

THE RESTAURANT GROUP (UK) LIMITED

Annual Report and Financial Statements

28 December 2014

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# The Restaurant Group (UK) Limited

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Registered No. 894426

## **DIRECTORS**

Andrew Page (resigned 1 September 2014)

Danny Breithaupt (from 1 September 2014)

Stephen Critoph

## **COMPANY SECRETARY**

Alex Small

## **AUDITOR**

Deloitte LLP

Chartered Accountants and Statutory Auditor

London, UK

## **SOLICITORS**

Slaughter and May

One Burnhill Row

London, UK

## **REGISTERED OFFICE**

5-7 Marshalsea Road

London SE1 1EP

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# The Restaurant Group (UK) Limited

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## STRATEGIC REPORT

### PRINCIPAL ACTIVITY AND FUTURE DEVELOPMENTS

The Company's principal activity during the period continued to be the operation of restaurants. During the year under review the Company continued to expand, opening new restaurants and refurbishing existing restaurants. The Company plans to continue to operate restaurants and expand through opening new restaurants and refurbishing existing sites.

### BUSINESS REVIEW

The Restaurant Group (UK) Limited operates 340 branded restaurants predominantly in leisure locations and airports. Its primary brands are Frankie & Benny's, Coast to Coast, Garfunkels and the Concessions business.

#### *Frankie & Benny's (247 units)*

Frankie & Benny's traded well during the year with growth in turnover and profit. During the year a number of menu initiatives were introduced, notably the introduction of a chicken section on the menu which has proved to be hugely successful. Further steps were taken to strengthen the management team as the brand continues its rapid rate of growth. During the year 19 new restaurants were opened, reaching a total of almost 250, an increase of some 20% in the size of the estate in the last three years. As in previous years these are in a range of different locations including new developments, the extension of existing schemes and the conversion of units from other operators. Trading at our new openings has been strong and they are set to deliver excellent returns. 14 and 18 new Frankie & Benny's are anticipated to open in 2015. The strength of the Frankie & Benny's brand, its breath of appeal, high levels of customer recognition and strong family appeal all contribute to a consistent track record of success.

#### *Coast to Coast (13 units)*

Coast to Coast also had an excellent year financially with substantial increases in turnover and profit. Following its launch at the end of 2011 in Brighton, Coast to Coast is now a well established and successful brand. Most of our Coast to Coast restaurants are co-located with Frankie & Benny's. It has a distinct market position and as a result negligible levels of cannibalization are seen in such co-located situations. The location strategy for Coast to Coast tends to be on leisure and retail schemes in larger markets. The brand can work well in some UK city centre locations, as seen with the successful Birmingham Broad Street opening at the end of 2013. During the year three Coast to Coast restaurants opened all of which are performing well and set to deliver strong returns. In 2015 we expect to open between 7 and 10 Coast to Coast restaurants. We are also delighted to have secured the first Coast to Coast restaurant in an airport environment as part of the major redevelopment at Stansted, which opened during the first half of 2015.

#### *Garfunkel's (15 units)*

Garfunkel's is a good business generating significant cash flows and excellent returns on investment. As other parts of the Company continue to grow rapidly, Garfunkel's is becoming a smaller proportion of the total. There is no specific roll out strategy for Garfunkel's, but new sites are considered on an opportunistic basis.

#### *Concessions (58 units)*

Concessions had another really strong year with good growth in turnover and profits. The business has a strong market position in most of the leading UK airports. During the year seven new sites were opened, including taking over all of the catering operations at Southampton Airport and opening the very successful Wondertree restaurant in the new Heathrow Terminal 2. The performance of our new openings this year has been excellent and all are set to deliver strong returns. In 2015 five to seven outlets are expected to open in our Concessions business. This includes three outlets in the re-developed Stansted airport, including the first Coast to Coast in an airport, as described earlier.

## STRATEGIC REPORT

### KEY PERFORMANCE INDICATORS

The Board of Directors and executive management receive a wide range of management information delivered in a timely manner. Listed below are the principal measures of progress that are reviewed on a regular basis to monitor the development of the brands:

#### Like-for-like sales

This measure provides an indicator of the underlying performance of existing restaurants, and highlights successful developments of our offerings to best match changing consumer demands over time.

#### New sites opened

The expansion of the brand is a key driver of profitability. Potential new sites are subject to a rigorous appraisal process before they are presented to the Board for approval. This process ensures the quality is maintained as well as the quantity of sites opened. During 2014, 29 new sites were opened (2013: 27 new sites), 15 sites have opened to date in 2015 with a possible further 10 to 17 openings by the year end.

#### EBITDA

The ability of the Company to finance its roll-out programme is aided by strong cash flows from the existing business. EBITDA, defined as operating profit before depreciation, amortisation and exceptional items which are of a one-off nature or are unrelated to the year's result and hence not representative of the underlying trading performance of the business (see note 4), serves as a useful proxy for cash flows generated by operations and is closely monitored. During 2014 the Company generated £95.2m EBITDA, an increase of 5.8% on 2013 (EBITDA of £90.0m).

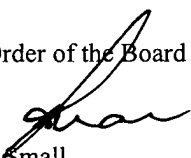
#### Operating profit margin

The Board and management closely monitor profit margins as an indicator of operating efficiency within restaurants and across the Company. During 2014, the Company's adjusted operating profit margin, where operating profit has been adjusted to exclude any items of a one-off nature that are unrelated to the underlying performance of the Company, decreased by 0.7% to 14.2% (2013: 14.9%).

### PRINCIPAL RISKS AND UNCERTAINTIES

The Directors consider the principal risks and uncertainties facing the Company to include adverse economic conditions and a decline in consumer confidence and spend in the UK, increases in prices of key raw materials, wages and overheads (including utilities), increased competition, damage to our brands' images due to failures in environmental health compliance in the restaurants or from contamination of products, and increased regulation of the food and beverage industry leading to higher costs.

By Order of the Board



Alex Small  
Company Secretary  
25 September 2015

# The Restaurant Group (UK) Limited

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## DIRECTORS REPORT

The Directors submit their report and accounts for the 52 weeks ended 28 December 2014.

### RESULTS AND DIVIDENDS

The Report and Accounts are drawn up on a 52 week reporting basis ending 28 December 2014 with a comparative 52 week period ending 29 December 2013. The profit after taxation and before dividends for the year was £59,591,000 (2013: £49,769,000). An interim dividend of £1.454561957 per share, totalling £50,000,000, was paid on 22 December 2014 (2013: interim dividend of £40,000,000). The Directors do not recommend payment of a final dividend. A profit after taxation of £59,591,000 (2013: profit of £49,769,000) will be transferred to reserves.

### FINANCIAL INSTRUMENTS

The Board of the Company regularly reviews the financial requirements of the Company within the context of its financing arrangements within the group of companies to which it belongs (The Restaurant Group plc). The Company and Group do not use complicated financial instruments, and within the Group, where applicable financial instruments are used solely for the purpose of reducing interest rate risk. The Group operates a centralised cash pooling and payments system and the financial arrangements of the Group are principally transacted through The Restaurant Group plc and The Restaurant Group (UK) Limited, acting as a treasury function for other subsidiary companies of the group (principally Chiquito Limited and Blubeckers Limited). Due to the nature of the Company's operational and financial structure there is limited currency and credit risk. Credit risk exists through non-payment by customers although most transactions are settled either through cash or by credit cards, where the Group has an arrangement with major credit card suppliers. Currency risk is limited as the Group as a whole has no trading subsidiaries outside of the United Kingdom.

The Restaurants Group (UK) Limited acts as the treasury facility for the Group for banking arrangements. As such there is an exposure to interest rate fluctuations, depending on the level of debt held in the Company. The Group uses interest rate swaps, where appropriate, as part of its financial risk management process.

### DIRECTORS

The Directors who served throughout the year, except as noted, were as follows:

Andrew Page (resigned 1 September 2014)

Danny Breithaupt (appointed 1 September 2014)

Stephen Critoph

### EMPLOYEES

All restaurants receive regular communication packs with updates of what is happening within the Company. There are processes in place for monthly meetings within restaurants to cascade information throughout the Company and, most importantly, senior managers spend a considerable amount of time visiting the restaurants and discussing matters with the teams. The staff handbook clearly sets out that the Company offers equal employment rights regardless of age, colour, gender, sexual orientation, disability or religion and this is reinforced from the recruitment process onwards. There are clear and fair terms of employment within the Company, all staff are provided with a contract of employment or service agreement and there are fully documented procedures in place for disciplinary issues and grievances raised by employees.

### GOING CONCERN

During 2015 The Restaurant Group plc, the group of companies to which The Restaurant Group (UK) Limited is a wholly owned subsidiary, renegotiated its banking facility and the existing facility was extended for five years, now expiring in June 2020. At 28 December 2014 the Group had net debt of £38.6m (29 December 2013: £41.9m).

Based on the Company's plans for 2015 and after making enquiries (including preparation of reasonable trading forecasts, consideration of current financing arrangements and current headroom for liquidity and covenant compliance), the Directors have a reasonable expectation that the Company has adequate resources to continue operations for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

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# The Restaurant Group (UK) Limited

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## DIRECTORS REPORT

### DISCLOSURE OF INFORMATION TO AUDITOR

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

1. so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
2. the Director has taken all the steps that he/she ought to have taken as a Director in order to have himself/herself 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.

### AUDITOR

Deloitte LLP has expressed their willingness to remain in office. In accordance with section 485 of the Companies Act 2006, a resolution proposing their reappointment as auditor of the Company will be put to the Annual General Meeting.

### 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). 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 judgments and accounting estimates that are reasonable and prudent; 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.

By Order of the Board



Alex Small  
Company Secretary  
25 September 2015

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE RESTAURANT GROUP (UK) LIMITED**

We have audited the financial statements of The Restaurant Group (UK) Limited for the 52 weeks ended 28 December 2014 which comprise the Profit and Loss Account, the Reconciliation of Movement in Shareholders' Funds, the Balance Sheet and 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 (United Kingdom Generally Accepted Accounting Practice).

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

### **Respective responsibilities of Directors and auditor**

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

### **Scope of the audit of the financial statements**

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

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 28 December 2014 and of its profit for the 52 weeks then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE RESTAURANT GROUP (UK) LIMITED (continued)**

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

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

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

*M. R. Lee-Amies*

Mark Lee-Amies, FCA (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
London, United Kingdom  
25 September 2015



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## The Restaurant Group (UK) Limited

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### PROFIT AND LOSS ACCOUNT

for the 52 weeks ended 28 December 2014

	Note	2014 £'000	2013 £'000
<b>Turnover</b>	2	<b>483,722</b>	446,787
Cost of sales		<u>(386,344)</u>	<u>(353,628)</u>
<b>Gross profit</b>		<b>97,378</b>	93,159
Administrative expenses		(28,647)	(26,607)
Disposal of investment in associate	4	6,862	-
Provision released / (created) against amounts receivable from other group undertakings	4	<u>(125)</u>	<u>4</u>
<b>Operating profit</b>	3	<b>75,468</b>	66,556
Net interest payable	7	<u>(1,981)</u>	<u>(1,832)</u>
<b>Profit on ordinary activities before taxation</b>		<b>73,487</b>	64,724
Taxation on profit on ordinary activities	8	<u>(13,896)</u>	<u>(14,955)</u>
<b>Profit on ordinary activities after taxation</b>		<u><b>59,591</b></u>	<u>49,769</u>

All amounts relate to continuing activities.

The notes on pages 11 to 26 form part of these financial statements.

There are no recognised gains or losses in either year other than the profit for the year and consequently no separate statement of total recognised gains and losses has been prepared.

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## The Restaurant Group (UK) Limited

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### RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS for the 52 weeks ended 28 December 2014

	<i>Note</i>	<b>2014</b> <b>£'000</b>	2013 £'000
Profit for the year		<b>59,591</b>	49,769
Dividends	9	<b>(50,000)</b>	(40,000)
Capital contribution	20, 21	<b>2,795</b>	2,947
Total movements during the year		<u><b>12,386</b></u>	<u>12,716</u>
Opening shareholders' funds		<u><b>85,813</b></u>	<u>73,097</u>
Closing shareholders' funds		<u><b>98,199</b></u>	<u>85,813</u>

The notes on pages 11 to 26 form part of these financial statements.

# The Restaurant Group (UK) Limited

## BALANCE SHEET at 28 December 2014

		28 December 2014 £'000	29 December 2013 £'000
	Note		
<b>FIXED ASSETS</b>			
Tangible assets	10	215,346	199,171
Investments	11	612	612
		<u>215,958</u>	<u>199,783</u>
<b>CURRENT ASSETS</b>			
Stock		3,717	3,474
Debtors	13	303,740	259,832
Cash in bank and in hand		-	4,776
		<u>307,457</u>	<u>268,082</u>
<b>CREDITORS: amounts falling due within one year</b>	14	(376,571)	(323,294)
<b>NET CURRENT LIABILITIES</b>		<u>(69,114)</u>	<u>(55,212)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>146,844</u>	<u>144,571</u>
<b>CREDITORS: amounts falling due after more than one year</b>	15	(39,458)	(49,165)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>			
Deferred taxation	16	(4,973)	(5,025)
Provisions	17	(4,214)	(4,568)
<b>NET ASSETS</b>		<u>98,199</u>	<u>85,813</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	18	3,437	3,437
Share premium account	19	6,845	6,845
Capital contribution	20	20,002	17,207
Profit and loss account	22	67,915	58,324
<b>SHAREHOLDERS' FUNDS</b>		<u>98,199</u>	<u>85,813</u>

The Board of Directors approved the financial statements of The Restaurant Group (UK) Limited (Company Registration number 894426) on 25 September 2015.



Stephen Critoph  
Director

The notes on pages 11 to 26 form part of these financial statements.

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# The Restaurant Group (UK) Limited

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## NOTES TO THE ACCOUNTS

At 28 December 2014

### 1 ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

#### *Accounting convention*

The accounts have been drawn up using the historical cost convention and have been prepared in accordance with applicable United Kingdom accounting standards.

Consolidated accounts have not been prepared as the Company is a wholly owned subsidiary of another company incorporated in Great Britain, The Restaurant Group plc. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

No cash flow statement has been presented as the Company is a wholly owned subsidiary of The Restaurant Group plc whose group accounts include a group cash flow statement.

#### *Going concern basis*

The financial statements have been prepared on a going concern basis as, after making appropriate enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future at the time of approving the financial statements. The principal risks and uncertainties facing the Company and further comments on going concern are set out on pages 3 and 4.

#### *Depreciation*

Tangible fixed assets are stated at cost less accumulated depreciation calculated to write off the cost less residual values on the straight-line basis over their estimated useful lives, as follows:

Freehold land	–	indefinite
Freehold buildings	–	50 years
Long and short leasehold property	–	unexpired term of lease or 50 years whichever is less
Fixtures and equipment	–	5 to 10 years
Motor vehicles	–	4 years

Under FRS 11, 'Impairment of Fixed Assets', adjustments are made to asset values, through additional depreciation if events indicate that the carrying value of fixed assets may not be recoverable.

#### *Turnover*

Turnover represents amounts received and receivable for services and goods provided (excluding value added tax and voluntary gratuities left by customers for the benefit of employees) and is recognised at the point of sale.

#### *Stock*

Stock represents foodstuffs, beverages and consumables and has been valued at the lower of cost and estimated net realisable value.

#### *Leasing*

Rentals payable under operating leases are charged to the profit and loss account on a straight-line basis over the terms of the leases.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

#### *Pre-opening costs*

Property rentals and related costs incurred up to the date of opening a new restaurant are expensed in the year in which they arise. Promotional and training costs are expensed as and when incurred.

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# The Restaurant Group (UK) Limited

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## NOTES TO THE ACCOUNTS

At 28 December 2014

### 1 ACCOUNTING POLICIES (CONTINUED)

#### *Current and deferred taxation*

Corporation tax payable is provided on the taxable profit at the current rate. Deferred tax is recognised on a full provision basis (with certain exceptions required by Financial Reporting Standard 19).

Full provision is made for deferred tax assets and liabilities arising from timing differences between the recognition of gains and losses in the financial statements and their recognition in a tax computation, except where the gain on sale of an asset has been rolled over into replacement assets. Deferred tax balances are not discounted.

#### *Pensions*

The company makes contributions for selected employees into defined contribution Group Personal Pension Plans and these contributions are charged to the profit and loss account as they become payable.

#### *Share-based payments*

The Group operates a share option programme which allows employees of the company to acquire shares in its parent company, The Restaurant Group plc. The fair value of options granted is recognised as an employee expense with a corresponding capital contribution within equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using a Stochastic model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to share prices not achieving the threshold for vesting.

In accordance with an available election in FRS 20, share-based awards granted before 7 November 2002 have not been subject to a charge.

### 2 TURNOVER

Turnover represents amounts received and receivable for services and goods provided to third parties (excluding value added tax). All turnover arose in the United Kingdom.

### 3 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

This is stated after charging/(crediting):

	2014 £'000	2013 £'000
Depreciation	26,480	23,492
Operating lease rentals – land and buildings	59,112	55,074
Rental income	(2,685)	(3,097)

#### *Auditor's remuneration*

Audit services for the audit of the annual accounts	3	4
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Operating profit also includes amounts paid for the audit of other subsidiary companies of the Group. Full disclosure of amounts receivable by the auditors in respect of audit and non-audit services is given in the Group accounts of The Restaurant Group plc.

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# The Restaurant Group (UK) Limited

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## NOTES TO THE ACCOUNTS

At 28 December 2014

### 4 EXCEPTIONAL ITEMS

	2014 £'000	2013 £'000
Disposal of investment in associate	6,862	-
Provision released / (created) against amounts receivable from other group undertakings	(125)	4
Total exceptional items	<u>6,737</u>	<u>4</u>

i) On 17 April 2014 the Company disposed of part of its interest in The Living Ventures group following the sale of the Gusto business. During the 52 weeks ended 28 December 2014, the Company received £7m of cash proceeds in respect of this disposal and the resulting profit on disposal of £6.9m, net of cost is reported as an exceptional item.

ii) Following a detailed review of the trading performance of other subsidiaries with the group of companies to which it belongs, the company has provided against the outstanding inter-company loan receivable from a number of these companies, including DPP Restaurants Limited, due to uncertainty over their future profitability.

### 5 DIRECTORS' EMOLUMENTS

	2014 £'000	2013 £'000
Salaries	870	1,076
Bonus	978	1,486
Pension contributions	159	195
Benefits in kind	35	49
	<u>2,042</u>	<u>2,806</u>

The Company made contributions to defined contribution pension plans in respect of Andrew Page, Danny Breithaupt, Stephen Critoph and other senior executives of the Company.

The amounts in respect of the highest paid Director are as follows:

	2014 £'000	2013 £'000
Emoluments	428	629
Bonus	509	993
Pension contributions	82	120
	<u>1,019</u>	<u>1,742</u>

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# The Restaurant Group (UK) Limited

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## NOTES TO THE ACCOUNTS

At 28 December 2014

### 6 STAFF COSTS AND NUMBERS

The average number of staff employed by the Company during the period amounted to:

	2014	2013
Restaurant staff	9,932	8,999
Administration staff	233	215
	<u>10,165</u>	<u>9,214</u>

The aggregate payroll costs of the above were:

	2014 £'000	2013 £'000
Wages and salaries	138,324	124,923
Social security costs	10,369	9,954
Other pension costs	1,125	838
	<u>149,818</u>	<u>135,715</u>

### 7 NET INTEREST PAYABLE

	2014 £'000	2013 £'000
<i>Interest receivable:</i>		
Bank interest receivable	11	12
Other interest receivable	92	205
	<u>103</u>	<u>217</u>
<i>Interest payable:</i>		
Bank overdrafts and loans wholly repayable within 5 years	(1,378)	(1,347)
Facility fees	(314)	(330)
Other interest payable	(392)	(372)
	<u>(2,084)</u>	<u>(2,049)</u>
Net interest payable	<u>(1,981)</u>	<u>(1,832)</u>

# The Restaurant Group (UK) Limited

## NOTES TO THE ACCOUNTS

At 28 December 2014

### 8 TAX ON PROFIT ON ORDINARY ACTIVITIES

#### a) The taxation charge comprises:

	2014 £'000	2013 £'000
<i>Current taxation</i>		
UK corporation tax at 21.5% (2013: 23.25%)	14,582	16,282
Adjustments in respect of previous years	(634)	(257)
	<u>13,948</u>	<u>16,025</u>
<i>Deferred taxation</i>		
Origination and reversal of timing differences	6	(341)
Credit in respect of rate change	(121)	(754)
Adjustments in respect of previous years	63	25
	<u>(52)</u>	<u>(1,070)</u>
Taxation charge	<u>13,896</u>	<u>14,955</u>

The Finance Act 2012 introduced a reduction in the main rate of corporation tax from April 2014 from 23% to 21% resulting in a blended rate of 21.5% being used to calculate the tax liability for the 52 weeks ended 28 December 2014.

Further rate reductions in the main corporation tax rate to 20% from April 2015 was substantively enacted on 2 July 2013, therefore the deferred tax provision at the balance sheet date has been calculated at 20%.

#### b) Factors affecting the corporation tax charge for the year

The tax assessed for the year is higher than the standard UK corporation tax rate of 21.5% due to the following factors

	2014 £'000	2013 £'000
Profit on ordinary activities before taxation	<u>73,487</u>	<u>64,724</u>
Profit on ordinary activities before taxation multiplied by the standard UK corporation tax rate of 21.5% (2013: 23.25%)	15,800	15,048
<i>Effects of:</i>		
Depreciation in excess of capital allowances	189	22
Expenses not deductible for tax purposes (including depreciation on non-qualifying assets)	1,422	1,632
Other adjustments	60	382
Adjustment in respect of tax relief on share options	(1,799)	(825)
Exempt exceptional income	(1,505)	-
Group relief	75	23
Adjustment in respect of prior years	(294)	(257)
	<u>13,948</u>	<u>16,025</u>



# The Restaurant Group (UK) Limited

## NOTES TO THE ACCOUNTS

At 28 December 2014

### 9 DIVIDENDS

	2014 £'000	2013 £'000
Interim dividends paid: 145.456p (2013: 116.365p) per share	50,000	40,000
Total dividends paid	50,000	40,000

### 10 TANGIBLE FIXED ASSETS

	Land and buildings £'000	Fixtures, equipment and vehicles £'000	Total £'000
Cost:			
At 29 December 2013	250,569	106,299	356,868
Additions	29,538	15,597	45,135
Disposals	(9,546)	(4,527)	(14,073)
<b>At 28 December 2014</b>	<b>270,561</b>	<b>117,369</b>	<b>387,930</b>
Depreciation:			
At 29 December 2013	92,505	65,192	157,697
Charged during the year	13,824	12,656	26,480
Disposals	(7,369)	(4,224)	(11,593)
<b>At 28 December 2014</b>	<b>98,960</b>	<b>73,624</b>	<b>172,584</b>
Net book values:			
<b>At 28 December 2014</b>	<b>171,601</b>	<b>43,745</b>	<b>215,346</b>
At 29 December 2013	158,064	41,107	199,171

	2014 £'000	2013 £'000
<i>Net book value of land and buildings:</i>		
Freehold	26,168	21,896
Long leasehold	1,590	1,679
Short leasehold	143,843	134,489
	<b>171,601</b>	<b>158,064</b>

# The Restaurant Group (UK) Limited

## NOTES TO THE ACCOUNTS

At 28 December 2014

### 11 INVESTMENTS

Shares in subsidiary undertakings:

£'000

*Cost:*

At 29 December 2013 and 28 December 2014

737

*Provided for:*

At 29 December 2013 and 28 December 2014

(125)

*Net book value*

At 29 December 2013 and 28 December 2014

612

The undertakings in which the Company's interest at the year end is 20% or more are as follows:

	<i>Country of Incorporation</i>	<i>Nature of business</i>	<i>Share capital</i>
Garfunkels Restaurants Limited	U.K.	Dormant	100%
Black Angus Steak Houses Limited	U.K.	Dormant	100%
Deep Pan Pizza Company Limited	U.K.	Dormant	100%
Strikes Restaurants Limited	U.K.	Dormant	100%
City Hotels Group Limited *	U.K.	Dormant	100%
Frankie & Benny's (UK) Ltd	U.K.	Dormant	100%
City Centre Restaurants (UK) Limited **	U.K.	Dormant	100%
CCR Properties (No. 1) Limited	U.K.	Dormant	100%
CCR Properties (No. 2) Limited	U.K.	Dormant	100%
DPP Restaurants Limited	U.K.	Non-trading***	100%
Frankie & Benny's SL	Spain	Non-trading****	100%

\* The shares are held by Strikes Restaurants Limited

\*\* On 10 November 2011, Case Pasta Limited changed its name to City Centre Restaurants (UK) Limited

\*\*\* DPP Restaurants Limited operated restaurants until July 2007 when the last site ceased to trade.

\*\*\*\* Frankie & Benny's SL operated restaurants until June 2011 when the last site ceased to trade.

With the exception of City Hotels Group Limited, all the shares owned are ordinary shares. City Hotels Group Limited has two classes of shares, ordinary and deferred ordinary shares. Both classes of shares are held by Strikes Restaurants Limited.

### 12 LONG -TERM RECEIVABLE

Until 17 April 2014, The Restaurant Group plc held a 37.4% investment in BH Restaurants Limited (formerly Living Ventures Restaurants Group Limited) and this investment was accounted for using the equity method. On 17 April 2014 the Company disposed of part of its interest in BH Restaurants Limited following the sale of the Gusto business. Following the disposal, the Company's only remaining interest in the residual business is a £4m loan note which has been fully provided against as a result of a detailed review of the trading performance of the BH Restaurants Limited. Interest was receivable from BHR Finance Limited on a loan note of £10.4m at a rate of LIBOR + 1%. In the 52 weeks ended 28 December 2014 £0.1m of interest accrued (to the date of disposal) of which the Company recognised £0.1m (2013: £0.2m of which the Company recognised £0.2m).

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# The Restaurant Group (UK) Limited

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## NOTES TO THE ACCOUNTS

At 28 December 2014

### 13 DEBTORS

	2014 £'000	2013 £'000
Trade debtors	1,503	1,721
Other debtors	7,489	6,070
Prepayments and accrued income	9,818	10,574
Amounts receivable from other group undertakings	284,930	241,467
	<u>303,740</u>	<u>259,832</u>

### 14 CREDITORS: amounts falling due within one year

	2014 £'000	2013 £'000
Bank overdraft	2,617	-
Trade creditors	45,292	42,586
Amounts owed to group undertakings	270,635	223,589
Corporation tax	5,406	7,460
Other taxation and social security	16,396	15,132
Other creditors	5,782	5,773
Accruals	30,443	28,754
	<u>376,571</u>	<u>323,294</u>

### 15 CREDITORS: amounts falling due after more than one year

	2014 £'000	2013 £'000
Bank loan repayable in 2-5 years	39,458	49,165

In June 2015, the Company agreed a five year extension of the existing £140m rolling loan facility. This facility provides the Company with medium-term security of funding, additional capacity to take advantage of business opportunities as they become available and the flexibility to optimise the company's funding structure. The covenants and obligations of the facility extension remain the same as the previous agreement and interest remains payable on the amount drawn down at LIBOR plus mandatory cost and the bank's margin, which is dependent on the debt to EBITDA ratio.

# The Restaurant Group (UK) Limited

## NOTES TO THE ACCOUNTS

At 28 December 2014

### 16 DEFERRED TAXATION

	£'000	
Balance at 29 December 2013	5,025	
Credit to profit and loss account	(52)	
<b>Balance at 28 December 2014</b>	<b>4,973</b>	
	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
<i>Deferred tax consists of:</i>		
Accelerated capital allowances	5,732	5,968
Other short term timing differences	(759)	(943)
	<b>4,973</b>	<b>5,025</b>

### 17 PROVISIONS

	£'000
<i>Provision for onerous lease contracts</i>	
As at 29 December 2013	4,568
Additional provisions made	338
Provisions released	(183)
Unwinding of discounts	387
Utilised during the year	(1,133)
Adjustment for change in discount rate	237
<b>As at 28 December 2014</b>	<b>4,214</b>

The provision for onerous contracts is in respect of lease agreements and covers the onerous element of expenditure over the life of those contracts which are considered onerous, expiring in 1 to 32 years.

### 18 SHARE CAPITAL

	Ordinary shares of 10p	
	Number	£'000
<i>Allotted, called up and fully paid:</i>		
At 29 December 2013 and 28 December 2014	34,374,610	3,437

### 19 SHARE PREMIUM ACCOUNT

	£'000
At 29 December 2013 and 28 December 2014	6,845

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# The Restaurant Group (UK) Limited

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## NOTES TO THE ACCOUNTS

At 28 December 2014

### 20 CAPITAL CONTRIBUTION

	£'000
At 29 December 2013	17,207
Capital contribution in respect of share options charge	2,795
<b>At 28 December 2014</b>	<b>20,002</b>

Full details of the share-based payment schemes are given in note 21.

### 21 SHARE-BASED PAYMENT SCHEMES

Employees of the Company, as part of The Restaurant Group plc, are eligible to participate in a number of share option schemes. The Company currently operates three types of scheme, a Long-Term Incentive Plan ("LTIP" or "Plan"), a Save As You Earn ("SAYE") scheme and Executive Share Option Plans ("ESOPs") under which awards over shares in The Restaurant Group plc may be granted to employees, including executive Directors.

The charge recorded in the financial statements of the Company in respect of share-based payments is £2.8m (2013: £2.9m). A corresponding increase in equity is recorded as a capital contribution. The Company has taken advantage of the exemption under FRS 20 'Share-based Payment' not to account for share options granted before 7 November 2002.

#### Long-Term Incentive Plan

The Restaurant Group plc operates a Long Term Incentive Plan. Awards under the LTIP are generally reserved for senior management level and above. Under the terms of the LTIP, individuals may receive an award of conditional free shares ("Conditional Awards") with a face value at grant of up to 150% of salary per annum, vesting at least three years after grant subject to performance conditions and continued employment.

In addition, the Plan has the flexibility to grant conditional awards on a matching basis, pro rata to the number of shares purchased via the annual bonus ("Matching Awards"). Matching Awards may be granted over shares worth up to 50% of base salary per annum

The total LTIP opportunity will therefore be 200% of basic salary, subject to 50% of basic salary being invested into the matching plan.

For awards made in 2014, Conditional Award levels were set at 150% of basic salary for the Chief Executive Officer and 100% of salary for the Group Finance Director, and Matching Award levels will be up to 50% of basic salary for both individuals.

Awards for Directors are typically structured with a combination of Total Shareholder Return ("TSR") and Earnings Per Share ("EPS") performance conditions although, as set out in last year's accounts, only TSR was operated for the 2009 award given the low visibility of earnings growth as a result of the economic conditions at the time of grant.

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# The Restaurant Group (UK) Limited

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## NOTES TO THE ACCOUNTS

At 28 December 2014

### 21 SHARE-BASED PAYMENT SCHEMES (continued)

The performance conditions will be as follows:

- The performance condition attached to 50% of the Conditional Awards will require average annual EPS growth over the three year period of the award of between RPI plus 4% to RPI plus 10% p.a. and 88% of this part of the award will vest.
- The performance conditions attached to the other 50% of the Conditional Award and Matching Award will be based on TSR performance measured against the constituents of the FTSE Travel & Leisure Index (excluding airlines) over a single three-year period from 2011 to 2014.
- Awards will vest on a straight-line basis between the minimum and maximum thresholds.

The combination of EPS and TSR performance conditions provides a balance between rewarding management for growth in sustainable profitability and stock market out performance. The EPS target range will require growth from the current all-time high level of profitability and the TSR condition will be based from a strong recent share price performance. Performance against the TSR and EPS targets will be independently calculated and reviewed by the Committee.

A clawback provision operates within the LTIP scheme.

The performance conditions of the Awards to staff members other than Directors mirror those of the Directors' with 50% of the awards based on EPS and 50% based on TSR.

Conditional Award share options and Matching Award share options were granted to Directors and selected employees. In respect of the Matching Award share options, the respective Director or employee is required to acquire a number of shares by a specified date, known as "Deposited Shares", and retain these shares until the Matching Award share options vest, for those Matching Award share options to be valid. The table overleaf summarises the dates of awards under the LTIP and the dates by which Directors and employees were required to acquire their Deposited Shares.

<b>Date of Award</b>	<b>Date by which Deposited Shares must be acquired</b>
1 March 2012	30 June 2012
28 February 2013	30 June 2013
27 February 2014	30 June 2014

Vesting of share options under the LTIP is subject to continuing employment or in accordance with "good leaver" properties as set out in scheme rules. In exceptional circumstances, employees may be permitted to exercise options before the normal period in which they are exercisable.

For the conditional and matching awards granted on 16 March 2011 which became exercisable on 17 March 2014, and for those awards granted on 1 March 2012 that vest in 2015, the performance criteria were based on total shareholder return ("TSR") and earnings per share ("EPS"). In respect to both schemes, The Restaurant Group plc was ranked in the upper quartile against its comparator group and consequently the TSR element of the award will vest in full. In respect of the EPS element of the award the growth in EPS was between RPI +4% and RPI +10% and 88% of this part of the award will vest.

# The Restaurant Group (UK) Limited

## NOTES TO THE ACCOUNTS At 28 December 2014

### 21 SHARE-BASED PAYMENT SCHEMES (continued)

Year ended 28 December 2014

Period during which options are exercisable	Type of award	Fair value	Outstanding at the beginning of the year	Granted	Exercised	Lapsed	Outstanding at the end of the year	Exercisable at the end of the year
2014	Conditional - TSR element	209.8p	417,873	-	(416,492)	(1,381)	-	-
2014	Conditional - EPS element	295.5p	417,873	-	(367,736)	(50,137)	-	-
2014	Matching Conditional - TSR element	295.5p	322,184	-	(260,391)	(61,793)	-	-
2015	Conditional - EPS element	124.5p	456,186	-	(166,783)	(32,749)	256,654	-
2015	Matching - TSR element	283.5p	456,187	-	(166,810)	(32,721)	256,656	-
2015	Matching - EPS element	124.5p	164,791	-	(58,591)	(8,743)	97,457	-
2015	Conditional - TSR element	283.5p	164,793	-	(58,618)	(8,715)	97,460	-
2016	Conditional - EPS element	214.9p	330,197	-	(56,226)	(68,851)	205,120	-
2016	Matching - TSR element	418.9p	330,197	-	(56,226)	(68,851)	205,120	-
2016	Matching - EPS element	214.9p	116,312	-	(18,361)	(18,936)	79,015	-
2016	Conditional - TSR element	418.9p	116,311	-	(18,361)	(18,932)	79,018	-
2017	Conditional - EPS element	431.8p	-	264,578	(11,854)	(69,732)	182,992	-
2017	Matching - TSR element	658.5p	-	264,578	(11,854)	(69,731)	182,993	-
2017	Matching - EPS element	431.8p	-	104,096	(3,951)	(36,571)	63,574	-
2017	Conditional - TSR element	658.5p	-	104,095	(3,951)	(36,569)	63,575	-
Total number			3,292,904	737,347	(1,676,205)	(584,412)	1,769,634	-

Year ended 29 December 2013

Period during which options are exercisable	Type of award	Fair value	Outstanding at the beginning of the year	Granted	Exercised	Lapsed	Outstanding at the end of the year	Exercisable at the end of the year
2013	Conditional - TSR element	144.0p	497,774	-	(497,774)	-	-	-
2013	Conditional - EPS element	208.9p	497,775	-	(356,526)	(141,249)	-	-
2013	Matching Conditional - TSR element	208.9p	365,954	-	(260,348)	(105,606)	-	-
2014	Conditional - EPS element	209.8p	446,764	-	(14,002)	(14,889)	417,873	-
2014	Matching - TSR element	295.5p	446,765	-	(7,658)	(21,234)	417,873	-
2014	Matching - EPS element	295.5p	354,087	-	(11,082)	(20,821)	322,184	-
2015	Conditional - TSR element	124.5p	502,963	-	(7,439)	(39,338)	456,186	-
2015	Conditional - EPS element	283.5p	502,962	-	(5,521)	(41,254)	456,187	-
2015	Matching - TSR element	124.5p	180,719	-	(3,716)	(12,212)	164,791	-
2015	Matching - EPS element	283.5p	180,719	-	(2,754)	(13,172)	164,793	-
2016	Conditional - TSR element	214.9p	-	344,556	-	(14,359)	330,197	-
2016	Conditional - EPS element	418.9p	-	344,556	-	(14,359)	330,197	-
2016	Matching - TSR element	214.9p	-	143,756	-	(27,444)	116,312	-
2016	Matching - EPS element	418.9p	-	143,755	-	(27,444)	116,311	-
Total number			3,976,482	976,623	(1,166,820)	(493,381)	3,292,904	-

# The Restaurant Group (UK) Limited

## NOTES TO THE ACCOUNTS

At 28 December 2014

### 21 SHARE-BASED PAYMENT SCHEMES (continued)

#### Save As You Earn Scheme

Under the Save As You Earn ("SAYE") scheme, the Board may grant options over shares in The Restaurant Group plc to UK-based employees of the Group. Options are granted with a fixed exercise price equal to 80% of the average market price of the shares for the five days prior to invitation. Employees pay a fixed amount from their salary into a savings account each month for the three-year savings period. At the end of the savings period, employees have six months in which to exercise their options using the funds saved. If employees decide not to exercise their options, they may withdraw their funds saved and the options expire. Exercise of options is subject to continued employment within the Group. In exceptional circumstances, employees may be permitted to exercise these options before the end of the three-year savings period. Options were valued using the Stochastic share pricing model.

#### Year ended 28 December 2014

Period during which options are exercisable	Exercise price	Outstanding at the beginning of the year	Granted	Exercised	Lapsed	Outstanding at the end of the year	Exercisable at the end of the year
2015 - 2016	283.0p	484,404	-	(1,678)	(43,215)	439,511	-
2016 - 2018	525.0p	-	1,296,434	-	(10,968)	1,285,466	-
<b>Total number</b>		<b>484,404</b>	<b>1,296,434</b>	<b>(1,678)</b>	<b>(54,183)</b>	<b>1,724,977</b>	<b>-</b>

#### Year ended 29 December 2013

Period during which options are exercisable	Exercise price	Outstanding at the beginning of the year	Granted	Exercised	Lapsed	Outstanding at the end of the year	Exercisable at the end of the year
2013	184.0p	216,049	-	(206,977)	(9,072)	-	-
2015 - 2016	283.0p	575,063	-	-	(90,659)	484,404	-
<b>Total number</b>		<b>791,112</b>	<b>-</b>	<b>(206,977)</b>	<b>(99,731)</b>	<b>484,404</b>	<b>-</b>

During 2014, the weighted average market price at date of exercise was 608.0p per share (2013: 513.8p).

#### Executive Share Option Plans

Under the 2003 ESOP scheme, the Remuneration Committee may grant options over shares in The Restaurant Group plc to employees of the Group. The contractual life of an option is ten years. Options granted under ESOPs become exercisable on the third anniversary of the date of grant, subject to growth in earnings per share exceeding RPI growth by more than 2.5%. Exercise of options is subject to continued employment within the Group. Options were valued using a Stochastic option pricing model. No performance conditions were included in the fair value calculations.



# The Restaurant Group (UK) Limited

## NOTES TO THE ACCOUNTS At 28 December 2014

### 21 SHARE-BASED PAYMENT SCHEMES (continued)

#### Year ended 28 December 2014

Period during which options are exercisable	Exercise price	Outstanding at the beginning of the year	Granted	Exercised	Lapsed	Outstanding at the end of the year	Exercisable at the end of the year
2007 - 2014	97.7p	21,000	-	-	(21,000)	-	-
2008 - 2015	134.4p	39,000	-	-	(22,000)	17,000	17,000
<b>Total number</b>		<b>60,000</b>	<b>-</b>	<b>-</b>	<b>(43,000)</b>	<b>17,000</b>	<b>17,000</b>
<b>Weighted average exercise price</b>		<b>121.6p</b>	<b>-</b>	<b>-</b>	<b>116.5p</b>	<b>134.4p</b>	<b>134.4p</b>

#### Year ended 29 December 2013

Period during which options are exercisable	Exercise price	Outstanding at the beginning of the year	Granted	Exercised	Lapsed	Outstanding at the end of the year	Exercisable at the end of the year
2006 - 2013	67.4p	7,034	-	(7,034)	-	-	-
2007 - 2014	97.7p	36,000	-	(15,000)	-	21,000	21,000
2008 - 2015	134.4p	159,000	-	(120,000)	-	39,000	39,000
<b>Total number</b>		<b>202,034</b>	<b>-</b>	<b>(142,034)</b>	<b>-</b>	<b>60,000</b>	<b>60,000</b>
<b>Weighted average exercise price</b>		<b>125.5p</b>	<b>-</b>	<b>127.2p</b>	<b>-</b>	<b>121.6p</b>	<b>121.6p</b>

There were no exercises during 2014. During 2013, the weighted average market price at date of exercise was 459.7p.

Assumptions used in valuation of share-based payment granted in the 52 weeks ended 28 December 2014

Scheme	2014 LTIP Conditional Award		2014 LTIP Matching Award		2014 SAYE
	TSR element	EPS element	TSR element	EPS element	
<b>Grant date</b>	<b>27/02/2014</b>	<b>27/02/2014</b>	<b>27/02/2014</b>	<b>27/02/2014</b>	<b>24/10/2014</b>
Share price at grant date	658.5p	658.5p	658.5p	658.5p	661.0p
Exercise price	n/a	n/a	n/a	n/a	525.0p
No of options originally granted	264,578	264,578	104,096	104,095	1,296,434
Minimum vesting period	3 years	3 years	3 years	3 years	3 years
Expected volatility <sup>1</sup>	22.5%	-	22.5%	-	23.3%
Contractual life	3.5 years	3.5 years	3.5 years	3.5 years	3.5 years
Risk free rate	0.99%	-	0.99%	-	1.10%
Expected dividend yield	0.00%	0.00%	0.00%	0.00%	2.25%
Expected forfeitures	15%	15%	40%	40%	30%
Fair value per option	431.8p	658.5p	431.8p	658.5p	157.3p

<sup>1</sup> Expected volatility is the measure of the amount by which the share price is expected to fluctuate during a period. In order to calculate volatility, the movement in the return index (share price plus dividends re-invested) over a period prior to the grant date equal in length to the remaining period over which the performance condition applies has been calculated. For the discount for the TSR performance condition for the relevant Conditional and Matching Awards, the calculated volatility based on the movement in the return index over a period of 3 years prior to the grant has been used. For the discount for the SAYE scheme, the calculated volatility based on the movement in the return index over a period of 3.25 years prior to the grant has been used.

# The Restaurant Group (UK) Limited

## NOTES TO THE ACCOUNTS

At 28 December 2014

### 22 PROFIT AND LOSS RESERVE

	£'000
At 29 December 2013	58,324
Profit for 2014	59,591
Dividend	(50,000)
<b>At 28 December 2014</b>	<b><u>67,915</u></b>

### 23 CAPITAL COMMITMENTS

	2014 £'000	2013 £'000
Authorised and contracted for	<u>34,095</u>	<u>30,860</u>

The above relates to capital expenditures for new sites.

### 24 LEASE COMMITMENTS

Annual commitments under non-cancellable operating leases for land and buildings are as follows:

	2014 £'000	2013 £'000
<i>Expiring:</i>		
Within one year	2,638	3,603
Within two to five years	13,010	10,331
After five years	33,398	33,579
	<u>49,046</u>	<u>47,513</u>

### 25 RELATED PARTY INFORMATION

The Company has taken advantage of the exemption as a 100% subsidiary of The Restaurant Group plc from disclosing related party transactions and balances with other members of The Restaurant Group plc group.

BH Restaurants Limited (formerly Living Ventures Restaurants Group Limited) was a related party to The Restaurant Group plc through the Group's 37.4% holding until 17 April 2014 when the Group disposed of its investment in the company. In the 52 weeks ended 28 December 2014, the Group received £7.0m cash and £0.1m of loan note interest, all of which was recognised in the income statement (52 weeks ended 29 December 2013: £0.2m of interest all of which was recognised in the income statement).

### 26 CONTINGENT LIABILITIES

The Company has given guarantees in respect of certain property obligations of its subsidiary undertakings up to an amount of approximately £11.4m (2013: £10.3m) per annum.

The Company has assigned a number of leases to third parties that were originally completed prior to 1 January 1996 and hence unaffected by the Landlord and Tenant (Covenants) Act 1995 and also a number of leases completed after this date that were the subject of an Authorised Guarantee Agreement. Consequently, should the current tenant default, the landlord has a right of recourse to The Restaurant Group (UK) Limited for future rental payments. As and when any liability arises, the Company will take whatever steps necessary to mitigate the costs.

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# The Restaurant Group (UK) Limited

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## NOTES TO THE ACCOUNTS

At 28 December 2014

### **27 ULTIMATE PARENT UNDERTAKING**

The Restaurant Group plc, which is registered in Scotland (Registration No. SC30343), is the ultimate parent undertaking, the controlling party and the parent undertaking of the smallest and largest group for which group accounts are prepared. Copies of accounts of The Restaurant Group plc can be obtained from the Company Secretary at 5 – 7 Marshalsea Road, London SE1 1EP.