

## **Nando's Limited**

### **Annual Report and Financial Statements**

**Company Registration Number 07336115**

**28 February 2021**

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## STRATEGIC REPORT

The Directors present the Strategic Report, Directors' Report and the audited financial statements for the 53 week period ended 28 February 2021.

### Principal activities

The principal activity of Nando's Limited ("The Company") in the year under review was to provide strategic and management services to the wider international group. The Company also franchises the operation of fast casual dining restaurants to both Group owned and franchises across the world with the exception of the United Kingdom ("UK") and Ireland.

### Financial Highlights

- Revenue is up 4.9% predominantly driven by the increase in royalties and franchise fees in the period.
- Operating loss decreased by 68.0% largely due to decreased administration expenses and an increase in revenue.

At the year-end, the Company had net liabilities of £112,157k (2020: £97,682k).

The results for the year and the financial position of the Company are disclosed on pages 10 and 11.

### Our strategy

Our strategy is to add value through investing for profitable and socially responsible growth.

We aim to achieve this through:

- A globally defined, unique and distinctive brand;
- A cohesive and expanding international business;
- High-quality products and exemplary service to our customers;
- Protecting the future of the Company by pursuing innovative growth opportunities and prudent risk management;
- In technology; and
- Reinforcing our values and employee engagement.

The actions needed to deliver this strategy are predicated on creating an environment where Nandocas can have fun and are given the opportunity to realise their talent - a place where our Nandocas want to work.

### Operational highlights

The strength of our brand, core values, and unique customer experience have been key to the long-term development of Nando's business, and in recent years, we have sought to professionalise our operations, while retaining the entrepreneurial spirit that made us successful. There have been several initiatives which have helped us achieve our strategic aims.

#### *Brand Strength*

Each market has a brand plan focused on delivering consistent and aligned messaging, and international brand health is measured across all our key markets and our major franchised markets at least once a year on a consistently executed brand health tracker.

We have made strong progress with our digital strategy, investing in the ongoing development of app-based and online platforms. This helps us to make the customer journey easier, as well as enabling a 'single view' of our customers and how they interact with Nando's so we can better meet their needs.

#### *Operational excellence*

Nando's flame-grilled PERI-PERI chicken remains at the core of what we deliver. Around the world, our food teams are fully aligned behind one food manifesto, ensuring that our food offer is consistently and excellently executed across all markets. Nando's continually drives innovation through new menu ideas, service models, and technology.

**STRATEGIC REPORT (continued)****Principal Risks and Uncertainties**

The Directors recognise that the Company is exposed to a number of risks which directly affect the overall performance of the Company. Risks identified are reviewed in detail to ensure the appropriate processes are adopted to manage and mitigate them. The key business risks are set out below:

*Employees (Nandocas)*

Our Nandocas are our greatest asset; failure to attract and retain the best people would be detrimental to both the Nando's experience and our brand reputation. In an industry which traditionally has high staff turnover, Nandocas are key to the Group's continued development.

Numerous training and growth opportunities exist at all levels – both within restaurants and central support functions. These are designed to not only motivate, develop and retain employees, but to empower them to be the best they can be. Wherever possible, we promote from within and believe strongly in recognising and rewarding Nandocas. We also believe in playing as hard as we work, so fun days, conferences, outings and team charity work also feature in the mix.

*Economic uncertainty*

The Company is exposed to the risk of economic uncertainty in the markets it operates in, including the effect of Brexit in the UK and Covid-19. The Directors perform various risk based assessments to ensure the company is proactive in taking appropriate actions where necessary to reduce the related risks associated with economic uncertainty. The Company has planned additional steps to mitigate foreign exchange risk and keep a close control over business cost, whilst continuing to ensure we invest in maintaining high standards of customer service.

*Working capital, liquidity, other risks*

The Company continually monitors cash flow and forecasts the maturity of financial liabilities to avoid the risk of a shortage of funds. Further discussion on how these risks are managed is provided in the Directors' Report.

**Going Concern**

On the basis of current financial projections prepared as part of the group cash forecasting of Nando's Group Holdings Limited for a period of 12 months from the date of approval of these financial statements, the Directors of Nando's Limited are satisfied that the Company has adequate resources to continue in operation for the foreseeable future and consequently the financial statements have been prepared on a going concern basis. This is dependent on Nando's Group Holdings Limited providing additional financial support to the Company during the period. See note 1 for further detail, including acknowledgement of a material uncertainty to going concern.

On behalf of the Board of Directors

DocuSigned by:

*Luke Tait*

BAC212CF8249457..

L L Tait

Director

Nando's Limited

St. Mary's House

42 Vicarage Crescent

London

SW11 3LD

## **DIRECTOR'S REPORT**

The Directors present their report and financial statements for the 53 week period ended 28 February 2021. The Company's Accounting Reference Date ("ARD") is 28 February.

The Company has chosen, in accordance with S414 C(ii) of the Companies Act (2006), to present information that is otherwise required to be presented in the Directors report within the Strategic Report. These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

### **Directors**

The Directors who served during the period were:-

R S Papps

L L Tait

### **Employees (Nandocas)**

The Company's policy is to encourage the employment of disabled people where reasonably practical. The requirements of job applicants and existing employees who have a disability will be reviewed to ensure that wherever possible reasonable adjustments are made to enable them to perform as well as possible during the recruitment process and while employed by the company. The Company encourages the involvement of employees in the Company's performance using various methods, including staff surveys, employee forums and incentive schemes.

Opportunities for promotion, access to benefits and facilities of employment will not be unreasonably limited and all reasonable adjustments will be made. All reasonable measures will be taken to ensure that disabled employees are given the opportunity to participate fully in the workplace in training and career opportunities.

### **Political and charitable contributions**

The Company made charitable donations of £Nil (2020: £Nil). The Company did not make any political contributions during the year (2020: £Nil).

### **Dividends**

There were no dividends declared or paid during the period (2020: £Nil).

### **Taxation**

Nando's is a responsible tax payer and pays taxes in all jurisdictions where we operate. Nando's also contributes further direct and indirect taxes including social security, property taxes, local taxes and value added taxes.

### **Financial Management and Financial Instruments**

The Company is exposed to liquidity risk, foreign currency risk, credit risk and leverage risk.

#### **Liquidity Risk**

Management review cash flow forecasts on a regular basis to determine whether the Company has sufficient cash reserves to meet future working capital requirements and to take advantage of business opportunities. The Company's funding strategy includes use of loans from Nando's Group Holdings Limited, detailed cash flow forecasting and monitoring the maturity of financial liabilities to avoid the risk of a shortage of funds.

#### **Foreign Currency Risk**

The Company has a high level of foreign currency exposure and is closely monitored to limit any negative foreign currency exposure.

#### **Credit risk**

Credit risk is continually monitored and managed by the Company.

#### **Leverage risk**

Borrowings are intra-group loans.

**Indemnification of Directors**

Qualifying third party indemnity provisions (as defined by the Companies Act 2006) are in force for the benefit of the Directors who held office during the year. The Company also provides Directors' and Officers' liability insurance for its Directors and other Officers.

**Disclosure of information to auditor**

The Directors who held office at the date of approval of this Directors' report confirm that so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

**Auditor**

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

On behalf of the Board of Directors

DocuSigned by:  
  
BAC212CF8249457..  
**L L Tait**

Director  
Nando's Limited  
St. Mary's House  
42 Vicarage Crescent  
London  
SW11 3LD

5 October 2021

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS**

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 period. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NANDO'S LIMITED**

### **Opinion**

We have audited the financial statements of Nando's Limited ("the company") for the year ended 28 February 2021 which comprise the Income Statement, Statement of Financial Position, Statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 28 February 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Material uncertainty related to going concern**

We draw attention to note 1 to the financial statements which indicates the company is reliant on continued support from its parent company, Nando's Group Holdings Limited, which has reported a material uncertainty in its financial statements. These events and conditions, along with the other matters explained in note 1, constitute a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

### **Going concern basis of preparation**

The directors have prepared the financial statements on the going concern basis. As stated above, they have concluded that a material uncertainty related to going concern exists.

Based on our financial statements audit work, we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

### **Fraud and breaches of laws and regulations – ability to detect**

#### *Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading relevant meeting minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the vast majority of revenue is from other wholly owned entities within the Nando's Group.

We did not identify any additional fraud risks.

We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included entries to cash with unusual opposite entries.



*Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors (as required by auditing standards), and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. The potential effect of these laws and regulations on the financial statements varies considerably.

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the Company is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

*Context of the ability of the audit to detect fraud or breaches of law or regulation*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

**Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

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

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

**Directors' responsibilities**

As explained more fully in their statement set out on page 6, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

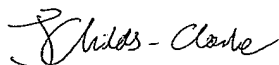
**Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

**The purpose of our audit work and to whom we owe our responsibilities**

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.



**James Childs-Clarke (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
Gateway House  
Tollgate  
Chandlers Ford  
SO53 3TG

6 October 2021

Nando's Limited  
Annual Report and Financial Statements  
Period Ended 28 February 2021

**Profit and Loss Account and Other Comprehensive Income**  
for the period ended 28 February 2021

	<i>Note</i>	2021 £'000s	2020 £'000s
<b>Revenue</b>	2	23,552	22,443
<b>Gross profit</b>		<u>23,552</u>	<u>22,443</u>
Other operating income	3	118	102
Administrative expenses	4	(25,741)	(29,021)
<b>Operating loss</b>		<u>(2,071)</u>	<u>(6,476)</u>
Interest payable and similar expenses	9	(10,809)	(10,172)
Interest receivable and similar income	8	0	200
<b>Net interest payable and receivable</b>		<u>(10,809)</u>	<u>(9,972)</u>
<b>Loss before tax</b>		<u>(12,880)</u>	<u>(16,448)</u>
Taxation	10	(1,665)	(691)
<b>Loss after tax</b>		<u>(14,545)</u>	<u>(17,139)</u>

All activities of the Company are classed as continuing.

The Company has no recognised gains and losses other than the results for the period set out as above.

The accompanying notes form an integral part of the financial statements.

Nando's Limited  
Annual Report and Financial Statements  
Period Ended 28 February 2021

**Balance Sheet**  
28 February 2021

	Notes	2021 £'000s	2020 £'000s
<b>Non-current assets</b>			
Intangibles	12	84,852	91,148
Property plant and equipment	11	4,480	5,008
		<u>89,332</u>	<u>96,156</u>
<b>Current assets</b>			
Trade and other accounts receivable	13	22,979	15,697
Loans Receivable	13	2,795	2,307
Cash and cash equivalents	14	7,564	990
		<u>33,338</u>	<u>18,994</u>
<b>Total Assets</b>		<u>122,670</u>	<u>115,150</u>
<b>Current liabilities</b>			
Trade and other payables	15	(6,562)	(7,905)
Current Loans due to related & intergroup parties	16	(48,043)	(36,471)
Provisions	17	(1,397)	-
<b>Total current liabilities</b>		<u>(56,002)</u>	<u>(44,376)</u>
<b>Net current liabilities</b>		<u>(22,664)</u>	<u>(25,382)</u>
<b>Non current liabilities</b>			
Loans due to related parties		<u>(178,825)</u>	<u>(168,456)</u>
<b>Total Liabilities</b>		<u>(234,827)</u>	<u>(212,832)</u>
<b>Net Liabilities</b>		<u>(112,157)</u>	<u>(97,682)</u>
<b>Equity</b>			
Called up share capital	18	-	-
Retained earnings	19	112,157	97,682
<b>Total equity</b>		<u>112,157</u>	<u>97,682</u>

The accompanying notes form an integral part of the financial statements.

These financial statements were approved and authorised for issue by the Directors on the 5 October 2021 and are signed on their behalf by:

L L Tait

DocuSigned by:

*Luke Tait*

Director

Company registration number: 07336115

**Statement of Changes in Equity**  
*for the period ended 28 February 2021*

	<i>Note</i>	Share Capital £'000	Retained earnings £'000	Total Equity £'000
<b>Balance at 24 February 2019</b>		(0)	(80,374)	(80,374)
Loss for the period		-	(17,139)	(17,139)
Equity settled share based payments		-	(169)	(169)
<b>Balance at 23 February 2020</b>		(0)	(97,682)	(97,682)
Loss for the period		-	(14,545)	(14,545)
Equity settled share based payments			70	70
<b>Balance at 28 February 2021</b>		(0)	(112,157)	(112,157)

The accompanying notes form an integral part of the financial statements.

**Notes**  
*(forming part of the financial statements)*

**1 Accounting policies**

Nando's Limited ("the Company") is a private company incorporated, domiciled and registered in England. The registered number is 07336115 and the registered address is 42, St Mary's House, Vicarage Crescent, London SW11 3LD.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

**1.1 Basis of preparation**

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital and tangible fixed assets;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of the compensation of Key Management Personnel and;
- Disclosures in respect of capital management.

As the consolidated financial statements of Nando's Group Holdings Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.
- IFRS 2 Share Based Payments in respect of group settled share based payments.

**1.2 Standards issued and applied for the first time in 2021**

The following new and revised Standards and Interpretations have been adopted in the current period. Unless otherwise disclosed, their adoption has had no material impact on the amounts reported in these financial statements.

- Amendments to IFRS 16 'COVID-19 - related rent concessions'
- Amendments to 'References to the Conceptual Framework in IFRS Standards'
- Amendments to IFRS 3 'Definition of a business'
- Amendments to IAS 1 and IAS 8 'Definition of material'.
- Amendments to IFRS 9, IAS 39 and IFRS 7 'Interest rate benchmark reform'

**1.3 Going Concern**

Notwithstanding net current liabilities of £22,664k as at 28th February 2021 and a loss for the period then ended of £14,545k, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

Further information concerning the principal activities as well as the business risks is set out above on page 3 of the Strategic report.

The Company is dependent on Nando's Group Holdings Limited not seeking repayment of the amounts currently due to any of the other companies in the Nando's Group Holdings Limited group. This amounted to £228,765k at 28 February 2021.

### 1.3 Going concern (continued)

The Company is dependent on Nando's Group Holdings Limited providing additional financial support during that period as needed. Nando's Group Holdings Limited has indicated its intention to continue to make available such funds as are needed by the Company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts it has prepared (see below). However, the ability of Nando's Group Holdings Limited to provide this support is uncertain and the latest financial statements of the Nando's Group authorised for issue on date included the following:

*"The Group financial statements have been prepared on a going concern basis which the Directors consider to be appropriate.*

*The 'Base Case' assumption includes budgets prepared by operating entities reflecting the impacts of Covid-19 on the current financial period (ending 27 February 2022). The budgets forecast a slow return back to business as usual by year end. In the following financial period (ending 26 February 2023) the forecast anticipates that all trading restrictions are removed and the Eat-In channel returns to sales volumes consistent with pre-Covid performance.*

*Using this Base Case, the Directors have prepared cash flow forecasts for the going concern period (being forecasts for the next 12 months from the date of approval of these financial statements, drawn from budgets for the rest of the current financial period and the next financial period). These indicate that with the planned refinancing, the Group would be able to operate within the existing facilities that are available to it, including any scheduled repayments, without breaking any covenants and meet its liabilities as they fall due for that period.*

*It is currently very difficult to assess how the Covid-19 situation will evolve. The Directors believe that the Base Case scenario above is reasonable, assuming a slow return to pre-Covid performance. However, it is possible that the relaxation of lockdown restrictions may be reversed temporarily at a local level, or that the recovery profile is slower than in the Base Case. The Directors have therefore prepared a severe but plausible 'Downside scenario'. In the Downside scenario, with the planned refinancing, the Group will be able to operate within the facilities that are available for the 12 months following the signing date of these financial statements.*

*The Base case and Downside scenario depend on the Group's planned refinancing. Given the Group's history of cash generation and its clear brand strength, the Group expects to be able to raise such funds as necessary. However the planned refinancing is not yet finalised or legally binding. This represents a material uncertainty in both the Base case and the Downside scenario that may cast significant doubt on the Group and Company's abilities to continue as a going concern and therefore to continue realising their assets and discharging their liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate."*

The Directors of the Company have considered the forecasts they have prepared together with the disclosure in the financial statements of Nando's Limited and they believe that it remains appropriate to prepare the financial statements on a going concern basis based on the intention of Nando's Group Holding to provide support.

### 1.4 Measurement Convention

The financial statements are prepared on the historical cost basis except for certain non-current assets and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below.

### 1.5 Foreign currencies

Foreign currency transactions

The Company has determined that the Company operates as an extension of the Parent Company. On analysing the factors that determines the functional currency of an entity, the Directors consider the functional currency of the Company to be Sterling. Monetary items denominated in foreign currencies are retranslated at the exchange rates applying at the reporting date. Nonmonetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

## 1.5 Foreign currencies (continued)

### Foreign operations

The assets and liabilities of the Company are translated to Pounds Sterling using exchange rates at period end. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rate on transaction date is used.

## 1.6 Financial instruments

The Company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement. Financial instruments are recognised when the Company becomes a party to the contractual provisions of the instrument.

### 1.6.1 Financial assets

Financial assets comprise cash and cash equivalents, trade and other receivables accrued income and loans receivable.

Trade receivables are initially recognised when they are originated and are initially measured at fair value where there is a significant financing component. Trade receivables without a significant financing component are initially measured at the transaction price.

Trade receivables are subsequently measured at amortised cost as they meet both of the following conditions:

- they are held within a business model whose objective is to hold assets to collect contractual cash flows; and
- their contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Trade receivables are subsequently measured at amortised cost using the effective interest rate method, less provision for impairment using the expected credit loss approach.

The Company recognises loss allowances for expected credit losses (ECLs) on trade receivables using the simplified expected credit loss model which is measured at an amount equal to lifetime ECL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Foreign exchange gains and losses and impairment are recognised in the Profit and Loss account. Any gain or loss on derecognition is recognised in the Profit and Loss account.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held) or the financial asset is more than 90 days past due.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held) or the financial asset is more than 90 days past due.



**1.6.1 Financial assets (continued)**

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset. At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

**1.6.2 Financial liabilities (other than derivative financial instruments)**

Financial liabilities comprise loans and borrowings and trade and other payables. Financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities are initially measured at fair value plus transaction costs that are directly attributable to its acquisition or issue. Financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in the Profit and Loss account. Any gain or loss on derecognition is also recognised in the Profit and Loss account.

**1.6.3 Equity instruments**

Equity instruments issued by the Company are recorded at the value of proceeds received, net of costs directly attributable to the issue of the instruments.

**1.7 Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation of property, plant and equipment is provided to write off the cost, less residual value, on a straight line basis over the estimated useful lives as follows:

- Freehold Land and buildings	40 years
- Plant and equipment	3 - 10 years
- Fixtures and fittings	3 - 10 years
- Leased plant and equipment	7 years or the life of the lease if shorter

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

Gains or losses on disposal are included in the Profit and Loss account.

**1.8 Intangible assets*****Amortisation***

Amortisation is charged to the Profit and Loss on a straight-line basis over the estimated useful lives of the intangible asset. These charges are included in administrative expenses. Other intangible assets are amortised from the date they are available for use. The useful lives are as follows:

- IT Development and software	3 years
- Intellectual Property	20 years

Amortisation periods and methods are reviewed annually and adjusted if appropriate.

***Intangible assets acquired separately***

Intangible assets acquired separately are shown at historical cost less accumulated amortisation and impairment losses.

***Intangible assets generated internally***

Expenditure on research activities is recognised in the income statement as an expense as incurred. Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Company intends to and has the technical ability and sufficient resources to complete development, future economic benefits are

probable and if the Company can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve a plan or design for the production of new or substantially improved products or processes.

The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development expenditure is recognised in the income statement as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

*Other intangible assets*

Expenditure on internally generated goodwill and brands is recognised in the income statement as an expense as incurred. Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and accumulated impairment losses.

**1.9 Impairment of non-financial assets**

The Company assesses annually whether there is any indication that any of its assets have been impaired. If such indication exists, the asset's recoverable amount is estimated and compared to its carrying value. Where it is impossible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the smallest cash generating unit to which the asset is allocated.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, an impairment loss is recognised immediately in the Profit and Loss account, unless the asset is carried at a revalued amount, in which case the impairment loss is recognised as revaluation decrease.

**1.10 Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

**1.11 Equity**

Financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

- a. they include no contractual obligations upon the group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the group; and
- b. where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the group's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital exclude amounts in relation to those shares.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where the Company purchases the company's equity instruments, for example as a result of share buy-back, the consideration paid, including any directly incremental costs (net of taxes) is deducted from equity attributable to the owners of the Group as treasury shares until such time that the shares are cancelled or reissued.

### 1.12 Revenue

Revenue arises from the Company's principal activities: royalty income and franchise fees.

Revenue is recognised when the relevant performance obligations have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably. Revenue is measured net of returns, discounts and sales taxes (such as VAT and similar).

#### *Royalty income and Franchise fees*

The Master Franchise Agreement (MFA) provides the franchisee with ongoing access to intellectual property, marketing services and branded materials.

Royalty income is received based on a percentage of total restaurant sales in accordance with the substance of the relevant MFA for that market. Royalty income is recognised on an accruals basis in line with restaurant sales. This is in line with the exemption in IFRS 15 which allows sales based royalties to be booked as and when the subsequent sale occurs.

Franchise fees are made up of store opening fees and various marketing services. Initial franchise fees billed to the customer are not deemed to be a distinct performance obligation and as a result, the amounts are allocated to the licence performance obligation and as a result, it is recognised as deferred income and is recognised as revenue over the term of the agreement.

Store opening fees are recognised on the day the store is opened. Marketing services income is further split into:

- planned marketing campaigns;
- customer engagement review and Nandoca training; and
- Nandoca engagement review.

Recognition of revenue arising from marketing services depends on when the service is rendered. Revenue relating Nandoca training is recognised once the training has been delivered; planned marketing campaign revenue is recognised when the campaign is complete; and revenue from Nandoca Engagement reviews and customer engagement reviews is recognised once the review is complete.

### 1.13 Borrowing costs

The Company does not construct material qualifying assets and therefore borrowing costs are expensed in the period they are incurred.

### 1.14 Taxation

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

Income tax for the period is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. The carrying amount of the deferred tax assets are reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset only when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same tax authority. Current tax assets and liabilities are offset where the entity has a legal enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

**1.15 Accounting estimates and judgements**

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying profit or loss.

None of these estimates and judgements have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

**1.16 Share-based payment**

Share-based payment arrangements in which the Company receives services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Company.

Share-based payment transactions in which the Company receives services by incurring a liability to transfer cash or other assets that is based on the price of the Group's equity instruments are accounted for as cash-settled share-based payments. All current arrangements are equity-settled arrangements.

For the equity-settled schemes, the fair value of a share plan is recognised as an expense over the expected vesting period with a corresponding entry to retained earnings, net of deferred tax. The fair value of the share plans is determined at the date of grant. Non-market based vesting conditions (i.e. Group profitability targets) are taken into account in estimating the number of awards likely to vest, which is reviewed at each accounting date up to the vesting date, at which point the estimate is adjusted to reflect the actual awards issued. No adjustment for past service is made during the vesting date even if the options are forfeited, or are not exercised. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the share plan is measured using the Monte Carlo method.

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**Notes (continued)**

**2 Revenue**

	Period Ending 28 February 2021 £'000s	Period Ending 23 February 2020 £'000s
<i>The Company's revenue comprises:</i>		
Royalties and franchise fees	17,464	16,302
Intra-group management recharges	6,088	6,141
Total revenue	<u>23,552</u>	<u>22,443</u>

*Geographical analysis of Revenue*

	2021 £'000s	2020 £'000s
UK & Ireland	5,420	1,967
North America	966	2,469
Australia & New Zealand	5,499	7,013
Other	<u>11,667</u>	<u>10,994</u>
	<u>23,552</u>	<u>22,443</u>

**3 Other Operating Income**

	Period Ending 28 February 2021 £'000s	Period Ending 23 February 2020 £'000s
Rental income	<u>118</u>	<u>102</u>
	<u>118</u>	<u>102</u>

**4 Loss of profit before tax**

	Period Ending 28 February 2021 £'000s	Period Ending 23 February 2020 £'000s
<i>The following amounts were expensed or credited during the year:</i>		
Depreciation of property, plant and equipment	(749)	(500)
Amortisation of intangible assets	(6,656)	(7,100)
Legal and professional costs	(1,155)	(2,953)
Impairment loss on trade receivables	(1,397)	-

**5 Auditor's remuneration**

	Period Ending 28 February 2021 £'000s	Period Ending 23 February 2020 £'000s
Fees payable to the Group's auditor for these financial statements	(70)	(36)
Taxation compliance services	(7)	(76)
Total audit and non-audit fees	<u>(77)</u>	<u>(112)</u>

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**Notes (continued)**

**6 Staff numbers and costs**

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

	Period Ending 28 February 2021 £'000s	Period Ending 23 February 2020 £'000s
Directors	2	3
General staff and management	29	29
Administration	3	3
	<u>34</u>	<u>35</u>

The aggregate payroll costs of these persons were as follows:

	Period Ending 28 February 2021 £'000s	Period Ending 23 February 2020 £'000s
Wages & salaries	(4,515)	(5,108)
Social security costs	(526)	(820)
Other Pension Costs	(37)	(32)
	<u>(5,078)</u>	<u>(5,960)</u>

**7 Remuneration of directors**

	Period Ending 28 February 2021 £'000s	Period Ending 23 February 2020 £'000s
Director's emoluments	(820)	(1,418)
Company contributions to money purchase pension plans	(1)	(1)
	<u>(821)</u>	<u>(1,419)</u>

The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid director was £532k (2020: £693k) and pension contributions of £1k (2020: £1k).

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**Notes (continued)**

**8 Finance Income**

	Period Ending 28 February 2021 £'000s	Period Ending 23 February 2020 £'000s
Net foreign exchange gain	-	200
	<u>-</u>	<u>200</u>

**9 Finance Expense**

	Period Ending 28 February 2021 £'000s	Period Ending 23 February 2020 £'000s
Net foreign exchange loss	(441)	-
Interest paid - intergroup/company	(10,368)	(10,172)
	<u>(10,809)</u>	<u>(10,172)</u>

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**Notes (continued)**

**10 Taxation**

	Period Ending 28 February 2021 £'000s	Period Ending 23 February 2020 £'000s
<b>Current tax income</b>		
Group relief (payable) / credit	(1,029)	336
Foreign tax suffered	(721)	(889)
Adjustment in respect of prior periods	85	(138)
Current tax (charge)/ credit	<u>(1,665)</u>	<u>(691)</u>
 Total tax (charge)/ credit	 <u>(1,665)</u>	 <u>(691)</u>
 <b>Reconciliation of effective tax rate</b>	 2020 £'000s	 2020 £'000s
 Loss for the period	 (12,880)	 (17,139)
Total tax charge/(credit)	<u>(1,665)</u>	<u>691</u>
Loss excluding taxation	<u>(14,545)</u>	<u>(16,448)</u>
  Tax using the UK corporation tax rate of 19.0% (2020:19.0%)	  (2,447)	  (3,125)
Fixed asset differences	1,152	1,206
Non-deductible expenses	-	14
Income not taxable for tax purposes	-	(2)
Other differences	(137)	(166)
Transfer pricing adjustments	856	1,596
Foreign tax	721	889
Adjustments to tax charge in respect of previous periods	(85)	138
Movement in unprovided deferred tax	1,605	126
Change in tax rate on deferred tax balances	-	15
Imputed management income	-	-
Other	-	-
Total tax (charge)/credit	<u>1,665</u>	<u>691</u>



## Notes (continued)

**11 Tangible fixed assets**

	Freehold Property	Plant and Equipment	Fixtures & Fittings	Total
	£000	£000	£000	£0
<b>Cost</b>				
At beginning of prior period	4,385	660	1,250	6,295
Additions	-	107	185	292
Disposals	-	(152)	(52)	(204)
At end of prior period	4,385	615	1,383	6,383
<b>Depreciation</b>				
Balance beginning of prior year	(169)	(338)	(570)	(1,077)
Depreciation charge in the year	(61)	(158)	(281)	(500)
Impairment losses	-	-	-	-
Disposals	-	151	51	202
At end of prior period	(230)	(345)	(800)	(1,375)
<b>Net book value at 23 February 2020</b>	<u>4,155</u>	<u>270</u>	<u>583</u>	<u>5,008</u>
<b>Cost</b>				
At beginning of period	4,385	615	1,383	6,383
Additions	-	66	155	221
Disposals	-	-	-	-
At end of period	4,385	681	1,538	6,604
<b>Depreciation</b>				
Balance beginning of current year	(230)	(345)	(800)	(1,375)
Depreciation charge in the year	(62)	(236)	(451)	(749)
Impairment losses	-	-	-	-
Disposals	-	-	-	-
At end of period	(292)	(581)	(1,251)	(2,124)
<b>Net book value at 28 February 2021</b>	<u>4,093</u>	<u>100</u>	<u>287</u>	<u>4,480</u>

## Notes (continued)

**12 Intangible fixed assets**

	Patents and trade-marks £000	Development costs £000	Total £000
<b>Cost</b>			
At beginning of prior period	120,000	3,223	123,223
Additions	-	534	534
At end of prior period	<u>120,000</u>	<u>3,757</u>	<u>123,757</u>
<b>Accumulated amortisation and impairment</b>			
Balance beginning of prior period	(24,000)	(1,509)	(25,509)
Amortisation charge in the year	<u>(6,000)</u>	<u>(1,100)</u>	<u>(7,100)</u>
Balance at end of prior period	<u>(30,000)</u>	<u>(2,609)</u>	<u>(32,609)</u>
<b>Net book value comparative year</b>	<u>90,000</u>	<u>1,148</u>	<u>91,148</u>
<b>Cost</b>			
Balance beginning of comparative year	120,000	3,757	123,757
Additions	-	360	360
Disposals	<u>-</u>	<u>(2,611)</u>	<u>(2,611)</u>
Balance at end of current year	<u>120,000</u>	<u>1,506</u>	<u>121,506</u>
<b>Accumulated amortisation and impairment</b>			
Balance beginning of comparative year	(30,000)	(2,609)	(32,609)
Amortisation charge in the year	<u>(6,000)</u>	<u>(656)</u>	<u>(6,656)</u>
Disposals	<u>-</u>	<u>2,611</u>	<u>2,611</u>
Balance at end of comparative year	<u>(36,000)</u>	<u>(654)</u>	<u>(36,654)</u>
<b>Net book value current year</b>	<u>84,000</u>	<u>852</u>	<u>84,852</u>

The patent and trademarks asset relates to Intellectual Property (IP) rights to the Nando's brand that has been assigned to non-UK and Ireland entities with a value of £84,000k (2020: £90,000k). At the end of the financial period, the Company capitalised internally developed software with a value of £360k (2020: £534k).

*Impairment testing - Intellectual Property*

*Intellectual property is amortised over 20 years, at the end of the current financial period the IP has a remaining useful life of 15 years. Management have reviewed the value and performance of the IP, considering both internal and external indicators. From this review no impairment indicators have been identified. The amortisation charge on intellectual property for the period was £6,000k (2020: £6,000k).*

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**Notes (continued)**

<b>13 Debtors</b>	<b>2021</b>	<b>2020</b>
	<b>£'000s</b>	<b>£'000s</b>
<b>Amounts falling due within one year</b>		
Debtors due from inter-group undertakings	19,540	12,855
Debtors due from related undertakings	-	419
Trade debtors (incl. provisions)	1,953	616
Other debtors (excl. related party loans)	1,287	82
Prepayments	184	180
Accrued income	15	1,545
	<u>22,979</u>	<u>15,697</u>
 <b>Current loans due from intra-group parties</b>	 <b>2021</b>	 <b>2020</b>
	<b>£'000s</b>	<b>£'000s</b>
Nando's Brand JVCo Limited	2,795	2,307
	<u>2,795</u>	<u>2,307</u>

During the period an additional loan of £668k (2020: £635k) was issued to Nando's Brand JVCO Limited, making a total of £2,795k (2020: 2,307k) at the end of the financial period. The loan is interest free and repayable on demand.

**14 Cash and Cash Equivalents**

	<b>2021</b>	<b>2020</b>
	<b>£'000s</b>	<b>£'000s</b>
Cash and Cash Equivalents	7,564	990
	<u>7,564</u>	<u>990</u>

<b>15 Creditors</b>	<b>2021</b>	<b>2020</b>
	<b>£'000s</b>	<b>£'000s</b>
<b>Amounts falling due within one year</b>		
Creditors due to third parties	(446)	(186)
Creditors due to inter-group parties	(1,897)	(3,022)
Creditors due to related parties	(10)	(67)
Non-trade payables and accrued expenses	(1,644)	(3,164)
Other taxation and social security	(1,580)	(339)
Deferred Revenue (IFRS15)	(985)	(1,127)
	<u>(6,562)</u>	<u>(7,905)</u>

**Notes (continued)****16 Other interest-bearing, non-interest bearing loans and borrowings****Current loans due to intra-group parties**

		<b>2021</b> <b>£'000s</b>	<b>2020</b> <b>£'000s</b>
<i>Loans payable to intra-group parties</i>	<i>Interest</i>		
Nandos Group Holdings Limited	0.00%	(48,038)	(36,451)
Other intra-group parties	0.00%	(5)	(20)
		<u>(48,043)</u>	<u>(36,471)</u>

Current loans due are repayable on demand and unsecured.

**Non-current loans due to intra-group parties**

		<b>2021</b> <b>£'000s</b>	<b>2020</b> <b>£'000s</b>
<i>Loans payable to intra-group parties</i>	<i>Interest</i>		
Nandos Group Holdings Limited	8.50%	(178,825)	(168,456)
		<u>(178,825)</u>	<u>(168,456)</u>

This loan facility is repayable to Nando's Group Holdings Limited in 2022 and is unsecured. The total amount due consists of £120m of principal and £58,825k (2020: £48,456k) of accrued interest.

**17 Provisions**

	<b>2021</b> <b>£'000s</b>	<b>2020</b> <b>£'000s</b>
Expected credit loss	(1,397)	-
	<u>(1,397)</u>	<u>-</u>

Outstanding trade receivables are regularly reviewed to monitor any changes in credit risk with concentrations of credit risk considered to be limited given that the Group's customer base is large and unrelated.

The Group applies the simplified approach and records lifetime expected credit losses for trade receivables using historical cash collection data for periods of at least 36 months wherever possible and grouped into various customer segments based on product or customer type. The historical loss rates are adjusted where macroeconomic factors, for example changes in interest rates or unemployment rates, or other commercial factors are expected to have a significant impact when determining future expected credit loss rates. Most notably for the 2021 financial year, this included adjusting for the economic impacts of COVID-19.

For trade receivables the expected credit loss provision is calculated using a provision matrix, in which the provision increases as balances age. The balance is made up of provisions made during the year.

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**Notes (continued)**

18 Share capital	2021	2020
	£	£
Authorised		
1 Ordinary share of £1 each	<u>2</u>	<u>2</u>
Allotted, called up and unpaid		
1 Ordinary share of £1 each	<u>2</u>	<u>2</u>

**19 Reserves**

	Profit and loss account £'000s
As at 23 February 2020	(97,682)
Loss retained for the financial period	(14,545)
Share Based Payment	<u>70</u>
As at 28 February 2021	<u>(112,157)</u>

**20 Share based payments**

The Company takes part in the Group Partnership scheme.

As the scheme is deemed equity settled, the fair value of amounts payable to the employees is recognised as an expense in the employing company with a corresponding increase in equity to represent the contribution received.

The employee share scheme is designed to remunerate the employees of the Company with shares in the Ultimate Parent Company, Nando's Group Holdings Limited.

Under the employee share scheme the employees hold the shares immediately on award, but there is a designated compulsory holding period running from November 2016 to November 2020, during which employees waive their voting and dividend rights in respect of their shares and may not transfer, charge or otherwise dispose of their shares without consent of the Company. The shares granted to employees under the scheme shall vest under performance related criteria as well as individual personal targets; if they do not vest, then they are returned to the Company.

As the shares are not publicly traded and therefore cannot be easily realised, a separate arrangement has been put into place between the employees and L Perlman SECS, which will acquire the shares after vesting under a put and call. The acquisition of the shares by L Perlman SECS will be settled in cash.

*Measurement of fair values*

The fair value of the B Shares has been measured using the Monte Carlo valuation model. Service and non market performance conditions attached the arrangements were not taken into account in measuring fair value. The inputs used in the measurement of the fair values at grant date of the B Shares were as follows:

**Notes (continued)****20 Share based payments (continued)**

			Grant Date 17-Jan-2018	Grant Date 16-Nov-2016
Fair value (£)			1.13	1.04
Share price (£)			11.16	10.77
Expense recognised in profit and loss	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
	<b>£'000s</b>	<b>£'000s</b>	<b>£'000s</b>	<b>£'000s</b>
Share-based payment (credit)/expense	70	(169)	1,050	1,078

Due to the mandatory holding period, no shares were exercisable at the end of the period. These share based payment schemes have been recognised in accordance with IFRS 2 and the accounting policy described in 2.12. The scheme was closed during the year. All the shares were redeemed as the scheme did not pay out.

**21 Related Parties**

The Company's immediate Parent Company is Nando's Group Holdings Limited, incorporated in the United Kingdom, and having its registered office at St Mary's House, 42 Vicarage Crescent, Battersea, London, SW11 3LD.

Nando's Group Holding's Limited is a subsidiary of L Perlman SECS which is the ultimate parent and controlling party, incorporated in Luxembourg and conducts business from 39 avenue Monterey, L-2163, Luxembourg. No consolidated accounts of this group are available.

The largest group in which the results of the group are consolidated is that headed by Nando's Group Holding's Limited. No other group financial statements include the results of Nando's Group Holding's Limited.

The Company has identified the following related parties, which have been disclosed accordingly;

- **All About Foods Limited:** All About Foods Limited is a related party to group by virtue of the two parties having common members of key management personnel and their roles within each organisation.
- **Yellowwoods Admin Services:** Yellowwoods Admin Services Luxembourg S.à.r.l is a related party to the group by virtue of the two parties having common members of key management personnel and their roles within each organisation.
- **Nando's Chickenland Singapore:** Nando's Chickenland Singapore is a related party as it is a joint venture and therefore a non wholly owned member of the group.
- **Nando's Chickenland Malaysia:** Nando's Chickenland Malaysia is a related party as it is a joint venture and therefore a non wholly owned member of the group.

**Notes (continued)**

**21 Related parties (continued)**

**Related party transactions**

The Company have the following significant related party transactions:

**Revenue**

The Company issued royalty income to All About Foods totalling £5,384k (2020: £1,409k); Nando's Chickenland Singapore totalling £267k (2020: £446k) and Nando's Chickenland Malaysia totalling £971k (2020: £1,864k).

The Company had nothing owed by All About Foods as at 28th February 2021 (2020: £419k); £255k (2020: £27k) by Nando's Chickenland Singapore and £782k (2020: £43k) by Nando's Chickenland Malaysia.

**Administrative expenses**

The Company paid invoices to Yellowwoods Admin Services Luxembourg S.à.r.l of £165k (2020: £186k) in relation to recharged administration costs incurred within Luxembourg. The company owed Yellowwoods Treasury £30k as at 28th February 2021 (2020: £67k).

**22 Subsequent events**

*Loan from Parent*

Subsequent to the year end, the Company received a loan from its parent, Nando's Group Holdings Limited. The total value of the significant loan which have been extended is £1,574k up to the date of approval of these financial statements. This increase in loans payable is a non-adjusting event after the balance sheet date.

*Capital Contribution from Parent*

Subsequent to the year end, the Company received a capital contribution from its parent, Nando's Group Holdings Limited. Loans due to its Parent of £48,035k were converted through the issue of shares resulting in an increase in capital. This increase is a non-adjusting event after the balance sheet date.