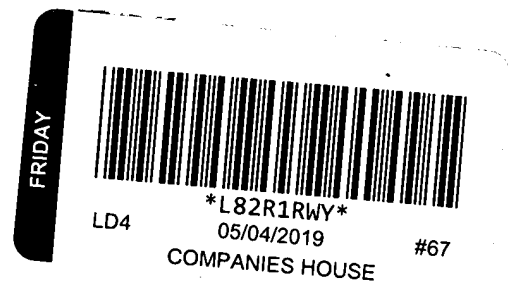


Registration number: 04349917

Casual Dining Limited

Annual Report and Financial Statements

for the Period from 29 May 2017 to 27 May 2018



Casual Dining Limited

Contents

Company Information	1
Strategic Report	2
Directors' Report	3 to 4
Independent Auditors' Report	5 to 6
Statement of Comprehensive Income	7
Statement of Financial Position	8
Statement of Changes in Equity	9
Notes to the Financial Statements	10 to 22

Casual Dining Limited

Company Information

Directors

G. David
S. Richards

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 29 May 2017 to 27 May 2018

The Directors present their strategic report for the period from 29 May 2017 to 27 May 2018.

Business Review

Summary

The principal activities of Casual Dining Limited (the 'Company') are to operate as a holding management company, and also operate restaurants. There has been no change in these activities during the period. The Company is a subsidiary of Casual Dining Bidco Limited which forms one of the largest mid-market restaurant operators in the UK with 276 restaurants as at 27 May 2018. Refer to the financial statements of Casual Dining Bidco Limited for the review of the wider Group's performance in the current financial period.

Key results and position

The results of the Company for the 52 week period ended 27 May 2018 show a loss for the financial period of £46,915,000 (2017: restated loss £14,556,000). Revenue for the 52 weeks ended 27 May 2018 was £38,834,000 (2017: £41,663,000).

The net liabilities of the Company at 27 May 2018 were £56,634,000 (2017: restated £9,719,000).

Exceptional costs

The Company incurred exceptional costs in the period of £28,951,000 (2017: £2,054,000) which are detailed in note 9 to the financial statements.

Principal risks and uncertainties

From the perspective of the Company, its principal risks and uncertainties are integrated with the principal risks of Casual Dining Bidco Limited and its subsidiaries ("the 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 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 Group's operations on a divisional basis. For this reason, the Company's directors believe that analysis using key performance indicators for the 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 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 29 November 2018 and signed on its behalf by:


G David
Director

Casual Dining Limited

Directors' Report for the Period from 29 May 2017 to 27 May 2018

The Directors present their annual report and the audited financial statements of Casual Dining Limited ("the Company") for the period from 29 May 2017 to 27 May 2018.

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 (appointed 21 June 2017)

T. Doubleday (resigned 31 August 2017)

S. Richards

Results and dividends

The results for the Company for the 52 week period ended 27 May 2018 are presented in the statement of comprehensive income on page 7.

The Directors do not propose the payment of a dividend (2017: £nil).

Review of developments and future prospects

The Company will continue to operate as a holding management company to a group of companies that operate restaurants, and also operate restaurants itself for the foreseeable future. The Company will continue to open new sites and expand the various Casual Dining Group (CDG) brands (refer Casual Dining Bidco Limited's consolidated financial statements which does not form part of this report).

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.

Subsequent events

As more fully disclosed in the financial statements of Casual Dining Bidco Limited, a refinancing of the Group was concluded on 15 August 2018, which resulted in the Group being sold to funds under the control of KKR. Apollo, the previous controlling shareholder, remain a material shareholder of the Group.

Casual Dining Limited

Directors' Report for the Period from 29 May 2017 to 27 May 2018 (continued)

Prior period restatement

Management have discovered historic errors in the accounting for investments and interest due on an intercompany loan had not been accrued dating back to the period ending 31 May 2015. In FY18 these errors have been corrected through a prior year restatement in the Company (see note 24 for further details).

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 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 company and of the profit or loss of the 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 United Kingdom Accounting Standards, comprising FRS 101, have been followed, 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 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 company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

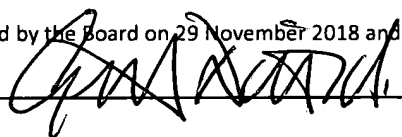
Directors' confirmations

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 29 November 2018 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 financial statements:

- give a true and fair view of the state of the company's affairs as at 27 May 2018 and of its loss for the 52 week period (the "period") then ended;
- 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
- 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 Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 27 May 2018; the Statement of Comprehensive Income, the Statement of Changes in Equity for the period from 29 May 2017 to 27 May 2018; 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 company 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

We have nothing to report in respect of the following matters in relation to which 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 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

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 27 May 2018 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 company and its 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 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.

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 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 November 2018

Casual Dining Limited

**Statement of Comprehensive Income
for the period from 29 May 2017 to 27 May 2018**

	Note	52 weeks ended 27 May 2018			Restated 52 weeks ended 28 May 2017		
		Before exceptional items	Exceptional items	Total	Before exceptional items	Exceptional items	Total
			(note 9)			(note 9)	
		£'000	£'000	£'000	£'000	£'000	£'000
Revenue	3	38,834	-	38,834	41,663	-	41,663
Cost of sales		(25,166)	(932)	(26,098)	(20,815)	(68)	(20,883)
Gross profit		13,668	(932)	12,736	20,848	(68)	20,780
Administrative expenses		(15,620)	(28,019)	(43,639)	(19,343)	(1,986)	(21,329)
Operating (loss) / profit before other losses		(1,952)	(28,951)	(30,903)	1,505	(2,054)	(549)
Other losses		(60)	-	(60)	-	-	-
Operating loss	4	(2,012)	(28,951)	(30,963)	1,505	(2,054)	(549)
Finance income	5	-	-	-	7.0	-	7.0
Finance costs	5	(15,952)	-	(15,952)	(14,014)	-	(14,014)
Net finance cost	5	(15,952)	-	(15,952)	(14,007)	-	(14,007)
Loss before tax		(17,964)	(28,951)	(46,915)	(12,502)	(2,054)	(14,556)
Income tax charge	10	-	-	-	-	-	-
Loss for the financial period and total comprehensive expense		(17,964)	(28,951)	(46,915)	(12,502)	(2,054)	(14,556)

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

The notes on pages 10 to 22 form an integral part of these financial statements.

The statement of Comprehensive Income for the 52 weeks 28 May 2017 has been restated. Details are provided in note 24.

Casual Dining Limited

(Registration number: 04349917)
Statement of Financial Position as at 27 May 2018

	Note	27 May 2018 £'000	Restated 28 May 2017 £'000
Assets			
Non-current assets			
Intangible assets	11	4,687	18
Property, plant and equipment	12	14,614	5,975
Investments	13	67,455	93,755
		<u>86,756</u>	<u>99,748</u>
Current assets			
Inventories	14	215	159
Trade and other receivables	15	30,937	46,888
Prepayments		878	40
Cash and cash equivalents		10,869	15,755
		<u>42,899</u>	<u>62,842</u>
Total assets		<u>129,655</u>	<u>162,590</u>
Equity and liabilities			
Non-current liabilities			
Borrowings	16	(149,091)	(133,675)
Provisions for other liabilities and charges	18	(248)	-
		<u>(149,339)</u>	<u>(133,675)</u>
Current liabilities			
Trade and other payables	17	(36,950)	(37,631)
Borrowings	16	-	(1,003)
		<u>(36,950)</u>	<u>(38,634)</u>
Total liabilities		<u>(186,289)</u>	<u>(172,309)</u>
Net liabilities		<u>(56,634)</u>	<u>(9,719)</u>
Equity			
Share capital	19	1,403	1,403
Share premium		850	850
Profit and loss account		(58,887)	(11,972)
Total equity		<u>(56,634)</u>	<u>(9,719)</u>

These financial statements on pages 7 to 22 were approved by the Board of Directors on 29 November 2018 and signed on its behalf by:


G. David
Director

The notes on pages 10 to 22 form an integral part of these financial statements.

The statement of Financial Position as at 28 May 2017 has been restated. Details are provided in note 24.

Casual Dining Limited

**Statement of Changes in Equity
for the period from 29 May 2017 to 27 May 2018**

	Share capital £000	Share premium £000	Profit and loss account £000	Total equity £000
At 30 May 2016 - as previously reported	1,403	850	4,771	7,024
Prior Period adjustment	-	-	(2,187)	(2,187)
At 30 May 2016 - restated*	1,403	850	2,584	4,837
Comprehensive loss for the period - as previously reported	-	-	(13,076)	(13,076)
Prior Period adjustment	-	-	(1,480)	(1,480)
Comprehensive loss for the period - as restated	-	-	(14,556)	(14,556)
At 28 May 2017 - restated	1,403	850	(11,972)	(9,719)
At 29 May 2017	1,403	850	(11,972)	(9,719)
Comprehensive loss for the period			(46,915)	(46,915)
At 27 May 2018	1,403	850	(58,887)	(56,634)

The notes on pages 10 to 22 form an integral part of these financial statements.

* Refer to note 24 for details of the restatement.

Casual Dining Limited

Notes to the Financial Statements for the Period from 29 May 2017 to 27 May 2018

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 is a subsidiary of Casual Dining Bidco Limited which forms one of the largest mid-market restaurant operators in the UK with 276 restaurants as at 27 May 2018, operating primarily under the Café Rouge, Bella Italia, Las Iguanas and La Tasca brands.

Information on the ultimate parent of the Company is provided in Note 22.

2. Accounting policies

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 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.

The financial statements of the Company have been prepared for the accounting period ended 27 May 2018.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies.

The functional and presentational currency of the Company is pounds sterling, rounded to the nearest thousand.

As detailed in note 24, the prior year financial statements have been restated as a result of identifying errors in the accounting for investments and interest due on an intercompany loan which had not been accrued. See note 24 for details on the impact on these financial statements.

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.

Summary of disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- IAS 7 "Statement of cash flows"
- Paragraph 30 of IAS 8 "Accounting policies, changes in accounting estimates and errors" (disclosure of standard issued but not yet adopted)
- IFRS 7 "Financial Instruments: Disclosures"
- 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.

Exemption from preparing Group financial statements

The Company has taken advantage of the exemption provided by Section 400 of the Companies Act 2006 and has not prepared Group financial statements. Casual Dining Bidco Limited is registered in England and Wales and has drawn up consolidated financial statements for the period ended 27 May 2018, which includes the Company.

Casual Dining Limited

Notes to the Financial Statements for the Period from 29 May 2017 to 27 May 2018 (continued)

2. Accounting policies (continued)

Changes in accounting policy and disclosures

None of the standards, interpretations and amendments effective for the first time for the period ended 27 May 2018 has had a material effect on the financial statements.

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the Company activities. Revenue is shown net of sales/value added tax, refunds and discounts.

The Company recognises revenue when:

- the amount of revenue can be reliably measured;
- it is probable that future economic benefits will flow to the entity; and
- specific criteria have been met for each of the Company's activities.

The Company's sale of goods is comprised of food and beverage sales at restaurants.

Other revenue is comprised of fees from the provision of management services to other members of the Group under a cost plus arrangement. Revenue is recognised at the fair value of the consideration received or receivable, and represents amounts receivable for services provided, net of discounts and value added tax. The Company recognises revenue when the amount of revenue can be reliably measured and when it is probable that future economic benefits will flow to the entity in the period in which the services are rendered.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

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 Company and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Company is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the Company 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.

Casual Dining Limited

Notes to the Financial Statements for the Period from 29 May 2017 to 27 May 2018 (continued)

2. Accounting policies (continued)

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, buildings and leaseholds

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.

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 and is included in cost of sales.

Impairment of non-financial assets

Impairment reviews of non-financial assets are performed by management when there are indicators of impairment.

The carrying value of property, plant and equipment are reviewed for impairment if event or changes in circumstances indicate that the carrying value may not be recoverable. Any impairment in the value of property, plant and equipment below depreciated historical cost is charged to the statement of comprehensive income. Profits and losses on disposal of property, plant and equipment reflect the difference between the net selling price and the net book value at the date of disposal.

Impairment reviews of property, plant and equipment are performed by management when there is an indication of impairment, with any resulting impairment charged through exceptional cost of sales.

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.

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.

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.

Casual Dining Limited

Notes to the Financial Statements for the Period from 29 May 2017 to 27 May 2018 (continued)

2. Accounting policies (continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. 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 profit or loss.

Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in 12 months or less (or in the normal operating cycle of the business if longer), they are classified as current assets.

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within 12 months or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Borrowings

All borrowings are initially recorded at the amount of proceeds received, net transaction costs. Borrowings are subsequently carried at amortised costs, with the difference between the proceeds, net of transaction costs and the amount due on redemption being recognized as a charge to the Statement of Comprehensive Income over the period of the relevant borrowing.

Interest expense is recognized on the basis of the effective interest method at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company 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.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

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.

Casual Dining Limited

Notes to the Financial Statements for the Period from 29 May 2017 to 27 May 2018 (continued)

2. Accounting policies (continued)

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 Company and which are individually, or in aggregate, of such size or incidence to require specific disclosure.

Pre-opening 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 statement of comprehensive income in the period in which they arise.

Significant accounting estimates and judgments

The preparation of the Company's 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) Impairment of property, plant and equipment

The Company determines whether an item of property, plant and equipment is impaired by considering indicators of impairment. If indicators of impairment are present, the Company must calculate the value in use which requires the Company to estimate future cash flows and choose a discount rate to calculate the present value of those cash flows.

b) 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 discounted future net cash outflows, as estimated by management.

c) Dilapidations provisions

The Company's management provides for dilapidation and related costs as and when it can reliably estimate the cost incurred during the occupancy of a leased property. The cost is then charged to the statement of comprehensive income.

3. Revenue

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

	29 May 2017 to 27 May 2018 £'000	Restated 30 May 2016 to 28 May 2017 £'000
Sale of goods	23,492	15,302
Other revenue	15,342	26,361
	<u>38,834</u>	<u>41,663</u>

All the Company's revenues are derived from the UK.

4. Operating (loss)/profit

	29 May 2017 to 27 May 2018 £'000	Restated 30 May 2016 to 28 May 2017 £'000
Depreciation (note 12)	2,800	795
Amortisation (note 14)	811	5
Loss on disposal of property, plant and equipment	-	15
Loss on disposal of software	-	1
Operating lease expense - property	<u>6,470</u>	<u>4,301</u>

Casual Dining Limited

Notes to the Financial Statements for the Period from 29 May 2017 to 27 May 2018 (continued)

5. Net finance costs

	Restated	
	29 May 2017 to 27 May 2018 £'000	30 May 2016 to 28 May 2017 £'000
Finance income		
Other finance income	-	7
Finance costs		
Interest expense from affiliate and other members of the Group	(15,952)	(14,014)
Net finance cost	<u>(15,952)</u>	<u>(14,007)</u>

Interest has been charged on the Company's loans with Casual Dining Group S.C.A and Casual Dining Bidco Limited. Loans are due for repayment in 2023 and accrue interest at 10% and 12.5% respectively. Unpaid interest is capitalised to the principal annually.

The prior period Interest expense from affiliate and other members of the Group has been restated - see note 24 for details.

6. Staff costs

All staff are employed by a fellow subsidiary, Casual Dining Services Limited. Staff costs recharged to the company by Casual Dining Services Limited in the period amounted to £15,982,000 (2017: £17,160,000).

7. Directors' remuneration

The directors did not receive any emoluments from the company in respect of services provided to the company (2017: £1,211,000). Casual Dining Bidco Limited recharges the company for directors' services under a cost plus arrangement and these costs are reported within Administrative Expenses.

Casual Dining Limited

Notes to the Financial Statements for the Period from 29 May 2017 to 27 May 2018 (continued)

8. Auditors' remuneration

	Restated	
	29 May 2017 to 27 May 2018 £'000	30 May 2016 to 28 May 2017 £'000
Audit of the financial statements	-	-
Other fees to auditors		
All other tax advisory services	-	-
All other non-audit services	-	-
	<u>-</u>	<u>-</u>

The current period auditors' remuneration of £17,500 (2017: £25,000) 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.

9. Exceptional items

	Restated	
	29 May 2017 to 27 May 2018 £'000	30 May 2016 to 28 May 2017 £'000
Charged to cost of sales:		
Net increase in onerous contract provision categorised as exceptional	249	-
Impairment of property, plant and equipment (note 12)	683	68
	<u>932</u>	<u>68</u>
Charged to administrative expenses:		
Reorganisation and people related costs	1,719	1,215
Integration of acquired business	-	771
Acquisition related costs	26,300	-
Impairment of investments	28,019	1,986
	<u>28,019</u>	<u>1,986</u>
Total exceptional items	<u>28,951</u>	<u>2,054</u>

The tax effect in the profit and loss account relating to the exceptional items recognised below operating (loss) / profit is a charge of £Nil (2017 - £Nil).

An impairment review was conducted across the Company and highlighted sites which management consider to have onerous fixed cost obligations, for which a charge of £248,000 was recorded, net of prior period provisions released and provisions utilised (2017 - £nil). Fixed assets of £683,000 have also been impaired (2017 - £68,000), largely due to sites that are not considered part of the core business, and for which a provision for onerous leases has been recognised.

Reorganisation costs in the period amounted to £1,719,000 (2017: £1,215,000).

Integration costs of £771,000 in the prior period relate to the costs directly related to the integration of the Las Iguanas and La Tasca businesses acquired, current period £nil.

Arising from the refinancing and restructure of the Group completed in August 2018 the cost of the Company's investments has been impaired, resulting in an impairment of investments of £26,300,000 as at 27 May 2018 (2017: £nil).

Casual Dining Limited

**Notes to the Financial Statements
for the Period from 29 May 2017 to 27 May 2018 (continued)**

10. Tax on loss

Tax charged in the statement of comprehensive income:

	Restated	
	29 May 2017 to 27 May 2018 £'000	30 May 2016 to 28 May 2017 £'000
Current taxation		
UK corporation tax	-	-
Deferred taxation		
Total deferred taxation	-	-
Tax charge in the statement of comprehensive income	-	-

The tax on loss before tax for the period is higher than the standard rate of corporation tax in the UK (2017 - higher than the standard rate of corporation tax in the UK) of 19% (2017 19.8%). 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:

	Restated	
	29 May 2017 to 27 May 2018 £'000	30 May 2016 to 28 May 2017 £'000
Loss before tax	(46,915)	(14,556)
Corporation tax at standard rate	(8,914)	(2,886)
Effects of:		
Depreciation in excess of capital allowances	209	91
Expenses not deductible for tax purposes	5,910	235
Deferred tax asset not recognised	-	2,260
Origination and reversal of temporary differences	(53)	-
Group relief surrendered for nil consideration	2,848	300
Tax charge in the statement of comprehensive income	-	-

The Company has an unrecognised deferred tax liability in respect of fixed assets temporary differences of £673,000 (2017 - asset of £440,000) and an unrecognised deferred tax asset on losses carried forward of £3,280,000 (2017 - £4,317,000) 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. A rate of 19% (2017: blended rate of 19.8%) has been used to calculate the tax provision for the 52 weeks to 27 May 2018. 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 29 May 2017 to 27 May 2018 (continued)**

11. Intangible assets

	Software £'000
Cost or valuation	
At 29 May 2017	43
Additions	2,302
Transfers from other Group companies	5,615
At 27 May 2018	<u>7,960</u>
Accumulated amortisation	
At 29 May 2017	25
Amortisation charge	811
Transfers from other Group companies	2,437
At 27 May 2018	<u>3,273</u>
Carrying amount	
At 27 May 2018	<u>4,687</u>
At 28 May 2017	<u>18</u>

12. Property, plant and equipment

	Land, buildings and leaseholds £'000	Furniture, fittings and equipment £'000	Total £'000
Cost or valuation			
At 29 May 2017	3,056	5,735	8,791
Additions	557	4,052	4,609
Transfers from other Group companies	1,070	12,909	13,979
At 27 May 2018	<u>4,683</u>	<u>22,696</u>	<u>27,379</u>
Accumulated depreciation			
At 29 May 2017	434	2,382	2,816
Charge for period	214	2,586	2,800
Impairment	441	242	683
Transfers from other Group companies	120	6,346	6,466
At 27 May 2018	<u>1,209</u>	<u>11,556</u>	<u>12,765</u>
Carrying amount			
At 27 May 2018	<u>3,474</u>	<u>11,140</u>	<u>14,614</u>
At 28 May 2017	<u>2,622</u>	<u>3,353</u>	<u>5,975</u>

In the period to 27 May 2018 an impairment of £683,000 (2017: £68,000) was identified in assets held at loss making restaurants. For the purposes of tangible asset impairment reviews the Company 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. Recoverable amount has been determined to be value in use which has been estimated using a discounted cash flow model which requires the group to estimate the future cash flows for the remaining life of the lease at a restaurant location and a discount rate based on the market in which it operates.

Casual Dining Limited

Notes to the Financial Statements for the Period from 29 May 2017 to 27 May 2018 (continued)

13. Investments in subsidiaries

	£'000
Cost or valuation	
At 29 May 2017 (restated) and at 27 May 2018	93,755
Provision	
At 29 May 2017	-
Provided in the period	26,300
At 27 May 2018	26,300
Carrying amount	
At 27 May 2018	67,455
At 28 May 2017	93,755

Arising from the refinancing and restructure of the Group completed in August 2018 the cost of the Company's investments has been impaired, resulting in an impairment of investments of £26,300,000 as at 27 May 2018 (2017: £nil).

Details of the subsidiaries as at 27 May 2018 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	
			2018	2017
Casual Dining Services Limited	Service 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%
San Gregorio UK 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%

*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.

The registered office all the subsidiaries is 163 Eversholt Street, London NW1 1BU.

Casual Dining Limited

Notes to the Financial Statements for the Period from 29 May 2017 to 27 May 2018 (continued)

14. Inventories

	27 May 2018	Restated 28 May 2017
	£'000	£'000
Food and beverage	215	159

The cost of inventory expensed and charged to cost of sales in the period is £4,391,140 (2017 - £3,099,000). The replacement cost at 27 May 2018 is not considered by the Directors to be materially different from the balance sheet value. At 27 May 2018 there was £nil provision held against inventory (2017 - £nil).

15. Trade and other receivables

	27 May 2018	Restated 28 May 2017
	£'000	£'000
Trade receivables	3,348	1,208
Amounts owed by other members of the Group	27,189	45,518
Other receivables	400	162
Total current trade and other receivables	30,937	46,888

Amounts owed by other members of the Group have no fixed repayment date, are interest free and unsecured.

16. Borrowings

	27 May 2018	Restated 28 May 2017
	£'000	£'000
Non current liabilities		
Other borrowings	149,091	133,675
Current liabilities		
Other short term finance	-	1,003

Other borrowings represent amounts owed to Casual Dining Bidco Limited and Casual Dining Group S.C.A. on terms as stated in note 5. In August 2018 the amount owed to Casual Dining Group S.C.A. (£333k at the balance sheet date) was released.

Other short term finance consists primarily of arrangements relating to the payment terms of certain supplier contracts.

17. Trade and other payables

	27 May 2018	Restated 28 May 2017
	£'000	£'000
Trade payables	24,975	23,400
Accrued expenses	4,120	7,532
Social security and other taxes	7,420	6,604
Other payables	435	95
	36,950	37,631

18. Provisions for other liabilities and charges

	Onerous Contracts £'000
At 29 May 2017	-
Additional provisions	248
At 27 May 2018	248

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 contracts are considered onerous.

Casual Dining Limited

Notes to the Financial Statements for the Period from 29 May 2017 to 27 May 2018 (continued)

19. Share capital

Allocated, called up and fully paid shares

	27 May 2018 No.	27 May 2018 £'000	Restated	
			28 May 2017 No.	28 May 2017 £'000
"A" Ordinary shares of £0.02 each	63,048	1,261	63,048	1,261
"B" Ordinary shares of £0.02 each	223	5	223	5
Ordinary shares of £0.02 each	1,250	25	1,250	25
Deferred shares of £0.02 each	5,614	112	5,614	112
	<u>70,135</u>	<u>1,403</u>	<u>70,135</u>	<u>1,403</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.

20. Lease commitments

Operating leases - land and buildings

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

	27 May 2018 £'000	28 May 2017 £'000
Within one year	6,949	379
In one to five years	13,780	1,514
In over five years	10,826	3,469
	<u>31,555</u>	<u>5,362</u>

21. Related party transactions

The Company has taken advantage of the exemption in FRS101 "Related Party Disclosures" from disclosing transactions with other members of the Group.

22. Parent and ultimate parent undertaking

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

As at 27 May 2018 the Company considered Casual Dining Group S.C.A., a partnership company incorporated in Luxembourg and managed by Casual Dining Group GP S.A. a company incorporated in Luxembourg, as the ultimate parent undertaking. Apollo Global Management LLC, through its managed funds, was the ultimate controlling party.

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 the Company considers KKR & Co. Inc, through its managed funds, to be the ultimate controlling party.

23. Subsequent events

As detailed in the Directors' report on 15 August 2018 the Group ownership structure changed. No other events were noted.

Casual Dining Limited

Notes to the Financial Statements for the Period from 29 May 2017 to 27 May 2018 (continued)

24. Prior period restatement

Management have discovered historic errors in the accounting for investments and interest due on an intercompany loan had not been accrued dating back to the period ending 31 May 2015. In FY18 these errors have been corrected through a prior year restatement in Casual Dining Limited and Casual Dining Bidco Limited (the Company). There is no impact on the consolidated financial statements of Casual Dining Bidco Limited in relation to these identified adjustments.

The balances restated are as follows:

	28 May 2017		28 May 2017
	As previously reported £'000	Impact £'000	Restated £'000
Other non-current financial assets	95,079	(1,324)	93,755
Trade and other receivables - from fellow subsidiaries	27,367	18,151	45,518
Other borrowings	(113,181)	(20,494)	(133,675)
Profit and loss account as at 30 May 2016	(4,771)	2,187	(2,584)
loss for the period	<u>(13,076)</u>	<u>1,480</u>	<u>(14,556)</u>