

## Union Street Cafe Limited

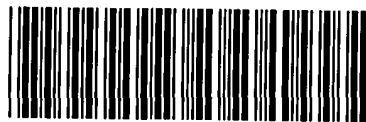
Reports and financial statements

Year Ended

31 August 2021

Company Number 07329196

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# Union Street Cafe Limited

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## Company Information

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<b>Directors</b>	G J Ramsay A Wentlock
<b>Registered number</b>	07329196
<b>Registered office</b>	539-547 Wandsworth Road London SW8 3JD United Kingdom
<b>Independent auditor</b>	BDO LLP 55 Baker Street London W1U 7EU

# Union Street Cafe Limited

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# Union Street Cafe Limited

## Strategic Report for the Year Ended 31 August 2021

The directors present their strategic report together with the audited financial statements for the year ended 31 August 2021.

### Principal activities

The principal activity of Union Street Cafe Limited continued to be that of operating restaurants within the Gordon Ramsay Restaurants Limited group, including the majority of newly launched Gordon Ramsay Street Pizza and Gordon Ramsay Street Burger restaurants, and recent additions to the Bread Street Kitchen format. Other restaurants within the group that trade within this company include Lucky Cat, Heddon Street Kitchen and Gordon Ramsay Bar and Grill restaurants at Grosvenor Square Mayfair and Park Walk in Chelsea.

### Business review

The company successfully continued with its expansion strategy despite the substantial challenges presented by the ongoing COVID-19 pandemic, with 10 new restaurant openings during the financial year, all of which were restaurants operated by Union Street Cafe Ltd or its wholly owned subsidiary Busyn Ltd.

In the Casual Dining category, the group commenced the rollout of its Street Pizza and Street Burger concepts. New Street Pizza restaurants opened in Southwark (December 2020) and Battersea Power Station (April 2021). The first Street Burger restaurant opened in December 2020 in the One New Change development in the City of London. Street Burger restaurants also opened in Woking, Charing Cross Road London (April 2021) and more recently at Kensington High Street, Islington, Covent Garden, and the O2 Arena. At 31 August 2021 there were four Street Pizza locations and seven Street Burger locations trading.

In the Premium Casual category, the Bread Street Kitchen brand has seen new restaurants opened in The City of London, Edinburgh, Liverpool, and Union Street Café in Southwark reopened in the Bread Street format in May 2021. The first Bread Street Café, located in Ealing West London opened in August 2021. The Directors plan to continue with expansion of the successful Bread Street brand more widely across the United Kingdom. In the Super Premium category Restaurant Gordon Ramsay, Petrus, Savoy Grill and Lucky Cat all traded very profitably following the easing of COVID restrictions and a second restaurant at Savoy Hotel "The River Restaurant" opened in October 2021.

### Future developments

Despite the global uncertainty caused by the COVID-19 pandemic, the group remains committed to and on course with its growth strategy.

### Financial key performance indicators

In line with our operating objectives, the group use both financial and non-financial KPI's. These are monitored on a daily, weekly, and monthly basis. KPI's are used to measure the primary objectives of the business and the performance of the restaurants.

KPI's used to measure performance include turnover, food, beverage and labour margins, gross profit, and adjusted EBITDA.

### Income statement summary

	2021	2020
	£'000	£'000
Turnover	9,086	11,477
Gross Profit	2,708	3,265
Adjusted EBITDA loss	1,642	976

# **Union Street Cafe Limited**

## **Strategic Report (continued) for the Year Ended 31 August 2021**

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### **Going concern**

The company is party to a cross guarantee in relation to debt held by the group headed by Gordon Ramsay Restaurants Limited and the group receives and provides support as required by the company. Accordingly, the going concern assessment has been considered in relation to the wider group and the company.

The COVID-19 pandemic had a significant impact on the group for a second year, and there are new risks to consider associated with inflationary pressures and consumer spending. During December 2021 and January 2022 there were further trading challenges as a result of the Omicron COVID variant and the Government's instructions for office workers to stay at home where possible. However, since the end of legal restrictions in February 2022 the group has traded consistently and profitably, with group like for like sales consistently ahead of pre-pandemic trading.

The directors have prepared a base case forecast which indicates that the group will be able to meet its liabilities as they fall due and meet lending covenants for a period of at least 12 months from the approval of the financial statements. These projections anticipate only a moderate increase in trade, mainly over periods where trading was subdued or unusually suppressed in the preceding year.

Given the uncertainties outlined above the directors have considered a foreseeable severe downside scenario with the group impacted by significantly reduced trade and diminished margins, similar in quantum to the 20% reduction in sales seen over the Omicron period between late November 2021 and February 2022. Through a combination of reduced capital expenditure and cost reduction, the directors believe that impacts of this magnitude would not leave the group with cash shortages, and that lending covenants would continue to be met.

The group was fully supported by its significant shareholder and lenders throughout the 2020-2022 pandemic, with additional funding provided and waivers granted where required. The significant shareholder has confirmed that if necessary financial support would be made available to the group over the twelve-month period following approval of the financial statements in the event of any severe downturn.

Accordingly, the directors consider the going concern assumption in the preparation of the financial statements to be appropriate as at the date the accounts are authorised for issue.

### **Principal risks and uncertainties**

The variety of concepts and choice of location throughout London, together with the commencement of expansion across the UK helps to minimise any risk of dependency on one brand or economic area.

The current state of the UK economy and ability to operate the restaurant estate: The COVID-19 pandemic resulted in the complete closure of the estate on a number of occasions. While the group has been able to support its staff through the government's Coronavirus job retention scheme, and has now fully reopened, it is clear that the economy has suffered, and restrictions imposed in response to the pandemic, and subsequent supply chain issues present challenges for many consumer businesses. Any actions taken in the future which limit the ability of the group to operate as forecast might have a significant impact on its revenues and profits. The group has acted decisively when necessary and remains as prepared as possible for future eventualities.

The UK economy is beginning to see significant impacts and risks arising from geo-political issues, with international tensions and war in Europe, together with global supply chain challenges impacting commodity prices.

### **Capital risk management**

The company manages its capital to ensure that it will continue as a going concern whilst looking to maximise returns to shareholders. The capital structure of the company consists of equity (this being issued share capital and retained earnings), inter-company balances, cash and cash equivalents. The company monitors its capital structure on a regular basis through cash flow reporting and forecasting.

# Union Street Cafe Limited

## Strategic Report (continued) for the Year Ended 31 August 2021

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### Liquidity risk

The company manages its exposure to liquidity risk through a naturally low level of debtors, maintaining a diversity of funding sources and the spreading of debt repayments over a range of maturities. The hospitality sector has faced a number of challenges which could impact liquidity. To manage liquidity risk, the company prepares regular working capital forecasts to assess cash requirements. The risk posed by liquidity has been considered and we are satisfied, with the support of the company's controlling shareholder if necessary, there is sufficient funding available in the company to meet its requirements.

### Interest rate risk

The company does not have formal policies on interest rate risk but monitors interest rates and the risk to the business on a regular basis.

### Employees

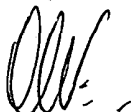
The successful delivery of the service to the company's customers depends on recruiting, training, managing retaining people of the highest quality. The company is committed to the welfare of its staff and all employees given opportunities and are encouraged to develop with the company.

The company is committed to the involvement of employees in the business. Staff are kept informed of the performance and objectives of the company through staff meetings and regular structured feedback sessions.

The company is an equal opportunities employer. Its policy is to ensure that all employees are treated with the same respect and consideration regardless of sex, age, colour, disability, sexual orientation, nationality or ethnic or national origins.

Management facilitates the employment of disabled persons whenever a suitable vacancy arises. Continued employment and re training of employees who become disabled whilst employed within the company is ensured. The company provides career development, training and promotion of disabled employees with a view to encouraging them to play an active role in the development of the company.

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



.....  
**A Wenlock**  
Director

Date: 14/07/22

# **Union Street Cafe Limited**

## **Directors' Report for the Year Ended 31 August 2021**

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

### **Directors' responsibilities**

The directors are responsible for preparing the strategic report, the directors' report and the 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). 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 of the profit or loss of the company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Directors**

The directors who served during the year were:

G J Ramsay  
A Wenlock

### **Matters covered in the strategic report**

As permitted by paragraph 1A of schedule 7 to the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulation 2008, certain matters which are required to be disclosed in the directors' report have been omitted as they are included in the strategic report on pages 1 - 3.

### **Disclosure of information to auditor**

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the directors is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors 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's auditor is aware of that information.

# Union Street Cafe Limited

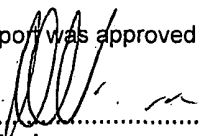
## Directors' Report (continued) for the Year Ended 31 August 2021

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### Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

  
.....  
**A Wenlock**  
Director

Date: 14/07/22



# Union Street Cafe Limited

## Independent Auditor's Report to the Members of Union Street Cafe Limited

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### Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 August 2021 and of its 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.

We have audited the financial statements of Union Street Cafe Limited ("the company") for the year ended 31 August 2021 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity, and notes to the financial statements, 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).

### 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 Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

# **Union Street Cafe Limited**

## **Independent Auditor's Report to the Members of Union Street Cafe Limited (continued)**

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### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the Reports and Financial Statements other than the financial statements and our auditor's report thereon. 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.

### **Other Companies Act 2006 reporting**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the 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, 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 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, 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 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 company or to cease operations, or have no realistic alternative but to do so.

# Union Street Cafe Limited

## Independent Auditor's Report to the Members of Union Street Cafe Limited (continued)

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### **Auditor's 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 auditor's 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 financial statements.

#### *Extent to which the audit was capable of detecting irregularities, including fraud*

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:

- We obtained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates and considered the significant laws and regulations to be those relating to the industry, financial reporting framework and tax legislation.
- We held discussion with management to consider any known or suspected instances of non-compliance with laws and regulations or fraud identified by them.
- Based on the understanding obtained we designed audit procedures to identify non compliance with the laws and regulations, as noted above. This included enquiries of management, review of board minutes, and review of relevant correspondence.
- We tested journal entries, focusing on journal entries containing characteristics of audit interest such as manual journals and journals relating to revenue.
- We tested and challenged the key estimates and judgements made by management in preparing the financial statements for indications of bias or management override when presenting the results and financial position of the company.
- We communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

# Union Street Cafe Limited


## Independent Auditor's Report to the Members of Union Street Cafe Limited (continued)

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### 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 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.

DocuSigned by:

  
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**Ed Green-Wilkinson** (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
London, UK

Date: 15 July 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# Union Street Cafe Limited

## Statement of Comprehensive Income for the Year Ended 31 August 2021

	Note	2021 £	2020 £
Turnover	4	9,086,241	11,476,902
Cost of sales		(6,378,545)	(8,211,760)
<b>Gross profit</b>		<b>2,707,696</b>	<b>3,265,142</b>
Other operating income	5	1,195,430	1,104,000
Administrative expenses		(7,603,509)	(6,623,636)
Adjusted EBITDA*		(1,641,637)	(976,269)
Depreciation		(1,300,061)	(1,194,291)
Exceptional administrative expenses	10	(758,685)	(83,934)
<b>Operating loss</b>	6	<b>(3,700,383)</b>	<b>(2,254,494)</b>
Interest payable and similar expenses	8	(10,323)	(249)
<b>Loss before tax</b>		<b>(3,710,706)</b>	<b>(2,254,743)</b>
Tax on loss	9	-	-
<b>Loss for the financial year</b>		<b>(3,710,706)</b>	<b>(2,254,743)</b>

\*Adjusted EBITDA is earnings before interest, tax, depreciation, amortisation and exceptional items.

The notes on pages 13 to 27 form part of these financial statements.

# Union Street Cafe Limited

Registered number: 07329196

## Statement of Financial Position as at 31 August 2021

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Tangible assets	11	9,683,767	8,160,098
Investments	12	100	100
		<u>9,683,867</u>	<u>8,160,198</u>
<b>Current assets</b>			
Stocks	13	438,848	280,412
Debtors: amounts falling due after more than one year	14	567,875	462,875
Debtors: amounts falling due within one year	14	2,439,747	1,901,060
Cash and cash equivalents		369,801	271,809
		<u>3,816,271</u>	<u>2,916,156</u>
Creditors: amounts falling due within one year	15	(29,110,132)	(22,975,642)
<b>Net current liabilities</b>		<u>(25,293,861)</u>	<u>(20,059,486)</u>
<b>Total assets less current liabilities</b>		<u>(15,609,994)</u>	<u>(11,899,288)</u>
<b>Provisions for liabilities</b>			
Deferred tax	16	(169,088)	(169,088)
<b>Net liabilities</b>		<u>(15,779,082)</u>	<u>(12,068,376)</u>
<b>Capital and reserves</b>			
Called up share capital	17	1	1
Accumulated losses	18	(15,779,083)	(12,068,377)
		<u>(15,779,082)</u>	<u>(12,068,376)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

  
.....  
**A Wenlock**  
Director

Date: 14/07/22

The notes on pages 13 to 27 form part of these financial statements.

## Union Street Cafe Limited

### Statement of Changes in Equity for the Year Ended 31 August 2021

	Share capital	Accumulated losses	Total equity
	£	£	£
At 1 September 2020	1	(12,068,377)	(12,068,376)
<b>Comprehensive loss for the year</b>			
Loss and total comprehensive loss for the year	-	(3,710,706)	(3,710,706)
<b>At 31 August 2021</b>	<b>1</b>	<b>(15,779,083)</b>	<b>(15,779,082)</b>

### Statement of Changes in Equity for the Year Ended 31 August 2020

	Share capital	Accumulated losses	Total equity
	£	£	£
At 1 September 2019	1	(9,813,634)	(9,813,633)
<b>Comprehensive loss for the year</b>			
Loss and total comprehensive loss for the year	-	(2,254,743)	(2,254,743)
<b>At 31 August 2020</b>	<b>1</b>	<b>(12,068,377)</b>	<b>(12,068,376)</b>

The notes on pages 13 to 27 form part of these financial statements.

# Union Street Cafe Limited

## Notes to the Financial Statements for the Year Ended 31 August 2021

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### 1. General information

Union Street Cafe Limited is a private limited company, limited by shares, incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the company information page and the nature of the company's operations and its principal activities are set out in the strategic report.

These financial statements are presented in Pounds Sterling (GBP) and are reported to the nearest pound.

The company has determined that GBP is its functional currency.

### 2. Accounting policies

#### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention 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 management to exercise judgement in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

#### 2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A; and
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Gordon Ramsay Restaurants Limited as at 31 August 2021 and these financial statements may be obtained from Companies House.



# Union Street Cafe Limited

## Notes to the Financial Statements for the Year Ended 31 August 2021

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### 2. Accounting policies (continued)

#### 2.3 Going concern

The company is party to a cross guarantee in relation to debt held by the group headed by Gordon Ramsay Restaurants Limited and the group receives and provides support as required by the company. Accordingly, the going concern assessment has been considered in relation to the wider group and the company.

The COVID-19 pandemic had a significant impact on the group for a second year, and there are new risks to consider associated with inflationary pressures and consumer spending. During December 2021 and January 2022 there were further trading challenges as a result of the Omicron COVID variant and the Government's instructions for office workers to stay at home where possible. However, since the end of legal restrictions in February 2022 the group has traded consistently and profitably, with group like for like sales consistently ahead of pre-pandemic trading.

The directors have prepared a base case forecast which indicates that the group will be able to meet its liabilities as they fall due and meet lending covenants for a period of at least 12 months from the approval of the financial statements. These projections anticipate only a moderate increase in trade, mainly over periods where trading was subdued or unusually suppressed in the preceding year.

Given the uncertainties outlined above the directors have considered a foreseeable severe downside scenario with the group impacted by significantly reduced trade and diminished margins, similar in quantum to the 20% reduction in sales seen over the Omicron period between late November 2021 and February 2022. Through a combination of reduced capital expenditure and cost reduction, the directors believe that impacts of this magnitude would not leave the group with cash shortages, and that lending covenants would continue to be met.

The group was fully supported by its significant shareholder and lenders throughout the 2020-2022 pandemic, with additional funding provided and waivers granted where required. The significant shareholder has confirmed that if necessary financial support would be made available to the group over the twelve-month period following approval of the financial statements in the event of any severe downturn.

Accordingly, the directors consider the going concern assumption in the preparation of the financial statements to be appropriate as at the date the accounts are authorised for issue.

#### 2.4 Turnover

Turnover represents amounts receivable for food, beverage and service fees net of value added tax and tips. Turnover is recognised at the point of sale of the goods or the supply of services.

#### 2.5 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.

# Union Street Cafe Limited

## Notes to the Financial Statements for the Year Ended 31 August 2021

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### 2. Accounting policies (continued)

#### 2.5 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:

Land and buildings leasehold	- over lease period
Fixtures, fittings and equipment	- 15% straight line
Assets under construction	- not depreciated

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 the statement of comprehensive income.

#### 2.6 Impairment of fixed assets

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

#### 2.7 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

#### 2.8 Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

#### 2.9 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.

#### 2.10 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.

# **Union Street Cafe Limited**

## **Notes to the Financial Statements for the Year Ended 31 August 2021**

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### **2. Accounting policies (continued)**

#### **2.11 Leased assets**

All leases are treated as operating leases. Their annual rentals are charged to the statement of comprehensive income on a straight-line basis over the term of the lease.

#### **2.12 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 the statement of comprehensive income when they fall due. The assets of the plan are held separately from the company in independently administered funds.

#### **2.13 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 statement of comprehensive income in the same period as the related expenditure.

#### **2.14 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

# Union Street Cafe Limited

## Notes to the Financial Statements for the Year Ended 31 August 2021

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### 2. Accounting policies (continued)

#### 2.15 Exceptional items

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

Exceptional items and adjusted EBITDA have been disclosed separately as a non-GAAP disclosure to help users understand the underlying performance of the business.

### 3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have had to make the following judgements:

- Determine whether leases entered into by the company are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the company's tangible fixed assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.

Other key sources of estimation uncertainty

- Tangible fixed assets (see note 11)  
Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.
- Impairment of investment in subsidiary (see note 12)  
Determining whether the company's investments in its subsidiaries have any indicators of impairment. Where such indicators exist, the directors estimate the recoverable amount of the investment. Assessments include the review of current trading performance and future expected cash flows expected to arise from the investments. The carrying amount of the investments in the subsidiaries at the reporting date was £100.

### 4. Turnover

The whole of the turnover is attributable to the principal activity of the company.

All turnover arose within the United Kingdom.

# Union Street Cafe Limited

## Notes to the Financial Statements for the Year Ended 31 August 2021

### 5. Other operating income

	2021 £	2020 £
Government grants – Coronavirus Job Retention Scheme ("CJRS")	960,049	1,104,000
Other government grants	174,475	-
Other income	60,906	-
	<u>1,195,430</u>	<u>1,104,000</u>

Other government grants consist of local government support grants received by the company.

### 6. Operating loss

The operating loss is stated after charging:

	2021 £	2020 £
Depreciation of tangible fixed assets	1,300,060	1,195,321
Other operating lease rentals	2,419,502	2,216,289
Fees payable to the parent company's auditor and its associates in respect of audit services	<u>61,288</u>	<u>-</u>

All non-audit fees payable to the parent company's auditor are borne by another group company.

Operating lease rentals above is the expense recorded after recognising in the income statement COVID-19-related rent concession received of £315,000 (2020 - £274,582).

# Union Street Cafe Limited

## Notes to the Financial Statements for the Year Ended 31 August 2021

### 7. Employees

Staff costs were as follows:

	2021 £	2020 £
Wages and salaries	3,609,647	4,524,467
Social security costs	328,851	400,072
Cost of defined contribution scheme	74,825	123,488
	<u>4,013,323</u>	<u>5,048,027</u>

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

	2021 No.	2020 No.
Restaurant staff	248	337
Directors	2	2
	<u>250</u>	<u>339</u>

Wages and salaries are shown gross of CJRS (see note 5).

During the year, no director received any emoluments (2020 - £Nil).

### 8. Interest payable and similar charges

	2021 £	2020 £
Bank interest payable	<u>10,323</u>	<u>249</u>

# Union Street Cafe Limited

## Notes to the Financial Statements for the Year Ended 31 August 2021

### 9. Taxation

	2021 £	2020 £
Current tax on loss for the year	-	-
<b>Taxation on loss on ordinary activities</b>	<b>-</b>	<b>-</b>
<b>Factors affecting tax credit for the year</b>		
The tax assessed for the year is higher than (2020 - higher than) the standard rate of corporation tax in the UK of 19.00% (2020 - 19.00%). The differences are explained below:		
	2021 £	2020 £
Loss on ordinary activities before tax	(3,710,706)	(2,254,743)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2020 - 19.00%)	(705,034)	(428,401)
<b>Effects of:</b>		
Fixed asset differences	202,409	173,600
Deferred tax not recognised	514,763	254,801
Other permanent differences	(12,138)	-
<b>Total tax charge for the year</b>	<b>-</b>	<b>-</b>

At the year end date, the total unused tax losses carried forward are £3,573,192 (2020 - £863,915). No deferred tax asset has been recognised in respect of these unused tax losses.

The Finance Act 2016 reduced the corporation tax rate to 17% with effect from 1 April 2020 and so this rate was used in the August 2020 deferred tax calculations. In the Budget of 11 March 2020, the Chancellor of the Exchequer announced that the planned rate reduction to 17% would no longer be taking effect. The changes announced during the Budget of 11 March 2020 were subsequently enacted as the 2020 statement of financial position date, therefore, all opening deferred taxation balances for the comparative period have been remeasured at 19% with an adjustment recognised in the 2020 total tax charge.

The Budget in March 2021 announced that the corporation tax rate after 1 April 2023 would be increasing to 25% if company profits are expected to be in excess of £250,000 and at a marginal rate if profits are expected to be between £50,000 and £250,000. The changes announced during the Budget of March 2021 were subsequently enacted as the 2021 statement of financial position date. The change is not considered to have a material impact on these financial statements.

# Union Street Cafe Limited

## Notes to the Financial Statements for the Year Ended 31 August 2021

### 10. Exceptional items

	2021 £	2020 £
Pre-opening costs	758,685	83,934

### 11. Tangible fixed assets

	Land and buildings leasehold £	Fixtures, fittings and equipment £	Assets under construction £	Total £
<b>Cost</b>				
At 1 September 2020	10,607,856	3,348,538	69,861	14,026,255
Additions	1,028,280	1,512,005	283,444	2,823,729
Transfers between classes	37,557	32,304	(69,861)	-
At 31 August 2021	11,673,693	4,892,847	283,444	16,849,984
<b>Depreciation</b>				
At 1 September 2020	3,801,187	2,064,970	-	5,866,157
Charge for the year	807,074	492,986	-	1,300,060
At 31 August 2021	4,608,261	2,557,956	-	7,166,217
<b>Net book value</b>				
At 31 August 2021	7,065,432	2,334,891	283,444	9,683,767
At 31 August 2020	6,806,669	1,283,568	69,861	8,160,098



# Union Street Cafe Limited

## Notes to the Financial Statements for the Year Ended 31 August 2021

### 12. Fixed asset investments

	Investments in subsidiary companies £
<b>Cost</b>	
At 1 September 2020	100
At 31 August 2021	<u>100</u>
<b>Net book value</b>	
At 31 August 2021	<u>100</u>
At 31 August 2020	<u>100</u>
<b>Subsidiary undertaking</b>	

The following was a subsidiary undertaking of the company:

Name	Registered office	Principal activity	Class of shares	Holding
Busyn Limited	United Kingdom	Cooking school	Ordinary	100%

The directors have taken advantage of section 400 of the 2006 Companies Act to not disclose with respect to each subsidiary undertaking; the aggregate amount of its capital and reserves as at the end of its relevant financial year and its profit or loss for that year.

The company has the same registered office as Union Street Cafe Limited (see company information page).

### 13. Stocks

	2021 £	2020 £
Raw materials and consumables	<u>438,848</u>	<u>280,412</u>

Stock recognised in cost of sales during the year as an expense was £2,284,866 (2020 - £2,995,126).

# Union Street Cafe Limited

## Notes to the Financial Statements for the Year Ended 31 August 2021

### 14. Debtors

	2021 £	2020 £
<b>Due after more than one year</b>		
Other debtors	567,875	462,875
	<u>567,875</u>	<u>462,875</u>
<b>Due within one year</b>		
Trade debtors	171,466	12,869
Amounts owed by group undertakings	1,358,418	1,167,153
Other debtors	667,964	587,105
Prepayments and accrued income	241,899	133,933
	<u>2,439,747</u>	<u>1,901,060</u>

### 15. Creditors: Amounts falling due within one year

	2021 £	2020 £
Trade creditors	2,306,521	779,618
Amounts owed to group undertakings	21,359,528	18,507,799
Amounts owed to other related parties (see note 22)	500,000	-
Other taxation and social security	329,567	428,243
Other creditors	676,721	394,280
Directors loan account	1,970,590	1,970,590
Accruals and deferred income	1,967,205	895,112
	<u>29,110,132</u>	<u>22,975,642</u>

Amounts owed to group undertakings are unsecured, interest free, and repayable on demand.

# Union Street Cafe Limited

## Notes to the Financial Statements for the Year Ended 31 August 2021

### 16. Deferred taxation

	2021 £	2020 £
At beginning of year	(169,088)	(169,088)
At end of year	<u>(169,088)</u>	<u>(169,088)</u>

The provision for deferred taxation is made up as follows:

	2021 £	2020 £
Accelerated capital allowances	174,033	174,033
Short term timing differences	(4,945)	(4,945)
	<u>169,088</u>	<u>169,088</u>

### 17. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
1 Ordinary share of £1	<u>1</u>	<u>1</u>

### 18. Reserves

#### Accumulated losses

Accumulated losses represents cumulative profits or losses, net of dividends paid and other adjustments.

# Union Street Cafe Limited

## Notes to the Financial Statements for the Year Ended 31 August 2021

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### 19. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge for the year amounted to £74,825 (2020 - £123,488). Contributions totalling £25,722 (2020 - £68,952) were payable to the fund at the reporting date.

### 20. Commitments under operating leases

At 31 August 2021 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £	2020 £
Not later than 1 year	3,175,472	2,165,346
Later than 1 year and not later than 5 years	15,518,160	9,760,000
Later than 5 years	9,772,689	10,575,390
	<u>28,466,321</u>	<u>22,500,736</u>

### 21. Financial commitments

2018 bank facilities with Barclays were amended on 8 July 2021, with all borrowings maturing in February 2023. Subsequent to the statement of financial position date on 4 May 2022 these were replaced by new facilities as detailed in note 31 within the Gordon Ramsay Restaurants Limited accounts, the parent company.

The group loan facilities (including the new 4 May 2022 facilities) are secured by a debenture over the present and future assets of the company and personal guarantees from the directors (see note 22).

# Union Street Cafe Limited

## Notes to the Financial Statements for the Year Ended 31 August 2021

### 22. Related party transactions

As at 31 August 2020, G J Ramsay had given personal guarantees totalling £5,000,000 (2020 - £5,000,000) in respect of the group banking facility.

During the year, management charges of £924,079 (2020 - £1,164,409) were payable to Gordon Ramsay Holdings Limited.

Amounts owed to other related parties (see note 15) consists of a loan from Humble Pie Media Limited, a company incorporated in the United Kingdom and related to the company by virtue of common directorship and ownership. This amount is unsecured, interest free and repayable on demand.

The company has taken advantage of the exemption available under paragraph 33.1A of the Financial Reporting Standard 102 not to disclose transactions with other wholly owned members of the group.

The below entities were considered related parties as they share common directors with the company. The following amounts were (owed to)/due from the below related parties at the reporting date as a result of the group's financing, management and trading activities:

	As at 1 September 2020 £	Net movements £	As at 31 August 2021 £
Gordon Ramsay Holdings Limited	(11,762,465)	(2,697,392)	(14,459,857)
Gordon Ramsay (No. 1) Limited	(216,145)	25,194	(190,951)
Petrus (Kinnerton Street) Limited	(53,768)	48,870	(4,898)
Gordon Ramsay (Narrow Street) Limited	(164,352)	42,771	(121,581)
Gordon Ramsay (Royal Hospital Road) Limited	(91,004)	61,309	(29,695)
Gordon Ramsay (Maze) Limited	669,166	209	669,375
Sparkle Restaurants Limited	(975,813)	-	(975,813)

### 23. Post balance sheet events

New borrowing facilities were agreed with Barclays, the group's longstanding lender on 4 May 2022, consisting of:

- A three-year £10,000,000 term loan, replacing previously existing facilities, with quarterly repayment instalments of £357,142 commencing on 30 November 2022.
- A three-year £15,000,000 facility, replacing previously existing facilities and to fund capital expenditure, of which £5,885,414 was drawn at the date of signing these Financial Statements, and of which £9,114,586 remains committed and undrawn at that date. This facility is available for 18 months from 4 May 2022, and repayment instalments will commence two years after the date of the agreement or if earlier, six months after all of the facility is drawn.

# **Union Street Cafe Limited**

## **Notes to the Financial Statements for the Year Ended 31 August 2021**

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### **24. Ultimate parent undertaking and controlling party**

The company is a subsidiary of Gordon Ramsay Restaurants Limited which is the ultimate parent company incorporated in the United Kingdom.

The largest and smallest group in which the results of the company are consolidated is that headed by Gordon Ramsay Restaurants Limited, incorporated in the United Kingdom. The consolidated accounts of this company are available to the public and may be obtained from Companies House. No other group accounts include the results of the company.

The company's ultimate controlling party is G J Ramsay.