

SOPHIE'S SOHO LIMITED

FINANCIAL STATEMENTS

INFORMATION FOR FILING WITH THE REGISTRAR

FOR THE YEAR ENDED 31 DECEMBER 2020

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	4	4,799	6,374
Tangible assets	5	3,463,447	4,339,804
		<u>3,468,246</u>	<u>4,346,178</u>
Current assets			
Stocks	6	21,466	56,530
Debtors: amounts falling due within one year	7	35,407	432,316
Bank and cash balances		243,305	495,929
		<u>300,178</u>	<u>984,775</u>
Creditors: amounts falling due within one year	8	(8,302,880)	(7,394,818)
Net current liabilities		<u>(8,002,702)</u>	<u>(6,410,043)</u>
Total assets less current liabilities		<u>(4,534,456)</u>	<u>(2,063,865)</u>
Creditors: amounts falling due after more than one year	9	-	(1,300,504)
Net liabilities		<u><u>(4,534,456)</u></u>	<u><u>(3,364,369)</u></u>
Capital and reserves			
Called up share capital		2	2
Profit and loss account		(4,534,458)	(3,364,371)
		<u><u>(4,534,456)</u></u>	<u><u>(3,364,369)</u></u>

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2020

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 29 September 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 2020**

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 2020 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 Directors have prepared budgets and cashflow forecasts for the Company 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 Company 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 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 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 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.

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

2. Accounting policies (continued)

2.3 Revenue

Revenue represents amounts receivable from the sale of goods net of value added tax and discounts.

Revenue is recognised at the point of sale to a customer.

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.

Temporary rent concessions occurring as a direct consequence of the COVID-19 pandemic have been recognised on a systematic basis over the periods that the change in lease payments is intended to compensate. This is conditional on:

- the change in lease payments resulting in revised consideration for the lease that is less than the consideration for the lease immediately preceding the change;
- any reduction in lease payments affecting only payments originally due on or before 30 June 2022;
- there being no significant change to other terms and conditions of the lease.

2.5 Government grants

Grants are accounted under the accruals model as permitted by FRS 102.

Grants of a revenue nature are recognised in the Statement of comprehensive income in the same period as the related expenditure. Other operating income for the year ending 31 December 2020 is in relation to a government grant of £503,935 in relation to the UK Government's Job Retention Scheme. This amount was all received within the year.

2.6 Interest income

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

2.7 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.

2.8 Borrowing costs

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

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

2. Accounting policies (continued)

2.9 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.

2.10 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.

2.11 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.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Depreciation is 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.

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

2. Accounting policies (continued)

2.12 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a 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.

2.13 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.14 Cash and cash equivalents

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

2.15 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.16 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.

2.17 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.

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

2. Accounting policies (continued)**2.17 Financial instruments (continued)**

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 70 (2019 - 71).

4. Intangible assets

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

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

5. Tangible fixed assets

	Leasehold property £	Plant and machinery £	Fixtures and fittings £	Office equipment £	Crockery £
Cost or valuation					
At 1 January 2020	4,023,564	508,692	1,541,416	61,444	19,804
Additions	-	526	846	-	812
At 31 December 2020	<u>4,023,564</u>	<u>509,218</u>	<u>1,542,262</u>	<u>61,444</u>	<u>20,616</u>
Depreciation					
At 1 January 2020	1,193,300	149,054	450,974	21,789	-
Charge for the year on owned assets	576,106	72,698	219,494	10,242	-
At 31 December 2020	<u>1,769,406</u>	<u>221,752</u>	<u>670,468</u>	<u>32,031</u>	<u>-</u>
Net book value					
At 31 December 2020	<u>2,254,158</u>	<u>287,466</u>	<u>871,794</u>	<u>29,413</u>	<u>20,616</u>
At 31 December 2019	<u>2,830,264</u>	<u>359,638</u>	<u>1,090,442</u>	<u>39,655</u>	<u>19,804</u>

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

5. Tangible fixed assets (continued)

	Total £
Cost or valuation	
At 1 January 2020	6,154,920
Additions	2,184
At 31 December 2020	<u>6,157,104</u>
Depreciation	
At 1 January 2020	1,815,117
Charge for the year on owned assets	878,540
At 31 December 2020	<u>2,693,657</u>
Net book value	
At 31 December 2020	<u>3,463,447</u>
At 31 December 2019	<u>4,339,803</u>

6. Stocks

	2020 £	2019 £
Finished goods and goods for resale	21,466	56,530
	<u>21,466</u>	<u>56,530</u>

7. Debtors

	2020 £	2019 £
Trade debtors	1,662	-
Other debtors	2	372,002
Prepayments and accrued income	33,743	60,314
	<u>35,407</u>	<u>432,316</u>

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

8. Creditors: Amounts falling due within one year

	2020 £	2019 £
Bank loans	1,478,605	309,300
Trade creditors	143,234	234,777
Amounts owed to group undertakings	6,147,702	6,097,252
Other taxation and social security	98,437	188,030
Other creditors	256,691	102,113
Accruals and deferred income	178,211	463,346
	<u>8,302,880</u>	<u>7,394,818</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.

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

	2020 £	2019 £
Bank loans	-	1,300,504
	<u>-</u>	<u>1,300,504</u>

The following liabilities were secured:

	2020 £	2019 £
Bank Loan	1,428,605	1,609,804
	<u>1,428,605</u>	<u>1,609,804</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 2020**

10. Loans

Analysis of the maturity of loans is given below:

	2020 £	2019 £
Amounts falling due within one year		
Bank loans	1,478,605	309,300
	<u>1,478,605</u>	<u>309,300</u>
Amounts falling due 1-2 years		
Bank loans	-	354,683
	<u>-</u>	<u>354,683</u>
Amounts falling due 2-5 years		
Bank loans	-	945,821
	<u>-</u>	<u>945,821</u>
	<u>1,478,605</u>	<u>1,609,804</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 £7,959 (2019: £13,124). Contributions totalling £10 (2019: £2,940) were payable to the fund at the reporting date.

12. Related party transactions

At the balance sheet date the company owed £6,190,951 (2019: £6,097,252) to a group company. This balance is non interest bearing.

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

13. 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 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.

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 2020 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 29 September 2021 by Andrew Ball (Senior statutory auditor) on behalf of Haysmacintyre LLP.

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.