Registration number: 09185571

Strada Trading Limited

Annual report and financial statements

for the 52 weeks ended 30 September 2018

Strada Trading Limited

Contents

Strada Trading Limited

Company information

Directors	M C Allen
	S A Farrugia
	H E M Osmond
	T C Sword
	J Metcalf
	J A Gripton
Registered office	12 Great Portland Street 2nd Floor London W1W 8QN
Auditor	Deloitte LLP Statutory Auditor London United Kingdom

Strategic report
For the 52 weeks ended 30 September 2018

The Directors present their Strategic report for the 52 weeks ended 30 September 2018.

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

Review of the business
During the period, the Company has continued the expansion of its Coppa Club brand, being all day non-members clubs offering a combination of restaurants, bars and lounge areas. Also in the period the Company continued the conversion of suitable sites to new bar concepts, under the Above & Below umbrella. The first site '31 below' opened in Marylebone in February 2018, with the second '40 zero' site opened in Camden in December 2018. It has also retained and continues to operate a number of Strada restaurants.

The Directors are extremely pleased with the performance of Coppa Club, and the Company continues to invest in the capability of our teams to ensure that we can successfully grow this brand.

18 Strada restaurants and one Coppa Club site were closed during the period (2017: 5), one Coppa Club and the first Above & Below were opened, leaving 13 sites trading at the end of the period across all brands (2017: 30). Since the period end the Group has ceased trading at a further 5 Strada sites and one Coppa Club site, and opened 4 further sites; 3 Coppa Clubs and one Above & Below.

Results and performance
The results of the Company for the period are set out on page 12 and show a loss before taxation of £11,367,000 (2017: £19,445,000). The shareholder's deficit of the Company totals £44,255,000 (2017: £32,888,000).

The Company incurred exceptional net costs (principally lease exit and impairment related) during the period of £5,681,000 (2017: £10,744,000).

The results this period reflect the continuing investment made across the brands in preparation for further expansion and new openings. There has been a focus on improved food quality and service in the core estate, while unprofitable sites without solid prospects have been closed.

The success of Coppa Club gives the Board of Directors ('Board') confidence that there can be significant growth in the business both through existing sites and via new locations. Coppa Club has proved successful in a mixture of locations from tourist led, through local high street and destination venues. The business is well positioned to take advantage of changes in the UK restaurant sector and further build on the brand's success to date.

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

	2018	**2017**	**Change**
Sales	£28,465,000	£35,920,000	-20.8%
EBITDA*	(£2,259,000)	(£4,619,000)	-51.1%
Average number of restaurants	27	35	-22.9%

*EBITDA is defined as operating loss before depreciation, amortisation, impairment charges and exceptional items, but after foreign exchange gains or losses.

Principal risks and uncertainties
The 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 Company's businesses, the principal business risks relate to the following:

- funding and liquidity
- competition and current economic climate;
- employee recruitment, retention; and
- timely supplies of quality products.

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

- monitoring of required funding based on budgets and plans;
- 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.

The directors are aware that there is an element of risk associated with the uncertainty surrounding the UK's withdrawal from the EU. To date, this has not proved problematic for the Company and the directors have delayed taking any specific action to mitigate the threat given the current uncertainty over the nature of the withdrawal agreement.

Financial risk management
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.

Funding and future developments

As explained in more detail in the Directors' report, the Company has raised additional finance of £4,000,000 since 30 September 2018. £3,000,000 of this was an extension of the debt finance under the previous facility which matured on 10 September 2018, with a further £1,000,000 raised in August 2019 under a new secured loan agreement which replaced the previous facility as part of a capital restructure in June 2019.

Since 30 September 2018 the Company has ceased trading 5 Strada restaurants and 1 Coppa Club and disposed of 10 sites. As at the current date the Company is trading a total of 11 sites with 4 sites currently closed pending disposal.

The Company opened Coppa Clubs in Maidenhead in October 2018, the Swan at Streatley in July 2019 and Brighton in September 2019, and the second Above & Below bar '40 zero' in Camden in December 2018.

Approved by the Board on 14/10/19.... and signed on its behalf by:

T C Sword
Director
12 Great Portland Street
2nd Floor
London
W1W 8QN

Strada Trading Limited

Directors' report
For the 52 weeks ended 30 September 2018

The Directors present their annual report on the affairs of Strada Trading Limited ('the Company'), together with the audited financial statements for the 52 week period ended 30 September 2018 (prior period comparatives are for the 52 week period ended 1 October 2017).

The basis of preparation of the financial statements is set out in note 2 on page 15.

Results and dividends
The results of the Company for the period are set out on page 12.

The Directors do not recommend the payment of a dividend (2017: £nil).

Directors of the Company
The Directors, who served throughout the period and up until the date of signing, were as follows:

M C Allen

S A Farrugia

H E M Osmond

T C Sword

J Metcalf

J A Gripton

Principal activity
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 carefully considered the going concern basis underlying the financial statements and the Company and its parent's group's prospects in light of current market conditions and the potential impact of Brexit. At 30 September 2018 the Company had net liabilities of £44,255,000 after including debt primarily due to related parties of £32,281,000 and parent company loans of £29,418,000. The directors have reviewed cash flow forecasts for at least the next twelve month period which take into account additional funding received after year end and a post year end capital restructure effective June 2019 which is described in note 27. Since year end additional finance of £3,000,000 has been received by way of an increase to the previous loan facility at the same terms, with an additional £1,000,000 of debt finance received in August 2019 under a new secured loan agreement. The new loan agreement replaced the previous loan agreement which matured on 10 September 2018. The Lenders agreed to a net reduction in the loan of £16,905,000 in return for an issue of shares by the ultimate parent company, Various Eateries Limited, which will give rise to an issue of ordinary shares by the Company. The parent company has confirmed that their loans will not be recalled within the next 12 months.

This review indicated that the Company and its parent's Group should be able to meet its liabilities as they fall due without the need for additional finance based on the Group's cash flow forecasts. The cash flow forecasts are based upon current trading levels for existing restaurants and budgets for the two recently opened restaurants. A sensitivity analysis has been performed to flex the projections for decreased trading levels and cost inflation, which indicates adequate level of liquidity headroom to meet liabilities as they fall due if mitigating actions are taken. Although current market conditions create inherent uncertainty, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least the next 12 months and have therefore adopted the going concern basis in preparing the financial statements.

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 annual report confirms that:

- so far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all the steps that they ought to have taken as directors 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.

Post balance sheet events

The Company has raised additional finance of £4,000,000 since 30 September 2018. £3,000,000 of this was an extension of the debt finance under the previous facility which matured on 10 September 2018, with a further £1,000,000 raised in August 2019 under a new secured loan agreement which replaced the previous facility as part of a capital restructure in June 2019. The capital restructure affected the Company and its parent, Various Eateries Limited ('the Group'). At group level it comprised a debt for equity swap whereby the previous loan facility and preference share capital and accrued dividends in the Group, totalling £86,126,000, were replaced by a new loan of £20,000,000 in consideration for the issue of new ordinary share capital. The net impact on the Company was a net reduction in its borrowings from related parties of £16,905,000, replaced by a capital contribution from its ultimate parent company. An additional £1,000,000 was raised in August 2019 under the new secured loan agreement. The new agreement matures in June 2022 and contains a site EBITDA multiple covenant first tested in September 2020.

Strada Trading Limited

Directors' report
For the 52 weeks ended 30 September 2018 (continued)

Approved by the Board on 14/10/19..... and signed on its behalf by:

....
T C Sword
Director
12 Great Portland Street
2nd Floor
London
W1W 8QN

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including 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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Strada Trading Limited

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

Opinion

In our opinion the financial statements of Strada Trading Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 30 September 2018 and of its loss for the 52 weeks then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework" and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity;
- the related notes 1 to 27.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

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

We have nothing to report in respect of these matters.

Other information

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

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

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

We have nothing to report in respect of these matters.

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

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

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinion on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

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

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

Strada Trading Limited

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

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit. We have nothing to report in respect of these matters.

Use of our report

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

Tim Steel

Timothy Steel ACA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP,
Statutory Auditor
London
United Kingdom

Date: 14 October 2019

Strada Trading Limited

Profit and loss account
For the 52 weeks ended 30 September 2018

	Note	2 October 2017 to 30 September 2018 £ 000	3 October 2016 to 1 October 2017 £ 000
Turnover	4	28,465	35,920
Cost of sales		(28,857)	(38,860)
Gross loss		(392)	(2,940)
Administrative expenses		(3,546)	(4,279)
Exceptional items and impairment	5	(5,681)	(10,744)
Operating loss		(9,619)	(17,963)
Interest receivable and similar income	6	29	7
Interest payable and similar expenses	7	(1,777)	(1,489)
Loss before taxation		(11,367)	(19,445)
Tax on loss	11	-	-
Loss for the period	12	(11,367)	(19,445)

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.

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

Strada Trading Limited

Balance sheet
As at 52 weeks ended 30 September 2018

	Note	30 September 2018 £ 000	1 October 2017 £ 000
Fixed assets			
Intangible assets	13	8,491	12,433
Tangible assets	14	8,673	6,886
		17,164	19,319
Current assets			
Assets held for sale	15	-	510
Stocks	16	548	937
Trade and other receivables	17	3,627	4,298
Cash at bank and in hand	18	1,601	2,655
		5,776	8,400
Total assets		22,940	27,719
Creditors: amounts falling due within one year	19	(66,393)	(59,025)
Net current liabilities		(60,617)	(50,625)
Total assets less current liabilities		(43,453)	(31,306)
Non-current liabilities			
Provisions for liabilities	20	(802)	(1,582)
Total liabilities		(67,195)	(60,607)
Net liabilities		(44,255)	(32,888)
Equity			
Called-up share capital	21	-	-
Retained losses		(44,255)	(32,888)
Total shareholders' deficit		(44,255)	(32,888)

The financial statements of Strada Trading Limited (registration number: 09185571) were approved by the Board and authorised for issue on 14/10/19. They were signed on its behalf by:

....

T C Sword

Director

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

Strada Trading Limited

Statement of changes in equity
For the 52 weeks ended 30 September 2018

	Called-up share capital £ 000	Retained losses £ 000	Total £ 000
At 3 October 2016	-	(13,443)	(13,443)
Loss for the period	-	(19,445)	(19,445)
Other comprehensive income	-	-	-
Total comprehensive loss	-	(19,445)	(19,445)
At 1 October 2017	-	(32,888)	(32,888)

	Called-up share capital £ 000	Retained losses £ 000	Total £ 000
At 2 October 2017	-	(32,888)	(32,888)
Loss for the period	-	(11,367)	(11,367)
Other comprehensive income	-	-	-
Total comprehensive loss	-	(11,367)	(11,367)
At 30 September 2018	-	(44,255)	(44,255)

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

Notes to the financial statements
For the 52 weeks ended 30 September 2018

1 General information

Strada Trading Limited ('the Company') is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the Company's registered office is shown 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 and the Directors' report on page 5.

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

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 I January 2016.

These financial statements are separate financial statements. The Company is exempt from the preparation and delivery of consolidated financial statements, because it is included 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 27.

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, financial instruments, related party transactions and remuneration of key management personnel.

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:

2 Accounting policies (continued)

Basis of accounting (continued)

- 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 carefully considered the going concern basis underlying the financial statements and the Company and its parent's group's prospects in light of current market conditions and the potential impact of Brexit. At 30 September 2018 the Company had net liabilities of £44,255,000 after including debt primarily due to related parties of £32,281,000 and parent company loans of £29,418,000. The directors have reviewed cash flow forecasts for at least the next twelve month period which take into account additional funding received after year end and a post year end capital restructure effective June 2019 which is described in note 27. Since year end additional finance of £3,000,000 has been received by way of an increase to the previous loan facility at the same terms, with an additional £1,000,000 of debt finance received in August 2019 under a new secured loan agreement. The new loan agreement replaced the previous loan agreement which matured on 10 September 2018. The Lenders agreed to a net reduction in the loan of £16,905,000 in return for an issue of shares by the ultimate parent company, Various Eateries Limited, which will give rise to an issue of ordinary shares by the Company. The parent company has confirmed that their loans will not be recalled within the next 12 months.

This review indicated that the Company and the parent's Group should be able to meet its liabilities as they fall due without the need for additional finance based on the group's cash flow forecasts. The cash flow forecasts are based upon current trading levels for existing restaurants and budgets for the two recently opened restaurants. A sensitivity analysis has been performed to flex the projections for decreased trading levels and cost inflation, which indicates adequate level of liquidity headroom to meet liabilities as they fall due if mitigating actions are taken. Although current market conditions create inherent uncertainty, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least the next 12 months and 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 and depreciation.

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.

2 Accounting policies (continued)

Depreciation
Work in progress is not depreciated.

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

Asset class	Depreciation method and rate
Short leasehold improvements	Life of lease
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.

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.

2. Accounting policies (continued)

Impairment of tangible and intangible assets excluding goodwill (continued)
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.

Assets held for sale
Current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

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/or expected infrequency of the events giving rise to them, merit separate presentation to allow an understanding of the Company's financial performance. Impairment charges are included in exceptional items.

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

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

Current tax
The tax currently payable is based on taxable profit for the period. 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.

2 Accounting policies (continued)

Deferred tax

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 tax and deferred tax for the period

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 and growth rates. 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
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 cash in hand

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.

Provisions for liabilities

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

Provisions for onerous leases are recorded based on the least net cost of exiting or fulfilling lease contracts.

2 Accounting policies (continued)

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.

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
Financial assets and financial liabilities are recognised in the Company's statement of financial position 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 profit or loss.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current investments.

Available-for-sale financial assets
Marketable securities held by the Company that are traded in an active market are classified as being AFS (available-for-sale) and are stated at fair value. Fair value is determined in the manner of quoted prices (unadjusted) in active markets. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the available-for-sale reserve with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which hare recognised directly in profit or loss.
The fair value of AFS monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the balance sheet date. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognised in other comprehensive income.

2 Accounting policies (continued)

Financial assets (continued)
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 debtors, loans, and other debtors 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.

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 as the proceeds are 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. Differences 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.

2 Accounting policies (continued)

Financial liabilities (continued)
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.

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 amounts 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 the carrying value of assets and liabilities that are not readily apparent from other sources.

The Directors have reviewed the estimates and assumptions used in the preparation of the financial statements. There are significant estimates which would lead to material adjustments to the carrying value of any assets and liabilities in the next financial year as follows:

- The Company has recorded impairment provisions based on the recoverable amounts of assets, being the higher of net realisable value and value in use. This requires estimation of future cash flows and assumptions in respect of discount rates and long term growth, see note 13.
- The Company has recorded onerous lease provisions of £802,000 for the least net cost of exiting or fulfilling lease contracts. This requires estimation of future cash flows and assumptions in respect of the timing and cash flows on surrender of leases.

4 Turnover

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:

	2 October 2017 to 30 September 2018 £ 000	3 October 2016 to 1 October 2017 £ 000
Sale of goods	28,465	35,920
Sub-let rental income	119	118
	28,584	36,038

5 Exceptional items and impairment

	2 October 2017 to 30 September 2018 £ 000	3 October 2016 to 1 October 2017 £ 000
Profit/(loss) on disposal and surrender of leases	51	(925)
Impairment of goodwill	(3,692)	(3,360)
Impairment of property, plant and equipment	(727)	(4,566)
Onerous contracts release/(provision)	(776)	(1,582)
Other exceptional costs	(537)	(311)
	(5,681)	(10,744)

Other exceptional costs include staff costs related to terminations for closed sites in the period.

6 Interest receivable and similar income

	2 October 2017 to 30 September 2018 £ 000	3 October 2016 to 1 October 2017 £ 000
Interest income on bank deposits	5	5
Foreign exchange gain	24	-
Interest received	-	2
	29	7

7 Interest payable and similar expenses

	2 October 2017 to 30 September 2018 £ 000	3 October 2016 to 1 October 2017 £ 000
Interest on bank overdrafts and borrowings	1,777	1,454
Foreign exchange loss	-	35
	1,777	1,489

8 Auditor's remuneration

	2 October 2017 to 30 September 2018 £ 000	3 October 2016 to 1 October 2017 £ 000
Audit of the financial statements	65	60
Other fees to auditor		
Taxation compliance services	10	13
Other services	11	10
	21	23

Amounts payable in respect of audit services for 2018 have been borne by Strada Trading Limited on behalf of Various Eateries Limited.

9 Staff numbers and costs

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

	2 October 2017 to 30 September 2018 No.	3 October 2016 to 1 October 2017 No.
Operational staff	653	850

Their aggregate remuneration comprised:

	2 October 2017 to 30 September 2018 £ 000	3 October 2016 to 1 October 2017 £ 000
Wages and salaries	11,215	14,971
Social security costs	859	1,199
Other pension cost (see note 23)	120	44
Other employee expense	74	65
	12,268	16,279

10 Directors' remuneration

The Directors' remuneration for the period in respect of services to the Company was as follows:

	2 October 2017 to 30 September 2018 £ 000	3 October 2016 to 1 October 2017 £ 000
Remuneration	145	338
Employer pension contributions	7	9
	152	347

In respect of the highest paid director:

	2 October 2017 to 30 September 2018 £ 000	3 October 2016 to 1 October 2017 £ 000
Remuneration	138	138
Employer pension contribution	7	5
	145	143

11 Tax on loss

Tax credited to the profit and loss account

	2 October 2017 to 30 September 2018 £ 000	3 October 2016 to 1 October 2017 £ 000
Corporation tax	-	-
	-	-

11 Tax on loss (continued)

Corporation tax is calculated at 19% (2017: 19.5%) 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:

	2 October 2017 to 30 September 2018 £ 000	3 October 2016 to 1 October 2017 £ 000
Loss before taxation	(11,367)	(19,445)
Corporation tax at standard rate at 19.00% (2017:19.5%)	(2,160)	(3,791)
Expenses not deductible	1,175	1,831
Effects of group relief/other reliefs	287	334
Tax losses not recognised	985	1,960
Amounts not previously recognised	(287)	(334)
Total tax charge/(credit)	-	-

Factors affecting future tax charge

A further reduction in the corporation tax rate to 17.00% will apply with effect from 1 April 2020 (as enacted by Finance Act 2016 on 15 September 2016).

No account has been taken of the potential deferred tax asset of £5,038,000 (2017: £2,830,000) calculated at 19.5% (2017: 19%) (representing losses carried forward) owing to the uncertainty over the utilisation of the losses available.

12 Loss for the period

Loss for the period has been arrived at after charging:

	2 October 2017 to 30 September 2018 £ 000	3 October 2016 to 1 October 2017 £ 000
Staff costs (note 9)	12,268	16,279
Operating lease payments (note 22)	3,098	5,005
Depreciation of tangible fixed assets (note 14)	1,402	2,008
Amortisation of intangible assets (note 13)	254	627
Impairment of goodwill (note 13)	3,692	3,360
Impairment of tangible fixed assets (note 14)	727	4,566

13 Intangible assets

	Brand £ 000	Goodwill £ 000	Trademarks, patents and licenses £ 000	Total £ 000
Cost or valuation				
At 2 October 2017	2,662	16,993	9	19,664
Additions	-	-	4	4
At 30 September 2018	2,662	16,993	13	19,668
Amortisation				
At 2 October 2017	2,408	4,823	-	7,231
Charge for the period	254	-	-	254
Impairment	-	3,692	-	3,692
At 30 September 2018	2,662	8,515	-	11,177
Carrying amount				
At 30 September 2018	-	8,478	13	8,491
At 1 October 2017	254	12,170	9	12,433

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

The Company tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired. An impairment of £3,692,000 (2017: £3,360,000) has been determined.

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. A discount rate of 10% was used and a long term growth rate of 1% was assumed. A 2% increase in the discount rate would increase the impairment charge by £251,000.

14 Tangible assets

	Leasehold premia and improvements £ 000	Furniture, fittings and equipment £ 000	Work in progress £ 000	IT equipment £ 000	Total £ 000
Cost or valuation					
At 2 October 2017	11,144	5,105	417	1,100	17,766
Reallocation of opening balances	(1,067)	1,382	-	(4)	311
Additions	2,871	325	806	237	4,239
Disposals	(5,720)	(2,136)	(48)	(258)	(8,162)
Transfers	505	346	(890)	39	-
At 30 September 2018	7,733	5,022	285	1,114	14,154
Depreciation					
At 2 October 2017	8,380	2,119	-	381	10,880
Reallocation of opening balances	(1,364)	1,683	-	(8)	311
Charge for the period	331	885	-	186	1,402
Eliminated on disposal	(5,700)	(2,021)	-	(118)	(7,839)
Impairment loss	693	1	15	18	727
At 30 September 2018	2,340	2,667	15	459	5,481
Carrying amount					
At 30 September 2018	5,393	2,355	270	655	8,673
At 1 October 2017	2,764	2,986	417	719	6,886

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 £727,000 (2017: £4,566,000) was charged in the period, based on comparing the carrying value of fixed assets with the higher of net realisable value and value in use. A discount rate of 10% was used in calculating the value in use.

Following a management review of tangible assets, opening balance allocations between the different classes have been adjusted to more accurately reflect the underlying nature of the assets and disposals in the financial period.

15 Assets held for sale

	30 September 2018 £ 000	1 October 2017 £ 000
Leasehold premia and improvements	-	253
Furniture, fittings and equipment	-	205
IT equipment	-	52
	-	510

16 Stocks

	30 September 2018 £ 000	1 October 2017 £ 000
Food and drinks	318	378
Consumables	230	559
	548	937

17 Debtors

	30 September 2018 £ 000	1 October 2017 £ 000
Trade debtors	292	218
Prepayments	1,725	2,314
Other debtors	1,610	1,766
	3,627	4,298

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

18 Cash at bank and in hand

	30 September 2018 £ 000	1 October 2017 £ 000
Cash at bank	1,601	2,655

19 Creditors: amounts falling due within one year

	30 September 2018 £ 000	1 October 2017 £ 000
Trade payables	2,019	3,091
Accrued expenses	1,656	2,193
Amounts owed to parent undertaking	29,418	29,418
Social security and other taxes	499	509
Other payables	520	814
Borrowings from related parties	32,281	23,000
	66,393	59,025

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

Borrowings from related parties relate to a loan that matured on 10 September 2018 which was refinanced in June 2019 as disclosed in note 27.

20 Provisions

	2018 £ 000	2017 £ 000
At start of year	1,582	-
Utilised	(1,160)	-
Additional provision	776	1,582
Released	(396)	-
At end of year	802	1,582

The provisions relate to onerous rental contracts for non-trading sites awaiting disposal.

21 Called-up share capital

Authorised, allotted, called-up and fully paid shares

	30 September 2018 No.	30 September 2018 £	1 October 2017 No.	1 October 2017 £
Ordinary shares of £1 each	2	2	2	2

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

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:

	30 September 2018 £ 000	1 October 2017 £ 000
Within one year	2,884	3,792
In two to five years	9,220	13,537
In over five years	17,253	21,644
	29,357	38,973

The amount of non-cancellable operating lease payments recognised as an expense during the period was £3,098,000 (2017: £5,005,000).

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 £227,076 (2017: £268,000).

The amount of income recognised in the period from non-cancellable operating subleases was £119,000 (2017: £118,000).

There are 14 previously operated sites that have been disposed of via assignment of lease and include Authorised Guarantee Agreements ('AGAs') as part of the assignment arrangement. There is a risk that the sites would be returned to the Company if the assigned leaseholders were to default on their contractual obligations with their respective landlords. The Directors do not believe that there is any significant level of exposure due to the readily marketable nature of these sites, however they continue to monitor the financial strength and performance of the new leaseholders closely. These sites have between one year and fourteen years left to run to the expiry dates of the leases.

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 £120,000 (2017: £44,000) represents contributions payable to these schemes by the Company at rates specified in the rules of the schemes. As at 30 September 2018, contributions of £17,000 due in respect of the current reporting period (2017: £7,000) had not been paid over to the schemes.

24 Financial instruments

Financial assets
Loans and receivables

	Carrying value		Fair value	
	30 September 2018 £ 000	1 October 2017 £ 000	30 September 2018 £ 000	1 October 2017 £ 000
Cash and cash equivalents	1,600	2,655	1,600	2,655
Trade and other receivables	1,902	4,298	1,902	4,298
	3,502	6,953	3,502	6,953

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		Fair value	
	30 September 2018 £ 000	1 October 2017 £ 000	30 September 2018 £ 000	1 October 2017 £ 000
Trade and other payables	34,112	36,025	34,112	36,025
Borrowings	32,281	23,000	32,281	23,000
	66,393	59,025	66,393	59,025

Valuation methods and assumptions

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

An interest rate of 3 month UK Libor plus 6% was applicable during the year.

25 Related party transactions

Transactions with related parties include management charges for services provided by Osmond Capital Limited which has common shareholders with the Group, of £237,000 (2017: £237,000). In addition, M C Allen and H E M Osmond are shareholders of Xercise 2 Ltd which is a shareholder and the principal lender of the £32,281,207 (2017: £23,000,000) loan.

25 Related party transactions (continued)

Transactions with directors
During the year H E M Osmond acquired nil (2017: 1,106,992) ordinary shares and nil (2017: 3,354,710) preference shares in the ultimate parent company via a company with common shareholders.

Remuneration of key management personnel
The remuneration of the Directors of the Company and the parent's group and its subsidiaries and other key management, who are the key management personnel of the Group, is set out below in aggregate.

	30 September 2018 £ 000	1 October 2017 £ 000
Salaries and other short term employee benefits	382	342
Post-employment benefits	12	9
	394	351

Aggregate directors' remuneration
The total amounts for Directors' remuneration in accordance with Schedule 5 to the Accounting Regulations were as follows:

	30 September 2018 £ 000	1 October 2017 £ 000
Salaries, fees, bonuses and benefits in kind	152	96

Trading transactions
During the year, the Company entered into the following trading transactions with related parties:

	Purchase of Goods/Services £ 000	Sales of Goods/Services £ 000
The Great House at Sonning Limited		
Goods	66	956
Services	692	-
	758	956

The following amounts were outstanding at the statement of financial position date:

	Amounts owed to related parties £ 000	Amounts owed by related parties £ 000
The Great House at Sonning Limited	195	190
Mudlark Hotels Limited	-	31

25 Related party transactions (continued)

The Great House at Sonning Limited and Mudlark Hotels Limited are related parties of the Company because both have common shareholders with the ultimate parent company.

Sales of goods to related parties were made at the Company's usual list prices. Purchases were made at market price discounted to reflect the relationships between the parties.

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

26 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, 12 Great Portland Street, 2nd Floor, London, W1W 8QN.

The ultimate controlling party is H E M Osmond.

Relationship between entity and parents
The parent of the largest and smallest group in which these financial statements are consolidated is Various Eateries Limited, incorporated in the United Kingdom.

The address of Various Eateries Limited is:
12 Great Portland Street
2nd Floor
London
W1W 8QN

27 Post balance sheet events

The Company has raised additional finance of £4,000,000 since 30 September 2018. £3,000,000 of this was an extension of the debt finance under the previous facility which matured on 10 September 2018, with a further £1,000,000 raised in August 2019 under a new secured loan agreement which replaced the previous facility as part of a capital restructure in June 2019. The capital restructure affected the Company and its parent, Various Eateries Limited ('the Group'). At group level it comprised a debt for equity swap whereby the previous loan facility and preference share capital and accrued dividends in the Group, totalling £86,126,000, were replaced by a new loan of £20,000,000 in consideration for the issue of new ordinary share capital. The net impact on the Company was a net reduction in its borrowings from related parties of £16,905,000, replaced by a capital contribution from its parent company. An additional £1,000,000 was raised in August 2019 under the new secured loan agreement. The new agreement matures in June 2022 and contains a site EBITDA multiple covenant first tested in September 2020.