Company Registration No. 1994330

BLUBECKERS LIMITED

Annual Report and Financial Statements

For the 53 weeks ended 1 January 2017

CORPORATE INFORMATION
Registered No. 1994330

DIRECTORS
Andrew McCue (from 19 September 2016)
Mary Willcock

COMPANY SECRETARY
Alex Small (resigned 10 March 2017)

AUDITOR
Deloitte LLP
Statutory Auditor
London, United Kingdom

SOLICITORS
Slaughter and May
One Burnhill Row
London, United Kingdom

REGISTERED OFFICE
5-7 Marshalsea Road
Borough, London SE1 1EP

STRATEGIC REPORT

The Directors present their strategic report for the 53 weeks ended 1 January 2017.

PRINCIPAL ACTIVITY AND FUTURE DEVELOPMENTS

The principal activity of Blubeckers Limited (the "Company") during the period continued to be the operation of pub restaurants. The Directors do not foresee any material changes to the activities of the Company.

BUSINESS REVIEW

Blubeckers Limited delivered a good operating performance during the year, growing like-for-like sales and profits. The strong and stable team continued to develop the business, improving the menus and successfully trialling new booking technology to accommodate more covers.

Sales increased by 2.7% to £22,460,000 (2015: £21,866,000 and the Company delivered an operating profit before exceptional items of £1,570,000 (2015: £831,000).

KEY PERFORMANCE INDICATORS

The Board of Directors and executive management receive a wide range of management information delivered in a timely manner. Listed below are the principal measures of progress that are reviewed on a regular basis to monitor the development of the brands:

Like-for-like sales

This measure provides an indicator of the underlying performance of existing restaurants. There is no accounting standard or consistent definition of 'like-for-like sales' across the industry. Company like-for-like sales are calculated by comparing the performance of all mature sites in the current period vs. the comparable period in the prior year.

New sites opened

The expansion of the brands is a key driver of profitability. Potential new sites are subject to a rigorous appraisal process before they are presented to the Board for approval. This process ensures the quality is maintained as well as the quantity of sites opened.

EBITDA

The ability of the Company to finance its roll out programme is aided by strong cash flows from the existing business. The Company defines adjusted EBITDA as operating profit before depreciation, amortisation and exceptional items. Adjusted EBITDA serves as a useful proxy for cash flows generated by operations and is closely monitored.

Operating profit margin

The Board and management closely monitor profit margins as an indicator of operating efficiency within restaurants and across the Company.

STRATEGIC REPORT (CONTINUED)

PRINCIPAL RISKS AND UNCERTAINTIES

The Directors regularly identify, monitor and manage potential risks and uncertainties to the Company and during the year, a robust assessment of the principal risks was carried out. The current principal risks and uncertainties facing the Company are listed below. This list is not presumed to be exhaustive and is, by its very nature, subject to change.

- adverse economic conditions and a decline in consumer confidence and spend in the UK; and
- increased supply of new restaurant concepts into the market; and
- lack of new site opportunities and risks to existing Concession agreements; and
- failure to provide customers with brand standard value for money offerings and service levels; and
- major failure of key suppliers to deliver products into the restaurants; and
- damage to our brands' images due to failure in environmental health compliance in the restaurants or from contamination of products; and
- the loss of key personnel or failure to manage succession planning; and
- increases in prices of key raw materials (including foreign currency fluctuations), wages and overheads (including utilities); and
- breakdown in internal controls through fraud or error, major failure of IT systems; and
- cyber security failure leading to data loss, disruption of services and trading or reputational damage.

By Order of the Board

Andrew McCue
Director
27 September 2017

DIRECTORS' REPORT

The Directors submit their report and audited financial statements for the 53 weeks ended 1 January 2017.

RESULTS AND DIVIDENDS

The Report and Accounts are drawn up on a 53 week reporting basis ending 1 January 2017 with a comparative 52 week period ending 27 December 2015. The loss after taxation and before dividends for the year was £843,000 (2015: profit of £813,000). No interim dividend was paid on during 2016 (2015: nil). The Directors do not recommend payment of a final dividend. A loss after taxation of £843,000 (2015: profit of £813,000) will be transferred to reserves.

FUTURE DEVELOPMENTS

Details of future developments can be found as part of the Strategic Report on page 2.

FINANCIAL INSTRUMENTS

The Board of the Company regularly reviews the financial requirements of the Company within the context of its financing arrangements within the group of companies to which it belongs (The Restaurant Group plc). The Company and Group do not use complicated financial instruments, and within the Group, where applicable financial instruments are used solely for the purpose of reducing interest rate risk. The Group operates a centralised cash pooling and payments system and the financial arrangements of the Group are principally transacted through The Restaurant Group plc and The Restaurant Group (UK) Limited, acting as a treasury function for other subsidiary companies of the group (principally Chiquito Limited and Blubeckers Limited). Due to the nature of the Company's operational and financial structure there is limited currency and credit risk. Credit risk exists through non-payment by customers although most transactions are settled either through cash or by credit cards, where the Group has an arrangement with major credit card suppliers. Currency risk is limited as the Group as a whole has no trading subsidiaries outside of the United Kingdom.

The Restaurants Group (UK) Limited acts as the treasury facility for the Group for banking arrangements. As such there is an exposure to interest rate fluctuations, depending on the level of debt held in the Company. The Group uses interest rate swaps, where appropriate, as part of its financial risk management process.

DIRECTORS

The names and details of the Company's directors in office during the period and until the date of this report are set out below. Directors were in office for this entire period unless otherwise stated.

Daniel Breithaupt (resigned 12 August 2016)
Stephen Critoph (resigned 29 April 2016)
Barry Nightingale (from 20 June 2016, resigned 21 April 2017)
Andrew McCue (from 19 September 2016)
Mary Willcock

EMPLOYEES

All restaurants receive regular communication packs with updates of what is happening within the Company. There are processes in place for monthly meetings within restaurants to cascade information throughout the Company and, most importantly, senior managers spend a considerable amount of time visiting the restaurants and discussing matters with the teams. 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

The Company gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion.

DISABLED EMPLOYEES (CONTINUED)

Where existing employees become disabled, it is the Company's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

DIRECTORS' LIABILITIES

The Company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains inforce as at the date of approving the directors' report.

EVENTS AFTER THE BALANCE SHEET DATE

Details of significant events that have occurred since the balance sheet date are disclosed in note 20 to the financial statements.

TRANSITION TO FRS 101

This is the first year that the company has presented its financial statements under FRS101, issued by the Financial Reporting Council. The last financial statements for the period ended 27 December 2015 were prepared under United Kingdom Generally Accepted Accounting Practice ("old UK GAAP") and the date of transition was 29 December 2014. As a consequence of adopting FRS 101, the company has considered whether any revisions were required in relation to existing accounting policies under old UK GAAP to comply with FRS 101. The differences arising on adoption of FRS 101 are discussed in note 21.

GOING CONCERN

The Company is in a net current liabilities position and made a loss after exceptional items of £843,000 in the 53 weeks ended 1 January 2017 (52 weeks ended 27 December 2015: profit of £813,000). The Company is part of The Restaurant Group plc, which the Directors believe, having made enquiries, has sufficient financial resources and has committed to provide financial support for at least the next twelve months. Based on the Company's plans for 2017 and after making enquiries (including preparation of reasonable trading forecasts, consideration of current financing arrangements and current headroom for liquidity and covenant compliance), the Directors have a reasonable expectation that the Company has adequate resources to continue operations for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". 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 then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and 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.

DISCLOSURE OF INFORMATION TO AUDITOR

Each of the persons who is a Director at the date of approval of this report confirms that:

1. so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
2. the Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

AUDITOR

Deloitte LLP has expressed their willingness to remain in office. In accordance with section 485 of the Companies Act 2006, a resolution proposing their reappointment as auditor of the Company will be put to the Annual General Meeting.

By Order of the Board

Andrew McCue
Director

27 September 2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BLUBECKERS LIMITED

We have audited the financial statements of Blubeckers Limited for the 53 weeks ended 1 January 2017 which comprise the Income Statement, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 21. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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.

Respective responsibilities of Directors and auditor
As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements
In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 1 January 2017 and of its loss for the 53 weeks then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Strategic Report and the Directors' Report for the period for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BLUBECKERS LIMITED (continued)

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, 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.

M. R. Lee-Amies

Mark Lee-Amies, FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
28 September 2017

INCOME STATEMENT
FOR THE 53 WEEK PERIOD ENDED 1 JANUARY 2017

		53 weeks ended 1 January 2017		
		Trading business	**Exceptional items (note 7)**	**Total**
	Note	**£'000**	**£'000**	**£'000**
Revenue	3	**22,460**	**-**	**22,460**
Cost of sales		**(20,813)**	**(2,287)**	**(23,100)**
Gross profit/(loss)		**1,647**	**(2,287)**	**(640)**
Administrative expenses		**(73)**	**-**	**(73)**
Operating profit/(loss)	4	**1,574**	**(2,287)**	**(713)**
Interest payable		**(4)**	**-**	**(4)**
Profit/(loss) on ordinary activities before taxation		**1,570**	**(2,287)**	**(717)**
Taxation on profit/(loss) on ordinary activities	8	**(276)**	**150**	**(126)**
Profit/(loss) on ordinary activities after taxation		**1,294**	**(2,137)**	**(843)**

		52 weeks ended 27 December 2015		
		Trading business	Exceptional items (note 7)	Total
	Note	£'000	£'000	£'000
Revenue	3	21,866	-	21,866
Cost of sales		(20,911)	-	(20,911)
Gross profit		955	-	955
Administrative expenses		(124)	-	(124)
Operating profit	4	831	-	831
Interest payable		-		-
Profit/(loss) on ordinary activities before taxation		831	-	831
Taxation on profit/(loss) on ordinary activities	8	(18)	-	(18)
Profit/(loss) on ordinary activities after taxation		813	-	813

All amounts relate to continuing activities. There is no comprehensive income other than the loss for the year in both the current and preceding financial periods.

The notes on pages 12 to 24 form part of these financial statements.

BALANCE SHEET
AT 1 JANUARY 2017

	Note	**At 1 January 2017 £'000**	At 27 December 2015 £'000
FIXED ASSETS			
Tangible assets	*9*	**22,017**	26,278
		22,017	26,278
CURRENT ASSETS			
Stocks	*10*	**262**	279
Trade debtors	*11*	**345**	300
Cash at bank and in hand		**22**	23
		629	602
CREDITORS: amounts falling due within one year	*12*	**(9,982)**	(13,122)
NET CURRENT LIABILITIES		**(9,353)**	(12,520)
TOTAL ASSETS LESS CURRENT LIABILITIES		**12,664**	13,758
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred tax liabilities	*13*	**(1,462)**	(1,713)
NET ASSETS		**11,202**	12,045
EQUITY			
Called up share capital	*14*	**5**	5
Share premium account		**456**	456
Revaluation Reserve		**8,650**	8,650
Retained earnings		**2,091**	2,934
TOTAL EQUITY		**11,202**	12,045

The Board of Directors approved the financial statements of Blubeckers Limited (Company Registration number 01994330) on 27 September 2017.

Andrew McCue
Director

The notes on pages 12 to 24 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE 53 WEEK PERIOD ENDED 1 JANUARY 2017

	Called up share capital (note 14)	Share premium account	Revaluation reserve	Retained earnings	Total Equity
	£'000	£'000	£'000	£'000	£'000
At 29 December 2014	**5**	**456**	**8,650**	**2,121**	**11,232**
Profit and other comprehensive income for the period	-	-	-	813	813
At 27 December 2015	**5**	**456**	**8,650**	**2,934**	**12,045**
Loss and other comprehensive income for the period	-	-	-	(843)	(843)
At 1 January 2017	**5**	**456**	**8,650**	**2,091**	**11,202**

The notes on pages 12 to 24 form part of these financial statements.

NOTES TO THE ACCOUNTS
FOR THE 53 WEEKS ENDED 1 JANUARY 2017

1. GENERAL INFORMATION
Blubeckers Limited (Company Registration number 1994330) operates restaurants throughout the UK. It is a private Company, limited by shares and is incorporated and domiciled in England and Wales. Its registered office is 5-7 Marshalsea Road, London, SE1 1EP.

The nature of the Company's operations and its principal activities are set out in the Strategic Report on page 2.

The accounting year runs to a Sunday within seven days of 31 December each year which will be a 52 or 53 week period. The comparative period is 52 weeks ended 27 December 2015.

These financial statements are presented in pound sterling, rounded to the nearest thousand, because that is the currency of the primary economic environment in which the Company operates.

These financial statements are separate financial statements. The Company is exempt from the preparation and delivery of consolidated financial statements, because it is included in the Group accounts of The Restaurant Group plc. The Group accounts of The Restaurant Group plc are available to the public and can be obtained as set out in note 19.

2. ACCOUNTING POLICIES
The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1. Basis of preparation

The accounts have been drawn up using the historical cost convention and in accordance with UK Accounting Standards. During the period, the Company adopted Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) and transitioned from reporting under UK Generally Accepted Accounting Practice (UK GAAP). This transition is not considered to have a material effect on the financial statements. The Company intends to continue reporting under FRS 101 in the next financial period.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

As permitted under FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payments, business combinations, financial instruments, fair values, remuneration of key management personnel, presentation of a cash flow statement and certain related party transactions. This information is contained in the consolidated financial statements of The Restaurant Group plc, as set out in note 1 and 19.

2.2. Going concern basis

The financial statements have been prepared on a going concern basis as, after making appropriate enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future at the time of approving the financial statements. The principal risks and uncertainties facing the Company and further comments on going concern are set out in the Strategic Report and Directors' Report.

2.3. Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

2. ACCOUNTING POLICIES (CONTINUED)

2.3. Property, plant and equipment (Continued)

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 (see below) and impairment losses (see accounting policy 2.4). Lease payments are accounted for as described in accounting policy 2.11 and 2.12.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

Freehold land	Indefinite
Freehold buildings	50 years
Long and short leasehold property	unexpired term of lease or 50 years, whichever is lower
Fixtures and equipment	3 to 10 years
Motor vehicles	4 years
Computer equipment	3 to 5 years

2.4. Impairment

The carrying amounts of the Company's assets are reviewed annually to determine whether there is any indication of impairment.

For property, plant and equipment, the carrying value of each cash generating unit (CGU) is compared to its estimated value in use. Value in use calculations are based on discounted cash flows over the remaining useful life of the CGU (between 2 and 50 years). The discount rate used is the rate believed by the Directors to reflect the risks associated with each CGU. Impairment losses are recognised in the income statement.

2.5. Stock

Stock represents foodstuffs, beverages and consumables and has been valued at the lower of cost and estimated net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

2.6. Trade and other receivables

Trade and other receivables are stated at their cost less impairment losses.

2.7. Provisions

A provision is recognised in the balance sheet 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. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

2. ACCOUNTING POLICIES (CONTINUED)

2.8. Borrowing costs

Debt is stated net of borrowing costs which are spread over the term of the loan. All other borrowings costs are recognised in the income statement in the period in which they are incurred.

2.9. Revenue

Revenue represents amounts received and receivable for services and goods provided (excluding value added tax and voluntary gratuities left by customers for the benefit of employees) and is recognised at the point of sale. Where the Company operates a Concession unit under a franchise agreement, it acts as principal in this trading arrangement. All revenue from franchise agreements is recognised by the Company at the point of sale and licensing fees are recorded in cost of sales as the goods are sold. The Company does not act as franchisor in any trading relationship.

2.10. 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.

2.11. Operating lease payments

Payments made under operating leases are recognised in the income statement 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.

2.12. Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

2.13. Pre-opening costs

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

2.14. Current and deferred taxation

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

2. ACCOUNTING POLICIES (CONTINUED)

2.14. Current and deferred taxation (Continued)

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

2.15. Dividends

In accordance with IAS 10 "Events after the Balance Sheet Date", dividends declared after the balance sheet date are not recognised as a liability at that balance sheet date, and are recognised in the financial statements when they have received approval by shareholders.

2.16. Critical accounting judgements and key sources of accounting uncertainty

In the process of applying the Group's accounting policies as described above, management has made a number of judgements and estimations of which the following are the most significant:

Critical judgements in applying the Company's accounting policies

2.16 (a) Lease classification

Lease classification as either finance or operating leases is critical to the financial statements. The accounting for leases involves the exercise of judgement, particularly whether the leases meet the definition of an operating or a finance lease.

2. ACCOUNTING POLICIES (CONTINUED)

2.16. Critical accounting judgements and key sources of accounting uncertainty (Continued)

Key sources of estimation uncertainty

2.16 (b) Impairment of property, plant and equipment

The Company formally determines whether property, plant and equipment are impaired by considering indicators of impairment annually. This requires the Company to determine the lowest level of assets which generate largely independent cash flows (cash generating units or CGU) and to estimate the value in use of these assets or CGUs; and compare these to their carrying value. Cash generating units are deemed to be individual units or a cluster of units depending on the nature of the trading environment in which they operate.

Calculating the value in use requires the Company to make an estimate of the future cash flows of each CGU and to choose a suitable discount rate in order to calculate the present value of those cash flows. The discount rate used in the 53 weeks ended 1 January 2017 for all CGUs was based on the Company's weighted average cost of capital of 10.6% (52 weeks ended 27 December 2015: 8.1%) as the Directors believe there are broadly equal risks associated with each CGU.

2.17. Financial Instruments

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

If the transaction price differs from fair value at initial recognition, the Company will account for such difference as follows:

- if fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, then the difference is recognised as a gain or loss on initial recognition (i.e. day 1 profit or loss);

- in all other cases, the fair value will be adjusted to bring it in line with the transaction price (i.e. day 1 profit or loss will be deferred by including it in the initial carrying amount of the asset or liability).

After initial recognition, the deferred gain or loss will be released to profit or loss such that it reaches a value of zero at the time when the entire contract can be valued using active market quotes or verifiable objective market information. Depending on the type of financial instrument, the Group can adopt one of the following policies for the amortisation of day 1 gain or loss;

- calibrate unobservable inputs to the transaction price and recognise the deferred gain or loss as the best estimates of those unobservable inputs change based on observable information; or

- release the day 1 gain or loss in a reasonable fashion based on the facts and circumstances (i.e. using either straight-line or non-linear amortisation).

3. REVENUE

Revenue represents amounts received and receivable for services and goods provided to third parties (excluding value added tax). All revenue arose in the United Kingdom.

NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE 53 WEEKS ENDED 1 JANUARY 2017

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION
This is stated after charging/(crediting):

	53 weeks ended 1 January 2017 £'000	52 weeks ended 27 December 2015 £'000
Depreciation	**1,663**	1,787
Operating lease rentals - land and buildings	**822**	800
Rental income	**-**	1

Fees for the audit of the Company's annual accounts are borne by a fellow subsidiary undertaking of The Restaurant Group plc, namely The Restaurant Group (UK) Limited. The fees for the 52 weeks ended 1 January 2017 were £3,300 (2015: £1,500).

No other remuneration was paid to the Company's Auditor in relation to any other services during the year.

5. STAFF COSTS AND NUMBERS
The average number of staff employed by the Company during the period amounted to:

	53 weeks ended 1 January 2017	52 weeks ended 27 December 2015
Restaurant staff	**559**	569
Administration staff	**2**	1
	561	570

The aggregate payroll costs of the above were:

	53 weeks ended 1 January 2017 £'000	52 weeks ended 27 December 2015 £'000
Wages and salaries	**7,450**	7,350
Social security costs	**421**	443
Pension costs	**44**	20
	7,915	7,813

6. DIRECTORS' REMUNERATION

None of the Directors received any remuneration from the Company during the year. All of the Directors during the year were also directors of The Restaurant Group (UK) Limited and were remunerated in that capacity.

NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE 53 WEEKS ENDED 1 JANUARY 2017

7. EXCEPTIONAL ITEMS

	53 weeks ended 1 January 2017 £'000	52 weeks ended 27 December 2015 £'000
Impairment of fixed assets	**2,226**	-
Void period costs and onerous leases	**61**	-
Loss before tax	**2,287**	-
Tax effect of exceptional Items	(150)	-
Tax	**(150)**	-
Total exceptional items	**2,137**	-

The Company has recorded a charge of £0.1m for the exit costs of 1 underperforming site (Blubeckers Shepperton) which we intend to exit in the short-term as we do not believe that this site is capable of generating adequate returns.

The Company has also made an impairment charge of £2.2m against 3 sites, as required by IAS 36, which, owing to poor trading performance, are unlikely to generate sufficient cash in the future to justify their book value.

The Company has recognised a £0.1m tax credit in relation to these exceptional items (53 weeks ended 1 January 2017).

8. TAX ON LOSS ON ORDINARY ACTIVITIES
8.1. The taxation charge comprises:

	53 weeks ended 1 January 2017 £'000	52 weeks ended 27 December 2015 £'000
Current taxation		
Current tax on profits for the year	**395**	254
Adjustment in respect of prior years	**(18)**	-
	377	254
Deferred taxation		
Current year	**(175)**	(47)
Adjustments in respect of previous years	**(8)**	1
Credit in respect of fixed asset write down and disposals	-	-
Effect of changes in tax rates	**(68)**	(190)
	(251)	(236)
Total tax charge	**126**	18

8.1. The taxation charge comprises: (Continued)

The Finance Act 2012 introduced a reduction in the main rate of corporation tax from April 2015 from 21% to 20% resulting in a blended rate of 20.25% being used to calculate the tax liability for the 52 weeks ended 27 December 2015 and 20% for the 53 weeks ended 1 January 2017.

The Finance (No.2) Act 2015 introduced a reduction in the main rate of the corporation tax from 20% to 19% from April 2017 and from 19% to 18% from April 2020. These reductions were substantially enacted on 24 October 2015.

The Finance Act 2016 introduced a further reduction in the main rate of corporation tax to 17% from April 2020. This was substantively enacted on 6 September 2016.

8.2. Factors affecting the tax charge for the year

The tax assessed for the year is higher than the standard UK corporation tax rate of 20% due to the following factors:

	53 weeks ended 1 January 2017 £'000	52 weeks ended 27 December 2015 £'000
Profit on ordinary activities before taxation	**(717)**	831
Profit on ordinary activities before taxation multiplied by the standard UK corporation tax rate of 20% (2015: 20.25%)	**(143)**	168
Effects of:		
Exempt depreciation	**419**	-
Expenses / (income) not deductible for tax purposes	**-**	109
Transfer pricing adjustments	**(56)**	(70)
Adjustment in respect of previous years	**(26)**	1
Tax rate changes	**(68)**	(190)
Total tax charge	**126**	18

9. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings £'000	Fixtures, equipment and vehicles £'000	Total £'000
Cost:			
At 28 December 2015	32,686	8,785	**41,471**
Additions	99	179	**278**
Disposals	(650)	-	**(650)**
At 1 January 2017	32,135	8,964	**41,099**
Accumulated depreciation and impairment:			
At 28 December 2015	8,191	7,002	**15,193**
Provided during the year	1,086	577	**1,663**
Impairment	2,037	189	**2,226**
Disposals	-	-	-
At 1 January 2017	11,314	7,768	**19,082**
Net book values:			
At 1 January 2017	**20,821**	**1,196**	**22,017**
At 27 December 2015	24,495	1,783	26,278

	1 January 2017 £'000	27 December 2015 £'000
Net book value of land and buildings:		
Freehold	**18,262**	21,307
Short leasehold	**2,559**	3,188
	20,821	24,495

10. STOCK

Stock comprises raw materials and consumables and has been valued at the lower of cost and estimated net realisable value. The replacement cost at 1 January 2017 is not considered by the Directors to be materially different from the balance sheet value. The Company recognised £6.5m of purchases as an expense in 2016 (2015: £6.3m).

NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE 53 WEEKS ENDED 1 JANUARY 2017

11. TRADE AND OTHER RECEIVABLES

	1 January 2017	27 December 2015
	£'000	£'000
Prepayments and accrued income	**345**	300
	345	300

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1 January 2017	27 December 2015
	£'000	£'000
Amounts owed to group undertakings	**8,609**	11,981
Corporation tax	**395**	254
Provisions	**55**	44
Accruals	**923**	843
	9,982	13,122

13. DEFERRED TAXATION

	1 January 2017	27 December 2015
	£'000	£'000
Balance at beginning of the year	**1,713**	1,949
Deferred tax charge to income statement for the period	**(243)**	(237)
Adjustment in respect of prior years	**(8)**	1
Deferred tax taken directly to the income statement	**(251)**	(236)
Balance at the end of the year	**1,462**	1,713

NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE 53 WEEKS ENDED 1 JANUARY 2017

13. DEFERRED TAXATION (CONTINUED)

	1 January 2017	27 December 2015
Deferred tax consists of:	**£'000**	£'000
Accelerated capital allowances	**345**	520
Temporary differences trading	**(9)**	-
Revaluation	**1,126**	1,193
	1,462	1,713

14. SHARE CAPITAL

	1 January 2017	27 December 2015
	£'000	£'000
Authorised, issued and fully paid:		
5,219 Ordinary shares of £1 each	**5**	5

15. CAPITAL COMMITMENTS

The Company had no capital commitments contracted but not provided for in the financial statements at 1 January 2017 (27 December 2015: £nil).

16. LEASE COMMITMENTS
Future lease payments in respect of finance leases are due as follows:

The total future minimum rentals payable under operating leases for land and buildings are as follows:

	1 January 2017	27 December 2015
	£'000	£'000
Payments due:		
Within one year	**748**	734
Within two to five years	**2,781**	2,885
After five years	**5,564**	6,033
	9,093	9,652

The Company has entered into a number of property leases on standard commercial terms, both as lessee and lessor. There are no restrictions imposed by the Company's operating lease arrangements, either in the current or prior year.

NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE 53 WEEKS ENDED 1 JANUARY 2017

17. CONTINGENT LIABILITIES

The Company has given a cross guarantee to The Restaurant Group (UK) Limited, a fellow subsidiary of The Restaurant Group plc, for borrowings held by that company. At 1 January 2017, the borrowings drawn down by The Restaurant Group (UK) Limited under this guarantee amounted to £39,000,000 (2015: £32,000,000).

18. RELATED PARTY INFORMATION

The Company has taken advantage of the exemption as a 100% subsidiary of The Restaurant Group plc from disclosing related party transactions and balances with other members of The Restaurant Group plc group.

19. ULTIMATE PARENT UNDERTAKING

The Restaurant Group plc, which is registered in Scotland (Registration No. SC30343), is the ultimate parent undertaking, the controlling party and the parent undertaking of the smallest and largest group for which group accounts are prepared. Copies of accounts of The Restaurant Group plc can be obtained from the Company Secretary at 5 – 7 Marshalsea Road, London SE1 1EP.

20. EVENTS AFTER THE BALANCE SHEET DATE

No material events have arisen since the end of the period which have significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial periods.

21. *TRANSITION TO FRS 101*

Basis of accounting

The Company meets the definition of a qualifying entity under Financial Reporting Standard 101 (FRS 101) issued by the Financial Reporting Council. Accordingly, in the 53 weeks ended 1 January 2017 the Company has changed its accounting framework from United Kingdom Generally Accepted Accounting Practice ("UK GAAP") to FRS 101 and has, in doing so, applied the requirements of IFRS 1.6-33 and related appendices. These financial statements have been prepared in accordance with FRS 101 'Reduced Disclosure Framework'.

The prior year financial statements were restated for material adjustments on adoption of FRS 101 in the current year. For more information see below.

Explanation of transition to FRS 101

This is the first year that the Company has presented its financial statements under FRS 101. The following disclosures are required in the year of transition. The last financial statements under a previous GAAP (UK GAAP) were for the year ended 27 December 2015 and the date of transition to FRS 101 was therefore 29 December 2014.

21. TRANSITION TO FRS 101 (CONTINUED)

Reconciliation of equity

Note			At 29 December 2014 £'000	At 27 December 2015 £'000
	Equity reported under UK GAAP		12,557	13,238
	Adjustments to equity on transition to FRS 101			
1	Retained Earnings – Revaluations	A	(1,325)	(1,193)
	Equity reported under FRS 101		**11,232**	**12,045**

Reconciliation of total profit and loss for the year ended 27 December 2015

Note			£'000
	Total profit on ordinary activities after taxation for the financial year under UK GAAP		681
1	Taxation on profit/(loss) on ordinary activities	A	**132**
	Total profit on ordinary activities after taxation for the financial year under FRS 101		813

Notes to the reconciliation of equity at 29 December 2014 and 27 December 2015 and profit and loss at 27 December 2015

A Revaluations

Under UK GAAP, deferred tax on certain asset revaluations was not required to be recognised therefore no liability was recorded in the Balance Sheet in respect of revaluations. In applying FRS 101, the Company has recognised the deferred tax on revaluations in accordance with IAS 12 Income Taxes and we note that the adjustments have an impact on retained earnings brought forward of £1,325,000 (debit) in FY14 and £1,193,000 (debit) in FY15.