

Company Registration No. 08951280 (England and Wales)

MW RESTAURANTS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018



MW RESTAURANTS LIMITED

COMPANY INFORMATION

Directors	M Williams R Butler	(Appointed 26 July 2019)
Company number	08951280	
Registered office	2 & 3 Threadneedle Walk 60 Threadneedle Street London EC2R 8HP	
Auditor	Beavis Morgan Audit Limited 82 St John Street London EC1M 4JN	

MW RESTAURANTS LIMITED

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M W RESTAURANTS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present the strategic report for the year ended 31 December 2018.

Fair review of the business Financial Review

MW Restaurants Limited achieved group sales of £7.8m in the year (prior year £6.6m) with a gross profit of £3.8m (prior year £3.1m).

Restaurant profit for the year was £398K and overall group EBITDA of £112K, which is line with expectations. After exceptional costs, depreciation and interest charges the results are as stated on page 7 in the financial statements.

Business Review and Future Plans

During 2018, the business continued to grow in the 'M' branded Threadneedle Street and Victoria restaurants and built on the late 2017 successfully launching a new "M Bar & Grill" concept in Twickenham.

The business has secured a premium site with a view to opening in 2020 which will complement the existing portfolio and to grow the brand. Under new ownership in 2019, M is consolidating Head Office structure into Rare Restaurants.

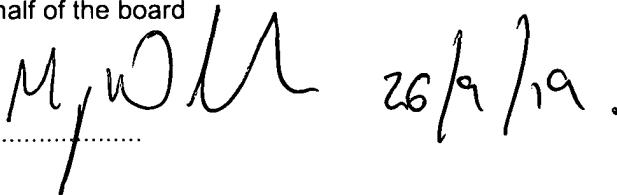
Principal risks and uncertainties

The restaurant sector continues to experience cost increases and uncertainty in relation to people through a shortage of staff, property through significant increases to business rates and product costs through exposure to currency movements. We have seen a combination of these factors aligned to over expansion financed by debt lead to a number of high-profile business failures within the sector over the last 12 to 24 months.

There is broader uncertainty in the UK economic environment with a potential knock on impact to consumer and business spending habits caused by the Brexit negotiations and changes in the political landscape.

The company is very aware of these risks and is closely monitoring its own activities through the experience of the management team and Board. Also, the company is appropriately capitalised and has cash/capacity reserves to react to any adverse conditions experienced and position itself for growth.

On behalf of the board



.....

M Williams
Director

.....

MW RESTAURANTS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their annual report and financial statements for the year ended 31 December 2018.

Principal activities

The principal activity of the company and group continued to be that of the provision of fine dining.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

A D Jameson	(Resigned 3 April 2019)
T Kato	(Resigned 3 April 2019)
M Williams	
A Schild	(Resigned 3 April 2019)
J Kottler	(Appointed 3 April 2019 and resigned 8 August 2019)
R Butler	(Appointed 26 July 2019)

Results and dividends

The results for the year are set out on page 7.

The directors do not recommend payment of a dividend.

Auditor

The auditor, Beavis Morgan Audit Limited, is deemed to be reappointed under Section 485 of the Companies Act 2006.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board


.....
M Williams
Director

Date: 26/9/19
.....

MW RESTAURANTS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2018

The directors are responsible for preparing the Annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

MW RESTAURANTS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MW RESTAURANTS LIMITED

Opinion

We have audited the financial statements of MW Restaurants Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2018 which comprise the group profit and loss account, the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows, the company statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 group's and the parent company's affairs as at 31 December 2018 and of the group's 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 *Auditor's 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 UK, including the FRC'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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

MW RESTAURANTS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF MW RESTAURANTS LIMITED

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our 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 group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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, 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

MW RESTAURANTS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF MW RESTAURANTS LIMITED

Use of our report

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



Matthew Burge (Senior Statutory Auditor)
for and on behalf of Beavis Morgan Audit Limited

30 September 2019

Chartered Accountants
Statutory Auditor

MW RESTAURANTS LIMITED

GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £	2017 £
Turnover	3	7,768,614	6,611,172
Cost of sales		(3,946,443)	(3,560,345)
Gross profit		3,822,171	3,050,827
Administrative expenses		(4,386,961)	(3,568,475)
Operating loss	4	(564,790)	(517,648)
Interest payable and similar expenses	8	(36,908)	(29,724)
Loss before taxation		(601,698)	(547,372)
Tax on loss	9	-	-
Loss for the financial year		(601,698)	(547,372)

Loss for the financial year is all attributable to the owners of the parent company.

MW RESTAURANTS LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 £	2017 £
Loss for the year	(601,698)	(547,372)
Other comprehensive income	-	-
Total comprehensive income for the year	<u>(601,698)</u>	<u>(547,372)</u>

Total comprehensive income for the year is all attributable to the owners of the parent company.

MW RESTAURANTS LIMITED

GROUP BALANCE SHEET

AS AT 31 DECEMBER 2018

	Notes	2018		2017	
		£	£	£	£
Fixed assets					
Intangible assets	10		44,390		80,401
Tangible assets	11		4,252,620		4,589,740
			<u>4,297,010</u>		<u>4,670,141</u>
Current assets					
Stocks	15	318,658		285,718	
Debtors	16	1,338,800		1,072,425	
Cash at bank and in hand		551,141		1,062,834	
			<u>2,208,599</u>		<u>2,420,977</u>
Creditors: amounts falling due within one year	17	(2,283,512)		(2,030,869)	
Net current (liabilities)/assets			<u>(74,913)</u>		<u>390,108</u>
Total assets less current liabilities			<u>4,222,097</u>		<u>5,060,249</u>
Creditors: amounts falling due after more than one year	18		(784,942)		(1,023,472)
Net assets			<u><u>3,437,155</u></u>		<u><u>4,036,777</u></u>
Capital and reserves					
Called up share capital	21		3,993		3,993
Share premium account			6,169,312		6,169,312
Profit and loss reserves			(2,736,150)		(2,136,528)
Total equity			<u><u>3,437,155</u></u>		<u><u>4,036,777</u></u>

The financial statements were approved by the board of directors and authorised for issue on ...26/9/19... and are signed on its behalf by:

.....
M Williams
Director

MW RESTAURANTS LIMITED

COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2018

	Notes	2018		2017	
		£	£	£	£
Fixed assets					
Intangible assets	10		44,390		80,401
Tangible assets	11		3,413,709		3,685,316
Investments	12		4		4
			<u>3,458,103</u>		<u>3,765,721</u>
Current assets					
Stocks	15	290,104		259,038	
Debtors	16	2,057,479		1,766,902	
Cash at bank and in hand		527,680		1,042,430	
		<u>2,875,263</u>		<u>3,068,370</u>	
Creditors: amounts falling due within one year	17	<u>(1,862,666)</u>		<u>(1,890,864)</u>	
Net current assets			<u>1,012,597</u>		<u>1,177,506</u>
Total assets less current liabilities			<u>4,470,700</u>		<u>4,943,227</u>
Creditors: amounts falling due after more than one year	18		<u>(598,310)</u>		<u>(709,603)</u>
Net assets			<u><u>3,872,390</u></u>		<u><u>4,233,624</u></u>
Capital and reserves					
Called up share capital	21		3,993		3,993
Share premium account			6,169,312		6,169,312
Profit and loss reserves			(2,300,915)		(1,939,681)
Total equity			<u><u>3,872,390</u></u>		<u><u>4,233,624</u></u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's loss for the year was £361,234 (2017 - £350,525 loss).

The financial statements were approved by the board of directors and authorised for issue on 20/1/19 and are signed on its behalf by:


M Williams
Director

Company Registration No. 08951280

MW RESTAURANTS LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
Balance at 1 January 2017		3,092	6,169,312	(1,589,156)	4,583,248
Year ended 31 December 2017:					
Loss and total comprehensive income for the year		-	-	(547,372)	(547,372)
Issue of share capital	21	901	-	-	901
Balance at 31 December 2017		3,993	6,169,312	(2,136,528)	4,036,777
Year ended 31 December 2018:					
Loss and total comprehensive income for the year		-	-	(601,698)	(601,698)
Balance at 31 December 2018		3,993	6,169,312	(2,738,226)	3,435,079

MW RESTAURANTS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
Balance at 1 January 2017		3,092	6,169,312	(1,589,156)	4,583,248
Year ended 31 December 2017:					
Loss and total comprehensive income for the year		-	-	(350,525)	(350,525)
Issue of share capital	21	901	-	-	901
Balance at 31 December 2017		3,993	6,169,312	(1,939,681)	4,233,624
Year ended 31 December 2018:					
Loss and total comprehensive income for the year		-	-	(361,234)	(361,234)
Balance at 31 December 2018		3,993	6,169,312	(2,300,915)	3,872,390

MW RESTAURANTS LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £	£	2017 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	25		(22,249)		49,837
Interest paid			(36,908)		(29,724)
			<hr/>		<hr/>
Net cash (outflow)/inflow from operating activities			(59,157)		20,113
Investing activities					
Purchase of intangible assets		-		(6,233)	
Purchase of tangible fixed assets		(110,071)		(1,197,775)	
		<hr/>		<hr/>	
Net cash used in investing activities			(110,071)		(1,204,008)
Financing activities					
Purchase of finance leases obligations				386,194	
Payment of finance leases obligations		(344,541)		(212,520)	
		<hr/>		<hr/>	
Net cash (used in)/generated from financing activities			(344,541)		173,674
			<hr/>		<hr/>
Net decrease in cash and cash equivalents			(513,769)		(1,010,221)
Cash and cash equivalents at beginning of year			1,062,834		2,073,055
			<hr/>		<hr/>
Cash and cash equivalents at end of year			549,065		1,062,834
			<hr/> <hr/>		<hr/> <hr/>

MW RESTAURANTS LIMITED

COMPANY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £	£	2017 £	£
Cash flows from operating activities					
Cash absorbed by operations	26	(193,631)		(529,783)	
Interest paid		(16,668)		(22,223)	
		<u>(210,299)</u>		<u>(552,006)</u>	
Investing activities					
Purchase of intangible assets		-		(6,233)	
Purchase of tangible fixed assets		(97,095)		(259,866)	
Proceeds from other investments and loans		901		(901)	
		<u>(96,194)</u>		<u>(267,000)</u>	
Financing activities					
Proceeds from issue of shares		-		901	
Payment of finance leases obligations		(208,257)		(212,520)	
		<u>(208,257)</u>		<u>(211,619)</u>	
Net decrease in cash and cash equivalents		<u>(514,750)</u>		<u>(1,030,625)</u>	
Cash and cash equivalents at beginning of year		1,042,430		2,073,055	
Cash and cash equivalents at end of year		<u>527,680</u>		<u>1,042,430</u>	

MW RESTAURANTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

Company information

MW Restaurants Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is 2 & 3 Threadneedle Walk, 60 Threadneedle Street, London, EC2R 8HP.

The group consists of MW Restaurants Limited and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

The consolidated financial statements incorporate those of MW Restaurants Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 December 2018. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own Profit and Loss Account in these financial statements. The parent company's loss for the year was £361,234 (2017: £350,525).

1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources from cash generated from operations at the existing sites to continue in operational existence for the foreseeable future. This is complemented by established short term credit facilities and a very lowly geared capital structure. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.4 Turnover

Turnover represents amounts receivable for food and beverage net of VAT and is recognised when the food and beverages are provided to the customer.

MW RESTAURANTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies (Continued)

1.5 Intangible fixed assets other than goodwill

Initial start up costs which are directly attributable to the company's subsequent ability to generate revenue have been capitalised and written off over the period during which the company is expected to benefit from this expenditure.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Start up costs	5 years straight line
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1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold land and buildings	over term of the lease
Plant and equipment	20% straight line
Fixtures and fittings	10% straight line
Computers	20% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

1.7 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.8 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset.

MW RESTAURANTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.9 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.10 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, and deposits held at call with banks.

1.11 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

MW RESTAURANTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

1.12 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

MW RESTAURANTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies (Continued)

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.15 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods. These would be in respect of deriving asset's lives, particularly intangibles and depreciation.

3 Turnover and other revenue

	2018	2017
	£	£
Turnover analysed by class of business		
Food	3,618,146	3,402,017
Beverage	3,545,156	2,940,291
Retail	-	76,184
Other	605,312	192,680
	<u>7,768,614</u>	<u>6,611,172</u>

MW RESTAURANTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

3 Turnover and other revenue (Continued)

	2018	2017
	£	£
Turnover analysed by geographical market		
United Kingdom	7,768,614	6,611,172
	<u>7,768,614</u>	<u>6,611,172</u>

4 Operating loss

	2018	2017
	£	£
Operating loss for the year is stated after charging:		
Research and development costs	9,053	-
Depreciation of owned tangible fixed assets	345,546	286,489
Depreciation of tangible fixed assets held under finance leases	101,645	101,645
Amortisation of intangible assets	36,011	36,037
Cost of stocks recognised as an expense	2,137,545	1,932,085
Operating lease charges	934,968	921,202
	<u>934,968</u>	<u>921,202</u>

5 Auditor's remuneration

	2018	2017
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	15,000	9,000
	<u>15,000</u>	<u>9,000</u>

6 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	Group 2018 Number	2017 Number	Company 2018 Number	2017 Number
Manager	39	26	36	23
Staff	97	92	83	85
	<u>136</u>	<u>118</u>	<u>119</u>	<u>108</u>

MW RESTAURANTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

6 Employees

(Continued)

Their aggregate remuneration comprised:

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Wages and salaries	2,277,229	1,851,586	1,934,754	1,679,528
Social security costs	134,928	160,303	114,830	152,363
Pension costs	16,907	2,635	14,483	2,312
	<u>2,429,064</u>	<u>2,014,524</u>	<u>2,064,067</u>	<u>1,834,203</u>

7 Directors' remuneration

	2018	2017
	£	£
Remuneration for qualifying services	<u>161,250</u>	<u>125,000</u>

8 Interest payable and similar expenses

	2018	2017
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on finance leases and hire purchase contracts	<u>36,908</u>	<u>29,724</u>

MW RESTAURANTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

9 Taxation

The actual charge for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

	2018 £	2017 £
Loss before taxation	(601,698)	(547,372)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2017: 20.00%)	(114,323)	(109,474)
Tax effect of expenses that are not deductible in determining taxable profit	146	566
Tax effect of income not taxable in determining taxable profit	9,882	(9,611)
Tax effect of utilisation of tax losses not previously recognised	46,765	63,362
Unutilised tax losses carried forward	45,688	38,954
Permanent capital allowances in excess of depreciation	(58,211)	(61,934)
Depreciation on assets not qualifying for tax allowances	70,053	70,930
Amortisation on assets not qualifying for tax allowances	-	7,207
Taxation charge for the year	-	-

10 Intangible fixed assets

Group	Start up costs £
Cost	
At 1 January 2018 and 31 December 2018	188,663
Amortisation and impairment	
At 1 January 2018	108,262
Amortisation charged for the year	36,011
At 31 December 2018	144,273
Carrying amount	
At 31 December 2018	44,390
At 31 December 2017	80,401

MW RESTAURANTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

10 Intangible fixed assets (Continued)

Company	Start up costs £
Cost	
At 1 January 2018 and 31 December 2018	188,663
Amortisation and impairment	
At 1 January 2018	108,262
Amortisation charged for the year	36,011
At 31 December 2018	144,273
Carrying amount	
At 31 December 2018	44,390
At 31 December 2017	80,401

11 Tangible fixed assets

Group	Leasehold land and buildings £	Plant and equipment £	Fixtures and fittings £	Computers £	Total £
Cost					
At 1 January 2018	3,440,149	654,502	1,268,298	85,103	5,448,052
Additions	38,337	6,785	53,813	11,136	110,071
At 31 December 2018	3,478,486	661,287	1,322,111	96,239	5,558,123
Depreciation and impairment					
At 1 January 2018	322,876	237,248	258,457	39,731	858,312
Depreciation charged in the year	159,781	127,809	144,738	14,863	447,191
At 31 December 2018	482,657	365,057	403,195	54,594	1,305,503
Carrying amount					
At 31 December 2018	2,995,829	296,230	918,916	41,645	4,252,620
At 31 December 2017	3,117,273	417,254	1,009,841	45,372	4,589,740

MW RESTAURANTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

11 Tangible fixed assets (Continued)

Company	Leasehold land and buildings £	Plant and equipment £	Fixtures and fittings £	Computers £	Total £
Cost					
At 1 January 2018	2,841,393	511,981	1,072,764	84,005	4,510,143
Additions	25,361	6,785	53,813	11,136	97,095
At 31 December 2018	<u>2,866,754</u>	<u>518,766</u>	<u>1,126,577</u>	<u>95,141</u>	<u>4,607,238</u>
Depreciation and impairment					
At 1 January 2018	313,785	225,637	245,894	39,511	824,827
Depreciation charged in the year	129,569	99,305	125,185	14,643	368,702
At 31 December 2018	<u>443,354</u>	<u>324,942</u>	<u>371,079</u>	<u>54,154</u>	<u>1,193,529</u>
Carrying amount					
At 31 December 2018	<u>2,423,400</u>	<u>193,824</u>	<u>755,498</u>	<u>40,987</u>	<u>3,413,709</u>
At 31 December 2017	<u>2,527,608</u>	<u>286,344</u>	<u>826,870</u>	<u>44,494</u>	<u>3,685,316</u>

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	Group 2018 £	2017 £	Company 2018 £	2017 £
Plant and equipment	92,925	152,420	92,925	152,420
Fixtures and fittings	481,183	523,333	481,183	523,333
	<u>574,108</u>	<u>675,753</u>	<u>574,108</u>	<u>675,753</u>

12 Fixed asset investments

	Group 2018 £	2017 £	Company 2018 £	2017 £
Investments in subsidiaries	Notes	£	£	£
	13	-	-	4
		<u>-</u>	<u>-</u>	<u>4</u>

MW RESTAURANTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

12 Fixed asset investments (Continued)

**Movements in fixed asset investments
Company**

**Shares in
group
undertakings
£**

Cost or valuation

At 1 January 2018 and 31 December 2018

4

Carrying amount

At 31 December 2018

4

At 31 December 2017

4

13 Subsidiaries

Details of the company's subsidiaries at 31 December 2018 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
MW Restaurants (Canary Wharf) Limited	England & Wales	Dormant	Ordinary	100.00	
MW Restaurants (Social) Limited	England & Wales	Restaurant	Ordinary	100.00	
MW Wine Store Online Limited	England & Wales	Dormant	Ordinary	100.00	

14 Financial instruments

	Group 2018 £	2017 £	Company 2018 £	2017 £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	1,187,369	974,988	1,906,305	1,669,469
Carrying amount of financial liabilities				
Measured at amortised cost	2,661,805	2,617,916	2,120,026	2,164,042

15 Stocks

	Group 2018 £	2017 £	Company 2018 £	2017 £
Raw materials and consumables	318,658	285,718	290,104	259,038

MW RESTAURANTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

16 Debtors

	Group 2018	2017	Company 2018	2017
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	219,413	155,051	205,120	147,868
Amounts owed by group undertakings	-	-	789,632	758,063
Other debtors	277,716	129,701	221,313	73,298
Prepayments and accrued income	151,431	97,433	151,174	97,433
	<u>648,560</u>	<u>382,185</u>	<u>1,367,239</u>	<u>1,076,662</u>
Amounts falling due after more than one year:				
Other debtors	<u>690,240</u>	<u>690,240</u>	<u>690,240</u>	<u>690,240</u>
Total debtors	<u>1,338,800</u>	<u>1,072,425</u>	<u>2,057,479</u>	<u>1,766,902</u>

17 Creditors: amounts falling due within one year

	Group 2018	2017 as restated	Company 2018	2017 as restated
Notes	£	£	£	£
Obligations under finance leases	19 191,537	345,442	45,187	208,257
Trade creditors	1,156,707	712,798	1,053,125	712,798
Other taxation and social security	406,649	436,425	340,950	436,425
Other creditors	444,621	500,457	345,231	497,637
Accruals and deferred income	83,998	35,747	78,173	35,747
	<u>2,283,512</u>	<u>2,030,869</u>	<u>1,862,666</u>	<u>1,890,864</u>

18 Creditors: amounts falling due after more than one year

	Group 2018	2017	Company 2018	2017
Notes	£	£	£	£
Obligations under finance leases	19 147,948	339,485	45,289	90,476
Other creditors	636,994	683,987	553,021	619,127
	<u>784,942</u>	<u>1,023,472</u>	<u>598,310</u>	<u>709,603</u>

Other creditors consists of rent free periods that have been recognised on rental lease commitments.

MW RESTAURANTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

19 Finance lease obligations

	Group 2018 £	2017 £	Company 2018 £	2017 £
Future minimum lease payments due under finance leases:				
Within one year	191,537	345,442	45,187	208,257
In two to five years	147,948	339,485	45,289	90,476
	<u>339,485</u>	<u>684,927</u>	<u>90,476</u>	<u>298,733</u>

Finance lease payments represent rentals payable by the company or group for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 4 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

20 Retirement benefit schemes

	2018 £	2017 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	16,907	2,635
	<u>16,907</u>	<u>2,635</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

21 Share capital

	Group and company	
	2018 £	2017 £
Ordinary share capital		
Issued and fully paid		
100,000 Ordinary A of 1p each	1,000	1,000
297,774 Ordinary B of 1p each	2,978	2,978
147,400 Ordinary C of -.01p each	15	15
	<u>3,993</u>	<u>3,993</u>

MW RESTAURANTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

22 Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2018 £	2017 £	Company 2018 £	2017 £
Within one year	849,133	834,859	758,893	743,679
Between two and five years	3,518,245	3,491,577	3,157,285	3,126,857
In over five years	10,469,375	11,366,796	8,845,055	9,634,376
	<u>14,836,753</u>	<u>15,693,232</u>	<u>12,761,233</u>	<u>13,504,912</u>

23 Related party transactions

The company has taken advantage of the exemption in FRS 102 from the requirement to disclose balances with group companies that are wholly owned on the grounds that consolidated financial statements are prepared by the ultimate parent company.

24 Controlling party

There is no ultimate controlling party.

25 Cash generated from group operations

	2018 £	2017 £
Loss for the year after tax	(601,698)	(547,372)
Adjustments for:		
Finance costs	36,908	29,724
Amortisation and impairment of intangible assets	36,011	36,037
Depreciation and impairment of tangible fixed assets	447,191	388,134
Movements in working capital:		
(Increase) in stocks	(32,940)	(44,813)
(Increase)/decrease in debtors	(267,276)	276,434
Increase/(decrease) in creditors	359,555	(88,307)
Cash (absorbed by)/generated from operations	<u>(22,249)</u>	<u>49,837</u>

MW RESTAURANTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

26 Cash generated from operations - company

	2018	2017
	£	£
Loss for the year after tax	(361,234)	(350,525)
Adjustments for:		
Finance costs	16,668	22,223
Amortisation and impairment of intangible assets	36,011	36,037
Depreciation and impairment of tangible fixed assets	368,702	354,649
Movements in working capital:		
(Increase) in stocks	(31,066)	(18,133)
(Increase) in debtors	(291,478)	(418,047)
Increase/(decrease) in creditors	68,766	(155,987)
Cash absorbed by operations	(193,631)	(529,783)

27 Post balance sheet event

M W Restaurant limited was acquired via Rare Restaurants Limited on 3 April 2019. The Ultimate parent became Lomo Topco Ltd, to become part of the Rare Restaurant/ "Gaucho" group.