

Registered number: 10406599

ASK ITALIAN RESTAURANTS LIMITED
formerly De Facto 2246 Limited

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 27 JUNE 2021



ASK ITALIAN RESTAURANTS LIMITED
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COMPANY INFORMATION

Directors	Stephen John Holmes (appointed 28 September 2020) Lindsay Allan Dunsmuir (appointed 10 July 2020) Kieran John Pitcher (appointed 10 July 2020)
Company secretary	Lindsay Allan Dunsmuir
Registered number	10406599
Registered office	3rd Floor Capital House 25 Chapel Street London NW1 5DH
Independent auditor	KPMG LLP Tollgate Chandler's Ford SO53 3TG

ASK ITALIAN RESTAURANTS LIMITED

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ASK ITALIAN RESTAURANTS LIMITED

STRATEGIC REPORT FOR THE PERIOD ENDED 27 JUNE 2021

Introduction

The directors present their report and the Financial Statements for the period from 1 July 2020 ending 27 June 2021 ("the period"). Ask Italian Restaurants Limited formerly known as De Facto 2246 Limited passed a resolution for a change of name which was certified on 13 September 2020.

Trade in Ask Italian restaurants commenced in July 2020, where previously the company was considered dormant per the accounts filed for the financial year ending 30 June 2020.

The principal activity of the company is to operate Ask Italian branded restaurants.

Business review

On the 17 July 2020 ASK Italian Restaurants Limited acquired the trade and assets, brand and employees of ASK from Azzurri Restaurants Limited. The Company acquired 65 restaurants. Refer to the consolidated financial statements of Azzurri Group Holdings UK Limited for a detailed business review of Ask Italian Restaurants Limited.

The results of the Company for the period set out on page 9 and show a loss before taxation of £1,293,000. The total equity as at 27 June 2021 is £291,000 of accumulated losses and £3 of ordinary shares held by Azzurri Central.

There are £552,000 of exceptional costs in the current financial year, as detailed in Note 9.

Financial key performance indicators

	2021
Turnover	34,259,000
Adjusted EBITDA*	1,047,000
EBITDA Margin	3.06%
Number of restaurants	65

*Adjusted EBITDA is defined as operating profit, before amortisation, depreciation, excludes exceptional items, one-off adjustments and pre-opening losses. Adjusted EBITDA, which is a non-GAAP measure, serves as a proxy for cash generated and is key to investment and future growth. The performance of the trading company is measured through the use of key performance indicators as shown above.

	2021	2020
	£000	£000
Adjusted EBITDA reconciliation		
Operating loss	(1,293)	-
Depreciation, amortisation and other adjustments	1,788	-
Exceptional items	552	-
	1,047	-

Principal risks and uncertainties

The Board of Directors ("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, the principal business risks are as follows:

- Economic conditions - Adverse economic conditions and uncertainty can lead to challenging market

ASK ITALIAN RESTAURANTS LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 27 JUNE 2021**

conditions which could result in pressure on all functions of the business. A medium term business plan coupled with regular forecasting allows us to pre-empt any periods of difficulty and act early.

- Covid 19 - There is uncertainty over potential store closures in the event of further government restrictions and periods of lockdown.
- Employee retention - With our biggest asset being our employees, it is critical to attract and retain the best people at all levels. We review our employment policies regularly and are committed to investing in our teams with competitive rewards structures and comprehensive training and development programs.
- Health & Safety - The Company maintains a strong focus on its food safety and health and safety standards, with the well-being of our teams and customers being paramount. Standards are monitored regularly across all of our sites, and compliance with legislation and best practice taken very seriously across the business.
- Continuity of supply chain - Our operations remain heavily dependent on key supplier and distributors. We closely monitor against key supplier service level agreements with contingent arrangements in place where necessary.
- Reputation - Failure to maintain the high standards we have set can quickly affect public perception and could damage our brand. We monitor our customer service and operating standards regularly, and have dedicated quality, safety and customer teams. A crisis management process is also in place in the event of a serious incident.

The impact of Brexit has been considered on the principal risks noted above. We note that the potentials risk on the economic conditions, particularly the impact of inflation and the reduced purchasing power of pound sterling as well as the uncertainty around the availability of labour in the sector.

The Company's activities expose it to a variety of financial risks:

- Credit risk - The Company has no significant concentrations of credit risks. The nature of its operations results in a large and diverse customer base and a significant proportion of cash sales. The company has policies that limit the amount of credit exposure to any financial institution.
- Liquidity risk - The Company manages its exposure to liquidity risk through naturally low level of debtors, and having access to additional short term banking facilities through Azzurri Central Limited.
- Price risk – The Company is exposed to a variability in the price of commodities used in the running of its restaurants, this includes exposure to price fluctuations in ingredient purchased. The Company mitigates this risk by entering into price negotiations with suppliers to fix and reduce costs where possible.

These are the principal risks affecting the Company's operations, but it is not an exhaustive list. The comprehensive risk register ensures the Board are appraised of all risks and contingent actions to mitigate them.

ASK ITALIAN RESTAURANTS LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 27 JUNE 2021**

This report was approved by the board and signed on its behalf on 20 April 2022.



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Lindsay Dunsmuir
Director

ASK ITALIAN RESTAURANTS LIMITED

**DIRECTORS' REPORT
FOR THE PERIOD ENDED 27 JUNE 2021**

The directors present their report and the financial statements for the period ended 27 June 2021.

Statement of Directors' Responsibilities in Respect of the Annual Report and the Financial Statements

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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

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

Results and dividends

The loss for the period, after taxation, amounted to £291,000.

Directors

The directors who served during the period and up to the date of signing this report were:

Stephen John Holmes (appointed 28 September 2020)

Lindsay Allan Dunsmuir (appointed 10 July 2020)

Kieran John Pitcher (appointed 10 July 2020)

ASK ITALIAN RESTAURANTS LIMITED
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**DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 27 JUNE 2021**

Going Concern

Notwithstanding net current liabilities of £993,000 as at 27 June 2021 and loss for the period then ended of £291,000 the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, through funding from its intermediate parent company, Azzurri Group Holdings UK Limited, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on Azzurri Group Holdings UK Limited not seeking repayment of the amounts currently due to the group, which at 27 June 2021 amounted to £4,405,000, and providing additional financial support during that period. Azzurri Group Holdings UK Limited has indicated its intention to continue to make available such funds as are needed by the company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

ASK ITALIAN RESTAURANTS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 27 JUNE 2021**

Engagement with employees

Our people truly are our greatest asset and as such we are committed to providing an engaging, inspiring, honest and open environment for our colleagues.

We believe our industry offers great careers and we invest a lot of time and resources to nurture talent and give people the opportunity to progress their careers with us. For both front and back of house staff, we provide relevant training and an exciting career development path for those who want to progress within the business. We prioritise internal development and promotion over external recruitment, aiming for at least 70% of positions to be filled by internal candidates. Some of our most popular training and development opportunities include ASK's Italian Journey and Avanti Leadership Program. The Company has clear development paths, with staff working their way up from kitchen porter to head chef, general and operational managers.

In 2017, ASK Italian launched their apprenticeship program which offers a clear, supported and mapped career plan providing vocational training alongside practical experience.

We fundamentally believe in treating our people with respect whilst looking after their welfare. Robust policies and practices are in place to ensure that everyone is well compensated including a well operated 'Tronc policy' which means tips are democratically distributed amongst restaurant teams only. Nothing is retained by the Company.

The Company also provides its employees with a comprehensive benefits system including healthcare access, negotiated discounts and paid breaks. We do not believe in zero hours contracts, and whenever possible, provide workplace flexibility to support family responsibilities.

We have in place Flexible Working policies but are reviewing these to identify any further actions we can take to encourage career development and progression amongst our female employees.

Directors' Indemnities

Qualifying third party indemnity provisions for the benefit of Directors, as defined by the Companies Act 2006, have been in force during the period and at the date of approval of the annual report.

Disclosure of information to auditor

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

- so far as 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 ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Post balance sheet events

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

Independent Auditor

The auditor, KPMG LLP, will be proposed for reappointment in accordance with section 489 of the Companies Act 2006.

ASK ITALIAN RESTAURANTS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 27 JUNE 2021**

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 20 April 2022.



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Lindsay Dunsmuir
Director

ASK ITALIAN RESTAURANTS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASK ITALIAN RESTAURANTS LIMITED

Opinion

We have audited the financial statements of Ask Italian Restaurants Limited ("the Company") for the period ended 27 June 2021 which comprise the Profit and loss account, the Statement of comprehensive income, the Balance sheet, the Statements of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 27 June 2021 and of its loss for the period then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgments that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

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

ASK ITALIAN RESTAURANTS LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASK ITALIAN RESTAURANTS LIMITED
(CONTINUED)**

- Enquiring of directors and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud and the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Considering remuneration incentive schemes and performance targets for management and directors.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and considering possible pressures to meet targets, recent revisions to guidance, our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the underlying transactions are high in volume and low in value.

We did not identify any additional fraud risks.

In determining the audit procedures, we took account the results of our evaluation and testing of the operating effectiveness of some of the Company-wide fraud risk management controls. We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included entries to revenue and cash where the opposite entry was posted to an unusual or unexpected other account and those entries containing key words.

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

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

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

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

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery and employment law. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

ASK ITALIAN RESTAURANTS LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASK ITALIAN RESTAURANTS LIMITED
(CONTINUED)**

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

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

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

Strategic report and directors' report

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

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

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

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

ASK ITALIAN RESTAURANTS LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASK ITALIAN RESTAURANTS LIMITED
(CONTINUED)**

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities

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

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

W. Smith

William Smith (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Gateway House
Tollgate
Chandlers Ford
SO53 3TG

20 April 2022

ASK ITALIAN RESTAURANTS LIMITED
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**PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 27 JUNE 2021**

	Note	2021 £000	2020 £000
Turnover	4	34,259	-
Cost of sales		(42,220)	-
Gross loss		(7,961)	-
Administrative expenses		(3,895)	-
Exceptional costs	9	(552)	-
Other operating income	5	11,115	-
Loss before taxation		(1,293)	-
Tax on loss	8	1,002	-
Loss for the financial period		(291)	-

There were no recognised gains and losses for 2021 other than those included in the profit and loss account.

The notes on pages 17 to 30 form part of these financial statements.

<p>ASK ITALIAN RESTAURANTS LIMITED</p>

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 27 JUNE 2021**

	Note	2021 £000	2020 £000
(Loss)/profit for the financial period		(291)	-
Other comprehensive income			
Total comprehensive income for the period		(291)	-

There were no recognised gains and losses for 2021 other than those included in the profit and loss account.

The notes on pages 17 to 30 form part of these financial statements.

ASK ITALIAN RESTAURANTS LIMITED

**BALANCE SHEET
AS AT 27 JUNE 2021**

	Note	2021 £000	2020 £000
Fixed assets			
Tangible assets	10	702	-
		<u>702</u>	<u>-</u>
Current assets			
Inventories	11	620	-
Debtors: amounts falling due within one year	12	6,203	-
Cash at bank and in hand	13	4,583	-
		<u>11,406</u>	<u>-</u>
Creditors: amounts falling due within one year	14	(12,399)	-
Net current (liabilities)/assets		<u>(993)</u>	<u>-</u>
Total assets less current liabilities		<u>(291)</u>	<u>-</u>
Net (liabilities)/assets		<u><u>(291)</u></u>	<u><u>-</u></u>
Capital and reserves			
Profit and loss account	17	(291)	-
		<u><u>(291)</u></u>	<u><u>-</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 20 April 2022.



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Lindsay Dunsmuir
Director

The notes on pages 13 to 25 form part of these financial statements.

<p>ASK ITALIAN RESTAURANTS LIMITED</p>

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 27 JUNE 2021**

	Called up share capital £000	Profit and loss account £000	Total equity £000
Comprehensive income for the period			
Loss for the period	-	(291)	(291)
Total comprehensive income for the period	-	(291)	(291)
At 27 June 2021	-	(291)	(291)

The notes on pages 17 to 30 form part of these financial statements.

ASK ITALIAN RESTAURANTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27 JUNE 2021**

1. General information

The principal activity of Ask Italian Restaurants Limited is operating restaurants.

The Company is a private company limited by shares and is incorporated in the United Kingdom. The address of its registered office is Third Floor, Capital House, 25 Chapel Street, London NW1 5DH.

2. Accounting policies**2.1 Statement of compliance**

The financial statements of ASK Italian Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS102") and the Companies Act 2006.

2.2 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

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

The following principal accounting policies have been applied:

2.3 Financial reporting standard 102 - reduced disclosure exemptions

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

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Azzurri Group Holdings UK Limited as at 27 June 2021 and these financial statements may be obtained from UK Companies House.

ASK ITALIAN RESTAURANTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27 JUNE 2021**

2. Accounting policies (continued)

2.4 Going concern

Notwithstanding net current liabilities of £993,000 as at 27 June 2021 and loss for the period then ended of £291,000 the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, through funding from its intermediate parent company, Azzurri Group Holdings UK Limited, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on Azzurri Group Holdings UK Limited not seeking repayment of the amounts currently due to the group, which at 27 June 2021 amounted to £4,405,000, and providing additional financial support during that period. Azzurri Group Holdings UK Limited has indicated its intention to continue to make available such funds as are needed by the company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

2.5 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.6 Rebates receivable from suppliers

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

ASK ITALIAN RESTAURANTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27 JUNE 2021**

2. Accounting policies (continued)**2.7 Operating leases: the Company as lessee**

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

Temporary rent concessions occurring as a direct consequence of the COVID-19 pandemic have been recognised on a systematic basis over the periods that the change in lease payments is intended to compensate. This is conditional on:

- the change in lease payments resulting in revised consideration for the lease that is less than the consideration for the lease immediately preceding the change;
- any reduction in lease payments affecting only payments originally due on or before 27 June 2021;
- there being no significant change to other terms and conditions of the lease.

2.8 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Profit and Loss Account in the same period as the related expenditure.

2.9 Pensions**Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

ASK ITALIAN RESTAURANTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27 JUNE 2021**

2. Accounting policies (continued)

2.10 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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

2.11 Exceptional items

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

2.12 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

ASK ITALIAN RESTAURANTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27 JUNE 2021**

2. Accounting policies (continued)

2.12 Tangible fixed assets (continued)

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

Depreciation is provided on the following basis:

Short-term leasehold property	-	3% per annum
Plant and machinery	-	20% per annum
Fixtures and fittings	-	10% per annum
Computer equipment	-	20% per annum

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

Assets under construction comprise tangible fixed assets acquired for restaurants under constructions, including costs directly attributable to bringing the asset into use. Assets are transferred to short lease, plant, and fixtures when the restaurant opens. No depreciation is provided on assets under construction as the assets have not been brought into working condition for intended use.

2.13 Inventories

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

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

2.14 Debtors

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

2.15 Cash and cash equivalents

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

ASK ITALIAN RESTAURANTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27 JUNE 2021**

2. Accounting policies (continued)

2.16 Creditors

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

2.17 Provisions for liabilities

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

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.18 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

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

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when

ASK ITALIAN RESTAURANTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 27 JUNE 2021

2. Accounting policies (continued)

2.18 Financial instruments (continued)

there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

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

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

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The directors have recognised a deferred tax asset relating to unused tax losses that are considered to be able to be offset against the company's taxable profits expected to arise in the next financial year. Management have based their assessment on the latest budget approved by the board which reflects the improved trading performance due to the impacts from Covid over the past year.

The Directors do not consider there to be any critical judgments in preparing the financial statements.

4. Turnover

Business sector analysis - The company operated in one business sector in the period, being the operation of restaurants.

	2021 £000	2020 £000
Restaurant Sales	34,259	-
	<u>34,259</u>	<u>-</u>
	2021 £000	2020 £000
United Kingdom	34,259	-
	<u>34,259</u>	<u>-</u>

All turnover arose within the United Kingdom.

ASK ITALIAN RESTAURANTS LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27 JUNE 2021**

5. Other operating income

	2021 £000	2020 £000
Furlough income	8,469	-
Business grants	2,645	-
Foreign exchange difference - gain	1	-
	11,115	-

Income was received from HMRC in the period in relation to the various furlough schemes available to the company. Business grants relate to Local Restrictions Support Grants (LRSg) provided by local governments in the year based on rateable values of the restaurants.

6. Operating (loss)/profit

	2021 £000	2020 £000
Depreciation of tangible fixed assets	33	-
Operating lease rentals	4,529	-
Defined contribution pension costs	554	-
	5,116	-

Auditor's Remuneration

	2021 £000	2020 £000
Fees payable to the Group's auditor for these financial statements	50	-
	50	-

ASK ITALIAN RESTAURANTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27 JUNE 2021**

7. Employees

Staff costs were as follows:

	2021 £000	2020 £000
Wages and salaries	21,195	-
Social security costs	1,827	-
Cost of defined contribution scheme	554	-
	<u>23,576</u>	<u>-</u>

No remuneration was paid to any director during the period by the company, this is paid by another group company.

The average monthly number of employees, including the directors, during the period was as follows:

	2021 No.	2020 No.
Restaurant and Distribution	1,493	-
Administration	27	-
	<u>1,520</u>	<u>-</u>

8. Taxation

	2021 £000	2020 £000
Total current tax	<u>-</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	(241)	-
Unused tax losses carried forward	(761)	-
Total deferred tax	<u>(1,002)</u>	<u>-</u>
Taxation on (loss)/profit on ordinary activities	<u>(1,002)</u>	<u>-</u>

ASK ITALIAN RESTAURANTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 27 JUNE 2021

8. Taxation (continued)

Factors affecting tax charge for the period

The tax assessed for the period is lower than the standard rate of corporation tax in the UK of 19%. The differences are explained below:

	2021 £000	2020 £000
(Loss)/profit on ordinary activities before tax	(1,293)	-
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19%	(246)	-
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	2	-
Re-measurement of deferred tax, change in UK tax rate	(761)	-
Capital allowances in excess of depreciation	3	-
Total tax charge for the period	(1,002)	-

Factors that may affect future tax charges

The Finance Bill 2021 (No 3) was substantively enacted on 24 May 2021 and increased the main rate of corporation tax to 25% with effect 1 April 2023. Closing deferred tax balances have therefore been valued at 19%, or 25% depending on the date they are expected to unwind.

9. Exceptional items

	2021 £000	2020 £000
Exceptional items	552	-
	552	-

Exceptional costs consist of property lease assignment fees and redundancy costs.

ASK ITALIAN RESTAURANTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27 JUNE 2021**

10. Tangible fixed assets

	Short-term leasehold property £000	Plant and machinery £000	Fixtures and fittings £000	Total £000
Cost or valuation				
Additions	63	265	407	735
At 27 June 2021	63	265	407	735
Depreciation				
Charge for the period on owned assets	-	20	13	33
At 27 June 2021	-	20	13	33
Net book value				
At 27 June 2021	63	245	394	702
At 30 Jun 2020	-	-	-	-

ASK ITALIAN RESTAURANTS LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27 JUNE 2021**

11. Inventories

	2021 £000	2020 £000
Food and drink	620	-
	620	-

12. Debtors

	2021 £000	2020 £000
Cash in transit	877	-
Trade debtors	798	-
Amounts owed by group undertakings	983	-
Other debtors	1,014	-
Prepayments and accrued income	1,529	-
Deferred taxation	1,002	-
	6,203	-

13. Cash and cash equivalents

	2021 £000	2020 £000
Cash at bank and in hand	4,583	-
	4,583	-

ASK ITALIAN RESTAURANTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27 JUNE 2021**

14. Creditors: Amounts falling due within one year

	2021 £000	2020 £000
Trade creditors	900	-
Amounts owed to group undertakings	4,262	-
Other taxation and social security	150	-
Other creditors	727	-
Accruals and deferred income	6,360	-
	<u>12,399</u>	<u>-</u>

15. Deferred taxation

	2021 £000	2020 £000
Charged to other comprehensive income	1,002	-
At end of year	<u>1,002</u>	<u>-</u>

The deferred tax asset is made up as follows:

	2021 £000	2020 £000
Origination and reversal of timing differences	241	-
Unused tax losses carried forward	761	-
	<u>1,002</u>	<u>-</u>

16. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
3 Ordinary shares of £1	<u>3</u>	<u>2</u>

Ordinary shares carry the voting rights and the right to receive notice of meetings and rights to appoint Directors.

ASK ITALIAN RESTAURANTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27 JUNE 2021**

16. Share capital (continued)

On the 28 August 2020 2 ordinary shares were issued at the nominal value of £2 to Azzurri Central Limited.

17. Reserves**Profit and loss account**

The total profit and loss account as at 27 June 2021 is £291,000 of accumulated losses.

The share premium account as at 27 June 2021 is £17.

18. Commitments under operating leases

At 27 June 2021 the Company had future minimum lease payments due under non-cancelable operating leases for each of the following periods:

	2021 £000	2020 £000
Not later than 1 year	5,100	-
Later than 1 year and not later than 5 years	19,457	-
Later than 5 years	38,550	-
	<hr/>	<hr/>
	63,107	-
	<hr/>	<hr/>

19. Controlling party

The Company is a subsidiary undertaking of Azzurri Central Limited. The ultimate controlling party is Bulstrode BV and Bulstrode BV's ultimate parent company is Towerbrook Capital Partners L.P.

The largest group in which the results of the Company are consolidated is that headed by Bulstrode B.V. The smallest group in which they are consolidated is that headed by Azzurri Group Holdings UK Limited, 3rd Floor, Capital House, 25 Chapel Street, London, NW1 5DH. The consolidated financial statements of Azzurri Group Holdings UK Limited are available to the public and may be obtained from 3rd Floor, Capital House, 25 Chapel Street, London, NW1 5DH.