Company Registration No. 01994330

BLUBECKERS LIMITED

Annual Report and Financial Statements
52 weeks ended 1 January 2023

BLUBECKERS LIMITED

CORPORATE INFORMATION

Registered No. 01994330

Directors
Mark Chambers
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, EC1Y 8YY

STRATEGIC REPORT

The Directors present their report and audited financial statements for the 52 week period ended 1 January 2023. 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 53-week period ended 2 January 2022.

Principal activity and future developments

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

Business review

Following on from the Covid-19 pandemic, 2022 was a year which presented new challenges for the Company, primarily in the form of significant inflationary pressures which have impacted the entire casual dining sector.

In FY22, the business delivered strong like-for-like sales growth and retained strong customer sentiment. The core drivers that generate this consistently strong performance are: attractive customer demographics; defensible, well-invested locations; and a localised business model with strong execution. The Company recognised exceptional impairment charges of £5,437k during the financial year (2021: £726k) primarily related to assets associated with specific under-performing pub sites.

In the first quarter of the financial year, the Company continued to access government support schemes to address the effects of the pandemic through a reduced VAT rate.

Post balance sheet event

On 21 December 2023, the ultimate parent company, The Restaurant Group plc, was acquired by Rock Bidco Limited, was subsequently de-listed from the London Stock Exchange and renamed The Restaurant Group Limited. Rock Bidco Limited's ultimate parent company is the Apollo Global Management private equity fund. The change in ultimate ownership is a non-adjusting subsequent event within these financial statements.

The Directors considered the Company's non-current assets for indicators of impairment during FY23. The subsequently identified impairment charges and reversals are a non-adjusting subsequent event within these financial statements.

Key performance indicators

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

Like-for-like (LFL) sales

This measure provides an indicator of the underlying performance of existing pubs. 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 (having traded for 65 weeks) 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.

Operating profit margin

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

Adjusted EBITDA

The measure provides a proxy for the cash flows generated from the underlying business and is monitored closely. The Company defines adjusted EBITDA as operating profit before depreciation, amortisation and exceptional items. This measure is stated before the impact of applying IFRS 16.

	52 Weeks ended 1 January 2023 £'000	**53 Weeks ended 2 January 2022 £'000**
Revenue	**32,939**	22,904
Operating profit margin before exceptional items	**12.0%**	10.4%
Adjusted EBITDA (pre-IFRS 16)	**4,246**	2,785
Number of pubs as at year end	**21**	35

STRATEGIC REPORT (Continued)

Principal risks and uncertainties

The following risk disclosure refers to the period during which the Company forms part of the TRG Limited group. 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. Following the announced acquisition of the Company by the Big Table Group, these risks may change.

- Reduced consumer demand due to cost-of-living increases, significant inflation levels or as a result of the impact on wider hospitality industry from transport strikes;
- Cost of goods sold inflation due to commodity, labour, distribution and utilities costs rises within the supply chain and significant inflationary pressure due to the geo-political conflicts impacting world markets and higher sourcing costs/supply issues for ingredients caused by increased climate-related extreme weather events impacting harvests;
- Risks associated with employee recruitment and retention causing a failure to attract, retain, or develop chefs, and general and senior managers, or arising from the excessive employee turnover across the hospitality industry for front of house, back of house and management roles;
- The risk of serious allergen incident involving adverse customer reaction resulting from failure of procedures on-site or incorrect ingredient data being provided by suppliers; and
- Cybersecurity or Data Protection failure resulting in a liability for breaching GDPR legislation and risks associated with the failure to mitigate against external attacks on systems and networks, loss or corruption of data and inadequate internal processes over the handling and management of data.

Financial risks

The impact of rising interest rates and the ongoing inflationary pressure on key inputs to the operations present a risk to the Company through increasing costs. Mitigating factors have been put in place to reduce the impact on the Company, which include the Company entering into an interest rate cap to limit the interest expense on the variable rate loan and hedging against utility costs through forward purchasing to limit the impact of energy inflation.

<u>Credit risk</u>

The Company's exposure to credit risk arising from other receivables primarily relates to rebates and given the strong trade relationship maintained with suppliers, the related credit risk is low. The Company also has exposure to credit risk arising from net investment in subleases, for which an impairment assessment is performed at each reporting date.

The Company's exposure to credit risk arising from its operations is minimal given that the customer base is large and unrelated and that the overwhelming majority of customer transactions are settled through cash or secure electronic means.

The Company holds intercompany balances with entities within the Group. The credit risk on these is considered to be low on the basis that management have complete control over intercompany working capital arrangements and manage the Group's financing on a holistic basis.

<u>Liquidity risk</u>

The Company adopts a prudent approach to liquidity risk management, maintaining sufficient cash and short-term deposits and the availability of funding through an adequate amount of committed credit facilities. On the basis of the cash deposits held and ongoing cash generation through the Company's restaurant operations, the Company is able to fully meet all of its obligations as they fall due.

<u>Cash flow and interest rate risk</u>

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations. Due to the rising interest rates in the UK mentioned above, the Company has entered into an interest rate cap until 2026 to limit the interest expense risk on the variable rate loan.

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

Mark Chambers
Director
27 March 2024

DIRECTORS' REPORT

The Directors present their report and audited financial statements for the 52 week period ended 1 January 2023. 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 53-week period ended 2 January 2022.

Results and dividends

The Report and Accounts are drawn up on a 52 week reporting basis ending 1 January 2023 with a comparative 53 week period ending 2 January 2022. The loss after taxation for the period was £2,013k (2021: £174k). There were no dividend payments in the current period (2021: £8,000k).

Business review and 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 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 Limited formerly 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 Limited and BTG Leisure Holdings Limited (formerly 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 (resigned 30 June 2023)

Andrew Hornby

Mary Willcock

Mark Chambers (appointed 1 July 2023)

Employees

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

Corporate governance arrangements

Blubeckers Limited forms part of The Restaurant Group Ltd (formerly The Restaurant Group Plc) group ('the Group'). During FY22 and prior to the Group's delisting in December 2023, the principal corporate governance rules applying to The Restaurant Group Limited (formerly The Restaurant Group plc) ('TRG Ltd') are contained in the Financial Reporting Council's (FRC) UK Corporate Governance Code and the UK Financial Conduct Authority (FCA) Listing Rules. Further information on the Group's Corporate Governance arrangements is disclosed in the published consolidated accounts for TRG Ltd.

DIRECTORS' REPORT (Continued)

Environmental, Social and Governance

The Company is a responsible business, and we are determined to play our part in helping to address the significant environmental and social challenges we currently face as a society. This starts in our own operations, but by working closely with our suppliers, partners and customers, we can have a positive impact that spreads far beyond our restaurants.

Driving forward our ESG agenda is a strategic priority for the Group, and we launched our Preserving the Future Programme in 2021. The programme aligns to a number of the UN Sustainable Development Goals as well as key stakeholder priorities, and has senior executive level sponsorship, a Steering Committee that meets quarterly with representation from divisional and functional leaders, and a dedicated programme lead. This provides strong governance and oversight and ensures that our environmental and social initiatives are prioritised across the Group.

Our preserving the future programme is structured under 3 pillars:

- Conserving Resources in our Own Operations (initiatives related to energy, water, waste and packaging)
- Working with our Partners on our Sustainability Journey (initiatives related to supply chain emissions reduction, responsible sourcing, and sustainable restaurant fit-outs)
- Supporting People and Communities (initiatives related to caring for our colleagues, customers and communities, and fostering a representative, diverse and inclusive environment).

The Restaurant Group Ltd (formerly The Restaurant Group plc) was a founding member of the hospitality sector Zero Carbon Forum, a non-profit industry collaboration of UK hospitality businesses, with a common aim to decarbonise our sector. The Group plays an active role in developing sector-wide plans to reduce emissions and is committed to the Zero Carbon Forum goal to achieve net zero by 2040.

Events after the balance sheet date

Details of events subsequent to the balance sheet date can be found as part of the Strategic Report on page 3.

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 during FY22 and prior to the Group's delisting.

Stakeholder Group	How management and/or directors engaged	Key topics of engagement	Outcomes and actions
Investors			
Key metrics for our investors are: • Adjusted EBITDA • Leverage and interest cover	The key mechanism of engagement with our investors is through the Company's roadshow of meetings organised by the broker's bi-annually, following the release of the Company's interim and full year financial statements and accompanying investor presentations. Investors may also engage directly with TRG in respect of queries on an ad hoc basis. During the periods of restrictions due to the Covid-19 pandemic, there were increased announcements to the market and engagement with investors, 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 ongoing pandemic throughout the early part of the year, there was more dialogue with TRG's institutional investors keeping them updated regularly on business performance throughout the period.

DIRECTORS' REPORT (Continued)

Section 172 statement (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, waste volumes	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: · Continuing and residual impacts of Covid-19 · Mitigating against the impact of inflationary pressures in the UK economy · Working with our suppliers to establish their Scope 3 emissions	We have successfully worked with our supportive supplier base during the Covid-19 period in early-2022. This allowed for successful reopening of restaurants, management of working capital and ensured consistent supply. In addition we have worked with our suppliers to establish their Scope 3 emissions.
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: · a regular meeting calendar across business regions and restaurants · weekly news updates, via our employee app. 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 Covid-19, including restrictions on trading of our restaurants in early-2022. · Impact of labour availability in the sector as a whole. · Impact of the cost of inflation and the cost of living crisis on our teams.	Ongoing communications with our teams continued during the early-2022 Covid-19 lockdown period included frequent updates on trading and restrictions, engagement in the re-opening process and safety protocols. Driving recruitment through online platforms, talent acquisition teams and apprenticeship programmes in response to the labour availability issues faced by the sector.
Customers			
Our restaurant and delivery customers. 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: · 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	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 and the lockdown in early-2022, we 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.

DIRECTORS' REPORT (Continued)

Going concern

The Directors have assessed the Company's ability to continue as a going concern for the period to 30 April 2025 (being at least the next twelve months from the date of approval of the 2022 financial statements), the going concern review period.

The Company's funding and control of cash resources is under the control of The Restaurant Group Ltd ("TRG Ltd") (formerly The Restaurant Group plc). Thus, the Company is reliant upon TRG Ltd to ensure that it can meet its liabilities as they fall due. TRG Ltd has provided a letter of support to the Company to enable it to meet its liabilities as they fall due for the period to 30 April 2025.

To assess the ability of TRG Ltd to provide the required support, the Directors of the Company have made enquiries of the directors of TRG Ltd and considered TRG Ltd's assessment of going concern performed for purposes of the TRG Group annual financial statements for the 52 Weeks to 31 December 2023 ("the Group assessment"). The Company provided a forecast for the review period of its expected cash generation and capital expenditure requirements to TRG Ltd, which was combined with those from other entities in the TRG Group to determine a consolidated position that was used for the Group assessment. The Directors have noted the following key elements from the Group assessment:

- The Directors of TRG Ltd have a reasonable expectation that the Group has adequate resources to continue in operational existence for the period to 30 April 2025 and on this basis, the Directors continue to adopt the going concern basis of preparation.
- Following the acquisition by Apollo, the Group's banking facilities consist of a £300m term loan, £50m acquisition fund and an £80m RCF which is committed until 2030. The Group has substantial liquidity with £86m in cash and cash equivalents, or available facilities at the balance sheet date.
- The TRG Ltd Directors have developed a 'base case' forecast that has assumed that sales growth will flatten in certain divisions throughout the period from current levels and have included the impact of inflation, specifically the increased wage inflation as a result of the increased minimum wage outlook. In this forecast, available liquidity does not drop below £33m and Senior Secured Net Leverage does not exceed 3.2x against a covenant of 6.05x which equates to £39.1m of covenant EBITDA headroom.
- The TRG Ltd Directors have considered a 'stress case' with sales volumes reduced by 5% across all divisions and also considered a "reverse stress" to identify the level of sales reduction required that would result in either a covenant breach or no-cash headroom. While both cash liquidity headroom and covenant headroom exist under our stress scenario, the analysis reveals that the liquidity headroom is greater than the covenant headroom therefore prompting a deeper exploration of covenant resilience through a reverse stress scenario. In the reverse stress, pre-mitigating actions, the level of sales volume decline compared to the base case is 8.8%. The Group's Directors believe the reverse stress scenario is considered remote given the Group's historical resilience during past downturns, with sales declines of less than 2% in 2009 and 1% in 2010, alongside the Bank of England's positive growth forecast of 0.75% for both 2024 and 2025, and the ability of management to implement short-notice mitigations if necessary.

Having considered the Group assessment and subsequent trading, the Directors of the Company have concluded that TRG Ltd is able to provide the financial assistance outlined in its letter of support.

Consequentially, the Company's Directors have a reasonable expectation that the Company has adequate resources and parental support to continue in operational existence for the period to 30 April 2025, being at least the next twelve months from the date of approval of the 2022 financial statements. On this basis, the Directors continue to adopt the going concern basis of preparation.

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:

- Properly select and apply accounting policies.
- *Present information, including accounting policies in accordance with* IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and apply them consistently.
- Make judgements and accounting estimates that are reasonable and prudent;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.
- make an assessment of the Company's ability to continue as a going concern.

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.

DIRECTORS' REPORT (Continued)

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.

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

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

Directors' indemnity

Qualifying third party indemnity provisions as defined by the Companies Act 2006 were in force for the benefit of Directors throughout the period and up to the date of approval of the financial statements.

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:

Mark Chambers
Director
27 March 2024

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BLUBECKERS LIMITED

Opinion

We have audited the financial statements of Blubeckers Limited for the year ended 1 January 2023 which comprise the Statement of Profit and Loss, the Balance Sheet, the Statement of changes in equity and the related notes 1 to 23, 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 1 January 2023 and of its loss for the year 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.

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 to 30 April 2025.

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 this gives rise to 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.

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.

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 101 and the Companies Act 2006)
- We understood how the Company is complying with those frameworks through enquiry with the Company and by identifying the Company's policies and procedures regarding compliance with laws and regulations. We also identified those members of the Company who have the primary responsibility for ensuring compliance with laws and regulations, and for reporting any known instances of non-compliance to those charged with governance.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by reviewing the Company's risk register and through enquiry with the Company's Management during the planning and execution phases of the audit. Where the risk was considered to be higher, we performed audit procedures to address the identified fraud risk, specifically the risk of management override to revenue through top-side journal entries.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved:
  - Enquiry of management, and when appropriate, those charged with governance of the Company, regarding their knowledge of any non-compliance or potential non-compliance with laws and regulations that could affect the financial statements;
  - Reading minutes of the meetings of those charged with governance;
  - Obtaining and reading correspondence from legal and regulatory bodies, including HMRC; and
  - Journal entry testing, with a focus on manual journals and journals indicating large or unusual transactions based on our understanding of the business.

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.

DocuSigned by:

Ernst & Young LLP

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Julie Carlyle (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

London

28 March 2024

INCOME STATEMENT

52 weeks ended 1 January 2023

	Note	52 weeks ended 1 January 2023 Trading business £'000	Exceptional items (Note 9) £'000	Total £'000
Revenue	5	32,939	-	**32,939**
Cost of sales		(27,670)	(5,297)	**(32,967)**
Gross profit/(loss)		**5,269**	**(5,297)**	**(28)**
Administrative expenses		(1,328)	-	**(1,328)**
Operating profit/(loss)	6	**3,941**	**(5,297)**	**(1,356)**
Interest payable		(594)	-	**(594)**
Interest receivable		-	-	**-**
Profit/(loss) on ordinary activities before taxation		**3,347**	**(5,297)**	**(1,950)**
Taxation on profit/(loss) on ordinary activities	10	(1,080)	1,017	**(63)**
Profit/(loss) on ordinary activities after taxation		**2,267**	**(4,280)**	**(2,013)**

EBITDA	5,556	140	5,696
Depreciation, amortisation and impairment	(1,615)	(5,437)	(7,052)
Operating profit/(loss) for the period	**3,941**	**(5,297)**	**(1,356)**

	Note	53 weeks ended 2 January 2022 Trading business £'000	Exceptional items* (Note 9) £'000	Total* £'000
Revenue	5	22,904	-	22,904
Cost of sales*		(19,435)	(863)	(20,298)
Gross profit/(loss)		3,469	(863)	2,606
Administrative expenses		(1,091)	-	(1,091)
Operating profit/(loss)	6	2,378	(863)	1,515
Interest payable		(766)	-	(766)
Interest receivable		168	-	168
Profit/(loss) on ordinary activities before taxation		1,780	(863)	917
Taxation on profit/(loss) on ordinary activities*	10	(1,342)	251	(1,091)
Profit/(loss) on ordinary activities after taxation		438	(612)	(174)

EBITDA	4,057	(137)	3,920
Depreciation, amortisation and impairment	(1,679)	(726)	(2,405)
Operating profit/(loss) for the period	**2,378**	**(863)**	**1,515**

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

*Restated – refer to Note 3

The notes on pages 15 to 27 form part of these financial statements.

BALANCE SHEET
At 1 January 2023

	Note	At 1 January 2023 £'000	At 2 January 2022* £'000
NON-CURRENT ASSETS			
Property, plant and equipment	11	19,884	20,913
Right of use assets	12	6,540	10,382
		26,424	31,295
CURRENT ASSETS			
Stock	14	476	377
Other receivables	15	309	3,229
Cash at bank and in hand		129	116
		914	3,722
CURRENT LIABILITIES			
Trade and other payables*	16	(7,749)	(12,326)
Lease liabilities	18	(1,253)	(1,461)
Provisions*	19	-	(51)
		(9,002)	(13,838)
NET CURRENT ASSETS		(8,088)	(10,116)
TOTAL ASSETS LESS CURRENT LIABILITIES		18,336	21,179
NON-CURRENT LIABILITIES			
Deferred tax liabilities	17	(1,635)	(1,546)
Lease liabilities	18	(9,136)	(9,899)
Provisions*	19	-	(156)
		(10,771)	(11,601)
NET ASSETS		7,565	9,578
EQUITY			
Called up share capital	20	5	5
Share premium account		456	456
Revaluation reserve		4,299	4,299
Retained earnings*		2,805	4,818
TOTAL EQUITY		7,565	9,578

*Restated – refer to Note 3

The Board of Directors approved the financial statements of Blubeckers Limited (Company Registration 01994330) on 27 March 2024 and were signed on its behalf by:

Mark Chambers
Director

The notes on pages 15 to 27 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

52 weeks ended 1 January 2023

	Share capital (Note 20)	Share premium account	Revaluation reserve	Retained earnings	Total equity*
	£'000	£'000	£'000	£'000	£'000
At 27 December 2020	5	456	4,299	12,992	17,752
Total comprehensive income for the year*	-	-	-	(174)	(174)
Dividend paid	-	-	-	(8,000)	(8,000)
At 2 January 2022*	5	456	4,299	4,818	9,578
Total comprehensive income for the year	-	-	-	(2,013)	(2,013)
At 1 January 2023	5	456	4,299	2,805	7,565

*Restated – refer to Note 3

The notes on pages 15 to 27 form part of these financial statements.

NOTES TO THE ACCOUNTS

52 weeks ended 1 January 2023

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 3.

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 1 January 2023 was a 52 week period, with the comparative year to 1 January 2022 being a 53 week period.

The financial statements are presented in 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 Limited (formerly The Restaurant Group plc).

2.2 Going Concern Basis

The Directors have assessed the Company's ability to continue as a going concern for the period to 30 April 2025 (being at least the next twelve months from the date of approval of the 2022 financial statements), the going concern review period.

The Company's funding and control of cash resources is under the control of The Restaurant Group Ltd ("TRG Ltd") (formerly The Restaurant Group plc). Thus, the Company is reliant upon TRG Ltd to ensure that it can meet its liabilities as they fall due. TRG Ltd has provided a letter of support to the Company to enable it to meet its liabilities as they fall due for the period to 30 April 2025.

To assess the ability of TRG Ltd to provide the required support, the Directors of the Company have made enquiries of the directors of TRG Ltd and considered TRG Ltd's assessment of going concern performed for purposes of the TRG Group annual financial statements for the 52 Weeks to 31 December 2023 ("the Group assessment"). The Company provided a forecast for the review period of its expected cash generation and capital expenditure requirements to TRG Ltd, which was combined with those from other entities in the TRG Group to determine a consolidated position that was used for the Group assessment. The Directors have noted the following key elements from the Group assessment:

- The Directors of TRG Ltd have a reasonable expectation that the Group has adequate resources to continue in operational existence for the period to 30 April 2025 and on this basis, the Directors continue to adopt the going concern basis of preparation.
- Following the acquisition by Apollo, the Group's banking facilities consist of a £300m term loan, £50m acquisition fund and an £80m RCF which is committed until 2030. The Group has substantial liquidity with £86m in cash and cash equivalents, or available facilities at the balance sheet date.
- The TRG Ltd Directors have developed a 'base case' forecast that has assumed that sales growth will flatten in certain divisions throughout the period from current levels and have included the impact of inflation, specifically the increased wage inflation as a result of the increased minimum wage outlook. In this forecast, available liquidity does not drop below £33m and Senior Secured Net Leverage does not exceed 3.2x against a covenant of 6.05x which equates to £39.1m of covenant EBITDA headroom.
- The TRG Ltd Directors have considered a 'stress case' with sales volumes reduced by 5% across all divisions and also considered a "reverse stress" to identify the level of sales reduction required that would result in either a covenant breach or no-cash headroom. While both cash liquidity headroom and covenant headroom exist under our stress scenario, the analysis reveals that the liquidity headroom is greater than the covenant headroom therefore prompting a deeper exploration of covenant resilience through a reverse stress scenario. In the reverse stress, pre-mitigating actions, the level of sales volume decline compared to the base case is 8.8%. The Group's Directors believe the reverse stress scenario is considered remote given the Group's historical resilience during past downturns, with sales declines of less than 2% in 2009 and 1% in 2010, alongside the Bank of England's positive growth forecast of 0.75% for both 2024 and 2025, and the ability of management to implement short-notice mitigations if necessary.

Having considered the Group assessment and subsequent trading, the Directors of the Company have concluded that TRG Ltd is able to provide the financial assistance outlined in its letter of support.
Consequentially, the Company's Directors have a reasonable expectation that the Company has adequate resources and parental support to continue in operational existence for the period to 30 April 2025, being at least the next twelve months from the date of approval of the 2022 financial statements. On this basis, the Directors continue to adopt the going concern basis of preparation.

NOTES TO THE ACCOUNTS
52 weeks ended 1 January 2023
2. ACCOUNTING POLICIES (CONTINUED)

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:

- *Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) (effective date 1 January 2023)*
- Definition of Accounting Estimates (Amendments to IAS 8) (effective date 1 January 2023)
- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1) and Deferral of Effective Date Amendment (effective date 1 January 2023)

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
During the year, the Company has adopted the following new standards and interpretations. These have not had a material impact on the financial statements.

- IBOR Phase 2 (effective date 1 January 2021)
- Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16 (effective date 1 January 2022)
- Onerous Contracts – Cost of Fulfilling a Contract – Amendments to IAS 37
- Annual Improvements to IFRS Standards 2018-2020, and
- Reference to the Conceptual Framework – Amendments to IFRS 3.

2.5 Leases
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. Right of use assets are assessed for impairment where required by IAS 36.

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.

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.

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.

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.

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.

2.6 Property, plant and equipment and intangible assets
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.

a) Pre-opening costs
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.

For sites which have incurred depreciation on an associated right of use asset, where the site is under construction, the depreciation charge is capitalised up the date of opening.

NOTES TO THE ACCOUNTS
52 weeks ended 1 January 2023

2. ACCOUNTING POLICIES (CONTINUED)

b) Subsequent costs
The Company recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that enhanced future economic benefits embodied with the item will flow to the Company and the cost of the item can be measured reliably. All other costs are recognised in the income statement as an expense as incurred.

c) Depreciation
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, which ever is lower
Fixtures and equipment	3 - 10 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.

2.7 *Impairment*
The Company formally determines whether the carrying amount of property, plant and equipment and Right of use assets (RoUA) are impaired by considering indicators of impairment annually. An impairment loss is recognised whenever the carrying amount of an asset or its CGU exceeds its recoverable amount. This requires the Company to determine the lowest level of assets which generate largely independent cash flows and to determine their recoverable amount, based on estimating the value-in-use or the fair value less cost of disposal of these assets or CGUs; and compare these to their carrying value. Impairment losses for property, plant and equipment are recognised in the income statement.

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.

For assets which have an indefinite useful life, the recoverable amount is estimated annually. Impairment losses are recognised in the income statement and are not subsequently reversed.

2.8 Inventory
Inventory is stated at the lower of cost and net realisable value. Cost is determined in accordance with the weighted average inventory costing model, including applicable commercial discounts. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

2.9 Other Receivables
Other receivables are amounts due from suppliers or sub tenants in the ordinary course of business. Other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment less expected credit loss.

2.10 Cash and cash equivalents
Cash and cash equivalents comprise bank balances, cash balances on hand and in restaurants, and cash-in-transit for credit card transactions made within 72 working hours, providing there is no risk of cash return.

2.11 Revenue
Revenue represents sales from pubs, including food and beverages sales (excluding value added tax and voluntary gratuities left by customers for the benefit of employees), and is recognised at the point of completion of a transaction with a customer.

2.12 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.

2.13 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 9.

NOTES TO THE ACCOUNTS
52 weeks ended 1 January 2023

2. ACCOUNTING POLICIES (CONTINUED)

2.14 Pensions

The Company makes contributions for eligible workers into defined contribution pension plans and these contributions are charged to the income statement as they are accrued. The Company does not operate any defined benefit plans.

2.15 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. No grants were recognised in the current period.

2.16 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.

2.17 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. 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.

2.18 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. 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.

2.19 Onerous property costs

The Company has a number of present obligations related to its property portfolio that are explicitly excluded from the measurement of lease liabilities in accordance with IFRS 16. As such, the Company has onerous property costs for unavoidable store closure costs including service fees, legal costs and dilapidation. 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. The amounts of future expenditures for site closure costs are reviewed throughout the year and are based on readily available information at the reporting date as well as management's historical experience of similar transactions.

2.20 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:

a) Impairment of non-current assets

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, the calculation of the future cash flows and the longer term growth rate. These have been disclosed with sensitivities in Note 13.

Given the uncertainties arising due to the current cost-of-living crisis impacting customer demand in the trading environment, the range of possible cashflow 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 and in the Group's going concern analysis.

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. In addition, judgemental risk factors are applied to the cashflows so as to take account of the higher risk volatility associated with improved trading expectations. 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 economic life.

NOTES TO THE ACCOUNTS
52 weeks ended 1 January 2023

2. ACCOUNTING POLICIES (CONTINUED)

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 cashflow 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 judgement. 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.

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.

e) Provisions for property costs

As disclosed in Note 19, the Company has made a provision for the contracted property-related costs of onerous sites. These include sites which are vacant; sublet for periods shorter than the related headlease term, or for below the headlease rental value; and loss-making sites. The Company measures these provisions using the expected value method.

The Company recognises a provision for the contractual length of time required to meet the obligations before landlords retake possession of these sites.

3. RESTATEMENT OF COMPARATIVES

Business rates within closed site provisions

Where the Company holds a lease for a site that is no longer trading, a closed site provision is recognised for the costs to be incurred until the expected exit date. The Group's policy is that this should be all unavoidable costs which includes utilities, service charges and insurance, and has also historically included business rates. As a result of the additional guidance issued in relation to IFRIC 21 "Levies" in 2022, the Group has reassessed its policy in this area and concluded that business rates are a statutory obligation rather than a contractual obligation. As such prior period comparatives have been restated to remove business rates from closed site provisions. Also restated is the prior year balance sheet to reflect current provisions separately due to prior grouping under non-current liabilities. The resulting restatements are disclosed below.

Third balance sheet exemption

The Company takes the FRS 101 exemption and does not present a third balance sheet, however the impact of the third balance sheet is presented within note 3. This has been done on the basis that the prior period adjustment does not impact the financial results in terms of the trading results (pre exception items), cashflows, or EPS of the company and it also does not influence any of the Company's reported KPIs. Management's remuneration and rewards are also not impacted by the adjustment. Information to allow the users to determine the impact on the opening balance of the prior period have been included within note 3 of the financial statements.

	As originally disclosed £'000	Adjustment £'000	As restated £'000
Balance sheet at 2 January 2022			
Current provisions	(91)	40	(51)
Non-current provisions	(279)	123	(156)
Trade and other payables	(12,295)	(31)	(12,326)
Retained earnings	4,686	132	4,818

	As originally disclosed £'000	Adjustment £'000	As restated £'000
Income statement for the 53 weeks ended 2 January 2022			
Exceptional cost of sales	(1,026)	163	(863)
Exceptional taxation	282	(31)	251

Reclassification of cost of sales and administrative expenses in the current year

In the year ended 1 January 2023, the Directors have adjusted the allocation of cost of sales and administration expenses to more appropriately reflect the nature of costs incurred. No adjustment has been made to the prior year figures. Had an adjustment been made costs of sales in the year ended 2 January 2022 would have been £126k greater and administration expenses reduced by an equivalent amount.

NOTES TO THE ACCOUNTS

52 weeks ended 1 January 2023

4 RECONCILIATION TO UNDERLYING PROFIT

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

	2022 Trading Underlying £'000	Adjustments for IFRS 16 £'000	**2022 Trading IFRS 16 £'000**	Exceptional Items £'000	**2022 Total IFRS 16 £'000**	2021 Total* IFRS 16 £'000
Revenue	**32,939**	-	**32,939**	-	**32,939**	22,904
Cost of sales*	**(28,187)**	517	**(27,670)**	(5,297)	**(32,967)**	(20,298)
Gross profit/(loss)	**4,752**	**517**	**5,269**	**(5,297)**	**(28)**	2,606
Administration expenses	(1,328)	-	**(1,328)**	-	**(1,328)**	(1,091)
Operating profit/(loss)	**3,424**	**517**	**3,941**	**(5,297)**	**(1,356)**	1,515
Interest payable	(109)	(485)	**(594)**	-	**(594)**	(766)
Interest receivable	-	-	-	-	-	168
Profit/(loss) on ordinary activities before taxation	**3,315**	**32**	**3,347**	**(5,297)**	**(1,950)**	917
EBITDA	**4,246**	1,310	**5,556**	140	**5,696**	3,920
Depreciation, amortisation and impairment	**(822)**	(793)	**(1,615)**	(5,437)	**(7,052)**	(2,405)
Operating profit/(loss)	**3,424**	517	**3,941**	(5,297)	**(1,356)**	1,515

* restated. See Note 3.

An explanation of the amounts in the "Exceptional items" column is provided in note 9.

NOTES TO THE ACCOUNTS

52 weeks ended 1 January 2023

4 RECONCILIATION TO UNDERLYING PROFIT (CONTINUED)

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:

	2022 £000	2021 £000
Underlying trading profit before tax	3,315	2,005
Removal of rent-related expenses	1,310	1,272
Net change in depreciation	(793)	(979)
Net change in net interest payable	(485)	(518)
Removal of onerous lease provision	-	-
Trading profit before tax under IFRS 16	**3,347**	**1,780**

5. REVENUE

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

6. OPERATING PROFIT/(LOSS)

This is stated after charging:

	2022 £'000	2021 £'000
Depreciation (Note 11 and 12)	(1,615)	(1,679)
Exceptional items (Note 9)	(5,297)	863

Fees for the audit of the Company's annual accounts are borne by a fellow subsidiary undertaking of The Restaurant Group Limited (The Restaurant Group plc), namely BTG Leisure Holdings Limited (formerly The Restaurant Group (UK) Limited). The fees for the 52 weeks ended 1 January 2023 were £11,800 (2021: £7,000).

7. STAFF COSTS AND NUMBERS

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

Employees

	2022	2021
Pub staff	682	660

	2022 £'000	2021 £'000
Wages and salaries	12,765	8,282
Social security costs	858	688
Pension costs	163	138
	13,786	9,108

8. 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 Brunning & Price Limited or BTG Leisure Holdings Limited (formerly The Restaurant Group (UK) Limited) and were remunerated in that capacity as a director of that company. No costs were reallocated to the Company for these services.

NOTES TO THE ACCOUNTS
52 weeks ended 1 January 2023

9. EXCEPTIONAL ITEMS

	2022	2021
	£'000	£'000
Impairment charges	5,437	726
Estate restructure	(140)	137
Exceptional items before tax	**5,297**	**863**
Tax effect of exceptional items	(1,017)	(251)
Total exceptional items	**4,280**	**612**

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 £3,387k
- An impairment of property, plant and equipment of £2,050k

Further details on the impairment of non-current assets are given in Note 13.

Estate restructure
The Company has assessed the sites it regards as having onerous obligations based on the current forecast projections and has increased the provision accordingly. This provision for onerous sites relates to service charges and dilapidations and relates to a specific programme of restructuring. Business rates and the costs to exit for onerous sites are treated as an exceptional item and expensed as incurred under IFRS 16.

10. TAXATION

10.1: The taxation (credit)/charge comprises:

	2022	2021
	£'000	£'000
Current taxation		
Current tax on profits for the year	93	296
Adjustment in respect of prior years	(117)	636
Total Current tax	**(24)**	932
Deferred taxation		
Current year	(235)	(76)
Adjustments in respect of previous years	310	(82)
Effect of changes in tax rates	12	317
Total Deferred tax	**87**	159
Total tax (credit)/charge	**63**	1,091

The March 2021 Budget announced an increase in the UK corporate tax rate from 19% to 25%, from 1 April 2023. No deferred tax assets or liabilities were recognised at the date of the balance sheet.

NOTES TO THE ACCOUNTS
52 weeks ended 1 January 2023

10. TAXATION (CONTINUED)
10.2: Factors affecting the tax charge for the year

	2022 £'000	2021 £'000
Profit on ordinary activities before taxation*	(1,950)	917
Profit on ordinary activities before taxation multiplied by the standard UK corporation tax rate of 19% (2020: 19%)*	(371)	175
Effects of:		
Adjustments in respect of prior years	193	416
Expenses not deductible*	229	183
Tax rate changes	12	317
Total tax charge	63	1,091

**Restated – refer to Note 3*

11. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings £'000	Fixtures and equipment £'000	Total £'000
Cost:			
At 2 January 2022	33,206	9,191	42,397
Additions	1,232	1,015	2,247
Disposals	(2,390)	(503)	(2,893)
Reclassifications	(10,224)	10,224	-
At 1 January 2023	21,824	19,927	41,751
Accumulated depreciation and impairment:			
At 2 January 2022	13,877	7,607	21,484
Provided during the year	500	294	794
Impairment	1,734	316	2,050
Disposals	(1,969)	(492)	(2,461)
Reclassifications	(7,725)	7,725	-
At 1 January 2023	6,417	15,450	21,867
Net book values:			
At 1 January 2023	15,407	4,477	19,884
At 2 January 2022	19,329	1,584	20,913

NOTES TO THE ACCOUNTS
52 weeks ended 1 January 2023

12. 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.

	2022	2021
	£'000	£'000
Right of use assets at start of the year (restated)	10,382	8,536
Additions	-	2,724
Depreciation	(821)	(992)
Remeasurements	366	121
Impairment (Note 13)	(3,387)	(7)
Right of use assets at reporting date	6,540	10,382

When indicators of impairment exist, right of use assets may be assessed for impairment. As described in note 13, all non-current assets were assessed at the end of 2022.

13. IMPAIRMENT REVIEWS
Due to the significant inflationary pressures expected to continue into 2023 and the risk of a recession impacting consumer demand in the UK there is a potential impairment of assets and, accordingly, the Directors have chosen to assess all non-current 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 used in the value in use calculations are estimated with reference to our Group weighted average cost of capital. For 2022, we have applied the pre-tax discount rate of 10.8% to all assets (2021: 10.6%). The higher discount rate used in 2022, reflects the increasing interest rates in the UK. This is however partially offset by a change in the financing structure of the TRG Group to have a greater proportion of lease liabilities which are discounted at a lower rate than debt and equity.

For the current period, value in use estimates have been prepared on the basis of the forecast described in Note 1, above, under the heading "Going concern basis". The most significant assumptions and estimates relate to revenue forecast on site-by-site cash flows. These use sale growth and terminal values of 2% for the Company's cash-generating units. The impairment indicator giving rise to the charge for the year relates to the economic downturn arising from the current cost-of-living crisis, which has resulted in a reduced budgeted forecast for 2023.

Results of impairment review
Impairment has been recorded in a number of specific CGUs, as well as impairment reversals. A net charge £5,437k (2021: £726k) was recognised of which £2,050k was recorded against Trading Property, Plant & Equipment ("PP&E") and a further £3,387k 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 with a 5% reduction in sales would give rise to an additional impairment of approximately £772k across PPE and right of use assets, while a 5% increase in sales would result in a reduction of impairment of £663k. An increase in inflation rate of 2% would give rise to additional impairment of £907k, while a reduction of inflation of 2% would result in a decrease of impairment of £1,633k.

An increase in the terminal growth rate of 1% would give rise to a reduction of impairment of £61k, while a 1% reduction in the terminal growth rate would result in an increase of impairment of £59k.

An increase in the discount rate of 1% would give rise to an increase of impairment of £175k, while a 1% reduction in the discount rate would result in an reduction of impairment of £172k.

NOTES TO THE ACCOUNTS
52 weeks ended 1 January 2023

14. 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 2 January 2022 is not considered by the Directors to be materially different from the balance sheet value. The Company recognised £8,993k of purchases as an expense in 2022 (2021: £5,661k).

15. OTHER RECEIVABLES

	2022	2021
	£'000	£'000
Prepayments and other receivables	309	307
Amounts receivable from other group undertakings	-	2,922
	309	3,229

16. TRADE AND OTHER PAYABLES

	2022	2021
	£'000	£'000
Amounts owed to group undertakings	5,660	9,503
Other creditors	1,092	102
Accruals	997	1,046
Other taxation and social security	-	1,675
	7,749	12,326

17. DEFERRED TAXATION

	2022	2021
	£'000	£'000
Balance at beginning of the year	1,546	1,387
Deferred tax charge to income statement for the period	310	241
Adjustment in respect of prior years	(221)	(82)
Balance at the end of the year	1,635	1,546

	2022	2021
Deferred tax liability consists of:	£'000	£'000
Accelerated capital allowances	560	841
Temporary differences	-	(174)
Revaluation	1,075	879
	1,635	1,546

18. 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.

	2022	2021
	£'000	£'000
Lease liability at start of the year	11,360	9,230
Additions	-	2,723
Interest payable	485	518
Cash payments made	(1,310)	(1,390)
Remeasurements	(146)	279
Lease liability at reporting date	10,389	11,360
Analysed as:		
Amount due for settlement within one year	1,253	1,461
Amount due for settlement after one year	9,136	9,899
	10,389	11,360

As at 1 January 2023, the Company was not committed to any leases with future cash outflows which had not yet commenced.

NOTES TO THE ACCOUNTS

52 weeks ended 1 January 2023

19. PROVISIONS

	At 1 January 2023	At 2 January 2022
	£'000	£'000
Property cost provisions		
Balance at start of the reporting period	207	-
Remeasurement	(194)	207
Amounts utilised	(13)	-
Balance as at the reporting date	-	207

	At 1 January 2023	At 2 January 2022
	£'000	£'000
Analysed as:	-	51
Amount due for settlement within one year	-	156
Amount due for settlement after one year	-	207

Property cost provisions

A provision is made for non-lease property-related costs for the period that a sublet or assignment of the lease is not expected to be possible. In the prior year, the average period over which the provision was expected to be utilised was 2.3 years which was a key assumption in the valuation of the provision. The provision is not sensitive to any increases in the expected period over which a sublet or assignment is not expected to be possible. There is no provision at the balance sheet date.

20. SHARE CAPITAL

	2022	2021
Authorised, issued and fully paid:	£'000	£'000
5,219 Ordinary shares of £1 each	5	5

21. RELATED PARTY TRANSACTIONS

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

22. ULTIMATE PARENT UNDERTAKINGS

At 1 January 2023, The Restaurant Group Limited (formerly The Restaurant Group plc), which is registered in Scotland, 1 George Square, Glasgow G2 1AL (Registration No. SC30343) was 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 Limited can be obtained from the Company Secretary at 5-7 Marshalsea Road, Borough, London SE1 1EP.

23. POST BALANCE SHEET EVENTS

The Board has evaluated events from 1 January 2023 through to the date these financial statements were issued.

On 21 December 2023, the Company's ultimate parent company (The Restaurant Group plc) was acquired by Rock Bidco Limited (a special purpose vehicle indirectly owned by the Apollo Funds, managed by affiliates of Apollo Global Management, Inc.). The Restaurant Group plc was subsequently de-listed from the London Stock Exchange and renamed The Restaurant Group Limited. Rock Bidco Limited's ultimate parent company is the Apollo Global Management private equity fund.

The Directors considered the Company's non-current assets for indicators of impairment during FY23. The subsequently identified impairment charges and reversals are a non-adjusting subsequent event within these financial statements.

There are no further subsequent events to note which impact these financial statements.