Registered number: 03213728

EAT LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 27 JUNE 2019

EAT LIMITED

COMPANY INFORMATION

Directors	M Rainer A Bhat (appointed 2 July 2019) P Christou (appointed 2 July 2019)
Registered number	03213728
Registered office	140 Aldersgate Street London EC1A 4HY
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Senior Statutory Auditor 30 Finsbury Square London EC2A 1AG
Solicitors	Travers Smith 10 Snow Hill London EC1A 2AL

EAT LIMITED

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STRATEGIC REPORT
FOR THE PERIOD ENDED 27 JUNE 2019

Managing director's statement

What an incredibly busy year we have just had! I am very proud that EAT. has gone from strength to strength over the last 12 months, continuing our momentum from 2018; that is all credit to everyone's hard work and commitment.

Our highlights include 17 consecutive months of like for like sales growth, achieving +3.3% for the year. Our franchise income grew by nearly 50% through strengthening existing sites in Liverpool Street station and Madrid airport and expanding in the UK at Bristol Airport and internationally in Gare Du Nord, Malaga, Barcelona and Alicante. Our core shops generated circa. £1m more in gross profit. We further consolidated our shop portfolio and rolled out our SMART EAT. concept with its new look and improved operational layout. We even took to the skies and successfully trialled our food on board EasyJet flights in December!

Working together with our Wembley team, we have improved both the quality and presentation of our food, especially our bloomer sandwiches, as well as increasing efficiency across our production. We received our 11th consecutive BRC AA certification, the highest grade possible in the independent audit of our CPU.

Our launch team introduced new and improved products every single month; more than 300 in total. We continued the journey of great tasting chef-led food with new malted wheat baguettes, the relaunch of our fusion bowls, impulse bags and porridge. We launched protein pots and extended our salad range in beautiful new packaging and a new hot food menu for our SMART EAT. shops. Who can forget the impact we made with our award-winning Yorkshire pudding wrap and our Christmas range? Cosmopolitan proclaimed: "That's it. Everyone else go home. EAT. have officially won Christmas.", which was echoed across the media with unprecedented coverage for our Christmas range. In the New Year we won 'The best FTG Healthy eating award' for our Chicken Satay Protein pot and we won 'Highly commended' for the Slow Roast Pork and Crackling baguette.

Recognition for our food ranges was further bolstered by Great Taste award wins, from The Guild Hall of Fine Foods. We campaigned these wins on 12 hero products, showcasing the best of breakfast, lunch, dinner and snacking at EAT.

We ran many phenomenal campaigns this year and reintroduced ourselves to the world as "EAT. The Real Food Company", a chef-led grab and go business, delivering Excellence And Taste. We celebrated the best of our new menus with great food photography, a new website and by starting to tell everyone about our charity partnership with Fit & Fed. We exceeded our target and have raised over £35,000 this summer for this wonderful charity, who fight holiday hunger in our local communities by providing food and sport for children.

During the year we continued to measure store operational performance and customer perception of our business through regular Mystery Shopper visits, with results in both areas showing significant improvement. Our shops achieved an average score of 92% in their Mystery Shopper questionnaires, 3% higher than last year. Net Promotor Score, a measure of customer satisfaction, was 66 over the last 12 months which is an excellent result and 9 points better than last year.

We launched EAT. Vine to promote our internal communication and introduced new behaviours to our teams in the second half of the year as well as the continuation of the Level 3 and 5 apprenticeship programmes.

All this amazing work and our operational success resulted in us being bought by Pret a Manger. Everyone should be immensely proud of their efforts and the hard work that has created the stronger and more profitable company that we have today.

Looking forward, our LFL momentum continues and we still have a journey ahead of us to trade strongly, support our shops and ensure that we maintain our positive and outstanding brand reputation. The landscape will look different in the future and the people on the journey may change, but I always want all our stakeholders to remember how they made EAT. as great as it is today.

STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 27 JUNE 2019

Financial performance

The consolidated results of Villiers Topco Limited and it's subsidiary entities (including EAT Limited) are analysed below:

	27 June 2019	28 June 2018
	£	£
Turnover	**90,224,360**	94,925,819
Operating loss before exceptional items	**1,344,980**	4,437,207
Loss on ordinary activities before taxation	**3,843,859**	17,256,344
EBITDA*	**4,493,282**	3,217,324
Operating cashflow	**(1,634,156)**	285,179
Capital expenditure	**1,267,004**	1,968,787

*EBITDA is calculated as a profit before interest, tax, depreciation, amortisation, losses on disposal of fixed assets, exceptional items and investor monitoring fees.

Funding structure

Villiers Topco Limited is the ultimate parent of the Villiers Group of companies, via the following ownership hierarchy: Villiers Topco Limited, Villiers Midco Limited, Villiers Acquisition Limited, Eat 2008 Limited, ETRFC and EAT Limited.

During the year finance for the group was provided via Villiers Acquisition Limited by way of a £17.8m bank loan facility. In addition, the group had access to a £5m revolving credit facility. Post year end these facilities have been repaid and the group is now funded through intra-group loans.

Principal risks and uncertainties

The company uses various financial instruments including loans, cash, equity investments and preference shares, and has trade debtors and trade creditors arising directly from operations. The main purpose of these financial instruments is to improve the efficiency of the balance sheet, lower the cost of capital and raise finance for the group's expansion.

The existence of these financial instruments exposes the company to a number of financial risks, the main ones being interest rate risk and liquidity risk. There is no significant credit risk as the group has negligible trade debtors.

This report was approved by the board on 23 October 2019 and signed on its behalf.

M Rainer
Director

DIRECTORS' REPORT
FOR THE PERIOD ENDED 27 JUNE 2019

The directors present their report and the financial statements for the period ended 27 June 2019.

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 to 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.

Principal activity

The principal activity of the company during the year was the sale of "food-to-go" products through a network of outlets. The company is also party to a number of franchise arrangements.

Results and dividends

The profit for the period, after taxation, amounted to £418,931 *(2018 - loss £7,145,507)*.

The directors have not recommended a dividend be paid (2018: none).

Directors

The directors who served during the period were:

A Walker (resigned 31 July 2019)
M Rainer
S Smith (resigned 2 July 2019)
A Bhat (appointed 2 July 2019)
P Christou (appointed 2 July 2019)

Employee involvement

During the year, the policy of providing employees with information about the company has continued internally and employees have been encouraged to present their suggestions and views on the company's performance. Regular meetings are held between management and employees to allow for a free flow of information and ideas.

Disabled employees

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a disabled person. Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed 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 ought to have been taken as a director in order to be 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 on 23 October 2019 and signed on its behalf.

M Rainer
Director

Grant Thornton

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EAT LIMITED

Opinion

We have audited the financial statements of EAT Limited (the 'Company') for the period ended 27 June 2019, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity 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 27 June 2019 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The 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.

Grant Thornton

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 period 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.

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

Gary Jones
Senior statutory auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London

23 October 2019

STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 27 JUNE 2019

	Note	2019 £	*2018* *£*
Turnover	4	**90,224,360**	*94,925,819*
Cost of sales		**(29,689,900)**	*(29,901,997)*
Gross profit		**60,534,460**	*65,023,822*
Administrative expenses		**(59,328,646)**	*(66,678,271)*
Operating profit/(loss)	5	**1,205,814**	*(1,654,449)*
Exceptional items		**(137,477)**	*(4,831,862)*
Profit/(loss) on ordinary activities before interest		**1,068,337**	*(6,486,311)*
Interest receivable and similar income	9	**17,732**	*45,583*
Interest payable and expenses	10	**(667,138)**	*(704,779)*
Profit/(loss) before tax		**418,931**	*(7,145,507)*
Tax on profit/(loss)	11	**-**	*-*
Profit/(loss) for the financial period		**418,931**	*(7,145,507)*

There were no recognised gains and losses for 2019 or 2018 other than those included in the statement of comprehensive income.

The notes on pages 11 to 23 form part of these financial statements.

All amounts relates to continuing activities.

STATEMENT OF FINANCIAL POSITION
AS AT 27 JUNE 2019

	Note		27 June 2019 £		28 June 2018 £
Fixed assets					
Tangible assets	13		7,384,482		9,635,363
			7,384,482		9,635,363
Current assets					
Stocks	14	1,135,206		1,010,357	
Debtors: amounts falling due after more than one year	15	5,678,100		2,604,004	
Debtors: amounts falling due within one year	15	4,870,448		4,458,221	
Cash at bank and in hand	16	6,938,400		9,005,154	
		18,622,154		17,077,736	
Creditors: amounts falling due within one year	18	(14,312,587)		(18,548,650)	
Net current assets/(liabilities)			4,309,567		(1,470,914)
Total assets less current liabilities			11,694,049		8,164,449
Creditors: amounts falling due after more than one year	19		(6,403,279)		(13,142,415)
Provisions for liabilities					
Other provisions	17		(1,058,779)		(1,208,974)
Net assets/(liabilities)			4,231,991		(6,186,940)
Capital and reserves					
Called up share capital	21		22,211,268		12,211,268
Share premium account	22		1,438,315		1,438,315
Profit and loss account	22		(19,417,592)		(19,836,523)
			4,231,991		(6,186,940)

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 23 October 2019.

M Rainer
Director

The notes on pages 11 to 23 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 27 JUNE 2019

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 29 June 2018	12,211,268	1,438,315	(19,836,523)	(6,186,940)
Comprehensive income for the period				
Profit for the period	-	-	418,931	418,931
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	418,931	418,931
Shares issued during the period	10,000,000	-	-	10,000,000
At 27 June 2019	22,211,268	1,438,315	(19,417,592)	4,231,991

The notes on pages 11 to 23 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 28 JUNE 2018

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 June 2017	12,211,268	1,438,315	(12,691,016)	958,567
Comprehensive income for the period				
Loss for the period	-	-	(7,145,507)	(7,145,507)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	(7,145,507)	(7,145,507)
At 28 June 2018	12,211,268	1,438,315	(19,836,523)	(6,186,940)

The notes on pages 11 to 23 form part of these financial statements.

1. General information

The company is limited by shares and is incorporated in England and Wales. The registered office address is 140 Aldersgate Street, London, EC1A 4HY.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The company is itself a subsidiary company, whose ultimate parent company publishes consolidated accounts, and is therefore exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

Statement of compliance
The financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

The company has elected to apply all amendments to FRS 102, as set out in the triennial review published in December 2017, prior to the mandatory adoption for accounting periods beginning on or after 1 January 2019.

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Villiers Topco Limited as at 27 June 2019 and these financial statements may be obtained from Companies House.

2.3 Going concern

At the balance sheet date, the Company had net assets, and as its ultimate parent company has indicated its intention to provide financial support, the directors have a reasonable expectation that the Company will have adequate resources to continue in operational existence for the foreseeable future. Thus the going concern basis of accounting has been adopted in preparing the annual financial statements.

2.4 Turnover

Turnover comprises the sales value of goods sold, exclusive of VAT. Turnover is recognised at the point of sale.

Franchise royalties are based upon a percentage of reported sales and are recognised on a monthly basis when earned.

2. Accounting policies (continued)

2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is provided on the following basis:

Leasehold Property	- period of the lease
Fixtures & fittings	- 5 years
Computer equipment	- 3 years

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

Stores with less than three years trading history will not be impaired. Leasehold improvements for stores which have been trading at a loss for less than three years will not be impaired, unless a decision has been taken to close the store, or management believes the store will not become profitable. This policy reflects a conservative maturity expectation, whereby management recognise that in some instances a store may not reach its full trading potential during its early years of trading. Similarly, for existing stores where trading has deteriorated, leasehold improvements are not impaired before three consecutive successive years of underperformance. This reflects a practical view whereby management seek to demarcate between temporary issues which can be remediated and permanent issues which cannot.

2.6 Impairment of fixed assets

Management assesses the impairment of property, plant and equipment subject to depreciation whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors considered important that may trigger a impairment review include the following; store underperformance, changes in the manner of the use of the acquired assets or the strategy for the overall business; and significant negative industry or economic trends, taking into account market knowledge, professional judgement and historic comparables.

2.7 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.

2.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.9 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 debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

2. Accounting policies (continued)

2.9 Financial instruments (continued)

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 debtors and creditors, 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 out-right 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 comprehensive income.

2.10 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.

2.11 Finance costs

Finance costs are charged to the Statement of comprehensive income 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.

2.12 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first outbasis after making allowance for obsolete and slow moving stock.

2.13 Operating leases

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

Operating leases considered to be onerous, will be provided for, where the avoidable costs associated with the lease exceed the expected future economic benefits.

2. Accounting policies (continued)

2.14 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

2.15 Taxation

Tax is recognised in the Statement of comprehensive income, except that a charge 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 reporting date.

2.16 Pensions

Defined contribution pension plan

The contributions are recognised as an expense in the Statement of comprehensive income 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.

2.17 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of comprehensive income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

2. Accounting policies (continued)

2.18 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.

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

Useful economic life of tangible fixed assets
Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Residual value and useful life assessments consider issues such as future market conditions, the remaining life of the asset and maintenance programmes.

Provisioning for onerous leases
Estimates and judgements are continually evaluated and are based on historical experience, external advice and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Where an onerous lease has been identified, the assets dedicated to that lease are impaired.

Impairments to fixed assets
Management assesses the impairment of property, plant and equipment subject to depreciation whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors considered important that may trigger a impairment review include the following; store underperformance, changes in the manner of the use of the acquired assets or the strategy for the overall business; and significant negative industry or economic trends, taking into account market knowledge, professional judgement and historic comparables. Management do not impair stores with less than 3 years trading history, reflecting management's expectation for stores to reach their full trading potential.

Classification of exceptional items
Management presents as exceptional items on the face of the income statement, those significant items of income and expense which, because of their size, nature and infrequency of the events giving rise to them, merit separate presentation to allow shareholders to understand better the elements of financial performance in the year, so as to facilitate comparison with prior periods and assess trends in financial performance more readily.

VAT receivable
At 27 June 2019 an appeal case with HMRC, over the VAT treatment of a specific range of products, was ongoing. The VAT receivable recognised in the financial statements was contingent on the outcome of the case with HMRC. After taking external taxation advice, the Group considered that the VAT on certain products had a clear precedent and therefore the Board were virtually certain of success on a proportion of the VAT amount subject to appeal. Where there was any element of doubt expressed based on the external advice received, the Group did not recognise a contingent asset in the financial statements.

Subsequent to the year end, the appeal with HMRC concluded and the Group received a VAT reclaim, in excess of the amount recorded as a receivable in the 27 June 2019 financial statements.

4. Turnover

The turnover and profit before tax are attributable to the principal activity of the company which, to a material extent, operates in the UK.

5. Operating loss before exceptional items

The operating loss before exceptional items is stated after charging:

	2019 £	*2018 £*
Depreciation of tangible fixed assets	**3,376,008**	*4,871,773*
Other operating lease rentals	**14,839,758**	*15,462,336*

6. Auditor's remuneration

	2019 £	*2018 £*
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	**60,000**	*41,000*

7. Employees

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

	2019 £	*2018 £*
Wages and salaries	**24,933,974**	*25,821,965*
Social security costs	**1,253,716**	*1,284,682*
Cost of defined contribution scheme	**262,081**	*159,199*
	26,449,771	*27,265,846*

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

	2019 No.	*2018 No.*
Production staff	**191**	*185*
Retail staff	**1,185**	*1,314*
Other staff	**51**	*83*
	1,427	*1,582*

8. Directors' remuneration

	2019 £	*2018 £*
Directors' emoluments	**445,174**	*490,863*
Company contributions to defined contribution pension schemes	**5,712**	*-*
	450,886	*490,863*

During the period retirement benefits were accruing to 2 directors *(2018 - NIL)* in respect of defined contribution pension schemes.

The highest paid director received remuneration of £241,429 *(2018 - £300,342)*.

9. Interest receivable

	2019 £	*2018 £*
Other interest receivable	**17,732**	*45,583*

10. Interest payable and similar expenses

	2019 £	*2018 £*
Bank interest payable	**538,259**	*538,957*
Unwinding discount on provisions	**128,879**	*165,822*
	667,138	*704,779*

11. Taxation

Factors affecting tax charge for the period

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

	2019 £	*2018 £*
Profit on ordinary activities before tax	**418,931**	*(7,145,506)*
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	**79,597**	*(1,357,646)*
Effects of:		
Fixed asset differences	**117,515**	*39,769*
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**10,941**	*61,606*
Other permanent differences	**-**	*1,187*
Deferred tax asset not recognised	**(289,343)**	*1,255,084*
Income not taxable for tax purposes	**(1,471)**	*-*
Group relief surrendered/(claimed)	**82,761**	*-*
Total tax charge for the period	**-**	*-*

At 28 June 2019 the group has an unrecognised deferred tax asset of £4,358,407 (2018: £4,615,366).

12. Exceptional items

	27 June 2019 £	*28 June 2018 £*
Impairment of fixed assets	**-**	*1,057,318*
Net loss on disposal of fixed asets and abortive fees	**145,218**	*1,818,470*
Restructuring costs	**(7,741)**	*648,222*
Financial and legal costs	**-**	*1,307,852*
	137,477	*4,831,862*

13. Tangible fixed assets

	Leasehold Property £	Fixtures & fittings £	Total £
Cost or valuation			
At 29 June 2018	29,115,481	27,723,469	56,838,950
Additions	636,736	630,268	1,267,004
Disposals	(1,988,647)	(976,983)	(2,965,630)
At 27 June 2019	27,763,570	27,376,754	55,140,324
Depreciation			
At 29 June 2018	23,074,778	24,128,809	47,203,587
Charge for the period on owned assets	1,332,767	2,043,241	3,376,008
Disposals	(1,959,025)	(864,728)	(2,823,753)
At 27 June 2019	22,448,520	25,307,322	47,755,842
Net book value			
At 27 June 2019	5,315,050	2,069,432	7,384,482
At 28 June 2018	*6,040,703*	*3,594,660*	*9,635,363*

14. Stocks

	27 June 2019 £	*28 June 2018 £*
Raw materials	894,432	*743,543*
Finished goods and goods for resale	240,774	*266,814*
	1,135,206	*1,010,357*

15. Debtors

	27 June 2019 £	*28 June 2018 £*
Due after more than one year		
Amounts owed by group undertakings	**5,678,100**	*2,604,004*
	5,678,100	*2,604,004*

	27 June 2019 £	*28 June 2018 £*
Due within one year		
Trade debtors	**1,148,355**	*736,154*
Other debtors	**545,437**	*650,156*
VAT recoverable	**169,155**	*-*
Prepayments and accrued income	**3,007,501**	*3,071,911*
	4,870,448	*4,458,221*

Included in other debtors are rent deposits due in more than one year totalling £65,625 (2018: £65,625).

16. Cash and cash equivalents

	27 June 2019 £	*28 June 2018 £*
Cash at bank and in hand	**6,938,400**	*9,005,154*

17. Provisions

	Onerous lease £	VAT £	Total £
At 29 June 2018	689,725	519,249	1,208,974
Charged to profit or loss	128,879	(56,783)	72,096
Utilised in period	(222,291)	-	(222,291)
At 27 June 2019	**596,313**	**462,466**	**1,058,779**

Onerous leases
The provision for onerous leases represents the excess of unavoidable property costs over expected future economic benefits, over the term of the relevant onerous leases.

VAT
The provision for VAT liabilities includes amounts under investigation by HMRC pursuant to the charging of VAT on hot food.

18. Creditors: Amounts falling due within one year

	27 June 2019 £	*28 June 2018 £*
Trade creditors	3,749,139	*7,887,954*
Other taxation and social security	1,449,366	*1,140,205*
Accruals and deferred income	9,114,082	*9,520,491*
	14,312,587	*18,548,650*

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

	27 June 2019 £	*28 June 2018 £*
Amounts owed to group undertakings	6,403,279	*13,142,415*
	6,403,279	*13,142,415*

20. Financial instruments

	27 June 2019 £	*28 June 2018 £*
Financial assets that are debt instruments measured at amortised cost	**7,371,892**	*3,990,314*
Financial liabilities measured at amortised cost	**(19,266,499)**	*(31,691,065)*

Financial assets measured at amortised cost comprise of amounts owed by group undertakings, trade debtors and other debtors.

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

21. Share capital

	27 June 2019 £	*28 June 2018 £*
Authorised		
310,900 *(2018 -)* Founder shares of £1.00 each	**310,900**	*310,900*
219,002,120 *(2018 - 119,002,120)* Ordinary shares of £0.10 each	**21,900,212**	*11,900,212*
1,782 *(2018 - 1,782)* Ordinary 'A' shares of £0.10 each	**178**	*178*
	22,211,290	*12,211,290*
Allotted, called up and fully paid		
310,900 *(2018 - 310,900)* Founder shares of £1.00 each	**310,900**	*310,900*
219,002,120 *(2018 - 119,002,120)* Ordinary shares of £0.10 each	**21,900,212**	*11,900,212*
1,555 *(2018 - 1,555)* Ordinary 'A' shares of £0.10 each	**156**	*156*
	22,211,268	*12,211,268*

22. Reserves

Share premium account

Includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from the share premium.

Profit & loss account

Includes all current and prior period retained profits and losses.

23. Commitments under operating leases

At 27 June 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	27 June 2019 £	*28 June 2018 £*
Within 1 year	**11,874,414**	*8,321,379*
Between 2 and 5 years	**31,950,922**	*32,140,563*
After more than 5 years	**9,290,757**	*15,489,027*
	53,116,093	*55,950,969*

24. Related party transactions

During the year, Icknield Limited, a company owned by Steve Smith, a Board Director of Villiers Topco Limited was paid £95,088 (2018: £158,094) for services provided.

25. Ultimate parent undertaking and controlling party

EAT Limited is a subsidiary undertaking of EAT. The Real Food Company Limited, by virtue of EAT. The Real Food Company holding 100% of the company's issued share capital. JAB Holdings III Private Equity fund is the ultimate parent company of the Villiers group of companies, following the purchase of the share capital of Villiers Topco Limited by Pret A Manger (Europe) Limited, see note 26.

The largest and smallest group of undertakings for which group accounts have been drawn up is that headed by Villiers Topco Limited, being the ultimate parent company during the reporting period. Copies of the group accounts can be obtained at 140 Aldersgate Street, London EC1A 4HY.

26. Post balance sheet events

Subsequent to the results summarised in this report on 2 July 2019 Pret A Manger (Europe) Limited purchased the entire share capital of the previous ultimate parent company Villiers Topco Limited.