

Registered number: 10327719

SOPHIE'S SOHO LIMITED

FINANCIAL STATEMENTS

INFORMATION FOR FILING WITH THE REGISTRAR

FOR THE YEAR ENDED 31 DECEMBER 2019



SOPHIE'S SOHO LIMITED
REGISTERED NUMBER: 10327719

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	2019 £	2018 £
Fixed assets			
Intangible assets	4	6,374	7,949
Tangible assets	5	4,339,804	5,191,416
		<u>4,346,178</u>	<u>5,199,365</u>
Current assets			
Stocks	6	56,530	51,821
Debtors: amounts falling due within one year	7	432,316	419,637
Bank and cash balances		495,929	535,644
		<u>984,775</u>	<u>1,007,102</u>
Creditors: amounts falling due within one year	8	(7,394,818)	(7,257,631)
Net current liabilities		<u>(6,410,043)</u>	<u>(6,250,529)</u>
Total assets less current liabilities		<u>(2,063,865)</u>	<u>(1,051,164)</u>
Creditors: amounts falling due after more than one year	9	(1,300,504)	(1,619,048)
Net liabilities		<u><u>(3,364,369)</u></u>	<u><u>(2,670,212)</u></u>
Capital and reserves			
Called up share capital		2	2
Profit and loss account		(3,364,371)	(2,670,214)
		<u><u>(3,364,369)</u></u>	<u><u>(2,670,212)</u></u>

SOPHIE'S SOHO LIMITED
REGISTERED NUMBER: 10327719

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2019

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 12 March 2021.



S L Bathgate
Director



R Power
Director

The notes on pages 3 to 12 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

1. General information

Sophie's Soho 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 Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Going concern

The Company has prepared the 2019 financial statements on a going concern basis. The Directors are confident that the Company has 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 coronavirus pandemic is an ever-evolving situation with the possible impacts and outcomes continually being re-assessed. At the time of approval of these financial statements, the impact and future effects of COVID-19 make it difficult to forecast future sales and cash generation for the business. The sales forecast in the base model assumes that there will be a significant impact on sales for the rest of the financial year resulting from the social distancing restrictions that will need to be implemented for a significant proportion of 2021. Since the closure of the sites at the end of March 2020, the Company 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 which this company is a part of has obtained a bounce back loan and additional bank & landlord support. The directors believe that the company 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 negotiations.

The directors are in regular communication with the Bank who remain supportive & are looking to renegotiate & reset banking covenants now that trading conditions are starting to become more apparent. 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 Company'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.

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.4 Operating leases: the Company 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.

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 January 2018 to continue to be charged over the period to the first market rent review rather than the term of the lease.

2.5 Interest income

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

2.6 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.

2.7 Borrowing costs

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

2.8 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company 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 Company in independently administered funds.

2.9 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.10 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Leasehold property	- 7 years
Plant and machinery	- 7 years
Fixtures and fittings	- 7 years
Office equipment	- 6 years
Crockery	- 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.

2.11 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.

2.12 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.

2.13 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.14 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.

2.15 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Statement of Financial Position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Statement of Financial Position date.

2.16 Financial instruments

The Company 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.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

3. Employees

The average monthly number of employees, including directors, during the year was 71 (2018 - 65).

SOPHIE'S SOHO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

4. Intangible assets

	Computer software £
Cost	
At 1 January 2019	9,450
At 31 December 2019	<u>9,450</u>
Amortisation	
At 1 January 2019	1,501
Charge for the year on owned assets	1,575
At 31 December 2019	<u>3,076</u>
Net book value	
At 31 December 2019	<u>6,374</u>
At 31 December 2018	<u>7,949</u>

SOPHIE'S SOHO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

5. Tangible fixed assets

	Leasehold property £	Plant and machinery £	Fixtures and fittings £	Office equipment £	Crockery £
Cost or valuation					
At 1 January 2019	4,016,861	505,907	1,524,750	61,444	19,804
Additions	6,703	2,785	16,666	-	-
At 31 December 2019	4,023,564	508,692	1,541,416	61,444	19,804
Depreciation					
At 1 January 2019	617,530	76,473	232,454	10,894	-
Charge for the year on owned assets	575,770	72,581	218,520	10,895	-
At 31 December 2019	1,193,300	149,054	450,974	21,789	-
Net book value					
At 31 December 2019	2,830,264	359,638	1,090,442	39,655	19,804
At 31 December 2018	3,399,331	429,434	1,292,296	50,550	19,804

SOPHIE'S SOHO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

5. Tangible fixed assets (continued)

	Total £
Cost or valuation	
At 1 January 2019	6,128,766
Additions	26,154
At 31 December 2019	<u>6,154,920</u>
Depreciation	
At 1 January 2019	937,351
Charge for the year on owned assets	877,766
At 31 December 2019	<u>1,815,117</u>
Net book value	
At 31 December 2019	<u>4,339,803</u>
At 31 December 2018	<u>5,191,415</u>

6. Stocks

	2019 £	2018 £
Food and beverage	56,530	51,821
	<u>56,530</u>	<u>51,821</u>

Impairment losses totalling £nil (2018 - £nil) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

7. Debtors

	2019 £	2018 £
Other debtors	372,002	372,002
Prepayments and accrued income	60,314	47,635
	<u>432,316</u>	<u>419,637</u>

SOPHIE'S SOHO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

8. Creditors: Amounts falling due within one year

	2019 £	2018 £
Bank loans	309,300	285,935
Trade creditors	234,777	288,314
Amounts owed to group undertakings	6,097,252	6,178,742
Other taxation and social security	188,030	201,133
Other creditors	102,113	20,606
Accruals and deferred income	463,346	282,901
	<u>7,394,818</u>	<u>7,257,631</u>

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

	2019 £	2018 £
Bank loans	1,300,504	1,619,048
	<u>1,300,504</u>	<u>1,619,048</u>

The following liabilities were secured:

	2019 £	2018 £
Bank loans	1,609,804	1,904,983
	<u>1,609,804</u>	<u>1,904,983</u>

Details of security provided:

The loan is secured against a cross company guarantee with Ruso Limited, a fellow subsidiary company of the parent company of Sophie's Soho Limited, for an amount up to £1,000,000.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

10. Loans

Analysis of the maturity of loans is given below:

	2019 £	2018 £
Amounts falling due within one year		
Bank loans	309,300	285,935
	<u>309,300</u>	<u>285,935</u>
Amounts falling due 1-2 years		
Bank loans	354,683	285,714
	<u>354,683</u>	<u>285,714</u>
Amounts falling due 2-5 years		
Bank loans	945,821	857,143
	<u>945,821</u>	<u>857,143</u>
Amounts falling due after more than 5 years		
Bank loans	-	476,191
	<u>-</u>	<u>476,191</u>
	<u>1,609,804</u>	<u>1,904,983</u>

11. 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 £13,124 (2018: £5,815). Contributions totalling £2,940 (2018: £1,618) were payable to the fund at the reporting date.

12. Related party transactions

At the balance sheet date the company owed £6,097,252 (2018: £6,178,742) to a group company. This balance is non interest bearing.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

13. Post balance sheet events

Since the year end, the worldwide effects of the coronavirus (COVID-19) remains an unprecedented event, significantly impacting the world's economies, in particular travel, retail & hospitality.

On 23 March 2020, the UK Government ordered a national lockdown, requiring restaurants to close. This was followed by further lockdown, from 05 November for 4 weeks & again from 15 December 2020. At the time of approval of these financial statements, the UK government has recently announced a timetable under which the latest lockdown will be lifted however forecast sales levels in the hospitality sector remain uncertain. The Bank remain supportive of the business. 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 2019.

14. Controlling party

The immediate parent company is Newincco 1389 Limited, a company incorporated in the United Kingdom. It has included the company in its group financial statements, copies of which are available from 42-44 Great Windmill Street, London, United Kingdom, W1D 7NB.

The ultimate controlling parties are Mrs S L Bathgate and Mr R Power.

15. Auditors' information

The auditors' report on the financial statements for the year ended 31 December 2019 was unqualified.

In their report, the auditors emphasised the following matter without qualifying their report:
We draw attention to note 2.2 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 negotiations with the bank around future covenants. These events or conditions, along with the other matters as set forth in note 2.2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

The audit report was signed on 12 March 2021 by Andrew Ball (Senior statutory auditor) on behalf of Haysmacintyre LLP.