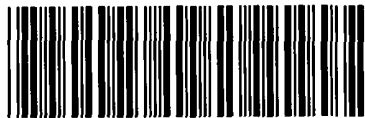


Company Registration No. 08177784 (England and Wales)

FLAT IRON STEAK LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 28 AUGUST 2016

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FLAT IRON STEAK LIMITED

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FLAT IRON STEAK LIMITED

STRATEGIC REPORT

FOR THE PERIOD ENDED 28 AUGUST 2016

The Director presents his Strategic Report of the Company for the period from 31 August 2015 to 28 August 2016 (the "period").

Principal activity

The principal activity of the Company continued to be that of restaurateurs.

Business review

The Company's growth continued during the period with two new sites added, bringing the total number of sites to four as at 28 August 2016.

The performance of both new and existing sites continues to beat expectations with strong processes and controls ensuring good margins are delivered.

The profit before tax of £233,448 (2015: £458,620) is after the costs relating to the pre-opening and launch costs of the two new sites as well as partial pre-opening costs for sites in the pipeline. The position of the Company at period end can be found on page 9.

The Company continues to generate cash from operating activities and is positive about delivering another year of increased sales and profitability. Since the period end, the Company has secured further funding from NatWest to ensure the growth plans in 2016/17 and beyond can be delivered.

The main challenges to the business are the dynamic and competitive nature of our sector, securing new sites in a competitive market, and finding the right people to work in those new sites.

Principal risks and uncertainties

The key risks and uncertainties in the main business of restaurant operation relate to ensuring consistent delivery of the product and services offered, to ensure the restaurants retain their attractiveness to customers. There is significant competition in the London restaurant market and the Company aims to offer the highest levels of product and service in order to keep ahead of its competitors.

Credit risk

There is little risk in the restaurant business with the vast majority of customers paying by cash or credit card.

Liquidity risk

The Company monitors cash flow as part of its day to day control procedures and ensures that appropriate funding is available.

FLAT IRON STEAK LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 28 AUGUST 2016

Financial and non-financial key performance indicators

The KPIs used to measure performance include turnover growth year on year, gross profit margin and adjusted EBITDA margin. We benchmark these measures against the appropriate industry competitors and make the necessary controls to ensure that we achieve our target ratios.

	52 weeks ended 28 August 2016 %	53 weeks ended 30 August 2015 %
Turnover growth (Period on Period)	89.2	82.9
Gross profit margin	34.0	37.4
Adjusted EBITDA margin	11.4	17.6

The Director is satisfied with the KPIs in 2016.

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



C A Carroll
Director

10 August 2017

FLAT IRON STEAK LIMITED

DIRECTOR'S REPORT

FOR THE PERIOD ENDED 28 AUGUST 2016

The director presents his Report and audited Financial Statements for the 52 week period ended 28 August 2016.

Results and dividends

The profit for the period, before taxation amounted to £233,448 (2015: £458,620).

The director does not recommend the payment of a dividend (2015: £nil).

Director

The director who held office during the period was as follows:
C A Carroll

Charitable Donations

During the period the Company made charitable donations to Macmillan Cancer Support of £42,685 (2015: £15,367).

Political contributions

The Company made no political donations or incurred any political expenditure during the period (2015: £nil).

Going concern

The director has considered forecast cash flow projections and funding requirements, and as a consequence, believes that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

Based on the above, the director has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and therefore the Company has continued to adopt the going concern basis in preparing the annual financial statements.

Subsequent events

Subsequent to 28 August 2016, Piper Private Equity have taken a significant minority stake in the business. This investment together with the review of the banking facilities, is setting the business for the next stage of site roll out.

Disclosure of information to auditor

The director who held office at the date of approval of this Director's Report confirms that:

- so far as he is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- he has taken all steps that he ought to have been taken as director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

FLAT IRON STEAK LIMITED

DIRECTOR'S REPORT (CONTINUED) FOR THE PERIOD ENDED 28 AUGUST 2016

Auditor

KPMG LLP were appointed on 10 July 2017 as the first auditor of the Company.

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

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

C A Carroll
Director

A handwritten signature in black ink, appearing to read 'C A Carroll', written in a cursive style.

10 August 2017

6 York Street
London
W1U 6QD

FLAT IRON STEAK LIMITED

STATEMENT OF DIRECTOR'S RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTOR'S REPORT AND THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 28 AUGUST 2016

The director is responsible for preparing the Strategic Report, the Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law he has elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the director is required to:

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

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. He has general responsibility for taking such steps as are reasonably open to him to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

FLAT IRON STEAK LIMITED

Independent Auditor's Report to the members of Flat Iron Steak Limited FOR THE PERIOD ENDED 28 AUGUST 2016



We have audited the financial statements of Flat Iron Steak Limited for the 52 week period ended 28 August 2016 set out on pages 8 to 22. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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

Respective responsibilities of directors and auditor

As explained more fully in the Director's Responsibilities Statement set out on page 5, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 28 August 2016 and of its profit for the period then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Other matter – prior period financial statements

In forming our opinion on the financial statements, which is not modified, we note that the prior period financial statements were not audited. Consequently, International Standards on Auditing (UK and Ireland) require the auditor to state that the corresponding figures contained within these financial statements are unaudited.

FLAT IRON STEAK LIMITED

Independent Auditor's Report to the members of Flat Iron Steak Limited (Continued)

FOR THE PERIOD ENDED 28 AUGUST 2016

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Director's Report for the financial year is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic Report and the Director's Report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

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

KPMG LLP

David Campbell (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square, Canary Wharf, London, E14 5GL

10 August 2017

FLAT IRON STEAK LIMITED

Profit and Loss Account and Other Comprehensive Income

For the period ended 28 August 2016

		52 Weeks ended 28 August 2016	53 Weeks ended 30 August 2015 Unaudited
	Notes	£	£
Turnover	2	7,555,480	3,994,085
Cost of sales		(4,984,814)	(2,501,909)
Gross profit		2,570,666	1,492,176
Administrative expenses		(2,303,673)	(1,017,096)
		266,993	475,080
Adjusted EBITDA*		859,045	703,274
Depreciation	9	(265,969)	(118,446)
Pre-opening costs	3	(257,496)	(68,479)
Other exceptional items	3	(68,587)	(41,269)
Operating profit	4	266,993	475,080
Interest payable and similar charges	7	(33,545)	(16,460)
Profit on ordinary activities before taxation		233,448	458,620
Tax on profit on ordinary activities	8	(50,920)	(96,397)
Profit and total comprehensive income for the period		182,528	362,223

All amounts relate to continuing operations.

There were no recognised gains and losses for 2016 or 2015 other than those included in the statement of profit and loss and other comprehensive income.

* Adjusted EBITDA is earnings before interest, tax, depreciation, amortisation, pre-opening costs and other exceptional items.

The notes on pages 12 to 22 form part of these financial statements.

FLAT IRON STEAK LIMITED

Balance Sheet

As at 28 August 2016

		2016		2015	
	Notes	£	£	Unaudited	£
Fixed assets					
Tangible assets	9		2,604,576		1,119,627
Current assets					
Stock	10	86,396		50,191	
Debtors (including £251,874 (2015: £124,374) due after more than one year)	11	490,654		220,683	
Cash at bank and in hand		418,326		668,919	
		<u>995,376</u>		<u>939,793</u>	
Creditors: amounts falling due within one year	12	<u>(1,654,903)</u>		<u>(875,211)</u>	
Net current (liabilities)/assets			<u>(659,527)</u>		<u>64,582</u>
Total assets less current liabilities			<u>1,945,049</u>		<u>1,184,209</u>
Creditors: amounts falling due after more than one year	13		(728,527)		(210,000)
Provisions for liabilities	14		<u>(92,633)</u>		<u>(58,750)</u>
Net assets			<u>1,123,889</u>		<u>915,459</u>
Capital and reserves					
Called up share capital	15		1		1
Share premium account	15		470,436		470,436
Profit and loss account	15		583,574		401,046
Share based payment reserve	15		69,878		43,976
Shareholder's funds			<u>1,123,889</u>		<u>915,459</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 10 August 2017.



C A Carroll
Director

The notes on pages 12 to 22 form part of these financial statements.

Company registered number: 08177784

FLAT IRON STEAK LIMITED

Statement of Changes in Equity

For the period ended 28 August 2016

	Share capital	Share Premium account	Share Based Payment Reserve	Profit and loss account	Total equity
	£	£	£	£	£
Balance at 25 August 2014	1	470,436	18,074	38,823	527,334
Total comprehensive income for the period					
Profit for the period	-	-	-	362,223	362,223
Share Based Payment expense	-	-	25,902	-	25,902
Balance at 30 August 2015 (Unaudited)	1	470,436	43,976	401,046	915,459
	Share capital	Share premium account	Share Based Payment Reserve	Profit and loss account	Total equity
	£	£	£	£	£
Balance at 31 August 2015	1	470,436	43,976	401,046	915,459
Total comprehensive income for the period					
Profit for the period	-	-	-	182,528	182,528
Share Based Payment expense	-	-	25,902	-	25,902
Balance at 28 August 2016	1	470,436	69,878	583,574	1,123,889

The notes on pages 12 to 22 form part of these financial statements.

FLAT IRON STEAK LIMITED

Cash Flow Statement

For the period ended 28 August 2016

	Notes	2016 £	Unaudited 2015 £
Cash flows from operating activities			
Profit for the year		182,528	362,223
Adjustments for:			
Depreciation of tangible assets	9	265,969	118,446
Interest payable and similar charges	7	33,545	16,460
Equity settled share-based payment expenses	17	25,902	25,902
Taxation	8	50,920	96,397
		<u>558,864</u>	<u>619,428</u>
(Increase) in debtors		(249,971)	(60,387)
(Increase) in stocks		(36,205)	(13,722)
Increase in creditors		659,784	370,229
Tax paid		(52,082)	-
		<u>880,390</u>	<u>915,548</u>
Net cash from operating activities			
Cash flows from investing activities			
Purchase of tangible fixed assets	9	(1,750,918)	(615,354)
Cash flows from financing activities			
Proceeds from new loans		800,000	-
Repayment of borrowings		(121,474)	(72,000)
Interest paid		(33,545)	(16,460)
Director loans		(25,045)	13,514
Net cash from financing activities		<u>619,936</u>	<u>(74,946)</u>
Net (decrease)/increase in cash and cash equivalents		<u>(250,592)</u>	<u>225,249</u>
Cash and cash equivalents at beginning of period		668,918	443,670
Cash and cash equivalents at end of period		<u>418,326</u>	<u>668,919</u>
Cash at bank and in hand		<u>418,326</u>	<u>668,919</u>

The notes on pages 12 to 22 form part of these financial statements.

FLAT IRON STEAK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 28 AUGUST 2016

1 Accounting policies

Flat Iron Steak Limited (the "Company") is a company limited by shares and is incorporated, registered and domiciled in the UK. The address of the registered office is 6 York Street, London, W1U 6QD.

1.1 Basis of preparation of financial statements

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* ("FRS 102") as issued in August 2014. The presentation currency of these financial statements is sterling.

In the transition to FRS 102 from old UK GAAP, the Financial Reporting Standard for Smaller Entities, the Company has made measurement and recognition adjustments. An explanation of how the transition to FRS 102 has affected financial position and financial performance of the Company is provided in note 20. For the purpose of these financial statements, the transition date was 25 August 2014. FRS 102 grants certain first-time adoption exemptions from the full requirements of FRS 102. The following exemptions have been taken in these financial statements:

- Lease incentives – for leases commenced before 25 August 2014 the Company continued to account for lease incentives under previous UK GAAP.

The preparation of financial statements in compliance with FRS102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 1.14). The following principal accounting policies have been applied:

1.2 Measure convention

The financial statements are prepared on the historical cost basis.

1.3 Going concern

The director has considered forecast cash flow projections and funding requirements, and as a consequence, believes that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

Based on the above, the director has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and therefore the Company has continued to adopt the going concern basis in preparing the annual financial statements.

1.4 Revenue

Turnover comprises revenue recognised by the Company in respect of sales to customers in the restaurant businesses during the period, net of VAT and trade discounts. Turnover of restaurant services is recognised when the services have been delivered.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Short leasehold	Straight line over the life of the lease
Fixtures and fittings	Straight line over five years
Computer and tills	Straight line over four years
Equipment	Straight line over four years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the Company expects to consume an asset's future economic benefits. The Company assesses at each reporting date whether tangible fixed assets are impaired.

FLAT IRON STEAK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 28 AUGUST 2016

1.6 Operating leases: Lessee

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

1.7 Stock

Stock is valued at the lower of cost and estimated selling price less costs to complete and sell, after making due allowance for obsolete and slow-moving stocks. Cost is based on the first-in first-out principle.

Stock consists of restaurant stock (food and beverages) and a herd of cattle.

1.8 Trade and other debtor/creditors

Trade and other debtor/creditors are measured at cost. Debtors are assessed for impairment at each balance sheet date.

1.9 Cash and cash equivalents

Cash and cash equivalents comprise cash balances in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

1.10 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties and loans to related parties.

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 payables or receivables, are measured initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However, if the arrangement of a short-term instrument constitutes a financing transaction, like the payment of a trade debtor deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an outright short-term loan not at market rate, the financial asset or liability is measured initially at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

1.11 Interest payable

Interest payable and similar charges include interest payable on bank loans.

1.12 Current and deferred taxation

Tax on the profit for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are *not* provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

FLAT IRON STEAK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 28 AUGUST 2016

1.12 Current and deferred taxation (continued)

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

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

1.13 Employee benefits

Short term employee benefits including holiday pay and annual bonuses are accrued as services are rendered. Any unused holiday pay entitlement which is accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

Share based payment transactions

The grant date fair value of share based payments awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the awards. The fair value of the awards granted is measured based on a Black-Scholes options model taking into account the terms and conditions upon which the awards were granted. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share based payment awards with non-vesting conditions, the grant date fair value of the share based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

1.14 Judgement in applying accounting policies and key sources of estimation uncertainty

The preparation of financial statements in conformity with generally accepted accounting practice requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period. Key judgements made by management include:

Onerous lease and dilapidation provisions

Provisions for onerous leases and dilapidations include estimates such as the length of time a property may be empty for and the value of any make good costs at the end of a lease. Provisions are discounted to present value which requires the use of a discount rate. Provisions are reviewed regularly and adjusted as appropriate.

Useful lives of tangible assets

Depreciation and amortisation are provided in order to write down to estimated residual values the cost of each asset over its estimated useful economic life. These useful economic lives require the use of management judgement. These estimates are regularly reviewed.

Impairment of tangible assets

Each cash generating unit (CGU) is reviewed annually for indicators of impairment. In assessing whether an asset has been impaired, the carrying value of the CGU is compared to its recoverable amount. The recoverable amount is the higher of its fair value and its value in use. Where value in use is estimated, this is calculated using a discounted cash flow model, which includes assumptions around future performance and the use of an appropriate discount rate. Future projections are compared to actual performance on a regular basis to assess the accuracy of such projections.

FLAT IRON STEAK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 28 AUGUST 2016

2 Analysis of turnover

The whole turnover is attributable to the restaurant sales in the year.

All turnover arose within the United Kingdom.

3 Exceptional items

	2016	Unaudited 2015
	£	£
Pre-opening costs	257,496	68,479
Share based payment expenses (see note 17)	25,902	25,902
Charitable donations	42,685	15,367
	<u>326,083</u>	<u>109,748</u>

These exceptional items were included within turnover, cost of sales and administrative expenses.

The pre-opening costs for 2016 were incurred in connection with the Company's two new sites opened in December 2015 and June 2016.

The charitable donations were made to Macmillan Cancer Support.

4 Expenses and auditor's remuneration

	2016	Unaudited 2015
	£	£
<i>Included in profit/loss are the following:</i>		
Depreciation of tangible assets	265,969	118,446
Operating lease rentals – other operating leases	<u>779,963</u>	<u>346,228</u>
<i>Auditor's remuneration:</i>		
Audit of these financial statements	20,000	-
<i>Amounts receivable by the Company's auditor in respect of:</i>		
Taxation compliance services	<u>4,000</u>	<u>-</u>

5 Employees

	2016	Unaudited 2015
	£	£
Staff costs, including director's remuneration, were as follows:		
Wages and salaries	2,535,238	1,204,188
Share based payments (see note 17)	25,902	25,902
Social security costs	153,191	78,116
	<u>2,714,331</u>	<u>1,308,206</u>

FLAT IRON STEAK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 28 AUGUST 2016

5 Employees (continued)

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

	2016 No.	2015 No.
Director	1	1
Management, operations and administration	156	79
	<u>157</u>	<u>80</u>

6 Director's remuneration

	2016 £	Unaudited 2015 £
Director's emoluments	133,846	40,000

During the period, the director, Mr C A Carroll, made advances to the Company of £nil (2015: £13,714), and withdrew sums against those advances of £25,045 (2015: £200). At the period end, the amount owed by Mr Carroll to the Company was £20,000 (2015: £5,045 owed by the company). This loan is interest-free and repayable on demand.

7 Interest payable and similar charges

	2016 £	Unaudited 2015 £
Bank interest payable	33,545	16,460

8 Taxation

	2016 £	Unaudited 2015 £
<i>Current tax</i>		
Current tax on income for the period	17,037	52,082
Adjustments in respect of prior periods	-	-
Total current tax	<u>17,037</u>	<u>52,082</u>
<i>Deferred tax (see note 14)</i>		
Origination and reversal of timing differences	41,394	44,315
Change in tax rate	(7,511)	-
Total deferred tax	<u>33,883</u>	<u>44,315</u>
Total tax	<u>50,920</u>	<u>96,397</u>

FLAT IRON STEAK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 28 AUGUST 2016

8 Taxation (continued)

	2016 £	Unaudited 2015 £
Reconciliation of effective tax rate		
Profit for the period	182,528	362,223
Total tax expense	50,920	96,397
Profit excluding taxation	233,448	484,522
 Tax using the UK corporation tax rate of 20% (2015: 20%)	46,690	91,724
Reduction in tax rate on deferred tax balances	(7,511)	-
Non-deductible expenses	207	524
Trading losses utilised	-	(41,591)
Fixed asset differences	11,534	45,740
Total tax expense included in profit	50,920	96,397

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax liability at balance sheet date has been calculated based on these rates.

9 Tangible fixed assets

	Short leasehold £	Computer and tills £	Furniture and fixtures £	Equipment £	Total £
Cost					
At 31 August 2015	929,196	20,225	145,346	231,714	1,326,481
Additions	974,933	67,093	280,723	428,169	1,750,918
At 28 August 2016	1,904,129	87,318	426,069	659,883	3,077,399
Depreciation					
At 31 August 2015	43,019	12,769	56,510	94,556	206,854
Charge for the period	80,889	14,298	55,159	115,623	265,969
At 28 August 2016	123,908	27,067	111,669	210,179	472,823
Net book value					
At 28 August 2016	1,780,221	60,251	314,400	449,704	2,604,576
At 30 August 2015 unaudited	886,177	7,456	88,836	137,158	1,119,627

FLAT IRON STEAK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 28 AUGUST 2016

10 Stock	2016	Unaudited 2015
	£	£
Goods held for resale	59,243	30,348
Cattle	27,153	19,843
	86,396	50,191

Changes in stock recognised as cost of sales in the year amounted to £2,339,234 (2015: £1,191,331).
The write-down of stock to net realisable value amounted to £nil (2015: £nil).

11 Debtors	2016	Unaudited 2015
	£	£
Other debtors	26,132	-
Property deposits	251,874	114,000
Director's loan	20,000	-
Prepayments and accrued income	192,648	106,683
	490,654	220,683
Due within one year	238,780	96,309
Due after more than one year	251,874	124,374
	490,654	220,683

Debtors include property deposits of £251,874 (2015: £124,374) due after more than one year.

12 Creditors: amounts falling due within one year	2016	Unaudited 2015
	£	£
Bank loans and overdrafts (see note 13)	232,000	72,000
Trade creditors	334,137	293,793
Taxation and social security	322,376	193,264
Other creditors	345,858	178,543
Accruals and deferred income	420,532	137,611
	1,654,903	875,211

13 Creditors: amounts falling due after more than one year	2016	Unaudited 2015
	£	£
Bank loans	728,527	210,000
Analysis of loans		
Wholly repayable within five years	960,527	282,000
Included in current liabilities	(232,000)	(72,000)
	728,527	210,000

The bank loans are secured via a fixed charge over the property held by the company, via fixed and floating charges over the assets of the business, and via a personal guarantee given by the director of the Company.

FLAT IRON STEAK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 28 AUGUST 2016

14 Deferred tax liabilities

	2016	Unaudited 2015
	£	£
At the beginning of the period	58,750	14,435
Charge to the profit and loss account	33,883	44,315
At the end of the period	<u>92,633</u>	<u>58,750</u>

The deferred tax liability is made up as follows:

	2016	Unaudited 2015
	£	£
Accelerated capital allowances	105,560	67,545
Timing differences on employee benefits	(12,927)	(8,795)
Total	<u>92,633</u>	<u>58,750</u>

15 Capital and reserves

Share capital

	2016	Unaudited 2015
	£	£
Allotted, called up and fully paid		
1,059 Ordinary A shares of £0.001 each	1	1
335 Ordinary B shares of £0.001 each	-	-
	<u>1</u>	<u>1</u>

Each Ordinary share carries one vote at all general meetings of the Company. All Ordinary share rank pari passu.

Share premium account

The share premium account represents the excess paid for the Company shares over and above the nominal share capital of the Company.

Profit and loss account

The profit and loss account represents retained profits or losses less amounts distributed to shareholders.

Share based payment reserve

The share based payment reserve represents amounts accruing for equity based share options granted to members of senior management (see note 17).

FLAT IRON STEAK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 28 AUGUST 2016

16 Operating Leases

Non-cancellable operating lease rentals are payable as follows:

	2016 £	Unaudited 2015 £
Less than one year	725,000	439,658
Between one and five years	2,900,000	2,760,000
More than five years	6,692,761	7,269,164
	<u>10,317,761</u>	<u>10,468,822</u>

During the year £792,949 was recognised as an expense in the profit and loss account in respect of operating leases (2015: £346,228).

17 Employee Benefits

Share based payments

The Company issued equity settled share based payments to senior members of the management team, whereby services are rendered in exchange for rights over shares in the Company. Only three members of staff were entitled to the share options. The option scheme and awards are designed to be in accordance with EMI rules.

The options were granted to senior management in 2013 and 2015 and are exercisable upon an exit event. They will vest provided the employees have remained in continuous employment with Flat Iron Steak Limited for a period of four years and will expire after 10 years.

The fair value of employee share options at the grant date was measured using a Black-Scholes options model, using comparable inputs to a peer group of listed companies. The number and weighted average exercise price of share options for the Company are as follows:

	Weighted average exercise price 2016 £	Number of options 2016	Weighted average exercise price 2015 £ Unaudited	Number of options 2015 Unaudited
Outstanding at the beginning of the period	19.13	108	0.001	68
Forfeited during the period	-	-	-	-
Exercised during the period	-	-	-	-
Granted during the period	-	-	51.65	40
Outstanding at the end of the period	<u>19.13</u>	<u>108</u>	<u>19.13</u>	<u>108</u>
Exercisable at the end of the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

FLAT IRON STEAK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 28 AUGUST 2016

17 Employee Benefits (continued)

The total expense recognised for the period and the total accrued in the share reserve at the end of the period arising from share based payments are as follows:

	2016 £	Unaudited 2015 £
Total share based payment expense	25,902	25,902
Total amount accrued in share based payment reserve	69,878	43,976

18 Control

The Company is controlled by the director, Mr C A Carroll.

19 Related party relationships and transactions

During the period, the director, Mr C A Carroll, made advances to the Company of £nil (2015: £13,714), and withdrew sums against those advances of £25,045 (2015: £200). At the period end, the amount owed by Mr Carroll to the Company was £20,000 (2015: £5,045 owed by the company). This loan is interest-free and repayable on demand.

Transactions with key management personnel

The director and certain senior employees who have authority and responsibility for planning, directing and controlling the activities of the company are considered to be key management personnel. Total remuneration in respect of these individuals is £264,000 (2015: £173,000).

20 Explanation of transition to FRS 102 from old UK GAAP

As stated in note 1, these are the Company's first financial statements prepared in accordance with FRS 102.

The accounting policies set out in note 1.14 have been applied in preparing the financial statements for the period ended 28 August 2016 and the comparative information presented in these financial statements for the period ended 30 August 2015.

In preparing its FRS 102 balance sheet, the Company has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP, the Financial Reporting Standard for Smaller Entities). An explanation of how the transition from UK GAAP to FRS 102 has affected the Company's financial position and financial performance is set out in the following tables.

FLAT IRON STEAK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 28 AUGUST 2016

20 Explanation of transition to FRS 102 from old UK GAAP (continued)

	Note	2015 UK GAAP £000	Effect of transition to FRS 102 £000	2015 FRS 102 £000
Cost of sales	a	2,476,007	25,902	2,501,909
Tax on Profit on ordinary activities	a	101,577	5,180	96,397
Profit and total comprehensive income	a	382,944	20,721	362,223
Share based payment reserve	a	-	43,976	43,976
Profit and Loss account	a	436,226	35,180	401,046
Deferred tax liability	a	67,546	8,796	58,750
Net Assets	a	906,663	8,796	915,459

- a) The transition adjustment arose from the recognition of the share based payment expense in relation to the EMI share options awarded in 2013 and 2015 (see note 17). These were previously not required to be recognised under The Financial Reporting Standard for Smaller Entities.

21 Subsequent events

Subsequent to 28 August 2016, Piper Private Equity have taken a significant minority stake in the business. This investment together with the review of the banking facilities, is setting the business for the next stage of site roll out.