TRAGUS GROUP LIMITED

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

for the 53 weeks ended 2 June 2013

Registered number 06022528

CONTENTS

COMPANY INFORMATION

DIRECTORS	C Gurassa A Roux R de Botton A Valeri J Derkach M Mansigani
INDEPENDENT AUDITORS	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 1 Embankment Place London WC2N 6RH
BANKERS	Barclays Bank PLC 1 Churchill Place London E14 5HP
SOLICITORS	Ashurst Broadwalk House 5 Appold Street London EC2A 2AH
REGISTERED OFFICE	1st Floor 163 Eversholt Street London NW1 1BU
REGISTERED NUMBER	06022528

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements of Tragus Group Limited (the Company') together with its subsidiaries ('the Group') for the 53 weeks ended 2 June 2013 The comparatives are for the 52 weeks ended 27 May 2012

Business review and principal activities
Tragus Group Limited is one of the largest independently owned mid market restaurant operators in the UK Its principal brands are Café Rouge Bella Italia and Strada The Companys parent company is Tragus Cayco Holdco Limited a company incorporated in the Cayman Islands and ultimately controlled by private equity funds managed by The Blackstone Group in New York

The Company is a 100% owned subsidiary of Tragus Cayco Limited and is the highest company in the group which is registered in England and Wales for which group financial statements are prepared

Results, dividends and future developments
The results for the Group for the 53 weeks ended 2 June 2013 show turnover of £294 815 000 (52 weeks ended 27 May 2012 £286,270 000)

Operating profit before amortisation depreciation and exceptional items for the 53 weeks ended 2 June 2013 was £34 594 000 (52 weeks ended 27 May 2012 £39 714,000)

Net exceptional costs of £7,029 000 were incurred by the Group for the 53 weeks ended 2 June 2013 (52 weeks ended 27 May 2012 £871 000) These costs are considered exceptional per the accounting policies set out in Note 1 and further detailed in Note 4

The results for the Group for the 53 weeks ended 2 June 2013 show a loss on ordinary activities after tax and before minority interest of £33 717 000 (52 weeks ended 27 May 2012 £19 317 000)

The Group has net debt of £324 580 000 as at 2 June 2013 (as at 27 May 2012 £314 971 000) No dividends have been declared in the period (2012 nil)

The Group will continue to operate restaurants for the foreseeable future

Business environment
The UK restaurant market comprises a large number of operators ranging from single owner managed restaurants to large multi site branded operations Tragus Group Limited is one of the largest mid market restaurant operators in the UK, with 300 restaurants as at 2 June 2013 (as at 27 May 2012 299 restaurants)

In a challenging economic environment 2013 was characterised by continued investment across the Tragus brands

The Group continued it s new opening programme with 7 new site openings during the period In addition a rebranding programme was commenced in Café Rouge and selected Bella Italia sites Investment was also made in operating efficiency initiatives

As a result of these investments and the Group's increased focus on providing value offerings to its customers Group turnover increased by 3 0%

Whilst challenging economic conditions are expected to continue the directors consider that the Group will be resilient to these pressures due to the strength of the Groups brands strong geographical locations and commitment to it's products service and people Longer term it is felt that the prospects for the eating out market are positive due to socio-economic factors such as an ageing population, more females in work and lifestyle changes

Principal risks and uncertainties
The management of the business and the execution of the Groups strategy are subject to a number of risks These risks are reviewed by management and appropriate processes are in place to monitor and mitigate them The key business risks which might affect the Group are set out below

Supply chain
The Group has a large number of suppliers and prides itself on the quality of its products The Group could be adversely affected by a fall in the standard of goods supplied by third parties In order to mitigate this the Groups key food suppliers must carry the British Retail Consortium (BRC) approval Furthermore the Group's key suppliers are subject to an annual audit by an independent inspection company which checks and rates all aspects of the supplier's production process Any suppliers who do not achieve the necessary minimum standards are de listed The Group regularly re tenders its food contracts to ensure the quality of product supplied

Employees
The Group's performance depends largely on its managers and staff both at a restaurant and support centre level The resignation of key individuals and the inability to recruit people with the right experience and skills could adversely impact the Groups results To mitigate these issues the Group has invested in regular training programmes for all staff to maintain high service levels and has a number of schemes linked to the Group's results that are designed to reward and retain key individuals

DIRECTORS' REPORT

Input price increase
The Group s margins can be adversely reflected by an increase in price of key raw materials together with wages, overheads and utilities This is mitigated to some extent by hedging

Brand risk
Brand risk could arise through a one-off incident such as a food scare or through a slow decline in a brand s appeal to its customer base The Group manages the risk of a one-off incident through day to-day operational management In addition a rigorous supplier selection policy is applied There is training for all staff on food safety including use of an e-learning programme The risk of a slow decline in a brand s appeal is managed through continuous menu innovation marketing campaigns and brand development The Group also carries out regular Health and Safety and Food Safety audits using external independent auditors

Expansion risk
Over aggressive expansion could result in the Group acquiring unprofitable sites To mitigate this risk the Group has a rigorous decision making process which includes strong financial and operational reviews In addition the Group has a dedicated property team with experience in identifying and securing new sites

Fraud
The Group operates multiple sites across the UK A risk of fraud therefore exists in misappropriation of assets, including theft of stock and theft of cash The Group mitigates this risk through management structure, regular financial review with and extensive use of business systems such as EPOS and stock management Regular control audits are also carried out on all restaurants by an external third party

General economic conditions
The disposable income of customers and their leisure activity preferences are affected by changes in the general economic environment The Group regularly reviews its product offering and engages with its customers to ensure it provides a value for money offering and meets its customers needs

Competition
The Group operates in a highly competitive market particularly in respect of service offering price and product quality In order to mitigate this risk marketing teams monitor market offerings and pricing on an ongoing basis This was significantly enhanced during the period through the introduction of a web based customer feedback system

Essential contracts
No single food supplier makes up a significant percentage of total expenditure The Group uses a third party provider for distribution of food and beverage to the restaurants and relies on several different banks for the funding of debt and credit facilities

Key Performance Indicators ("KPIs")
The Board of Directors and executive management receive a wide range of management information delivered in a timely manner Listed below are the principal measures of progress that are reviewed on a regular basis to monitor the development of the Group

Like for Like Sales (Net of discounts)
This measure provides an indicator of the underlying performance of existing restaurants, and highlights successful development of offerings to best match changing consumer demands over time Like for like net sales declined by 1 6% in 2013 principally due to the challenging economic environment the reduced level of promotions within the Group and the temporary closure of a number of sites for redevelopment (2012 declined by 0 9%)

Cash Return on Investment (CROI)
During the period, the Group opened 7 new sites (2012 15) The expansion of the brands is a key driver of the Group s profitability Potential new sites are subject to a rigorous appraisal process before they are presented to the Board for approval This process ensures the quality of sites is maintained and the appropriate quantity are developed

The investment into growing the estate has proved successful with an average Cash Return on Investment (CROI) in line with expectations on those new sites opened during the last three years which have been trading for more than six months CROI is the operating profit of a site expressed as a percentage of the capital cost

Directors
The directors of the Group who were in office during the period and up to the date of signing the financial statements were

C Gurassa	
G Thorley	Resigned 27th September 2012
J Baratta	Resigned 27th September 2012
A Roux	
R de Botton	
A Valeri	Appointed 3rd October 2012
J Derkach	Appointed 1st August 2012
M Mansigani	
G Turner	Resigned 1st August 2012
J Parsons	Resigned 1st August 2012

DIRECTORS' REPORT

Financial risk management
The Board of Directors regularly reviews the financial requirements of the Group and the risks associated therewith The Group does not use complicated financial instruments and where financial instruments are used they are used for reducing interest rate risk The Group does not use derivative financial instruments for trading purposes Group operations are primarily financed from retained earnings and bank loans In addition to the primary financial instruments the Group has other financial instruments such as debtors trade creditors and accruals that directly arise from the Groups operations

Liquidity risk
Tragus Bidco Limited a subsidiary of the Company holds the bank borrowings for the wider Group and these are available under a Facilities Agreement which was originally put in place in December 2006 following the acquisition of the Group by Blackstone and amended in July 2007 following the acquisition of Strada The Facilities Agreement is long-term with the senior loans due for repayment in 2015 2017 and the Capex Facility due for repayment from 2012 The Facilities Agreement is secured by a fixed and floating charge over certain Group assets Cash forecasts identifying the Groups liquidity requirements are produced frequently and are regularly reviewed to ensure that sufficient financial headroom exists in the Group's bank covenants for at least a twelve month period

Foreign currency risk
Whilst no borrowings are denominated in foreign currencies a number of suppliers are paid in foreign currency principally the Euro Wherever possible the Group undertakes supply contracts denominated in Sterling The Group has reviewed its exposure to foreign currency risk and has concluded not to hedge any foreign currency risk but continues to review its position on an ongoing basis

Credit risk
Counterparty credit ratings are regularly monitored and there is no significant concentration of credit risk to any single counterparty The Group has a large customer base and a significant proportion of cash sales Counterparties for cash and derivative balances are with financial institutions with strong credit ratings and whilst there is exposure to losses, the Board does not expect them to fail to meet their obligations as they fall due

Leverage risk
Under its Facilities Agreement, the Group is subject to agreed financial covenants Breach of these covenants may require re negotiation of terms of loan agreements the requirement to raise additional funds from shareholders or the loan amounts to be repaid This risk is mitigated by regular and thorough financial forecasting followed by close monitoring of these covenants Appropriate action is taken to minimise risk

Interest rate risk
A subsidiary of the Company Tragus Bidco Limited substantially holds the debt of the Group The Group borrows at variable rates and used interest rate swaps and caps as cash flow hedges of future interest payments in 2012 These had the effect of converting some of the borrowings from floating to fixed rate or capping fixed rates Under the interest rate swap or cap agreement the Group agreed with an external financial institution to exchange at specified intervals the difference between the fixed contracted rate and floating rate with interest amounts calculated by reference to an agreed notional principal amount The fair value of these instruments at 27 May 2012 was £nil

Creditor payment policy
The Company's policy is to agree the terms of payments with its suppliers as and when a trading relationship is established The Company ensures that the terms of payment are clear and its policy is to abide by the agreed terms, provided the supplier meets its obligations At 2 June 2013 the Company had £nil trade creditors (at 27 May 2012 £nil)

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 year with all restaurant managers Senior employees receive a bonus based upon business performance

Employment of disabled persons
The policy of the Company and its subsidiaries 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

Donations
No donations for political purposes have been made by the Group during the period (2012 £nil)

£93 000 (2012 £6 000) charitable donations were made by the Group during the period which included £41 000 for Comic Relief £24 000 for The Rainbow Trust £26 000 for The Childrens Society and £2 000 collectively for Great Ormond Street Hospital The Place 2 Bee and Marie Curie

As well as the charitable donations mentioned above fundraising activities by the Group raised an additional £90 000 for Comic Relief

The Group also encourages the restaurant managers to get involved with and support good causes in their local communities

DIRECTORS' REPORT

Statement of directors' responsibilities
The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial period Under that law the directors have prepared the Group and Parent

- select suitable accounting policies and then apply them consistently
- make judgements and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and the group will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company s transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

In accordance with Section 418 directors reports shall include a statement in the case of each director in office at the date the directors report is approved, that

(a) so far as the director is aware there is no relevant audit information of which the company s auditors are unaware, and

(b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company s auditors are aware of that information

Independent auditors
In the absence of a notice proposing that their appointment be terminated the auditors PricewaterhouseCoopers LLP will be deemed to be re-appointed for the next financial period

On behalf of the Board of Directors

J Derkach
DIRECTOR

16 September 2013

1st Floor
163 Eversholt Street
LONDON NW1 1BU

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TRAGUS GROUP LIMITED

We have audited the Group and Parent Company financial statements (the "financial statements") of Tragus Group Limited for the 53 week period ended 2 June 2013 which comprise the Consolidated Profit and Loss Account the Consolidated Balance Sheet the Company Balance Sheet the Consolidated Cash Flow Statement and the related notes The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors Responsibilities set out on page 5 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board s Ethical Standards for Auditors

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the Group s and Parent Company's circumstances and have been consistently applied and adequately disclosed the reasonableness of significant accounting estimates made by the directors and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the Directors Report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Group s and the Parent Company s affairs as at 2 June 2013 and of the Group's loss and cash flows for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors Report for the financial period for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if in our opinion

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

R. Savage

Rachel Savage (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London
WC2N 6RH

16 September 2013

CONSOLIDATED PROFIT AND LOSS ACCOUNT

53 weeks ended 2 June 2013

	Note	Operations before exceptional items 53 weeks ended 2 June 2013	Exceptional items on operations 53 weeks ended 2 June 2013 (note 4)	Total 53 weeks ended 2 June 2013	Operations before exceptional items 52 weeks ended 27 May 2012	Exceptional items on operations 52 weeks ended 27 May 2012 (note 4)	Total 52 weeks ended 27 May 2012
		£'000	£'000	£'000	£'000	£'000	£'000
TURNOVER		294,815	-	294,815	286 270	-	286 270
Cost of sales		(258,788)	-	(258,788)	(245 636)	-	(245 636)
GROSS PROFIT		36,027	-	36,027	40 634	-	40 634
Administrative expenses		(35,923)	(7,029)	(42,952)	(33 812)	(4 284)	(38 096)
OPERATING PROFIT BEFORE AMORTISATION AND DEPRECIATION		34,594	(7,029)	27,565	39,714	(4 284)	35,430
Amortisation	9	(19,151)	-	(19,151)	(19,151)	-	(19 151)
Depreciation	10	(15,339)	-	(15,339)	(13,741)	-	(13,741)
OPERATING (LOSS) / PROFIT	2	104	(7,029)	(6,925)	6 822	(4 284)	2 538
(Loss) / profit on disposal of fixed assets		(122)	-	(122)	(669)	3,413	2 744
Interest receivable and similar income	7	139	-	139	537	-	537
Interest payable and similar charges	7	(29,214)	-	(29,214)	(24 193)	-	(24 193)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(29,093)	(7,029)	(36,122)	(17 503)	(871)	(18 374)
Tax on loss on ordinary activities	8			2,405			(943)
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION				(33,717)			(19 317)
Equity minority interests	18			(1)			(1)
LOSS FOR THE FINANCIAL PERIOD	20			(33,718)			(19 318)

All activities are in respect of continuing operations

The Group has no recognised gains or losses other than those included in the profit and loss account above and therefore no separate statement of total recognised gains and losses has been presented

There is no difference between the loss on ordinary activities before taxation and the loss for the financial period stated above and their historical costs equivalents

CONSOLIDATED BALANCE SHEET

Registered number 06022528

As at 2 June 2013

	Note	2 June 2013 £'000	27 May 2012 £'000
FIXED ASSETS			
Intangible assets	9	261,250	280 401
Tangible assets	10	104,529	102,611
		365,779	383 012
CURRENT ASSETS			
Stocks		2,285	2,295
Debtors	12	8,729	7,354
Cash at bank and in hand	13	33,199	35,381
		44,213	45,030
CREDITORS amounts falling due within one year	14	(65,308)	(61,798)
NET CURRENT LIABILITIES		(21,095)	(16,768)
TOTAL ASSETS LESS CURRENT LIABILITIES		344,684	366 244
CREDITORS amounts falling due after more than one year	15	(344,552)	(339 943)
PROVISIONS FOR LIABILITIES	17	(6,641)	(10,519)
NET (LIABILITIES) / ASSETS		(6,509)	15 782
CAPITAL AND RESERVES			
Called up share capital	19	22,439	11,013
Share premium account	20	99,120	99 120
Capital redemption reserve	20	10,400	10 400
Profit and loss account	20	(138,509)	(104,791)
TOTAL SHAREHOLDERS' (DEFICIT) / FUNDS	21	(6,550)	15,742
Minority interests	18	41	40
CAPITAL EMPLOYED		(6,509)	15,782

These financial statements on pages 7 to 23 were approved by the Board of Directors and authorised for issue on 16 September 2013 and signed on its behalf by:

M Mansigani
Director

COMPANY BALANCE SHEET

Registered number 06022528

As at 2 June 2013

	Note	2 June 2013 £'000	27 May 2012 £'000
FIXED ASSETS			
Investments	11	121,558	110 133
CURRENT ASSETS			
Debtors	12	6,636	6 636
NET CURRENT ASSETS		6,636	6 636
TOTAL ASSETS LESS CURRENT LIABILITIES		128,194	116,769
CREDITORS amounts falling due after more than one year	15	(6,698)	(6 679)
NET ASSETS		121,496	110 090
CAPITAL AND RESERVES			
Called up share capital	19	22,439	11 013
Share premium account	20	99,120	99 120
Profit and loss account	20	(63)	(43)
TOTAL SHAREHOLDERS' FUNDS	21	121,496	110 090

These financial statements on pages 7 to 23 were approved by the Board of Directors and authorised for issue on 16 September 2013 and signed on its behalf by

M. Mansigani

M Mansigani
Director

CONSOLIDATED CASH FLOW STATEMENT

53 weeks ended 2 June 2013

	Note	53 weeks ended 2 June 2013 £'000	52 weeks ended 27 May 2012 £'000
Net cash inflow from operating activities	22	28,967	36,841
Returns on investments and servicing of finance	23	(23,008)	(10 164)
Taxation		(540)	(467)
Capital expenditure and financial investment	23	(22,026)	(18 401)
Financing			
Issue of share capital		11,425	-
Facilities amendment fee		-	(1 448)
Repayment of loans in period		(12,000)	(21 000)
Drawdown of new loans in period		15,000	-
		14,425	(22 448)
Decrease in cash in the period	24	(2,182)	(14,639)
Cash at start of period		35,381	50 020
Cash at end of period		33,199	35 381

Reconciliation of net cash flow to movement in net debt

	Note	53 weeks ended 2 June 2013 £'000	52 weeks ended 27 May 2012 £'000
Decrease in cash in the period		(2,182)	(14,639)
(Increase) / decrease in borrowings in the period		(3,000)	21,000
Facilities amendment fee		-	1 448
Change in net debt resulting from cash flows		(5,182)	7 809
Non cash movement - interest on Eurobonds rolled up		-	(20 202)
Non cash movement - interest accrued on intercompany debt		(3,727)	7 687
Non cash movement - debt / equity issue		-	10 400
Non cash movement - release of inter-company debt		-	4,100
Non cash movement - loan expenses incurred	7	(700)	(315)
Change in net debt		(9,609)	9,479
Net debt at start of period	24	(314,971)	(324,450)
Net debt at end of period	24	(324,580)	(314 971)

NOTES TO THE FINANCIAL STATEMENTS
53 weeks ended 2 June 2013

1 ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the Companies Act 2006 and applicable Accounting Standards in the United Kingdom (UK GAAP)

The principal accounting policies adopted by the directors and which have been consistently applied with the prior periods are described below

Accounting convention

The financial statements are prepared on the going concern basis and under the historical cost convention

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries ('the Group') The acquisition method of accounting has been adopted Under this method the results and cash flows of subsidiary undertakings acquired are included in the consolidated profit and loss account and the consolidated cash flow statement from the date of acquisition The accounting policies are applied consistently throughout the Group and intercompany balances and transactions within Tragus Group Limited are eliminated on consolidation

Under Section 408(3) of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account The Company s result for the financial period is disclosed in note 20

Goodwill

On the acquisition of a business fair values are attributed to the Group s share of identifiable assets and liabilities Where the cost of acquisition exceeds the fair values attributable to such net assets the difference is treated as purchased goodwill and capitalised in the balance sheet in the period of acquisition Purchased goodwill is amortised to nil by equal annual instalments over the shorter of the directors estimate of its useful life or 20 years On acquisition the directors make estimates to the fair values of the assets acquired If necessary, these are revised in the year after acquisition Capitalised purchased goodwill in respect of subsidiaries is included within intangible fixed assets Impairment reviews are performed by the directors when there is an indication of impairment

Tangible fixed assets and depreciation

Tangible fixed assets are stated at historic purchase price less accumulated depreciation Depreciable fixed assets are written off on a straight line basis over their estimated useful lives as follows

- Leasehold improvements are depreciated to their estimated residual values 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, fixtures and equipment are depreciated over 4 to 25 years

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable Any impairment in the value of fixed assets below depreciated historical cost is charged to the profit and loss account Profits and losses on disposal of fixed assets reflect the difference between net selling price and net book value at the date of disposal

Fixed asset 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

Stocks

Stocks are valued at the lower of cost and net realisable value and on a first in first out basis No provision for obsolete or slow-moving stocks has been made given the nature of the stocks

Onerous contract provision

Onerous contract provisions are made for the future net costs of leasehold properties which are vacant, loss making or sub-let below passing rent Provisions are based on discounted future net cash outflows Provisions are recognised when the Group has a present obligation as a result of a past event it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation

Taxation

Taxation is provided on the profits of the period together with deferred taxation Deferred taxation is recognised in respect of all timing differences that have originated but not yet reversed by the balance sheet date Deferred taxation is not recognised when an asset is sold if it is more likely than not that the taxable gain will be rolled over Deferred taxation assets are recognised to the extent that they are regarded as recoverable Provision for deferred taxation is not discounted Deferred tax assets and liabilities are calculated using the tax rates that have been enacted or substantively enacted by the balance sheet date

NOTES TO THE FINANCIAL STATEMENTS
53 weeks ended 2 June 2013

1 ACCOUNTING POLICIES

Share-based payments

Share-based payments are measured at fair value using an appropriate option pricing model Fair value is established initially at the grant date and at each balance sheet date thereafter until the awards are settled During the vesting period a liability is recognised representing the product of the fair value of the award and the portion of the vesting period expired as at the balance sheet date Changes in the carrying amount of the liability are recognised in profit or loss for the period

Turnover

Turnover is the value of goods and services sold at restaurants solely within the United Kingdom as part of the Groups continuing ordinary activities after deducting sales based taxes and discounts Turnover is recognised on provision of goods and services The directors believe there to be one business segment that of operating restaurants which faces the same risks

Deferred income

Capital contributions received from landlords are held as deferred income on the balance sheet and recognised as income on a straight line basis in the profit and loss account over the period to the first rent review

Foreign exchange

The consolidated financial statements are presented in sterling which is the Groups functional and presentation currency Limited foreign currency transactions are translated into the functional currency using 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

Leases

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 in respect of operating leases is recognised in the profit and loss account on a straight line basis over the term of the lease

Rent free periods are recognised on a straight line basis in the profit and loss account over the period to the first rent review

Leasing arrangements which transfer to the Group substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases The lease rentals are treated as consisting of capital and interest elements The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit in proportion to the reducing capital element outstanding Assets held under finance leases are depreciated over the shorter of the lease term and the useful lives of equivalent owned assets

Exceptional items

Costs incurred in the period which are classified as exceptional in note 4 and on the face of the profit and loss account are those which are material in nature and derive from events or transactions that fall within the ordinary activities of the Group and which are individually, or in aggregate of such size or incidence to require specific disclosure

Pension costs

The Group operates a defined contribution pension scheme The amount charged to the profit and loss account 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 note 26 represents contributions payable by the Group to the fund The Group will continue to contribute to this fund in future accounting periods

Finance costs

In accordance with Financial Reporting Standard 4 Capital Instruments costs associated with raising loan finance and equity shares are recorded against the loan principal and share premium account respectively Loan finance costs are amortised to the profit and loss account over the life of the relevant loan at a constant rate of return on the carrying amount

Pre-opening costs

Property rentals and other pre-opening costs incurred up to the date of opening a new restaurant are all written off to the profit and loss account in the period in which they arise

Financial instruments

The Company and Group makes use of derivative financial instruments to reduce its exposure to market risks from changing interest rates The various risk positions which consist of existing assets existing liabilities from future contractual liabilities and liabilities likely to arise from potential future commitments are assessed and administered by Group management The Group does not hold or issue derivative financial instruments for trading purposes The Company and Group does not apply fair value accounting nor has sought to early adopt Financial Reporting Standard 26 'Financial Instruments Recognition and Measurement'

NOTES TO THE FINANCIAL STATEMENTS
53 weeks ended 2 June 2013

2 OPERATING (LOSS) / PROFIT

The Group	53 weeks ended 2 June 2013 £'000	52 weeks ended 27 May 2012 £'000
Operating (loss) / profit is stated after charging		
Depreciation of tangible fixed assets		
- owned assets (note 10)	15,339	13 741
Amortisation of goodwill (note 9)	19,151	19 151
Operating lease charges		
- land and buildings	37,078	34,624

3 SERVICES PROVIDED BY THE COMPANY'S AUDITOR

	53 weeks ended 2 June 2013 £'000	52 weeks ended 27 May 2012 £'000
Audit services		
Fees payable to Company auditor for the audit of Parent Company and consolidated financial statements	16	16
The audit of the Companys subsidiaries pursuant to legislation	71	94
Non-audit services		
Other services for the Company and its subsidiaries	6	175
Tax services for the Company and its subsidiaries	87	157
Total fees paid to Company auditor for audit and non-audit services for the period	180	442

4 EXCEPTIONAL ITEMS

The Group	53 weeks ended 2 June 2013 £'000	52 weeks ended 27 May 2012 £'000
Net increase in onerous contract provision	948	1 565
Impairment of tangible fixed assets (note 10)	4,140	2 568
Reorganisation costs	920	1 489
Refinancing costs	-	2 212
Brand development costs	686	365
Share based payments	335	185
Release of inter-company debt	-	(4,100)
Sale of leased assets	-	(3 413)
	7,029	871

The tax effect in the profit and loss account relating to exceptional items is £609,000 (2012 £557 000)

An impairment review was conducted across the Group and highlighted sites which management consider to have onerous fixed cost obligations for which a net provision of £948 000 has been created (2012 £1 565 000) Fixed assets of £4,140 000 have also been impaired (2012 £2,568,000)

Brand development costs relate to costs incurred in the fundamental restructuring of the brand during the period of £686,000 (2012 £365,000) These costs include new menus staff uniforms training relaunch marketing and fixed costs payable during the period of refurbishment

The company agreed an amendment to its banking facilities (note 16) during the prior financial period and incurred costs of £nil (2012 £2 212 000)

Sale of leased assets includes receipts from the sale of leases during the current financial period of £nil (2012 £3 413 000)

NOTES TO THE FINANCIAL STATEMENTS
53 weeks ended 2 June 2013

5 STAFF COSTS

During the period the Group employed the following monthly average number of employees

The Group	53 weeks ended 2 June 2013 Number	52 weeks ended 27 May 2012 Number
Directors	6	8
Administration	168	157
Restaurants	7,101	7 091
	7,275	7,256

The aggregate payroll costs of these employees were as follows (directors - note 6)

	53 weeks ended 2 June 2013 £'000	52 weeks ended 27 May 2012 £'000
Wages and salaries	95,140	87,825
Social security costs	6,328	5 894
Other pension costs (note 26)	249	229
Share based payments (note 27)	335	185
	102,052	94 133

6 REMUNERATION OF DIRECTORS

The Group	53 weeks ended 2 June 2013 £'000	52 weeks ended 27 May 2012 £'000
Aggregate emoluments	835	778
The emoluments of the highest paid director for the period	417	239
Directors' pension	28	20
Compensation for loss of office	-	504

	53 weeks ended 2 June 2013	52 weeks ended 27 May 2012
Number of directors accruing pension under the stakeholder pension scheme	1	1

7 NET INTEREST PAYABLE AND SIMILAR CHARGES

The Group	53 weeks ended 2 June 2013 £'000	52 weeks ended 27 May 2012 £'000
Amortisation of loan facility fees	700	315
On bank loans	12,355	10,190
On Eurobond	15,152	12,516
Capex facility interest	985	1 165
Other interest payable	22	7
Total interest payable and similar charges	29,214	24,193
Interest receivable on treasury deposits	(139)	(537)
Total interest receivable and similar income	(139)	(537)
Net interest payable and similar charges	29,075	23 656

NOTES TO THE FINANCIAL STATEMENTS
53 weeks ended 2 June 2013

8 TAX ON LOSS ON ORDINARY ACTIVITIES

The Group	53 weeks ended 2 June 2013 £'000	52 weeks ended 27 May 2012 £'000
Current taxation on loss for the period		
UK corporation tax at 23 83% (2012 25 69%)	-	-
Adjustments in respect of prior period	1	539
Total current taxation charge	1	539
Deferred taxation		
Timing differences	(2,734)	(89)
Effect of change in corporation tax rate	(113)	(202)
Prior period adjustment	441	695
Total deferred taxation (credit) / charge (note 17)	(2,406)	404
Taxation on loss on ordinary activities	(2,405)	943

The tax assessed for the period is higher (2012 higher) than the standard effective rate of corporation tax in the UK of 23 83% (2012 25 69%) The differences are explained below

Factors affecting the tax charge for the period		
Loss on ordinary activities before taxation	(36,122)	(18 374)
Loss on ordinary activities before taxation multiplied by the standard rate of corporation tax in the UK of 23 83% (2012 25 69%)	(8,608)	(4,720)
Effect of		
Capital allowances in excess of depreciation	731	(39)
Expenses not deductible for tax purposes	2,336	87
Fixed asset impairment	987	660
Goodwill amortisation	4,564	4 920
Loss on disposal of assets	29	170
Lease premium relief	(39)	(25)
Release of inter-company debt	-	(1 053)
Adjustments in respect of prior period	1	539
Total current taxation charge	1	539

On 21 March 2012 a number of changes to the UK corporation tax system were announced including a reduction of the main rate of corporation tax from 24% to 23% with effect from 1 April 2013 The reduction in the rate to 23% became substantively enacted on 3 July 2012 under the Finance Bill 2012 Deferred tax has therefore been provided for at 23% (2012 24%) and the pro-rated corporation tax rate for the period is 23 83% (2012 25 69%)

Further reductions to the main rate are proposed to reduce the rate of corporation tax by 2% to 21% by 1 April 2014 followed by a further 1% reduction to 20% by 1 April 2015 The changes had not been substantively enacted at the balance sheet date and are therefore not included in these financial statements If these changes had been enacted at the balance sheet date the effect of the changes would not have had a material effect on recognised or unrecognised deferred tax balances

NOTES TO THE FINANCIAL STATEMENTS
53 weeks ended 2 June 2013

9 INTANGIBLE FIXED ASSETS

The Group	**Goodwill £'000**
Cost	
At 27 May 2012 and 2 June 2013	389 618
Accumulated amortisation and impairment	
At 27 May 2012	(109 217)
Charge for the period	(19 151)
At 2 June 2013	(128 368)
Net book amount	
At 2 June 2013	**261,250**
At 27 May 2012	280 401

An impairment review of goodwill was undertaken for the Group in the current financial period A discount rate of 7 2% (pre-tax) (2012 7 2% pre-tax) was applied to future cashflows assuming a 2% growth rate in order to obtain their net present value This was compared to the book value of attributable assets and liabilities held for each acquisition at 2 June 2013 Of the goodwill held no impairment was recognised (2012 no impairment recognised)

10 TANGIBLE FIXED ASSETS

The Group	**Leasehold improvements £'000**	**Furniture, fixtures & equipment £'000**	**Total £'000**
Cost			
At 27 May 2012	75 035	94,074	169 109
Additions	5 850	15 672	21 522
Disposals	(830)	(879)	(1 709)
At 2 June 2013	80 055	108 867	188 922
Accumulated depreciation			
At 27 May 2012	(20,668)	(45 830)	(66 498)
Charge for the period	(3,404)	(11,935)	(15 339)
Disposals	767	817	1 584
Impairment (note 4)	(3 273)	(867)	(4 140)
At 2 June 2013	(26,578)	(57 815)	(84 393)
Net book amount			
At 2 June 2013	**53,477**	**51,052**	**104,529**
At 27 May 2012	54 367	48 244	102 611

NOTES TO THE FINANCIAL STATEMENTS
53 weeks ended 2 June 2013

11 FIXED ASSET INVESTMENTS

	The Company 2 June 2013 £'000	The Company 27 May 2012 £'000
Cost and net book amount		
Shares in subsidiary undertakings	**121,558**	110 133

At 2 June 2013 the principal subsidiary undertakings are

Subsidiary undertaking	**Activity**	**Country of registration and incorporation**	**% of ordinary shares held**
Tragus Bondco Limited*	Financing / Holding company	England and Wales	100%
Tragus Bidco Limited	Financing / Holding company	England and Wales	100%
Ma Potter s Limited	Restaurateur	England and Wales	100%
Chargrill Limited	Non-trading	England and Wales	100%
Espresso Limited	Non-trading	England and Wales	100%
Espresso UK Limited	Non-trading	England and Wales	100%
Tragus Limited	Holding company	England and Wales	100%
Tragus Group Holdings Limited	Restaurateur	England and Wales	100%
Tragus Holdings Limited	Holding company	England and Wales	100%
Cafe Rouge Restaurants Limited	Restaurateur	England and Wales	100%
Oriel Restaurants Limited	Restaurateur	England and Wales	100%
Café Rouge Limited	Dormant	England and Wales	100%
Handyminster Limited	Non trading	England and Wales	100%
Heathgate Restaurants Limited	Restaurateur	England and Wales	98%
Ortega Bars Limited	Restaurateur	England and Wales	100%
Abbaye Restaurants Limited	Restaurateur	England and Wales	100%
Mamma Amalfi Restaurants Limited	Restaurateur	England and Wales	100%
Huxleys Bar & Kitchen Limited	Restaurateur	England and Wales	100%
Bella Italia Group Limited	Non-trading	England and Wales	100%
Bella Italia Restaurants Limited	Restaurateur	England and Wales	100%
Ortega Restaurants Limited	Restaurateur	England and Wales	100%
Novaside Limited	Dormant	Republic of Ireland	100%
Tragus Cayman Bidco Limited	Holding company	Cayman Islands	100%
Talisker Limited	Holding company	Jersey	100%
S&B Acquisitions Limited	Holding company	England and Wales	100%
PINCO 1771 Limited	Holding company	England and Wales	100%
Signature Restaurants Limited	Holding company	England and Wales	100%
TRM Tisch Limited	Restaurateur	England and Wales	100%
Kreek Limited	Dormant	England and Wales	100%
Strada Restaurants Limited	Holding company	England and Wales	100%
Signature & Strada Restaurants Limited	Restaurateur	England and Wales	100%

The directors believe the carrying value of the assets is supported by their underlying net assets

* This subsidiary is held directly by Tragus Group Limited All other investments are held by subsidiary undertakings

12 DEBTORS

	The Group 2 June 2013 £'000	The Company 2 June 2013 £'000	The Group 27 May 2012 £'000	The Company 27 May 2012 £'000
Trade debtors	3,153	-	2 235	-
Amounts owed by parent company	-	6,636	-	6 636
Other debtors	444	-	476	-
Prepayments and accrued income	4,490	-	4,539	-
Corporation tax recoverable	642	-	104	-
	8,729	6,636	7 354	6 636

Amounts owed by parent company relate to Tragus Cayco Limited whom Tragus Group Limited is directly wholly owned by These amounts have no fixed repayment date are interest free and unsecured

NOTES TO THE FINANCIAL STATEMENTS
53 weeks ended 2 June 2013

13 CASH AT BANK AND IN HAND

	The Group 2 June 2013 £'000	The Group 27 May 2012 £'000
Cash at bank	33,199	35 381

Tragus Group Limited does not have a cash balance (2012 £nil)

14 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	The Group 2 June 2013 £'000	The Company 2 June 2013 £'000	The Group 27 May 2012 £'000	The Company 27 May 2012 £'000
Trade creditors	17,244	-	17 889	-
Taxation and social security	8,821	-	9 222	-
Other creditors	3,640	-	3,729	-
Accruals and deferred income	22,086	-	20 549	-
Bank loans (note 16)	14,000	-	12 000	-
Unamortised loan finance costs (note 16)	(483)	-	(1 591)	-
	65,308		61 798	-

15 CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	The Group 2 June 2013 £'000	The Company 2 June 2013 £'000	The Group 27 May 2012 £'000	The Company 27 May 2012 £'000
£51,866,437 17 35% Notes due 2016	51,866	-	51,866	-
£21 255 955 17 475% Unsecured Loan Notes 2018	21,256	-	21 256	-
Bank Loans (note 16)	249,000	-	248 000	-
Unamortised loan finance costs (note 16)	(408)	-	-	-
Amounts owed to parent company	22,548	6,698	18 821	6 679
Accruals and deferred income	290	-	-	-
	344,552	6,698	339 943	6 679

The entire listed debt is held by Tragus Cayco Limited an intermediate parent company

The 17 35% Notes due 2016 and the 17 475% Unsecured Loan Notes 2018 (Eurobonds') will become repayable at the principal amount on 15 December 2016 and 28 May 2018 respectively The Company may repay these in whole or in part at any time at its outstanding principal amount (together with accrued interest) subject to the Company giving at least 10 business days notice to the lender Payment of principal interest when due is via transfer to a sterling account maintained by the lender

These Eurobonds constitute direct general unconditional unsecured and unsubordinated obligations of the borrower and will rank at least pari passu and rateable with other unsecured and unsubordinated obligations of the borrower from the date of issue

Interest accrues on the £51,866 437 Notes due 2016 at 17 35% and on the £21,255,955 Unsecured Loan Notes 2018 at 17 475%

Amounts owed by parent company includes a loan for £6 636 190 from Tragus Cayco Limited upon which interest is charged at a rate of LIBOR minus 1%

NOTES TO THE FINANCIAL STATEMENTS
53 weeks ended 2 June 2013

16 BORROWINGS

	The Group 2 June 2013 £'000	The Company 2 June 2013 £'000	The Group 27 May 2012 £'000	The Company 27 May 2012 £'000
External bank debt				
Bank loan - Facility B	107,416	-	107 416	-
Bank loan - Facility C	108,084	-	108 084	-
Second Lien Debt	15,500	-	15 500	-
Acquisition / Capex facility	17,000	-	29 000	-
Revolving credit facility	15,000	-	-	-
Unamortised loan costs	(891)	-	(1 591)	-
	262,109	-	258 409	-
Amounts owed to group companies within the UK				
Amounts owed to group undertakings	-	62	-	43
Amounts owed to group companies outside the UK				
Amounts owed to group undertakings	22,548	6,636	18 821	6 636
£51 866 437 17 35% Notes due 2016	51,866	-	51 866	-
£21 255 955 17 475% Unsecured Loan Notes 2018	21,256	-	21 256	-
	95,670	6,636	91,943	6,636
Total debt	357,779	6,698	350 352	6 679
Debt can be analysed as falling due				
In less than one year	13,517	-	10 409	-
Between one and two years	17,592	-	14 000	-
Between two and five years	304,122		285,866	-
In more than five years	22,548	6,698	40,077	6 679
	357,779	6,698	350 352	6 679

Amounts owed to group undertakings have no fixed repayment date

The bank loans are secured by fixed and floating charges on the assets of the Group and have the following rates of interest

Facility B	4 125% (2012 4 125%) above LIBOR
Facility C	4 625% (2012 4 625%) above LIBOR
2nd Lien	7 250% (2012 7 250%) above LIBOR
Revolving Credit Facility	3 875% (2012 3 875%) above LIBOR
Acquisition / Capex Facility	3 875% (2012 3 875%) above LIBOR

The Facility B bank loan is repayable eight years from the effective date on the 25 July 2015 the Facility C bank loan is repayable nine years from the effective date on the 25 July 2016 and the Second Lien bank loan is repayable nine and a half years from its effective date on the 25 January 2017 The Revolving Credit Facility is repayable seven years from the effective date on 25 July 2014 Facilities may be required to be repaid if there is a Senior Event of Default per the terms of the Facilities Agreement

The Acquisition / Capex Facility is repayable in instalments from 25 January 2012 to 25 July 2014

NOTES TO THE FINANCIAL STATEMENTS
53 weeks ended 2 June 2013

17 PROVISIONS FOR LIABILITIES

The Group	Deferred taxation £'000	Other £'000	Total £'000
At 27 May 2012	1,752	8,767	10,519
Additions in the period	-	2,884	2,884
Released in the period	-	(1,936)	(1,936)
Utilised in the period	-	(2,420)	(2,420)
Credit for the period	(2,406)	-	(2,406)
At 2 June 2013	(654)	7,295	6,641

Group provisions relate primarily to net deferred tax liabilities and the future cost of leasehold properties which are vacant loss making or sub-let below passing rent The provision will unwind over the lesser of the date to the termination of the leases or the date of exit if negotiated sooner

Those amounts provided for deferred taxation are set out below

	The Group 2 June 2013 £'000	The Company 2 June 2013 £'000	The Group 27 May 2012 £'000	The Company 27 May 2012 £'000
Capital allowances in excess of depreciation	1,732	-	1,751	-
Other timing differences	(2,386)	-	-	-
Provisions	-	-	1	-
	(654)	-	1 752	-

18 MINORITY INTERESTS

	The Group £'000
As at 27 May 2012	40
Profit attributable to Minority interest	1
As at 2 June 2013	41

The minority interest relates to the 2% equity shareholding in Heathgate Restaurants Limited

19 CALLED UP SHARE CAPITAL

Company	Authorised 2 June 2013 £'000	Authorised 27 May 2012 £'000
760 000 000 (2012 760 000 000) Ordinary shares of 10p each	76,000	76 000

Company	Called up, allotted and fully paid 2 June 2013 £'000	Called up, allotted and fully paid 27 May 2012 £'000
224 387 100 (2012 110 133 500) Ordinary shares of 10p each	22,439	11 013

All ordinary 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 11 425 360 Ordinary shares of 10p each were issued at their nominal value (note 21)

NOTES TO THE FINANCIAL STATEMENTS

53 weeks ended 2 June 2013

20 STATEMENT OF MOVEMENTS IN RESERVES

The Group	Capital redemption reserve £'000	Share premium account £'000	Profit and loss account £'000	Total £'000
As at 27 May 2012	10,400	99 120	(104 791)	4 729
Loss for the financial period	-	-	(33 718)	(33 718)
At 2 June 2013	10,400	99,120	(138,509)	(28,989)

Capital redemption reserve is a non-distributable reserve arising from the equitisation of debt during the prior period

The Company	Share premium account £'000	Profit and loss account £'000	Total £'000
As at 27 May 2012	99 120	(43)	99 077
Loss for the financial period	-	(20)	(20)
At 2 June 2013	99,120	(63)	99,057

21 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' (DEFICIT) / FUNDS

	The Group 2 June 2013 £'000	The Company 2 June 2013 £'000	The Group 27 May 2012 £'000	The Company 27 May 2012 £'000
Shareholders' funds at beginning of period	15,742	110,090	24,660	110 113
Issue of Ordinary Share Capital	11,426	11,426	-	-
Loss for the financial period	(33,718)	(20)	(19 318)	(23)
Increase in capital reserve	-	-	10 400	-
Shareholders' (deficit) / funds at end of period	(6,550)	121,496	15 742	110 090

22 RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH FLOW

The Group	53 weeks ended 2 June 2013 £'000	52 weeks ended 27 May 2012 £'000
Operating (loss) / profit	(6,925)	2 538
Amortisation of goodwill	19,151	19 151
Depreciation of tangible fixed assets	15,339	13 741
Fixed asset impairment	4,140	2 568
Release of inter-company debt	-	(4,100)
Decrease / (increase) in stocks	10	(71)
(Increase) / decrease in debtors	(836)	279
(Decrease) / Increase in creditors	(440)	3 367
Decrease in provisions	(1,472)	(632)
Net cash inflow from operating activities	28,967	36 841

NOTES TO THE FINANCIAL STATEMENTS
53 weeks ended 2 June 2013

23 ANALYSIS OF CASH FLOWS

The Group	53 weeks ended 2 June 2013 £'000	52 weeks ended 27 May 2012 £'000
Returns on investment and servicing of finance		
Interest received	162	615
Interest paid	(23,170)	(10 779)
	(23,008)	(10,164)
Capital expenditure and financial investment		
Payments to acquire tangible fixed assets	(22,028)	(21 814)
Proceeds from sale of fixed assets	2	3 413
	(22,026)	(18 401)

24 ANALYSIS OF NET DEBT

The Group	At 27 May 2012 £'000	Cash flow £'000	Non-cash changes £'000	At 2 June 2013 £'000
Cash at bank and in hand	35,381	(2 182)	-	33,199
Debt due within one year	(10 409)	12 000	(15,108)	(13,517)
Debt due after one year	(339 943)	(15 000)	10 681	(344,262)
Net debt	(314 971)	(5 182)	(4 427)	(324,580)

25 LEASE COMMITMENTS

The Group

At the period end, the Group was committed to making the following payments during the next period in respect of operating leases on land and buildings which expire

	2 June 2013 £'000	27 May 2012 £'000
Within one year	2,346	1,917
Within two to five years	8,837	4 783
After five years	26,119	28 952
	37,302	35 652

The financial commitments for operating lease amounts payable calculated as a percentage of turnover have been based on the minimum payment that is required under the terms of the relevant lease As a result the amounts charged to the profit and loss account are different to the financial commitment at the period-end

26 PENSION COSTS

The Group contributes to a stakeholder pension scheme for employees The assets of the scheme are held separately from those of the Group in an independently administered fund The amount charged to the profit and loss represents the contributions payable in respect of the accounting period and amounted to £249 000 (2012 £229 000) There were £40,000 of outstanding contributions at the end of the financial period (2012 £34 000) which are included within other creditors in note 14

NOTES TO THE FINANCIAL STATEMENTS
53 weeks ended 2 June 2013

27 SHARE-BASED PAYMENTS

The Company operates a management incentive share scheme for certain key employees In the current period changes were made to the management incentive scheme in order to realign employees objectives with shareholders

Under the scheme management have the right to subscribe for shares in Tragus Cayco Limited Holding of these shares is conditional upon remaining employed by a company within the Group The number of management shares outstanding at the period end was 119 365 922 (2012 104 132 460)

The Company has determined the fair value of this incentive scheme by reference to the expected exit value for the business under the most likely exit scenarios The key assumptions used in this calculation are the use of a range of exit multiples, years to exit and a discount rate of 15% This has resulted in a total charge of £2,173,000 (2012 £1,056,000) which is being spread over the expected life of the scheme of 7 years (2012 5 years) The charge in the profit and loss for the period is £335,000 (2012 £185 000)

28 RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption in Financial Reporting Standard 8 Related Party Disclosures not to disclose transactions with other group companies During the period the Group entered into transactions in the ordinary course of business with The Blackstone Group deemed to be the ultimate controlling party of the Group Transactions entered into and trading balances outstanding as at 2 June 2013 are as follows

	Purchases from related party		Amounts owed to related party	
	2 June 2013	27 May 2012	2 June 2013	27 May 2012
	£'000	£'000	£'000	£'000
Related Party				
The Blackstone Group fees	414	436	44	-

29 ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking of the Company is Tragus Cayco Holdco Limited registered in the Cayman Islands The Company is the largest group company registered in England and Wales for which group financial statements are drawn up

The Group considers The Blackstone Group LP a firm listed on the New York Stock Exchange as the ultimate controlling party by way of its majority shareholding of Tragus Cayco Holdco Limited