Company Registration No. 01994330

BLUBECKERS LIMITED

Annual Report and Financial Statements
52 Weeks ended 27 December 2020

BLUBECKERS LIMITED

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

STRATEGIC REPORT

Princpial 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.

The period ended 27 December 2020 has been unprecedented for both the economy as a whole and for the hospitality sector.

The Company has been significantly impacted by the effects of COVID-19 which has required us to act decisively and at pace.

The first quarter began well for the Company with strong LFL sales but was quickly followed by a period of full closure from late March 2020. At this point we acted rapidly to:

- Access government support, where appropriate, including utilising the Coronavirus Job Retention Scheme ('CJRS') furlough scheme for 911 employees, taking advantage of the business rates holiday and payment plans under the Government's VAT deferral scheme and Time to
- Strengthen our liquidity through the extension of our banking facility;
- Take action to address working capital pressures, including contract renegotiation and deferred payment plans with our supportive supplier base;
- Reduce cost to minimum levels in the business, pausing all non-essential spend including an immediate reduction in capital expenditure.

Following the period of full closure, the Company subsequently implemented a phased and measured re-opening programme initially focussed on out of restaurant channels and subsequently eat in once permitted by Government restrictions. Our focus during this period was both guest and team safety, including:

- Making our teams feel safe through revised restaurant protocols such as daily health declarations, enhanced cleaning procedures, provision of safety equipment and reduced size restaurant teams;
- Making our guests feel safe through social distancing measures, one-way systems, hand sanitiser stations, and the use of face masks.

This phased approach to re-opening allowed us to safely open a significant proportion of our estate through July and August 2020, coinciding with the Government's 'Eat Out to Help Out' scheme. The scheme together with the ongoing brand activities provided a strong impetus for customers to return to our restaurants and we were extremely encouraged by the performance of the business. This provides real confidence in our expectations of how the business will recover once restrictions are lifted.

While 2020 has been a challenging year with some further disruption to come, we have continued to be forward looking with our plans for the business and are ready to re-open and welcome back our customers as soon as we are able.

IFRS 16
The Company has adopted IFRS 16 'Leases' in its accounts for the year ended 27 December 2020 and so these are the first financial statements to include

- Firstly, to create a lease liability for rental costs and corresponding right-of-use asset in the balance sheet, and
- Secondly, to remove the rental charge from the income statement and replace it with a depreciation charge in respect of the right-of-use asset and a interest expense in respect of the unwinding of the lease liability.

Business review
Covid-19 and the resulting trade restrictions have had a significant impact on the Pubs business in the 2020 financial year. Sales decreased by 43% to £15,062k (2019: £26,371k) and the Company delivered an operating loss after exceptional items of £312k (2019: profit of £3,236k). The disruption to operations has resulted in the recognition of an impairment of non-current assets of £1,322k.

To continue to address the effects of the pandemic, action was taken to access government support schemes and negotiate deferred payment plans with our supporting supplier base. This along with the support from the ultimate parent company The Restaurant Group plc has enabled the company to survive through the disrupted trade. As the business emerges from the pandemic, where pubs have been able to trade, they have exceeded forecasts.

STRATEGIC REPORT (Continued)

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;
- 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.

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

K Davis

Kirk Davis
Director
10 September 2021

DIRECTORS' REPORT

The Directors present their report and audited financial statements for the 52 week period ended 27 December 2020. 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 numbers used in the financial statements are for the 52-week period ended 29 December 2019.

Results and dividends

The Report and Accounts are drawn up on a 52 week reporting basis ending 27 December 2020 with a comparative 52 week period ending 29 December 2019. The loss after taxation for the period was £2,181k (2019: profit of £3,224k). No interim dividend was paid out during 2020 (2019: interim dividend of £nil). The Directors recommend payment of a final dividend of £12m (2019: final dividend of £nil).

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.

Kirk Davis
Andrew Hornby
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.

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.

DIRECTORS' REPORT (Continued)

Events after the balance sheet date

Refinancing

On 1 March 2021, the Group announced that it had successfully signed commitments in relation to £500.0 million of new debt facilities, which comprises a £380.0 million Term Loan Facility, and a £120.0 million Super Senior Revolving Credit Facility. These facilities provide the Group with enhanced liquidity and long-term financing with the maturities of the Term Loan and the RCF being in 2026 and 2025, respectively.

The Term Loan and, as required, an initial simultaneous drawing of the RCF will be used to repay and refinance in full all of the Group's existing debt facilities. Following the utilisation of the new facilities, and the repayment of the Existing Facilities, the Group's financing arrangements will be simplified, as the Group will be consolidated into one finance group at the TRG level which will provide a more efficient funding structure to support the Group's strategic initiatives.

Capital Raise

On 10 March 2021, the Group announced a planned capital raise of £175.2m via a firm placing and placing and open offer. This is subject to a vote at the General Meeting as covered in the Going Concern section of the Financial Review. If approved, the Group will receive the proceeds net of fees in March 2021.

Section 172 statement

All decisions made by the management of the Company seek to enhance the long-term reputation of the business and the brand to drive benefits to each stakeholder. By engaging openly and with transparency with all stakeholders we can ensure we have comprehensively considered all the beneficiaries of the work we undertake both now and in the future.

The following table describes how the directors have had regard to the matters set out in section 172(1)(a) to (f) in relation to our stakeholders and forms the directors' statement required under section 414CZA of The Companies Act 2006.

Stakeholder Group	How management and/or directors engaged	Key topics of engagement	Outcomes and actions
Investors			
Key metrics for our investors are: **· leverage and interest cover**	The key mechanism of engagement with our investors is through a roadshow of meetings organised by the companies broker's bi-annually , following the release of the interim and full year financial statements and accompanying investor presentations. Investors may also engage directly with TRG in respect of queries on an adhoc basis. Due to the effects of the Covid-19 pandemic and the ever-evolving market dynamics, there were increased announcements to the market and engagement with investors over the last 18 months, with additional updates provided covering announcements of capital raises, refinancing, restructuring and trading updates . The relationship with the Company's investors is managed by the parent company.	Routine engagement with investors in respect of business performance and strategy.	The key mechanism of engagement with our investors is through a half yearly investor presentation and financial reporting. Investors may also engage directly with TRG in respect of ongoing queries. Due to the Covid 19 pandemic, there was more dialogue with TRG's institutional investors keeping them updated regularly on business performance throughout the period..

DIRECTORS' REPORT (Continued)

Based on its diligence of TRG plc's ability to provide support to the Company, the Board of the Company has concluded that it has access to adequate resources to continue in operational existence for the period to 10 September 2022. On this basis, the Directors continue to adopt the going concern basis in preparing the Company 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 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
- 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.

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

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

K Davis

Kirk Davis
Director
10 September 2021

DIRECTORS' REPORT (Continued)

Suppliers			
We have established relationships with suppliers across all core procurement areas, including restaurant suppliers, construction and property. **Key metrics for our suppliers are:** **· quality and service standards** **· payments made within payment terms** **· environmental impact through carbon footprint,**	Relationships with our suppliers are actively managed by our procurement and property teams.	Alongside routine engagement with our suppliers, other areas of focus during the period have included: · Impact of Covid- 19, including renegotiation of certain contracts and agreement of payment plans	We have a documented Brexit strategy developed and executed with input from a number of our key suppliers. We have successfully worked with our supportive supplier base during Covid-19 with respect to restricted trading of our restaurants and management of working capital.
Team members			
Our team members include both our restaurant and head office employees. **Key metrics in respect of our employees are:** **· team turnover** **· employee satisfaction based on external metrics and our own survey data**	Our team members are vital to the success of our business and our engagement with our customers and community. We engage with our team members through a variety of channels including: · the Company's annual conference and mid-year reviews · a regular meeting calendar across business regions and restaurants · weekly news updates, via our employee app and facebook group. Team members are encouraged to share their feedback through all of these channels together with the employee survey.	We routinely engage with our team members in respect of business strategy and performance. Other matters on which we have specifically engaged during the year include: · Impact of Brexit on our workforce · Impact of Covid- 19, including restrictions on trading of our restaurants, operation of the furlough scheme.	We remain engaged with our team members making sure that all guidance relating to Brexit is communicated and explained. Ongoing communications with our teams during the Covid-19 period have included frequent updates on trading and restrictions, engagement in re-opening process and safety protocols and implementation and operation of the furlough scheme. Training was provided on Health & Safety, as well as following the correct Covid 19 protocols on social distancing according to government guidelines.
Customers			
Our customers include those with whom we engage directly in our restaurants together with those customers engaged via third party platforms in the delivery space. **Key metrics in respect of our customer base are** **· net promoter score** **· customer feedback scores**	Engaging with customers directly in our restaurants is key to our business. Outside of direct engagement, we use a variety of channels to engage with our customers including: · our customer feedback portal · social media · focus groups · brand and product launch events · local events to our restaurants	The key topics of engagement with our customers included: · new product launches and menu updates · customer feedback · our charitable partnerships and local community engagement · Covid-19 impact on the business	We take feedback from our customers seriously and have used this across the period when making business decisions to further improve our offering. During Covid-19, we have remained in regular contact with our customers, including through social media and the 'work from home' series. Customer feedback on our performance and in particular feedback on reopening and our safety measures has been key.

Going concern

Note 2 to the Financial Statements provides a full review of the going concern assessment undertaken. The Company is reliant on the continued support of their ultimate parent undertaking, The Restaurant Group ("TRG") plc, which has confirmed in writing that it will provide financial support to the Company to enable it to meet its liabilities as they fall due for 12 months from the date of signing 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 10 September 2022.

The Directors of the Company have assessed TRG plc's ability to provide the necessary financial support to the Company. In doing so the Directors have also confirmed that the material uncertainty over going concern which existed in relation to the TRG plc equity raise at the time of approval of the TRG plc annual report had been resolved through the subsequent successful approval and issue of the equity.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BLUBECKERS LIMITED

Opinion

We have audited the financial statements of Blubeckers Limited for the period ended 27 December 2020 which comprise the Statement of comprehensive income, the Statement of changes in equity and the related notes1 to 20, 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 27 December 2020 and of its 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. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- We assessed the ability of its parent to provide support to the entity by auditing the group's going concern assessment which has been extended to 10 September 2022 for the entity's purpose.
- We verified that management had applied the same assumptions to the extended period as had been applied in the initial group going concern assessment.
- We obtained support that the material uncertainty that had existed for the group at the date of the group financial statements on 10 March 2021 had been resolved by agreeing the group's equity issue to shareholder approval and cash receipts.
- We assessed the appropriateness of the going concern disclosures in describing the risks associated with the entity's ability to continue as a going concern for the review period to 10 September 2022.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

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 contained within the annual report.

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.

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 course of 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 themselves. 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 consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are FRS 101, the Companies Act 2006 and the relevant tax compliance regulations in the jurisdiction the Company operates in.
- We understood how Blubeckers Limited is complying with those frameworks by making enquires of management, those responsible for the legal and compliance procedures including the group company secretary. We corroborated our enquiries through the attendance at meetings held by the ultimate parent company's audit committee, which received updates on such matters from divisional and functional management. As well as enquiry and attendance at meetings, our procedures involved a review of the reporting to the committees and a review of board meetings and other committee minutes to identify any non-compliance with laws and regulations.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by meeting with management to understand where is considered there was susceptibility to fraud. We also considered performance targets and their propensity to influence management to manage earnings and revenue by overriding internal controls. We considered that the group has established controls to address risk identified, or that otherwise prevent, deter fraud, and how senior management monitors those controls.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved journal entry testing, with a focus on manual consolidation journals and journal indicating large or unusual transactions, taking into account our understanding of the company; enquiries of management and focussed testing.

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.

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

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
10 September 2021

INCOME STATEMENT

52 Weeks ended 27 December 2020

	Note	52 Weeks ended 27 December 2020 Trading business £'000	 Exceptional items (Note 7) £'000	 Total £'000
Revenue	3	15,062	-	**15,062**
Cost of sales		(13,060)	(1,445)	**(14,505)**
Gross profit/(loss)		**2,002**	**(1,445)**	**557**
		-	-	-
Administrative expenses		(869)	-	**(869)**
Operating profit/(loss)	4	**1,133**	**(1,445)**	**(312)**
Interest payable		(392)	-	**(392)**
Interest receivable		215	-	**215**
Profit/(loss) on ordinary activities before taxation		**956**	**(1,445)**	**(489)**
Taxation on profit/(loss) on ordinary activities	8	(1,692)	-	**(1,692)**
Profit/(loss) on ordinary activities after taxation		**(736)**	**(1,445)**	**(2,181)**

	Note	52 Weeks ended 29 December 2019 Trading business £'000	 Exceptional items (Note 7) £'000	 Total £'000
Revenue	3	26,371	-	26,371
Cost of sales		(21,876)	(180)	(22,056)
Gross profit		4,495	(180)	4,315
Administrative expenses		(1,079)	-	(1,079)
Provision released against amounts receivable from other group undertakings	4	-	-	-
Operating profit	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

The income statement for the period to 27 December 2020 reflects the adoption of IFRS 16 during the period, but comparatives have not been restated. For a description of the impact, refer to note 1

The notes on pages 15 to 29 form part of these financial statements.

BALANCE SHEET
At 27 December 2020

	Note	At 27 December 2020 £'000	At 29 December 2019 £'000
NON-CURRENT ASSETS			
Property, plant and equipment	*9*	21,191	20,628
Right of use assets*	*10*	6,042	-
		27,233	20,628
CURRENT ASSETS			
Stock	*12*	283	358
Other receivables	*13*	3,892	6,906
Cash at bank and in hand		11	24
		4,186	7,288
CURRENT LIABILITIES			
Trade and other payables	*14*	(5,544)	(6,828)
Lease liabilities*	*16*	(787)	-
		(6,331)	(6,828)
NET CURRENT ASSETS		**(2,145)**	460
TOTAL ASSETS LESS CURRENT LIABILITIES		**25,088**	21,088
NON-CURRENT LIABILITIES			
Deferred tax liabilities	*15*	(1,387)	(1,105)
Lease liabilities*	*16*	(5,908)	-
NET ASSETS		**17,793**	19,983
EQUITY			
Called up share capital	*17*	5	5
Share premium account		456	456
Revaluation reserve		4,299	4,299
Retained earnings		13,033	15,223
TOTAL EQUITY		**17,793**	19,983

*The Company has implemented IFRS 16 during the period, resulting in the recognition of lease assets and liabilities in 2020 and removal of certain lines but without any restatement of comparative periods. Further details are given in note 2.

The Board of Directors approved the financial statements of Blubeckers Limited (Company Registration 01994330) on 10 September 2021 and were signed on behalf by:

Kirk Davis
Director

The notes on pages 15 to 29 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

52 Weeks ended 27 December 2020

	Share capital (Note 17) £'000	Share premium account £'000	Revaluation reserve £'000	Retained earnings £'000	Total equity £'000
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**
Adjustment for IFRS 16 transition (Note 2)	-	-	-	(9)	(9)
At 30 December 2019 (revised)	**5**	**456**	**4,299**	**15,214**	**19,974**
Total comprehensive income for the year	-	-	-	(2,181)	(2,181)
At 27 December 2020	**5**	**456**	**4,299**	**13,033**	**17,793**

The notes on pages 15 to 29 form part of these financial statements.

NOTES TO THE ACCOUNTS

52 Weeks ended 27 December 2020

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 4.

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 27 December 2020 was a 52 week period, with the comparative year to 29 December 2019 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 19.

2.2 Going concern basis

The Directors have assessed the ability of the Company to continue as a going concern.

The Company's ultimate parent undertaking, TRG plc, has confirmed it will provide financial support to the Company to enable it to meet its liabilities as they fall due for 12 months from the date of signing these financial statements. The Directors of the Company have assessed going concern for the period to 10 September 2022. The Directors of the Company have assessed TRG plc's ability to provide the necessary financial support by reviewing the latest cash flow forecasts and available financing of the TRG plc consolidated group ('TRG Group').

Cashflow forecasts

In undertaking the going concern review, the Directors have reviewed financial projections for the TRG Group for 12 months from the date of these financial statements. These projections reflect that the trading restrictions placed on the Group have been removed in July 2021, and are assumed to remain so across this period.

Given the uncertainty in dealing with the ongoing impacts of the pandemic, the Directors have also reviewed a sensitised sales scenario.

Financing

On 28 February 2021, the TRG Group agreed a new £500m package of debt facilities consisting of a £380m term loan expiring in April 2026, and a £120m Revolving Credit Facility (RCF) expiring in April 2025. These new facilities are subject to a Minimum Liquidity Requirement of £40m until 31 December 2022 and leverage covenant tests which begins in June 2022 for the RCF and December 2022 for the term loan. The Group was required to draw on the new term loan before the end of May 2021 and made a single drawdown of £330m, simultaneously repaying the existing Group debt drawn on its RCF, CLBILS and bond debt.

The Group further completed an equity raise with shares admitted to trading on 30 March 2021 with net proceeds of £166.8m received by the TRG Group. At the time of approval of the TRG Group annual report, the equity raise was subject to shareholder approval in the General Meeting on 29 March 2021, giving rise to a material uncertainty that cast doubt over the ability of the group to continue as a going concern. The conditionality that gave rise to the TRG Group material uncertainty over going concern has been resolved on completion of the equity raise.

Consequently, the Directors of the Company have concluded that there is no material uncertainty arising over the TRG plc's ability to provide the support which has been confirmed to the Company. The Directors of the Company have therefore concluded it is reasonable to continue to adopt the going concern basis for the Company for the period to 10 September 2022.

Refer to The Restaurant Group plc group accounts at 27 December 2020, and subsequent regulatory announcements, for more detail.

NOTES TO THE ACCOUNTS
52 Weeks ended 27 December 2020

2.3 New standards and interpretations not yet adopted
At the date of authorisation off these financial statements, the Company has not applied the following new and revised IFRSs that have been issued but are not yet effective and had not yet been adopted by the UK Endorsement Board:

- Amendments to IAS 1 and IAS 8 (effective date 1 January 2020)
- Revised Conceptual Framework for Financial Reporting (effective date 1 January 2020)
- IBOR Phase 2 (effective date 1 January 2021)
- Covid-19 related Rent Concessions – Amendments to IFRS 16 (effective date 1 June 2020)
- Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16 (effective date 1 January 2022)

The Directors do not expect that the adoption of the standards listed above will have a material impact on the financial statements of the Company in future years.

2.4 Changes in accounting policies

Government Grants

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

During the period, the Company benefited from receipts from the UK government under the Coronavirus Job Retention Scheme (CJRS) of £13.9m. In accordance with IAS 20, amounts received were presented as a deduction to the employment costs upon which CJRS claims had been based.

The Group also benefitted from Business Rates Relief and the £50.0m Coronavirus Large Business Interruption Loan Scheme (CLBILS), with a maturity date of June 2022.

IFRS 16 "Leases"
The Company has adopted IFRS 16 "Leases" on 30 December 2019. This new standard introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees and supersedes the previous lease guidance including IAS 17 "Leases'" and related interpretations.

IFRS 16 distinguishes leases from service contracts on the basis of control of an identified asset. For lessees, it removes the previous accounting distinction between (off-balance sheet) operating leases and (on-balance sheet) finance leases and introduces a single model recognising a lease liability and corresponding right of use asset for all leases except for short-term leases and leases of low-value assets. For lessors, IFRS 16 substantially retains existing accounting requirements and continues to require classification of leases either as operating or finance in nature.

Company as lessee
The Company recognises a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

a) Right of use assets
Right of use assets are initially measured at the value of the corresponding lease liability and subsequently adjusted for depreciation and for any remeasurement of the lease liability as noted above. As is the case for other categories of assets, they may be assessed for impairment where required by IAS 36. As described later in this note, applicable pre-existing rent accruals and prepayments were included in assets on transition to IFRS 16.

The right of use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The estimated useful lives of right of use assets are in line with the remaining lease term.

b) Lease liabilities
Lease liabilities under IFRS 16 are initially recorded at the present value of future lease payments (discounted using the Company's incremental borrowing rate, which we estimate with reference to our debt facilities and observed bond yields).

Lease liabilities include the net present value of fixed payments (including in-substance fixed payments), less any lease incentives receivable and variable payments, which might be linked to sales generated.

Variable lease payments that do not depend on an index or a rate but depend on sales or usage of the underlying asset are excluded from the lease liability measurement and recognised as expenses in the period in which the event or condition that triggers the payment occurs. Liabilities are subsequently adjusted for deemed interest charges and payments. Variable payment terms are used for a variety of reasons and dependent on turnover levels.

NOTES TO THE ACCOUNTS

52 Weeks ended 27 December 2020

Lease liabilities may be recalculated in some situations as stipulated by IFRS 16, including where the terms of a lease are modified, which can also result in a separate lease being recognised. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. Such changes to the amount of the lease liability will be also reflected in the corresponding right of use asset, except where a reduction in the asset would result in a negative outcome, in which case the asset's value is reduced to nil and the residual credit recorded in profit or loss.

c) Short-term leases and leases of low-value assets

The Company has elected not to recognise right of use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Company operates a number of freehold sites but its estate is predominantly leasehold and the implementation of IFRS 16 has therefore led to a substantial change in balance sheet outcomes, with material new assets and liabilities being recorded to reflect rental agreements that were previously not recorded in the Company's consolidated balance sheet.

Although the great majority of rental payments to landlords are now accounted for as payments to reduce lease liabilities, there remain some circumstances where rental payments continue to be accounted for as rental costs in the same fashion as previously; these include variable or turnover-contingent rents and also rentals for leases with a term of less than 12 months, in line with the requirements of IFRS 16.

In determining the lease term and assessing the length of the non-cancellable period of a lease, an entity shall apply the definition of a contract and determine the period for which the contract is enforceable. A lease is no longer enforceable when the lessee and lessor each has the right to terminate the lease without permission from the other party with no more than an insignificant penalty.

All the leasehold contracts that the Company enters into are for a finite and fixed period of time, however some of the contracts have break dates which unilaterally permit the Company to terminate the contract at a date that is earlier than normal contractual term end date, based on an estimate of lease term on inception. For the purposes of the preparation of the IFRS 16 numbers, the Company has identified a number of leases where use of the break date can been utilised based on an estimate of lease term on inception and notice period. The reason for the option to utilise the break date and potentially terminate the contracts early is due to the underlying trading performance of the identified restaurants which don't fulfil the commercial viability required by the Company. The impact of a decision to end leasehold contracts earlier than the contractual term would be to reduce the recognised IFRS 16 right of use asset and liability, as the future contractual payments, and subsequent discounting to present value, are curtailed in term.

Impact upon the Company's results and position

The implementation of IFRS 16 has had a substantial impact on the Company's financial captions and metrics, as below:

EBITDA and EBITDA margin	The removal of most rental costs and their replacement with depreciation and finance charges will result in substantially higher EBITDA and EBITDA margins.
Depreciation	Depreciation will increase significantly to reflect that charged on right of use assets.
Interest payable	Interest payable will increase significantly to include deemed interest costs on lease liabilities.
Profit before tax	There will be a significant impact over time, to reflect that the new depreciation and finance expenses will not likely match the rental costs they replace. Typically, profits will be slightly lower initially due to the front-loading of finance charges, but equalise over time.
Gross assets and liabilities	Gross assets and liabilities will both increase by comparable (but not normally identical) amounts.
Net assets	Net assets have reduced to reflect the impairment of certain right of use assets on transition. This adjustment is recorded in equity, as shown in the Statement of Changes in Equity.

NOTES TO THE ACCOUNTS

52 Weeks ended 27 December 2020

Transition from IAS 17 to IFRS 16

	29 Dec 2019	IFRS 16	30 Dec 2019
	As reported		
	£'000	£'000	£'000
NON-CURRENT ASSETS			
Property, plant and equipment	20,628	(173)	20,455
Right of use assets	-	7,450	7,450
	20,628	7,277	27,905
CURRENT ASSETS			
Stock	358	-	358
Other receivables	6,906	(51)	6,855
Cash at bank and in hand	24	-	24
	7,288	(51)	7,237
TOTAL ASSETS	27,916	7,226	35,142
CURRENT LIABILITIES			
Trade and other payables	(6,828)	53	(6,775)
Lease liabilities	-	(788)	(788)
	(6,828)	(735)	(7,563)
NON-CURRENT LIABILITIES			
Deferred tax liabilities	(1,105)	-	(1,105)
Lease liabilities	-	(6,500)	(6,500)
	(1,105)	(6,500)	(7,605)
TOTAL LIABILITIES	(7,933)	(7,235)	(15,168)
NET ASSETS	19,983	(9)	19,974

The value for right of use assets and lease liabilities on inception is in line with the estimate provided in the 2019 Annual Report.

Balances that have been adjusted on transition are as follows:

Property, plant & equipment	Certain lease premia had been capitalised into PP&E that are now incorporated into right of use assets.
Right of use assets	Newly-recognised assets on transition.
Other receivables	Prepaid rent balances are now included in right of use assets.
Lease liabilities	Newly-recognised lease liabilities.
Trade and other payables	Accruals for unpaid rent, rent reviews and other lease-related items are now removed and incorporated into right of use assets.
Equity	Retained earnings is adjusted to take account of certain adjustments on transition (including initial impairment and the difference between transition assets and transition liabilities).

NOTES TO THE ACCOUNTS
52 Weeks ended 27 December 2020

Reconciliation of lease liabilities to amounts previously disclosed as operating lease commitments

The liabilities recognised at 30th December 2019 can be reconciled to the operating lease commitments.

	£000
Undiscounted future operating lease commitments at 29th December 2019	**7,885**
Effect of assumptions about lease terms	933
Effect of discounting*	(1,481)
Working capital adjustments**	2
Short term & low value item exemption	(52)
IFRS 16 lease liabilities at 30th December 2019	**7,287**

*The weighted average discount rate applied to liabilities on inception was 3.20%.
**Working capital adjustments relate to adjustments for accruals and prepaid rent.

The results used by the Directors to monitor and review the performance of the Company are to be prepared on an 'underlying' basis, which is based on the accounting standard IAS 17 as adjusted to show the benefit of Covid-19 related rent concessions in the period and a number of the key metrics used in this report are prepared on that basis. A reconciliation is provided below of the key differences between results under IFRS 16 and the basis used for management reporting.

Impact on financial performance in the period

	2020 Trading Underlying	Adjustments for IFRS 16	2020 Trading IFRS 16	Exceptional Items	2020 Total IFRS 16
	£'000	£'000	£'000	£'000	£'000
Revenue	15,062	-	15,062	-	15,062
Cost of sales	(13,415)	355	(13,060)	(1,445)	(14,505)
Gross profit/(loss)	**1,647**	**355**	**2,002**	**(1,445)**	**557**
Administration expenses	(869)	-	(869)	-	(869)
Operating profit/(loss)	**778**	**355**	**1,133**	**(1,445)**	**(312)**
Interest payable	(168)	(224)	(392)	-	(392)
Interest receivable	215	-	215	-	215
Profit/(loss) on ordinary activities before taxation	**825**	**131**	**741**	**(1,445)**	**(489)**
Taxation on profit/(loss) on ordinary activities	(1,692)	-	(1,692)	-	(1,692)
Profit/(loss) on ordinary activities after taxation	**(867)**	**131**	**(951)**	**(1,445)**	**(2,181)**

An explanation of the amounts in the "Exceptional items" column is provided in note 7.

The "Adjustments for IFRS 16" summarised above can be seen in the below reconciliation of trading profit before tax (excluding exceptional items) from the 'Underlying' basis to the IFRS 16 basis of accounting:

	£000
Underlying trading profit before tax	**825**
Removal of rent expenses	983
Net change in depreciation	(628)
Interest charged on lease liabilities	(224)
Trading profit before tax under IFRS 16	**956**

NOTES TO THE ACCOUNTS
52 Weeks ended 27 December 2020

2.5 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.

2.6 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.

Impairment losses recognised in prior periods for property, plant and equipment and RoUA shall be reversed where there is an indication that the impairment no longer exists. Where an impairment reversal is recognised, the carrying amount of the asset will be increased to its recoverable amount with the increase being recognised in the income statement. This increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

2.7 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.

2.8 Other receivables
Other receivables are stated at their cost less impairment losses.

2.9 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.

2.10 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.

2.11 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.

2.12 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 27 December 2020

2.13 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.

2.14 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.

2.15 Pre-opening expenses

Pre-opening costs are deferred until the site opens. On opening of the site, an analysis is performed on all costs held on the balance sheet for the site and split into capital and non-capital expenditure. All non-capital expenditure is recognised in the income statement from the date of opening. Capital expenditure is held in property, plant and equipment and depreciated over the useful life.

2.16 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.

2.17 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.

2.18 Intercompany loans

The Company received a group loan of £3,444k, 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 £3,724k, which is repayable on demand. Interest is payable at 3% plus LIBOR per annum with interest accruing quarterly.

2.19 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:

NOTES TO THE ACCOUNTS
52 Weeks ended 27 December 2020

a) Impairment of non-current assets

As disclosed in Note 11, the impairment reviews of non-current assets require several estimates to determine the value-in-use of each CGU. The key estimates are in relation to the discount rate, and the calculation of the future cash flows and the longer term growth rate. These have been disclosed with sensitivities in Note 11.

Management have assessed CGUs as required for both impairments, and reversals of impairments, where there is an indicator of either.

Given the uncertainties inherent in the pandemic relating to legal and social restrictions, the availability of government support and customer demand current trading environment, the range of possible cash flow outcomes is wider than normal as disclosed in the sensitivity analysis. The future cash flows have been forecast taking into account using the 'base case' and 'stress case' scenarios as outlined in the Going Concern section of this note which allow for a range of possible trading scenarios when making estimates about the recovery following COVID. In addition to these forecasts, to recognise the increased uncertainty of cash flows at a CGU level, Management has applied a judgemental and appropriate risk adjustment to the forecast cash flows as appropriate to reflect the level of risk in differing groups of CGUs, particularly those that are subject to significant uncertainty as to timing or conditionality of opening, and the profile of lease cost revisions, many of which have been stayed for a two year period under the CVA.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the CGU's recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimated future cash flows used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such a reversal is recognised in the consolidated income statement. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's carrying amount, less any residual value, on a straight-line basis over its remaining useful life.

b) Forecast business cash flows

For purposes of the going concern assessment and as an input into the impairment assessment, the Company make estimates of likely future cash flows which are based on assumptions given the uncertainties involved. The assumptions include the extent of government restrictions and support, the recovery of the revenues through and beyond the pandemic, cost of labour and supplies and working capital movements. These assumptions are made by management based on recent performance, external forecasts and management's knowledge and expertise of the cash flow drivers.

c) Lease term

IFRS 16 defines lease term as the non-cancellable period of a lease together with options to renew or break a lease, if the lessee is reasonably certain to exercise that option. The assessment of lease term is a significant estimate. Where leases include an option to extend or reduce the lease term, the Company makes a lease-by-lease assessment as to whether it is reasonably certain that the option will be exercised. This assessment considers the length of the time before any renewal or break option is exercisable, plus current and forecast site trading. Assessments for individual leases are also considered in aggregate to ensure consistency of approach.

d) Lease discount rate

The Company is required to make an assessment to ensure the discount rate assumptions appropriately reflected current market assessments of the incremental borrowing rate, to value the lease liabilities and right of use assets disclosed.

NOTES TO THE ACCOUNTS

52 Weeks ended 27 December 2020

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) :

	2020	2019
Cost of sales consists of the following:	£'000	£'000
Trading cost of sales	13,060	21,876
Exceptional charge / (credit) (Note 7)	1,445	180
Total cost of sales for the year	14,505	22,056

	2020	2019
	£'000	£'000
Depreciation	1,191	827
Impairment of property, plant and equipment (Note 11)	563	180
Impairment of right of use assets (Note 11)*	759	-
Staff costs (see Note 5)	5,836	9,634
Minimum lease payments*	-	761
Total operating lease rentals of land and buildings	-	761

*The balances stated reflects the adoption of IFRS 16 during the period, but comparatives have not been restated. For a description of the impact refer to Note 2.

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 27 December 2020 were £8,000 (2019: £13,500).

5. STAFF COSTS AND NUMBERS

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

Employees

	2020	2019
Restaurant staff	639	616

	2020	2019
	£'000	£'000
Wages and salaries	5,284	8,812
Social security costs	449	612
Pension costs	103	210
	5,836	9,634

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/or Brunning and Price Limited and were remunerated in that capacity.

NOTES TO THE ACCOUNTS

52 Weeks ended 27 December 2020

7. EXCEPTIONAL ITEMS

	2020	2019
	£'000	£'000
Impairment charges	1,322	180
Estate closure	123	-
Profit/(loss) before tax	1,445	180
Tax effect of exceptional Items	-	-
Total exceptional items	1,445	180

Impairment charges

An impairment charge has been recorded against certain assets to reflect forecast results at several of our trading sites, which is deemed as material and not relating to underlying trade.

This charge comprises the below adjustments:
- An impairment of right of use assets of £759k
- An impairment of property, plant and equipment of £563k

Further details on the impairment of non-current assets are given in Note 11.

Estate closure

During the year, the Company incurred a material one-off amount of costs relating to the temporary closure of our sites. Where these items are incremental and unrelated to continuing trading activity, we have identified them as exceptional and presented within the value shown above. The most significant component of this cost related to inventory write offs of £84k.

8. TAXATION

8.1: The taxation charge comprises:

	2020	2019
	£'000	£'000
Current taxation		
Current tax on profits for the year	(45)	(53)
Adjustment in respect of prior years	1,410	22
Adjustments in respect of previous years	1,365	(31)
Deferred taxation		
Current year	212	34
Adjustments in respect of previous years	115	1
Effect of changes in tax rates	-	(4)
	327	31
Total tax charge	1,692	-

The Finance (No.2) Act 2015 reduced the main rate of UK corporation tax to 19%, effective from 1 April 2017. A further reduction in the UK corporation tax rate to 17% was expected to come into effect from 1 April 2020 (as enacted by Finance Act 2016 on 15 September 2016). However, legislation introduced in the Finance Act 2020 (enacted on 22 July 2020) repealed the reduction of the corporation tax, thereby maintaining the current rate of 19%. Deferred taxes on the balance sheet have been measured at 19% (2019: 19%) which represents the future corporation tax rate that was enacted at the balance sheet date.

The UK Budget 2021 announcements on 3 March 2021 included measures to support economic recovery as a result of the ongoing COVID-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023. These changes were substantively enacted on 24 May 2021 and as such were not substantively enacted at the balance sheet date, hence, the change has not been reflected in the measurement of deferred tax balances at the period end. It is not anticipated that these changes will have a material impact on the company's deferred tax balances.

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52 Weeks ended 27 December 2020

8.2: Factors affecting the tax charge for the year

	2020 £'000	2019 £'000
Profit on ordinary activities before taxation*	**(489)**	3,224
Profit on ordinary activities before taxation multiplied by the standard UK corporation tax rate of 19% (2019: 19%)*	**(93)**	613
	0	0
Effects of:	**0**	0
Adjustments in respect of prior years	**1,525**	23
Expenses not deductible*	**152**	51
Transfer pricing adjustments	**-**	-
Tax rate changes	**108**	(4)
Exempt depreciation	**-**	48
Group tax relief*	**-**	(731)
Total tax charge	**1,692**	-

**Restated*

9. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings £'000	Fixtures, equipment and vehicles £'000	Total £'000
Cost:			
At 29 December 2019	33,011	7,914	**40,925**
Adjustment on transition to IFRS 16 *	(428)	-	**(428)**
At 29 December 2019 (restated)	**32,583**	**7,914**	**40,497**
Additions	687	1,154	**1,841**
At 27 December 2020	**33,270**	**9,068**	**42,338**
Accumulated depreciation and impairment:			
At 29 December 2019	13,369	6,928	**20,297**
Adjustment on transition to IFRS 16	(255)	-	**(255)**
At 29 December 2019 (restated)	**13,114**	**6,928**	**20,042**
Provided during the year	375	167	**542**
Impairment	524	39	**563**
At 27 December 2020	**14,013**	**7,134**	**21,147**
Net book values:			
At 27 December 2020	**19,257**	**1,934**	**21,191**
At 29 December 2019	19,642	986	20,628

**See Note 2*

	2020 £'000	2019 £'000
Net book value of land and buildings:		
Freehold	16,610	16,489
Short leasehold	2,647	3,153
	19,257	19,642

NOTES TO THE ACCOUNTS
52 Weeks ended 27 December 2020

10. RIGHT OF USE ASSETS

Set out below are the right of use assets recognised in the Company's balance sheet and movements therein during the year. All assets relate to access to and use of property and there is, therefore, no analysis of assets into different classes of use.

	£'000
Right of use assets at 29 December 2019 (as restated for the adoption of IFRS16 see note 2)	7,450
Depreciation	(649)
Impairment (note 11)	(759)
Right of use assets at 27 December 2020	**6,042**

When indicators of impairment exist, right of use assets may be assessed for impairment. As described in note 11, all non-current assets were assessed at the end of 2020.

11. IMPAIRMENT REVIEWS

The significant trading disruption in the period is judged to be an indicator of potential impairment of assets and, accordingly, the Directors have chosen to assess all non-financial assets for impairment in accordance with IAS 36.

Approach and Assumptions
Our approach to impairment reviews is unchanged from that applied in previous periods and relies primarily upon 'value in use' tests, although for freehold sites an independent estimate of market value by site has also been obtained and, where this is higher than the value in use, we rely on freehold values in our impairment reviews

Discount rates as used in the value in use calculations are estimated with reference to our Group weighted average cost of capital. For 2020, we have applied the discount rate of 8.7% to all assets (2019: 8.9%), since in the opinion of the Directors all assets are currently subject to a comparable risk profile. As the Company implemented IFRS 16 in the year, the discount rate fell by 3.8% due to the incorporation of lease liabilities in the WACC calculation. However, this was offset by a 3.6% increase due to an increased cost of equity and non-lease debt.

For the current period, value in use estimates have been prepared on the basis of the 'base case' forecast described above in Note 2 under the heading 'Going concern basis'. The most significant assumptions and estimates used in our impairment reviews are those contained within the base case forecast. Of these, the assumptions with the most significant impact on forecast site-by-site cash flows are those relating to revenue recovery and trends, where it is assumed that our businesses maintain a steady recovery in revenues, reaching 2019 levels by site and then growing at 2% per year. In addition to the forecast cash flows, a risk adjustment has been applied to these cash flows to reflect the uncertainty of future cash flows in the current environment.

Results of impairment review
Impairment has been recorded in a number of specific CGUs, reflecting weaker trading in certain areas following the Covid-19 pandemic. A total charge £1,322k (2019: £nil) was recognised of which £563k was recorded against Trading Property, Plant & Equipment ("PP&E") and a further £759k against right of use assets.

Sensitivity to further impairment charges
The key assumptions used in the recoverable amount estimates are the forecast cash flows, risk adjustments applied to cash flows, discount rates and terminal growth rates. The Company has conducted a sensitivity analysis taking into consideration the impact on key impairment test assumptions arising from a range of possible trading and economic scenarios as outlined in the stress case scenario at Note 2 as well as the risk adjustment rates applied to cash flows, discount rates and terminal growth rates used.

The sensitivity analysis of forecast cash flows taking into account management's stress case scenario would give rise to an additional impairment of approximately £696k.

Doubling the risk adjustments applied to cash flows would not give rise to an additional impairment. While halving the risk adjustments applied to cash flows would not give rise to a reduction in impairment.

An increase in discount rate of 2% would give rise to an additional impairment of approximately £264k. While a 2% decrease would give rise to a reduction in impairment of £501k.

A decrease in terminal growth rates of 1% would give rise to an additional impairment of approximately £53k. While a 1% increase would give rise to a reduction in impairment of £250k.

NOTES TO THE ACCOUNTS
52 Weeks ended 27 December 2020

12. 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 27 December 2020 is not considered by the Directors to be materially different from the balance sheet value. The Company recognised £3,717k of purchases as an expense in 2020 (2019: £7,295k). Inventory write offs of £84k were incurred during the year, relating to the temporary closure of our sites, included in exceptional items.

13. OTHER RECEIVABLES

	2020	2019
	£'000	£'000
Prepayments and other receivables	168	215
Amounts receivable from other group undertakings	3,724	6,691
	3,892	6,906

14. TRADE AND OTHER PAYABLES

	2020	2019
	£'000	£'000
Amounts owed to group undertakings	3,444	5,282
Other creditors	83	970
Accruals	607	576
	5,544	6,828

15. DEFERRED TAXATION
The average monthly number of staff employed by the Company during the period amounted:

	2020	2019
	£'000	£'000
Balance at beginning of the year	1,105	1,074
Deferred tax charge to income statement for the period	167	30
Adjustment in respect of prior years	115	1
Balance at the end of the year	1,387	1,105

	2020	2019
Deferred tax consists of:	£'000	£'000
Accelerated capital allowances	629	454
Revaluation	802	651
	1,387	1,105

16. LEASE LIABILITIES

The Company acts solely as a lessee of property. Set out below are the movements in the carrying amount of lease liabilities during the period. All leases relate to access to and use of property.

	£'000
At 30 December 2019	7,288
Interest payable	224
Cash payments made	(817)
At 27 December 2020	6,695
Analysed as:	
Amount due for settlement within one year	787
Amount due for settlement after one year	5,908
	6,695

As at 27 December 2020, the Company was not committed to any leases with future cash outflows which had not yet commenced.

17. SHARE CAPITAL

	2020	2019
Authorised, issued and fully paid:	£'000	£'000
5,219 Ordinary shares of £1 each	5	5

NOTES TO THE ACCOUNTS

52 Weeks ended 27 December 2020

18. 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.

19. 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.

20. EVENTS AFTER BALANCE SHEET DATE

Refinancing

On 1 March 2021, the Group announced that it had successfully signed commitments in relation to £500.0 million of new debt facilities, which comprises a £380.0 million Term Loan Facility, and a £120.0 million Super Senior Revolving Credit Facility. These facilities provide the Group with enhanced liquidity and long-term financing with the maturities of the Term Loan and the RCF being in 2026 and 2025, respectively.

An amount of £330.m was drawn down on the 17 May 2021 and, as required, was used to repay and refinance in full all of the Group's existing debt facilities. This refinancing provides the TRG plc Group with a much simpler capital structure as all debt is consolidated into one finance group which will provide a more efficient funding structure to support the Group's strategic initiatives.

Capital Raise

The Group further completed an equity raise with shares admitted to trading on 30 March 2021 with net proceeds of £166.8m received by the TRG Group. At the time of approval of the TRG Group annual report, the equity raise was subject to shareholder approval in the General Meeting on 29 March 2021, giving rise to a material uncertainty that cast doubt over the ability of the group to continue as a going concern. The conditionality that gave rise to the TRG Group material uncertainty over going concern has been resolved on completion of the equity raise.

Government Announcements

The Group is reliant on the government actions to control Covid-19 to be able to resume trading for dine-in customers, and is also significantly impacted by Government support packages to aid the hospitality industry.