Company Registration No. 01994330

BLUBECKERS LIMITED

Annual Report and Financial Statements
52 Weeks ended 29 December 2019

CORPORATE INFORMATION

Registered No. 01994330

Directors
Kirk Davis
Andrew Hornby
Mary Willcock

Auditor
Ernst & Young LLP
Statutory Auditor
1 More London Place
London, SE1 2AF

Registered Office
5-7 Marshalsea Road
London SE1 1EP

Solicitor
Slaughter and May
One Bunhill Row
London, United Kingdom

Blubeckers Limited

STRATEGIC REPORT

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

Our Pubs business is well positioned in the market with a compelling, differentiated food-led offer that consistently outperforms the pub restaurant sector. Strong operational capability and consistent execution, along with locally sourced produce, has attracted a loyal and increasing customer base who rate the offering highly, relative to our competitors. Our estate is largely freehold assets, with a freehold valuation of £27.2m and requires modest levels of ongoing maintenance and capital spend.

We see opportunities to increase like-for-like sales through rapid and flexible menu development to respond to new consumer demands. We continue to look for ways to increase sales through optimisation of group-managed phone bookings and online bookings as well as further utilisation of existing space and external areas.

Sales increased by 5.7% to £26,371,000 (2018: £24,875,000) and the Company delivered an operating profit after exceptional items of £2,496,000 (2018: £2,832,000).

COVID 19 and the resulting trade restrictions have had a significant impact on the Pubs business after the 2019 financial year. To address the effects of the pandemic, swift and decisive action was taken to access government support schemes and negotiate deferred payment plans with our supporting supplier base.

KEY PERFORMANCE INDICATORS

Like-for-like (LFL) 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 period. Sites that are closed, disposed or disrupted during a financial year are excluded from the LFL calculation.

New sites opened
The expansion of the brand 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.

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

PRINCIPAL RISKS AND UNCERTAINTIES

The Directors regularly identify, monitor and manage potential risks and uncertainties to the Company and during the period, 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.

- risk of extensive continued local lockdowns or national lockdowns due to Government action in response to the COVID-19 pandemic;
- adverse economic conditions and a decline in consumer confidence and spend in the UK;
- increased supply of new restaurant concepts into the market;
- lack of new site opportunities;
- failure to provide customers with brand value for money offerings and service levels;
- damage to our brand's image through a failure to deliver our allergens policies and procedures and environmental health compliance;
- the loss of key suppliers and failure of distribution networks to meet the demands of pubs;
- the loss of key personnel or failure to manage succession planning;
- increases in prices of key raw materials (including foreign currency fluctuations), wages and overheads (including utilities);
- the risk of Brexit causing product shortages, and/or delays causing loss of revenue, customers and reputation;
- an increase in duties and taxes caused by Brexit resulting in decreases in profitability;
- 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.

The COVID-19 outbreak presented a significant risk of extensive local or national lockdown as a result of Government action. Mitigating factors were put in place to reduce the impact on the Company which included increasing cash facilities, development of delivery offering in the event eat-in trade is disrupted and operational processes were developed and rolled out to react to any COVID-19 infections among team members.

In addition, the Company has risks associated with Brexit, and specifically a Hard Brexit scenario, in line with other UK businesses. The Company has established contingency plans for a range of Brexit scenarios with a key focus being on its ability to source fresh food from outside of the UK. For a number of products, alternative sources and routes into the country have been arranged, and where possible additional stock will be held in preparation. Where not possible, the Company has alternative contingency plans covering substitutions and menu alterations. In addition to the procurement risks, the Company has focussed on the attraction and retention of its workforce and has plans to support its EU workers.

Approved by the Board of Directors and signed on its behalf by:

Kirk Davis
Director
24-Mar-21

DIRECTORS' REPORT

The Directors submit their report and audited financial statements for the 52 weeks ended 29 December 2019.

RESULTS AND DIVIDENDS

The Report and Accounts are drawn up on a 52 week reporting basis ending 29 December 2019 with a comparative 52 week period ending 30 December 2018. The profit after taxation for the period was £3,224,000 (2018: profit of £2,832,000). No interim dividend was paid out during 2019 (2018: interim dividend of £nil). The Directors do not recommend payment of a final dividend (2018: final dividend of £nil). A profit after taxation of £3,224,000 (2018: profit of £2,832,000) will be transferred to reserves.

FUTURE DEVELOPMENTS

Details of future developments can be found as part of the Strategic Report on page 3.

FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

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 the 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. 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 Company has no trading activity outside of the United Kingdom.

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.

Mary Willcock
Kirk Davis
Andrew Hornby (appointed 2nd October 2019)

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.

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 in force as at the date of approving the Directors' report.

EVENTS AFTER THE BALANCE SHEET DATE

The outbreak of COVID -19 *in the U.K had arisen post balance date which gave way to nation-wide lockdowns, resulting in the shut down of pubs and restaurants. As part* of the Board's risk assessment, mitigating factors were put in place to reduce the impact on the company. Increased cash facilities and ongoing support from the Parent company ensured Blubeckers Ltd could continue to operate into the foreseeable future as a going concern. The events after balance date have no material impact resulting in an adjusting event on Blubeckers Ltd.'s financial statements.

GOING CONCERN

The Company is in a net asset position and made a profit after exceptional items of £3,224,000 in the 52 weeks ended 29 December 2019 (52 weeks ended 30 December 2018: profit of £2,832,000). 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 to the Company for at least twelve months from the approval of the financial statements. Based on the Company's plans and after making enquiries (including preparation of reasonable trading forecasts, consideration of current financing arrangements and current headroom for liquidity), 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.

Note 2 to the Financial Statements provide a full review of the Going Concern assessment undertaken. In respect of The Restaurant Group (TRG) plc's ability to provide financial support to the Company, a material uncertainty exists in connection with the shareholder approval of the recently announced equity raise. The Board of TRG Plc however has a reasonable expectation that the Group has adequate resources to continue in operational existence for the period to 31 March 2022, being at least the next twelve months from the date of approval of the Annual Report and Accounts. On this basis, the Directors continue to adopt the going concern basis in preparing the Group and subsidiary accounts.

DIRECTORS' REPORT (CONTINUED)

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 period. 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:

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

Approved by the Board of Directors and signed on its behalf by:

Kirk Davis
Director
24-Mar-21

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BLUEBECKERS LIMITED

Opinion

We have audited the financial statements of Bluebeckers Limited ('the Company') for the 52 week period ended 29 December 2019 which comprise of the statement of comprehensive income, the Company balance sheet, the Company statement of changes in equity and the related notes 1 to 18, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 29 December 2019 and of the profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 2 in the financial statements which discloses that the Company is reliant on support from its parent, The Restaurant Group plc, to settle its liabilities as they fall due. The parent company has a material uncertainty in relation to the capital raise, which is conditional on shareholder approval.

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 the 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 the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, 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 https://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.

Ernst Young LLP

Bob Forsyth (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
24-Mar-21

Blubeckers Limited

INCOME STATEMENT
52 Weeks ended 29 December 2019

	Note	Trading business £'000	Exceptional items (Note 7) £'000	Total £'000
		52 Weeks ended 29 December 2019		
Revenue	*3*	**26,371**		**26,371**
Cost of sales		**(21,876)**	**(180)**	**(22,056)**
Gross profit/(loss)		**4,495**	**(180)**	**4,315**
Administrative expenses		**(1,079)**	**-**	**(1,079)**
Operating profit/(loss)	*4*	**3,416**	**(180)**	**3,236**
Interest payable		**(225)**	**-**	**(225)**
Interest receivable		**213**	**-**	**213**
Profit/(loss) on ordinary activities before taxation		**3,404**	**(180)**	**3,224**
Taxation on profit/(loss) on ordinary activities	*8*	**-**	**-**	**-**
Profit/(loss) on ordinary activities after taxation		**3,404**	**(180)**	**3,224**

	Note	Trading business £'000	Exceptional items (Note 7) £'000	Total £'000
		52 Weeks ended 30 December 2018		
Revenue	*3*	24,875	-	24,875
Cost of sales		(20,312)	(28)	(20,340)
Gross profit		4,563	(28)	4,535
Administrative expenses		(952)	-	(952)
Operating profit	*4*	3,611	(28)	3,583
Interest payable		-	-	-
Interest receivable		-	-	-
Profit/(loss) on ordinary activities before taxation		3,611	(28)	3,583
Taxation on profit/(loss) on ordinary activities	*8*	(751)	-	(751)
Profit/(loss) on ordinary activities after taxation		2,860	(28)	2,832

Blubeckers Limited

BALANCE SHEET
At 29 December 2019

	Note	At 29 December 2019 £'000	At 30 December 2018 £'000
FIXED ASSETS			
Property, plant and equipment	9	20,628	20,645
		20,628	20,645
CURRENT ASSETS			
Stock	10	358	287
Other receivables	11	6,906	4,209
Cash at bank and in hand		24	23
		7,288	4,519
CREDITORS: amounts falling due within one year	12	(6,828)	(7,331)
NET CURRENT LIABILITIES		460	(2,812)
TOTAL ASSETS LESS CURRENT LIABILITIES		21,088	17,833
CREDITORS: amounts falling due after more than one year	15	-	-
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred tax liabilities	13	(1,105)	(1,074)
Provisions	17	-	-
NET ASSETS		19,983	16,759
EQUITY			
Called up share capital	14	5	5
Share premium account		456	456
Revaluation Reserve		4,299	4,299
Retained earnings		15,223	11,999
TOTAL EQUITY		19,983	16,759

The Board of Directors approved the financial statements of Blubeckers Limited (Company Registration 01994330) on 24th March 2021 and were signed on behalf by:

Kirk Davis
Director
24 March 2021

The notes on pages 11 to 18 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
52 Weeks ended 29 December 2019

	Share capital (note 14)	Share premium account	Revaluation reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000
At 1 January 2018	5	456	4,299	9,167	13,927
Total comprehensive income for the year	-	-	-	2,832	2,832
At 30 December 2018	5	456	4,299	11,999	16,759
Total comprehensive income for the year	-	-	-	3,224	3,224
At 29 December 2019	5	456	4,299	15,223	19,983

The notes on pages 11 to 18 form part of these financial statements.

Notes to the accounts
52 Weeks ended 29 December 2019

1 GENERAL INFORMATION

Blubeckers Limited (Company Registration number 01994330) operates pubs 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.

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 accounting year runs to a Sunday within seven days of 31 December each year which will be a 52 or 53 week period. The year ended 30 December 2018 was a 52 week period, with the comparative year to 31 December also being a 52 week period.

The financial statements are presented in pound sterling, rounded to the nearest thousand. They have been prepared on the historical cost basis.

The financial statements have been 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 impairments, 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 17.

2.2 Going concern basis

The outbreak of Covid-19 and its continuing impact on the economy, and specifically the hospitality sector have impacted the ability of the Company to trade at historic levels. This has resulted in uncertainty as to the future financial performance and cashflows of the Company.

Given this uncertainty, the Company's ultimate parent undertaking, TRG plc, has indicated it will provide financial support to the Company to enable it to meet its liabilities as they fall due for at least 12 months from the date of these financial statements. The Directors of the Company have assessed going concern for a period of 12 months from the date of the financial statements, to 24 March 2022. In doing so, the directors of TRG plc have reviewed the latest cash flow forecasts and available financing of the TRG plc consolidated group ('Group').

Cashflow forecasts

In undertaking the going concern review, the Directors have reviewed financial projections for the Group. These projections have been prepared to reflect the timelines set out by the UK Government for the reopening of the hospitality sector with reopening for eat in dining first taking place on 17 May 2021. These projections further reflect the mitigating actions which have and will continue to be taken by the Directors during the period of restricted trading to manage the liquidity of the Group.

Given the ongoing uncertainty, the Directors have also reviewed a stress case scenario which assumes an extended period of national lockdown together with ongoing trading restrictions. The projections assume that whilst there are social restrictions which impact the Group's ability to trade normally, the UK Government will continue to provide support for example through the Coronavirus Job Retention Scheme and business rates relief.

These projections assume that the capital raise announced on 10 March 2021 is successful, however this is subject to shareholder approval in the General Meeting on 29 March 2021. If this is not approved, then the Group is forecasting a breach under the stress case of the Minimum Liquidity Requirement within the review period. There is no forecasted breach in the base case. In the base case scenario this covenant is not breached.

In both scenarios it is also assumed that all of the £380.0m term loan facility, referred to below, will be drawn down. The exact amount will be determined by the Group Board taking relevant factors into account on drawdown with the objective of maintaining similar levels of cash headroom based on the forecasts cash flows at the time.

Financing

When assessing the ability of the Group to continue as a going concern the Directors have considered the Group's financing arrangements.
The Group had committed facilities 27 December 2020 consisting of:

- £225.0m high-yield bond expiring July 2022;
- £160.0m TRG plc RCF and £50.0m of Coronavirus Large Business Interruption Loan Scheme (CLBILS) loans expiring June 2022; and
- £35.0m Wagamama super senior RCF, reducing to £32.5m in July 2021, reducing again to £20.0m in October 2021, and expiring in December 2021.

Since the year-end, the Group has:

- agreed a new £500.0m package of debt facilities consisting of a £380m term loan expiring in April 2026, and a £120.0m Revolving Credit Facility expiring in April 2025. These new facilities are subject to a Minimum Liquidity Requirement of £40.0m until 31 December 2022 and leverage covenant tests which begin in June 2022 for the RCF and December 2022 for the term loan. The Group is required to draw on the new Term loan before the end of May 2021, in a single once-only drawdown of between £230m and £380m, simultaneously repaying the existing RCF, CLBILS and bond debt. The term loan and RCF drawdowns are subject to customary conditions and a change in control clause, all of which are under the control of the Directors.
- obtained covenant waivers for the current TRG and Wagamama super senior RCF through to September 2021; and
- announced an underwritten capital raise through a firm placing, placing and open offer for £175m.

Notes to the accounts
52 Weeks ended 29 December 2019

2 ACCOUNTING POLICIES (CONTINUED)

There is a material uncertainty around the conditionality of a capital raise, which requires shareholder approval. As there is a material uncertainty in the Group, which the Company is dependent on support from, this represents a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern.

The Board of TRG Plc reported it was confident that shareholder approval will be obtained and therefore has a reasonable expectation that the Group has adequate resources to continue in operational existence for the period to 31 March 2022. The Directors have therefore concluded it is reasonable to continue to adopt the going concern basis with the TRG Plc Group accounts, and in respect of its subsidiary undertakings. The Directors of the Company have assessed going concern for a period of 12 months from the date of the financial statements, to 24 March 2022. Accordingly, these accounts do not include any adjustments to the carrying amount or classification of assets and liabilities that would result if the Group were unable to continue as a going concern.

Refer to The Restaurant Group plc group accounts at 27 December 2020 for more detail.

2.3 Property, plant and equipment
Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction.

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.

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	Term of lease or 50 years, whichever is lower
Fixtures and equipment	3- 10 years
Motor vehicles	4 years
Computer equipment	3-5 years

The estimated useful lives and residual values applied are reviewed at each reporting date with any changes in estimates being applied prospectively.

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

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 determine their recoverable amount, based on estimating 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.

2.5 Stock
Stock represents foodstuffs, beverages and consumables and has been valued at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition and is determined in accordance with the weighted average stock costing model, including applicable discounts. 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 Other receivables
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.

2.8 Revenue
Revenue represents amounts received and receivable for 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. The Company does not act as franchisor in any trading relationship.

2.9 Commercial discount
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.

2.10 Operating lease payments
Fixed payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Contingent rents, such as turnover related rents, are recognised in the income statement as incurred. Incentives to enter into an operating lease are spread on a straight-line basis over the lease term as a reduction in rental expense.

Notes to the accounts
52 Weeks ended 29 December 2019

2 ACCOUNTING POLICIES (CONTINUED)

2.11 Exceptional items
In order to illustrate the trading performance of the Company, presentation has been made of performance measures excluding those exceptional items which it is considered would distort the comparability of the Company's results. Exceptional items are defined as those items that, by virtue of their unusual nature or size, warrant separate additional disclosure in the financial statements in order to fully understand the performance of the Company.

The Company's income statement provides a reconciliation of the adjusted profitability measures, excluding exceptional items to the equivalent unadjusted IFRS measures. Exceptional items are then further detailed in note 7.

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

The Company provides for its onerous obligations under operating leases where the property is closed or vacant and for properties where the fixed cost is in excess of income. The amount provided is based on the lowest net cost of exiting the contract. Estimates have been made with respect to the time to exit, sublet or cover the fixed cost base, along with other associated exit costs as well as an evaluation of the cost of void period prior to sublet and the value of lease incentive which may be required to be paid as part of the sublet process.

2.13 Pre-opening expenses
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
Corporation tax payable is provided on the taxable profit at the current rate. Deferred tax is recognised in respect of all temporary differences that have originated but not reversed at the balance sheet date, except to the extent that the deferred tax arises from the initial recognition of goodwill. Temporary differences are differences between the carrying amount of the Company's assets and liabilities and their tax base.

Deferred tax is measured at the tax rates that are expected to apply in the periods in which the temporary differences are expected to reverse based on tax rates and laws that are enacted, or substantively enacted, by the balance sheet date. Deferred tax is measured on a non-discounted 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 Intercompany loans
The Company received a group loan of £5,273k, which is repayable on demand. Interest is payable at 3% plus LIBOR per annum with interest accruing quarterly on to the balance outstanding.

The Company extended a loan of £6,638k, which is repayable on demand. Interest is payable at 3% plus LIBOR per annum with interest accruing quarterly.

2.17 Critical accounting estimates and assumptions
In the process of applying the Company's accounting policies as described above, management has made a number of judgements and estimations of which the following is the most significant:

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 like-for-like sales of each CGU and to choose a suitable discount rate in order to calculate the present value of those cash flows. The estimated future like-for-like sales for each CGU are based on past experience and trading at the specific CGU. The discount rate used in the year ended 30 December 2019 for all CGUs was based on the Company's weighted average cost of capital of 8.9% (year ended 30 December 2018: 9.2%). The Directors believe the risks associated with each CGU are the same, considering they are all UK based, the nature of assets being tested for impairment is consistent, all CGUs are within the restaurant sector and cash flow projections are compiled in the same way for every CGU.

The key assumptions in the value-in-use calculations are the discount rate applied and the forecast cash flows. An increase of 1% in the discount rate would give rise to an additional impairment of £120k, while a reduction in the discount rate of 1% would give rise to a £150k reduction in impairment. The forecast like-for-like sales growth takes into account management's experience of the specific sites and its long term expectations of the market. A 2% reduction in the forecast like-for-like sales growth would result in an additional impairment charge of approximately £150k while a 2% increase would reduce the impairment by £180k.

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52 Weeks ended 29 December 2019

2 ACCOUNTING POLICIES (CONTINUED)

2.18 Future accounting policies
At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRS that has been issued but is not yet effective:

IFRS 16 - LEASES

IFRS 16 'Leases' was issued in January 2016 and introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees and will supersede the current lease guidance including IAS 17 'Leases' and the related interpretations. The standard is effective for annual periods beginning on or after 1 January 2019 and will be adopted by the Company for the financial year commencing 30 December 2019.

The standard represents a significant change in the accounting and reporting of leases, impacting the income statement and balance sheet as well as statutory and alternative performance measures used by the Company.

As a result, the profile of costs recognised in the consolidated income statement will change materially in comparison to IAS 17
as follows:
• Depreciation will increase due to the recognition of right-of-use assets.
• Existing rental costs will reduce – the only rental costs that remain will relate to low value assets, turnover based leases, or short-term leases.
• Finance costs will increase due to the unwinding of the discounted lease liability.

There is no net cash flow impact on application of IFRS 16, although the classification of cash flows will be affected as operating lease payments under IAS 17 are presented as operating cash flows, whereas under the IFRS 16 model, the lease payments will be split into a principal and an interest portion which will be presented as operating and financing cash flows respectively.

The Company is in the process of conducting an extensive review of all the Company's leasing arrangements in light of the new accounting standard. The Company has elected to use the Modified Retrospective approach to calculate the impact of IFRS 16. This will mean that the results for the year ended 27 December 2020 will be presented under IFRS 16 but the year ended 29 December 2019 will not be restated. The opening balance sheet as at 30 December 2019 will be restated to recognise the right of use asset and lease liability.

The transition work stream is nearing completion and the Company estimates that, had IFRS 16 been applied in the 52 weeks ended 29 December 2019, the impact on the consolidated balance sheet would have been:

• Recognition of a right-of-use asset in the range of £7.0m-£8.0m disclosed within non-current assets.
• Recognition of a corresponding lease liability in the range of £7.0m-£8.0m.
• Derecognition of other balance sheet items, including rent free accruals, prepaid rent and accrued rent of £0.5m
• The above results in a reduction in opening retained earnings in the range of £0.0m-0.5m (before adjusting for associated tax impacts).

Key judgements have been addressed, including the assessment of how reasonably certain it is considered to be that a lease option (extension, expiry or break) will be exercised, and the determination of an appropriate discount rate used to calculate the present value the lease liability and to initially measure the right-of-use asset. With regards to these, the Company has determined
that the lease term will correspond to the duration of the contracts except in cases where the Company is reasonably certain that it will exercise contractual extension, break options, or management expect to be able to exit the lease in another manner.The incremental borrowing rate on transition has been based on the implicit rate within the lease agreement, where the implicit rate in the lease is not readily determinable this has been estimated.

Notes to the accounts
52 Weeks ended 29 December 2019

3 REVENUE

All revenue has been generated from principal trade activities within the United Kingdom.

4 OPERATING PROFIT/(LOSS)

This is stated after charging/(crediting) :

Cost of sales consists of the following:	2019 £'000	2018 £'000
Trading cost of sales	21,876	20,312
Exceptional charge / (credit) (Note 7)	180	28
Total cost of sales for the year	22,056	20,340

	2019 £'000	2018 £'000
Depreciation	827	858
Impairment of property, plant and equipment	180	-
Staff costs (see Note 5)	9,634	8,992
Minimum lease payments	761	758
Contingent rents	-	(6)
Total operating lease rentals of land and buildings	761	752

Fees for the audit of the Company's annual accounts are borne by a fellow subsidiary undertaking of The Resaurant Group plc, namely The Restaurant Group (UK) Limited. The fees for the 52 weeks ended 30 December 2019 were £13,500 (2018: £11,250).

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 monthly number of staff employed by the Company during the period amounted:

Employees

	2019	2018
Restaurant staff	616	564
Administration staff	-	1
	616	565

	2019 £'000	2018 £'000
Wages and salaries	8,812	8,426
Social security costs	612	486
Pension costs	210	80
	9,634	8,992

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 Brunning and Price Limited and were remunerated in that capacity.

7 EXCEPTIONAL ITEMS

	2019 £'000	2018 £'000
Impairment of fixed assets	180	-
Onerous lease cost	-	28
Profit/(loss) before tax	180	28
Tax effect of exceptional Items	-	-
Total exceptional items	180	28

An exceptional pre-tax charge of £180k has been recorded in the year relating to impairment of property plant and equipment (2018: £nil). No expense has been recognised in the current period for onerous lease costs (2018: £28k).

The exceptional pre-tax charge in 2018 of £28k relates to the release of onerous lease provisions.

Notes to the accounts
52 Weeks ended 29 December 2019

8 TAXATION

8.1: The taxation charge comprises:

	2019 £'000	2018 £'000
Current taxation		
Current tax on profits for the year	(53)	689
Adjustment in respect of prior years	22	10
	(31)	699
Deferred taxation		
Current year	34	68
Adjustments in respect of previous years	1	(9)
Effect of changes in tax rates	(4)	(7)
	31	52
Total tax charge	-	751

The rate of corporate income tax was expected to reduce to 17% effective from 1 April 2020. This was substantively enacted on 6 September 2017 and is the rate that is used to calculate the deferred tax liability in these financial statement.

A change to the main rate of UK corporate income tax was announced in the Budget on 11 March 2020 and was substantively enacted on 17 March 2020. The rate now applicable from 1 April 2020 is 19% rather than the previously enacted reduction to 17%. At Budget 2020, the government announced that the Corporation Tax main rate (for all profits except ring fence profits) for the years starting 1 April 2020 and 2021 would remain at 19% and as such the substantively enacted rate of 17% will be reversed in 2020.

8.2: Factors affecting the tax charge for the year

	2019 £'000	2018 £'000
Profit on ordinary activities before taxation	3,245	3,583
Profit on ordinary activities before taxation multiplied by the standard UK corporation tax rate of 19% (2018: 19%)	617	681
Effects of:		
Adjustments in respect of prior years	23	1
Expenses not deductible	47	11
Transfer pricing adjustments	-	(12)
Tax rate changes	(4)	(7)
Exempt depreciation	48	77
Total tax charge	-	751

Notes to the accounts
52 Weeks ended 29 December 2019

9 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Fixtures, equipment and vehicles	Total
	£'000	£'000	£'000
Cost:			
At 31 December 2018	30,814	9,157	39,971
Additions	595	465	1,060
Disposals	(37)	(69)	(106)
Reclassifications	1,639	(1,639)	-
At 29 December 2019	33,011	7,914	40,925
Accumulated depreciation and impairment:			
At 31 December 2018	10,961	8,365	19,326
Provided during the year	683	144	827
Impairment	117	63	180
Disposals	(31)	(5)	(36)
Reclassifications	1,639	(1,639)	-
At 29 December 2019	13,369	6,928	20,297
Net book values:			
At 29 December 2019	19,642	986	20,628
At 30 December 2018	19,853	792	20,645

	2019	2018
	£'000	£'000
Net book value of land and buildings:		
Freehold	16,489	18,242
Short leasehold	3,153	1,611
	19,642	19,853

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 29 December 2019 is not considered by the Directors to be materially different from the balance sheet value. The company recognised £7,295k of purchases as an expense in 2019 (2018: £6,164k)

11 OTHER RECEIVABLES

	2019	2018
	£'000	£'000
Prepayments and accrued income	215	-
Amounts receivable from other group undertakings	6,691	4,209
	6,906	4,209

12 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	£'000	£'000
Amounts owed to group undertakings	5,282	5,284
Corporation tax	-	689
Other creditors	970	740
Accruals	576	618
	6,828	7,331

Notes to the accounts
52 Weeks ended 29 December 2019

13 DEFERRED TAXATION

The average monthly number of staff employed by the Company during the period amounted:

	2019	2018
	£'000	£'000
Balance at beginning of the year	1,074	1,022
Deferred tax charge to income statement for the period	30	61
Adjustment in respect of prior years	1	(9)
Balance at the end of the year	1,105	1,074

	2019	2018
Deferred tax consists of:	£'000	£'000
Accelerated capital allowances	454	423
Revaluation	651	651
	1,105	1,074

14 SHARE CAPITAL

	2019	2018
Authorised, issued and fully paid:	£'000	£'000
5,219 Ordinary shares of £1 each	5	5

15 LEASE COMMITMENTS

Future lease payments in respect of operating leases are due as follows:

	2019	2018
	£'000	£'000
Payments due:		
Within one year	806	648
Within two to five years	2,920	1,993
After five years	4,159	3,460
	7,885	6,101

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

16 RELATED PARTY TRANSACTIONS

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

17 ULTIMATE PARENT UNDERTAKINGS

The Restaurant Group plc, which is registered in Scotland, 1 George Square, Glasgow G2 1AL (Registration No. SC30343) is the ultimate parent undertaking, the controlling party and the parent undertaking of the smallest and largest group for which group financial statements are prepared. Copies of financial statements of The Restaurant Group plc can be obtained from the Company Secretary at 5-7 Marshalsea Road, Borough, London SE1 1EP.

18 EVENTS AFTER BALANCE SHEET DATE

The outbreak of COVID -19 in the U.K had arisen post balance date which gave way to nation-wide lockdowns, resulting in the shut down of pubs and restaurants. As part of the Board's risk assessment, mitigating factors were put in place to reduce the impact on the company. Increased cash facilities and ongoing support from the ultimate parent company ensured Blubeckers Ltd could continue to operate into the foreseeable future as a going concern.

As part of the year end 2020 impairment reviews, the company incurred an impairment of the Property, Plant & Equipment of c£748k due to the reduced profitability of sites following the impact of the Covid-19 pandemic. This is considered to be a non-adjusting post balance sheet event as it does not impact the value of the assets as at 29 December 2019. In addition, as IFRS16 will be implemented for the 2020 statutory accounts, a further impairment charge of c£647k will also be recognised against the right-of-use asset.