

CHELSEA FINE FOOD LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

CHELSEA FINE FOOD LTD

COMPANY INFORMATION

Directors	G Clements E Grenville S Hills (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 2023

Introduction

Chelsea Fine Food Limited is the trading entity of the Neighbourhood Places Limited group. 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.

Post year end the business has ceased trading its Kings Road and Parsons Green sites. Chelsea Find Food Limited continues to hold both leases, with two related entities, which do not form part of the group, trading at the sites. The business has now opened a larger site in Parsons Green within 30 meters of the previous, smaller location.

Business review

The financial highlights below continue to demonstrate strong rates of revenue growth, both in terms of like for like sales from the mature estate and from new site openings, and despite inflationary pressures, a robust adjusted EBITDA margin % performance against a challenging backdrop.

Year on year revenue was up by 16.55% to a record £26.5m (2022: £22.7m). Whilst sales growth benefitted from the absence of any negative Covid impact, it also reflects strong one year like for like sales growth of 1.5% and the positive impact of new site opening programme, with 4 sites opened in the financial year.

The reduction in the adjusted EBITDA % from 19.1% to 10.1% is largely reflective of the cessation of government VAT and business rates covid support which resulted in a 8.8% margin reduction. The business saw a 2.8% margin reduction driven from food inflation and 3% from electricity inflation. The business was however able to improve other operating costs lines by 5.6%, notably trading labour, to partly offset the inflationary pressures.

The Company has worked hard to balance the impacts of cost inflation with the need to retain its core value of being an accessible neighbourhood location which is value for money and management believe that the correct balance has been struck.

Net assets decreased to -£0.03m (2022: £1.52m). Pre impairment, tangible assets increased by 20.8% driven by the construction of 4 new sites, offset by a £1.4m impairment charge in the year.

	2023	As Restated 2022
	£	£
Operating profit/(loss)	(1,785,440)	1,187,737
Add back: Depreciation	1,513,648	1,154,582
Exceptional costs	2,217,043	377,131
Licence fee	732,152	1,617,838
Adjusted EBITDA	2,677,403	4,337,288

An adjusted EBITDA margin of 10.1% was generated in the year to 31 March 2023 (2022 - 19.1%).

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

Principal risks and uncertainties

Economic and market risks

Whilst considerable uncertainty remains around the broader economic outlook for the UK, the company believes that through delivery of an excellent and consistent offer, a compelling value proposition and effective management control it can withstand market pressures.

Energy Costs

Higher energy costs in the UK market has led to an increase in overheads across the company. A fixed contract has been secured to avoid large fluctuations in cost month by month. Furthermore, measures have been put in place to reduce our energy consumption where possible in our commitment to sustainability.

Brexit

The company has felt no material direct adverse impact due to Brexit to date, however, it continues to work closely with its supply chain partners to mitigate future risks from both a cost and availability point of view.

Health and safety

The company places the upmost importance on the safety of the food served in the restaurants and the general health and safety of both employees and customers. The company has worked closely with local authorities and health and safety experts to ensure the best processes and standards are always in place across the company. Regular external audits are conducted to ensure standards are always met.

Liquidity risk

The company diligently monitors cash flow as a vital component of its daily control procedures, ensuring the availability of adequate liquidity. Cash flows undergo stress testing to fortify the company's resilience against potential future disruptions or adversities.

Interest rate risk

The company monitors the risk to rising interest rates on the financial performance. The company performs sensitivity analysis and forecast covenant compliance to ensure alignment with our strategic objectives and regulatory requirements.

Financial key performance indicators

The business uses a range of financial and non-financial measures to assess performance, including like for like ("LFL") sales, adjusted EBITDA and adjusted EBITDA %.

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, stock control, staff turnover and engagement, customer feedback and consistency of operational standards.

This report was approved by the board on 28 March 2024 and signed on its behalf.

G Clements
Director

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2023**

The directors present their report and the financial statements for the year ended 31 March 2023.

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 loss for the year, after taxation, amounted to £1,542,550 (2022 - profit £369,423).

Directors

The directors who served during the year were:

G Clements
E Grenville (appointed 25 January 2023)
S Hills (resigned 27 July 2022)

Future developments and post balance sheet events

Since the year end the company has opened two new locations (Guildford and Parsons Green), marking significant progress in their expansion efforts. Securing a strong pipeline for 2024, the company is poised for continued growth, while ongoing improvements in operational metrics and operating margins underscore its commitment to sustained success.

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.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the company continues and that the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

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 28 March 2024 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 2023, which comprise the Profit and Loss Account, the Statement of Financial Position, 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 2023 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.

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.

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.

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 industry, we identified that the principal risks of non-compliance with laws and regulations are food safety and hygiene laws, licensing and minimum wage regulations and we 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 and tax regulation.

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:

- enquiries with management over any correspondence with regulators and tax authorities and review of documentation where appropriate;
- consideration of known or suspected instances of non-compliance with laws and regulations through discussion with management and review of the FSA hygiene ratings;
- evaluating management's controls designed to prevent and detect irregularities
- identifying and testing journals, in particular postings with high value transactions or rounded 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.

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.

CHELSEA FINE FOOD LTD

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

Isabelle Shepherd (Senior Statutory Auditor)

for and on behalf of
Haysmacintyre LLP

Statutory Auditors

10 Queen Street Place
London
EC4R 1AG

28 March 2024

CHELSEA FINE FOOD LTD

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2023

	Note	2023 £	As Restated 2022 £
Turnover	4	26,457,133	22,700,869
Cost of sales		(16,575,804)	(13,979,709)
Gross profit		9,881,329	8,721,160
Administrative expenses		(10,568,443)	(8,719,435)
Exceptional administrative expenses	12	(2,217,043)	(377,131)
Other operating income	5	1,118,717	1,563,143
Operating (loss)/profit	6	(1,785,440)	1,187,737
Interest payable and similar expenses	10	(203,291)	(110,891)
(Loss)/profit before tax		(1,988,731)	1,076,846
Tax credited/(charged) on (loss)/profit	11	446,181	(707,423)
(Loss)/profit for the financial year		(1,542,550)	369,423

There are no items of other comprehensive income for 2023 or 2022 other than the (loss)/profit for the year. As a result, no separate Statement of Comprehensive Income has been presented.

The notes on pages 12 to 29 form part of these financial statements.

CHELSEA FINE FOOD LTD
REGISTERED NUMBER: 08920708

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023

	Note	2023 £	As restated 2022 £
Fixed assets			
Tangible assets	14	8,889,362	8,535,042
		<u>8,889,362</u>	<u>8,535,042</u>
Current assets			
Stocks		213,857	246,268
Debtors: amounts falling due within one year	16	1,096,717	1,634,466
Cash at bank and in hand	17	367,450	1,269,273
		<u>1,678,024</u>	<u>3,150,007</u>
Creditors: amounts falling due within one year	18	(5,914,944)	(6,300,654)
Net current liabilities		<u>(4,236,920)</u>	<u>(3,150,647)</u>
Total assets less current liabilities		<u>4,652,442</u>	<u>5,384,395</u>
Creditors: amounts falling due after more than one year	19	(4,417,087)	(3,160,309)
Provisions for liabilities			
Deferred tax	21	(261,242)	(707,423)
		<u>(261,242)</u>	<u>(707,423)</u>
Net (liabilities)/assets		<u>(25,887)</u>	<u>1,516,663</u>
Capital and reserves			
Called up share capital	22	90	90
Capital redemption reserve	23	(1,050,000)	(1,050,000)
Profit and loss account	23	1,024,023	2,566,573
		<u>(25,887)</u>	<u>1,516,663</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28 March 2024.

G Clements
Director

The notes on pages 12 to 29 form part of these financial statements.

CHELSEA FINE FOOD LTD

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2023**

	Called up share capital £	Capital redemption reserve £	Profit and loss account £	Total equity £
At 1 April 2022	90	(1,050,000)	2,904,783	1,854,873
Prior year adjustment - correction of error - Note 24	-	-	(338,210)	(338,210)
At 1 April 2022 (as restated)	90	(1,050,000)	2,566,573	1,516,663
Comprehensive income for the year				
Loss for the year	-	-	(1,542,550)	(1,542,550)
At 31 March 2023	90	(1,050,000)	1,024,023	(25,887)

The notes on pages 12 to 29 form part of these financial statements.

**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 previously stated)	95	(500,000)	2,741,227	2,241,322
Prior year adjustment - correction of error (see note 24)	-	-	(544,077)	(544,077)
At 1 April 2021 (as restated)	95	(500,000)	2,197,150	1,697,245
Comprehensive income for the year				
Profit for the year (as restated)	-	-	369,423	369,423
Contributions by and distributions to owners				
Purchase of own shares	-	(550,000)	-	(550,000)
Cancellation of shares	(5)	-	-	(5)
At 31 March 2022	90	(1,050,000)	2,566,573	1,516,663

The notes on pages 12 to 29 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

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 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 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Neighbourhood Places Limited as at 31 March 2023 and these financial statements may be obtained from Companies House.

2.3 Going concern

The company closely monitors and manages its financing position throughout the year to ensure it has sufficient liquidity to fund operations. Forecasts are produced regularly and these, along with related sensitivity analyses, allow management to proactively manage liquidity compliance risks in a timely manner.

In preparing the financial statements management has prepared detailed cashflow forecasts and stressed these forecasts to understand the impact on the business. These stressed forecasts show that the company has sufficient liquidity to meet its obligations as they fall due for a period of twelve months from the date of approval of the financial statements. Thus, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.4 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.

2.5 Other operating income

Other operating income is recognised to the extent that it is probable that the economic benefits will flow to the Company and the income can be reliably measured. Other operating income is measured as the fair value of the consideration received or receivable less the amount paid to employee. Other operating income is recognised at the point of sale.

2.6 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.

2.7 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 Profit and Loss Account in the same period as the related expenditure.

2.8 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.

2.9 Borrowing costs

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.10 Pensions

Defined contribution pension plan

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

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

2.11 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.

2.12 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.

2.13 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.14 Tangible fixed assets

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

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

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

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 depreciation as they are sites that are in the process of being fitted out and therefore are not in use.

2.15 Impairment of fixed assets and goodwill

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.

2.16 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

2. Accounting policies (continued)

2.17 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.

2.18 Cash and cash equivalents

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

2.19 Creditors

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

2.20 Provisions for liabilities

Provisions are recognised when an event has taken place that gives rise to a legal or constructive obligation, a transfer of economic benefits is probable and a reliable estimate can be made.

Provisions are measured as the best estimate of the amount required to settle the obligation, taking into account the related risks and uncertainties.

Increases in provisions are generally charged as an expense to profit or loss.

2.21 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.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting date.

Financial assets are impaired when events, subsequent to their initial recognition, indicate the estimated future cash flows derived from the financial asset(s) have been adversely impacted. The impairment loss will be the difference between the current carrying amount and the present value of the future cash flows at the asset(s) original effective interest rate.

If there is a favourable change in relation to the events surrounding the impairment loss then the impairment can be reviewed for possible reversal. The reversal will not cause the current carrying amount to exceed the original carrying amount had the impairment not been recognised. The impairment reversal is recognised in the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

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

Estimates and judgments 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.

In carrying out an impairment review, it has been necessary to make several estimates and judgments. Individual sites are viewed as separate cash generating units. The recoverable amount of each cash generating unit has been identified as the higher of the fair value less cost to sell, or the value in use.

The value in use calculations make estimates and judgments regarding the future performance and cashflows generated by individual trading units, which cannot be known with certainty. Past performance is often used as a guide in estimating future performance.

The fair value calculations are in some cases based on post year end sale value of the leases, and in other based on the value that management believe can be obtained from the fixed assets used to fit out the site. This is because some fixed assets could be transferred to new or existing sites.

As a result of these estimates and judgments, the actual recoverable amount may

differ to the charge made in the financial statements, as there could be differences between actuals and estimates. The value of fixed assets and the impairment charge mean that this could be material.

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.

5. Other operating income

	2023 £	2022 £
Other operating income	12,788	28,818
Government grants receivable	7,744	493,542
Service charge	1,098,185	1,040,783
	<u>1,118,717</u>	<u>1,563,143</u>

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

£nil (2022 - £175,506) of government grant income relates to CJRS and £7,744 (2022 - £318,032) relates to Hospitality retail and leisure grants.

CHELSEA FINE FOOD LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

6. Operating (loss)/profit

The operating (loss)/profit is stated after charging:

	2023	2022
	£	£
Depreciation of tangible fixed assets	1,513,648	1,154,582
Other operating lease costs	<u>1,792,801</u>	<u>1,395,322</u>

7. Auditors' remuneration

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

	2023	2022
	£	£
Fees payable to the Company's auditors for the audit of the Company's financial statements	<u>60,000</u>	<u>60,000</u>

The Company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the consolidated accounts of the parent Company.

8. Employees

Staff costs, including directors' remuneration, were as follows:

	2023	2022
	£	£
Wages and salaries	9,758,946	8,454,490
Social security costs	639,803	821,014
Cost of defined contribution scheme	127,477	74,281
	<u>10,526,226</u>	<u>9,349,785</u>

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

	2023	2022
	No.	No.
Operational	681	435
Administration	26	25
	<u>707</u>	<u>460</u>

CHELSEA FINE FOOD LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

9. Directors' remuneration

	2023 £	2022 £
Directors' emoluments	185,746	135,000
	<u>185,746</u>	<u>135,000</u>

During the year contributions to defined benefit pension schemes for directors totaled £nil (2022: £1,321).

10. Interest payable and similar expenses

	2023 £	2022 £
Bank loans interest payable	203,291	110,891
	<u>203,291</u>	<u>110,891</u>

11. Taxation

	2023 £	As Restated 2022 £
Total current tax	<u>-</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	(408,805)	591,403
Changes to tax rates	-	116,020
Adjustments in respect of prior periods	(37,376)	-
Total deferred tax	<u>(446,181)</u>	<u>707,423</u>
Tax (credited)/charged on (loss)/profit on ordinary activities	<u>(446,181)</u>	<u>707,423</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

11. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2022 - *higher than*) the standard rate of corporation tax in the UK of 19% (2022 - 19%). The differences are explained below:

	2023 £	As restated 2022 £
(Loss)/profit on ordinary activities before tax	<u>(1,988,730)</u>	<u>1,076,845</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2022 - 19%)	(377,859)	204,601
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	1,184	130,667
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	1,515	8,594
Capital allowances for year in excess of depreciation	61,635	(3,831)
Movement in deferred tax not recognised	-	367,392
Adjustments to tax charge in respect of previous periods - deferred tax	(37,385)	-
Other permanent differences	2,843	-
Remeasurement of deferred tax for changes in tax rates	(98,114)	-
Total tax (credit)/charge for the year	<u><u>(446,181)</u></u>	<u><u>707,423</u></u>

Factors that may affect future tax charges

The corporation tax rate increased to 25% for tax years starting on 1 April 2023. The deferred tax at 31 March 2023 has been calculated based on these rates.

12. Exceptional items

	2023 £	As restated 2022 £
Exceptional Operational Cost	-	14,276
Exceptional Property Costs	154,210	57,857
Pre-opening Costs	640,860	304,998
Impairment on tangible fixed assets	1,421,973	-
	<u><u>2,217,043</u></u>	<u><u>377,131</u></u>

CHELSEA FINE FOOD LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

13. Intangible assets

	Goodwill £
Cost	
At 1 April 2022	360,949
At 31 March 2023	360,949
Amortisation	
At 1 April 2022	360,949
At 31 March 2023	360,949
Net book value	
At 31 March 2023	-
At 31 March 2022	-

CHELSEA FINE FOOD LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

14. Tangible fixed assets

	Long-term leasehold property £	Fixtures and fittings £	Computer equipment £	Assets in the course of construction £	Total £
Cost or valuation					
At 1 April 2022	6,102,645	3,684,441	499,677	1,109,225	11,395,988
Additions	338,182	181,443	92,423	2,677,893	3,289,941
Transfers between classes	1,856,282	910,095	95,303	(2,861,680)	-
At 31 March 2023	8,297,109	4,775,979	687,403	925,438	14,685,929
Depreciation					
At 1 April 2022	1,175,253	1,455,069	230,625	-	2,860,947
Charge for the year on owned assets	502,800	850,434	160,414	-	1,513,648
Impairment charge	1,006,502	372,066	43,405	-	1,421,973
At 31 March 2023	2,684,555	2,677,569	434,444	-	5,796,568
Net book value					
At 31 March 2023	5,612,554	2,098,410	252,959	925,438	8,889,361
At 31 March 2022	4,927,392	2,229,372	269,053	1,109,225	8,535,042

A charge is held over the following sites for a portion of the loans held by Barclays.

55-57 The Pavement Clapham Old, London, United Kingdom, SW 40JQ.

86 High Street Wimbledon, London, United Kingdom, SW19 5EG.

214 Chiswick High Road Chiswick, London, United Kingdom, W4 1PD.

27 Circus West Villa, Battersea, London, United Kingdom, SW11 8NN.

6 Esther Anne Place, Islington, London, United Kingdom, N1 1WF.

15. Stocks

	2023 £	2022 £
Raw materials and consumables	213,857	246,268
	<u>213,857</u>	<u>246,268</u>

CHELSEA FINE FOOD LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

16. Debtors

	2023 £	2022 £
Trade debtors	88,085	176,068
Other debtors	555,215	1,058,471
Prepayments and accrued income	453,417	399,927
	<u>1,096,717</u>	<u>1,634,466</u>

Included within other debtors is £248,477 (2022: £830,635) due from a related party. See note 27 for more details.

17. Cash and cash equivalents

	2023 £	2022 £
Cash at bank and in hand	367,450	1,269,273
	<u>367,450</u>	<u>1,269,273</u>

18. Creditors: Amounts falling due within one year

	2023 £	<i>As Restated</i> 2022 £
Bank loans	956,491	1,671,387
Trade creditors	2,283,893	2,961,973
Amounts owed to group undertakings	90,009	-
Other taxation and social security	1,215,816	531,917
Other creditors	401,815	624,708
Accruals and deferred income	966,920	510,669
	<u>5,914,944</u>	<u>6,300,654</u>

CHELSEA FINE FOOD LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

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

	2023	<i>As restated</i>
	£	2022 £
Bank loans	2,192,379	1,314,419
Other loans	800,000	800,000
Other creditors	327,638	261,336
Accruals and deferred income	1,097,070	784,554
	<u>4,417,087</u>	<u>3,160,309</u>

Other loans represented an amount owed to a related party. See note 27 for more details.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

20. Loans

Analysis of the maturity of loans is given below:

	2023 £	2022 £
Amounts falling due within one year		
Bank loans	956,491	1,671,387
	<u>956,491</u>	<u>1,671,387</u>
Amounts falling due 1-2 years		
Bank loans	798,395	744,723
Other loans	800,000	-
	<u>1,598,395</u>	<u>744,723</u>
Amounts falling due 2-5 years		
Bank loans	1,393,984	569,696
Other loans	-	800,000
	<u>1,393,984</u>	<u>1,369,696</u>
	<u>3,948,870</u>	<u>3,785,806</u>

Other loans

Other loans is a £800,000 unsecured loan from a related party (see note 27) 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 £3,148,870 (2022 - £2,985,806) from Barclays Bank Plc. £1,313,456 (2022 - £2,127,083) of these loans are under the Coronavirus Business Interruption Loan Scheme (CBIL). The loans were drawn down between September 2018 and March 2023 and all have terms of 3 to 5 years from date of draw down and incur interest of base rate plus 3-3.75% 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. .

CHELSEA FINE FOOD LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

21. Deferred taxation

	2023 £
At beginning of year	(707,423)
Charged to profit or loss	446,181
At end of year	<u>(261,242)</u>

The provision for deferred taxation is made up as follows:

	2023 £	2022 £
Accelerated capital allowances	(1,006,963)	(914,130)
Short term timing differences	16,261	4,243
Losses and other deductions	729,460	202,464
	<u>(261,242)</u>	<u>(707,423)</u>

22. Share capital

	2023 £	2022 £
Allotted, called up and fully paid		
9,000 (2022 - 9,000) Ordinary shares of £0.01 each	<u>90</u>	<u>90</u>

23. Reserves

Capital redemption reserve

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

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 2023**

24. Prior year adjustment

In the prior year items in the Statement of Financial Position and Statement of Comprehensive Income were misstated due to errors in the accounting records for operating leases.

Adjustment 1:

Capital contributions made by landlords for the fit out of sites had been taken to the profit and loss account in error rather than recognised in other creditors and released over the term of the lease. An adjustment has been posted in prior periods to recognise an other creditor and decrease reserves (specifically the profit and loss account) to correct this error. The adjustment includes the release of this creditor to the profit and loss account in Administrative expenses in the year to 31 March 2022.

Previously, the profit for the year was overstated by £24,255 in the year to 31 March 2022 and the profit and loss account brought forward at 1 April 2022 was understated by £261,486, being the cumulative effect of the errors prior to this date.

Adjustment 2:

Rent free periods on some leases had been incorrectly calculated. This meant that accruals for rent free periods were understated, administrative and exceptional expenditure were understated resulting in the profit for the year in the year to 31 March 2022 being historically overstated by £230,122 and the profit and loss account brought forward as at 1 April 2021 was understated by £282,591.

	As Previously stated at 31 March 2022 £	Capital Contribution Adjustment £	Rent Free accrual adjustment £	As Restated at 31 March 2022 £
Admin expenditure	9,005,206	24,255	(310,026)	8,719,435
Exceptional admin expenditure	297,227	-	79,904	377,131
Other Creditors (<1 year)	(600,303)	(24,405)	-	(624,708)
Other Creditors (>1 year)	-	(261,336)	-	(261,336)
Accruals and deferred income (<1 year)	(526,597)	-	15,928	(510,669)
Accruals and deferred income (>1 year)	(716,156)	-	(68,397)	(784,553)
Profit and loss account b/f	(2,741,227)	261,486	282,591	(2,197,150)
	<u>4,718,150</u>	<u>-</u>	<u>-</u>	<u>4,718,150</u>

The net impact on the Statement of Comprehensive Income in the year to 31 March 2022 was £205,869. The net impact on the profit and loss brought forward as at 1 April 2021 was £544,077.

25. 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 £127,477 (2022 - £74,281). Contributions totaling £33,625 (2022 - £16,972) 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 2023

26. Commitments under operating leases

At 31 March 2023 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2023 £	As Restated 2022 £
Not later than 1 year	1,100,440	1,046,499
Later than 1 year and not later than 5 years	3,651,897	3,941,343
Later than 5 years	2,434,274	3,194,194
	<u>7,186,611</u>	<u>8,182,036</u>

27. 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 2023 is £248,477 (2022 - £830,635) due from an individual who is the ultimate controlling party. This amount is interest free. This debtor is driven from royalty's earned £731,841 (2022: £1,617,848), interest accrued on loaned amounts £82,409 (2022: £64,000) and payments made.

Included within other loans is a £800,000 (2022 - £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 2023 is £387,648 (2022 - £692,905) by a close family member of the ultimate controlling party.

Included within trade payables at year end were amounts owed to a close family member of the ultimate controlling party. These are in relation to expenses in the normal course of business. Transactions totalled £82,788 (2022: £120,035) and £4,170 (2022: £1,973.92) was owed as at 31 March 2023.

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. Payroll costs of £274,470 were recharged in the year to 31 March 2023 (2022 - £174,575). A total of £368,400 was paid for design services to this company (2022 - £239,422).

28. Post balance sheet events

On the 13 September 2023 a new loan was taken out by Chelsea Fine Food with Barclays Bank PLC for £457,422 incurring interest at base rate + 3.75% over a term of 3 years. Final repayment date is 11 September 2026.

CHELSEA FINE FOOD LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

29. Controlling party

At the year end the ultimate controlling party was B McKevitt. 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.