

Registration number: 04349917

Casual Dining Limited

Annual Report and Consolidated Financial Statements

for the Period from 28 May 2018 to 26 May 2019



Casual Dining Limited

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Casual Dining Limited

Company Information

Directors

G. David
J. Spragg

Registered office

1st Floor
163 Eversholt Street
London
NW1 1BU

Solicitors

Taylor Wessing
5 New Street Square
London
EC4A 3TW

Bankers

Barclays Bank PLC
1 Churchill Place
London
E14 5HP

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London
WC2N 6RH

Casual Dining Limited

Strategic Report for the Period from 28 May 2018 to 26 May 2019

The Directors present their strategic report for the period from 28 May 2018 to 26 May 2019.

Business Review

Summary

Casual Dining Limited (the "Company") together with its subsidiaries ("the Group"), as part of the wider Casual Dining Bidco Limited group of companies form one of the largest mid-market restaurant operators in the UK with 266 restaurants as at 26 May 2019 (27 May 2018: 276 restaurants).

The principal activity of the Group is that of operating restaurants. There has been no change in this activity during the period. Refer to the consolidated financial statements of Casual Dining Bidco Limited for the review of the wider Group's performance in the current financial period.

On 15 August 2018 the Casual Dining Bidco Limited group was sold to funds under the control of KKR & Co. Inc.

Key results and position

Revenue for the 52 weeks ended 26 May 2019 was £307.9m (2018: £305.0m).

The Group incurred a loss on ordinary activities after tax of £61.4m for the 52 week period ended 26 May 2019 (2018: loss of £101.0m).

The net liabilities of the Group at 26 May 2019 were £55.9m (28 May 2018: net assets of £5.3m).

Exceptional costs

The Group incurred exceptional costs in the period of £35.1m (2018: £75.9m) which are detailed in note 10 to the financial statements.

Principal risks and uncertainties

From the perspective of the Group, its principal risks and uncertainties are integrated with the principal risks of Casual Dining Bidco Limited and its subsidiaries ("the Bidco Group") of which the Company is a member and are not managed separately. The principal risks and uncertainties of the Group are disclosed in Casual Dining Bidco Limited's consolidated financial statements which does not form part of this report.

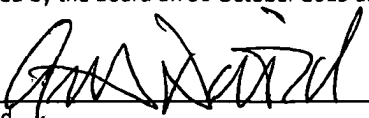
Future operational growth

From the perspective of the Company, its future operational growth is integrated with the future operational growth of the Bidco Group and is not managed separately. The future operational growth of the Group is disclosed in Casual Dining Bidco Limited's consolidated financial statements which does not form part of this report.

Key performance indicators

The Directors of Casual Dining Bidco Limited manage the Bidco Group's operations on a divisional basis. For this reason, the Company's directors believe that analysis using key performance indicators for the Group and Company is not necessary or appropriate for an understanding of the development, performance or position of the business of Casual Dining Limited. The development, performance and position of the business of the Bidco Group is discussed within the Strategic and Directors' Reports of Casual Dining Bidco Limited's consolidated financial statements which do not form part of this report.

Approved by the Board on 30 October 2019 and signed on its behalf by:


G. David
Director

Casual Dining Limited

Directors' Report for the Period from 28 May 2018 to 26 May 2019

The Directors present their annual report and the audited consolidated financial statements of Casual Dining Limited ("the Company"), together with its subsidiaries ("the Group") for the period from 28 May 2018 to 26 May 2019.

Directors of the Company

The directors of the company who were in office during the period and up to the date of signing (unless otherwise stated) the financial statements were:

G. David

J. Spragg (appointed 30 April 2019)

S. Richards (resigned 30 April 2019)

Results and dividends

The results for the Company for the 52 week period ended 26 May 2019 are presented in the statement of comprehensive income on page 7.

The Directors do not propose the payment of a dividend (2018: £nil).

Review of developments and future prospects

The Company will continue to operate restaurants for the foreseeable future.

Financial risk management

From the perspective of the Company, the financial risks of the Company are integrated with the financial risks of the Group and are not managed separately. Accordingly, the management of the financial risks of the Group, which include those of the Company, are disclosed in Casual Dining Bidco Limited's consolidated financial statements which does not form part of this report.

Employee involvement

The Board recognises the importance of employees being fully informed of events which directly affect them and their working conditions. The Company has in place a number of channels of communication including regular team and area meetings, weekly and monthly publications and a company intranet. In addition, the management board carries out two business updates a period with all restaurant managers. Senior employees receive a bonus based upon business performance.

Employment of disabled persons

The Company's policy is that, wherever it is practicable and reasonable within existing legislation, all employees, including disabled persons, are treated in the same way in matters relating to employment, training, career development and promotion. Every effort is made to retain and assist any individuals disabled during their employment. Full and fair consideration is given to applications for employment made by disabled persons, having regard to their particular aptitudes and abilities.

Going concern

The Directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of Casual Dining Bidco Limited. The Directors have received written confirmation that Casual Dining Bidco Limited intend to support the Company for at least one year after these financial statements are signed.

Casual Dining Limited

Directors' Report for the Period from 28 May 2018 to 26 May 2019 (continued)

Political donations and expenditure

The Group has made no political donations during the period (2018: £nil).

Statement of directors' responsibilities in respect of the financial statements

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 52 week period. Under that law the directors have prepared the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). 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 group and company and of the profit or loss of the group and company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed for the group financial statements and United Kingdom Accounting Standards, comprising FRS 101, have been followed for the company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The directors are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.


The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

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

- so far as the director is aware, there is no relevant audit information of which the company's auditors are 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

Approved by the Board on 30 October 2019 and signed on its behalf by:


G. David
Director

Independent auditors' report to the members of Casual Dining Limited

Report on the audit of the financial statements

Opinion

In our opinion:

- Casual Dining Limited's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 26 May 2019 and of the group's loss and cash flows for the 52 week period (the "period") then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Consolidated Financial Statements (the "Annual Report"), which comprise: the Consolidated and Company Statements of Financial Position as at 26 May 2019; the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Cash Flows, and the Consolidated and Company Statements of Changes in Equity for the 52 week period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- 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 group's and 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.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the group's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the period ended 26 May 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 group's and 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 group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Gemma Clark

Gemma Clark (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

30 October 2019

Casual Dining Limited

**Consolidated Statement of Comprehensive Income
for the period from 28 May 2018 to 26 May 2019**

| | Note | 52 weeks ended 26 May 2019 | | | 52 weeks ended 27 May 2018 | | |
|---|------|--------------------------------|-----------------------------------|---------|--------------------------------|-----------------------------------|---------|
| | | Before exceptional items | Exceptional items (Note 10) | Total | Before exceptional items | Exceptional items (Note 10) | Total |
| | | £'m | £'m | £'m | £'m | £'m | £'m |
| Revenue | 3 | 307.9 | - | 307.9 | 305.0 | - | 305.0 |
| Cost of sales | | (295.5) | (32.9) | (328.4) | (286.8) | (18.7) | (305.5) |
| Gross profit/(loss) | | 12.4 | (32.9) | (20.5) | 18.2 | (18.7) | (0.5) |
| Administrative expenses | | (20.6) | (2.2) | (22.8) | (28.9) | (57.2) | (86.1) |
| Operating loss before other gains | | (8.2) | (35.1) | (43.3) | (10.7) | (75.9) | (86.6) |
| Other (losses)/gains | 4 | (0.2) | - | (0.2) | 0.3 | - | 0.3 |
| Operating loss | 5 | (8.4) | (35.1) | (43.5) | (10.4) | (75.9) | (86.3) |
| Finance costs | 6 | (18.2) | - | (18.2) | (16.0) | - | (16.0) |
| Loss before taxation | | (26.6) | (35.1) | (61.7) | (26.4) | (75.9) | (102.3) |
| Income tax recovery | 13 | 0.3 | - | 0.3 | 1.2 | - | 1.2 |
| Loss for the financial period and total comprehensive expense | | (26.3) | (35.1) | (61.4) | (25.2) | (75.9) | (101.1) |
| Loss for the financial period and total comprehensive expense attributable to: | | | | | | | |
| Owners of the company | | (26.3) | (35.1) | (61.4) | (25.2) | (75.9) | (101.1) |
| Non-controlling interests | | - | - | - | - | - | - |
| Owners of the company | | (26.3) | (35.1) | (61.4) | (25.2) | (75.9) | (101.1) |

The above results were derived from continuing operations unless otherwise stated.

The notes on pages 13 to 35 form an integral part of these financial statements.

Casual Dining Limited

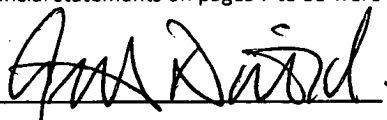
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Consolidated Statement of Financial Position as at 26 May 2019

| | Note | 26 May 2019 £'m | 27 May 2018 £'m |
|--|------|-----------------------|-----------------------|
| Assets | | | |
| Non-current assets | | | |
| Intangible assets | 11 | 38.5 | 39.9 |
| Property, plant and equipment | 12 | 76.9 | 108.6 |
| Deferred tax assets | 13 | 4.5 | 4.6 |
| | | <u>119.9</u> | <u>153.1</u> |
| Current assets | | | |
| Inventories | 15 | 3.1 | 3.0 |
| Trade and other receivables | 16 | 54.8 | 66.9 |
| Prepayments | | 4.9 | 4.5 |
| Cash and cash equivalents | 17 | 9.8 | 10.9 |
| | | <u>72.6</u> | <u>85.3</u> |
| Total assets | | <u>192.5</u> | <u>238.4</u> |
| Equity and liabilities | | | |
| Non-current liabilities | | | |
| Borrowings | 18 | (166.3) | (149.1) |
| Provisions for other liabilities and charges | 19 | (14.9) | (10.7) |
| Deferred tax liabilities | 13 | (5.5) | (5.9) |
| | | <u>(186.7)</u> | <u>(165.7)</u> |
| Current liabilities | | | |
| Trade and other payables | 20 | (61.7) | (67.4) |
| | | <u>(61.7)</u> | <u>(67.4)</u> |
| Total liabilities | | <u>(248.4)</u> | <u>(233.1)</u> |
| Net (liabilities)/assets | | <u>(55.9)</u> | <u>5.3</u> |
| Equity | | | |
| Called up share capital | 22 | 1.4 | 1.4 |
| Share premium account | | 0.9 | 0.9 |
| Capital Contribution | | 0.2 | - |
| Accumulated losses | | (58.4) | 3.0 |
| Total equity attributable to owners of the company | | <u>(55.9)</u> | <u>5.3</u> |
| Non-controlling interests | | - | - |
| Total equity | | <u>(55.9)</u> | <u>5.3</u> |
| Total equity and liabilities | | <u>192.5</u> | <u>238.4</u> |

These financial statements on pages 7 to 35 were approved by the Board of Directors on 30 October 2019 and signed on its behalf by:

G. David
Director



The notes on pages 13 to 35 form an integral part of these financial statements.

Casual Dining Limited

(Registration number: 04349917)

Company Statement of Financial Position as at 26 May 2019

| | Note | 26 May 2019 £'m | 27 May 2018 £'m |
|--|------|-----------------------|-----------------------|
| Assets | | | |
| Non-current assets | | | |
| Intangible assets | 11 | 5.5 | 4.7 |
| Property, plant and equipment | 12 | 9.6 | 14.6 |
| Investments | 14 | 67.5 | 67.5 |
| | | <u>82.6</u> | <u>86.8</u> |
| Current assets | | | |
| Inventories | 15 | 0.2 | 0.2 |
| Trade and other receivables | 16 | 15.2 | 30.9 |
| Prepayments | | 1.0 | 0.9 |
| Cash and cash equivalents | 17 | 9.8 | 10.9 |
| | | <u>26.2</u> | <u>42.9</u> |
| Total assets | | <u>108.8</u> | <u>129.7</u> |
| Equity and liabilities | | | |
| Non-current liabilities | | | |
| Borrowings | 18 | (166.3) | (149.1) |
| Provisions for other liabilities and charges | 19 | (2.0) | (0.2) |
| | | <u>(168.3)</u> | <u>(149.3)</u> |
| Current liabilities | | | |
| Trade and other payables | 20 | (39.2) | (37.0) |
| | | <u>(39.2)</u> | <u>(37.0)</u> |
| Total liabilities | | <u>(207.5)</u> | <u>(186.3)</u> |
| Net liabilities | | <u>(98.7)</u> | <u>(56.6)</u> |
| Equity | | | |
| Called up share capital | 22 | 1.4 | 1.4 |
| Share premium account | | 0.9 | 0.9 |
| Capital Contribution | | 0.2 | - |
| Accumulated losses | | (101.2) | (58.9) |
| Total equity attributable to owners of the company | | <u>(98.7)</u> | <u>(56.6)</u> |
| Non-controlling interests | | - | - |
| Total equity | | <u>(98.7)</u> | <u>(56.6)</u> |
| Total equity and liabilities | | <u>108.8</u> | <u>129.7</u> |

These financial statements on pages 2 to 35 were approved by the Board of Directors on 30 October 2019 and signed on its behalf by:

G. David
Director

The notes on pages 13 to 35 form an integral part of these financial statements.

Casual Dining Limited

**Consolidated Statement of Changes in Equity
for the period from 28 May 2018 to 26 May 2019**

| | Called up share capital £'m | Share premium account £'m | Capital contribution £'m | Accumulated losses £'m | Equity attributable to owners of the company £'m | Non- controlling interests £'m | Total equity £'m |
|--|--------------------------------------|------------------------------------|--------------------------------|------------------------------|---|---|---------------------|
| At 29 May 2017 | 1.4 | 0.9 | - | 104.1 | 106.4 | - | 106.4 |
| Loss for the period and total comprehensive expense | - | - | - | (101.1) | (101.1) | - | (101.1) |
| At 27 May 2018 | 1.4 | 0.9 | - | 3.0 | 5.3 | - | 5.3 |
| At 28 May 2018 | 1.4 | 0.9 | - | 3.0 | 5.3 | - | 5.3 |
| Contribution during the period (note 22) | - | - | 0.2 | - | 0.2 | - | 0.2 |
| Loss for the period and total comprehensive expense | - | - | - | (61.4) | (61.4) | - | (61.4) |
| At 26 May 2019 | 1.4 | 0.9 | 0.2 | (58.4) | (55.9) | - | (55.9) |

The notes on pages 13 to 35 form an integral part of these financial statements.

Casual Dining Limited

**Company Statement of Changes in Equity
for the period from 28 May 2018 to 26 May 2019**

| | Called up share capital £'m | Share premium account £'m | Capital contribution £'m | Accumulated losses £'m | Total equity £'m |
|--|--------------------------------------|------------------------------------|--------------------------------|------------------------------|------------------------|
| At 29 May 2017 | 1.4 | 0.9 | - | (11.9) | (9.6) |
| Loss for the period and total comprehensive expense | - | - | - | (47.0) | (47.0) |
| At 27 May 2018 | <u>1.4</u> | <u>0.9</u> | <u>-</u> | <u>(58.9)</u> | <u>(56.6)</u> |
| At 28 May 2018 | 1.4 | 0.9 | - | (58.9) | (56.6) |
| Contribution during the period (note 22) | - | - | 0.2 | - | 0.2 |
| Loss for the period and total comprehensive expense | - | - | - | (42.3) | (42.3) |
| At 26 May 2019 | <u>1.4</u> | <u>0.9</u> | <u>0.2</u> | <u>(101.2)</u> | <u>(98.7)</u> |

The notes on pages 13 to 35 form an integral part of these financial statements.

Casual Dining Bidco Limited

**Consolidated Statement of Cash Flows
for the Period from 28 May 2018 to 26 May 2019**

| | | 52 weeks ended | |
|---|--|-----------------------|-----------------------|
| | | 26 May 2019 £'m | 27 May 2018 £'m |
| Note | | | |
| Cash flows from operating activities | | | |
| | Loss before tax | (61.7) | (102.3) |
| | <i>Adjustments for non-cash items:</i> | | |
| | Depreciation and amortisation | 5 22.7 | 23.7 |
| | Loss/(gain) on disposal of property, plant and equipment | 4 0.2 | (0.3) |
| | Finance costs | 6 18.2 | 16.0 |
| | Impairment of goodwill and intangibles | 11 - | 54.9 |
| | Impairment of property, plant and equipment | 12 23.3 | 10.7 |
| | Movement in provisions | 20 4.2 | 4.4 |
| | | 6.9 | 7.1 |
| | <i>Working capital adjustments:</i> | | |
| | (Increase)/decrease in inventories | (0.1) | 0.3 |
| | Increase in trade and other receivables | 11.7 | 8.3 |
| | Decrease in trade and other payables | (4.9) | (6.1) |
| | | 6.7 | 2.5 |
| | Cash generated in operations | 13.6 | 9.6 |
| | Interest paid | (1.0) | (0.4) |
| | Tax received | - | 0.3 |
| | Net cash outflow from operating activities | 12.6 | 9.5 |
| Cash flow from investing activities | | | |
| | Acquisition of property plant and equipment | (12.7) | (13.7) |
| | Acquisition of intangibles | (1.9) | (2.3) |
| | Proceeds from sale of property plant and equipment | 1.0 | 1.8 |
| | Net cash outflow from investing activities | (13.6) | (14.2) |
| Cash flow from financing activities | | | |
| | Repayment of loans to affiliated entities | (0.1) | (0.2) |
| | Net cash inflow from financing activities | (0.1) | (0.2) |
| | Net decrease in cash and cash equivalents | (1.1) | (4.9) |
| | Cash and cash equivalents at start of period | 10.9 | 15.8 |
| 18 | Cash and cash equivalents at end of period | 9.8 | 10.9 |

The notes on pages 13 to 35 form an integral part of these financial statements.

Under the exemptions available to it under FRS 101, the company has elected not to present a cash flow statement.

Casual Dining Limited

Notes to the Financial Statements for the Period from 28 May 2018 to 26 May 2019

1. General Information

Casual Dining Limited ("the Company") is incorporated in the United Kingdom. The registered office is 1st Floor, 163 Eversholt Street, London NW1 1BU. The Company, together with its subsidiaries ("the Group") form one of the largest mid-market restaurant operators in the UK with 266 restaurants as at 26 May 2019, operating primarily under the Café Rouge, Bella Italia and Las Iguanas brands.

Information on the ultimate parent of the Company is provided in Note 27.

2. Accounting policies

Statement of compliance

The Group financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and its interpretations adopted by the EU.

The financial statements of the Company have been prepared in accordance with Financial Reporting Standard 101, "Reduced Disclosure Framework" (FRS 101). The financial statements have been prepared on the going concern basis and under the historical cost convention, as modified by financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss, and in accordance with the Companies Act 2006 as applicable to companies using FRS 101.

Summary of significant accounting policies and key accounting estimates

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 periods presented, unless otherwise stated.

Basis of preparation

The financial statements of the Group have been prepared in accordance with IFRS and IFRS Interpretations Committee (IFRS IC) interpretations as adopted by the European Union and the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention, as modified by financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss and disposal groups held for sale, on a going concern basis.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies.

The following exemptions from the requirements of IFRS have been applied in the preparation of the financial statements of the Company, in accordance with FRS 101:

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted-average exercise prices of share options, and how the fair value of goods or services received was determined);
- IFRS 7, 'Financial Instruments: Disclosures';
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities). Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
 - (i) paragraph 79(a)(iv) of IAS 1
 - (ii) paragraph 73(e) of IAS 16 Property, plant and equipment;
 - (iii) paragraph 118(e) of IAS 38 Intangible assets (reconciliations between the carrying amount at the beginning and end of the period)
- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d), (statement of cash flows)
 - 16 (statement of compliance with all IFRS),
 - 38A (requirement for minimum of two primary statements, including cash flow statements),
 - 38B-D (additional comparative information),
 - 111 (cash flow statement information), and
 - 134-136 (capital management disclosures)
- IAS 7, 'Statement of cash flows'
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation)
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

Casual Dining Limited

Notes to the Financial Statements for the Period from 28 May 2018 to 26 May 2019 (continued)

2. Accounting policies (continued)

No statement of comprehensive income is presented for the Company as permitted by Section 408(3) of the Companies Act 2006. Its loss for the financial period was £42.3m (2018 - loss of £47.0m).

Amounts are presented in sterling, rounded to the nearest hundred thousand.

Going concern

The Directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of Casual Dining Bidco Limited. The Directors have received written confirmation that Casual Dining Bidco Limited intend to support the Company for at least one year after these financial statements are signed.

Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 26 May 2019.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The results of subsidiaries acquired or disposed of during a period are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group.

The Group applies the acquisition method to account for business combinations. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

Acquisition related costs are expensed as incurred.

Intercompany transactions, balances and unrealised gains on transactions between the Company and its subsidiaries, which are related parties, are eliminated.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholders' share of changes in equity since the date of the combination. At 26 May 2019 non-controlling interest of £41,000 (2018: £41,000) was held. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Change in accounting policies

IFRS 9, 'Financial Instruments' and IFRS 15 'Revenues from Contracts with Customers' are new accounting standards that are effective for periods beginning on or after 1 January 2018. The Group has therefore adopted these standards for the first time in the period ended 26 May 2019 using the modified retrospective approach.

Casual Dining Limited

Notes to the Financial Statements for the Period from 28 May 2018 to 26 May 2019 (continued)

2. Accounting policies (continued)

Adoption of IFRS 9 financial assets that were previously classified as loans and receivables under IAS 39 are now categorised as financial assets at amortised cost. The change in classification has not affected the measurement of these assets. Impairment of financial assets is assessed based on the expected credit loss model under IFRS 9, rather than the incurred loss model that was previously used. The Company has applied the simplified approach permitted under IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of trade receivables based on current, historic and forward-looking information. Application of the new impairment model has not had a material impact on the carrying value of expected credit losses and no adjustments have been made to the opening impairment provision balance.

There were no other changes to the accounting standards in the current year that had an impact on the Group.

New standards, amendments and interpretations

IFRS 16, 'Leases' is a new standard effective for annual periods beginning on or after 1 January 2019, and has not been applied in preparing these consolidated financial statements. The first year of adoption for the Group will be the annual period beginning 27 May 2019. The standard addressed the definition of a lease, recognition and measurement of leases, and it establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. A key change arising from IFRS 16 is that most operating leases will be accounted for on balance sheet for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. Excepted from this treatment are lease terms of 12 months or less or where the underlying asset is of low value, in which case, they may continue to be treated as operating leases on an elective basis. The standard replaces IAS 17, 'Leases', and related interpretations.

The transition to IFRS 16 will have a material impact for the Group on the statement of comprehensive income, as well as on reported assets and liabilities. During the current period, the Group has made progress in determining its transition approach and collating the lease data required under the new standard. The Group will finalise this work during FY20 but currently expects to transition using the modified retrospective approach electing to value the right-of-use asset at an amount equal to the lease liability on transition. Due to the complexity and significant data requirement needed to calculate the impact of transition, it is currently not possible to quantify this impact. It is noted that as at 26 May 2019 the Group had future operating lease commitments, as disclosed under IAS 17, of £316.0m (note 24), however this does not reflect the discounting of future cashflows as required by IFRS 16.

Revenue recognition

Revenue from the sale of goods or services is recognised when the Group has satisfied its performance obligations by providing goods or service to the customer. Provision of goods and services are considered to be transferred at the point of sale and as such revenue is recognised at a point in time. Revenue is shown net of discounts and VAT or other sales related taxes. Revenue is measured at the fair value of the consideration received or receivable.

Revenue from gift cards and gift vouchers sold by the Group or a third-party is recognised on the redemption of the gift card or gift voucher, with the customer obtaining the benefit of the gift card on redemption. A contract liability is recognised for any vouchers or gift cards outstanding at the year-end; contract liabilities are included within trade payables.

Where the Group acts as a franchisor in a trading relationship, franchise fees comprise on-going royalties based on the sales results of the franchisee and up front initial site and territory fees. Royalty revenue is recognised in line with the underlying sales of the franchisee, which reflects the transfer of control to the customer.

Where the Group operates a concession unit under a franchise agreement, it acts as principal in this trading arrangement. All revenue from franchise arrangements is recognised by the Group at the point of sale, which reflects the transfer of control to the customer.

Foreign currency transactions and balances

Assets and liabilities in foreign currencies are translated into sterling at rates of exchange ruling at the date of the balance sheet. Transactions in foreign currency are translated into sterling at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the profit and loss account. The impact and changes in foreign exchange rates is not material.

Casual Dining Limited

Notes to the Financial Statements for the Period from 28 May 2018 to 26 May 2019 (continued)

2. Accounting policies (continued)

Taxation

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for any deferred tax liability where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the group is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the group the ability to control the reversal of the temporary difference is the deferred tax liability not recognised.

Deferred tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities and there is an intention to settle the balances on a net basis.

Property, plant and equipment

Property, plant and equipment are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Impairment losses in relation to site held property, plant and equipment is included in cost of sales.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class

Depreciation method and rate

Land and buildings

Over their remaining lease periods, except where the anticipated renewal or extension of the lease is sufficiently certain that a longer estimated useful life is appropriate. Current legislation and the terms of the lease contracts are such that in most instances, leases are readily extendible by an additional 15 years. The maximum depreciation period for leasehold improvements is 30 years.

Furniture, fittings, and equipment

Over 4 to 25 years

Depreciation of site held assets is included in cost of sales.

**Notes to the Financial Statements
for the Period from 28 May 2018 to 26 May 2019 (continued)**

2. Accounting policies (continued)

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary acquired, in the case of a bargain purchase, the difference is recognised directly in the profit or loss.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units ("CGUs"), or groups of CGUs, that are expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Brand names Brand names as part of a business combination are initially recognised at fair value at the date of acquisition. Following initial recognition, brand names are measured at cost less accumulated impairment losses and amortisation. Brand names are amortised on a straight-line basis over their expected useful economic lives of 10 to 20 years.

Software

Acquired software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Capitalised software is amortised on a straight-line basis over its estimated useful life of eight years.

Capitalisation of staff costs

Directly attributable costs in relation to site preparations (new installations and major refurbishments) and software development include employee costs that are capitalised as tangible and intangible assets respectively, only when it is probable that the future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably and are directly attributable to the creation of the asset. Capitalisation of costs ceases when the asset is capable of operating in the manner intended by management.

Investments

Investments are stated at cost less provision for any impairment in value. Impairment reviews are performed by the Directors when there is an indication of impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in statement of comprehensive income.

Casual Dining Limited

Notes to the Financial Statements for the Period from 28 May 2018 to 26 May 2019 (continued)

2. Accounting policies (continued)

Financial instruments

Financial assets and financial liabilities are recognised when the Group has become a party to the contractual provisions of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Group's accounting policies in respect of financial instruments transactions are explained below.

Financial assets

Financial assets comprise cash and cash equivalents and trade and other receivables. The Group classifies all of its financial assets as assets at amortised costs as they are held with the objective to collect the contractual cash flows and these contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion'). They are initially recognised at fair value plus directly attributable transaction costs, and subsequently at amortised cost using the effective interest method less provisions for impairment. The Group applies the IFRS 9 simplified approach to measuring the expected credit loss by measured by reviewing trade receivables on a customer basis which are past due.

Financial liabilities

Financial liabilities comprise borrowings and trade and other payables. Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan. Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and liability simultaneously.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at managements' best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

Casual Dining Limited

Notes to the Financial Statements for the Period from 28 May 2018 to 26 May 2019 (continued)

2. Accounting policies (continued)

Leases

Leases are classified as either operating or finance, based on the substance of the transaction at the inception of the lease. Rental payments in respect of operating leases are charged on a straight line basis against operating profit over the period of the lease. Rental income and rent-free periods in respect of operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease.

Leases of property, plant and equipment where the group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Employee benefits

Share-based payments

The Bidco Group operated an equity settled share based payment plan whereby key members of management had been invited to purchase shares in Casual Dining Group SCA the previous parent company of Casual Dining Bidco Limited. Management received the shares at the date of grant and the shares vested immediately. The purchase price paid by management for the shares was equal to fair value as assessed using pricing models. In accordance with IFRS2 the fair value of the shares was measured at an estimated market price, adjusted to take into account the terms and conditions upon which the shares were granted. The shares were valued considering the restrictions on transfer under the scheme and taking into account the capital and debt structure of the Casual Dining Group SCA group. Any excess of the fair value over the price paid for the shares by management was recognised immediately as an expense in the income statement. As Casual Dining Bidco Limited and its subsidiaries had no obligation to settle the scheme it was treated as an equity settled share based payment. Arising from the change of control of the Bidco Group this scheme ceased during the period and no new management incentive scheme was in place as at 26 May 2019.

The share based payment expense was deemed not material for disclosure.

Defined contribution pension obligation

The Group operates a defined contribution pension scheme. The amount charged to the consolidated statement of comprehensive income represents the contribution payable to the scheme in respect of the accounting period. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension costs disclosed in the notes represents contributions payable by the Group to the fund. The Group will continue to contribute to this fund in future accounting periods.

Exceptional items

Costs incurred in the period which are classified as exceptional are those which are material in nature and derive from events or transactions that do not fall within the ordinary activities of the Group and which are individually, or in aggregate, of such size or incidence to require specific disclosure. Further details are presented in note 10.

Pre-opening and refurbishment costs

Property rentals and other pre-opening costs incurred up to the date of opening a new restaurant, or major refurbishment, are recognised in the consolidated statement of comprehensive income in the period in which they arise.

Casual Dining Limited

Notes to the Financial Statements for the Period from 28 May 2018 to 26 May 2019 (continued)

2. Accounting policies (continued)

Significant accounting estimates and judgments

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of the accounting policies as described above. The following are the most significant:

a) Intangible assets

The Group tests indefinite life intangible assets for impairment annually by reference to value in use. This is calculated using Board approved budgets covering a three year period. After this three year period the cash flows are continued into perpetuity using a growth rates specific to the market of the relevant cash generating unit (CGU). The key assumptions are discount rate, long term growth rate and forecast cash flows. The discount rate is based on external research and specific considerations of the risks relating to each CGU.

b) Impairment of tangible assets

Tangible assets are reviewed annually for indicators of impairment. For the purposes of tangible asset impairment reviews the Group considers each trading outlet to be a CGU. For the purposes of tangible asset impairment reviews the Group considers each trading outlet to be a CGU. In assessing whether a CGU has been impaired, the carrying amount of assets within the CGU is compared to their recoverable amount based on their value in use. See note 12 for further details on the impairment of tangible assets.

c) Identifiable assets arising out of business combination

Goodwill and other identifiable assets, such as brand names, arising out of business combinations are accounted for under the acquisition method of accounting, which involves the allocation of the costs of acquisition to the underlying net assets acquired based on their respective fair values. These determinations involve significant estimates and assumptions regarding future cash flow projections and discount rates. These estimates and assumptions determine the amount allocated to other identifiable assets and goodwill, as well as the amortisation period for identifiable intangible assets with a finite useful life.

d) Onerous contract provisions

Onerous contract provisions are made for the future net costs of leasehold properties which are vacant, loss making or sublet below passing rent. Provisions are based on cash flow forecasts which include estimates such as the length of time a property may be empty for and the value of any make good costs at the end of a lease.

Casual Dining Limited

Notes to the Financial Statements for the Period from 28 May 2018 to 26 May 2019 (continued)

3. Revenue

The analysis of the Group's revenue for the period from operations is as follows:

| | 28 May 2018 to 26 May 2019 £'m | 29 May 2017 to 27 May 2018 £'m |
|---------------|---|---|
| Sale of goods | 306.4 | 303.7 |
| Other revenue | 1.5 | 1.3 |
| | <u>307.9</u> | <u>305.0</u> |

Substantially all the Group's revenues are derived from the UK.

4. Other (losses)/gains

The analysis of the Group's other (losses)/gains for the period are as follows:

| | 28 May 2018 to 26 May 2019 £'m | 29 May 2017 to 27 May 2018 £'m |
|--|---|---|
| (Loss)/gain on disposal of property, plant and equipment | <u>(0.2)</u> | <u>0.3</u> |

5. Operating loss

| | 28 May 2018 to 26 May 2019 | | | 29 May 2017 to 27 May 2018 | | |
|---|------------------------------------|---|--------------|------------------------------------|---|--------------|
| | Charged to cost of sales £'m | Charged to administrative expenses £'m | Total £'m | Charged to cost of sales £'m | Charged to administrative expenses £'m | Total £'m |
| Depreciation | 17.5 | 1.9 | 19.4 | 18.6 | 1.9 | 20.5 |
| Amortisation | 2.1 | 1.2 | 3.3 | 2.4 | 0.8 | 3.2 |
| Provision for onerous contracts (note 20) | 10.7 | - | 10.7 | 7.1 | - | 7.1 |
| Other provisions (note 20) | - | (1.1) | (1.1) | - | - | - |
| Impairment of goodwill and intangibles (notes 11) | - | - | - | 54.9 | - | 54.9 |
| Impairment of property, plant and equipment (note 12) | 23.3 | - | 23.3 | 10.7 | - | 10.7 |
| Operating lease expense - property | <u>39.1</u> | <u>-</u> | <u>39.1</u> | <u>40.3</u> | <u>-</u> | <u>40.3</u> |

6. Finance costs

| | 28 May 2018 to 26 May 2019 £'m | 29 May 2017 to 27 May 2018 £'m |
|---|---|---|
| Interest expense on loans from Group undertakings | 17.6 | 15.7 |
| Other finance costs | 0.6 | 0.3 |
| Finance cost | <u>18.2</u> | <u>16.0</u> |

Interest has been charged on the intercompany loans with Casual Dining Bidco Limited. The interest rate applied on the loans ranges from 10% - 13% per annum.

Casual Dining Limited

Notes to the Financial Statements for the Period from 28 May 2018 to 26 May 2019 (continued)

7. Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

| | 28 May 2018 to 26 May 2019 | 29 May 2017 to 27 May 2018 |
|-----------------------|----------------------------------|----------------------------------|
| | £'m | £'m |
| Wages and salaries | 118.6 | 115.5 |
| Social security costs | 8.9 | 8.6 |
| Other pension costs | 1.4 | 0.8 |
| | <u>128.9</u> | <u>124.9</u> |

Internal staff salary costs of £1.0m (2018: £0.8m) included in the above analysis have been capitalised and included within notes 11 and 12.

The monthly average number of persons employed by the Group (including the directors) during the period, analysed by category was as follows:

| | 28 May 2018 to 26 May 2019 | 29 May 2017 to 27 May 2018 |
|------------------|----------------------------------|----------------------------------|
| | No. | No. |
| Directors | 3 | 3 |
| Administration | 207 | 228 |
| Restaurant staff | 6,730 | 6,909 |
| | <u>6,940</u> | <u>7,140</u> |

8. Directors' remuneration

The directors did not receive any emoluments from the company in respect of services provided to the Group (2018: £nil). Casual Dining Bidco Limited recharges the Group for directors' services under a management recharge arrangement and these costs are reported within Administrative Expenses.

9. Auditors' remuneration

| | 28 May 2018 to 26 May 2019 | 29 May 2017 to 27 May 2018 |
|--|----------------------------------|----------------------------------|
| | £'m | £'m |
| Audit of the Group financial statements | - | - |
| Audit of the subsidiary financial statements | 0.1 | 0.2 |
| | <u>0.1</u> | <u>0.2</u> |

The current period auditors' remuneration of £26,500 (2018: £17,500) was borne by a fellow Group company. Fees paid in the current period to the Company's auditor, PricewaterhouseCoopers LLP, and its associates for services other than the statutory audit of the Company are not disclosed in these financial statements. This is on the basis that such non-audit fees are disclosed in the consolidated financial statements of the Company's parent company Casual Dining Bidco Limited.

Casual Dining Limited

Notes to the Financial Statements for the Period from 28 May 2018 to 26 May 2019 (continued)

10. Exceptional items

| | 28 May 2018 to 26 May 2019 £'m | 29 May 2017 to 27 May 2018 £'m |
|---|---|---|
| Charged to cost of sales: | | |
| Net increase in onerous contract provision categorised as exceptional (note 20) | 10.7 | 8.0 |
| Impairment of property, plant and equipment (note 12) | 23.3 | 10.7 |
| Net decrease in other provisions categorised as exceptional (note 20) | (1.1) | - |
| | <u>32.9</u> | <u>18.7</u> |
| Charged to administrative expenses: | | |
| Reorganisation and people related costs | 2.2 | 1.9 |
| Brand development costs | - | 0.4 |
| | <u>2.2</u> | <u>57.2</u> |
| Total exceptional items | <u>35.1</u> | <u>75.9</u> |

The share of non-operating exceptional items belonging to minority interests is £Nil (2018 - £Nil). The tax effect in the profit and loss account relating to the exceptional items recognised below operating profit is a charge of £Nil (2018 - £Nil).

An impairment review was conducted across the Group and highlighted sites which management consider to have onerous fixed cost obligations, for which a charge of £10.7m was recorded, net of prior period provisions released and provisions utilised (2018 - £8.0m). Fixed assets of £23.3m have also been impaired (2018 - £10.7m), largely due to sites that are not considered part of the core business, and for which a provision for onerous leases has been recognised.

During the period the Group continued its reorganisation of the business that began in the prior period and incurred £2.2m of redundancy and other people related costs (2018 - £1.9m).

Brand development costs in the prior period of £0.4m arose from extensive investment in focus groups and other methods in gaining an understanding of the Brands' customer bases to ensure that the Brands effectively target their commercial activities to the needs of both their existing, and potentially new, customers.

Arising from the restructure of the Casual Dining Bidco Limited group completed in August 2018 goodwill in the amount of £53.8m was impaired in full and the value of the La Tasca brand, £1.1m, was impaired in full.

Casual Dining Limited

**Notes to the Financial Statements
for the Period from 28 May 2018 to 26 May 2019 (continued)**

11. Intangible assets

| <u>Group</u> | <u>Brand Name</u> £'m | <u>Software</u> £'m | <u>Total</u> £'m | <u>Goodwill</u> £'m |
|---------------------------------|--------------------------|------------------------|---------------------|------------------------|
| Cost or valuation | | | | |
| At 29 May 2017 | 42.6 | 6.6 | 49.2 | 53.8 |
| Additions | - | 2.3 | 2.3 | - |
| At 27 May 2018 | 42.6 | 8.9 | 51.5 | 53.8 |
| At 28 May 2018 | 42.6 | 8.9 | 51.5 | 53.8 |
| Additions | - | 1.9 | 1.9 | - |
| At 26 May 2019 | 42.6 | 10.8 | 53.4 | 53.8 |
| Accumulated amortisation | | | | |
| At 29 May 2017 | 4.3 | 3.0 | 7.3 | - |
| Amortisation charge | 2.4 | 0.8 | 3.2 | - |
| Impairment | 1.1 | - | 1.1 | 53.8 |
| At 27 May 2018 | 7.8 | 3.8 | 11.6 | 53.8 |
| At 28 May 2018 | 7.8 | 3.8 | 11.6 | 53.8 |
| Amortisation charge | 2.1 | 1.2 | 3.3 | - |
| At 26 May 2019 | 9.9 | 5.0 | 14.9 | 53.8 |
| Carrying amount | | | | |
| At 26 May 2019 | 32.7 | 5.8 | 38.5 | - |
| At 27 May 2018 | 34.8 | 5.1 | 39.9 | - |

Goodwill is not subject to amortisation but is tested for impairment annually or more frequently if there are changes in events or circumstances that indicate that it might be impaired. Arising from the restructure of the Casual Dining Bidco Limited group completed in August 2018 goodwill was impaired in full. Furthermore the value of the La Tasca brand was impaired in full as it was not considered to be supportable by future cashflows.

11. Intangible assets

| <u>Company</u> | <u>Software</u> £'m |
|--------------------------------------|------------------------|
| Cost or valuation | |
| At 29 May 2017 | - |
| Additions | 2.3 |
| Transfers from other Group companies | 5.6 |
| At 27 May 2018 | 7.9 |
| At 28 May 2018 | 7.9 |
| Additions | 1.9 |
| At 26 May 2019 | 9.8 |
| Accumulated amortisation | |
| At 29 May 2017 | - |
| Amortisation charge | 0.8 |
| Transfers from other Group companies | 2.4 |
| At 27 May 2018 | 3.2 |
| At 28 May 2018 | 3.2 |
| Amortisation charge | 1.1 |
| At 26 May 2019 | 4.3 |
| Carrying amount | |
| At 26 May 2019 | 5.5 |
| At 27 May 2018 | 4.7 |

Casual Dining Limited

Notes to the Financial Statements for the Period from 28 May 2018 to 26 May 2019 (continued)

12. Property, plant and equipment

| <u>Group</u> | Land, buildings and leaseholds £'m | Furniture, fittings and equipment £'m | Total £'m |
|---------------------------------|---|--|--------------|
| Cost or valuation | | | |
| At 29 May 2017 | 85.4 | 105.1 | 190.5 |
| Additions | 1.0 | 14.8 | 15.8 |
| Disposals | (3.2) | (3.4) | (6.6) |
| At 27 May 2018 | 83.2 | 116.5 | 199.7 |
| At 28 May 2018 | 83.2 | 116.5 | 199.7 |
| Additions | 0.4 | 11.9 | 12.3 |
| Disposals | (5.7) | (9.8) | (15.5) |
| At 26 May 2019 | 77.9 | 118.6 | 196.5 |
| Accumulated depreciation | | | |
| At 29 May 2017 | 8.2 | 56.7 | 64.9 |
| Charge for period | 5.7 | 14.8 | 20.5 |
| Eliminated on disposal | (2.2) | (2.8) | (5.0) |
| Impairment | 4.6 | 6.1 | 10.7 |
| At 27 May 2018 | 16.3 | 74.8 | 91.1 |
| At 28 May 2018 | 16.3 | 74.8 | 91.1 |
| Charge for period | 5.2 | 14.2 | 19.4 |
| Eliminated on disposal | (4.9) | (9.3) | (14.2) |
| Impairment | 10.8 | 12.5 | 23.3 |
| At 26 May 2019 | 27.4 | 92.2 | 119.6 |
| Carrying amount | | | |
| At 26 May 2019 | 50.5 | 26.4 | 76.9 |
| At 27 May 2018 | 66.9 | 41.7 | 108.6 |

Included in property, plant and equipment is £nil (2018: £1.7m) of assets in construction which are not yet depreciated.

In the period to 26 May 2019 an impairment of £23.3m (2018: £10.7m) was identified in assets held at loss making restaurants. For the purposes of tangible asset impairment reviews the Group considers each trading outlet to be a CGU. In assessing whether a CGU has been impaired, the carrying amount of assets within the CGU is compared to their recoverable amount based on their value in use.

Casual Dining Limited

**Notes to the Financial Statements
for the Period from 28 May 2018 to 26 May 2019 (continued)**

12. Property, plant and equipment (continued)

| <u>Company</u> | Land, buildings and leaseholds £'m | Furniture, fittings and equipment £'m | Total £'m |
|--------------------------------------|---|--|--------------|
| Cost or valuation | | | |
| At 29 May 2017 | 3.1 | 5.7 | 8.8 |
| Additions | 0.6 | 4.1 | 4.7 |
| Transfers from other Group companies | 1.0 | 12.9 | 13.9 |
| At 27 May 2018 | 4.7 | 22.7 | 27.4 |
| At 28 May 2018 | 4.7 | 22.7 | 27.4 |
| Additions | - | 2.2 | 2.2 |
| At 26 May 2019 | 4.2 | 24.0 | 28.2 |
| Accumulated depreciation | | | |
| At 29 May 2017 | 0.5 | 2.4 | 2.9 |
| Charge for period | 0.2 | 2.6 | 2.8 |
| Impairment | 0.4 | 0.2 | 0.6 |
| Transfers from other Group companies | 0.1 | 6.4 | 6.5 |
| At 27 May 2018 | 1.2 | 11.6 | 12.8 |
| At 28 May 2018 | 1.2 | 11.6 | 12.8 |
| Charge for period | 0.2 | 3.1 | 3.3 |
| Eliminated on disposal | (0.1) | (0.8) | (0.9) |
| Impairment | 0.5 | 2.9 | 3.4 |
| At 26 May 2019 | 1.8 | 16.8 | 18.6 |
| Carrying amount | | | |
| At 26 May 2019 | 2.4 | 7.2 | 9.6 |
| At 27 May 2018 | 3.5 | 11.1 | 14.6 |

Casual Dining Limited

Notes to the Financial Statements for the Period from 28 May 2018 to 26 May 2019 (continued)

13. Income tax recovery

Tax (credited)/charged in the consolidated statement of comprehensive income:

| | 28 May 2018 to 26 May 2019 £'m | 29 May 2017 to 27 May 2018 £'m |
|--|---|---|
| Current taxation | | |
| UK corporation tax | - | - |
| Adjustments in respect of prior periods | - | (0.6) |
| | <u>-</u> | <u>(0.6)</u> |
| Deferred taxation | | |
| Origination and reversal of temporary differences | (0.4) | (0.6) |
| Effects of changes in tax rates | - | - |
| Adjustment in respect of previous periods | 0.1 | - |
| Total deferred taxation | <u>(0.3)</u> | <u>(0.6)</u> |
| Tax recovery in the consolidated statement of comprehensive income | <u>(0.3)</u> | <u>(1.2)</u> |

The tax on loss before tax for the period is higher than the standard rate of corporation tax in the UK (2018 - higher than the standard rate of corporation tax in the UK) of 19.0% (2018 - 19.0%). The tax rate for the prior period is based on a weighted average rate of enacted corporation tax rates during the period.

The differences are reconciled below:

| | 28 May 2018 to 26 May 2019 £'m | 29 May 2017 to 27 May 2018 £'m |
|---|---|---|
| Loss before tax | <u>(61.7)</u> | <u>(102.3)</u> |
| Corporation tax at standard rate | (11.7) | (19.4) |
| Effects of: | | |
| Adjustments in respect of prior periods | - | (0.6) |
| Expenses not deductible for tax purposes | 5.7 | 14.6 |
| Group relief utilised by parent company | 2.2 | 3.1 |
| Income not subject to tax | (0.2) | (0.2) |
| Losses carried forward | 1.2 | - |
| Origination and reversal of temporary differences | 2.5 | 1.3 |
| Tax (recovery)/charge in the consolidated statement of comprehensive income | <u>(0.3)</u> | <u>(1.2)</u> |

The Group has an unrecognised deferred tax asset in respect of fixed assets temporary differences of £15.7m (2018 - £13.3m) and an unrecognised deferred tax asset in respect of losses of £6.5m (2018 - £5.0m) due to it not being sufficiently probable that these will be utilised in the near future.

The Finance Act 2015 introduced a reduction in the main rate of corporation tax from 20% to 19% from April 2017 and from 19% to 18% from April 2020. These reductions were substantively enacted on 26 October 2015. This has resulted in a blended rate of 19.0% (FY18: 19.0%) being used to calculate the tax provision. The Finance Act 2016 introduced a further reduction in the main rate of corporation tax to 17% from April 2020. This was substantively enacted on 6 September 2016. The net deferred tax liability at the balance sheet date has been calculated at this rate.

Casual Dining Limited

**Notes to the Financial Statements
for the Period from 28 May 2018 to 26 May 2019 (continued)**

13. Income tax recovery (continued)

| | 28 May 2018 to 26 May 2019 | 29 May 2017 to 27 May 2018 |
|---|----------------------------------|----------------------------------|
| | £'m | £'m |
| Deferred tax asset | | |
| <u>Group</u> | | |
| At the beginning or the period | 4.6 | 4.6 |
| Statement of comprehensive income charge | (0.1) | - |
| At the end of the period | <u>4.5</u> | <u>4.6</u> |
| Deferred tax consists of: | | |
| Depreciation in advance of capital allowances | 4.4 | 4.5 |
| Other temporary differences | 0.1 | 0.1 |
| | <u>4.5</u> | <u>4.6</u> |
| Deferred tax liability | | |
| <u>Group</u> | | |
| At the beginning or the period | (5.9) | (6.5) |
| Statement of comprehensive income credit | 0.4 | 0.6 |
| At the end of the period | <u>(5.5)</u> | <u>(5.9)</u> |
| Deferred tax consists of: | | |
| Arising on acquisition of intangible assets | <u>(5.5)</u> | <u>(5.9)</u> |
| Amount expected to be recovered or settled: | | |
| Within one year | (0.4) | (0.4) |
| After one year | <u>(5.1)</u> | <u>(5.5)</u> |
| | <u>(5.5)</u> | <u>(5.9)</u> |

Casual Dining Limited

Notes to the Financial Statements for the Period from 28 May 2018 to 26 May 2019 (continued)

14. Investments in subsidiaries

Details of the Group's subsidiaries as at 26 May 2019 are as follows:

| Name of subsidiary | Principal activity | Country or incorporation and principal place of business | Proportion of ownership interest and voting rights and shares held by the group | |
|---------------------------------------|-----------------------------|---|--|------|
| | | | 2019 | 2018 |
| Casual Dining Services Limited* | Holding company | England and Wales | 100% | 100% |
| TRM Tisch Limited* | Restaurateur | England and Wales | 100% | 100% |
| Cafe Rouge Restaurants Limited* | Restaurateur | England and Wales | 100% | 100% |
| Bella Italia Group Limited* | Dormant, holding company | England and Wales | 100% | 100% |
| Bella Italia Restaurants Limited | Restaurateur | England and Wales | 100% | 100% |
| Las Iguanas Holdings Limited* | Holding company | England and Wales | 100% | 100% |
| Las Iguanas Limited | Restaurateur | England and Wales | 100% | 100% |
| La Tasca Holdings Limited* | Dormant, holding company | England and Wales | 100% | 100% |
| La Tasca Group Limited | Holding company | England and Wales | 100% | 100% |
| La Tasca Restaurants Holdings Limited | Holding company | England and Wales | 100% | 100% |
| La Tasca Restaurants Limited | Restaurateur | England and Wales | 100% | 100% |
| Oriel Restaurants Limited | Restaurateur | England and Wales | 100% | 100% |
| Ortega Restaurants Limited | Restaurateur | England and Wales | 100% | 100% |
| Abbaye Restaurants Limited | Restaurateur | England and Wales | 100% | 100% |
| Ortega Bars Limited | Non-trading | England and Wales | 100% | 100% |
| Mamma Amalfi Restaurants Limited | Restaurateur | England and Wales | 100% | 100% |
| Espresso UK Limited | Restaurateur | England and Wales | 100% | 100% |
| Espresso Limited | Restaurateur | England and Wales | 98% | 98% |
| Café Pelican Limited | Dormant | England and Wales | 100% | 100% |
| Huxleys Bar & Kitchen Limited | Restaurateur | England and Wales | 100% | 100% |
| Café Rouge International Limited | Franchising | England and Wales | 100% | 100% |
| Red Restaurants Limited | Dormant | England and Wales | 100% | 100% |
| Café Rouge Limited | Dormant | England and Wales | 100% | 100% |
| Bella Italia International Limited | Franchising | England and Wales | 100% | 100% |
| San Gregorio UK Limited* | In liquidation | England and Wales | 100% | 100% |

*indicates direct investment of the Company.

In accordance with section 409 of the Companies Act 2006, a full list of subsidiaries, the country of incorporation and effective percentage ownership has been disclosed above with this note.

Casual Dining Limited

Notes to the Financial Statements for the Period from 28 May 2018 to 26 May 2019 (continued)

14. Investments in subsidiaries (continued)

Except for San Gregorio UK Limited the registered office of all the subsidiaries is 163 Eversholt Street, London NW1 1BU. The registered office of San Gregorio UK Limited is 4th Floor, Cumberland House, 15-17 Cumberland Place, Southampton SO15 2BG.

Audit Exemptions

Casual Dining Limited has guaranteed the outstanding liabilities of the subsidiaries within the Group shown below, and has fulfilled all requirements under s479A of the Companies Act 2006 ('The Act'), thus enabling those subsidiaries to apply for audit exemption; provided their financial statements are not subject to audit under any other provisions of The Act.

The following subsidiary companies have applied for audit exemption:

| Name of subsidiary | Registration number | Country or incorporation and principal place of business | Proportion of ownership interest and voting rights and shares held by the group | |
|------------------------------------|---------------------|--|---|------|
| | | | 2019 | 2018 |
| Casual Dining Services Limited | 6022528 | England and Wales | 100% | 100% |
| Bella Italia International Limited | 10015444 | England and Wales | 100% | 100% |
| Café Rouge International Limited | 2382964 | England and Wales | 100% | 100% |
| Espresso UK Limited | 3012988 | England and Wales | 100% | 100% |
| Huxleys Bar & Kitchen Limited | 2937997 | England and Wales | 100% | 100% |
| Mamma Amalfi Restaurants Limited | 2767925 | England and Wales | 100% | 100% |
| Ortega Restaurants Limited | 2948534 | England and Wales | 100% | 100% |

| Company | £'m |
|-----------------------------------|------|
| At 28 May 2018 and at 26 May 2019 | 93.8 |
| Provision | |
| At 28 May 2018 and at 26 May 2019 | 26.3 |
| Carrying amount | |
| At 26 May 2019 | 67.5 |
| At 27 May 2018 | 67.5 |

15. Inventories

| | 26 May 2019 | 27 May 2018 |
|-------------------|-------------|-------------|
| Group | £'m | £'m |
| Food and beverage | 3.1 | 3.0 |

The cost of inventory expensed and charged to cost of sales in the period is £73.1m (2018 - £70.6m). The replacement cost at 26 May 2019 is not considered by the Directors to be materially different from the balance sheet value. At 26 May 2019 there was £nil provision held against inventory (2018 - £nil).

| | 26 May 2019 | 27 May 2018 |
|-------------------|-------------|-------------|
| Company | £'m | £'m |
| Food and beverage | 0.2 | 0.2 |

The replacement cost at 26 May 2019 is not considered by the Directors to be materially different from the balance sheet value. At 26 May 2019 there was £nil provision held against inventory (2018 - £nil).

Casual Dining Limited

**Notes to the Financial Statements
for the Period from 28 May 2018 to 26 May 2019 (continued)**

16. Trade and other receivables

| | 26 May 2019 | 27 May 2018 |
|--|----------------|----------------|
| | £'m | £'m |
| <u>Group</u> | | |
| Trade receivables | 4.4 | 3.9 |
| Other receivables | 3.1 | 3.5 |
| Amounts owed by other members of the Group | 47.3 | 59.5 |
| Total current trade and other receivables | <u>54.8</u> | <u>66.9</u> |

Amounts owed by other member of the Group are interest free and have no fixed terms of repayment.

| | 26 May 2019 | 27 May 2018 |
|--|----------------|----------------|
| | £'m | £'m |
| <u>Company</u> | | |
| Trade receivables | 3.7 | 3.3 |
| Other receivables | 1.7 | 0.4 |
| Amounts owed by other members of the Group | 9.8 | 27.2 |
| Total current trade and other receivables | <u>15.2</u> | <u>30.9</u> |

Amounts owed by other member of the Group are interest free and have no fixed terms of repayment.

17. Cash and cash equivalents

| | 26 May 2019 | 27 May 2018 |
|--------------|----------------|----------------|
| | £'m | £'m |
| <u>Group</u> | | |
| Cash on hand | 0.1 | 0.1 |
| Cash at bank | 9.7 | 10.8 |
| | <u>9.8</u> | <u>10.9</u> |

| | 26 May 2019 | 27 May 2018 |
|----------------|----------------|----------------|
| | £'m | £'m |
| <u>Company</u> | | |
| Cash on hand | 0.1 | 0.1 |
| Cash at bank | 9.7 | 10.8 |
| | <u>9.8</u> | <u>10.9</u> |

18. Borrowings

| | 26 May 2019 | 27 May 2018 |
|---|----------------|----------------|
| | £'m | £'m |
| <u>Group & Company</u> | | |
| Non-current loans and borrowings | | |
| Amounts due to group undertakings | <u>166.3</u> | <u>149.1</u> |

Other borrowings represent amounts owed to Casual Dining Bidco Limited on which interest is charged at rates between 10% - 13% per annum and are due to repaid by September 2022.

Casual Dining Limited

Notes to the Financial Statements for the Period from 28 May 2018 to 26 May 2019 (continued)

19. Provisions for other liabilities and charges

| | Onerous contracts £'m | Other provisions £'m | Total £'m |
|-------------------------------|-----------------------------|-----------------------------|--------------|
| Group | | | |
| At 29 May 2017 | 4.0 | 2.2 | 6.2 |
| Additional provisions | 8.0 | - | 8.0 |
| Provisions utilised | (2.0) | (0.1) | (2.1) |
| Unused provision reversed | (0.8) | (0.6) | (1.4) |
| At 27 May 2018 | 9.2 | 1.5 | 10.7 |
| At 28 May 2018 | 9.2 | 1.5 | 10.7 |
| Additional provisions | 11.8 | - | 11.8 |
| Provisions utilised | (5.3) | (0.1) | (5.4) |
| Net (unused)/under provisions | (1.1) | (1.1) | (2.2) |
| At 26 May 2019 | 14.6 | 0.3 | 14.9 |
| Non-current liabilities | 14.6 | 0.3 | 14.9 |
| | | Onerous contracts £'m | |
| Company | | | |
| At 29 May 2017 | | - | |
| Additional provisions | | 0.2 | |
| At 27 May 2018 | | 0.2 | |
| At 28 May 2018 | | 0.2 | |
| Additional provisions | | 1.8 | |
| At 26 May 2019 | | 2.0 | |
| Non-current liabilities | | 2.0 | |

Onerous contracts provision

The provision for onerous contracts is in respect to operating lease arrangements, and represents estimated cash flows over the period that the contract that are considered onerous.

Provisions are recognised on arrangements where forecast results return an expected loss over the period the contracts are considered onerous. Forecasts are based on assumption for growth and margin outcomes which management assess to be reasonably possible. The provisions are expected to be utilised over the lease terms.

Other

Other provisions represent legal and other amounts for which the Group has a constructive or legal obligation, as well as the necessary cash outflows associated with returning a restaurant site to its original condition.

Casual Dining Limited

Notes to the Financial Statements for the Period from 28 May 2018 to 26 May 2019 (continued)

20. Trade and other payables

| | 26 May 2019 | 27 May 2018 |
|---------------------------------|----------------|----------------|
| | £'m | £'m |
| <u>Group</u> | | |
| Trade payables | 26.7 | 26.4 |
| Accrued expenses | 19.5 | 23.3 |
| Social security and other taxes | 9.2 | 9.6 |
| Other payables | 6.3 | 8.1 |
| | <u>61.7</u> | <u>67.4</u> |

| | 26 May 2019 | 27 May 2018 |
|---------------------------------|----------------|----------------|
| | £'m | £'m |
| <u>Company</u> | | |
| Trade payables | 25.4 | 25.0 |
| Accrued expenses | 4.7 | 4.1 |
| Social security and other taxes | 7.1 | 7.4 |
| Other payables | 2.0 | 0.5 |
| | <u>39.2</u> | <u>37.0</u> |

21. Financial Instruments

| | 26 May 2019 | 27 May 2018 |
|--|----------------|----------------|
| | £'m | £'m |
| <u>Group</u> | | |
| Financial assets | | |
| Trade and other receivables | 54.8 | 66.9 |
| Cash and short-term deposits | 9.8 | 10.9 |
| Total financial assets | <u>64.6</u> | <u>77.8</u> |
| Financial liabilities | | |
| Other borrowings | 166.3 | 149.1 |
| Trade and other payables excluding non-financial liabilities | 52.5 | 57.8 |
| Total financial liabilities | <u>218.8</u> | <u>206.9</u> |

None of the financial assets is either past due or impaired.

Fair values

The fair values of cash and cash equivalents, trade and other receivables, trade and other payables and other current financial liabilities approximate their carrying value largely due to the short-term maturities of these instruments.

The fair value of bank and other borrowings approximates their carrying value, as the stated interest rate on the debt is consistent with market rates.

The fair value of derivative financial instruments has been determined using Level 2 as defined below:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices);

Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Casual Dining Limited

Notes to the Financial Statements for the Period from 28 May 2018 to 26 May 2019 (continued)

21. Financial Instruments (continued)

Maturity analysis

The maturity profile of the Group's financial liabilities based on contractual undiscounted payments are as follows:

| | Less than 1 year | 1 to 5 years | After 5 years | Total |
|-----------------------------------|---------------------|--------------|------------------|--------------|
| | £'m | £'m | £'m | £'m |
| As at 26 May 2019 | | | | |
| Trade and other payables | 61.7 | - | - | 61.7 |
| Amounts due to group undertakings | - | 263.4 | - | 263.4 |
| | <u>61.7</u> | <u>263.4</u> | <u>-</u> | <u>325.1</u> |
| As at 27 May 2018 | | | | |
| Trade and other payables | 67.4 | - | - | 67.4 |
| Amounts due to group undertakings | - | - | 263.4 | 263.4 |
| | <u>67.4</u> | <u>-</u> | <u>263.4</u> | <u>330.8</u> |

Group financial risk factors

From the perspective of the Company, the financial risks of the Company are integrated with the financial risks of the Group and are not managed separately. Accordingly, the management of the financial risks of the Group, which include those of the Company, are disclosed in Casual Dining Bidco Limited's consolidated financial statements which does not form part of this report.

22. Called up share capital

Group and Company

Allocated, called up and fully paid shares

| | 26 May 2019 No. 000 | 26 May 2019 £'m | 27 May 2018 No. 000 | 27 May 2018 £'m |
|-----------------------------------|---------------------------|-----------------------|---------------------------|-----------------------|
| "A" Ordinary shares of £0.02 each | 63.0 | 1.3 | 63.0 | 1.3 |
| "B" Ordinary shares of £0.02 each | 0.2 | - | 0.2 | - |
| Ordinary shares of £0.02 each | 1.3 | - | 1.3 | - |
| Deferred shares of £0.02 each | 5.6 | 0.1 | 6.0 | 0.1 |
| | <u>70.1</u> | <u>1.4</u> | <u>70.5</u> | <u>1.4</u> |

All ordinary shares ("A" ordinary, "B" ordinary and ordinary) are deferred shares have no rights to dividends other than those recommended by directors, have no redemption rights and have one vote per share.

During the period a loan owed by the Company to Casual Dining Group S.C.A. in the amount of £0.2m was released and credited to capital contribution.

23. Lease commitments

Group

Operating Leases - land and buildings

The total future value of minimum lease payments is as follows:

| | 26 May 2019 £'m | 27 May 2018 £'m |
|----------------------|-----------------------|-----------------------|
| Within one year | 36.7 | 38.0 |
| In one to five years | 127.7 | 137.8 |
| In over five years | 151.6 | 187.8 |
| | <u>316.0</u> | <u>363.6</u> |

Casual Dining Limited

Notes to the Financial Statements for the Period from 28 May 2018 to 26 May 2019 (continued)

23. Lease commitments (continued)

Company

Operating Leases - land and buildings

The total future value of minimum lease payments is as follows:

| | 26 May 2019 £'m | 27 May 2018 £'m |
|----------------------|-----------------------|-----------------------|
| Within one year | 5.6 | 5.4 |
| In one to five years | 16.2 | 17.7 |
| In over five years | 5.8 | 8.8 |
| | <u>27.6</u> | <u>31.9</u> |

24. Capital commitments

Group

Authorised and contracted for:

| | 26 May 2019 £'m | 27 May 2018 £'m |
|--|-----------------------|-----------------------|
| | <u>2.3</u> | <u>1.5</u> |

Company

Authorised and contracted for:

| | 26 May 2019 £'m | 27 May 2018 £'m |
|--|-----------------------|-----------------------|
| | <u>-</u> | <u>-</u> |

25. Defined contribution pension scheme

The Group operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the Group to the scheme and amounted to £1.4m (2018 - £0.8m).

26. Related party transactions

During the period interest of £5,000 was accrued in Casual Dining Limited; a member of the Group, relating to a loan balance from Casual Dining Group S.C.A, at terms disclosed in Note 6. The loan amounting to £0.2m was released in August 2018.

During the period interest of £17.2m was accrued in the Company relating to loan balances from Casual Dining Bidco Limited, its immediate parent, at terms disclosed in Note 6. The balance outstanding on the loans at period end was £166.3m (2018: £149.1m).

27. Parent and Ultimate parent undertaking

The immediate parent undertaking is Casual Dining Restaurants Group Limited, registered in England and Wales. Casual Dining Limited, registered in England and Wales, together with its subsidiaries form the smallest Group of which the Company is a member and for which Group financial statements are prepared.

At the date of signing these financial statements the Company considers Dining (UK) Holdco LLP, a limited liability partnership incorporated in England and Wales, as the ultimate parent undertaking and form the largest group of which the Company is a member and for which group financial statements are prepared. The Company considers KKR & Co. Inc, through its managed funds, to be the ultimate controlling party.