

Financial Statements

W2D2 Limited

For the Year Ended 31 March 2016



Registered number: 07520075

W2D2 Limited

Company Information

Directors	T S Dhaliwal S J Walker M C Walker P R Dawes V J Lord (appointed 23 March 2016)
Registered number	07520075
Registered office	Ridgefield House 4th Floor 14 John Dalton Street Manchester M2 6JR
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 4 Hardman Square Spinningfields Manchester M3 3EB
Bankers	National Westminster Bank 11 Spring Gardens Manchester M2 1FB
Solicitors	DLA Piper UK LLP 101 Barbarolli Square Manchester M2 3DL

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Group Strategic Report

For the Year Ended 31 March 2016

Business review

Profit for the year after taxation and minority interests amounted to £807,000 (2015: £77,000).

The Group's key performance indicators are:

	2016	2015
Sales £'000	62,723	59,412
Gross margin %	74.5%	73.9%
Wages cost £'000	23,932	22,062
Wages/sales %	38.2%	37.1%
Overheads/sales %	69.3%	70.5%

The board reviews like for like (LFL) sales and monitors performance against budget on a site by site basis.

The main trading company of the W2D2 Limited group is Restaurant Bar & Grill Limited, a leading restaurant operator with 32 premium casual dining restaurants throughout the UK which trade under the Piccolino (21), Restaurant, Bar & Grill (10) and Gino D'Acampo – My Restaurant (1) brands. A detailed review of trading is included within the Restaurant Bar & Grill Limited Financial Statements which can be obtained from Companies House.

Principal risks and uncertainties

The Group's financial instruments comprise cash and various items, such as trade debtors and trade creditors, which arise directly from its operations. The main purpose of these financial instruments is to finance the cost of the Group's operations. The board of directors regularly reviews the financial requirements of the Group and the risks associated therewith. The main risks arising from the Group's financial instruments are as follows:

Liquidity risk

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

Credit risk

The Group's principal financial assets are cash and trade debtors. The credit risk associated with cash is limited, as the counterparties have high credit ratings assigned by international credit ratings agencies. The credit risk associated with trade debtors is also limited given their insignificant value.

Non-financial key performance indicators

The board believes the success of a restaurant is determined by the quality of its people, food, customer service and cleanliness. Sites are ranked on a monthly basis depending on their relative non-financial performance. The results of the mystery diner visits, internal food audits, cleanliness audits and the people grading system form the basis of these rankings. Sites are rewarded when performance is consistently good and corrective action is taken at sites where poor performance is noted.

Group Strategic Report (continued)

For the Year Ended 31 March 2016

Risk factors

The board of directors continually identifies, monitors and manages potential risks and uncertainties to the Group. The list below sets out what the directors consider to be the current principal business risks and uncertainties. This list is not presumed to be exhaustive and by its very nature is subject to change.

- Increase in prices of key raw materials e.g. the duty uplift on alcohol and protein price uplifts resulting from The increase in animal food costs and increases in wages (national minimum wage uplift) would impact the level of costs. Wherever possible, long term, fixed rate contracts are entered into with major suppliers to mitigate the risk of price rises.
- Breakdown in internal control due to fraud and error. Financial controls are designed and implemented to minimise the risk of material fraud and error.

This report was approved by the board on 29 September 2016 and signed on its behalf.



V J Lord
Director

Directors' Report

For the Year Ended 31 March 2016

The Directors present their report and the financial statements for the year ended 31 March 2016.

Principal activity

The principal activity of the Group continues to be the operation of licensed restaurants.

W2D2 Limited continues to be that of a holding company.

Results and dividends

The profit for the year, after taxation and minority interests, amounted to £807,000 (2015 - £77,000).

Directors

The Directors who served during the year were:

T S Dhaliwal
S J Walker
M C Walker
P R Daves
V J Lord (appointed 23 March 2016)

Directors' responsibilities statement

The Directors are responsible for preparing the Group 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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

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

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

Directors' Report

For the Year Ended 31 March 2016

Employee involvement

During the year, the policy of providing employees with information about the Group has been continued through internal media methods in which employees have also been encouraged to present their suggestions and views on the Group's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas. Employees participate directly in the success of the business through the Group's bonus schemes.

Disabled employees

The Group gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a disabled person. Where existing employees become disabled, it is the Group'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.

Disclosure of information to auditor

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

- so far as that Director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- that 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 and the Group's auditor is aware of that information.

Post balance sheet events

There have been no significant events affecting the Group since the year end.

Auditors

The Auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 29 September 2016 and signed on its behalf.



V J Lord
Director



Independent Auditor's Report to the Members of W2D2 Limited

We have audited the financial statements of W2D2 Limited for the year ended 31 March 2016, which comprise the Consolidated Statement of comprehensive income, the Consolidated and Company Statement of Financial Positions, the Consolidated and Company Statement of changes in equity, the consolidated Statement of Cash Flows and reconciliation of net cash flow to movement in net funds/debt and the related notes. 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 United Kingdom and Republic of Ireland'.

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.

Respective responsibilities of Directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 March 2016 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Group Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.



Independent Auditor's Report to the Members of W2D2 Limited

Matters on which we are required to report by exception

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

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

Grant Thornton UK LLP

Carl Williams (Senior Statutory Auditor)
for and on behalf of
Grant Thornton UK LLP
Statutory Auditor
Chartered Accountants
Manchester

Date: 29 September 2016

Consolidated Statement of Comprehensive Income

For the Year Ended 31 March 2016

	Note	2016 £	2015 £000
Turnover - continuing operations	3	62,723	59,412
Cost of sales		(16,015)	(15,507)
Gross profit		46,708	43,905
Administrative expenses		(43,581)	(42,014)
Operating profit - continuing operations	4	3,127	1,891
Interest receivable and similar income	7	-	682
Interest payable and expenses	8	(1,715)	(2,140)
Profit before taxation		1,412	433
Tax on profit	9	(479)	(298)
Profit for the year		933	135
Non-controlling interest		126	58
Owners of the parent Company		807	77
		933	135

There was no other comprehensive income for 2016 (2015:£nil).

The notes on pages 15 to 36 form part of these financial statements.

Consolidated Statement of Financial Position

As at 31 March 2016

	Note	2016 £000	2015 £000
Fixed assets			
Intangible assets	10	2,131	2,281
Tangible assets	11	32,180	28,629
		<u>34,311</u>	<u>30,910</u>
Current assets			
Stocks	13	2,353	1,644
Debtors	14	8,509	4,895
Cash at bank and in hand	15	7,502	3,669
		<u>18,364</u>	<u>10,208</u>
Creditors: amounts falling due within one year	16	(17,866)	(15,385)
Net current assets/(liabilities)		<u>498</u>	<u>(5,177)</u>
Total assets less current liabilities		<u>34,809</u>	<u>25,733</u>
Creditors: amounts falling due after more than one year	17	(27,126)	(19,407)
Provisions for liabilities			
Deferred taxation	21	(324)	-
Other provisions		(282)	(182)
Net assets		<u><u>7,077</u></u>	<u><u>6,144</u></u>

Consolidated Statement of Financial Position (continued)

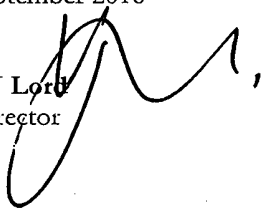
As at 31 March 2016

Capital and reserves

Called up share capital	23	110	110
Share premium account	25	9,420	9,420
Profit and loss account	25	(2,930)	(3,737)
Equity attributable to owners of the parent Company		<u>6,600</u>	<u>5,793</u>
Non-controlling interests		477	351
		<u><u>7,077</u></u>	<u><u>6,144</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 29 September 2016

V J Lord
Director



The notes on pages 15 to 36 form part of these financial statements.

Company Statement of Financial Position

As at 31 March 2016

	Note	2016 £000	2015 £000
Fixed assets			
Investments	12	8,721	8,721
Current assets			
Debtors	14	12,002	9,179
Cash at bank and in hand	15	1	123
		<u>12,003</u>	<u>9,302</u>
Creditors: amounts falling due within one year	16	(3,146)	(445)
Net current assets		<u>8,857</u>	<u>8,857</u>
Total assets less current liabilities		<u>17,578</u>	<u>17,578</u>
Creditors: amounts falling due after more than one year	17	(8,040)	(8,040)
Net assets		<u><u>9,538</u></u>	<u><u>9,538</u></u>
Capital and reserves			
Called up share capital	23	110	110
Share premium account	25	9,420	9,420
Profit and loss account	25	8	8
		<u><u>9,538</u></u>	<u><u>9,538</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 29 September 2016


V J Lord
 Director

W2D2 Limited
Registered number:07520075

Consolidated Statement of Changes in Equity

For the Year Ended 31 March 2016

	Share capital	Share premium	Retained earnings	Equity attributable to owners of parent Company	Non-controlling interests	Total equity
	£000	£000	£000	£000	£000	£000
At 1 April 2015	110	9,420	(3,737)	5,793	351	6,144
Comprehensive income for the year						
Profit for the year	-	-	807	807	126	933
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	807	807	126	933
Total transactions with owners	-	-	-	-	-	-
At 31 March 2016	110	9,420	(2,930)	6,600	477	7,077

W2D2 Limited
Registered number:07520075

Consolidated Statement of Changes in Equity

For the Year Ended 31 March 2015

	Share capital	Share premium	Retained earnings	Equity attributable to owners of parent Company	Non-controlling interests	Total equity
	£000	£000	£000	£000	£000	£000
At 1 April 2014	110	9,420	(3,814)	5,716	293	6,009
Comprehensive income for the year						
Profit for the year	-	-	77	77	58	135
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	77	77	58	135
Total transactions with owners	-	-	-	-	-	-
At 31 March 2015	110	9,420	(3,737)	5,793	351	6,144

The notes on pages 15 to 36 form part of these financial statements.

Company Statement of Changes in Equity

For the Year Ended 31 March 2016

	Share capital	Share premium	Retained earnings	Total equity
	£000	£000	£000	£000
At 1 April 2015	110	9,420	8	9,538
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	-	-
Total transactions with owners	-	-	-	-
At 31 March 2016	<u>110</u>	<u>9,420</u>	<u>8</u>	<u>9,538</u>

Company Statement of Changes in Equity

For the Year Ended 31 March 2015

	Share capital	Share premium	Retained earnings	Total equity
	£000	£000	£000	£000
At 1 April 2014	110	9,420	8	9,538
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	-	-
Total transactions with owners	-	-	-	-
At 31 March 2015	<u>110</u>	<u>9,420</u>	<u>8</u>	<u>9,538</u>

The notes on pages 15 to 36 form part of these financial statements.

Consolidated Statement of Cash Flows

For the Year Ended 31 March 2016

	2016 £000	2015 £000
Cash flows from operating activities		
Profit for the financial year	933	135
Adjustments for:		
Amortisation of intangible assets	150	150
Depreciation of tangible assets	3,258	2,919
Increase in stocks	(709)	(271)
Interest charged	1,715	2,140
Interest received	-	(682)
Taxation charged	479	298
Increase in debtors	(1,215)	(1,327)
Increase in creditors	2,203	1,200
Increase/(decrease) in provisions	100	(119)
Net cash generated from operating activities	6,914	4,443
Cash flows from investing activities		
Purchase of tangible fixed assets	(6,134)	(3,577)
Net cash from investing activities	(6,134)	(3,577)
Cash flows from financing activities		
New secured loans	8,000	-
Repayment of loans	(500)	-
Other new loans	-	1,000
Repayment of finance leases	(465)	(348)
Loans to related parties	(800)	-
Interest paid	(1,282)	(1,435)
Loans issued to shareholders	(1,900)	-
Net cash used in financing activities	3,053	(783)
Net increase in cash and cash equivalents	3,833	83
Cash and cash equivalents at beginning of year	3,669	3,586
Cash and cash equivalents at the end of year	7,502	3,669
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	7,502	3,669
	7,502	3,669

Notes to the Financial Statements

For the Year Ended 31 March 2016

1. Accounting policies

1.1 Company information

W2D2 Limited is a limited company incorporated in the UK and its registered office is Ridgefield House, 4th Floor, 14 John Dalton Street, Manchester, M2 6JR.

1.2 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.

Information on the impact of first-time adoption of FRS 102 is given in note 31.

The financial statements are presented in Sterling (£).

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Company's accounting policies (see note 2).

The following principal accounting policies have been applied:

1.3 Basis of consolidation

The consolidated financial statements present the results of Group and its own subsidiaries ("the Group") as they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

1.4 Going concern

The directors consider that the financial statements should be prepared on the going concern basis as they believe that the company is capable of meeting its liabilities as they fall due.

The directors have prepared heavily sensitised forecasts. Reasonable enquiries have been made and assumptions taken with regard to cashflow and prudent sensitivities. The board is satisfied that should the lower of these estimates be achieved the group will generate sufficient working capital to meet all of the liabilities through implementing a number of cost saving initiatives which could be easily implemented should the need arise.

It is the opinion of the directors that forecasted results will be achieved and that the group will continue to attract customers to its restaurants. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

Notes to the Financial Statements

For the Year Ended 31 March 2016

1. Accounting policies (continued)

1.5 Revenue

Turnover which is stated net of VAT, relates to services provided at restaurants and bars and occurs entirely within the United Kingdom.

Turnover which relates to income received from customers who eat and drink in the restaurants is recognised on the day the event occurs. Turnover received in advance (deposits) is held as a liability on the balance sheet until the customer eats or drinks in the restaurants.

1.6 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of comprehensive income over its useful economic life.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed five years.

The estimated useful lives range as follows:

Goodwill	-	20	years
Trademarks	-	15	years

Notes to the Financial Statements

For the Year Ended 31 March 2016

1. Accounting policies (continued)

1.7 Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold improvements	- over the lease term
Fixtures and fittings	- 10% straight line
Office equipment	- 10% - 25% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the Consolidated Statement of Comprehensive Income.

1.8 Operating leases

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the period of the lease.

1.9 Investments

Investments in subsidiaries are valued at cost less provision for impairment.

1.10 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

1.11 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Notes to the Financial Statements

For the Year Ended 31 March 2016

1. Accounting policies (continued)

1.12 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

1.13 Financial instruments

The Group 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. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

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.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

Notes to the Financial Statements

For the Year Ended 31 March 2016

1. Accounting policies (continued)

1.14 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.

1.15 Finance costs

Finance costs are charged to the Income Statement 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.

1.16 Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to profit or loss over the shorter of estimated useful economic life and the term of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to profit or loss over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

The Group has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 31 March 2015 to continue to be charged over the period to the first market rent review rather than the term of the lease.

1.17 Pensions

The pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting year.

1.18 Interest income

Interest income is recognised in the Income Statement using the effective interest method.

1.19 Borrowing costs

All borrowing costs are recognised in the Income Statement in the year in which they are incurred.

Notes to the Financial Statements

For the Year Ended 31 March 2016

1. Accounting policies (continued)

1.20 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Income Statement in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

1.21 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Notes to the Financial Statements

For the Year Ended 31 March 2016

1. Accounting policies (continued)

1.22 Loyalty scheme

As Club Individual points are issued to customers the retail fair value of those points expected to be redeemed is deferred. When the points are used by customers they are recorded as revenue. Liabilities are recorded to estimate the proportion of the points issued which will be redeemed by customers.

1.23 Pre-opening costs

Pre-opening costs are recognised in advance of the opening of restaurants and include expenditure incurred up to statement of financial position date.

Notes to the Financial Statements

For the Year Ended 31 March 2016

2. Judgments in applying accounting policies and key sources of estimation uncertainty

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgments and estimates have been made include:

- The useful expected lives of property, plant and equipment;
- The residual values of tangible fixed assets;
- Onerous lease provision;
- Club Individual accrual.

3. Analysis of turnover

An analysis of turnover by class of business is as follows:

	2016 £000	2015 £000
Food and drink sales	<u>62,723</u>	<u>59,412</u>

All turnover arose within the United Kingdom.

4. Operating profit

The operating profit is stated after charging:

	2016 £000	2015 £000
Amortisation of intangible assets, including goodwill	150	150
Depreciation of tangible fixed assets:		
- owned by the company	3,547	3,147
- held under finance lease	165	119
Auditor's remuneration	42	38
Operating lease rentals:		
- plant and machinery	110	97
- other operating leases	4,325	4,572
Site pre-opening costs	<u>423</u>	<u>-</u>

Notes to the Financial Statements

For the Year Ended 31 March 2016

5. Employees

Staff costs, including Directors' remuneration, were as follows:

	2016 £000	2015 £000
Wages and salaries	22,082	20,413
Social security costs	1,660	1,483
Cost of defined contribution scheme	190	166
	<u>23,932</u>	<u>22,062</u>

The average monthly number of employees, including the Directors, during the year was as follows:

	2016 No.	2015 No.
Operational	1,410	1,321
Administration	69	43
	<u>1,479</u>	<u>1,364</u>

6. Directors' remuneration

	2016 £000	2015 £000
Directors' emoluments	<u>453</u>	<u>212</u>

During the year retirement benefits were accruing to no Directors (2015 - 1) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £269,000 (2015 - £212,000).

Notes to the Financial Statements

For the Year Ended 31 March 2016

7. Interest receivable

	2016 £000	2015 £000
Interest receivable from group companies	-	682
	<u>-</u>	<u>682</u>

8. Interest payable and similar charges

	2016 £000	2015 £000
Bank and loan interest payable	1,569	1,364
Other loan interest payable	-	682
Amortisation of refinancing fees	146	94
	<u>1,715</u>	<u>2,140</u>

9. Taxation

	2016 £000	2015 £000
Total current tax	<u>-</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	515	301
Adjustment in respect of previous period	-	11
Effect of change in tax rates	(36)	(14)
Total deferred tax	<u>479</u>	<u>298</u>
Taxation on profit on ordinary activities	<u>479</u>	<u>298</u>

Notes to the Financial Statements

For the Year Ended 31 March 2016

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2015 - the same as) the standard rate of corporation tax in the UK of 20.25% (2015 - 21%). The differences are explained below:

	2016 £000	2015 £000
Profit on ordinary activities before tax	<u>1,412</u>	<u>433</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2015 - 21%)	282	91
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	233	522
Capital allowances for year in excess of depreciation	-	(151)
Utilisation of tax losses	-	(150)
Other differences leading to a decrease in the tax charge	(36)	(14)
Total tax charge for the year	<u>479</u>	<u>298</u>

Notes to the Financial Statements

For the Year Ended 31 March 2016

9. Taxation (continued)

Factors that may affect future tax charges

During the year the UK corporation tax rate was decreased. There will be a further reduction in the main rate of corporation tax to 19% from 1 April 2017, and following Budget 2016 announcements the rate will fall to 17% in 2020.

10. Intangible assets

Group

	Trademarks	Goodwill	Total
	£000	£000	£000
Cost			
At 1 April 2015	409	2,432	2,841
At 31 March 2016	409	2,432	2,841
Amortisation			
At 1 April 2015	103	457	560
Charge for the year	28	122	150
At 31 March 2016	131	579	710
Net book value			
At 31 March 2016	278	1,853	2,131
At 31 March 2015	306	1,975	2,281

Notes to the Financial Statements

For the Year Ended 31 March 2016

11. Tangible fixed assets

Group

	Long-term leasehold property	Fixtures and fittings	Office equipment	Total
	£000	£000	£000	£000
Cost or valuation				
At 1 April 2015	24,846	14,711	1,003	40,560
Additions	2,410	4,006	393	6,809
Impairment reversal	294	160	-	454
At 31 March 2016	27,550	18,877	1,396	47,823
Depreciation				
At 1 April 2015	4,202	7,083	646	11,931
Charge owned for the period	1,234	2,258	220	3,712
At 31 March 2016	5,436	9,341	866	15,643
Net book value				
At 31 March 2016	<u>22,114</u>	<u>9,536</u>	<u>530</u>	<u>32,180</u>
At 31 March 2015	<u>20,644</u>	<u>7,628</u>	<u>357</u>	<u>28,629</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2016 £000	2015 £000
Furniture, fittings and equipment	<u>1,821</u>	<u>1,311</u>

Notes to the Financial Statements

For the Year Ended 31 March 2016

11. Tangible fixed assets (continued)

Impairment tests for tangible fixed assets

Fixed assets are tested for impairment if there are any incidents which may suggest an impairment loss should be recorded.

The Directors consider the smallest group of assets that generate an independent revenue stream is each individual restaurant. Therefore, for the purpose of impairment testing each individual restaurant has been treated as an income generating unit (IGU). The carrying value of the IGU is the net book value of the tangible fixed assets of the individual restaurant.

The recoverable amounts of the IGUs are determined from value in use calculations. The directors have used the company's financial budgets for the year ending 31 March 2017, which assumes 2% growth. Thereafter cash flows have been projected for a period of 10 years, which is considered to be the minimum useful life of a restaurant. The directors have taken a prudent view from year two and assumed a growth rate of 1% -3% per year in income, based on current reports on expected growth in the restaurant industry. The key assumptions to the value in use calculations are those regarding growth rates, discount rates and future cash flows. The impact on the impairment review of the IGUs of reasonably possible changes to each of the key assumptions is as follows:

Growth rates

The calculations are based on growth rates, as noted above, and a consistent relationship between income and costs.

Discount rates

Weighted average cost of capital calculations have been performed, using external data where relevant, to determine an appropriate discount factor, being 9.8% (2015: 9.8%). The directors consider that a reasonably possible change in the discount factor would be an increase of 1% based on past experience and external sources of information. There would be no impact on the impairment review if the discount rate were to change by this amount as the recoverable amount of the IGUs would remain greater than their carrying value and so there would be no additional impairment charge.

Future cash flows

The directors have determined future cash flows based on past performance and their expectations of market developments. The directors consider the maximum reasonably possible change to future cash flows to be a reduction of 5% due to uncertainties regarding consumer spending following the recent economic downturn. There would be no impact on the impairment review if the future cash flows were reduced by 5% as the recoverable amount of the IGUs would remain greater than their carrying value and so there would be no additional impairment charge.

Notes to the Financial Statements

For the Year Ended 31 March 2016

12. Fixed asset investments

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Holding	Nature of business
Individual Restaurant Company Limited	86.5 %	Holding company
*Restaurant Bar & Grill Limited	100 %	Restaurants
*Bank Restaurant (Birmingham) Limited	100 %	Dormant
*Proudcrest Limited	100 %	Dormant
*Zinc Bar & Grill Limited	100 %	Dormant
*Bank Restaurant Company Limited	100 %	Dormant
*TRS Leisure Limited	100 %	Dormant

* Notes an investment held by a subsidiary

Company

	Investments in subsidiary companies
	£000
Cost or valuation	
At 1 April 2015	8,721
At 31 March 2016	<u>8,721</u>
Net book value	
At 31 March 2016	<u><u>8,721</u></u>
At 31 March 2015	<u><u>8,721</u></u>

Notes to the Financial Statements

For the Year Ended 31 March 2016

13. Stocks

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Finished goods	<u>2,353</u>	<u>1,644</u>	<u>-</u>	<u>-</u>

Stock recognised in cost of sales during the year as an expense was £16,301,591 (2015 - £15,777,242).

An impairment loss of £nil (2015 - £nil) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

14. Debtors

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Due after more than one year				
Amounts owed by group undertakings	-	-	8,040	8,040
Prepayments and accrued income	159	310	-	-
Due within one year				
Trade debtors	439	459	-	-
Amounts owed by group undertakings	-	-	700	700
Amounts owed by related parties	1,478	258	800	-
Directors loan accounts	1,900	-	1,900	-
Prepayments and accrued income	4,533	3,713	562	439
Deferred taxation	-	155	-	-
	<u>8,509</u>	<u>4,895</u>	<u>12,002</u>	<u>9,179</u>

An impairment loss of £nil (2015: £nil) was recognised against trade debtors.

Notes to the Financial Statements

For the Year Ended 31 March 2016

15. Cash and cash equivalents

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Cash at bank and in hand	<u>7,502</u>	<u>3,669</u>	<u>1</u>	<u>123</u>

16. Creditors: Amounts falling due within one year

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Other loans	1,000	1,000	-	-
Trade creditors	10,077	8,384	-	-
Amounts owed to group undertakings	-	-	2,700	-
Taxation and social security	2,512	2,233	-	-
Obligations under finance lease and hire purchase contracts	357	366	-	-
Accruals and deferred income	3,920	3,402	446	445
	<u>17,866</u>	<u>15,385</u>	<u>3,146</u>	<u>445</u>

Included within other loans is an unsecured loan of £1,000,000 between M Walker and T Dhaliwal as trustees of the MC Walker 2008 Settlement. The loan accrued interest at 4% and a charge of £39,890 (2015: £12,172) was charged to the Statement of Comprehensive Income.

17. Creditors: Amounts falling due after more than one year

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Bank loans	18,500	11,000	-	-
Shareholder loans	8,040	8,040	8,040	8,040
Net obligations under finance leases and hire purchase contracts	586	367	-	-
	<u>27,126</u>	<u>19,407</u>	<u>8,040</u>	<u>8,040</u>

The bank loans and overdrafts are secured by a fixed and floating charge over all of the Group's assets. The shareholder loans have been used as consideration to purchase shares issued on 6 September 2012.

Notes to the Financial Statements

For the Year Ended 31 March 2016

18. Loans

Analysis of the maturity of loans is given below:

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Amounts falling due within one year				
Other loans	1,000	1,000	-	-
	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>-</u>
Between two and five years				
Bank loans	18,500	11,000	-	-
Other loans	8,040	8,040	8,040	8,040
	<u>26,540</u>	<u>19,040</u>	<u>8,040</u>	<u>8,040</u>

19. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

Between 2-5 year	<u>586</u>	<u>367</u>
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20. Financial instruments

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Financial assets				
Financial assets that are debt instruments measured at amortised cost	<u>11,319</u>	<u>4,386</u>	<u>11,441</u>	<u>8,863</u>

Financial liabilities

Financial liabilities measured at amortised cost	<u>(41,537)</u>	<u>(31,826)</u>	<u>(11,186)</u>	<u>(8,485)</u>
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Financial assets measured at amortised cost comprise of all current debtors other than prepayments, stock, cash and cash equivalent balances.

Financial Liabilities measured at amortised cost comprise of all current and non-current liabilities other than tax liabilities and finance lease liabilities.

Notes to the Financial Statements

For the Year Ended 31 March 2016

21. Deferred taxation

Group	Deferred tax £000
At 1 April 2015	155
Charged to the profit or loss	(479)
At 31 March 2016	<u>(324)</u>

The deferred taxation balance is made up as follows:

	Group 2016 £000	Group 2015 £000
Accelerated capital allowances	(1,494)	(1,513)
Tax losses brought forward	1,152	1,661
Other timing differences	17	7
	<u>(325)</u>	<u>155</u>

22. Provisions

	Onerous leases £000
At 1 April 2015	(182)
Increase in provision	(190)
Utilised in the year	90
	<u>(282)</u>

Onerous leases

The provision for onerous leases is in respect of leasehold properties from which the group has never or no longer trades, but is liable to fulfil rent and other property commitments up to the lease expiry date. If a property is sub-let below the lead rent, or for a period shorter than the remaining lease term, a provision is made for the onerous lease element of the lease and building costs which will be incurred by the group. Obligations are provided up to a maximum of 18 years. Amounts have been provided for based on current rentals, which following a rent review, could require additional provision. Obligations have been discounted at a rate of 9.8%. The directors consider the amount provided for to be the best estimate of the amount required to settle the obligation.

The Company has no provisions.

Notes to the Financial Statements

For the Year Ended 31 March 2016

23. Share capital

	2016 £000	2015 £000
Allotted, called up and fully paid		
- 11,032,786 ordinary shares shares of £0.01 each	<u>110</u>	<u>110</u>

24. Parent Company Profit for the year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The profit after tax of the parent Company for the year was £Nil (2015 - £Nil).

25. Reserves

Share premium

Includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Profit and loss account

Includes all current and prior period retained profits and losses.

26. Contingent liabilities

The Group is party to an unlimited intercompany composite guarantee dated August 2014 to NatWest Bank Plc as security for a group term loan. As at the balance sheet date, the net indebtedness under the guarantee was £10,998,629 (2015: £7,454,841).

27. Capital commitments

The Group had capital commitments as at 31 March 2016 of £1,357,103 (2015: £726,075).

28. Pension commitments

The Group operates a defined contribution pension scheme for the benefit of certain employees. The assets of the scheme are administered by trustees in funds independent of those of the group.

The pension cost charge for the year was £190,000 (2015: £166,000).

Notes to the Financial Statements

For the Year Ended 31 March 2016

29. Commitments under operating leases

At 31 March 2016 the Group had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2016 £000	Group 2015 £000
Land and buildings		
Not later than 1 year	4,946	4,395
Later than 1 year and not later than 5 years	19,243	17,395
Later than 5 years	38,894	35,728
Total	63,083	57,518
	Group 2016 £000	2015 £000
Other		
Not later than 1 year	86	67
Later than 1 year and not later than 5 years	81	72
Total	167	139

Notes to the Financial Statements

For the Year Ended 31 March 2016

30. Related party transactions

The company has taken advantage of the exemption in section 33 of Financial Reporting Standard 102 "Related party disclosures" and has not disclosed transactions with group undertakings.

Included within amounts due from group undertakings is £700,000 (2015: £700,000) owed from Restaurant Bar and Grill Limited. No interest has accrued on the loan.

Included in amounts due from related parties is £10,326 due from Playworks Limited (2015: £8,999), £3,530 due from Mysea Ltd (2015: £3,530), £24,513 due from Flying Pig & Lobster (2015: £16,390), £23,005 due from My Pasta Bar (2015: £Nil), £429,783 due from Aldpic Limited (2015: £Nil). These companies are related by common directorship.

Also included in amounts due from related parties is £123,590 due from Canary Wharf Restaurants (2015: £69,258) and £62,977 due from Casual Restaurants (2015: £145,696). These companies are related by common ownership.

Included in trade debtors is £Nil due from Iceland Foods Limited (2015: £14,583), a company related by common ownership.

Included within creditors is a loan of £1,000,000 (2015: £1,000,000) from M Walker and T Dhaliwal as trustees of the MC Walker 2008 Settlement. The loan accrued interest at 4% and a charge of £39,890 (2015: £12,712) has been charged to the Statement of comprehensive income.

Key Management Personnel

The cost to the Company of individuals that are considered to be key management was £511,480 (2015: £355,707).

31. First time adoption of FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.