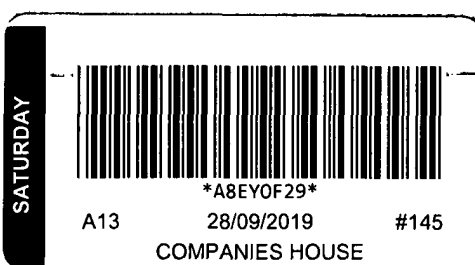


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Home

Registered number: 02177931

GUSTO RESTAURANTS LIMITED

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**



GUSTO RESTAURANTS LIMITED

COMPANY INFORMATION

Directors	J K Roberts A J Griffin G M Peel M A Snell
Registered number	02177931
Registered office	1-2 Church Hill Knutsford England WA16 6DH
Independent auditor	Grant Thornton UK LLP Chartered Accountants Senior Statutory Auditor 4 Hardman Square Spinningfields Manchester M3 3EB
Bankers	Santander Corporate Banking 298 Deansgate Manchester M3 4HH
Solicitors	Pinsent Masons LLP 3 Colmore Circus Birmingham B4 6BH

GUSTO RESTAURANTS LIMITED

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GUSTO RESTAURANTS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2019

Business review and future developments

Trading was slightly up on the prior year, with total sales increasing by £0.1m to £32.4m; a very good performance in a market heavily affected by a drop in consumer confidence and spending, and where a number of similar groups struggled to maintain top line performance. Even more importantly, EBITDA was maintained at £2.3m despite the well documented cost pressures the sector continues to face, notably wage and food cost inflation and increased business rates. This is testament to the work put in by the team in terms of operational control and efficiency and also improvements made to the overall customer experience.

In the last 12 months, heavy investment in brand, menu development, food quality and provenance, as well as improved team training, tight operational controls and the continued development of out of restaurant sales have all helped to galvanize the business. Guest satisfaction scores have increased in the period and continue to do so post year-end, and staff engagement has improved significantly through the introduction of several very effective people initiatives.

ESG remains an important focus for the business. During the year, an energy management company has been appointed to help identify methods to reduce consumption. Further investment has been made in energy saving equipment and paperless systems for restaurant due diligence checks and staff tests. Plastic straws have been banned and 100% recyclable packaging is in place for delivery products.

Staff wellbeing is a priority for the company. During the year we have introduced new company values, an employee survey, a bespoke appraisal system and we have introduced enhanced communication tools.

During the year, the board received an unsolicited approach for the group's site in Chislehurst, Kent and, having accepted an offer, ceased trading there in July 2018. There are no plans to dispose of any sites in the current 18-strong estate given that all remain profitable.

Looking forward, challenging market conditions look likely to continue. Several efficiency projects are underway to ensure the Group can continue to operate effectively in the face of rising costs without impacting the quality of the product and the service our customers receive, which remains our key focus.

The company remains committed to the strategic imperative of growth and a strong balance sheet gives us the ability to do so. Building on the successful foundations laid last year, growth drivers include continued investment in the brand and menu development, as well as maximising ancillary revenue streams through out of restaurant sales. The company will also look at refurbishments within the core estate.

Furthermore, while market conditions remain difficult, this in itself can present opportunity. Our intention is to resume the new site roll-out plan within the coming financial year.

Finally, we would like to thank all our staff, our customers and our suppliers for their continued support and their contribution to the success of Gusto.

GUSTO RESTAURANTS LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

Principal risks and uncertainties

Financial Risk

The company uses various financial instruments to finance the company's operations and roll out plan. These include cash, bank overdraft, the support of a bank loan within Gusto Group Restaurants Limited, trade debtors and trade creditors that arise directly from the company's operations.

Market Risk

Market risk encompasses two types of risk being currency risk and fair value interest rate risk. The company's policies for managing fair value interest rate risk are considered along with those for managing cash flow interest rate risk and are set in the "interest rate" subsection below.

Interest rate risk

The company finances its operations and roll out plan through retained profits and with the support of a bank loan in Gusto Restaurants Group Limited. The company's exposure to interest rate fluctuations is monitored and evaluated by the Board on a regular basis. The Directors consider the interest rate risk to be low.

Liquidity risk

The company seeks to manage liquidity risk by ensuring sufficient headroom in cash balances to meet foreseeable needs and to invest cash assets safely and profitably. Short term flexibility is achieved through an overdraft facility.

Other risk

Management regularly monitor and discuss other risks and uncertainties within the business including restaurant performance, competition, economic uncertainty and rising costs.

Key performance indicators

The company uses a number of key performance indicators when assessing and driving performance. The main financial key performance indicators are sales performance compared to last year & budget, food and liquor margin variances, hours worked against target, wages as a % of sales and restaurant EBITDA.

This report was approved by the board and signed on its behalf.



G M Peel

Director

Date: 9/9/19

GUSTO RESTAURANTS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2019

The directors present their report and the financial statements for the year ended 31 March 2019.

Results and dividends

The profit for the year, after taxation, amounted to £90,000 (2018: loss £587,000).

The directors have not recommended a payment of a dividend in either year.

Directors

The directors who served during the year were:

J K Roberts
S J Crimes (resigned 31 March 2019)
A J Griffin
G M Peel
M A Snell

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). 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 and 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 judgements and accounting estimates that are reasonable and prudent;
- 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

GUSTO RESTAURANTS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2019**

Employee involvement

Communication with staff is accorded a high priority and employees are kept informed of the Company's performance and activities through regular briefings and updates. They are also given the opportunity to communicate their ideas to all levels of management.

The Company is committed to ensuring genuine equality of opportunity for all employees, regardless of age, sex, colour, race, religion, ethnic origin or disability. All our recruitment, training and development policies reflect this commitment.

The Company provides employee pension benefits for full time employees.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Disclosure of information to auditor

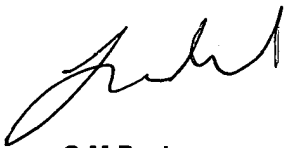
The directors confirm that:

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

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



G M Peel

Director

Date: 7/9/19



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GUSTO RESTAURANTS LIMITED

Opinion

We have audited the financial statements of Gusto Restaurants Limited (the 'Company') for the year ended 31 March 2019, which comprise the Statement of Income and Retained Earnings, the Statement of Financial Position and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2019 and of its profit 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

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

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



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GUSTO RESTAURANTS LIMITED
(CONTINUED)**

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of 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 the Directors' Report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

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 the Directors' Report.

Matters on which we are required to report by exception

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 GUSTO RESTAURANTS LIMITED
(CONTINUED)**

Responsibilities of directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: 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.

Grant Thornton UK LLP

Carl Williams FCCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Senior Statutory Auditor, Chartered Accountants
Manchester
Date: 9/9/19

GUSTO RESTAURANTS LIMITED

**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 MARCH 2019**

	Note	2019 £000	2018 £000
Turnover	3	32,353	32,212
Cost of sales		(7,091)	(7,390)
Gross profit		<u>25,262</u>	<u>24,822</u>
Administrative expenses		(24,459)	(25,032)
Exceptional administrative expenses	8	(313)	(55)
Operating profit/(loss)	4	<u>490</u>	<u>(265)</u>
Interest payable and expenses	7	(352)	(279)
Profit/(loss) before tax		<u>138</u>	<u>(544)</u>
Tax on profit/(loss) on ordinary activities	9	(49)	(43)
Profit/(loss) after tax		<u>89</u>	<u>(587)</u>
Retained earnings at the beginning of the year		1,479	2,066
Profit/(loss) for the year		89	(587)
Retained earnings at the end of the year		<u>1,568</u>	<u>1,479</u>

There were no recognised gains and losses for 2019 or 2018 other than those included in the Statement of Income and Retained Earnings.

The notes on pages 10 to 24 form part of these financial statements.

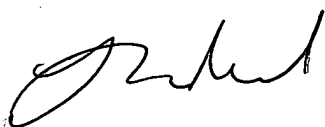
All results relate to continuing activities of the company.

GUSTO RESTAURANTS LIMITED
REGISTERED NUMBER:02177931

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019

	Note	2019 £000	2018 £000
Fixed assets			
Intangible assets	10	217	279
Tangible assets	11	12,624	13,102
		<u>12,841</u>	<u>13,381</u>
Current assets			
Stocks	12	311	330
Debtors: amounts falling due within one year	13	998	917
Cash at bank and in hand	14	2,560	2,197
		<u>3,869</u>	<u>3,444</u>
Creditors: amounts falling due within one year	15	(14,371)	(14,624)
Net current liabilities		<u>(10,502)</u>	<u>(11,180)</u>
Total assets less current liabilities		<u>2,339</u>	<u>2,201</u>
Creditors: amounts falling due after more than one year	16	(215)	(215)
Provisions for liabilities			
Deferred tax	18	(556)	(507)
		<u>(556)</u>	<u>(507)</u>
Net assets		<u><u>1,568</u></u>	<u><u>1,479</u></u>
Capital and reserves			
Called up share capital	19	-	-
Profit and loss account	20	1,568	1,479
Shareholders' Funds		<u><u>1,568</u></u>	<u><u>1,479</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



G M Peel
Director

Date: 2/4/19

The notes on pages 10 to 24 form part of these financial statements.

GUSTO RESTAURANTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

1. Accounting policies

1.1 Company information

Gusto Restaurants Limited is a private company limited by share and incorporated in England and Wales. Its registered head office is 1-2 Church Hill, Knutsford, England, WA16 6DH.

The Company's principal activity is that of restaurateurs.

1.2 Basis of preparation of financial statements

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ('FRS 102') and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgements in applying the Company's accounting policies (see note 2 below).

The financial statements are presented in Sterling (£).

The individual accounts of Gusto Restaurants Limited have also adopted the disclosure exemption in the requirement to present a statement of cash flows and related notes on the basis that they are consolidated within Gusto Restaurants Group Limited, which are available from Companies House.

The following accounting policies have been applied:

1.3 Going concern

Notwithstanding the current liabilities position and taking into account the current economic uncertainty, as well as reviewing the Company's forecasts, projections and bank facilities, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, coupled with shareholder and parental support. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

1.4 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and turnover can be readily measured. Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added tax. Turnover relates to revenue from the sale of goods.

Sale of goods

Turnover relates to income received from customers who eat and drink in the bars and restaurants and is recognised on the day the event occurs. Customer deposits received in advance are held as a liability on the Statement of Financial Position until the customer eats or drinks in the bars and restaurants. Function deposits and gift vouchers are recognised as turnover when the function occurs or the voucher is tendered.

GUSTO RESTAURANTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

1. Accounting policies (continued)

1.5 Intangible assets and amortisation

Goodwill and intangible assets

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquire at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of income and retained earnings over its useful economic life.

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

The intangible assets are amortised over the following useful economic lives:

- | | |
|--------------|----------------------|
| - Trademarks | - Over 9 years |
| - Goodwill | - Between 9-20 years |

1.6 Tangible fixed assets

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

- | | |
|---------------------|-----------------|
| Leasehold Property | - Over 25 years |
| Improvements | |
| Fixtures & fittings | - Over 10 years |
| Computer equipment | - Over 4 years |

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Income and Retained Earnings.

1.7 Operating leases

Rentals paid under operating leases are charged to the Statement of Income and Retained Earnings on a straight line basis over the period of the lease, unless the rental payments are structured to increase in line with expected general inflation, in which case the company recognises annual rent expense equal to amounts owed to lessor.

The aggregate benefit of lease incentives are recognised as a reduction to the expense recognised over the lease term on a straight line basis.

GUSTO RESTAURANTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

1. Accounting policies (continued)

1.8 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

1.9 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price. Cost is based on the cost of purchase on a first in, first out basis after making due allowance for obsolete stock.

1.10 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.11 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an outright short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the statement of income and retained earnings.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

GUSTO RESTAURANTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

1. Accounting policies (continued)

1.11 Financial instruments (continued)

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the statement of financial position date.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

1.12 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

1.13 Finance costs

Finance costs are charged to the Statement of Income and Retained Earnings over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

1.14 Pensions

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payments obligations.

The contributions are recognised as an expense in the Statement of Income and Retained Earnings when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

GUSTO RESTAURANTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

1. Accounting policies (continued)

1.15 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Income and Retained Earnings, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the Statement of Financial Position date.

1.16 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

1.17 Pre-opening costs

Pre-opening costs are recognised in advance of the opening of bars and restaurants and include expenditure incurred up to the Statement of Financial Position date.

2. Judgements in applying accounting policies and key sources of estimation uncertainty

Preparation of the financial statements requires management to make significant judgements and estimates. Management however do not consider there to be any significant estimates in the financial statements..

GUSTO RESTAURANTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

3. Turnover

An analysis of turnover by class of business is as follows:

	2019	2018
	£000	£000
Food and drinks	32,353	32,212

All turnover arose within the United Kingdom.

4. Operating profit/(loss)

The operating profit/(loss) is stated after charging:

	2019	2018
	£000	£000
Loss on disposal of tangible fixed assets	9	117
Depreciation of tangible fixed assets	1,412	1,425
Impairment of tangible fixed assets	-	549
Amortisation of intangible assets	62	63
Fees payable to Company's auditor and its associates for the audit of the Company's annual financial statements	22	23
- The audit of the Company's subsidiaries pursuant to legislation	8	8
Pre-opening costs	-	346
Operating lease costs:		
- Land and buildings	1,860	1,835
- Other	33	30
Defined contribution pension cost	300	116
Exceptional items	377	55

GUSTO RESTAURANTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

5. Employees

Staff costs, including directors' remuneration, were as follows:

	2019	2018
	£000	£000
Wages and salaries	12,374	11,524
Social security costs	976	986
Cost of defined contribution scheme	300	116
	13,650	12,626

The average monthly number of employees, including the directors, during the year was as follows:

	2019	2018
	No.	No.
Retail (including part time employees)	586	589
Management and administration	173	146
	759	735

6. Directors' remuneration

	2019	2018
	£000	£000
Directors' emoluments	423	449
	423	449

During the current and previous year retirement benefits were accruing to no directors in respect of defined contribution pension schemes.

The highest paid director received remuneration of £132,000 (2018: £156,000).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £Nil (2018: £Nil).

GUSTO RESTAURANTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

7. Interest payable and similar expenses

	2019	2018
	£000	£000
Bank interest payable	352	279

8. Exceptional items

	2019	2018
	£000	£000
Management restructuring costs	176	55
Transaction fees	30	-
Site closure and associated costs	107	-
	313	55

In prior year, exceptional costs incurred related to restructuring of the management team.

In current year, exceptional costs relate to restructuring of the management team, a site closure and transaction fees.

9. Taxation

	2019	2018
	£000	£000
Deferred tax		
Origination and reversal of timing differences	43	48
Adjustments in respect of prior periods	6	(5)
Total deferred tax	49	43
Taxation on profit on ordinary activities	49	43

GUSTO RESTAURANTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

9. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (*2018: higher than*) the standard rate of corporation tax in the UK of 19% (*2018: 19%*). The differences are explained below:

	2019 £000	2018 £000
Profit/(loss) on ordinary activities before tax	138	(544)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (<i>2018: 19%</i>)	25	(103)
Effects of:		
Expenses not deductible for tax purposes	7	6
Capital allowances for year in excess of depreciation	84	158
Adjustments to tax charge in respect of prior periods	6	(5)
Adjust opening deferred tax to average rate	60	54
Adjust closing deferred tax to average rate	(65)	(60)
Group relief claimed	(68)	(7)
Total tax charge for the year	49	43

Factors that may affect future tax charges

There has been a further reduction in the main corporation tax from 1 April 2017 to 19% and following the Budget announcements the rate will fall to 17% in 2020.

GUSTO RESTAURANTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

10. Intangible assets

	Trademarks £000	Goodwill £000	Total £000
Cost			
At 1 April 2018	91	806	897
At 31 March 2019	<u>91</u>	<u>806</u>	<u>897</u>
Amortisation			
At 1 April 2018	82	536	618
Charge for the year	9	53	62
At 31 March 2019	<u>91</u>	<u>589</u>	<u>680</u>
Net book value			
At 31 March 2019	<u>-</u>	<u>217</u>	<u>217</u>
<i>At 31 March 2018</i>	<u>9</u>	<u>270</u>	<u>279</u>

GUSTO RESTAURANTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

11. Tangible fixed assets

	Leasehold property improvements £000	Fixtures & fittings £000	Computer equipment £000	Total £000
Cost				
At 1 April 2018	12,860	9,173	408	22,441
Additions	52	823	87	962
Disposals	-	(40)	(17)	(57)
At 31 March 2019	12,912	9,956	478	23,346
Depreciation				
At 1 April 2018	5,840	3,286	213	9,339
Charge for the year on owned assets	510	790	112	1,412
Disposals	-	(27)	(2)	(29)
At 31 March 2019	6,350	4,049	323	10,722
Net book value				
At 31 March 2019	6,562	5,907	155	12,624
At 31 March 2018	7,020	5,887	195	13,102

12. Stocks

	2019 £000	2018 £000
Restaurant and bar stocks	311	330

Stock recognised in cost of sales during the year as an expense was £7,090,000 (2018: £7,390,000).

No impairment loss was recognised in cost of sales against stock during 2019 or 2018 due to slow-moving and obsolete stock.

The total carrying amount of stock is pledged as security for the group's bank loans.

GUSTO RESTAURANTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

13. Debtors

	2019	2018
	£000	£000
Trade debtors	213	96
Other debtors	69	107
Prepayments and accrued income	716	714
	<u>998</u>	<u>917</u>

No impairment loss was recognised against debtors during 2019 or 2018.

14. Cash and cash equivalents

	2019	2018
	£000	£000
Cash at bank and in hand	2,560	2,197

15. Creditors: Amounts falling due within one year

	2019	2018
	£000	£000
Trade creditors	1,851	1,828
Amounts owed to group undertakings	8,386	8,851
Other taxation and social security	1,153	1,091
Other creditors	391	308
Accruals and deferred income	2,590	2,546
	<u>14,371</u>	<u>14,624</u>

16. Creditors: Amounts falling due after more than one year

	2019	2018
	£000	£000
Share capital treated as debt	215	215

Disclosure of the terms and conditions attached to the non-equity shares is made in note 19 to the financial statements.

GUSTO RESTAURANTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

17. Financial instruments

	2019	2018
	£000	£000
Financial assets		
Financial assets that are measured at amortised cost	<u>2,842</u>	<u>2,400</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(13,433)</u>	<u>(13,748)</u>

Financial assets measured at amortised cost comprise cash at bank and in hand, trade debtors, and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, accruals and deferred income, other creditors, amounts owed to group undertakings, and share capital treated as debt.

18. Deferred taxation

Deferred taxation provided at 17% (2018: 17%) in the financial statements is set out below:

	2019
	£000
At beginning of year	(507)
Charge for the year	(49)
At end of year	<u>(556)</u>

The provision for deferred taxation is made up as follows:

	2019	2018
	£000	£000
Accelerated capital allowances	(588)	(525)
Short term timing differences	32	18
	<u>(556)</u>	<u>(507)</u>

GUSTO RESTAURANTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

19. Share capital

	2019 £	2018 £
Shares classified as equity		
Allotted, called up and fully paid		
32,598 (2018 - 32,598) Ordinary shares of £0.01 each	326	326
	<u>326</u>	<u>326</u>
	2019 £	2018 £
Shares classified as debt		
Allotted, called up and fully paid		
7,551 (2018 - 7,551) Preferred ordinary shares of £1.00 each	7,551	7,551
207,000 (2018 - 207,000) Preference shares of £1.00 each	207,000	207,000
	<u>214,551</u>	<u>214,551</u>

20. Reserves

Called up share capital

Represents the nominal value of shares that have been issued.

Profit and loss account

Includes all current and prior year retained profits and losses.

21. Contingent liabilities

As at 31 March 2019 and 31 March 2018, the directors have confirmed that the Company had no contingent liabilities.

22. Capital commitments

As at 31 March 2019, the Company was committed to capital expenditure of £Nil in relation to various sites (2018: £Nil).

23. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administrated fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £300,000 (2018: £116,000). There are outstanding contributions due to the fund at 31 March 2019 of £24,000 (2018: £9,000).

GUSTO RESTAURANTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

24. Commitments under operating leases

At 31 March 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £000	2018 £000
Land and buildings		
Not later than 1 year	1,906	1,957
Later than 1 year and not later than 5 years	6,437	7,291
Later than 5 years	21,390	23,756
	29,733	33,004
	2019 £000	2018 £000
Other		
Not later than 1 year	-	8
Later than 1 year and not later than 5 years	-	4
	-	12

25. Related party transactions

Key management personnel remuneration for the year totalled £473,000 (2018: £540,000).

The Company has taken advantage of the exemption in FRS 102 (section 33) "Related Party Disclosure" and has not disclosed transactions with group undertakings.

26. Ultimate parent undertaking and controlling party

The immediate parent undertaking of the Company is Gusto Restaurants UK Limited. The directors consider the ultimate parent undertaking of this Company to be Gusto Restaurants Group Limited by virtue of its shareholding.

The smallest and largest group of undertakings for which Group accounts have been drawn up is that headed by Gusto Restaurants Group Limited. Copies of the Group financial statements can be obtained from Companies House.