Registered number: 09760733

NEWINCCO 1389 LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

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 2020

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

On 23 March 2020, the UK Government ordered a national lockdown, requiring restaurants to close. This was followed by a further lockdown from 5 November 2020 and again from 15 December 2020. The enforced closures significantly impacted the ability of the sites to trade. Indoor hospitality was permitted to reopen on 17 May 2021.

Following our reopening, all supplier debts accrued during the lockdown period have been repaid. We have agreed a new lease in Chelsea with a turnover rent & continue to maintain proactive relationships with our landlord's. Our bank has remained supportive of the business during these unprecedented times.

As sales grow, meeting demand with significant staff shortages within the sector is increasingly challenging. Wage inflation is inevitable & as a business we will continue to focus on the daily challenge of recruiting good people to deliver growing sales. Despite these current challenges, the new management structure & back to basics approach implemented in late 2019 has meant we have maintained a good conversion rate. As directors we are optimistic about future sales.

Principal risks and uncertainties

The world wide effects of the coronavirus (COVID-19) have been an unprecedented event significantly impacting the world's economies, in particular travel, retail & hospitality. The UK Government ordered a third national lockdown from 15 December 2020 which continued into Q1 & Q2 of the 2021 financial year.

Indoor hospitality was permitted to reopen on 17 May 2021. As directors we have been encouraged by the level of trade achieved since reopening with both businesses consistently ahead of budget & producing positive EBITDA. We are confident that with a return to the office, the opening up of international travel & the events market regaining momentum, business will continue to build.

Please refer to note 2.3 for further detail on the Group's going concern basis of preparation. COVID-19 is considered to be a non-adjusting post balance sheet event and therefore has not been taken into account in preparing the statement of financial position as at 31 December 2020.

The directors do not recommend the payment of a dividend for the year.

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

S Bathgate
Director
Date: 29 September 2021

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their report and the financial statements for the year ended 31 December 2020.

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 £1,219,253 *(2019 - loss £960,534)*.

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 world wide effects of the coronavirus (COVID-19) have been an unprecedented event significantly impacting the world's economies, in particular travel, retail & hospitality. The UK Government ordered a third national lockdown from 15 December 2020 which continued into Q1 & Q2 of the 2021 financial year.

Indoor hospitality was permitted to reopen on 17 May 2021. As directors we have been encouraged by the level of trade achieved since reopening with business consistently ahead of budget & producing positive EBITDA. We are confident that with a return to the office, the opening up of international travel & the events market regaining momentum, business will continue to build.

Following our reopening, all supplier debts accrued during the lockdown period have been repaid and our bank has remained supportive of the business during these unprecedented times. As directors we continue to work closely with our network of longstanding suppliers, in order to navigate through these uncertain times.

Please refer to note 2.3 for further detail on the Company's going concern basis of preparation. COVID-19 is

considered to be a non-adjusting post balance sheet event and therefore has not been taken into account

in preparing the statement of financial position as at 31 December 2020.

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 2021 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 2020, 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 2020 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.

Material uncertainty related to going concern

We draw attention to note 2.3 in the financial statements, which indicates that the group of which this company is a part of has been significantly impacted by the restrictions caused by the COVID-19 pandemic and are in ongoing negotations with the bank around future covenants. These events or conditions, along with the other matters as set forth in note 2.3, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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.

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

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 related to regulatory requirements in respect of employment law, including but not limited to minimum wage regulation, foods standards requirements, and alcohol licencing. 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 regulations.

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 reviewing manual journals, in particular journal entries which shared key risk characteristics; 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.

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

Andrew Ball (Senior Statutory Auditor)

for and on behalf of
Haysmacintyre LLP

Statutory Auditors

10 Queen Street Place
London
EC4R 1AG

29 September 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £	*2019* *£*
Turnover	3	**2,218,279**	*6,295,349*
Cost of sales		**(1,716,924)**	*(2,908,064)*
Gross profit		**501,355**	*3,387,285*
Administrative expenses		**(2,338,750)**	*(4,263,251)*
Other operating income	4	**681,144**	*-*
Operating loss	5	**(1,156,251)**	*(875,966)*
Interest receivable and similar income	8	**3,337**	*39*
Interest payable and expenses	9	**(66,339)**	*(84,607)*
Loss before tax		**(1,219,253)**	*(960,534)*
Loss for the financial year		**(1,219,253)**	*(960,534)*

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note		2020 £		*2019 £*
Fixed assets					
Intangible assets	11		**4,799**		*6,374*
Tangible assets	12		**3,514,777**		*4,437,946*
			3,519,576		*4,444,320*
Current assets					
Stocks	14	**38,344**		*76,046*	
Debtors: amounts falling due within one year	15	**59,502**		*472,011*	
Cash at bank and in hand	16	**372,332**		*576,815*	
		470,178		*1,124,872*	
Creditors: amounts falling due within one year	17	**(9,582,082)**		*(8,641,763)*	
Net current liabilities			**(9,111,904)**		*(7,516,891)*
Creditors: amounts falling due after more than one year	18		**-**		*(1,300,504)*
Provisions for liabilities					
Net liabilities			**(5,592,328)**		*(4,373,075)*
Capital and reserves					
Called up share capital	21		**1,520,002**		*1,520,002*
Merger reserve			**(64,564)**		*(64,564)*
Profit and loss account			**(7,047,766)**		*(5,828,513)*
Equity attributable to owners of the parent Company			**(5,592,328)**		*(4,373,075)*
			(5,592,328)		*(4,373,075)*

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 29 September 2021.

S Bathgate
Director

R Power
Director

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

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note		2020 £		*2019 £*
Fixed assets					
Fixed asset investments			**2**		*990,002*
			2		*990,002*
Current assets					
Debtors: amounts falling due within one year	15	**2**		*2*	
Amounts owed to group companies		**(1,400,000)**		*(1,400,000)*	
Net current liabilities			**(1,399,998)**		*(1,399,998)*
Net liabilities			**(1,399,996)**		*(409,996)*
Capital and reserves					
Called up share capital	21		**1,520,002**		*1,520,002*
Loss/(profit) for the year		**(990,000)**		*-*	
Profit and loss account carried forward			**(2,919,998)**		*(1,929,998)*
			(1,399,996)		*(409,996)*

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 29 September 2021.

S Bathgate
Director

R Power
Director

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up share capital	Merger reserve	Profit and loss account	Equity ttributable to owners of parent Company	Total equity
	£	£	£	£	£
At 1 January 2019	1,520,002	(64,564)	(4,867,979)	(3,412,541)	(3,412,541)
Loss for the year	-	-	(960,534)	(960,534)	(960,534)
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 31 December 2020	1,520,002	(64,564)	(7,047,766)	(5,592,328)	(5,592,328)

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

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2019	**1,520,002**	**(1,929,998)**	**(409,996)**
At 1 January 2020	**1,520,002**	**(1,929,998)**	**(409,996)**
Comprehensive income for the year			
Loss for the year	**-**	**(990,000)**	**(990,000)**
At 31 December 2020	**1,520,002**	**(2,919,998)**	**(1,399,996)**

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	2020	2019
	£	£
Cash flows from operating activities		
Loss for the financial year	(1,219,253)	(960,534)
Adjustments for:		
Amortisation of intangible assets	1,575	1,575
Depreciation of tangible assets	925,353	929,645
Interest paid	66,339	84,607
Interest received	(3,337)	(39)
Decrease/(increase) in stocks	37,702	(4,526)
Decrease in debtors	412,509	151,667
(Decrease)/increase in creditors	(278,986)	114,753
Net cash generated from operating activities	(58,098)	317,148
Cash flows from investing activities		
Purchase of tangible fixed assets	(2,184)	(29,978)
Interest received	3,337	39
Net cash from investing activities	1,153	(29,939)
Cash flows from financing activities		
Repayment of loans	(81,199)	(295,179)
Interest paid	(66,339)	(84,607)
Net cash used in financing activities	(147,538)	(379,786)
Net (decrease) in cash and cash equivalents	(204,483)	(92,577)
Cash and cash equivalents at beginning of year	576,815	669,392
Cash and cash equivalents at the end of year	372,332	576,815
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	372,332	576,815
	372,332	576,815

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

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. Accounting policies (continued)

2.3 Going concern

The Company has prepared the 2020 financial statements on a going concern basis. The Directors

are confident that the Company, and the consolidated Group, have sufficient liquidity and the ability to access resources to continue as a going concern for at least 12 months from the date of signing these financial statements.

The Directors have prepared budgets and cashflow forecasts for the Group based on the expected future trading environment following relaxation of government lockdowns or restrictions due to the successful roll out of the vaccine programme. The forecasts show that the Group is expected to generate positive cashflows in due course and there is sufficient surplus cash available through intercompany funding to support the reduced level of trade due to restrictions, if required.

Since reopening, the level of trade achieved has been consistently ahead of budget and producing positive EBITDA. Since the closure of the site at the end of March 2020, the Group has undertaken a number of initiatives to preserve cash, including, furloughing the majority of staff, taking advantage of business rate holidays, VAT cuts and rates grants. In addition, the Group has obtained a bounce back loan and additional bank & landlord support. The directors believe that the Group is a going concern based on the forecasts prepared however the timing of cash inflows and outflows remain an area of estimation due to uncertainty of future trading conditions and the outcome of supplier negotations.

The directors are in regular communication with the Bank who remain supportive and have provided covenant waivers for the 2020 financial year and post year end. The Bank are looking to

renegotiate & reset banking covenants for the months following the signing of these financial statements. At the time of the approval of these financial statements, the terms and conditions of the

bank covenants going forward are yet to be agreed and formalised.

While accepting that the uncertain levels of future trade and unconfirmed reset of banking covenants constitute sources of material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the financial statements.

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. Accounting policies (continued)

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.

2.11 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.

2.12 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.

2. Accounting policies (continued)

2.12 Tangible fixed assets (continued)

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:

Leasehold property	- Over the life of the lease
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.

2.13 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.14 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.

2.15 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.

2.16 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. Accounting policies (continued)

2.17 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.

2.18 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.

3. Turnover

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

	2020	*2019*
	£	*£*
Food and beverage	**2,218,279**	*6,295,349*
	2,218,279	*6,295,349*

	2020	*2019*
	£	*£*
United Kingdom	**2,218,279**	*6,295,349*
	2,218,279	*6,295,349*

All turnover arose within the United Kingdom.

4. Other operating income

	2020	*2019*
	£	*£*
Government grants receivable	**681,144**	-
	681,144	-

5. Operating loss

The operating loss is stated after charging:

	2020	*2019*
	£	*£*
Research & development charged as an expense	-	*286*
Other operating lease rentals	**433,334**	*805,000*

6. Auditors' remuneration

	2020	*2019*
	£	*£*
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	**20,500**	*22,000*

7. Employees

	Group 2020	*Group 2019*	Company 2020	*Company 2019*
	£	*£*	£	*£*
Staff salaries and PHI	**315,121**	*770,793*	-	-
Staff national insurance	**25,753**	*10,029*	-	-
Cost of defined contribution scheme	**13,211**	*19,767*	-	-
	354,085	*800,589*	-	-

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

	2020	*2019*
	No.	*No.*
Employees	**101**	*100*

8. Interest receivable

	2020	*2019*
	£	*£*
Other interest receivable	**3,337**	*39*
	3,337	*39*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

9. Interest payable and similar expenses

	2020	*2019*
	£	*£*
Bank interest payable	66,339	*84,607*
	66,339	*84,607*

10. Taxation

	2020	*2019*
	£	*£*
Total current tax	-	*-*
Deferred tax		
Total deferred tax	-	*-*
Taxation on profit on ordinary activities	-	*-*

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is the same as *(2019 - the same as)* the standard rate of corporation tax in the UK of 19% *(2019 - 19%)* as set out below:

	2020 £	*2019* *£*
Loss on ordinary activities before tax	(1,219,253)	*(960,534)*
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	(231,658)	*(182,501)*
Effects of:		
Fixed asset timing differences	106,253	*109,068*
Expenses not deductible for tax purposes	(3,448)	*31,291*
Deferred tax not recognised	190,122	*42,142*
Adjustment to tax charge in respect of previous periods - deferred tax	(7,803)	*-*
Remeasurement of deferred tax for changes in tax rates	(53,466)	*-*
Total tax charge for the year	-	*-*

10. Taxation (continued)

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

11. Intangible assets

Group and Company

	Computer software £
Cost	
At 1 January 2020	**9,450**
At 31 December 2020	**9,450**
Amortisation	
At 1 January 2020	**3,076**
Charge for the year on owned assets	**1,575**
At 31 December 2020	**4,651**
Net book value	
At 31 December 2020	**4,799**
At 31 December 2019	*6,374*

12. Tangible fixed assets

Group

	Long-term leasehold property	Short-term leasehold property	Plant and machinery	Fixtures and fittings	Office equipment
	£	£	£	£	£
Cost or valuation					
At 1 January 2020	682,850	4,023,564	518,201	2,765,236	61,444
Additions	-	-	526	846	-
At 31 December 2020	682,850	4,023,564	518,727	2,766,082	61,444
Depreciation					
At 1 January 2020	618,117	1,193,300	153,938	1,663,171	21,789
Charge for the year on owned assets	41,394	576,106	74,600	223,010	10,242
At 31 December 2020	659,511	1,769,406	228,538	1,886,181	32,031
Net book value					
At 31 December 2020	23,339	2,254,158	290,189	879,901	29,413
At 31 December 2019	*64,733*	*2,830,264*	*364,263*	*1,102,065*	*39,655*

12. Tangible fixed assets (continued)

	Other fixed assets	Total
	£	£
Cost or valuation		
At 1 January 2020	36,965	8,088,260
Additions	812	2,184
At 31 December 2020	37,777	8,090,444
Depreciation		
At 1 January 2020	-	3,650,315
Charge for the year on owned assets	-	925,352
At 31 December 2020	-	4,575,667
Net book value		
At 31 December 2020	37,777	3,514,777
At 31 December 2019	*36,965*	*4,437,945*

13. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2020	**990,002**
At 31 December 2020	**990,002**
Impairment	
Charge for the period	**990,000**
At 31 December 2020	**990,000**
Net book value	
At 31 December 2020	**2**
At 31 December 2019	*990,002*

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding
Ruso Limited	Ordinary	100 %
Sophies Soho Limited	Ordinary	100 %

14. Stocks

	Group 2020 £	*Group 2019 £*
Finished goods and goods for resale	**38,344**	*76,046*
	38,344	*76,046*

15. Debtors

	Group 2020 £	*Group 2019 £*	**Company 2020 £**	*Company 2019 £*
Trade debtors	**4,974**	*3,538*	**-**	*-*
Other debtors	**7,806**	*379,806*	**2**	*2*
Prepayments and accrued income	**46,722**	*88,667*	**-**	*-*
	59,502	*472,011*	**2**	*2*

16. Cash and cash equivalents

	Group 2020 £	*Group 2019 £*
Cash at bank and in hand	**372,332**	*576,815*
	372,332	*576,815*

17. Creditors: Amounts falling due within one year

	Group 2020 £	*Group 2019 £*	**Company 2020 £**	*Company 2019 £*
Bank loans	**1,528,605**	*309,300*	**-**	*-*
Trade creditors	**226,747**	*311,121*	**-**	*-*
Amounts owed to group undertakings	**-**	*-*	**1,400,000**	*1,400,000*
Other taxation and social security	**158,831**	*241,524*	**-**	*-*
Other creditors	**7,423,666**	*7,252,986*	**-**	*-*
Accruals and deferred income	**244,233**	*526,832*	**-**	*-*
	9,582,082	*8,641,763*	**1,400,000**	*1,400,000*

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 waivered since the reporting date.

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

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

	Group 2020 £	*Group 2019 £*
Bank loans	-	*1,300,504*
	-	*1,300,504*

The bank loan is held within Sophie's Soho Limited and is secured against a cross company guarantee with Ruso Limited, another subsidiary company for an amount up to £1,000,000.

19. Loans

An anlalysis of the maturity of loans is given below:

	Group 2020 £	*Group 2019 £*
Amounts falling due within one year		
Bank loans	**1,528,605**	*309,300*
	1,528,605	*309,300*
Amounts falling due 1-2 years		
Bank loans	-	*354,683*
	-	*354,683*
Amounts falling due 2-5 years		
Bank loans	-	*945,821*
	-	*945,821*
Amounts falling due after more than 5 years		
	1,528,605	*1,609,804*

20. Financial instruments

	Group 2020 £	*Group 2019 £*
Financial assets		
Financial assets measured at fair value through profit or loss	**372,332**	*576,815*

21. Share capital

	2020 £	*2019 £*
Allotted, called up and fully paid		
1,520,002 *(2019 - 1,520,002)* Ordinary shares of £1.00 each	**1,520,002**	*1,520,002*

22. 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 £11,898 (2019: £18,605). Contributions totalling £574 (2019: £4,240) were payable to the fund at the reporting date.

23. Commitments under operating leases

At 31 December 2020 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2020 £	*Group 2019 £*
Not later than 1 year	**805,000**	*1,860,000*
Later than 1 year and not later than 5 years	**2,600,000**	*2,715,000*
Later than 5 years	**110,000**	*1,110,000*
	3,515,000	*5,685,000*

24. Related party transactions

Within other creditors are amounts owed to directors totalling £7,232,733 (2019: £7,102,388). These balances are non interest bearing.

25. Post balance sheet events

The world wide effects of the coronavirus (COVID-19) have been an unprecedented event significantly impacting the world's economies, in particular travel, retail & hospitality. The UK Government ordered a third national lockdown from 15 December 2020 which continued into Q1 & Q2 of the 2021 financial year.

Indoor hospitality was permitted to reopen on 17 May 2021. As directors we have been encouraged by the level of trade achieved since reopening with business consistently ahead of budget & producing positive EBITDA. We are confident that with a return to the office, the opening up of international travel & the events market regaining momentum, business will continue to build.

Following our reopening, all supplier debts accrued during the lockdown period have been repaid and our bank has remained supportive of the business during these unprecedented times. As directors we continue to work closely with our network of longstanding suppliers, in order to navigate through these uncertain times.

Please refer to note 2.2 for further detail on the Group's going concern basis of preparation. COVID-19 is considered to be a non-adjusting post balance sheet event and therefore has not been taken into account in preparing the statement of financial position as at 31 December 2020.