

**Oaxaca Limited**

**Annual report and consolidated  
financial statements**

**Registered number 5836870**

**For the 52 weeks ended 25 June 2023**



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## Strategic Report

The Directors present the Strategic Report, Directors' Report and the audited Financial Statements for the 52 week period ended 25 June 2023.

### Principal activity

The principal activity of the Group is the operation of Mexican restaurants in the UK. The Directors do not foresee any material changes to the activities of the Group in the coming year.

### Business review and key performance indicators

The results for the period and financial position of the Group are shown on pages 13 and 14 respectively. The KPIs monitored by the Group included Turnover, Gross Profit Margin, Adjusted Operating Profit<sup>1</sup>, Net Profit before Tax and Net Assets / (Liabilities). All comparative figures relate to the 52 week period ended 26 June 2022.

Performance is as follows: Turnover for the year was £39.7m (2022: £39.2m), the Gross Profit margin was 45.3% (2022: 50.9%), Adjusted Operating Profit<sup>1</sup> was £3.1m (2022: £5.7m), Net Loss before Tax was £0.7m (2022: Profit of £3.0m), and Net Liabilities were £0.5m (2022: Net assets of £0.2m). Our prior year numbers include the benefit of the reduced VAT rate which was in operation for the majority of the period.

The Directors remain very pleased with how the Group has continued to perform in the face of ongoing external headwinds which continue to impact the sector. Even allowing for the cost inflation driven by the impact of the war in Ukraine and the cost of living crisis in the United Kingdom, the Group has been able to generate an Adjusted Operating Profit of £3.1m (2022: £5.7m). After allowing for the benefit from reduced VAT rates, the operating performance of the Group was in line with prior year and the Group continues to maintain a healthy cash balance of £10.7m (2022: £11.7m).

As with many businesses, utility costs have been abnormally high during the period. Whilst government support was welcome up until the end of March 23, the impact of that support dropping away, despite the indications that sector specific support would continue, left the Group with no choice but to lock into abnormally high rates until September 23. The excess charge above what we could have secured at market rate from April 23 on a normalised basis has been excluded from Adjusted Operating Profit as it is a one off impact (see note 4).

The Directors continue to be fully confident that the brand love and recognition remain very strong, which will help the business continue to navigate the ongoing challenges, particularly around cost of living, which continue to be a challenge across the whole UK economy.

### Principal risks and uncertainties

#### *Competition*

The Group operates in a competitive market which is constantly bringing new concepts and products to the expanding customer base; however, we believe that by focusing on looking after and investing in our people, the quality and sustainability of our products and the focus on customer service, that the Wahaca concept offers customers a unique experience that in the long run gives us a competitive advantage.

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<sup>1</sup> Adjusted Operating Profit represents our Operating Loss (£46k (2022: Operating Profit of £3,569k)) after adjusting for exceptional items, depreciation, amortisation, loss on disposal of property, plant and equipment, pre-opening costs and share based payment charge. A summary of the adjusted items can be found in note 4 to the accounts.

## Strategic Report *(continued)*

### Principal risks and uncertainties

#### *Employees*

The Group recognises its continuing development is based on its employees' contributions in an industry which has a high level of staff turnover.

Staff retention and recruitment of quality candidates for new restaurants and developing central support functions are recognised by management as being key drivers for success.

The Group invests in numerous training opportunities for its teams with the aim of motivating, developing, promoting and retaining key employees.

#### *Increases in prices of raw material*

The Group has arrangements in place with several key suppliers of its raw products which are constantly monitored and reviewed.

The Product support team are continuously meeting with both existing and potential suppliers to find the best sustainable products at a fair price.

#### *Economic climate*

The UK economic climate remains uncertain however, the Group believes that its menu offering good value for money will place it in a strong position relative to its peers.

### Charitable donations

During the period the Group made charitable donations of £40.0k (2022: £120.0k).

By order of the board



**Mark Selby**  
*Director*

14 December 2023

## Directors' Report

The Directors present their annual report for the 52 weeks ended 25 June 2023.

Certain information which is required in the Directors' Report, including a description of the Group's principal activities and future developments, principal risks and uncertainties and key performance indicators can be found in the Strategic Report.

### Financial instruments

The Group's principal financial instruments comprise of bank facilities, other loans and cash. The main purpose of these financial instruments is to raise funds for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and payables, which arise directly from its operations.

The Group is exposed to financial risks such as liquidity risk, credit risk and market risk. It is the Group's policy that no speculative trading in financial instruments shall be undertaken. Financial risks are disclosed in note 20.

### Dividends

The Directors do not recommend the payment of a dividend during the period (2022: £nil).

### Directors

The Directors who held office during the year were as follows:

M Selby  
G Glasson

During the year, directors' indemnity insurance was paid by the Group. No qualifying third party indemnity provisions for the benefit of its directors have been made in the current or preceding year.

### Employees

Restaurants are kept up-to-date with Company news via regular meetings with senior staff. Restaurant managers hold regular staff meetings with all their staff to cascade this information. The staff handbook clearly sets out that the Company offers equal employment rights regardless of age, colour, gender, sexual orientation, disability or religion and this is reinforced from the recruitment process onwards. There are clear and fair terms of employment within the Company, all staff are provided with a contract of employment or service agreement and there are fully documented procedures in place for disciplinary issues and grievances raised by employees.

#### *Disabled employees*

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. It is the policy of the Group and the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

## **Directors' Report** *(continued)*

### **Going concern**

The Directors have considered the relevant risks and uncertainties and have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the annual financial statements.

Further details regarding the adoption of the going concern basis can be found in note 1 in the notes to the financial statements.

The Group has financing in place until September 2024 and is currently in advanced discussions with its bankers about a revised facility. Preliminary terms and covenants have been set out and have been factored into our going concern assessment.

The Group has prepared cash flow forecasts for at least 12 months from the date of approval of the financial statements through to June 2025, on the basis of a revised banking facility. For the purposes of these forecasts the Group has prudently assumed that it maintains its current levels of trading for the foreseeable future with no significant revenue volume growth. The Group's forecasts and projections indicate that the Group should comfortably be able to operate within the level of its proposed facility and covenants. Even under a severe downside scenario with a prolonged deterioration in trading conditions, which would be outside the control of the Group, the Group is forecasting that it will still be able to operate within the levels of its proposed facility and covenants.

Despite this it is plausible that the Group is unable to refinance its debt by September 2024 either with its existing or alternative bankers. However, given the aforementioned liquidity position of the Group, the Directors view this scenario as possible but very unlikely.

Furthermore the majority shareholder of the Group, Yellowwoods Treasury 2 SARL has indicated its intention to continue to make available such funds as are needed by the Group during the going concern assessment period and that it does not intend to seek repayment of the amounts currently due to the Group, which as at 25 June 2023 amounted to £4.5m. As with any company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the Directors are confident that the Group will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

## Directors' Report *(continued)*

### Streamlined Energy and Carbon Reporting Regulations ("SECR")

As required under the SECR regulations the following information relates to the energy consumed in our operations:

#### *UK energy use*

The below table outlines the energy consumption information for the last two financial years:

Energy Source & Unit	52 weeks ended 25 June 2023 (kWh)	52 weeks ended 26 June 2022 (kWh)
The purchase of electricity (Total)	4,915,395	4,785,020
The purchase of electricity (Market based)	4,464,224	3,358,364
Combustion of gas	2,228,620	3,261,033

#### *Greenhouse gas emissions*

The Group undertakes a continual carbon footprinting exercise, which is audited by third party auditors, and therefore is able to provide the below information relating to its location-based greenhouse gas emissions:

	52 weeks ended 25 June 2023 Tonnes CO <sub>2</sub> e	52 weeks ended 26 June 2022 Tonnes CO <sub>2</sub> e
<b>Scope 1</b>		
Gas consumption	406.81	597.29
<b>Total Scope 1</b>	<b>406.81</b>	<b>597.29</b>
<b>Scope 2</b>		
Purchased electricity generation	950.54	1,016.00
<b>Total Scope 2</b>	<b>950.54</b>	<b>1,016.00</b>
<b>Significant Scope 3</b>		
Electricity transmission and distribution	86.95	89.91
Waste disposal	28.01	21.89
Business travel	127.83	39.09
Accommodation	4.91	5.83
Home working	4.46	2.66
Waste water	10.63	9.19
Water	5.82	5.03
<b>Total Scope 3</b>	<b>268.61</b>	<b>173.60</b>
<b>Total TCO<sub>2</sub>e (Location-based Scope 2)</b>	<b>1,625.96</b>	<b>1,786.89</b>

#### *Intensity ratio*

The Group has chosen to use carbon emissions per employee as its intensity ratio:

	52 weeks ended 25 June 2023	52 weeks ended 26 June 2022
Total TCO <sub>2</sub> e (Location-based Scope 2)	1,625.96	1,786.89
Average number of employees	693	632
<b>Intensity ratio (TCO<sub>2</sub>e / employee)</b>	<b>2.35</b>	<b>2.83</b>

## Directors' Report *(continued)*

### Streamlined Energy and Carbon Reporting Regulations ("SECR") *(continued)*

#### *Information on energy efficiency actions during the year*

We are committed to responsible energy management and will practice energy efficiency throughout our organisation wherever it is cost effective. Further to this where we do generate carbon within our business we work with Climate Impact Partners to fully offset all of this carbon and are proud to have achieved CarbonNeutral® company certification in accordance with The CarbonNeutral Protocol.

We recognise that climate change is one of the most serious environmental challenges currently threatening the global community and we understand we have a role to play in reducing greenhouse gas emissions.

We have implemented the policies below for the purpose of increasing the business's energy efficiency in the relevant financial year.

- Continued to source our electricity from renewable sources and 'green' gas contracts.
- We have monthly sustainability meetings to review our carbon reduction plan
- In 2022, we finalised our Net Zero strategy, in line with science based targets to reduce our emissions by 4.2% per year, setting 2030 as our Net Zero target. We have exceeded these targets in FY23 (with carbon intensity per employee reducing by 17%).
- Upgraded lighting to LED and fitted light sensors in site offices and back of house areas.
- Video conferencing has become part of the business norm, encouraging less travel between sites.
- Reduced travel costs by reducing number of face-to-face meetings with suppliers.
- We have rolled out more detailed energy monitoring (Cap energy) in all sites, which gives us much greater insights on electricity usage to reduce energy consumption in sites. It also has an alert function when kit is left on overnight by accident.
- We have continued to reinforce behavioural change in the sites, issuing kit set up and closing down procedures, aimed at reducing energy consumption at site level.
- We continue to review kitchen kit with key suppliers with the aim of continuous improvement of the energy efficiency of kit that we use in sites.
- We have had surveys completed to scope 'voltage optimisation' in the sites.
- We have had site surveys completed to scope our changes needed to move from gas to electricity.
- We have signed off on our first 'zero' site which will only use renewable electricity and no gas.

Since undertaking a scope 1-3 calculation of our emissions there has been focus on how we can reduce our carbon emissions and be as sustainable as possible. We have instigated key projects in 2023, which we will continue to deliver in 2024 and onwards, looking to reduce year on year emissions.

#### *Methodologies used in calculations of disclosures*

The Government's guidance document entitled "*Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance*" has been used as a guide to information that is required to be included in this report.

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

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors is aware of that information.



## **Directors' Report** *(continued)*

### **Future developments**

The re-launch of our Employee Benefits Scheme last year and our focus on our internal employer-brand has brought further strength to our metrics across culture, retention, team happiness and engagement. This has also supported customer satisfaction across both restaurants and delivery. This puts the business in a good place to be able to continue driving top line organic growth as well as being well placed for new site openings and other growth-opportunities.

### **Auditor**

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

By order of the board



**Mark Selby**  
*Director*

5 Little Portland Street  
London W1W 7JD  
14 December 2023

## **Statement of Directors' Responsibilities in respect of the Annual Report, Strategic Report, the Directors' Report and the Financial Statements**

The Directors are responsible for preparing the Annual Report, Strategic Report, the Directors' Report and the Group and parent Company 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 they have elected to prepare the Group and parent Company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the 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 parent Company and of the Group's profit or loss for that period. In preparing each of the Group and parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

## **Independent Auditor's report to the members of Oaxaca Limited**

### **Opinion**

We have audited the financial statements of Oaxaca Limited ("the Company") for the year ended 25 June 2023 which comprise the Consolidated Profit and Loss Account and Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Group and Company Statement of Changes in Equity, Consolidated Cash Flow Statement and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 25 June 2023 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Going concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Group's business model and analysed how those risks might affect the Group and Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group or the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

### **Fraud and breaches of laws and regulations – ability to detect**

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

## **Independent Auditor's report to the members of Oaxaca Limited (*continued*)**

- Enquiring of directors as to the Group's/Company's high-level policies and procedures to prevent and detect fraud, including the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Considering remuneration incentive schemes and performance targets for management and directors and sales staff.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet targets and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that Group management may be in a position to make inappropriate accounting entries. On this audit, we do not believe there is fraud risk related to revenue recognition because the underlying transactions are high in volume and low in value.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test for all full scope components based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts.

### *Identifying and responding to risks of material misstatement related to compliance with laws and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, data protection laws, anti-bribery, employment law, and certain aspects of company legislation recognising the nature of the Group's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

## **Independent Auditor's report to the members of Oaxaca Limited (*continued*)**

### *Context of the ability of the audit to detect fraud or breaches of law or regulation*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

### **Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

### **Matters on which we are required to report by exception**

Under the Companies Act 2006, we are required 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.

We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their statement set out on page 8, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and 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 they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

## **Independent Auditor's report to the members of Oaxaca Limited (continued)**

### **Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### **The purpose of our audit work and to whom we owe our responsibilities**

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.



**Vivek Kohli (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
Gateway House  
Tollgate  
Chandlers Ford  
SO53 3TG

15 December 2023

## Consolidated Profit and Loss Account and Other Comprehensive Income

*for the 52 week period ended 25 June 2023*

	<i>Note</i>	52 weeks ended 25 June 2023 £000	52 weeks ended 26 June 2022 £000
<b>Turnover</b>	<i>1,2</i>	<b>39,718</b>	39,214
Cost of sales		<b>(21,713)</b>	(19,259)
<b>Gross profit</b>		<b>18,005</b>	19,955
Other income	<i>3</i>	<b>5</b>	165
Administrative expenses		<b>(16,946)</b>	(16,161)
<b>Operating profit before exceptional items</b>	<i>1,4,5</i>	<b>1,064</b>	3,959
Exceptional items	<i>4</i>	<b>(1,110)</b>	(390)
Administrative expenses (including exceptional items)		<b>(18,056)</b>	(16,551)
<b>Operating (loss) / profit after exceptional items</b>		<b>(46)</b>	3,569
Other interest receivable and similar income	<i>7</i>	<b>85</b>	2
Interest payable and similar expense	<i>7</i>	<b>(759)</b>	(555)
<b>Net financing (expense) / income</b>		<b>(674)</b>	(553)
Group's share of profit in associates	<i>11</i>	<b>-</b>	4
<b>(Loss) / profit before taxation</b>		<b>(720)</b>	3,020
Taxation	<i>8</i>	<b>(11)</b>	462
<b>(Loss) / profit for the period and total comprehensive income</b>		<b>(731)</b>	3,482

All results derive from continuing operations.

There were no recognised gains and losses other than loss or profit for the current and prior period. Accordingly, the Group has not prepared a statement of comprehensive income.

The accompanying notes in page 20 - 46 form part of the financial statements.

## Consolidated Balance Sheet

at 25 June 2023

### Group

	Note	25 June 2023 £000	26 June 2022 £000
<b>Fixed assets</b>			
Tangible fixed assets	9	9,177	9,518
Intangible assets	10	105	116
Investment in equity-accounted investees	11	29	29
Deferred tax assets	12	505	516
<b>Total fixed assets</b>		<b>9,816</b>	<b>10,179</b>
<b>Current assets</b>			
Stocks	13	179	191
Debtors	14	1,912	1,644
Cash and cash equivalents	15	10,681	11,735
<b>Total current assets</b>		<b>12,772</b>	<b>13,570</b>
<b>Total assets</b>		<b>22,588</b>	<b>23,749</b>
<b>Current liabilities</b>			
Creditors: Amounts falling due within one year	17	(6,757)	(7,311)
<b>Total current liabilities</b>		<b>(6,757)</b>	<b>(7,311)</b>
<b>Net current assets</b>		<b>6,015</b>	<b>6,259</b>
<b>Total assets less current liabilities</b>		<b>15,831</b>	<b>16,438</b>
<b>Non-current liabilities</b>			
Interest-bearing loans and borrowings	16	(15,475)	(15,295)
Creditors: amounts falling due in more than one year	17	(815)	(894)
<b>Total non-current liabilities</b>		<b>(16,290)</b>	<b>(16,189)</b>
<b>Total liabilities</b>		<b>(23,047)</b>	<b>(23,500)</b>
<b>Net (liabilities) / assets</b>		<b>(459)</b>	<b>249</b>



**Consolidated Balance Sheet** *(continued)*  
*at 25 June 2023*

**Group**

Capital and reserves	Note	25 June 2023 £000	26 June 2022 £000
Share capital	19	-	-
Share premium	19	41	41
Reserves	19	362	339
Retained earnings	19	(862)	(131)
		<hr/>	<hr/>
<b>Shareholders' (deficit) / funds</b>		<b>(459)</b>	<b>249</b>
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 14 December 2023 and were signed on its behalf by:



**Mark Selby**  
*Director*

Company registered number: 5836870

The accompanying notes in page 20 - 46 form part of the financial statements.

## Company Balance Sheet

at 25 June 2023

### Company

	Note	25 June 2023 £000	26 June 2022 £000
<b>Fixed assets</b>			
Tangible fixed assets	9	9,177	9,518
Intangible assets	10	105	116
Investment in equity-accounted investees	11	29	29
Deferred tax assets	12	505	516
		<hr/>	<hr/>
<b>Total fixed assets</b>		<b>9,816</b>	<b>10,179</b>
		<hr/>	<hr/>
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Stocks	13	179	191
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		<hr/>	<hr/>
<b>Total current assets</b>		<b>12,772</b>	<b>13,570</b>
		<hr/>	<hr/>
<b>Total assets</b>		<b>22,588</b>	<b>23,749</b>
		<hr/>	<hr/>
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	17	(6,757)	(7,311)
		<hr/>	<hr/>
<b>Total current liabilities</b>		<b>(6,757)</b>	<b>(7,311)</b>
		<hr/>	<hr/>
<b>Net current assets</b>		<b>6,015</b>	<b>6,259</b>
<b>Total assets less current liabilities</b>		<b>15,831</b>	<b>16,438</b>
<b>Non-current liabilities</b>			
Interest-bearing loans and borrowings	16	(15,475)	(15,295)
Creditors: amounts falling due in more than one year	17	(815)	(894)
		<hr/>	<hr/>
<b>Total non-current liabilities</b>		<b>(16,290)</b>	<b>(16,189)</b>
		<hr/>	<hr/>
<b>Total liabilities</b>		<b>(23,047)</b>	<b>(23,500)</b>
		<hr/>	<hr/>
<b>Net (liabilities) / assets</b>		<b>(459)</b>	<b>249</b>
		<hr/>	<hr/>

**Company Balance Sheet** *(continued)*  
*at 25 June 2023*

**Company**

Capital and reserves		25 June 2023 £000	26 June 2022 £000
Share capital	19	-	-
Share premium	19	41	41
Reserves	19	362	339
Retained earnings	19	(862)	(131)
<b>Shareholders' (deficit) / funds</b>		<u>(459)</u>	<u>249</u>

These financial statements were approved by the board of directors on 14 December 2023 and were signed on its behalf by:



**Mark Selby**  
*Director*

Company registered number: 5836870

The accompanying notes in page 20 - 46 form part of the financial statements.

## Statement of Changes in Equity

### Group and Company

	Share capital £000	Share premium £000	Capital redemption reserve £000	Other reserves £000	Retained earnings £000	Total equity £000
<b>Balance at 27 June 2021</b>	-	41	1	303	(3,613)	(3,268)
Profit for the year	-	-	-	-	3,482	3,482
Share based payments	-	-	-	35	-	35
<b>Balance at 26 June 2022</b>	-	41	1	338	(131)	249
Loss for the year	-	-	-	-	(731)	(731)
Share based payments	-	-	-	23	-	23
<b>Balance at 25 June 2023</b>	-	41	1	361	(862)	(459)

The accompanying notes in page 20 - 46 form part of the financial statements.

## Consolidated Cash Flow Statement

for the 52 week period ended 25 June 2023

	Note	52 weeks ended 25 June 2023 £000	52 weeks ended 26 June 2022 £000
<b>Cash flows from operating activities</b>			
(Loss) / profit for the year		(731)	3,482
Adjustments for:			
Depreciation, amortisation and impairment		2,211	2,197
Financial income		(85)	(2)
Financial expense		759	555
Share of profit of equity-accounted investees		-	(4)
Loss on disposal of tangible fixed assets		144	-
Share based payment		23	35
Taxation		11	(462)
		<hr/> 2,332	<hr/> 5,801
Increase in trade and other debtors		(268)	(344)
Decrease / (increase) in stocks		12	(18)
(Decrease) / increase in trade and other creditors		(628)	2,116
		<hr/>	<hr/>
Cash generated from operations		1,448	7,555
Tax received		-	-
		<hr/>	<hr/>
<b>Net cash from operating activities</b>		1,448	7,555
		<hr/>	<hr/>
<b>Cash flows from investing activities</b>			
Acquisition of tangible assets		(1,980)	(1,482)
Acquisition of other intangible assets		(23)	(60)
		<hr/>	<hr/>
<b>Net cash from investing activities</b>		(2,003)	(1,542)
		<hr/>	<hr/>
<b>Cash flows from financing activities</b>			
Interest paid		(499)	(435)
		<hr/>	<hr/>
<b>Net cash from financing activities</b>		(499)	(435)
		<hr/>	<hr/>
Net (decrease) / increase in cash and cash equivalents		(1,054)	5,578
Cash and cash equivalents at start of the year		11,735	6,157
		<hr/>	<hr/>
<b>Cash and cash equivalents at end of the year</b>	15	<hr/> <b>10,681</b> <hr/>	<hr/> <b>11,735</b> <hr/>

The accompanying notes in page 20 - 46 form part of the financial statements.

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

Oaxaca Limited (the “Company”) is a company incorporated and domiciled in the UK, the registered number is 5836870 and the registered address is 5 Little Portland Street, London W1W 7JD. The Company is a private company limited by shares.

The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the “Group”) and equity account the Group’s interest in associates and Joint Ventures. The parent company financial statements present information about the Company as a separate entity and not about its group.

The Group and parent company financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (“FRS 102”).

The parent company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- Cash Flow Statement and related notes;
- Key Management Personnel has not been included a second time.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these Group financial statements.

Judgements made by the Directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 1.2.

#### 1.1 Measurement convention

The financial statements are prepared on the historical cost basis except where FRS 102 requires an alternative treatment.

## 1 Accounting policies (continued)

### 1.2 *Going concern*

The Group and Company (together referred to as the Group) meets its day-to-day working capital requirements through cash generated from the business and has a banking facility and shareholder loan as explained further in note 16.

At the date of signing the financial statements the cash position of the Group was approximately £9.5m and the Group had bank debt of £11.0m and total debt of £15.5m.

The Group has financing in place until September 2024 and is currently in advanced discussions with its bankers about a revised facility. Preliminary terms and covenants have been set out and have been factored into our going concern assessment.

The Group has prepared cash flow forecasts for at least 12 months from the date of approval of the financial statements through to June 2025, on the basis of a revised banking facility. For the purposes of these forecasts the Group has prudently assumed that it maintains its current levels of trading for the foreseeable future with no significant revenue volume growth. The Group's forecasts and projections indicate that the Group should comfortably be able to operate within the level of its proposed facility and covenants. Even under a severe downside scenario with a prolonged deterioration in trading conditions, which would be outside the control of the Group, the Group is forecasting that it will still be able to operate within the levels of its proposed facility and covenants.

Despite this it is plausible that the Group is unable to refinance its debt by September 2024 either with its existing or alternative bankers. However, given the aforementioned liquidity position of the Group, the Directors view this scenario as possible but very unlikely.

Furthermore the majority shareholder of the Group, Yellowwoods Treasury 2 SARL has indicated its intention to continue to make available such funds as are needed by the Group during the going concern assessment period and that it does not intend to seek repayment of the amounts currently due to the Group, which as at 25 June 2023 amounted to £4.5m. As with any company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the Directors are confident that the Group will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.3 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 25 June 2023. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

An associate is an entity in which the Group has significant influence, but not control, over the operating and financial policies of the entity. Significant influence is presumed to exist when the investors holds between 20% and 50% of the equity voting rights.

A joint venture is a contractual arrangement undertaking in which the Group exercises joint control over the operating and financial policies of the entity. Where the joint venture is carried out through an entity, it is treated as a jointly controlled entity. The Group's share of the profits less losses of associates and of jointly controlled entities is included in the consolidated profit and loss account and its interest in their net assets is recorded on the balance sheet using the equity method.

Where a group company is party to a joint venture which is not an entity that company accounts directly for its part of the income and expenditure, assets, liabilities and cash flows. Such arrangements are reported in the consolidated financial statements on the same basis.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

In the parent financial statements, investments in subsidiaries, jointly controlled entities and associates are carried at cost less impairment.

#### 1.4 Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.



## Notes (continued)

### 1 Accounting policies (continued)

#### 1.5 Classification of financial instruments issued by the Group

Financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the group; and
- (b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

#### 1.6 Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

##### *Trade and other receivables*

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

##### *Trade and other payables*

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

##### *Cash and cash equivalents*

Cash and cash equivalents comprise of cash in hand and receipts in transit.

##### *Interest-bearing borrowings*

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

#### 1.7 Derivative financial instruments and hedging

The Group and Company do not utilise derivative financial instruments.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.8 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and impairment.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. The estimated useful lives are as follows:

- improvements to property over the lease terms
- plant and machinery 10% - 15%
- fixtures and fittings 10% - 50%
- kitchen and other equipment 10% - 20%

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

#### 1.9 Business combinations

The Group and Company has not been involved in any business combinations.

#### 1.10 Intangible assets

##### *Other intangible assets*

Expenditure on internally generated goodwill and brands is recognised in the profit and loss account as an expense as incurred.

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and accumulated impairment losses.

##### *Amortisation*

Amortisation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. The estimated useful lives are as follows:

- Intellectual property 5 years
- Computer software 15%

#### 1.11 Stock

Stock is stated at the lower of cost and net realisable value. Cost is based on the costs in bringing them to their existing location and condition. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.12 Impairment of tangible and intangible assets

The Group is required to review annually for impairment. The carrying amounts of the Group's tangible and intangible assets are reviewed at each reporting date to determine whether there is an indication of impairment. If any indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. 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.

An impairment loss is recognised immediately in profit and loss, if the recoverable amount is estimated to be less than the carrying amount of an asset (or its cash generating unit).

When an impairment loss for an intangible asset (other than goodwill) subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of recoverable amount to the extent that no impairment loss has been recognised for the asset (or cash generating unit). A reversal of an impairment loss is recognised immediately in profit and loss.

#### 1.13 Employee benefits

##### *Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

##### *Short-term benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

##### *Share-based payment transactions*

To motivate key employees to achieve the Group's growth targets, the Group has adopted an employee shareholder scheme.

As the scheme is deemed to be equity settled, the fair value of amounts payable to the employees is recognised as an expense in the employing company with a corresponding increase in equity.

The fair value is initially measured at grant date and spread over the period during which the employees become unconditionally entitled to payment.

Further information regarding the share based payments is disclosed in note 18.

#### 1.14 Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.15 Turnover

Turnover arises from the Group's principal activity, the operation of Mexican casual dining restaurants. Turnover recognised excludes sales taxes such as VAT and also excludes tips. Turnover is recognised at the point where the risks and rewards of ownership are transferred to the customer.

Turnover arising in these financial statements is from the Group's principal activity, which is carried out within the United Kingdom.

#### 1.16 Government grants

Government grants are included within accruals and deferred income in the balance sheet and credited to the profit and loss account over the expected useful lives of the assets to which they relate or in periods in which the related costs are incurred. Amounts recognised in the profit and loss account are presented under the heading "Other income".

#### 1.17 Expenses

##### *Operating lease payments*

Payments made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease. Lease incentives received are recognised in the profit and loss account as an integral part of the total lease expense.

##### *Financing income and expenses*

Financing expenses comprise interest payable and unwinding of the discount on liabilities. Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Financing income comprise interest receivable on funds invested.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method.

#### 1.18 Taxation

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

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

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

## **1 Accounting policies (continued)**

### **1.19 Exceptional items**

Exceptional items reflect transactions which are either of an exceptional or non-recurring nature which do not reflect the underlying trading performance of the Group. They are disclosed separately on the face of the Profit and Loss account and are described further in note 4 to the accounts.

### **1.20 Accounting Estimates and judgements**

Significant accounting estimates and judgements are considered below: -

#### **Depreciation, amortisation and impairment**

Judgement is required in assessing the useful economic lives of tangible fixed assets and intangible assets. These assumptions are based on management's best estimate of the life of the asset and its residual value at the end of its economic life.

The calculation of the value in use of an asset is subject to significant estimation uncertainty due to estimating future cash flows of Cash Generating Units ("CGU's"). Also, included within the estimate of the recoverable amount of a CGU, judgment is applied in the allocation of central overheads to individual CGU's.

#### **Deferred tax asset**

A deferred tax asset relating to the Group's carried forward taxable losses has been recognised in the financial statements to the extent that management expect the losses to be utilised in the foreseeable future which involves significant estimation uncertainty.

## Notes (continued)

### 2 Turnover

	52 weeks ended 25 June 2023 £000	52 weeks ended 26 June 2022 £000
Restaurant sales	39,718	39,214

#### *Geographical Analysis of Revenue*

All revenue for the period and comparative periods were derived from sales in the United Kingdom.

### 3 Other income

	52 weeks ended 25 June 2023 £000	52 weeks ended 26 June 2022 £000
Other income	5	-
Insurance recoveries	-	37
Government grants	-	128
	5	165

Government grant income includes £nil (2022: £3,000) claimed for furloughed employees under the Coronavirus Job Retention Scheme and £nil (2022: £125,000) claimed under Business Support grants.

### 4 Expenses and auditors' remuneration

	Group 52 weeks ended 25 June 2023 £000	52 weeks ended 26 June 2022 £000
<i>Included in profit are the following:</i>		
Depreciation	1,787	1,665
Amortisation	34	28
Loss on disposal of tangible fixed assets	144	-
Share based payment charge	23	35
Exceptional costs	1,110	390
	3,098	2,118
Operating lease rentals	3,160	3,345
	6,258	5,463

## Notes (continued)

### 4 Expenses and auditors' remuneration (continued)

Exceptional costs relate to items that are not reflective of the underlying performance of the Group. These have been further categorised as follows:

	Group	
	52 weeks ended 25 June 2023 £000	52 weeks ended 26 June 2022 £000
Impairment of tangible fixed assets (see note 9)	390	931
Reversal of previous impairment of tangible fixed assets	-	(427)
Restructuring costs	165	(114)
Utility costs	508	-
IT costs	47	-
	1,110	390

Restructuring costs relate to ongoing costs associated with sites which were permanently closed as a consequence of the Group's response to the COVID-19 pandemic, as well as legal fees.

As highlighted in the Strategic Report, utility costs within the Group were abnormally high during the financial year. Whilst government support was welcome up until the end of March 23, the impact of that support dropping away, despite the indications that sector specific support would continue, left the Group with no choice but to lock into abnormally high rates until September 23. The excess charge above what we could have secured at market rate from April 23 on a normalised basis has been included as an exceptional cost. Since the September 2023 contract has expired utility costs have been locked in at normalised rates.

IT costs relate to the ongoing implementation costs of a new EPOS system which is currently undergoing trial.

The following amounts have been paid to the Group and Company's auditor:

	Group		Company	
	52 weeks ended 25 June 2023 £000	52 weeks ended 26 June 2022 £000	52 weeks ended 25 June 2023 £000	52 weeks ended 26 June 2022 £000
<i>Auditor's remuneration:</i>				
Audit of these financial statements	90	70	89	69
Amounts receivable by the company's auditor and its associates in respect of:				
Taxation compliance services	25	14	25	14
Other tax advisory services	3	3	3	3
	118	87	117	86

Amounts paid to the Company's auditor and its associates in respect of services to the Company, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis.

## Notes (continued)

### 5 Staff numbers and costs

The average monthly number of persons employed by the Group (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	52 weeks ended 25 June 2023	52 weeks ended 26 June 2022
Head office	25	26
Restaurant	668	606
	<u>693</u>	<u>632</u>

The aggregate payroll costs of these persons were as follows:

	52 weeks ended 25 June 2023 £000	52 weeks ended 26 June 2022 £000
Wages and salaries	14,899	13,448
Social security costs	1,212	1,114
Apprenticeship levy	64	52
Contributions to defined contribution plans	204	176
	<u>16,379</u>	<u>14,790</u>

Included within payroll costs are £nil (2022: £3,000) of costs relating to furloughed employees which have been claimed back under the Coronavirus Job Retention Scheme (see note 3).

### 6 Directors' remuneration

	52 weeks ended 25 June 2023 £000	52 weeks ended 26 June 2022 £000
Directors' remuneration	<u>360</u>	<u>395</u>

The remuneration of the highest paid director was £185,502 (2022: £175,746).



## Notes (continued)

### 7 Finance income and expense

#### Recognised in profit

	52 weeks ended 25 June 2023 £000	52 weeks ended 26 June 2022 £000
<b>Finance income</b>		
Interest income on unimpaired financial assets	85	2
<b>Total finance income</b>	<u>85</u>	<u>2</u>
<b>Finance expense</b>		
Interest expense on financial liabilities measured at amortised cost	(759)	(555)
<b>Total finance expense</b>	<u>(759)</u>	<u>(555)</u>

## Notes (continued)

### 8 Taxation

#### Recognised in the profit and loss account

	52 weeks ended 25 June 2023 £000	52 weeks ended 26 June 2022 £000
<b>Current tax expense</b>		
Current year	-	-
Adjustments in respect of prior years	-	-
	<hr/>	<hr/>
Current tax (income) / expense	-	-
	<hr/>	<hr/>
<b>Deferred tax expense / (income)</b>		
Origination and reversal of temporary differences	8	(449)
Effect of tax rate changes	3	-
Adjustments in respect of prior years	-	(13)
	<hr/>	<hr/>
Deferred tax expense / (income)	11	(462)
	<hr/>	<hr/>
Total tax expense / (income)	11	(462)
	<hr/>	<hr/>

#### Reconciliation of effective tax rate

	52 weeks ended 25 June 2023 £000	52 weeks ended 26 June 2022 £000
(Loss) / profit for the year	(731)	3,482
Total tax expense / (income)	11	(462)
	<hr/>	<hr/>
(Loss) / profit excluding taxation	(720)	3,020
	<hr/>	<hr/>
Tax using the UK corporation tax rate of 19.00% (2022: 19.00%)	(137)	574
Effect of expense not deductible	166	177
Tax losses not recognised – current year	188	-
Other timing differences not recognised – current year	(209)	(251)
Utilisation of tax losses	-	(452)
Adjustments in respect of prior periods	-	(13)
Effect of tax rate changes	3	-
Recognition of tax losses previously derecognised	-	(497)
	<hr/>	<hr/>
Total tax expense / (income)	11	(462)
	<hr/>	<hr/>

An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the company's future current tax charge accordingly. The deferred tax asset at 25 June 2023 has been calculated based on these rates, reflecting the expected timing of reversal of the related temporary differences (2022: 25%).

## Notes (continued)

### 9 Tangible fixed assets

Group and Company	Improvements to property £000	Plant and equipment £000	Fixtures & fittings £000	Kitchen and other equipment £000	Total £000
<b>Cost</b>					
Balance at 28 June 2021	16,841	2,197	4,723	4,302	28,063
Additions	77	212	657	536	1,482
Disposals	-	(1)	-	(153)	(154)
Balance at 26 June 2022	16,918	2,408	5,380	4,685	29,391
Balance at 27 June 2022	16,918	2,408	5,380	4,685	29,391
Additions	103	330	1,345	202	1,980
Disposals	(517)	(1)	(29)	(35)	(582)
Balance at 25 June 2023	16,504	2,737	6,696	4,852	30,789
<b>Depreciation and impairment</b>					
Balance at 28 June 2021	9,525	2,103	2,979	3,251	17,858
Depreciation charge for the year	877	118	412	258	1,665
Impairment	931	-	-	-	931
Reversal of previous impairment	(427)	-	-	-	(427)
Disposals	-	(1)	-	(153)	(154)
Balance at 26 June 2022	10,906	2,220	3,391	3,356	19,873
Balance at 27 June 2022	10,906	2,220	3,391	3,356	19,873
Depreciation charge for the year	849	156	519	263	1,787
Impairment	390	-	-	-	390
Disposals	(374)	(1)	(29)	(34)	(438)
Balance at 25 June 2023	11,771	2,375	3,881	3,585	21,612

## 9 Tangible fixed assets (continued)

Net book value	Improve- ments to property £000	Plant and equipment £000	Fixtures & fittings £000	Kitchen and other equipment £000	Total £000
At 27 June 2021 and 28 June 2021	7,316	94	1,744	1,051	10,205
At 26 June 2022 and 27 June 2022	6,012	188	1,989	1,329	9,518
At 25 June 2023	4,733	362	2,815	1,267	9,177

The Group determines that individual restaurants are Cash Generating Units (“CGU’s”) when assessing impairments. The assets allocated to CGU’s largely consist of improvements to leasehold property, as well as other tangible assets physically located at the site. The impairment of improvements to property arises from an evaluation of individual restaurant performance, considering the carrying value of the asset and its recoverable amount.

An impairment charge of £390,000 has been recognised this year (2022: £931,000).

No reversals of previous impairments have been recognised this year (2022: £427,000).

## Notes (continued)

### 10 Intangible assets

Group and Company	Intellectual property £000	Computer software £000	Total £000
<b>Cost</b>			
Balance at 28 June 2021	776	219	995
Additions	37	23	60
	<hr/>	<hr/>	<hr/>
Balance at 26 June 2022	813	242	1,055
	<hr/>	<hr/>	<hr/>
Balance at 27 June 2022	813	242	1,055
Additions	-	23	23
	<hr/>	<hr/>	<hr/>
Balance at 25 June 2023	813	265	1,078
	<hr/>	<hr/>	<hr/>
<b>Amortisation and impairment</b>			
Balance at 28 June 2021	756	155	911
Amortisation for the year	7	21	28
	<hr/>	<hr/>	<hr/>
Balance at 26 June 2022	763	176	939
	<hr/>	<hr/>	<hr/>
Balance at 27 June 2022	763	176	939
Amortisation for the year	14	20	34
	<hr/>	<hr/>	<hr/>
Balance at 25 June 2023	777	196	973
	<hr/>	<hr/>	<hr/>
<b>Net book value</b>			
At 27 June 2021 and 28 June 2021	20	64	84
	<hr/>	<hr/>	<hr/>
At 26 June 2022 and 27 June 2022	50	66	116
	<hr/>	<hr/>	<hr/>
At 25 June 2023	36	69	105
	<hr/>	<hr/>	<hr/>

## Notes (continued)

### 10 Intangible assets (continued)

#### *Amortisation and impairment charge*

The amortisation charge is recognised in the following line items in the profit and loss account:

	52 weeks ended 25 June 2023 £000	52 weeks ended 26 June 2022 £000
Administration expenses	34	28

### 11 Investments in subsidiaries and jointly controlled entities

The Group and Company have the following investments in subsidiaries and joint arrangements:

	Country of Incorporation	Principal activity	Class of Shares held	Ownership	
				2023	2022
<b>Group and Company</b>					
DF Mexico Limited	United Kingdom	Holding company for lease	Ordinary	100%	100%
Wahaca Restaurants Limited	United Kingdom	Dormant company	Ordinary	100%	100%
Wahaca Limited	United Kingdom	Dormant company	Ordinary	100%	100%
Wahaca Grocery Limited	United Kingdom	Dormant company	Ordinary	50%	50%

The registered address for all entities is 5 Little Portland Street, London, W1W 7JD.

#### **Investment in subsidiaries**

##### *Company only*

	25 June 2023 £	26 June 2022 £
Carrying amount of investment in subsidiaries	101	101
Total carrying amount of investment in subsidiaries in these financial statements	101	101

## Notes (continued)

### 11 Investments in subsidiaries and jointly controlled entities (continued)

#### Associates and joint ventures

##### Group and Company

	25 June 2023 £000	26 June 2022 £000
Carrying amount of joint ventures	29	29
Total carrying amount for equity accounted investees in these financial statements	29	29

The Group and Company's interests in individually immaterial joint ventures is analysed, in aggregate, in the below table.

	25 June 2023 £000	26 June 2022 £000
Carrying amount of interests in joint ventures		
Share of:		
- Profit from continuing operations	-	4
Total comprehensive income	-	4

## Notes (continued)

### 12 Deferred tax assets and liabilities

#### Group and Company

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities	
	25 June 2023	26 June 2022	25 June 2023	26 June 2022
	£000	£000	£000	£000
Property, plant and equipment	-	-	-	-
Interest-bearing loans and borrowings	-	-	-	-
Trade and other payables	8	19	-	-
Losses carried forward	497	497	-	-
	<u>505</u>	<u>516</u>	<u>-</u>	<u>-</u>
Tax assets / (liabilities)				

#### Movement in deferred tax during the period

	26 June 2022	Recognised in income	25 June 2023
	£000	£000	£000
Property, plant and equipment	-	-	-
Interest-bearing loans and borrowings	-	-	-
Trade and other payables	19	(11)	8
Losses carried forward	497	-	497
	<u>516</u>	<u>(11)</u>	<u>505</u>

The Group has £9,851,000 of unrecognised tax losses carried forward (2022: £8,637,000).

The Group also has £2,406,000 of temporary timing differences on capital allowances on which a deferred tax asset has not been recognised (2022: £2,414,000).

### 13 Stocks

	25 June 2023	26 June 2022
	£000	£000
Raw materials and consumables	179	191

Raw materials and consumables recognised as cost of sales in the year amounted to £7.99m (2022: £6.77m). The write-down of inventories to net realisable value amounted to £nil (2022: £nil). There were no reversals of write-downs (2022: £nil).



## Notes (continued)

### 14 Debtors

Group and Company	25 June 2023 £000	26 June 2022 £000
Trade receivables	175	110
Other debtors	1,091	881
Prepayments	646	653
	<hr/> 1,912	<hr/> 1,644
Non-current	-	-
Current	1,912	1,644
	<hr/> 1,912	<hr/> 1,644
	<hr/> <hr/>	<hr/> <hr/>

Related party details are provided in note 24.

### 15 Cash and cash equivalents

Group and Company	25 June 2023 £000	26 June 2022 £000
Cash and cash equivalents per balance sheet	10,681	11,735
Bank overdrafts	-	-
	<hr/> 10,681	<hr/> 11,735
	<hr/> <hr/>	<hr/> <hr/>

### 16 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group and Company's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group and Company's exposure to interest rate and foreign currency risk, see note 20.

Group and Company	25 June 2023 £000	26 June 2022 £000
<b>Current liabilities</b>		
Secured bank loans	-	-
<b>Non-current liabilities</b>		
Secured bank loans	(11,000)	(11,000)
Shareholder loans	(4,475)	(4,295)
	<hr/> (15,475)	<hr/> (15,295)
	<hr/> <hr/>	<hr/> <hr/>

## Notes (continued)

### 16 Interest-bearing loans and borrowings (continued)

#### Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	Face value 2023 £000	Carrying amount 2023 £000	Face value 2022 £000	Carrying amount 2022 £000
Bank loan – term loan A	GBP	SONIA+ variable margin	2024	(1,000)	(1,000)	(1,000)	(1,000)
Bank loan – term loan B	GBP	SONIA+ variable margin	2024	(5,000)	(5,000)	(5,000)	(5,000)
Bank loan – term loan C	GBP	SONIA+ variable margin	2024	(5,000)	(5,000)	(5,000)	(5,000)
Zero coupon loan stock 2020	GBP	Nil	2024	(4,703)	(4,475)	(4,703)	(4,295)
				<u>(15,703)</u>	<u>(15,475)</u>	<u>(15,703)</u>	<u>(15,295)</u>

#### Third party liabilities

The bank loans included in interest-bearing loans and borrowings are summarised in the table of terms and conditions above.

#### Other liabilities

The zero coupon loan stock has been issued by the Company to Yellowwoods Treasury 2 SARL. Further details on related party loans can be found in note 24.

## Notes (continued)

### 17 Creditors

	<b>Group</b>		<b>Company</b>	
	<b>25 June 2023</b>	<b>26 June 2022</b>	<b>25 June 2023</b>	<b>26 June 2022</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Current				
Trade payables	(1,608)	(1,792)	(1,608)	(1,792)
Other taxation and social security payable	(1,331)	(1,257)	(1,331)	(1,257)
Other payables	(666)	(537)	(656)	(528)
Intercompany payables	-	-	(10)	(9)
Accruals	(3,152)	(3,725)	(3,152)	(3,725)
	<u>(6,757)</u>	<u>(7,311)</u>	<u>(6,757)</u>	<u>(7,311)</u>
Non-current				
Other payables	(815)	(894)	(731)	(801)
Intercompany payables	-	-	(84)	(93)
	<u>(815)</u>	<u>(894)</u>	<u>(815)</u>	<u>(894)</u>
	<u><u>(7,572)</u></u>	<u><u>(8,205)</u></u>	<u><u>(7,572)</u></u>	<u><u>(8,205)</u></u>

Included within other payables is £815,000 (2022: £894,000) expected to be settled in more than 12 months.

### 18 Employee benefits

#### Defined contribution plans

The Group and Company operate a number of defined contribution pension plans.

The total expense relating to these plans in the current year was £204,000 (2022: £176,000).

#### Share based payment charge

A number of C1 shares have been issued to a small number of key employees at market value (see note 19).

The total charge to the retained profit and loss account in the current period in respect of employee shareholder schemes was £23,000 (2022: £35,000).

## Notes (continued)

### 19 Capital and reserves

#### Share capital

	Ordinary shares	
	25 June 2023 No of shares	26 June 2022 No of shares
On issue at beginning of period	2,420	2,441
Issued for cash	-	-
Cancelled during the year	(7)	(21)
	<hr/>	<hr/>
On issue at end of period	2,413	2,420
	<hr/>	<hr/>
	25 June 2023	26 June 2022
	£	£
Allotted, called up and fully paid		
1,768 ordinary £0.10p A shares (2022: 1,768 ordinary £0.10p A shares)	177	177
467 ordinary £0.001p B1 shares (2022: 467 ordinary £0.001p B1 shares)	-	-
85 ordinary £0.001p B2 shares (2022: 85 ordinary £0.001p B2 shares)	-	-
93 ordinary £0.001p C shares (2022: 100 ordinary £0.001p C shares)	-	-
	<hr/>	<hr/>
Shares classified in shareholders' funds	177	177
	<hr/>	<hr/>

The holders of A ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at meetings of the Company. The holders of B1 ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at meetings of the Company. The holders of B2 ordinary shares are entitled to receive dividends as declared from time to time however do not have any voting rights at meetings of the Company. The holders of C shares are not entitled to either dividends or voting rights.

During the year the Company repurchased and cancelled 7 C shares of £0.001 per share.

#### Retained earnings

Movements are shown in the Statement of Changes in Equity on page 18.

#### Dividends

No dividends were paid in the current or previous period.

## Notes (continued)

### 20 Financial instruments

#### Fair values of financial instruments

##### *Fair value disclosures*

The fair value of each class of financial assets and liabilities is the carrying amount, based on the following assumptions:

Trade receivables and trade payables	The fair value approximates to the carrying value because of the short maturity of these instruments.
Long term borrowings	Based on calculations performed by management, the fair value of bank loans and other loans is not materially different to their carrying value. Therefore, the fair value approximates the carrying value reported in the balance sheet.

##### *Fair value hierarchy*

Financial instruments carried at fair value should be measured with reference to the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

All financial instruments carried at fair value have been measured using a Level 2 valuation method.

The fair value (which is equal to carrying value) of financial assets and liabilities are as follows:

	25 June 2023 £000	26 June 2022 £000
Cash and cash equivalents	10,681	11,735
Trade and other receivables	1,266	991
<b>Total financial assets</b>	<b>11,947</b>	<b>12,726</b>
Trade and other payables	(6,557)	(7,124)
Borrowings at amortised cost	(15,475)	(15,295)
<b>Total financial liabilities</b>	<b>(22,032)</b>	<b>(22,419)</b>

#### Credit risk on receivables

Credit risk is not a significant risk for the Group given the nature of the business activities with most sales transactions being completed without the granting of credit. This is reflected in the relatively small amount of receivables.

## **Notes** *(continued)*

### **20 Financial instruments** *(continued)*

#### **Liquidity risk**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group's funding strategy includes use of bank facilities, detailed cash flow forecasting and monitoring the maturity of financial liabilities to avoid the risk of a shortage of funds.

The Group has historically been cash generative and expects to be in the future, but if required could reduce its cost base, in particular Head Office costs, to ease liquidity.

#### **Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income.

#### **Foreign currency risk**

Foreign currency exposure is reduced to the Group as the majority of the Group's trade occurs in the United Kingdom.

#### **Interest rate risk**

The Group is exposed to the risk of interest rate fluctuations mainly with regard to the interest expense on the debt carried by the RBS facility. The RBS facility incurs variable interest rate charges linked to SONIA, plus a margin.

## Notes (continued)

### 21 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	<b>Group</b>		<b>Company</b>	
	<b>25 June 2023</b>	<b>26 June 2022</b>	<b>25 June 2023</b>	<b>26 June 2022</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Less than one year	2,966	2,966	2,779	2,779
Between one and five years	11,677	11,874	10,197	10,619
More than five years	15,358	17,859	13,641	15,990
	<u>30,001</u>	<u>32,699</u>	<u>26,617</u>	<u>29,388</u>

#### Group

During the period £3,160,000 was recognised as an expense in the profit and loss account in respect of operating leases (2022: £3,345,000). £538,000 (2022: £891,000) of the expense was in relation to rent which is contingent on turnover.

The Group has entered into a number of operating lease arrangements. The leases generally allow for the Group to operate restaurants from the leased property with no significant restrictions placed on the Group. The leases have fixed terms and typically allow for renewal options and break opportunities.

#### Company

During the period £2,916,000 was recognised as an expense in the profit and loss account in respect of operating leases (2022: £3,081,000).

### 22 Commitments

#### Capital commitments

At the period end the Group and Company has no outstanding capital commitments in respect of capital expenditure contracted but not provided for in the financial statements (2022: £nil).

The Group has entered into multiple leasing arrangements. The lease arrangements include periodic rent review obligations and break clauses at the end of the non-cancellable lease period.

### 23 Contingencies

#### Group and Company

There is a cross guarantee in place between Group companies in respect of the current period bank facilities. The Company exposure at the period end is £nil (2022: £nil).

## Notes (continued)

### 24 Related parties

#### *Transactions with key management personnel*

The compensation of key management personnel including the directors is as follows:

	25 June 2023 £000	26 June 2022 £000
Key management remuneration including social security costs	782	803
Company contributions to money purchase pension schemes	3	3
	<hr/> 785	<hr/> 806
	<hr/> <hr/>	<hr/> <hr/>

#### *Deep discounted bonds*

The Group have issued deep discounted bonds to Yellowwoods Treasury totalling £4,000k. The carrying value of the DDB's as per note 16 is £4,475k (2022: £4,295k). The Group have incurred an expense on the increase in value of the deep discounted bonds of £180k in the period (2022: £179k). The details and terms of the deep discounted bonds are disclosed in note 16.

#### *Other related party transactions*

The Group entered into the following transactions during the period:

During the period the Company incurred charges of £283,000 (2022: £298,000) from DF Mexico in relation to leases held by the subsidiary. There was an intercompany payable of £94,000 (2022: £102,000) with DF Mexico Limited at year-end. These balances eliminate on consolidation.

The Group has a lease agreement for one of its restaurants with another subsidiary of the immediate parent of the Group. During the period the Group incurred charges of £226,000 (2022: £255,000) in relation to this agreement and at the year end had a balance of £nil outstanding (2022: £nil).

### 25 Ultimate parent company

Yellowwoods Treasury 2 SARL is the immediate parent of the Company and L Perlman SECS is the ultimate parent and controlling party of the Company and conducts business from 39 Avenue Monterey, L-2163, Luxembourg. No consolidated accounts of this group are available.