u>

18. Creditors: Amounts falling due within one year

	Group 2021 £	<i>Group</i> <i>2020</i> £	Company 2021 £	<i>Company</i> <i>2020</i> £
Bank loans	1,314,821	1,528,605	-	-
Trade creditors	267,056	226,747	-	-
Amounts owed to group undertakings	-	-	1,400,000	1,400,000
Other taxation and social security	277,601	158,831	-	-
Other creditors	7,475,327	7,423,664	-	-
Accruals and deferred income	706,156	244,233	-	-
	<u>10,040,961</u>	<u>9,582,080</u>	<u>1,400,000</u>	<u>1,400,000</u>

Bank loans have been classified as due within one year due to the covenant applicable to the facility being breached at the reporting date. The covenant has been subsequently waived since the reporting date.

The amounts due to group undertakings are unsecured, interest free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

19. Financial instruments

	Group 2021 £	Group 2020 £
Financial assets		
Financial assets measured at fair value through profit or loss	<u>1,083,741</u>	<u>372,332</u>

20. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
1,520,002 (2020 - 1,520,002) Ordinary shares of £1.00 each	<u>1,520,002</u>	<u>1,520,002</u>

21. Pension commitments

The group 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 £17,864 (2020: £11,898). Contributions totalling £3,917 (2020: £574) were payable to the fund at the reporting date.

22. Commitments under operating leases

At 31 December 2021 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2021 £	Group 2020 £
Not later than 1 year	720,000	805,000
Later than 1 year and not later than 5 years	1,263,233	2,275,562
Later than 5 years	-	1,106,452
	<u>1,983,233</u>	<u>4,187,014</u>

23. Related party transactions

Within other creditors are amounts owed to directors totalling £7,232,735 (2020: £7,232,733). These balances are non interest bearing.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

24. Post balance sheet events

The directors have negotiated a longer lease term in Soho & subsequently refinanced the debt with a new lender on more favourable terms. Within this refinance process, the business has repaid the government bounce back loan secured during the Covid19 pandemic.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.