Registration number: 09185571

Strada Trading Limited

Annual report and financial statements

for the period ended 4 October 2015

Strada Trading Limited

Contents

Strada Trading Limited

Company information

Directors	M C Allen S A Farrugia J D Freeman H E M Osmond T C Renwick
Company secretary	J D Freeman
Registered office	Fifth Floor 33 Charlotte Street London W1T 1RR
Auditor	Deloitte LLP Chartered Accountants and Statutory Auditor London United Kingdom

Strada Trading Limited

Strategic report for the period from 21 August 2014 to 4 October 2015

The directors present their strategic report for Strada Trading Limited for the period ended 4 October 2015.

The directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

Review of the business
The Company was incorporated on 21 August 2014. On 22 September 2014 the Company entered into an Asset Purchase Agreement to purchase 43 Strada restaurants. Strada restaurants are Italian casual dining restaurants offering high quality menus cooked with fresh ingredients and offered at value for money pricing.

Strada restaurants are located across the UK, focused on London and the South East. Post period end, we have opened a restaurant under a new brand: Coppa Club. This is achieving sales above expectations. We plan to open new sites under this brand and convert some or all of the existing Strada sites in due course.

During the period the Company has invested significantly in the resource required to deliver a vibrant and growing restaurant business. In the restaurants, the menu has been significantly improved, (involving a full review of ingredients and distribution to ensure that our products are of the highest quality), the systems and reporting infrastructure improved and the capability of our teams enhanced with new training and development plans.

Three restaurants were closed during the period; 40 sites operate at the end of the period.

Results and performance
The results of the Company for the period are set out on page 9 and show a loss on ordinary activities before taxation of £2,867,000. The shareholder's deficit of the Company totals £2,516,000.

The Company incurred exceptional costs during the period of £1,217,000.

With improving economic conditions in the UK and increased levels of consumer confidence, the general outlook for the Company's trading conditions is improving. We therefore remain confident about the Company's ability to build on our current position.

Key performance indicators
The Company's key financial and other performance indicators during the period were as follows:

	2015
Sales	£40,039,000
EBITDA	£2,321,000
Average number of restaurants	41

Principal risks and uncertainties

The Board of directors ('Board') has the primary responsibility for identifying the principal risks which the business faces and for developing appropriate policies to manage those risks. To assist with this process, an annual Risk Review is presented to the Board. Given the nature of the Companies business, the principal business risks relate to the following:

- competition and current economic climate;
- employee retention; and
- timely supplies of quality product.

The above risks are partly mitigated by the following key measures:

- a continued focus on delivering a great experience to our customers at excellent value for money;
- competitive reward structures and comprehensive training and development programs; and
- close monitoring against key supplier service level agreements, with contingent arrangements in place where necessary.

Financial risk management and impairment of financial assets

The Company's activities expose it to a variety of financial instrument risks. The risk management policies employed by the group to manage these risks are discussed below. The primary objectives of the financial instrument risk management function are to establish risk limits, and then ensure that exposure to risks stay within these limits.

Credit risk

The Company's credit risk is attributable to trade and other receivables and cash. The Company places its cash with banks with high quality credit standing. Trade and other receivables relate to day to day activities which are entered into with creditworthy counterparties.

Future developments

Strada restaurants will continue to be improved, with new menu items showcasing fresh and quality ingredients introduced at bi annual menu changes.

A program of site refurbishments is planned to modernise the look and feel of the Strada restaurants.

In addition a new site concept is in test with an additional site expected to be live in Strada Trading Limited from early 2016.

Approved by the Board on 15/02/16 and signed on its behalf by:

J D Freeman
Company secretary and director
Fifth Floor
33 Charlotte Street
London
W1T 1RR

Strada Trading Limited

Directors' report for the period from 21 August 2014 to 4 October 2015

The directors present their first annual report for Strada Trading Limited, together with the audited financial statements for the period ended 4 October 2015.

The basis of preparation of the financial statements is set out in note 2 on page 12.

Incorporation
The Company was incorporated on 21 August 2014.

Results and dividends
The results of the Company for the period are set out on this page 9.

A preference dividend was announced in the period and remains payable.

Directors of the Company
The directors of the Company during the period and up to the date of signing of the financial statements are:

M C Allen (appointed 22 November 2014)

S A Farrugia (appointed 29 September 2014)

J D Freeman - Company secretary and director (appointed 29 October 2014)

H E M Osmond (appointed 29 September 2014)

T C Renwick (appointed 29 September 2014)

The directors who resigned office during the period were as follows:

J Cronin (appointed 29 September 2014 and resigned 21 August 2015)

T J Doubleday (appointed 21 August 2014 and resigned 29 September 2014)

S Richards (appointed 21 August 2014 and resigned 29 September 2014)

J F Spragg (appointed 29 September 2014 and resigned 1 October 2014)

Z Tindall-Doman (appointed 21 August 2014 and resigned 1 October 2014)

Principal activity
On 22 September 2014, the Company agreed to acquire the trade and assets of a portfolio of restaurant sites known as Strada Restaurants. The principal activity of the Company continues to be that of the sale of food and drink from its restaurant portfolio.

Charitable and political donations
The Company makes occasional contributions to community related initiatives. The Company made no political donations in the period.

Going concern
The directors have reviewed cash flow forecasts for a twelve month period from the date at which the accounts were approved which take into account existing undrawn facilities under the shareholder loan agreement which matures in 2018 and planned capital expenditure. This review indicated that the Company should be able to meet its liabilities as they fall due although the level of liquidity headroom is not large and the projections assume an improvement in operating cash flows which is inherently uncertain. The directors have considered actions that may be taken should the forecasts not be achieved, which may involve delaying planned capital expenditure or seeking further shareholder support and have concluded that there is not significant uncertainty about the ability of the company to continue as a going concern.

The directors have therefore adopted the going concern basis in preparing the financial statements.

Strada Trading Limited

Directors' report for the period from 21 August 2014 to 4 October 2015 (continued)

Employees

Our people truly are our greatest asset and we believe in treating them as such: with respect, looking after their welfare and allowing them the opportunity to develop their job and life skills and progress through the organisation. We encourage a work environment that is fair, open and communicative. Our employees have a performance review at least once a year, which includes consideration of skills development and career prospects. We aim to retain, develop and promote our best staff, offering a variety of training courses and development opportunities. Informal, frank and open dialogue is encouraged at all levels of the Company. We aim to keep our employees informed of any changes and progress with the business on a regular basis in an engaging way. Communication flows both ways, as we take the views of our employees seriously. Our aim has been to make it as easy as possible for our employees to air their opinions, express their ideas and voice any problems they may have. Examples include a cascade process of meetings to communicate key messages throughout the organisation, a weekly feedback process for operational issues and daily meetings of restaurant team members.

We have a diverse workforce and an equal opportunities policy in place. We aim to employ people who reflect the diverse nature of society and value people and their contribution irrespective of age, sex, disability, sexual orientation, race, colour, religion, marital status or ethnic origin. We do not tolerate harassment or bullying in any shape or form. Procedures are in place to respond to accusations of workplace discrimination, harassment and victimisation. An effective employee grievance procedure is in operation, and the policy is properly communicated to our people. Applications from disabled persons are given full consideration providing the disability does not seriously affect the performance of their duties. Such persons, once employed, are given appropriate training and equal opportunities.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP were appointed as auditor in the period and have expressed their willingness to be reappointed as auditor. A resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board on 5/02/16 and signed on its behalf by:

J D Freeman
Company secretary and director
Fifth Floor
33 Charlotte Street
London
W1T 1RR

Strada Trading Limited

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ('FRS 101'). 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether FRS 101 has 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 Company will continue in business.

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

Independent auditor's report to the members of Strada Trading Limited

We have audited the financial statements of Strada Trading Limited for the period from 21 August 2014 to 4 October 2015 which comprises the profit and loss account, the balance sheet, the statement of changes in equity and the related notes set out on pages 9 to 33. The financial reporting framework that has been applied in their preparation is applicable law and Financial Reporting Standard 101 Reduced Disclosure Framework.

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 6), 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 (APB's) Ethical Standards for Auditors to the financial statements.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 4 October 2015 and of its loss for the period then ended;
- have been properly prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework; 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 strategic report and directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Strada Trading Limited (continued)

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, 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.

Tim Steel
....

Timothy Steel ACA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London
United Kingdom

Date: 15/2/16

Strada Trading Limited

Profit and loss account for the period from 21 August 2014 to 4 October 2015

	Note	21 August 2014 to 4 October 2015 £ 000
Revenue	4	40,039
Cost of sales		(37,408)
Gross profit		2,631
Administrative expenses		(4,169)
Exceptional costs	5	(1,217)
Operating loss		(2,755)
Finance costs	7	(112)
Loss before tax		(2,867)
Tax	11	351
Loss for the period	6	(2,516)

The above results were derived from continuing operations.

There are no items of comprehensive income other than the loss for the period and therefore, no statement of comprehensive income is presented.

Strada Trading Limited

Balance sheet

	Note	4 October 2015 £ 000
Assets		
Non-current assets		
Intangible assets	12	18,658
Property, plant and equipment	13	14,105
		32,763
Current assets		
Inventories	15	914
Trade and other receivables	16	4,319
Cash and cash equivalents	21	1,734
		6,967
Total assets		39,730
Current liabilities		
Trade and other payables	17	(29,975)
Deferred revenue	19	(24)
		(29,999)
Net current liabilities		(23,032)
Non-current liabilities		
Loans and borrowings	18	(11,500)
Deferred tax liabilities	11	(747)
		(12,247)
Total liabilities		(42,246)
Net liabilities		(2,516)
Equity		
Called-up share capital	20	-
Retained losses		(2,516)
Total shareholders' deficit		(2,516)

The financial statements of Strada Trading Limited (registration number: 09185571) were approved by the Board and authorised for issue on 15/02/16

They were signed on its behalf by:

J D Freeman

J D Freeman
Company secretary and director

Strada Trading Limited

Statement of changes in equity for the period from 21 August 2014 to 4 October 2015

	Called-up share capital £ 000	Retained losses £ 000	Total £ 000
At incorporation 21 August 2014	-	-	-
Loss for the period	-	(2,516)	(2,516)
New share capital subscribed	-	-	-
At 4 October 2015	-	(2,516)	(2,516)

1 General information

Strada Trading Limited is a private company limited by shares. The Company was incorporated on 21 August 2014 in the United Kingdom under the Companies Act. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the strategic report on pages 2 to 3.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates.

These financial statements are separate financial statements. The Company is exempt from the preparation of consolidated financial statements, since it is included in the Group accounts of Various Eateries Limited (VEL). The Group accounts of VEL are available for public use and can be obtained as set out in note 25.

The Company has applied FRS 101 "Reduced Disclosure framework" incorporating the Amendments to FRS 101 issued by the FRC in July 2015 other than those relating to legal changes and has not applied the amendments to Company law made by The Companies Partnerships and Groups (Accounts and Reports) Regulation 2015 that are effective for accounting periods beginning on or after 1 January 2016.

2 Accounting policies

Basis of accounting
The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the Financial Reporting Council. The financial statements have therefore been prepared in accordance with FRS 101 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective, impairment of assets and related party transactions and remuneration of key management personnel.

Where relevant, equivalent disclosures have been given in the group accounts of Various Eateries Limited. The group accounts of Various Eateries Limited are available to the public and can be obtained as set out in note 25.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain properties, financial instruments and investment property that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

2 Accounting policies (continued)

Basis of accounting (continued)
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Going concern
The directors have reviewed cash flow forecasts for a twelve month period from the date at which the accounts were approved which take into account existing undrawn facilities under the shareholder loan agreement which matures in 2018 and planned capital expenditure. This review indicated that the Company should be able to meet its liabilities as they fall due although the level of liquidity headroom is not large and the projections assume an improvement in operating cash flows which is inherently uncertain. The directors have considered actions that may be taken should the forecasts not be achieved, which may involve delaying planned capital expenditure or seeking further shareholder support and have concluded that there is not significant uncertainty about the ability of the company to continue as a going concern.

The directors have therefore adopted the going concern basis in preparing the financial statements.

Revenue
Revenue represents net invoiced sales of food and beverages excluding value added tax. Revenue is recognised when the goods have been provided.

Rental income
Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. It is netted off against rental costs and is recognised within cost of sales.

Allocation of costs
Cost of sales includes all direct costs incurred in restaurants. Administrative expenses include central and area management, administration and head office costs, together with goodwill amortisation.

2 Accounting policies (continued)

Property, plant and equipment
Items of property, plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses. Where parts of an item or property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation
Work in progress is not depreciated.

Furniture, fittings and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method, on the following bases:

Asset class	**Depreciation rate**
Short leasehold improvements	3.33%-20% per annum
Furniture, fittings and equipment	14.29%-33.33% per annum
Work in progress	Not depreciated
IT equipment	20%-33.33% per annum

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Short leasehold properties are depreciated over the length of the lease except where the anticipated renewal or extension of the lease is sufficiently certain so that a longer estimated useful life is appropriate. Current legislation and the terms of the lease contracts are such that the vast majority of leases are readily extendible by an additional 14 years. The maximum depreciation period for short term leasehold properties is 30 years.

The cost of leasehold properties is depreciated over the lesser of 30 years or the outstanding term of the lease.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or scrappage of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit and loss account.

Impairment of tangible and intangible assets excluding goodwill
At each balance sheet date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

2 Accounting policies (continued)

Impairment of tangible and intangible assets excluding goodwill (continued)
An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the profit and loss account, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Pre-opening costs
Pre-opening costs, which comprise of site operating costs prior to opening, are expensed as incurred.

Exceptional costs
The Company presents a total net figure, on the face of the profit and loss account, for exceptional items. Exceptional items are material items of revenue or cost that, because of the unusual nature and expected infrequency of the events giving rise to them, merit separate presentation to allow an understanding of the Company's financial performance.

Inventories
Raw materials and consumables are valued at the lower of cost and net realisable value. Cost is based on latest contracted purchase cost.

2 Accounting policies (continued)

Tax

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company liability for current tax is calculated using tax rates that have been enacted at the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Company, liabilities incurred by the Company to the former owners of the acquiree and the equity interest issued by the Company in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively.

2 Accounting policies (continued)

Goodwill
Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGUs) that are expected to benefit from that business combination. The Company tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The recoverable amounts of the CGUs are determined from considering value in use calculations and an assessment of their recoverable amounts through potential sale. The key assumptions for the value in use calculations are those regarding the discount rates and growth rates during the periods for which the Company prepares its cash flow forecasts. The Company prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next 3 years and extrapolates cash flows for future years based on a range of possible exit multiples. These growth rates are based on management forecasts for the business and wider industry. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs.

Intangible assets acquired separately
Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Foreign currency transactions and balances
The financial statements are presented in pounds sterling, which is the currency of the primary economic environment in which the Company operates (its functional currency).

Transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated 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.

Operating leases
Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the term of the lease. The benefit of lease incentives are taken to the profit and loss account on a straight line basis over the lease term. Contributions received from landlords as an incentive to enter into a lease are treated as deferred revenue within payables and amortised over the period of the lease.

In the event that lease incentives are received or granted to enter into operating leases, such incentives are recognised as a liability or asset respectively. The aggregate benefit or cost of lease incentives is recognised as a reduction or increase in the rental expense or income on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits or costs from the lease asset are consumed.

Pension costs
Contributions to defined contribution personal pension schemes are charged to the profit and loss account in the year in which they become payable.

2 Accounting policies (continued)

Cash and liquid resources
Cash comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand. Liquid resources are defined as current asset investments, given that they are readily convertible into known amounts of cash without curtailing or disrupting the business. Liquid resources comprise term deposits of less than one year (other than cash).

Patents and trademarks
Patents and trademarks are measured initially at purchase cost and are reviewed annually for impairment based on their estimated useful life.

Debt finance
All borrowings are initially stated at the fair value of consideration received after deduction of issue costs. The issue costs and interest payable on borrowings are charged to the profit and loss account over the term of the borrowing, or over a shorter period where it is more likely than not that the lender will require earlier repayment or where the borrower intends or is required to redeem early.

Rebates receivable from suppliers
Where a rebate agreement with a supplier covers more than one year the rebates are recognised in the financial statements in the period in which they are earned.

Trade receivables
Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

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

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

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

Called-up share capital
Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

2 Accounting policies (continued)

Financial instruments
Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the profit and loss account.

Financial assets
All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

The Company has only financial assets which are classified as "loans and receivables".

Effective interest method
The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premia or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Loans and receivables
Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

2 Accounting policies (continued)

Financial liabilities
The financial liabilities of the Company are classified as "other financial liabilities".

Financial liabilities and equity
Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Trade and other payables
Trade payables comprise amounts outstanding for trade purchases and ongoing costs. The directors consider that the carrying amount of trade payables approximates to their fair value.

Borrowings
Borrowings are recognised initially at fair value, net of loan issue costs incurred, when the relevant contracts are entered into. Borrowings are subsequently stated at amortised cost, any difference between the proceeds (net of loan issue costs) and the redemption value is recognised in the profit and loss account over the period of the borrowings using the effective interest rate method.

Other financial liabilities
Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Investments
Investments are held at cost less any provisions for impairment.

3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amount of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form a basis for making the judgments about carrying value of assets and liabilities that are not readily apparent from other sources.

The key estimates in the period were the fair values of intangible assets acquired being the Strada brand name, lease premia and the allocation of goodwill to key flagship sites.

The directors have reviewed the estimates and assumptions used in the preparation of the financial statements. The directors do not believe that there is a significant risk which would lead to material adjustments to the carrying value of any assets and liabilities in the next financial year due to the changes on the estimates or assumptions.

4 Revenue

An analysis of the Company's total revenue (including sublease rental income shown within cost of sales) which all originates in the United Kingdom is as follows:

	21 August 2014 to 4 October 2015 £ 000
Sale of goods	40,039
Rental income	74
	40,113

5 Exceptional costs

	4 October 2015 £ 000
Acquisition costs	1,205
Loss on disposal	12
	1,217

Strada Trading Limited

Notes to the financial statements for the period from 21 August 2014 to 4 October 2015 (continued)

6 Loss for the period

Loss for the period has been arrived at after charging:

	21 August 2014 to 4 October 2015 £ 000
Operating lease payments	4,993
Depreciation of property, plant and equipment	2,282
Amortisation of intangible assets	1,006
Impairment of property, plant and equipment	571
Wages and salaries	13,938
Social security costs	1,038
Other employee expense	20
Other pension cost (see note 23)	81

7 Finance costs

	21 August 2014 to 4 October 2015 £ 000
Interest on bank overdrafts and borrowings	105
Foreign exchange losses	7
Total finance costs	112

8 Auditor's remuneration

	21 August 2014 to 4 October 2015 £ 000
Audit of the financial statements	40
Other fees to auditor	
Taxation compliance services	10
Accounts preparation services	6
	16

Amounts payable in respect of audit services for 2015 have been borne by Strada Trading Limited on behalf of the Group.

Strada Trading Limited

Notes to the financial statements for the period from 21 August 2014 to 4 October 2015 (continued)

9 Staff costs

The average monthly number of employees (including executive directors) was:

	21 August 2014 to 4 October 2015 No.
Operational staff	898

Their aggregate remuneration comprised:

	21 August 2014 to 4 October 2015 £ 000
Wages and salaries	13,938
Social security costs	1,038
Other pension cost (see note 23)	81
Other employee expense	20
	15,077

10 Directors' remuneration

The directors' remuneration for the period was as follows:

	21 August 2014 to 4 October 2015 £ 000
Remuneration	252
Contributions paid to money purchase schemes	6
Termination payments	127
	385

10 Directors' remuneration (continued)

In respect of the highest paid director:

	21 August 2014 to 4 October 2015 £ 000
Remuneration	139
Employer pension contribution	6
	145

11 Tax

Tax credited in the profit and loss account

	21 August 2014 to 4 October 2015 £ 000
Corporation tax	-
Total current income tax	-
Deferred taxation	
Deferred tax	(360)
Arising from changes in tax rates and laws	9
Total deferred taxation	(351)
Tax receipt in the income statement	(351)

11 Tax (continued)

Corporation tax is calculated at 20.5% of the estimated taxable loss for the period.

The credit for the period can be reconciled to the loss in the profit and loss account as follows:

	21 August 2014 to 4 October 2015 £ 000
Loss before tax	(2,867)
Corporation tax at standard rate	(588)
Increase from effect of expenses not deductible in determining taxable profit (tax loss)	228
Increase from effect of different UK tax rates on some earnings	9
Total tax credit	(351)

Deferred tax

The following are the major deferred tax liabilities and assets and the movements thereon in the period:

	Tax losses £ 000	Valuation of intangible assets £ 000	Other £ 000	Total £ 000
Acquisition of business	-	(1,098)	-	(1,098)
Credit to profit and loss	29	315	7	351
At 4 October 2015	29	(783)	7	(747)

Strada Trading Limited

Notes to the financial statements for the period from 21 August 2014 to 4 October 2015 (continued)

12 Intangible assets

	Brand £ 000	Goodwill £ 000	Trademarks, patents and licenses £ 000	Total £ 000
Cost or valuation				
Acquisition of business	2,662	16,993	-	19,655
Additions	-	-	9	9
At 4 October 2015	2,662	16,993	9	19,664
Amortisation				
Charge for the period	1,006	-	-	1,006
At 4 October 2015	1,006	-	-	1,006
Carrying amount				
At 4 October 2015	1,656	16,993	9	18,658

Patents and trademarks, with an average useful life of 4 years are held at cost unless deemed to be impaired.

Goodwill acquired in a business combination was allocated at acquisition, to the cash generating units (CGU) which are expected to benefit. The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The recoverable amount of the CGUs were determined from value in use and fair value calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period.

13 Property, plant and equipment

	Leasehold premia and improvements £ 000	Furniture, fittings and equipment £ 000	Work in progress £ 000	IT equipment £ 000	Total £ 000
Cost or valuation					
Acquisition of business	12,004	2,845	-	102	14,951
Additions	188	596	837	386	2,007
At 4 October 2015	12,192	3,441	837	488	16,958
Depreciation					
Charge for the period	899	1,299	-	84	2,282
Impairment loss	571	-	-	-	571
At 4 October 2015	1,470	1,299	-	84	2,853
Carrying amount					
At 4 October 2015	10,722	2,142	837	404	14,105

The Company's leasehold premia and improvements are stated at cost, being the fair value at the date of acquisition plus any additions at cost, less any subsequent accumulated depreciation.

An impairment charge of £571,000 has been recognised in the period in respect of CGU's that in the opinion of the directors are impaired.

14 Acquisition of the trade and assets of a company

During the period, the Company acquired the trade and assets of a portfolio of restaurant sites known as Strada Restaurants. The principal activity of the Company continues to be that of sale of food and drink from its restaurant portfolio.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below:

	£ 000
Assets and liabilities acquired	
Financial assets	2
Inventory	691
Property, plant and equipment	14,951
Deferred tax	(1,098)
Brand	2,662
Total identifiable assets	17,208
Goodwill	16,993
Total consideration	34,201
Satisfied by:	
Cash	32,044
Deferred consideration	2,157
Total consideration transferred	34,201

Costs of the acquisition of £1,010,000 were expensed as incurred and are included in exceptional costs.

15 Inventories

	4 October 2015 £ 000
Food and drinks	914

16 Trade and other receivables

	4 October 2015 £ 000
Trade receivables	298
Prepayments	1,954
Other receivables	2,067
	4,319

16 Trade and other receivables (continued)

The directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

17 Trade and other payables

	4 October 2015 £ 000
Trade payables	1,890
Accrued expenses	1,525
Amounts owed to parent undertaking	22,930
Social security and other taxes	959
Other payables	2,671
	29,975

The amounts owed to parent undertakings are interest free, unsecured and repayable on demand.

The directors consider that the carrying amount of trade and other payables is approximately equal to their fair value.

18 Borrowings

	4 October 2015 £ 000
Non-current loans and borrowings	
Borrowings from related parties	11,500

The loans and borrowings classified as financial instruments are disclosed in note 24 "Financial instruments".

The Company's exposure to market and liquidity risk; in respect of loans and borrowings is disclosed in the Financial instruments note.

19 Deferred revenue

	4 October 2015 £ 000
Deferred revenue	24

The deferred revenue arises in respect of rent free periods granted by property leaseholders on the assignment of a lease to Strada Trading Limited.

20 Called-up share capital

Authorised, allotted, called-up and fully paid shares

	4 October 2015	
	No.	£
Ordinary shares of £1 each	2	2

The Company has one class of ordinary shares which carry no right to fixed income.

21 Cash and cash equivalents

	4 October 2015
	£ 000
Cash at bank	1,734

22 Obligations under leases and hire purchase contracts

Operating leases

The Company leases a number of restaurant properties under operating leases. The leases typically run for a period of 15 – 25 years with an option to renew the lease after that date. Lease payments are normally renegotiated every five years to reflect market rentals.

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

	2015
	£ 000
Within one year	4,495
In two to five years	16,514
In over five years	30,031
	51,040

The amount of non-cancellable operating lease payments recognised as an expense during the period was £4,993,000

Sublease arrangements

The Company sublets excess space within certain of its leasehold properties.

Total future minimum sublease income under non-cancellable operating leases expected to be received is £297,000.

The amount of income recognised in the period from non-cancellable operating subleases was £74,000.

23 Retirement benefit schemes

Group personal pension scheme

The Company operates group personal pension schemes for all qualifying employees. The assets of the schemes are held separately from those of the Company.

The total cost charged to income of £81,000 represents contributions payable to these schemes by the Company at rates specified in the rules of the schemes. As at 4 October 2015, contributions of £27,000 due in respect of the current reporting period had not been paid over to the schemes.

24 Financial instruments

Financial assets
Loans and receivables

	Carrying value 4 October 2015 £ 000	Fair value 4 October 2015 £ 000
Cash and cash equivalents	1,734	1,734
Trade and other receivables	4,319	4,319
	6,053	6,053

Valuation methods and assumptions

The directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

Financial liabilities

Financial liabilities at amortised cost

	Carrying value 4 October 2015 £ 000	Fair value 4 October 2015 £ 000
Trade and other payables	29,975	29,975
Borrowings	11,500	11,500
	41,475	41,475

Valuation methods and assumptions

The directors consider that the carrying amount of trade and other payables is approximately equal to their fair value.

24 Financial instruments (continued)

Financial risk management and impairment of financial assets

The Company's activities expose it to a variety of financial instrument risks. The risk management policies employed by the group to manage these risks are discussed below. The primary objectives of the financial instrument risk management function are to establish risk limits, and then ensure that exposure to risks stay within these limits.

Credit risk

The Company's credit risk is attributable to trade and other receivables and cash. The Company places its cash with banks with high quality credit standing. Trade and other receivables relate to day to day activities which are entered into with creditworthy counterparties.

Market risk

The Company's activities expose it economic factors, the directors monitor market conditions and consider any impact on the Company's existing strategy.

Interest rate risk management

The Company is exposed to interest rate risk as the Company's borrowings have an interest rate of 6% above LIBOR.

Interest rate sensitivity analysis

A 1% increase in the LIBOR rate would lead to an annual increase in the interest expense payable by £115,000.

Liquidity risk management

The Company maintains sufficient cash through arrangements with its parent company. Management review cashflow forecasts on a regular basis to determine whether the Group has sufficient cash reserves to meet future working capital requirements and to take advantage of business opportunities.

25 Controlling party

The Company is a wholly owned subsidiary of SCP Sugar Limited, the immediate parent company, registered in England and Wales.

Copies of the Group financial statements of Various Eateries Limited, the largest group into which this Company is consolidated, may be obtained from Various Eateries Limited, 5th Floor, 33 Charlotte Street, London, W1T 1RR.

The ultimate controlling party is H E M Osmond.

25 Controlling party (continued)

Relationship between entity and parents

The parent of the largest group in which these financial statements are consolidated is Various Eateries Limited, incorporated in United Kingdom.

The address of Various Eateries Limited is:
5th Floor
33 CharlotteStreet
London
W1T 1RR

The parent of the smallest group in which these financial statements are consolidated is Various Eateries Limited, incorporated in United Kingdom.

The address of Various Eateries Limited is:
5th Floor
33 CharlotteStreet
London
W1T 1RR