

# **Busaba Eathai Acquisitions Limited**

Report and Financial Statements

For the 52 Weeks Ended

26 May 2018

Company Number 06583565

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# Busaba Eathai Acquisitions Limited

## Company Information

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<b>Directors</b>	T Harrison M Whitehead
<b>Registered number</b>	06583565
<b>Registered office</b>	Second Floor 42-48 Great Portland Street London W1W 7NB
<b>Independent auditors</b>	BDO LLP 55 Baker Street London W1U 7EU

# Busaba Eathai Acquisitions Limited

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# Busaba Eathai Acquisitions Limited

## Strategic Report For the Period Ended 26 May 2018

The directors present their strategic report together with the audited financial statements for the period ended 26 May 2018.

### Principal activities, review of the business and future developments

The principal activity of the Group is the operation of modern Thai restaurants. The principal activity of the company is an investment holding company.

Loss before tax of £8.6m is stated after adjustments made for the outcome of a review of the company's holding value of assets which resulted in the impairment of £5.5m against the book value of assets.

Subsequent to the year end, as described in note 17, the loan notes and rolled up interest have been repaid for a nominal sum, and the company's investment in Busaba Eathai Cleanco Limited has been reduced to 0.1%.

### Principal risks and uncertainties

- The current economic environment and consumer uncertainty post the referendum result in 2016 continues to impact the casual dining market but the directors believe that Busaba's distinctive brand and dedication to delivering superb Thai food within a strong brand and distinctive environment will help the business endure the challenging trading conditions.
- Recruitment and retention of staff is always a key factor in any hospitality business. This has grown particularly important given the potentially increased competition for staff given the potential for increased restriction on the entry of EU nationals to the UK labour market. The directors continue to give great emphasis to finding ways to make Busaba a great place to work to aid with any challenges in attracting and retaining great people.

This report was approved by the board on

14 / 8 / 19

and signed on its behalf.

  
W Whitehead  
Director

# **Busaba Eathai Acquisitions Limited**

## **Directors' report For the Period Ended 26 May 2018**

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The directors present their report and the financial statements for the period ended 26 May 2018.

### **Results and dividends**

The loss for the period, after taxation, amounted to £8,656,386 (2017 - £23,797,880).

The directors do not recommend the payment of a dividend for the period.

### **Directors**

The directors who served during the period were:

B Hughes (resigned 19 October 2018)  
J Myers (resigned 26 October 2017)  
T Harrison (appointed 9 October 2017)  
M Lombardo (resigned 10 July 2017)

On 2 November 2018, M Whitehead was appointed as a director.

### **Employee involvement**

The company operates an equal opportunities employment ethos, it also has in place a training programme to ensure that all staff are fully trained and up to date with statutory laws and requirements relating to food hygiene, health and safety, licensing and employment law.

### **Employment of disabled persons**

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

### **Indemnity cover**

Third party indemnity cover was in force for the directors during the period and since the period end.

### **Supplier payment policy**

The policy of the company is to agree terms of payment with suppliers as part of the overall terms applying to each transaction, ensure that suppliers are made aware of the terms of payment and then to abide by the terms of payment to the supplier.

### **Disclosure of information to auditors**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.



# Busaba Eathai Acquisitions Limited

## Directors' report (continued) For the Period Ended 26 May 2018

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### Going concern

The directors have prepared cash flow forecasts which show the group is expected to be cash generative across the coming financial year at the operating level, and they forecast the group to operate within the loan facilities available to it. Therefore the financial statements are prepared on a going concern basis. Further details are given in note 2.3.

### Auditors

The auditors, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on

14/8/19

and signed on its behalf.



M Whitehead  
Director

# **Busaba Eathai Acquisitions Limited**

## **Directors' responsibilities statement For the Period Ended 26 May 2018**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

# **Busaba Eathai Acquisitions Limited**

## **Independent Auditor's Report to the Members of Busaba Eathai Acquisitions Limited**

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### **Opinion**

We have audited the financial statements of Busaba Eathai Acquisitions Limited ("the company") for the period ended 26 May 2018 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 26 May 2018 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

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

### **Conclusions relating to going concern**

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

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



# **Busaba Eathai Acquisitions Limited**

## **Independent Auditor's Report to the Members of Busaba Eathai Acquisitions Limited (continued)**

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### **Other information**

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

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

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Directors' report.

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

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

# Busaba Eathai Acquisitions Limited

## Independent Auditor's Report to the Members of Busaba Eathai Acquisitions Limited (continued)

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### Responsibilities of directors

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

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

### Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

David Gill (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
London  
United Kingdom

19/8/19

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# Busaba Eathai Acquisitions Limited

## Statement of Comprehensive Income For the Period Ended 26 May 2018

	Note	52 weeks ended 26 May 2018 £	52 weeks ended 27 May 2017 £
Administrative expenses		(5,537,024)	(20,629,854)
<b>Adjusted EBITDA*</b>		<b>(9,469)</b>	<b>(20,629,854)</b>
Exceptional administrative expenses	4	(5,527,555)	-
<b>Operating loss</b>	5	<b>(5,537,024)</b>	<b>(20,629,854)</b>
Interest payable and expenses	6	(3,119,362)	(3,168,026)
<b>Loss and total comprehensive income before and after taxation for the financial period</b>		<b>(8,656,386)</b>	<b>(23,797,880)</b>

There was no other comprehensive income for the period (2017 – £Nil)

\*Adjusted EBITDA is earnings before interest, tax, depreciation, amortisation, profit/(loss) on disposal, exceptional costs and pre opening costs.

The notes on pages 11 to 21 form part of these financial statements.

# Busaba Eathai Acquisitions Limited

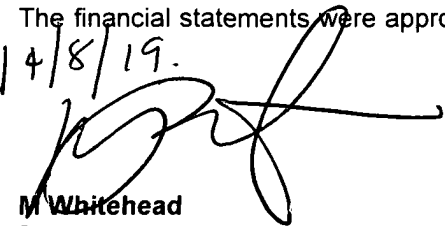
Registered number: 06583565

## Statement of Financial Position As at 26 May 2018

	Note	26 May 2018 £	26 May 2018 £	27 May 2017 £	27 May 2017 £
<b>Fixed assets</b>					
Investments	8		-		5,407,510
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	9	(1,136,406)		(1,010,063)	
<b>Net current liabilities</b>			(1,136,406)		(1,010,063)
<b>Total assets less current liabilities</b>			(1,136,406)		4,397,447
Creditors: amounts falling due after more than one year	10		(40,532,723)		(37,410,190)
<b>Net liabilities</b>			(41,669,129)		(33,012,743)
<b>Capital and reserves</b>					
Called up share capital	12		2		2
Other reserves	13		9,439,313		9,439,313
Profit and loss account	13		(51,108,444)		(42,452,058)
			(41,669,129)		(33,012,743)

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

14/8/19.



M Whitehead  
Director

The notes on pages 11 to 21 form part of these financial statements.

# Busaba Eathai Acquisitions Limited

## Statement of Changes in Equity For the Period Ended 26 May 2018

	Share capital £	Other reserves £	Retained earnings £	Total equity £
At 28 May 2017	2	9,439,313	(42,452,058)	(33,012,743)
<b>Comprehensive income for the period</b>				
Loss for the period	-	-	(8,656,386)	(8,656,386)
<b>Total comprehensive income for the period</b>	-	-	(8,656,386)	(8,656,386)
<b>At 26 May 2018</b>	<b>2</b>	<b>9,439,313</b>	<b>(51,108,444)</b>	<b>(41,669,129)</b>

## Statement of Changes in Equity For the Period Ended 27 May 2017

	Share capital £	Other reserves £	Retained earnings £	Total equity £
At 29 May 2016	2	-	(18,654,178)	(18,654,176)
<b>Comprehensive income for the period</b>				
Loss for the period	-	-	(23,797,880)	(23,797,880)
<b>Total comprehensive income for the period</b>	-	-	(23,797,880)	(23,797,880)
<b>Contributions by and distributions to owners</b>				
Capital contribution	-	9,439,313	-	9,439,313
<b>Total transactions with owners</b>	-	9,439,313	-	9,439,313
<b>At 27 May 2017</b>	<b>2</b>	<b>9,439,313</b>	<b>(42,452,058)</b>	<b>(33,012,743)</b>

The notes on pages 11 to 21 form part of these financial statements.

# Busaba Eathai Acquisitions Limited

## Notes to the Financial Statements For the Period Ended 26 May 2018

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### 1. General information

Busaba Eathai Acquisitions Limited is a private company limited by shares, incorporated in England and Wales under the Companies Act. The address of the registered office is given on the company information page and the nature of the company's operations and its principal activities are set out in the Strategic report.

### 2. Accounting policies

#### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

#### 2.2 Financial reporting standard 102 - reduced disclosure exemptions

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

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Busaba Eathai Holdings Limited as at 26 May 2018 and these financial statements may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

# Busaba Eathai Acquisitions Limited

## Notes to the Financial Statements For the Period Ended 26 May 2018

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### 2. Accounting policies (continued)

#### 2.3 Going concern

During the period, the company made a loss of £8,656,386 (2017 - £23,797,880) and the Statement of Financial Position showed a deficit of £41,669,129 (2017 - £33,012,743) due to long term liabilities amounting to £40,532,723 (2017 - £37,410,190) relating to loan notes, preference shares and accrued interest.

The directors have prepared projected forecasts and cash flows for a period of 12 months from the date of signing these accounts. As the trading conditions in the casual dining sector in 2019 have and continue to be challenging the directors have conducted sensitivity analyses on these projections, and taken into account the post year end acquisition of the group by Curry Acquisitions Limited (including additional capital invested in Busaba Eathai Cleanco Limited), incremental accordion provided by Muzinich UK Private Debt the associated waiver of the loan notes issued by the company, the resetting of bank covenants, and the confirmation by Busaba Eathai Limited and Busaba Eathai Holdings Limited that they will not demand repayment of their intercompany debt until the company is in a position to repay it.

Trading conditions remain volatile and a material deterioration in performance could lead to a requirement for additional facilities. However the group is expected to return to being cash generative at the operating level across the coming financial year following the actions taken by management to close loss making units, and implement cost reduction measures, and the directors have therefore concluded, taking into account the sensitivity analyses performed, that it is appropriate to prepare the financial statements on a going concern basis, as they forecast the group to operate within the loan facilities available to it.

#### 2.4 Consolidated financial statements

The company is a parent company that is also a subsidiary included in the consolidated financial statements of its immediate parent undertaking established under the law of an EEA state and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

The financial statements contain information about Busaba Eathai Acquisitions Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company has taken advantage of the exemption conferred by section 400 of the Companies Act 2006 not to produce consolidated financial statements as it is included in EEA group accounts of a larger group.

#### 2.5 Valuation of investments

Investments held as fixed assets are stated at cost less any provision for impairment.

#### 2.6 Impairment of fixed asset investments

The need for any fixed asset impairment write-down is assessed by comparison of the carrying value of the asset against the higher of realisable value and value in use.

# **Busaba Eathai Acquisitions Limited**

## **Notes to the Financial Statements For the Period Ended 26 May 2018**

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### **2. Accounting policies (continued)**

#### **2.7 Financial instruments**

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

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received.

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

#### **2.8 Creditors**

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

#### **2.9 Finance costs**

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

#### **2.10 Share capital**

Financial instruments issued by the company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

The company's ordinary shares are classified as equity instruments, the company's preference shares are classified as financial liabilities.

#### **2.11 Exceptional items**

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



# Busaba Eathai Acquisitions Limited

## Notes to the Financial Statements For the Period Ended 26 May 2018

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

Preparation of financial statements requires management to exercise judgement in applying the company's accounting policies. Estimates and assumptions used in the preparation of the financial statements are continually reviewed and revised as necessary.

In preparing these financial statements, the directors have made the following judgements:

- Impairment of investments (see note 8)

Determine whether there are indicators of impairment of the company's investments. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the assets.

As a result of impairment indicators in the current year a full impairment review has been performed resulting in an impairment to the carrying value of investments.

In performing the impairment review management estimates are made of the amount that could reasonably be obtained for the assets based on the best available information including estimated future trading performance and the outcome of recent market transactions.

### 4. Exceptional items

	<b>52 weeks ended 26 May 2018 £</b>	<b>52 weeks ended 27 May 2017 £</b>
Restructuring costs	<b>120,045</b>	-
Fixed asset impairment	<b>5,407,510</b>	-
	<b><u>5,527,555</u></b>	<b><u>-</u></b>

# Busaba Eathai Acquisitions Limited

## Notes to the Financial Statements For the Period Ended 26 May 2018

### 5. Operating loss

The operating loss is stated after charging:

	52 weeks ended 26 May 2018 £	52 weeks ended 27 May 2017 £
Impairment of investments	5,407,510	17,876,182
Impairment of inter-company debt	-	2,740,897
Restructuring costs	120,045	-
	<u>5,527,555</u>	<u>20,617,079</u>

The audit fee of £3,900 (2017 - £3,800) and fees paid in respect of taxation services of £3,600 (2017 - £3,500) have been borne by a subsidiary undertaking.

The company has no employees other than the directors. The services of the directors are settled through another group company.

### 6. Interest payable and similar expenses

	52 weeks ended 26 May 2018 £	52 weeks ended 27 May 2017 £
Interest payable on investor loan notes	2,106,137	2,628,328
Unwinding of discount on preference shares	1,013,225	539,698
	<u>3,119,362</u>	<u>3,168,026</u>

# Busaba Eathai Acquisitions Limited

## Notes to the Financial Statements For the Period Ended 26 May 2018

### 7. Taxation

#### Factors affecting tax charge for the period

The tax assessed for the period is higher than (2017 - higher than) the standard rate of corporation tax in the UK of 19% (2017 - 20%). The differences are explained below:

	52 weeks ended 26 May 2018 £	52 weeks ended 27 May 2017 £
Loss on ordinary activities before tax	<b>(8,656,386)</b>	(23,797,880)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 20%)	<b>(1,644,713)</b>	(4,759,576)
<b>Effects of:</b>		
Expenses not deductible for tax purposes	<b>1,242,748</b>	3,217,470
Deferred tax not recognised	<b>401,954</b>	1,542,106
Tax rate differences	<b>11</b>	-
<b>Total tax charge for the period</b>	<b>-</b>	-

The loss created in the period will be available for surrender to Busaba Eathai Limited, a subsidiary undertaking of the company, in future periods if crystallised. At the period end, a potential deferred tax asset of £567,765 (2017 - £214,287) is available in respect of losses and short term timing differences.

# Busaba Eathai Acquisitions Limited

## Notes to the Financial Statements For the Period Ended 26 May 2018

### 8. Fixed asset investments

	Investments in subsidiary companies £
<b>Cost or valuation</b>	
At 28 May 2017	23,283,692
At 26 May 2018	23,283,692
<b>Impairment</b>	
At 28 May 2017	17,876,182
Charge for the period	5,407,510
At 26 May 2018	23,283,692
<b>Net book value</b>	
At 26 May 2018	-
At 27 May 2017	5,407,510

### Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding	Principal activity
Busaba Eathai Cleanco Limited	Ordinary	100 %	Holding company
Busaba Eathai Limited*	Ordinary	100 %	Restaurant operation
Amerin Limited*	Ordinary	100 %	Dormant
Busaba Eathai (Store Street) Limited*	Ordinary	100 %	Dormant

\* undertakings held indirectly by the Company.

The registered office for all of the above subsidiaries is Second Floor, 42 - 48 Great Portland Street, London, W1W 7NB.

The investment in the subsidiary was fully impaired in the year based on the directors estimate of net realisable value.

# Busaba Eathai Acquisitions Limited

## Notes to the Financial Statements For the Period Ended 26 May 2018

### 9. Creditors: Amounts falling due within one year

	26 May 2018 £	27 May 2017 £
Amounts owed to group undertakings	1,100,094	970,744
Other creditors	36,312	36,314
Accruals and deferred income	-	3,005
	<u>1,136,406</u>	<u>1,010,063</u>

The intercompany debt has no fixed repayment date, however the parent company has confirmed that it will not demand repayment until the company is in a position to do so.

### 10. Creditors: Amounts falling due after more than one year

	26 May 2018 £	27 May 2017 £
Investor loan notes	26,047,443	26,044,274
Interest on investor loan notes	3,310,617	1,204,479
Preference shares (note 12)	11,174,663	10,161,437
	<u>40,532,723</u>	<u>37,410,190</u>

#### Secured loans

The loan notes held are unsecured subordinated redeemable notes which carry a repayment date of 31 March 2020. Included in the loan notes above is £2,938 (2017 - £6,107) of unamortised issue costs.

The loan notes are listed on the Channel Islands Stock Exchange.

# Busaba Eathai Acquisitions Limited

## Notes to the Financial Statements For the Period Ended 26 May 2018

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### 11. Financial instruments

In the directors' opinion, apart from as disclosed below there is no material difference between the book value and the fair value of any of the company's financial instruments at the period end.

Short term debtors and creditors have been excluded from the financial instrument disclosures, as allowed by FRS13.

The company has financial instruments such as loan notes and intercompany balances that arise directly from the company's operations. The company's operations are financed primarily by investor loan notes.

#### Financial liabilities

The fixed rate unsecured loan notes are listed on the Channel Islands Stock Exchange. Interest on the loan notes accrued at 8% per annum during the period. The group has the option of rolling up or paying the interest. If the interest is rolled up, it is compounded annually on 31 December each year.

All of the shareholder loans and rolled up interest are sterling denominated and fall due for repayment on 31 March 2020. The carrying value of the loan notes and rolled up interest at the period end is £29,358,060 (2017 - £27,248,753). The directors do not consider the fair value of these liabilities to be materially different to this carrying value.

#### Financial assets

The company has a financial asset of an amount due from its subsidiary undertakings of £2,740,897 (2017 - £2,740,897) which has been fully provided against. This balance is repayable on demand and is non interest bearing.

#### Financial instruments - risk management

##### Interest rate risk

The company's primary interest rate risk relates to interest bearing debts which are explained in the financial liabilities note above. The directors manage interest rate risk by entering into fixed interest rate agreements in order to provide certainty over the level of interest expense incurred by the company.

##### Liquidity risk

The company actively manages its debt maturity profile, operating cashflows and the availability of funding so as to ensure that all funding needs are met. As part of its overall prudent liquidity management, the company maintains sufficient levels of funding to meets its working capital requirements.

##### Credit risk

The company's only financial asset is an inter-company loan to its subsidiary, The recoverability of this balance is dependent on the trading performance of the subsidiary which is constantly monitored and reviewed by the directors.

# Busaba Eathai Acquisitions Limited

## Notes to the Financial Statements For the Period Ended 26 May 2018

### 12. Share capital

	26 May 2018 £	27 May 2017 £
<b>Allotted, called up and fully paid</b>		
2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>

The Ordinary shares have full voting rights, full rights to participate on any distribution (including on a dividend and on winding up). The Ordinary shares are not redeemable.

On 30 October 2016, 19,061,053 Preference shares were issued in exchange for accrued interest on the shareholder loan notes of £19,061,052 (note 10) and were discounted to a present value of £9,621,739 with the difference recognised as a capital contribution through equity. All preference shares were issued with a nominal value of £0.00001 per share and shall be redeemed on 31 December 2023, or on the occurrence of a default event, unless directed to the contrary by an Investor Direction, at £1 per share. These shares have been classified as a financial liability in accordance with FRS 102. The discount on the preference shares is being unwound over the period to 31 December 2023.

Any profits remaining shall be distributed as to an aggregate of 0.01% to the holders of the Ordinary shares according to the number of such shares held by the relevant shareholder at the relevant time and as to the remainder of such profits: (i) 98.99% to be distributed amongst the holders of the Ordinary shares; and (ii) 1% amongst the holders of the Preference shares.

The holders of Preference shares will not be entitled to vote or receive notice of any general meeting nor on any written resolution of the company. Upon return of capital on liquidation or otherwise Preference shareholders will have priority to any payments and will be paid £1 per share.

### 13. Reserves

#### Other reserves

Other reserves are made up of capital contributions arising on conversion of interest on shareholder loan notes to preference shares.

#### Called up share capital

Called up share capital reserve represents the nominal value of shares issued.

#### Profit and loss account

Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

### 14. Related party transactions

At the period end, the company owed £26,757,624 (2017 - £24,871,472) including £3,016,974 (2017 - £1,130,822) of rolled up interest on the outstanding loan notes to Phoenix Equity Nominees Limited on behalf of Phoenix Equity Partners 2006 Fund who are majority shareholders of the ultimate parent company. This balance is included within creditors amounts falling due after one year.

# Busaba Eathai Acquisitions Limited

## Notes to the Financial Statements For the Period Ended 26 May 2018

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### 15. Other financial commitments

The company is a guarantor under the terms of the £17m bank facility made available to Busaba Eathai Limited, a subsidiary.

### 16. Ultimate parent company and parent undertaking of larger group

The company is a subsidiary of Busaba Eathai Holdings Limited which is the ultimate parent company incorporated in England and Wales.

The largest and smallest group in which the results of the company are consolidated is that headed by Busaba Eathai Holdings Limited, incorporated in England and Wales. The consolidated accounts of this company are available to the public and may be obtained from Companies House. No other group accounts include the results of the company.

The ultimate controlling party, as at 26 May 2018, was Phoenix Equity Partners 2006 Fund, who are the majority shareholders of the ultimate controlling party, Phoenix Equity Nominees Limited.

### 17. Post balance sheet events

Subsequent to the year end, the Group was restructured and the ordinary shares and preference shares in Busaba Eathai Holdings Limited were acquired by Curry Acquisitions Limited. The reorganisation was completed in May 2019.

As a result of the restructuring and acquisition, the loan notes and rolled up interest owed to Phoenix Equity Nominees on behalf of Phoenix Equity Partners 2006 Fund in the accounts of Busaba Eathai Cleanco Limited and Busaba Eathai Acquisitions Limited have been repaid for a nominal sum. In addition, the bank facility covenants in Busaba Eathai Limited have been amended and an additional accordion facility of £0.4m granted by Muzinich, the business's principal lender.

Busaba Eathai Cleanco Limited converted the existing ordinary shares held by Busaba Eathai Acquisitions Limited to 29 "B" ordinary shares, and issued 28,971 "A" ordinary shares to Curry Acquisition Limited for a consideration of £240,000. As a consequence, Curry Acquisition Limited became the immediate parent company of Busaba Eathai Cleanco Limited, and Busaba Eathai Acquisitions Limited holding in Busaba Eathai Cleanco Limited was reduced to 0.1%.

The ultimate controlling party of the Group is now Muzinich UK Private Debt SARL.