

CHELSEA FINE FOOD LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

CHELSEA FINE FOOD LTD

COMPANY INFORMATION

Directors	G Clements (appointed 15 October 2021) B N C Mckevitt (resigned 15 October 2021) C M Mckevitt (resigned 15 October 2021) R C Mckevitt (resigned 15 October 2021) V D Mckevitt (resigned 15 October 2021) R W Mckie (resigned 15 October 2021) E Grenville (appointed 25 January 2023) S Hills (appointed 15 October 2021, resigned 27 July 2022)
Registered number	08920708
Registered office	55-57 The Pavement London SW4 0JQ
Independent auditors	Haysmacintyre LLP 10 Queen Street Place London EC4R 1AG

CHELSEA FINE FOOD LTD

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CHELSEA FINE FOOD LTD

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2022

Introduction

Chelsea Fine Food Limited is the trading entity of Neighbourhood Places Limited. The group was created post year end. At the time of approval of the financial statements the group operates 19 restaurants in London and the surrounding home counties. The business was purchased by the current owner in 2014, when it had 1 site and has been rapidly expanding since.

Business review

The principle activity of the Company is the operation of restaurants. The Company operated 15 sites during the financial year.

The Company generated turnover of £22.7m, with revenue up 193% (2021: £7.7m) driven, mainly, by the opening of 5 sites during the financial year coupled with a reduction in the numbers of weeks closed due to COVID-19.

Net assets decreased by £386k, to £1.85m (2021: £2.24m). Tangible assets increased by £2.77m as the business constructed 5 new sites, partially offset by an increase in creditors of £3.12m.

During the financial year, the business commenced a restructure of its ownership structure; a 100% holding Company was incorporated, Neighbourhood Places Limited and £550k of shares were bought back from two previous minority shareholders.

The company delivered a pre-tax profit of £871k in the financial year (2021: £515k). Adjusted EBITDA increased to a profit of £4.1m from £1.7m in the prior year. Adjusted EBITDA is defined as earnings before interest, tax, depreciation, amortisation, exceptional items and licence fee.

A reconciliation back to adjusted EBITDA is as follows:

	2022	2021
	£	£
Operating profit	981,870	565,771
Add back: Depreciation	1,154,582	873,321
Exceptional costs	297,227	248,248
Licence fee	1,617,838	-
Adjusted EBITDA	£ 4,051,517	£ 1,687,340

An adjusted EBITDA margin of 17.8% was generated in the year to 31 March 2022 (2021 - 21.8%).

Principal risks and uncertainties

The business faces two critical risks; input cost inflation and the cost of living crisis. The business regularly reviews all risks and has internal controls to mitigate their impact on the business.

Financial key performance indicators

The performance of the Company is measured through the use of several performance indicators including turnover, adjusted EBITDA and adjusted EBITDA margin.

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

Other key performance indicators

Management continues to monitor both financial and non financial KPIs on an on-going basis. Non financial KPIs include food safety standards, staff turnover and engagement, customer feedback and consistency of operational standards.

This report was approved by the board on 31 March 2023 and signed on its behalf.

G Clements

Director

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2022**

The directors present their report and the financial statements for the year ended 31 March 2022.

Directors' responsibilities statement

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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The profit for the year, after taxation, amounted to £163,556 (2021 - £515,186).

Directors

The directors who served during the year were:

G Clements (appointed 15 October 2021)
B N C Mckevitt (resigned 15 October 2021)
C M Mckevitt (resigned 15 October 2021)
R C Mckevitt (resigned 15 October 2021)
V D Mckevitt (resigned 15 October 2021)
R W Mckie (resigned 15 October 2021)
S Hills (appointed 15 October 2021, resigned 27 July 2022)

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

Future developments and post balance sheet events

The Company has seen extremely strong return to trade post full lifting of COVID-19 restrictions in July 2021. Since the year end the Company has successfully opened 4 new restaurants around London (Marlow, East Dulwich, Welwyn Garden City and Richmond). The company has a strong pipeline of 10 restaurants in London and the surrounding home counties which will open over the next 24 months.

The Company maintains a robust financial position and continues to benefit from strong relationships with its bankers, securing a £5m facility in September 2022. Detailed cashflow planning has been maintained to ensure the Company's ability to withstand any future shocks.

Engagement with employees

The Company's policy is to consult its teams on all matters likely to affect employees interests. Information about matters of concern to employees is given through information updates and reports which seek to achieve common awareness on the part of all employees of the financial and economic factors affecting the Company's performance.

Disclosure of information to auditors

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

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

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

This report was approved by the board on 31 March 2023 and signed on its behalf.

G Clements
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CHELSEA FINE FOOD LTD

Opinion

We have audited the financial statements of Chelsea Fine Food Ltd (the 'Company') for the year ended 31 March 2022, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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.

Other matters - prior year unaudited

The financial statements for the company for the year ended 31 March 2021 and preceding periods were unaudited.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CHELSEA FINE FOOD LTD (CONTINUED)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the 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 Statement set out on page 3, 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CHELSEA FINE FOOD LTD (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered 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:

Based on our understanding of the company and industry, we have identified the principal risks of non-compliance with laws and regulations, and we have considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, income tax, payroll tax and sales tax.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to revenue and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Inspecting correspondence with regulators and tax authorities
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing all journals, in particular journal entries posted with keywords, unusual or round sum values and closing entries; and
- Challenging assumptions and judgments made by management in their critical accounting estimates.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CHELSEA FINE FOOD LTD (CONTINUED)

Use of our report

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

Isabelle Shepherd (Senior Statutory Auditor)

for and on behalf of

Haysmacintyre LLP

Statutory Auditors

10 Queen Street Place

London

EC4R 1AG

31 March 2023

CHELSEA FINE FOOD LTD

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2022

		2022 £	As restated 2021 £
Turnover	4	22,700,869	7,745,044
Cost of sales		(13,979,709)	(7,277,942)
Gross profit		8,721,160	467,102
Administrative expenses		(9,005,206)	(2,628,581)
Exceptional administrative expenses	12	(297,227)	(248,248)
Other operating income	5	1,563,143	2,975,498
Operating profit	6	981,870	565,771
Interest payable and similar expenses	10	(110,891)	(50,585)
Profit before tax		870,979	515,186
Tax on profit	11	(707,423)	-
Profit for the financial year		£ 163,556	£ 515,186

There was no other comprehensive income for 2022 (2021:£NIL).

The notes on pages 15 to 30 form part of these financial statements.

CHELSEA FINE FOOD LTD
REGISTERED NUMBER: 08920708

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2022

	Note	2022 £	As restated 2021 £
Fixed assets			
Tangible assets	13	8,535,042	5,761,451
		<u>8,535,042</u>	<u>5,761,451</u>
Current assets			
Stocks	14	246,268	91,002
Debtors: amounts falling due within one year	15	1,634,466	618,596
Cash at bank and in hand	16	1,269,273	1,714,064
		<u>3,150,007</u>	<u>2,423,662</u>
Creditors: amounts falling due within one year	17	(6,292,178)	(2,490,595)
Net current liabilities		<u>(3,142,171)</u>	<u>(66,933)</u>
Total assets less current liabilities		<u>5,392,871</u>	<u>5,694,518</u>
Creditors: amounts falling due after more than one year		(2,830,575)	(3,453,196)
Provisions for liabilities			
Deferred tax		(707,423)	-
		<u>(707,423)</u>	<u>-</u>
Net assets		<u>£ 1,854,873</u>	<u>£ 2,241,322</u>
Capital and reserves			
Called up share capital	21	90	95
Capital redemption reserve	22	(1,050,000)	(500,000)
Profit and loss account	22	2,904,783	2,741,227
		<u>£ 1,854,873</u>	<u>£ 2,241,322</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 31 March 2023.

G Clements
Director

The notes on pages 15 to 30 form part of these financial statements.

CHELSEA FINE FOOD LTD

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2022

	Called up share capital £	Capital redemption reserve £	Profit and loss account £	Total equity £
At 1 April 2021 (as restated)	95	(500,000)	2,741,227	2,241,322
Comprehensive income for the year				
Profit for the year	-	-	163,556	163,556
Purchase of own shares	-	(550,000)	-	(550,000)
Cancellation of shares	(5)	-	-	(5)
At 31 March 2022	£ 90	£ (1,050,000)	£ 2,904,783	£ 1,854,873

The notes on pages 15 to 30 form part of these financial statements.

CHELSEA FINE FOOD LTD

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2021**

	Called up share capital	Share premium account	Capital redemption reserve	Other reserves	Profit and loss account	Total equity
	£	£	£	£	£	£
At 1 April 2020 (as previously stated)	200	199,990	-	15,792	942,660	1,158,642
Prior year adjustment - correction of error	-	-	-	-	1,283,381	1,283,381
At 1 April 2020 (as restated)	200	199,990	-	15,792	2,226,041	2,442,023
Comprehensive income for the year	-	-	-	-	515,186	515,186
Profit for the year (as restated)						
Contributions by and distributions to owners						
Purchase of own shares	-	-	(500,000)	-	-	(500,000)
Cancellation of shares	(105)	-	-	-	-	(105)
Other movement	-	(199,990)	-	-	-	(199,990)
Other movement	-	-	-	(15,792)	-	(15,792)
At 31 March 2021 (as restated)	95	-	(500,000)	-	2,741,227	2,241,322

The notes on pages 15 to 30 form part of these financial statements.

CHELSEA FINE FOOD LTD

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2022**

	2022 £	As restated 2021 £
Cash flows from operating activities		
Profit for the financial year	163,556	515,186
Adjustments for:		
Depreciation of tangible assets	1,154,582	873,321
Interest paid	110,891	50,585
Deferred tax movement	707,423	-
(Increase) in stocks	(155,266)	(35,019)
(Increase)/decrease in debtors	(1,015,869)	223,252
Increase/(decrease) in creditors	3,003,143	(383,611)
Net cash generated from operating activities	<u>3,968,460</u>	<u>1,243,714</u>
Cash flows from investing activities		
Purchase of tangible fixed assets	(3,928,172)	(2,461,278)
Net cash from investing activities	<u>(3,928,172)</u>	<u>(2,461,278)</u>
Cash flows from financing activities		
Purchase of ordinary shares	(550,000)	(500,000)
New secured bank loans	-	2,450,000
Repayment of bank loans	(624,188)	(97,263)
New other loans	800,000	-
Interest paid	(110,891)	(50,585)
Net cash used in financing activities	<u>(485,079)</u>	<u>1,802,152</u>
Net (decrease)/increase in cash and cash equivalents	<u>(444,791)</u>	<u>584,588</u>
Cash and cash equivalents at beginning of year	1,714,064	1,129,476
Cash and cash equivalents at the end of year	<u>£ 1,269,273</u>	<u>£ 1,714,064</u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	1,269,273	1,714,064
	<u>£ 1,269,273</u>	<u>£ 1,714,064</u>

The notes on pages 15 to 30 form part of these financial statements.

CHELSEA FINE FOOD LTD

**ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 MARCH 2022**

	At 1 April 2021	Cash flows	At 31 March
	£	£	2022 £
Cash at bank and in hand	1,714,064	(444,791)	1,269,273
Debt due after 1 year	(2,985,805)	871,386	(2,114,419)
Debt due within 1 year	(624,188)	(1,047,199)	(1,671,387)
	<u>£ (1,895,929)</u>	<u>£ (620,604)</u>	<u>£ (2,516,533)</u>

The notes on pages 15 to 30 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

1. General information

Chelsea Fine Food Limited is a private company, limited by shares, registered in England and Wales, registration number 08920708. The registered office address is 55-57 The Pavement, London, England, SW4 0JQ.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The financial statements have been prepared in pound sterling (£).

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

Management have prepared cashflow forecasts for the company for 12 months from the date of accounts signing, and are confident that the company has sufficient reserves to continue to trade. The forecasts show that even on a conservative basis revenues are expected to grow and cash will remain positive.

Management have considered the bank debt in place, and expect interest and capital repayments to be met, as well as the financial covenants in place given the current forecast results. The available facilities from Barclays for new site openings has also been considered here.

Given these forecasts and expectations, management believe that the company has adequate resources to continue operating for the foreseeable future and they continue to adopt the going concern basis in preparing the financial statements.

2.3 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable for the sale of food and beverage at restaurants sites, excluding discounts, rebates, value added tax and other sales taxes. Turnover is recognised at the point of sale.

2.4 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term. Unless the definition of a Covid-19 related rent concession was met. In these instances the rent concession was recognised in the period to which it was intended to compensate.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

2. Accounting policies (continued)

2.5 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.

2.6 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.7 Borrowing costs

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

2.8 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

2. Accounting policies (continued)

2.9 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss 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 date, 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.

2.10 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.

2.11 Tangible fixed assets

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

2. Accounting policies (continued)

2.11 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:

Long-term leasehold property	-	Over the life of the lease
Fixtures and fittings	-	20%
Office and computer equipment	-	33%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

Assets under the course of construction are not depreciated as they are sites that are in the process of being fitted out and therefore are not in use.

2.12 Stocks

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

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.13 Debtors

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

2.14 Cash and cash equivalents

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

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

2.15 Creditors

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

2. Accounting policies (continued)

2.16 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the reporting date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.17 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

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

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are based on management's best knowledge of the amount, events or actions, actual results may ultimately differ from those estimates.

Due to the straightforward nature of the business, the directors do not consider there to have been any key accounting estimates used or critical judgments or assumptions made in applying the company's accounting policies that would have a material impact on the financial statements.

4. Turnover

The whole of the turnover is attributable to the principal business activity being the sale of food and beverages.

All turnover arose within the United Kingdom.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

5. Other operating income

	2022	2021
	£	£
Other operating income	28,818	30,474
Government grants receivable	493,542	2,494,421
Service charge	1,040,783	450,603
	<u>£ 1,563,143</u>	<u>£ 2,975,498</u>

Service charge received has been paid out as wages to restaurant-based employees.

Government grants include payments under the Coronavirus Job Retention Scheme (CJRS) that were used to pay staff salaries during the Covid-19 pandemic.

£175,506 (2021 - £2,315,698) of government grant income relates to CJRS and £318,032 (2021- £178,723) relates to Hospitality retail and leisure grants. At the 31 March 2022 there was £nil government grants included in debtors (2021 - £353,728).

6. Operating profit

The operating profit is stated after charging:

	2022	2021
	£	£
Depreciation of tangible fixed assets	1,154,582	873,321
Other operating lease costs	<u>£ 1,681,091</u>	<u>£ 543,039</u>

7. Auditors' remuneration

During the year, the Company obtained the following services from the Company's auditors:

	2022	2021
	£	£
Fees payable to the Company's auditors for the audit of the Company's financial statements	60,000	-

CHELSEA FINE FOOD LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

8. Employees

	2022	<i>2021</i>
	£	£
Wages and salaries	8,454,490	4,972,400
Social security costs	821,014	386,086
Cost of defined contribution scheme	74,281	62,707
	£ 9,349,785	£ 5,421,193

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

	2022	<i>2021</i>
	No.	No.
Operational	435	261
Administration	25	17
	460	278

9. Directors' remuneration

	2022	<i>2021</i>
	£	£
Directors' emoluments	135,000	2,917
	£ 135,000	£ 2,917

During the year contributions to defined benefit pension schemes for directors totalled £1,321 (2021 - NIL).

10. Interest payable and similar expenses

	2022	<i>As restated</i> <i>2021</i>
	£	£
Bank loans interest payable	110,891	50,585
	£ 110,891	£ 50,585

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

11. Taxation

	2022 £	2021 £
Total current tax	<u>£ -</u>	<u>£ -</u>
Deferred tax		
Origination and reversal of timing differences	591,403	-
Changes to tax rates	116,020	-
Total deferred tax	<u>£ 707,423</u>	<u>£ -</u>
Taxation on profit on ordinary activities	<u>£ 707,423</u>	<u>£ -</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2021 - *higher than*) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £	2021 £
Profit on ordinary activities before tax	<u>£ 870,978</u>	<u>£ 515,187</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	165,486	97,886
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	169,782	-
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	8,594	27,092
Capital allowances for year in excess of depreciation	(3,831)	124,978
Deferred tax not recognised	367,392	(249,956)
Total tax charge for the year	<u>£ 707,423</u>	<u>£ -</u>

Factors that may affect future tax charges

On 24 May 2021 a change to the future corporation tax rate was substantively enacted. The corporation tax rate is to increase from 19% to 25% for the tax years starting on or after 1 April 2023. The deferred tax at 31 March 2022 has been calculated based on these rates.

CHELSEA FINE FOOD LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

12. Exceptional items

	2022	As restated 2021
	£	£
Exceptional Labour	-	61,836
Exceptional Operational Cost	14,276	-
Exceptional Property Costs	57,857	-
Pre-opening Costs	225,094	186,412
	<u>£ 297,227</u>	<u>£ 248,248</u>

CHELSEA FINE FOOD LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

13. Tangible fixed assets

	Long-term leasehold property £	Fixtures and fittings £	Office and computer equipment £	Assets in the course of construction £	Total £
Cost or valuation					
At 1 April 2021 (as previously stated)	4,319,370	2,180,138	225,712	-	6,725,220
Prior Year Adjustment	(587,355)	(57,243)	(10,250)	1,397,444	742,596
At 1 April 2021 (as restated)	3,732,015	2,122,895	215,462	1,397,444	7,467,816
Additions	250,493	260,476	122,234	3,294,969	3,928,172
Reclassified	2,120,137	1,301,070	161,981	(3,583,188)	-
At 31 March 2022	6,102,645	3,684,441	499,677	1,109,225	11,395,988
Depreciation					
At 1 April 2021 (as previously stated)	689,493	1,056,241	117,064	-	1,862,798
Prior Year Adjustment	99,842	(262,438)	6,163	-	(156,433)
At 1 April 2021 (as restated)	789,335	793,803	123,227	-	1,706,365
Charge for the year on owned assets	385,883	661,301	107,398	-	1,154,582
At 31 March 2022	1,175,218	1,455,104	230,625	-	2,860,947
Net book value					
At 31 March 2022	£ 4,927,427	£ 2,229,337	£ 269,052	£ 1,109,225	£ 8,535,041
At 31 March 2021 (as restated)	£ 2,942,680	£ 1,329,092	£ 92,235	£ 1,397,444	£ 5,761,451

14. Stocks

	2022 £	2021 £
Raw materials and consumables	246,268	91,002
	<u>£ 246,268</u>	<u>£ 91,002</u>

CHELSEA FINE FOOD LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

15. Debtors

	2022	<i>As restated</i> 2021
	£	£
Trade debtors	176,068	59,145
Other debtors	1,058,471	464,900
Prepayments and accrued income	399,927	94,551
	<u>£ 1,634,466</u>	<u>£ 618,596</u>

Included within other debtors is £830,635 due from a related party. See note 26 for more details.

16. Cash and cash equivalents

	2022	2021
	£	£
Cash at bank and in hand	1,269,273	1,714,064
	<u>£ 1,269,273</u>	<u>£ 1,714,064</u>

17. Creditors: Amounts falling due within one year

	2022	<i>As restated</i> 2021
	£	£
Bank loans	1,671,387	624,188
Trade creditors	2,961,973	909,452
Other taxation and social security	531,917	366,865
Other creditors	600,303	277,315
Accruals and deferred income	526,598	312,775
	<u>£ 6,292,178</u>	<u>£ 2,490,595</u>

CHELSEA FINE FOOD LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

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

	2022	<i>As restated</i> 2021
	£	£
Bank loans	1,314,419	2,985,805
Other loans	800,000	-
Accruals and deferred income	716,156	467,391
	<u>£ 2,830,575</u>	<u>£ 3,453,196</u>

Other loans represented an amount owed to a related party. See note 26 for more details.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

19. Loans

Analysis of the maturity of loans is given below:

	2022 £	As restated 2021 £
Amounts falling due within one year		
Bank loans	1,671,387	624,188
	<u>1,671,387</u>	<u>624,188</u>
Amounts falling due 1-2 years		
Bank loans	744,723	1,671,387
	<u>744,723</u>	<u>1,671,387</u>
Amounts falling due 2-5 years		
Bank loans	569,696	1,314,419
Other loans	800,000	-
	<u>1,369,696</u>	<u>1,314,419</u>
	<u>£ 3,785,806</u>	<u>£ 3,609,994</u>

Other loans

Other loans is a £800,000 unsecured loan from a related party (see note 26) for more details. The loan was drawn down in January 2022 and is due for repayment after 36 months in January 2025. Interest is payable quarterly at 8% p.a.

Bank loans

Bank loans represent loans totaling £2,985,805 from Barclays Bank Plc. £2,127,083 (2021 - £2,450,000) of these loans are under the Coronavirus Business Interruption Loan Scheme (CBIL). The loans were drawn down between September 2018 and March 2021 and all have terms of 5 years apart from one CBIL for £900k noted below. The 5 year term loans incur interest of base rate plus 3-3.5% p.a. Repayment is in installments over the term of the loans, apart from those under the CBIL scheme that are capital repayment free for the first 9 months. The £900k CBIL had a one year repayment term falling due March 2022. A repayment extension was granted and this was repaid in full on 1 July 2022.

CHELSEA FINE FOOD LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

20. Deferred taxation

	2022 £
Charged to profit or loss	(707,423)
At end of year	£ (707,423)

The deferred taxation balance is made up as follows:

	2022 £	2021 £
Accelerated capital allowances	(914,130)	-
Short term timing differences	4,243	-
Losses and other deductions	202,464	-
	£ (707,423)	£ -

21. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
9,000 (2021 - 9,500) Ordinary shares of £0.01 each	£ 90	£ 95

On 8 June 2021 the company repurchased 500 shares for £550,000. These shares were subsequently cancelled.

22. Reserves

Capital redemption reserve

This reserve reflects the amount paid for the repurchase of shares.

Profit and loss account

Includes all current and prior period retained profits and losses.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

23. Prior year adjustments

	As previously stated at 31 March 2021	Adjustments	As restated at 31 March 2021
	£	£	£
Intangible fixed assets	14,628	(14,628)	-
Fixed assets	4,862,422	899,029	5,761,451
Trade debtors	14,274	44,871	59,145
Prepayments and accrued income	95,696	(1,145)	94,551
Other debtors	509,771	(44,871)	464,900
Bank loans (< 1 year)	340,262	283,926	624,188
Other taxation and social security (< 1 year)	361,085	5,780	366,865
Accruals and deferred income (< 1 year)	425,508	(112,733)	312,775
Hire purchase contracts (< 1 year)	47,151	(47,151)	-
Bank loans (> 1 year)	3,257,381	(271,576)	2,985,805
Accruals and deferred income (> 1 year)	-	467,391	467,391
Provision for deferred tax	207,737	(207,737)	-
Profit and loss account	942,660	1,283,381	2,226,041
Capital redemption reserve	-	500,000	500,000
Turnover	7,998,889	(253,845)	7,745,044
Cost of sales	7,124,805	153,137	7,277,942
Administrative expenses	2,905,857	(277,276)	2,628,581
Exceptional administrative expenses	-	248,248	248,248
Other operating income	2,603,326	372,172	2,975,498
Interest payable and similar expenses	£ 38,335	£ 12,250	£ 50,585

In the prior year items in the Statement of Financial Position and Statement of Comprehensive were misstated due to errors in accounting records, changes in accounting team and misclassification of items across the balances noted above. One of these errors resulted in the creation of a capital redemption reserve to reflect £500,000 shares that were purchased by the company. These errors have been corrected so that the balances at 31 March 2021 reflect the correct values. The impact of these adjustments is noted in the above table.

24. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £74,281 (2021 - £62,707). Contributions totalling £16,972 (2021 - £19,576) were payable to the fund at the reporting date and are included in creditors.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

25. Commitments under operating leases

At 31 March 2022 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022 £	2021 £
Not later than 1 year	1,318,450	1,319,938
Later than 1 year and not later than 5 years	5,173,793	5,279,751
Later than 5 years	6,860,664	8,015,516
	<u>£ 13,352,907</u>	<u>£ 14,615,205</u>

26. Related party transactions

The Company has taken advantage of exemptions from disclosing transactions with group companies under the provisions of Section 33 of Financial Reporting Standard 102.

Included in other debtors as at 31 March 2022 is £830,635 (2021 - £nil) due from an individual who is the ultimate controlling party. This amount is interest free. It has been repaid in full post year end in December 2022.

Included within other loans is a £800,000 loan from the same individual who is the ultimate controlling party. The loan was drawn down in January 2022 and is due for repayment after 36 months in January 2025. Interest is payable quarterly at 8% p.a.

Key management personnel are considered to be the Directors and their remuneration is disclosed in note 9.

Personal guarantees have been made against debt where the total outstanding balance at 31 March 2022 is £692,905 (2021 - £984,538) by a close family member of the ultimate controlling party.

There is an agreement in place to recharge staff costs for three employees that are on Chelsea Fine Food Limited payroll but work for a company controlled by the close family of the ultimate controlling party. This company provides design services to Chelsea Fine Food Limited. £174,575 of payroll costs were recharged in the year to 31 March 2022 (2021 - £nil). £239,422 was paid for design services to this company (2021 - £nil).

27. Post balance sheet events

On 24 October 2022 a loan of £1,515,000 was drawn down with Barclays Bank Plc, out of a total of £5,000,000 available. The loan is repayable in monthly installments, with a final balance being due after 3 years.

28. Controlling party

At the year end the ultimate controlling party was B McKeivitt. On 1 April 2022 Neighbourhood Places Limited acquired the entire share capital of Chelsea Fine Foods Limited and therefore became the immediate parent company. Neighbourhood Places Limited is incorporated in England and Wales at 55-57 The Pavement, London, SW4 9JQ.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.