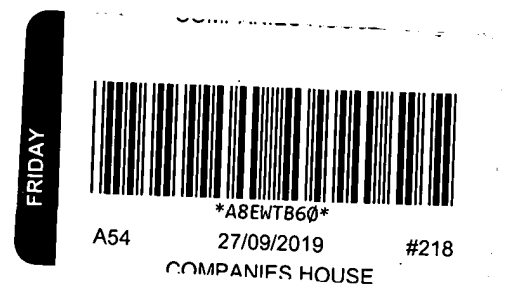


**RICHOUX LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED 30 DECEMBER 2018**



# **RICHOUX LIMITED**

## **COMPANY INFORMATION**

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**Directors:** S Diliberto  
J Kaye

**Secretary:** A Piracha

**Company number:** 01454511

**Registered office:** 2<sup>nd</sup> Floor  
Elizabeth House  
20 School Road  
Tilehurst  
Reading  
RG31 5AL

**Auditor:** UHY Hacker Young LLP  
Quadrant House  
4 Thomas More Square  
London  
E1W 1YW

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# **RICHOUX LIMITED**

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# **RICHOUX LIMITED**

## **STRATEGIC REPORT**

### **FOR THE 52 WEEK PERIOD ENDED 30 DECEMBER 2018**

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The directors present their report and financial statements for the 52 week period ended 30 December 2018 and the comparative 53 week period ended 31 December 2017.

#### **Review of the business**

The company currently has two restaurants which operate under the Richoux brand.

The challenging conditions continue to affect the casual dining sector as evidenced by the well-publicised closures across the market and on the high street.

During the period the company achieved £3.6m in turnover, representing a decrease of 14.3% from 2017 (turnover - £4.2m).

Adjusted EBITDA before, impairments, reorganisation costs and pre-opening costs decreased to a loss of £120,000 (Profit 2017: £419,000). The net loss for the period was £452,000 (2017: £333,000)

Market conditions have been increasingly challenging through 2018 and the Board's expectation is that there will be no significant improvement in 2019. We will continue to focus on sales and cost control to ensure that the impact of the challenging economic environment is minimised.

On behalf of the board



J Kaye  
**Director**

16... September 2019

# **RICHOUX LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE 52 WEEK PERIOD ENDED 30 DECEMBER 2018**

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The directors present their annual report and financial statements for the 52 week period ended 30 December 2018.

#### **Principal activities**

The principal activity of the company continued to be that of operating restaurants.

#### **Directors**

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

S Diliberto  
J Kaye

#### **Results and dividends**

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

No ordinary dividends were paid during the period. The directors do not recommend payment of a final dividend.

#### **Events since period end date**

There have been some significant events since the year end date. These have been further discussed in note 24 to the financial statements.

#### **Going concern**

The Company made a loss for the period of £452,000, (2017: £333,000). Cash and cash equivalents were £13,000 at the period end (2017: £115,000). During the period the Company spent £76,000 in upgrading and purchasing property, plant and equipment as part of its drive to refurbish or convert some of its restaurants.

The Company has also focussed on working capital management, particularly around labour efficiency and gross margin controls around food and drinks, which should improve cash generation and EBITDA growth into 2019 and beyond. Based on the Company's cash flow forecasts, the directors expect improvements in the EBITDA and they do not anticipate the need to raise additional funds from shareholders or to obtain bank borrowings. The Company continues to receive financial support from its parent Company.

However, the UK restaurant sector, as well as the UK economy as a whole, remains very challenging and in the event of unforeseen events or further deterioration in the market conditions and the resulting adverse effects on the restaurant sector, the Company's actual cash flows could fall below their forecast cash flows. This results in inherent going concern uncertainties over the next 12 months. The Directors do believe that the Company has the ability to continue to operate as a going concern for the foreseeable future and for this reason they have adopted the going concern basis in the preparation of these financial statements.

#### **Financial instruments**

Details of the use of financial instruments and the principal risks faced by the Company are contained in note 12 to the financial statements.

#### **Future developments**

Details of future developments are contained in the Strategic Report (page 1).

# **RICHOUX LIMITED**

## **DIRECTORS' REPORT**

**FOR THE 52 WEEK PERIOD ENDED 30 DECEMBER 2018**

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### **Auditor**

UHY Hacker Young were appointed as auditor during the period ended 30 December 2018 and have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

### **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 company's auditor 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 company's auditor is aware of that information.

By order of the board



J Kaye

**Director**

Date: 16 September 2019

# **RICHOUX LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

### **FOR THE 52 WEEK PERIOD ENDED 30 DECEMBER 2018**

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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 International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume the Company will continue in business.

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

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF RICHOUX LIMITED

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#### **Qualified opinion on financial statements**

We have audited the financial statements of Richoux Limited (the 'company') for the period ended 30 December 2018 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union and in accordance with the provisions of the Companies Act 2006.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 December 2018 and of its loss for the period then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for qualified opinion on financial statements**

With respect to stock having a carrying amount of £38,000 the audit evidence available to us was limited because we did not observe the counting of the physical stock as at 30 December 2018, since that date was prior to our appointment as auditors of the company. Owing to the nature of the stock and the company's records, we were unable to obtain sufficient appropriate audit evidence regarding the stock quantities by using other audit procedures.

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 qualified opinion.

#### **Going concern**

We have considered the adequacy of the disclosures made in the going concern accounting policy to the financial statements concerning the Company's ability to continue as a going concern. As discussed in the going concern accounting policy, the Company continued to make losses for the period and has focussed on its working capital management, particularly around labour efficiency and gross margin controls around food and drinks, which should improve cash generation and EBITDA growth into 2019 and beyond.

Based on the Company's cash flow forecasts, the directors expect improvements in the EBITDA and they do not anticipate the need to raise additional funds from shareholders or to obtain bank borrowings.

However, the UK restaurant sector, as well as the UK economy as a whole, remains very challenging and in the event of unforeseen events or further deterioration in the market conditions and the resulting adverse effects on the restaurant sector, the Company's actual cash flows could fall below their forecast cash flows. This results in inherent going concern uncertainties over the next 12 months which may cast doubt about the Company's ability to continue as a going concern without requiring additional funding from shareholders.



## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF RICHOUX LIMITED**

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The Directors do believe that the Company has the ability to continue to operate as a going concern for the foreseeable future and for this reason they have adopted the going concern basis in the preparation of these financial statements, which do not include the adjustments (such as further impairment of assets) that would result if the Company were unable to continue as a going concern.

Our audit opinion is not modified in respect of this matter.

#### **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.

#### **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 respect solely of the limitation on our work relating to stock, described above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records had been maintained.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report 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:

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF RICHOUX LIMITED

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- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### 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.

#### 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.



Colin Wright (Senior Statutory Auditor)  
for and on behalf of UHY Hacker Young

Chartered Accountants  
Statutory Auditor  
4 Thomas More Square  
London E1W 1YW

26 September 2019

**RICHOUX LIMITED****STATEMENT OF COMPREHENSIVE INCOME****FOR THE 52 WEEK PERIOD ENDED 30 DECEMBER 2018**

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		<b>52 week period ended 30 December 2018</b>	<b>53 week period ended 31 December 2017</b>
	<b>Notes</b>	<b>£'000</b>	<b>£'000</b>
<b>Revenue</b>	<b>2</b>	3,577	4,186
Cost of sales		(1,987)	(2,486)
		<hr/>	<hr/>
<b>Gross profit</b>		1,590	1,700
Administrative expenses		(1,839)	(1,902)
Net (loss)/profit on disposal of property, plant and equipment		(52)	231
		<hr/>	<hr/>
<b>Operating (loss)/profit</b>	<b>3</b>	(301)	29
Impairment of goodwill		-	(83)
Impairment of property, plant and equipment	<b>9</b>	(151)	(279)
		<hr/>	<hr/>
<b>Loss before taxation</b>		(452)	(333)
Tax on loss	<b>7</b>	-	-
		<hr/>	<hr/>
<b>Loss for the financial year</b>		(452)	(333)
		<hr/>	<hr/>
<b>Other comprehensive income</b>		-	-
		<hr/>	<hr/>
<b>Total comprehensive loss for the year</b>		(452)	(333)
		<hr/>	<hr/>

All of the above results are derived from continuing operations.

The notes on pages 13 to 35 form an integral part of the financial statements.

# **RICHOUX LIMITED**

## **STATEMENT OF FINANCIAL POSITION**

**AT 30 DECEMBER 2018**

	Notes	£'000	2018 £'000	£'000	2017 £'000
<b>Assets:</b>					
<b>Non-current fixed assets</b>					
Goodwill	8		146		146
Other intangible assets	8		2		3
Property, plant and equipment	9		734		1,127
Investments in subsidiaries	10		2		2
<b>Total non-current assets</b>			884		1,278
<b>Current assets</b>					
Inventories	13	38		49	
Trade and other receivables	14	5,506		5,717	
Cash and cash equivalents		77		115	
<b>Total current assets</b>		5,621		5,881	
<b>Total assets</b>			6,505		7,159
<b>Liabilities:</b>					
<b>Current liabilities</b>					
Trade and other payables	15	(680)		(864)	
<b>Total current liabilities</b>		(680)		(864)	
<b>Non-current liabilities</b>					
Trade and other payables	16		(2)		(20)
<b>Total non-current liabilities</b>			(2)		(20)
<b>Total liabilities</b>			(682)		(884)
<b>Net assets</b>					
			5,823		6,275
<b>Capital and reserves</b>					
Called up share capital	18		965		965
Share premium account			46		46
Capital redemption reserve			53		53
Capital contribution reserve			17		17
Retained earnings			4,742		5,194
<b>Total equity</b>			5,823		6,275

**RICHOUX LIMITED**

**STATEMENT OF FINANCIAL POSITION (CONTINUED)**

**AT 30 DECEMBER 2018**

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The financial statements of Richoux Limited (company registration 01454511) were approved by the Board of Directors and authorised for issue on ~~16 September 2019~~ and are signed on its behalf by:

A handwritten signature in black ink, appearing to read 'J Kaye', written over a dotted line.

J Kaye  
**Director**

**Company Registration No. 01454511**

The notes on pages 13 to 35 form an integral part of the financial statements

# **RICHOUX LIMITED**

## **STATEMENT OF CHANGES IN EQUITY**

**FOR THE 52 WEEK PERIOD ENDED 30 DECEMBER 2018**

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other reserves £'000	Retained earnings £'000	Total £'000
<b>Balance at 26 December 2016</b>	965	46	53	2	5,527	6,593
Loss for the period	-	-	-	-	(333)	(333)
<b>Total comprehensive loss</b>	-	-	-	-	(333)	(333)
New share capital subscribed	-	-	-	-	-	-
Credit to equity for equity settled share based payments	-	-	-	15	-	15
Total contributions by owners of the Company recognised directly in equity	-	-	-	15	-	15
<b>Balance at 31 December 2017</b>	965	46	53	17	5,194	6,275
<b>Period ended 30 December 2018:</b>						
Loss for the period	-	-	-	-	(452)	(452)
<b>Total comprehensive loss</b>	-	-	-	-	(452)	(452)
<b>Balance at 30 December 2018</b>	965	46	53	17	4,742	5,823

**RICHOUX LIMITED****STATEMENT OF CASH FLOWS****FOR THE 52 WEEK PERIOD ENDED 30 DECEMBER 2018**

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	Notes	2018 £'000	2017 £'000
<b>Cash flows from operating activities</b>			
Cash (absorbed by)/generated from operations	21	(116)	533
<b>Investing activities</b>			
Purchase of intangible assets	8	(1)	-
Purchase of property, plant and equipment	9	(76)	(752)
Proceeds on disposal of property, plant and equipment		91	259
		<hr/>	<hr/>
<b>Net cash generated from/(used in) investing activities</b>		14	(493)
<b>Net cash generated from financing activities</b>		-	-
		<hr/>	<hr/>
<b>Net (decrease)/increase in cash and cash equivalents</b>		(102)	40
 Cash and cash equivalents at beginning of year		 115	 75
		<hr/>	<hr/>
<b>Cash and cash equivalents at end of year</b>		13	115
		=====	=====
 <b>Cash and cash equivalents:</b>			
Cash at bank and in hand		77	115
Bank overdraft		(64)	-
		<hr/>	<hr/>
		13	115
		=====	=====

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# **RICHOUX LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **FOR THE 52 WEEK PERIOD ENDED 30 DECEMBER 2018**

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#### **Accounting policies**

##### **Company information**

Richoux Limited is a private company limited by shares incorporated in England and Wales. The registered office is 2<sup>nd</sup> Floor, Elizabeth House, 20 School Road, Tilehurst, Reading RG31 5AL.

##### **Accounting convention**

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union 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 £'000.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its Group.

Richoux Limited is a wholly owned subsidiary of Dining Street Limited and the results of Richoux Limited are included in the consolidated financial statements of Dining Street Limited which are available from 2nd Floor Elizabeth House, 20 School Road, Tilehurst, Reading, RG31 5AL.

##### **Going concern**

The financial statements have been prepared on the going concern basis as, after making appropriate enquires and after considering the current financial position and projections, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, and for a period of not less than twelve months from the date of approving these financial statements.

The Company made a loss for the period of £432,000 (2017: £333,000) Cash and cash equivalents were £13,000 at the period end (2017: 115,000). During the period the Company spent £76,000 in upgrading and purchasing property, plant and equipment as part of its drive to refurbish or convert some of its restaurants.

The Company has also focussed on working capital management, particularly around labour efficiency and gross margin controls around food and drinks, which should improve cash generation and EBITDA growth into 2019 and beyond. Based on the Company's cash flow forecasts, the directors expect improvements in the EBITDA and they do not anticipate the need to raise additional funds from shareholders or to obtain bank borrowings. The Company continues to receive financial support from its parent Company.

However, the UK restaurant sector, as well as the UK economy as a whole, remains very challenging and in the event of unforeseen events or further deterioration in the market conditions and the resulting adverse effects on the restaurant sector, the Company's actual cash flows could fall below their forecast cash flows. This results in inherent going concern uncertainties over the next 12 months. The Directors believe that the Company has the ability to continue to operate as a going concern for the foreseeable future and for this reason they have adopted the going concern basis in the preparation of these financial statements.



## **RICHOUX LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

#### **FOR THE 52 WEEK PERIOD ENDED 30 DECEMBER 2018**

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##### **Significant accounting judgements and estimates**

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. The resulting accounting estimates may differ from the related actual results.

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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In the process of applying the Company's accounting policies, management has made a number of judgments and estimations of which the following are the most significant.

The estimates and assumptions that have a risk of causing material adjustment to the carrying amounts of assets and liabilities within the future financial years are as follows:

##### *The estimated impairment of goodwill*

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units (CGUs) to which the goodwill has been allocated. Goodwill is allocated on the initial purchase of the business to the individual CGUs that comprise that business, based on the individual CGUs cash generation as a percentage of the total cash generated by the business as a whole.

The estimation of value-in-use is based on the budgets and forecasts prepared by management and the actual future results may differ from these. The critical assumptions in the forecasting process are estimating turnover and gross margin levels. Management base these estimates on a combination of historical experience and expectations of increased trade from refurbishment and operational improvements.

Such expectations are generated by similar improvements at other Company restaurants but, by their very nature, each restaurant is unique to a degree and so increased trade elsewhere may not be duplicated at other sites. The allocation of goodwill to the individual CGUs is based on a short period of historic data. Variances from this data could have resulted in a differing allocation. Management are of the opinion that the initial allocation has, however, been shown to be reasonably based on subsequent results. Details of the impairment calculations are outlined in note 9.

##### *The estimated impairment of other intangible and tangible fixed assets*

Determining whether intangible and tangible fixed assets are impaired requires an estimation of the value in use of the CGUs to which the assets have been allocated. In assessing whether an asset has been impaired, the carrying value of the CGU is compared to its recoverable amount based on its value in use. As noted above, this requires the use of budgets and forecasts against which actual results may vary, which includes expectations for new restaurants.

Details of the impairment calculations, including the results of sensitivity analysis conducted thereon, are outlined in notes 8 and 9.

##### *Share based payments*

The Company operates share option schemes that entitle employees to purchase shares in the Company. A share based payments expense is recognised in each period as it is incurred, based on the Black Scholes option valuation model or Monte Carlo simulation. The key assumptions of these models are outlined in note 19.

# **RICHOUX LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **FOR THE 52 WEEK PERIOD ENDED 30 DECEMBER 2018**

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#### *Economic useful life of assets*

Assets are amortised/depreciated over their expected useful lives, if the estimation of their expected useful lives is incorrect, then this may result in the amortisation/depreciation in the period being too high or too low.

#### *Unrecognised deferred tax assets*

Deferred tax assets are recognised where it is probable that the temporary timing difference will reverse in the foreseeable future. The assets are not recognised where there is sufficient uncertainty over the timing and nature of profits against which these assets will reverse (note 17).

#### **Future accounting policies**

At the date of authorisation of these financial statements, the following new and revised IFRS Standards and Interpretations have been adopted in the current year, where applicable to the Company. Their adoption has not had any significant impact on the amounts reported in the financial statements.

IAS 7 (Amended)	Disclosure Initiative
IAS 12 (Amended)	Recognition of Deferred Tax Assets for Unrealised Losses
IFRS 2014-2016 Cycle	Annual improvements

At the date of authorisation of these financial statements, the following IFRS Standards and Interpretations, which have not been applied in these financial statements, were in issue but not yet effective:

IFRS 9 (Amended)	Financial Instruments
IFRS 16 (Amended)	Leases
IFRS 17 (Revised)	Insurance Contracts
IFRS 2 (Amended)	Classification and Measurement of Share-based Payment Transactions
IAS 40 (Amended)	Transfers of Investment Property
IFRIC 22 (Revised)	Foreign Currency Transactions and Advance Consideration
IFRS 2015 – 2017 Cycle	Annual improvements

Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of these standards until a detailed review has been completed.

IFRS 16 'Leases' supersedes IAS 17 'Leases' and will be effective for the Company from 1 January 2019. The standard requires lessees to recognise a right of use asset and corresponding liability for all leases unless the lease term is 12 months or less, or the underlying asset is of low value.

From the work performed to date and based on the undiscounted lease commitments presented in note 23, it is anticipated that implementation of the new standard will have a significant impact on the reported assets and liabilities of the Company. In addition, the implementation of the standard will impact the income statement and classification of cash flows.

A reliable estimate of the financial impact on the Company's results is dependent on a number of unresolved areas including; choice of transition option, refinement of approach to discount rates, estimates of lease-term for leases with options to break and renew and conclusion of data collection.

# **RICHOUX LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **FOR THE 52 WEEK PERIOD ENDED 30 DECEMBER 2018**

---

#### **1 Significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in the historical consolidated financial statements, unless otherwise indicated.

##### **(a) Foreign currency translation**

###### *Functional and presentational currency*

Items included in the financial results of the Company are measured using the currency of the primary economic environment in which the entities operate (the functional currency). The consolidated financial statements are presented in Pounds Sterling ("£") which is the Company's functional and operational currency.

###### *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and financial liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

##### **(b) Financial instruments**

Financial assets and financial liabilities are measured initially at fair value plus transactions costs. Financial assets and financial liabilities are measured subsequently as described below.

###### *Financial assets*

The Company classifies its financial assets as 'loans and receivables'. The Company assesses at each period end date whether there is objective evidence that a financial asset or a group of financial assets is impaired. Loans and receivables are non-derivative financial assets with fixed and determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the statement of financial position date, which are classified as non-current assets. Receivables are classified as 'trade and other receivables' and loans are classified as 'borrowings' in the statement of financial position.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. After initial recognition loans and receivables are carried at amortised cost using the effective interest rate method less any allowance for impairment. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulty, high probability of bankruptcy or a financial reorganisation and default are considered indicators that the trade receivable is impaired.

The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. The loss is recognised in the income statement. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited to the Statement of Comprehensive Income.

# **RICHOUX LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **FOR THE 52 WEEK PERIOD ENDED 30 DECEMBER 2018**

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Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

#### *Financial liabilities*

The Company's financial liabilities include trade and other payables.

Trade payables are recognised initially at fair value less transaction costs and subsequently measured at amortised cost using the effective interest method ("EIR" method).

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the Statement of Comprehensive Income.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

#### **(c) Property, plant and equipment**

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Leases in which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. The owner-occupied properties (excluding land element) acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment. Lease payments are accounted for as described in accounting policy (o).

#### *Depreciation*

Depreciation is charged to the income statement on a reducing balance basis and on a straight-line basis over the estimated useful lives of corresponding items of property, plant and equipment:

Land and buildings Leasehold	Over the length of the lease
Fixture, fittings and equipment	10% to 20% on reducing balance

The carrying values of plant and equipment are reviewed at each reporting date to determine whether there are any indications of impairment. If any such indication exists, the assets are tested for impairment to estimate the assets' recoverable amounts. Any impairment losses are recognised in the Statement of Comprehensive Income.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within the Statement of Comprehensive Income.

#### **(d) Intangible assets – Goodwill**

All business combinations are accounted for by applying the acquisition method. Goodwill represents amounts arising on acquisition of subsidiaries, associates and joint ventures. Goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash generating units and is formally tested for impairment annually, thus is not amortised. Any excess of fair value of net assets over consideration on acquisition are recognised directly in the Statement of Comprehensive Income.

# **RICHOUX LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **FOR THE 52 WEEK PERIOD ENDED 30 DECEMBER 2018**

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#### **(e) Intangible assets and amortisation**

Intangible assets are initially recognised at cost. The cost of intangibles recognised separately from a business combination is the purchase price, including directly attributable costs. The cost of intangibles recognised in a business combination is the fair value on the date of acquisition. Intangible assets in business combinations are recognised separately from goodwill when the asset is either separable or arises from other contractual or legal rights and its fair value can be measured reliably. Intangible assets are subsequently measure at cost, less accumulated amortisation and impairment. Amortisation of intangible assets is recognised within administrative expenses in the Statement of Comprehensive Income. Intangible assets with a finite life are amortised over their expected useful lives as follows:

Trade marks	10 per cent straight line;
Software	between 20 and 23 per cent straight line.

#### **(f) Intangible assets – other**

At each Statement of Financial Position date, the Company 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 assets is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of the fair value less costs to sell and the value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the 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 (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (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 (cash-generating unit) in prior periods. A reversal of an impairment loss is recognised in comprehensive income immediately.

#### **(g) Investments**

In the company's financial statements, investments in subsidiary undertakings are stated at cost, less provision for any permanent diminution in their carrying value.

#### **(h) Inventories**

Inventories are stated at the lower of costs and net realisable value. Cost comprises direct materials, and those direct overheads that have been incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

# **RICHOUX LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **FOR THE 52 WEEK PERIOD ENDED 30 DECEMBER 2018**

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#### **(i) Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand, cash at bank, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts that are repayable on demand are included within borrowings in current liabilities on the Statement of Financial Position.

For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

#### **(j) Share-based payments**

The Company has applied the requirements of IFRS 2 share-based payment. The Company issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

Fair value is measured by use of the Black Scholes model or Monte Carlo simulation. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

#### **(k) Provisions for liabilities**

A provision is recognised in the Statement of Financial Position when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in the Statement of Comprehensive Income in the period it arises.

Provisions for leasehold property dilapidation repairs are recognised when the Company has a present obligation to carry out dilapidation work on the leasehold premises before the property is vacated. The amount recognised as a provision is the best estimate of the costs required to carry out the dilapidations work and is spread over the expected period of the tenancy.

#### **(l) Deferred tax and current tax**

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered or paid to the taxation authorities. A provision is made for corporation tax for the reporting period using the tax rates that have been substantially enacted for the company at the reporting date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the Statement of Comprehensive Income.

# **RICHOUX LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **FOR THE 52 WEEK PERIOD ENDED 30 DECEMBER 2018**

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#### **(l) Deferred tax and current tax (continued)**

Deferred income tax is provided in full on a non-discounted basis, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

#### **(m) Employee benefits**

##### *Short term employee benefits*

Wages, salaries, paid annual leave, paid sick leave and bonuses are recognised as an expense in the period in which the associated services are rendered by employees.

The Company recognises an accrual for annual holiday pay accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use within 12 months. The accrual is measured at the salary cost payable for the period of absence.

##### *Pensions and other post-employment benefits*

The Company pays monthly contributions to defined contribution pension plans. The legal or constructive obligation of the Company is limited to the amount that they agree to contribute to the plan. The contributions to the plan are charged to the Statement of Comprehensive Income in the period to which they relate.

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.

#### **(n) Revenue**

Revenue represents amounts received and receivable for services and goods provided (excluding value added tax) and is recognised at the point of sale. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Interest income is recognised as the interest accrues, applying the effective interest method.

Initial franchise licence fees are recognised at the time the license is granted. Ongoing franchise income is recognised in line with performance. Franchise income, net of all associated costs and charges, is included as other operating income and does not constitute a reportable business segment. Franchise income is derived from the Middle East.

Rental income receivable under the operating sublease/lease is recognised on a straight-line basis over the term of the relevant leases. This income is offset against the total lease payments for the properties and does not constitute a reportable business segment.

# **RICHOUX LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **FOR THE 52 WEEK PERIOD ENDED 30 DECEMBER 2018**

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#### **(o) Expenses**

##### *Operating lease payments*

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are recognised in the Statement of Comprehensive Income on a straight-line basis over the term of the lease. Incentives to enter into an operating lease are also spread on a straight-line basis over the lease term as a reduction in rental expense.

##### *Finance lease payments*

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the Company. All other leases are classified as operating leases. Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the Statement of Financial Position as a finance lease obligation.

##### *Finance lease payments (continued)*

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring profit or loss.

Assets held under finance leases are included in property, plant & equipment and depreciated and assessed for impairment losses in the same way as owned assets.

##### *Opening expenses*

Property rentals and related costs incurred up to the date of opening of a new restaurant are written off to the Statement of Comprehensive Income in the period in which they are incurred. Promotional and training costs are written off to the Statement of Comprehensive Income in the period in which they are incurred.

##### *Financial expenses*

Financial expenses comprise of interest payable on bank loans, hire purchase liabilities and other financial costs and charges. Interest payable is recognised on an accrual basis.

#### **(p) Ordinary share capital**

Ordinary shares are classified as equity. Costs directly attributable to the increase of new shares or options are shown in equity as a deduction from the proceeds.

#### **(q) Dividend policy**

In accordance with IAS 10 'Events after the Balance Sheet Date', dividends declared after the year end date are not recognised as a liability at that date, and are recognised in the financial statements when they have received approval by shareholders. Unpaid dividends that are not approved are disclosed in the notes to the consolidated financial statements.



**RICHOUX LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE 52 WEEK PERIOD ENDED 30 DECEMBER 2018**

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**(r) Commercial discount policy**

Commercial discounts represent a reduction in cost of goods and services in accordance with negotiated supplier contracts, the majority of which are based on purchase volumes. Commercial discounts are recognised in the period in which they are earned and to the extent that any variable targets have been achieved in that financial period. Costs associated with commercial discounts are recognised in the period in which they are incurred.

**RICHOUX LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE 52 WEEK PERIOD ENDED 30 DECEMBER 2018****2 Revenue**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Revenue from continuing operations – sale of goods	3,577	4,186

**3 Loss on ordinary activities before taxation**

Loss on ordinary activities before taxation is stated after charging/(crediting)

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Auditors' fees (note 4)	9	12
Staff costs (note 5)	1,107	1,453
Cost of inventories recognised as an expense	812	958
Amortisation of other intangible assets	2	-
Depreciation of property, plant and equipment	176	162
Impairment of goodwill	-	83
Impairment of property, plant and equipment	151	279
Net loss on disposal of intangible assets	-	5
Net loss/(profit) on disposal of property, plant and equipment	52	(236)
Hire of plant and machinery – rentals payable under operating lease	25	20
Hire of other assets – rentals payable under operating leases	899	870

Total administrative expenses are £2,042,000 (2017: £2,264,000)

**4 Auditor's remuneration**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Fees payable to the company's auditor and associates:		
For audit services	8	9
<b>For non-audit services</b>		
Tax services	1	3

**RICHOUX LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE 52 WEEK PERIOD ENDED 30 DECEMBER 2018****5 Employees**

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

	<b>2018</b>	<b>2017</b>
	<b>Number</b>	<b>Number</b>
Operations	54	71
	=====	=====

Their aggregate remuneration comprised:

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	1,018	1,323
Social security costs	78	108
Pension costs	11	7
Share based payment expense	-	15
	=====	=====
	1,107	1,453
	=====	=====

Pension contributions were made to private individual schemes.

**6 Directors' remuneration**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Remuneration for qualifying services	-	17
	=====	=====

The Directors are of the opinion that other than, in accordance with IAS 24, there are no other key management personnel other than the Board. These persons have the authority and responsibility of planning, directing and controlling the activities of the Company. Throughout the period to 30 December 2018, key management personnel comprised an average of two people (2017: two).

The Directors were remunerated for their services as Directors and officers of Dining Street Limited and their remuneration is disclosed in the financial statements of that Company.

**RICHOUX LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE 52 WEEK PERIOD ENDED 30 DECEMBER 2018**

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**7 Taxation****Factors affecting the tax charge for the year:**

The tax charged for the year varies from the standard rate of corporation tax in the UK due to the following factors:

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Loss on ordinary activities before tax	(452)	(333)
Expected tax charge/(credit based on the standard rate of corporation tax in the UK of 19% (2017:19%))	(86)	(63)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	29	3
Timing differences relating to property, plant and equipment	-	22
Depreciation and impairment on assets on which no capital allowances claimed	43	23
Tax losses carried forward	14	15
<b>Total tax charge/(credit) for the year</b>	<u>-</u>	<u>-</u>
	=====	=====

The Company has unprovided deferred tax assets as are more fully disclosed in note 17.

**RICHOUX LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE 52 WEEK PERIOD ENDED 30 DECEMBER 2018****8 Intangible fixed assets**

	<b>Goodwill £'000</b>	<b>Software £'000</b>	<b>Trademarks £'000</b>	<b>Total £'000</b>
<b>Cost</b>				
At 1 January 2018	264	21	4	289
Additions - separately acquired	-	-	1	1
Disposals	-	-	(1)	(1)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 December 2018	264	21	4	289
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Amortisation and impairment</b>				
At 1 January 2018	118	20	2	140
Charges for the year	-	1	1	2
Disposals	-	-	(1)	(1)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 December 2018	118	21	2	141
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Carrying amount</b>				
At 30 December 2018	146	-	2	148
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2017	146	-	2	148
	<hr/>	<hr/>	<hr/>	<hr/>

*Impairment testing of goodwill*

Goodwill of £264,000 (2017: £264,000) relates to the acquisition of the Richoux business in August 2000 and is allocated to the group of cash-generating units (CGU) that comprise the business acquired.

The Company tests annually for impairment or more frequently if there are indications that the goodwill may be impaired. The recoverable amounts of the restaurants are calculated from value in use calculations based on cash flow projects from formally approved budgets to December 2018 and forecasts to future year based on a sales growth rate of the sites. The discount rate applied to cash flow projects is 10 per cent (2017: 10 per cent).

An impairment charge of £nil has been recognised in relation to the goodwill of one of the CGUs that comprise the Richoux business (2017: £83,000). The value in use of the remaining restaurants is higher than the carrying value.

# **RICHOUX LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **FOR THE 52 WEEK PERIOD ENDED 30 DECEMBER 2018**

#### **9 Property, plant and equipment**

	Short leasehold land and buildings £'000	Fixtures fittings and equipment £'000	Total £'000
<b>Cost</b>			
At 1 January 2018	2,782	761	3,543
Additions	70	6	76
Disposals	(200)	(79)	(279)
At 30 December 2018	2,652	688	3,340
<b>Depreciation and impairment</b>			
At 1 January 2018	1,948	468	2,416
Depreciation charged in the year	99	77	176
Eliminated in respect of disposals	(115)	(22)	(137)
Impairment during the period	151	-	151
At 30 December 2018	2,083	523	2,606
<b>Carrying amount</b>			
At 30 December 2018	569	165	734
	=====	=====	=====
At 31 December 2017	834	293	1,127
	=====	=====	=====

#### *Impairment testing of property, plant and equipment*

The Company considers each trading restaurant to be a cash-generating unit (CGU) and each CGU is reviewed when there are indications of impairment.

The recoverable amounts of the restaurant are calculated from value in use calculations based on cash flow projections from formally approved budgets to December 2018 and forecasts to future years based on a sales growth rate of the sites. The discount rate applied to cash flow projections is 10 per cent (2017: 10 per cent).

An impairment charge of £151,000 has been recognised in relation to the unrecoverable elements of the assets of the Richoux Knightsbridge restaurant which was sold on the 4 January 2019 (2017: £279,000). The value in use of the remaining restaurants is higher than the carrying value.

# **RICHOUX LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **FOR THE 52 WEEK PERIOD ENDED 30 DECEMBER 2018**

#### **10 Fixed asset investments**

	Notes	2018 £'000	2017 £'000
Investments in subsidiaries	11	2	2
<b>Movements in fixed asset investments</b>			
			<b>Shares in group undertakings £'000</b>
<b>Cost or valuation</b>			
At 1 January 2018 & 30 December 2018			2
<b>Carrying amount</b>			
At 30 December 2018			2
At 31 December 2017			2

#### **11 Subsidiaries**

Details of the company's subsidiaries at 30 December 2018 are as follows:

Name of undertaking	Registered office	Nature of business shares held	Proportion of ownership interest	
			30 Dec 2018	31 Dec 2017
Richoux Retail Limited	England and Wales	Dormant	100%	100%
Richoux Restaurants (London) Limited	England and Wales	Dormant	100%	100%

#### **12 Financial instruments**

The Company uses a limited number of financial instruments to manage the financial risks faced by the Company comprising cash, short term deposits and various items such as trade debtors and creditors, which arise directly from operations. In accordance with its policy, the Company did not trade in financial instruments during the period.

##### *Cash and cash equivalents*

Cash, for the purpose of the cash flow statement, comprises cash in hand, deposits repayable on demand and amounts receivable on credit.

##### *Trade receivables*

Trade receivables are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest rate method. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off when identified.

# **RICHOUX LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **FOR THE 52 WEEK PERIOD ENDED 30 DECEMBER 2018**

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#### **12 Financial instruments (continued)**

##### *Trade payables*

Trade payables are initially recognised at the fair value and are subsequently measured at amortised cost using the effective interest rate method.

##### *Financial liabilities and equity*

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 Company after deducting all of its liabilities.

##### *Equity instruments*

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

##### *Fair values*

The carrying values of trade receivables, other debtors, trade payables accruals and other creditors arising from operations are not considered to differ from their fair values due to the short term nature of the assets and liabilities. The fair value of cash is not considered to differ from its carrying value as the cash is held on deposit at floating interest rates.

The main risks arising from the Company's financial instruments are credit risk, interest rate risk, liquidity risk and foreign exchange risk. The Board reviews and agrees policies for managing each of these risks and these policies are summarised below.

##### *Credit risk*

The nature of the Company's operations does not expose it to significant credit risk as most transactions are cash or cash-based and backed by bank guarantee.

Bank balances and cash are held by banks with high credit ratings assigned by independent credit ratings agencies. Despite the recent financial turmoil, the Directors are of the opinion that the cash balances do not represent a significant credit risk, although the Directors recognise some risk does arise in the current economic climate.

No collateral is held against credit risk. As at the statement of financial position date, there were no overdue trade receivables (2017: £Nil) and the value of the Company's credit risk exposure at the Statement of Financial Position date was as follows:

	2018 £'000	2017 £'000
Trade debtors	9	3
Credit card transactions – included in cash and cash equivalents	53	50
Amounts owed by Group undertakings	5,224	5,318
	<u>5,286</u>	<u>5,371</u>

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# **RICHOUX LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **FOR THE 52 WEEK PERIOD ENDED 30 DECEMBER 2018**

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#### **12 Financial instruments (continued)**

All amounts due from related undertakings are provided as a result of central treasury management on a rolling basis but are repayable on demand. As the balances do not attract interest, a difference arises between the book and fair value of the asset. Based on a five year recoverability profile, the fair value of the assets would be £3,598,000 based on the estimated incremental borrowing rate (2017: £3,619,000).

##### *Interest rate*

In respect of interest rate risk, the Company's policy is to place surplus cash at commercial rates on deposit with its bankers, to the extent that the cash flow can be reasonably predicted. This policy has not changed during the period and no change is anticipated.

##### *Liquidity risk*

In respect of liquidity risk, the Company finances its operations from current cash reserves. The Company does not currently have any unused bank facilities.

##### *Foreign exchange risk*

The Company's operations lead it to make certain purchases, which are denominated in Euros. The Company's exposure to foreign exchange risk arising from these transactions is currently minimal and accordingly, no hedging of the Company's foreign currency exposure is undertaken. The Board will keep this under review should the exposure increase.

At the Statement of Financial Position date, the assets and liabilities of the Company denominated in Euros were as follows:

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Other creditors	-	-
	=====	=====

##### *Capital structure*

The Company only has ordinary share capital and currently has no gearing. The Company's ultimate parent undertaking currently has cash resources and the Group plans to utilise these to expand the Company's operations. The level of gearing will be reviewed as appropriate during this expansion.

#### **13 Inventories**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Finished goods and goods for resale	18	33
Raw materials and consumables	20	16
	=====	=====
	38	49
	=====	=====

**RICHOUX LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE 52 WEEK PERIOD ENDED 30 DECEMBER 2018****14 Trade and other receivables**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
<b>Amounts falling due within one year:</b>		
Trade receivables	9	3
Amounts owed by group undertakings	5,224	5,318
Other debtors	8	-
Prepayments and accrued income	265	396
	<u>5,506</u>	<u>5,717</u>

**15 Trade and other payables**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Trade payables	167	490
Bank overdraft	64	-
Amounts owed to group undertakings	47	-
Other taxation and social security	25	148
Other creditors	75	76
Accruals and deferred income	302	150
	<u>680</u>	<u>864</u>

**16 Non-current liabilities**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Accruals and deferred income	<u>2</u>	<u>20</u>

**17 Deferred taxation**

The Company has no recognised deferred tax liabilities or assets. The Company has the following unprovided deferred tax assets:

	<b>Unprovided</b>	
	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Time differences relating to fixed assets	(310)	(341)
Trading losses	(59)	(68)
Non-trading losses	-	(53)
	<u>(369)</u>	<u>(462)</u>

# **RICHOUX LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **FOR THE 52 WEEK PERIOD ENDED 30 DECEMBER 2018**

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#### **17 Deferred taxation (continued)**

The Company has unrecognised deferred tax assets in respect of non-trading losses carried forward and timing differences relating to fixed assets.

Carried forward differences relating to fixed assets will, subject to approval by HM Revenue and Customs, reverse against future trading taxable profits in excess of group relief from fellow subsidiaries. No asset is recognised due to uncertainties over the timing and nature of such profits in accordance with IAS 12.

Carried forward non-trading losses will reverse against non-trading gains in future periods. No asset has been recognised in respect of these losses and no such gains are anticipated in the foreseeable future.

#### **18 Share capital**

The share capital of the Company is shown below:

<b>Allotted, called up and fully paid</b>	<b>Number</b>	<b>£</b>
<b>Ordinary shares of £1 each</b>		
As at 31 December 2017 and 30 December 2018	965,000	965,000
	=====	=====
<b>Series 1 A Ordinary shares of 1p each</b>		
As at 31 December 2017	18,395	184
Issued during the period	-	-
	-----	-----
As at 30 December 2018	18,395	184
	=====	=====
<b>Series 2 A Ordinary shares of 1p each</b>		
As at 31 December 2017	8,033	80
Issued during the period	-	-
	-----	-----
As at 31 December 2017 and 30 December 2018	8,033	80
	=====	=====

The A Ordinary shareholders do not have the right to vote or to receive dividends.

**RICHOUX LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE 52 WEEK PERIOD ENDED 30 DECEMBER 2018****19 Share based payments**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Share based payment expense	-	15
	-----	-----
	-	15
	=====	=====

The 14,995 Series 1A Ordinary shares and 8,033 Series 2 A Ordinary shares were issued to Jonathan Kaye in connection with his remuneration package and share incentive. Following the achievement of performance targets and these A Ordinary shares may be exchanged for up to 23,027,403 Ordinary shares in Dining Street Limited (formerly known as Richoux Group plc).

On 9 November 2017, Simon Morgan subscribed for 150; Mehdi Gashi subscribed for 2,500; and Sameh Amer subscribed for 750; Series 1 A Ordinary shares. Following the achievement of performance targets, these Series 1 A ordinary shares may be exchanged for up to 150,000, 2,500,000 and 750,000 respectively Ordinary shares in Richoux Group plc. The subscription price for the Series 1A Ordinary shares was 1 penny per Series 1 A Ordinary share.

The share incentives will vest in respect of the Series 1 A Ordinary shares if the average mid-market price of the Richoux Group plc Ordinary shares is at least 40 pence measured over any period of ten consecutive Dealing Days and it will vest in respect of the Series 2 A Ordinary shares if the average mid-market price of the Richoux Group plc Ordinary shares is at least 55 pence measured over any period of ten consecutive Dealing Days.

The share incentives will vest after the second anniversary of the date of grant subject to the performance targets being met.

The fair value of the shares incentive granted during the period to 30 December 2018 was £nil (2017: £4,000),

The fair value of services received in return for the shares granted are measured by reference to the fair value of the shares granted. The estimate of the fair value of the services received is measured based on the Monte Carlo simulation. The significant inputs into the model for the shares granted during the 53 week period to 31 December 2017 and 52 week period to 30 December 2018 were:

	<b>Series 1</b>	<b>Series 2</b>
Share price (pence)	21.5p	21.5
Price target (pence)	40p	55p
Historical share price volatility	24.27%	24.27%
Risk free rate	0.34%	0.34%
Dividend yield	0.00%	0.00%
Expected life (years)	5	5
Fair value deduction (pence)	10p	10p

# **RICHOUX LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **FOR THE 52 WEEK PERIOD ENDED 30 DECEMBER 2018**

#### **20 Operating lease commitments**

	<b>Land and buildings</b>		<b>Other</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Operating lease commitments due:				
Within one year	442	806	9	4
In the second to fifth years inclusive	1,356	3,129	1	5
Over five years	1,309	4,496	-	-
	<u>3,107</u>	<u>8,431</u>	<u>10</u>	<u>9</u>

#### **21 Cash generated from operations**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Loss for the year after tax	(452)	(333)
<b>Adjustments for:</b>		
Loss/(gain) on disposal of tangible fixed assets	52	(236)
Loss on disposal of intangible assets	-	5
Depreciation and impairment of tangible fixed assets	176	162
Amortisation of other intangible assets	2	
Impairment of goodwill	-	83
Impairment of property, plant and equipment	151	279
Equity settled share based payment expense	-	15
<b>Movements in working capital:</b>		
Decrease in stocks	11	26
Decrease in debtors	211	1,069
Decrease in creditors	(267)	(537)
<b>Cash (absorbed by)/generated from operations</b>	<u>(116)</u>	<u>533</u>

#### **22 Related party transactions**

The Company is part of a group VAT registration and the representative Company, Dining Street Limited (formerly known as Richoux Group plc), pays the net VAT for the Group.

Balances due to and from Group undertakings represent cash transferred in line with the funding requirements of each Group company and the Group's policy to place any excess funds on treasury deposit with its bankers. These balances are separately disclosed within trade and other receivables. As at the Statement of Financial Position date, the value of these balances was as follows:

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Amounts owed by Group undertakings – Dining Street Limited (note 14)	5,224	5,318
Amounts owed to Group undertakings – Newultra Limited	(47)	-
	<u>=====</u>	<u>=====</u>

**RICHOUX LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE 52 WEEK PERIOD ENDED 30 DECEMBER 2018**

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**22 Related party transactions (continued)****Transactions with Directors**

Transactions with Directors are as follows:

	<b>2018</b> <b>£'000</b>	<b>2017</b> <b>£'000</b>
Short term employee benefits	-	17
Share based payments	-	14
	<hr/>	<hr/>
	-	31
	<hr/> <hr/>	<hr/> <hr/>

**24 Subsequent events**

On the 4 January 2019, the Company sold its Knightsbridge branch.

**25 Ultimate holding company**

Dining Street Limited (formerly known as Richoux Group plc), a company incorporated in England and Wales, is the immediate and ultimate parent undertaking and heads the largest and smallest group for which consolidated accounts, including the Company's results, are presented. A copy of the consolidated financial statements of Dining Street Limited can be obtained from 2<sup>nd</sup> floor Elizabeth House, 20 School Road, Tilehurst, Reading, RG31 5AL.