Company Registration No. 00894426

THE RESTAURANT GROUP (UK) LIMITED

Annual Report and Financial Statements

For the 52 weeks ended 30 December 2018

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COMPANIES HOUSE

The Restaurant Group (UK) Limited

Registered No. 00894426

Directors
Kirk Davis
Andrew Hornby

COMPANY SECRETARY
Jean-Paul Rabin

Auditor
Ernst & Young LLP
Statutory Auditor
1 More London Place
London, SE1 2AF

Registered Office
5-7 Marshalsea Road
London SE1 1EP

STRATEGIC REPORT

The Directors present their strategic report for the 52 weeks ended 30 December 2018.

PRINCIPAL ACTIVITY AND FUTURE DEVELOPMENTS

The principal activity of The Restaurant Group (UK) Limited (the "Company") 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.

BUSINESS REVIEW

The Restaurant Group (UK) Limited operates over 350 branded restaurants predominantly in leisure locations and airports. Its primary brands are Frankie & Benny's, Coast to Coast, Joe's Kitchen, Garfunkels and a Concessions business.

OVERVIEW OF THE YEAR

The market backdrop for our Leisure business is challenging with a 27% increase in the number of branded restaurants over the past five years. This has been accompanied by a decrease in the growth rates of both total sales and like-for-like sales every year since 2014. Structural trends, including declining retail footfall and fast changing customer preferences towards convenience and healthy options, all create challenges for long established multi-site operators of scale. Profitability has been further challenged by the pressure of rising costs, with the bulk of our restaurant wage bill inflating by around 4%, electricity costs at eight year highs, and rent and rates costs remaining at high levels despite the decreasing consumer demand. In response, we are focused on ensuring our brands are competitively differentiated, increasing our exposure to healthy and convenient options and capitalising on 'off-trade' delivery and collection sales. However, given the market backdrop, we are acutely disciplined in how we allocate capital and highly discerning as to lease renewal commitments and the flexibility inherent within them.

Our Leisure estate is disproportionately highly exposed to these pressures. 56% of our estate directly neighbours retail, most of which are in out-of-town locations. As a result of our discipline over recent years, the vast majority of our Leisure portfolio remains EBITDA positive. 41% of our Leisure portfolio also has a lease end or break option within the next five years.

Management, with external advisers, concluded a structural review of the Leisure business in the second quarter of 2019. This concluded that we have a number of structurally unattractive sites and management are committed to disciplined estate management to exit underperforming sites as this becomes possible, and to allocate capital into the most profitable segments of the wider TRG business.

- Frankie & Benny's

The brand has seen considerable activity in 2018, progressing well on a number of initiatives.

In May 2018, we saw the launch of our new Feel Good Range, offering our customers increased and improved healthier options. The range has proved popular with penetration at c.10% of sales, with the top performers in this range being the Nashville Chicken Skewers and Skinny Chicken Pizza.

We launched on Comparethemarket's 'Meerkat Meals' partner platform in June 2018 and have seen really strong engagement, with it becoming one of our most popular promotions.

We launched our Squishies campaign in October through to November where we gave away a free Squishie toy with every kid's meal. This proved successful in driving repeat visits.

Our payment at table feature, "pay my bill", is improving in popularity with customers, with over five percent of transactions being made through this channel.

Our customers are responding to these initiatives, and this has resulted in an improvement in our social review scores throughout the year, as well as improved sales momentum.
We are currently trialling "order ahead" functionality in 25 sites. This gives our customers the ability to order and pay for their meal in advance, alongside a booked table, and have it ready for them when they

STRATEGIC REPORT (CONTINUED)

arrive at the restaurant. Initial feedback from customers has been positive and we will look to roll out more broadly later in the year.

Upcoming activity includes continued improvement in the core proposition via new menus. We will shortly trial a simplified core menu with a large reduction in the number of dishes, to help our teams improve operational consistency. Our marketing campaigns will become increasingly targeted to specific occasions and highlight new food development via limited time offers. We will invest in service and operational improvements in underperforming sites and actively manage the structurally attractive tail.

- Concessions

Our Concessions business operates a wide variety of food and beverage formats, across over 35 brands, primarily in UK airports. This includes bespoke concepts designed with airport partners, The TRG Group's own leisure brands, and well-known third-party brands, which operate under franchise arrangements.

Our trading continues to be strong and we continued our strong track record of retaining sites, with c.85% having received contract renewals beyond the term of the initial contract. In particular during 2018 we successfully renewed contracts for existing large spaces at both Gatwick and Heathrow airports. On average our contracts have been extended for 90% of the original concession term.

Our unique capabilities enabling us to consistently deliver high operational standards at high volume and peak-load intensity, along with our format development and partnering skills, position us well for further contract wins in the future.

In 2018 we have been successful in winning 21 new units and adding five new clients in UK travel hubs as well as four new brand partnerships. These new openings were a mix of multiple formats and categories, showcasing our operational capability strength and ability to provide full solutions to airport partners. This included a "Spuntino" restaurant in Heathrow, the first "Brewdog" bar in a UK airport in Edinburgh, two outlets for "Barburrito" and our first "Crepeaffaire" franchise unit. We also developed several in-house concepts such as the "Hawker Bar" in Luton and the "Distilling House" pub in Aberdeen.
We opened 6 Concessions units in 2019. In addition to this we have secured a contract to operate a number of significant sites for the planned redevelopment at Manchester airport, due to trade in 2020.

Plans to grow our business outside of UK airports are progressing well. We have developed two new brands, "Mezze Box" and "Grains and Greens" with Sainsbury's. The initial trial has commenced with five counters opened so far this year. We are also building a team to support our longer term plans for growth into international airports.

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 ('LFL') sales

This measure provides an indicator of the underlying performance of our existing restaurants. There is no accounting standard or consistent definition of 'like-for-like sales' across the industry. Company like-for-like sales are calculated by comparing the performance of all mature sites in the current period versus the comparable period in the prior year. Sites that are closed, disposed or disrupted during a financial year are excluded from the LFL calculation.

New sites opened

The expansion of the brands 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.

STRATEGIC REPORT (CONTINUED)

KEY PERFORMANCE INDICATORS (CONTINUED)

Adjusted EBITDA
The ability of the Company to finance its roll out programme is aided by strong cash flows from the existing business. The Company defines adjusted EBITDA as operating profit before depreciation, amortisation and exceptional items. Adjusted EBITDA serves as a useful proxy for cash flows generated by operations and is closely monitored.

Operating profit margin
The Board and management closely monitor profit margins as an indicator of operating efficiency within restaurants and across the Company.

PRINCIPAL RISKS AND UNCERTAINTIES

The Directors regularly identify, monitor and manage potential risks and uncertainties to the Company and during the year, a robust assessment of the principal risks was carried out. The current principal risks and uncertainties facing the Company are listed below. This list is not presumed to be exhaustive and is, by its very nature, subject to change.

- adverse economic conditions and a decline in consumer confidence and spend in the UK; and
- increased supply of new restaurant concepts into the market; and
- lack of new site opportunities and risks to existing Concession agreements; and
- failure to provide customers with brand standard value for money offerings and service levels; and
- major failure of key suppliers to deliver products into the restaurants; and
- damage to our brands' images due to failure in environmental health compliance in the restaurants or from contamination of products; and
- the loss of key personnel or failure to manage succession planning; and
- increases in prices of key raw materials (including foreign currency fluctuations), wages and overheads (including utilities); and
- breakdown in internal controls through fraud or error, major failure of IT systems; and
- cyber security failure leading to data loss, disruption of services and trading or reputational damage.

In addition, the Company has risks associated with Brexit, and specifically a Hard Brexit scenario, in line with other UK businesses. The Company has established contingency plans for a range of Brexit scenarios with a key focus being on its ability to source fresh food from outside of the UK. For a number of products, alternative sources and routes into the country have been arranged, and where possible additional stock will be held in preparation. Where not possible, the Company has alternative contingency plans covering substitutions and menu alterations. In addition to the procurement risks, the Company has focussed on the attraction and retention of its workforce and has plans to support its EU workers.

Approved by the Board of Directors and signed on behalf by:

Kirk Davis
Director
6 December 2019

REPORT OF THE DIRECTORS FOR THE 52 WEEKS ENDED 30 DECEMBER 2018

The Directors submit their report and audited financial statements for the 52 weeks ended 30 December 2018.

RESULTS AND DIVIDENDS

The Report and Financial Statements are drawn up on a 52 week reporting basis ending 30 December 2018 with a comparative 52 week period ending 31 December 2017. The profit after taxation and before dividends for the 52 week period 30 December 2018 was £9,250,000 (2017 (restated): profit of £11,108,000). No interim dividend was paid during 2018 (2017: £nil). The Directors do not recommend payment of a final dividend. A profit after taxation of £9,250,000 (2017 (restated): loss of £11,108,000) will be transferred to reserves.

FUTURE DEVELOPMENTS

Details of future developments can be found as part of the Strategic Report on page 2.

FINANCIAL INSTRUMENTS

The Board of the Company regularly reviews the financial requirements of the Company within the context of the wider Group. The Group operates a centralised cash pooling and payments system and the financial arrangements of the Group are principally transacted through The Restaurant Group (UK) Limited. The company also acts 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 Company has no trading outside of the United Kingdom.

The Restaurant Group plc acts as the treasury facility for the Group for debt arrangements. As such, the Company has no exposure to interest rate fluctuations.

DIRECTORS

The names and details of the Company's directors in office during the period and until the date of this report are set out below. Directors were in office for this entire period unless otherwise stated.

Andrew Hornby (appointed 2 October 2019)
Jean-Paul Rabin (appointed 12 September 2019)
Andrew McCue (resigned 30 June 2019)
Kirk Davis (appointed 5 February 2018)
James Adams (resigned 9 March 2018)

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.

REPORT OF THE DIRECTORS FOR THE 52 WEEKS ENDED 31 DECEMBER 2018 (CONTINUED)

DISABLED EMPLOYEES

The Company gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion. Where existing employees become disabled, it is the Company's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

DIRECTORS' LIABILITIES

The Company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains inforce as at the date of approving the directors' report.

EVENTS AFTER THE BALANCE SHEET DATE

There were no material event after the balance sheet date requiring disclosure.

GOING CONCERN

Despite the Group's challenging trading performance during the period, the Company is profitable, highly cash generative and retains a strong balance sheet. Potential risk factors and uncertainties that could affect the business are discussed in the Strategic Report. The Group replaced the £140m debt facility with a new £220m revolving credit facility on 24 December 2018 in order to facilitate the acquisition of Wagamama. This facility is committed until December 2021.

The Company is part of The Restaurant Group plc, which the Directors believe, having made enquiries, has sufficient financial resources and has committed to provide financial support to the Company for at least the next twelve months. Based on the Company's plans for 2019 and 2020, after making enquiries (including preparation of reasonable trading forecasts and consideration of current financing arrangements), 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.

REPORT OF THE DIRECTORS FOR THE 52 WEEKS ENDED 31 DECEMBER 2018 (CONTINUED)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom generally accepted accounting practice (United Kingdom accounting standards and applicable law), including FRS 101 "reduced disclosure framework". 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;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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.

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 ought to have taken as a Director in order to have made himself 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 resigned as auditor of the Company following the conclusion of the 2017 audit. Ernst & Young LLP have been appointed to replace Deloitte LLP.

Approved by the Board of Directors and signed on behalf by:

Kirk Davis
Director
6 December 2019

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

Opinion

We have audited the financial statements of The Restaurant Group (UK) Limited for the 52 weeks ended 30 December 2018 which comprise the Income Statement, Balance Sheet, Statement of changes in equity and the related notes 1 to 26 including a summary of significant accounting policies The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice)".

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 30 December 2018 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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

R. Forsyth

Bob Forsyth (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
6 December 2019

INCOME STATEMENT
FOR THE 52 WEEKS ENDED 30 DECEMBER 2018

		52 weeks ended 30 December 2018		
		Trading business	Exceptional items (Note 7)	Total
	Note	£'000	£'000	£'000
Revenue	*3*	497,686	-	497,686
Cost of sales		(439,889)	(19,046)	(458,935)
Gross profit		57,797	(19,046)	38,751
Administrative expenses		(22,445)	(118)	(22,563)
Operating profit	*4*	35,352	(19,164)	16,188
Interest payable	*8*	(2,170)	(467)	(2,637)
Interest receivable	*8*	1	-	1
Profit on ordinary activities before taxation		33,183	(19,631)	13,552
Taxation on profit/(loss) on ordinary activities	*9*	(6,633)	2,331	(4,302)
Profit on ordinary activities after taxation		26,550	(17,300)	9,250

All amounts relate to continuing activities. There is no comprehensive income other than the profit for the period in both the current and preceding periods.

The notes on pages 15 to 44 form part of these financial statements.

INCOME STATEMENT

FOR THE 52 WEEKS ENDED 30 DECEMBER 2017

		52 weeks ended 31 December 2017		
		Trading business Restated (Note 2)	**Exceptional items (Note 7) Restated (Note 2)**	**Total Restated (Note 2)**
	Note	£'000	£'000	£'000
Revenue	*3*	509,845	-	509,845
Cost of sales		(440,270)	(18,486)	(458,756)
Gross profit		**69,575**	**(18,486)**	**51,089**
Administrative expenses		(26,558)	(4,772)	(31,330)
Profit on sale of operation		-	(183)	(183)
Provision released against amounts receivable from other group undertakings		-	(87)	(87)
Operating profit	*4*	**43,017**	**(23,528)**	**19,489**
Interest payable	*8*	(1,686)	-	(1,686)
Interest receivable	*8*	49	-	49
Profit on ordinary activities before taxation		**41,380**	**(23,528)**	**17,852**
Taxation on profit/(loss) on ordinary activities	*9*	(9,762)	3,018	(6,744)
Profit on ordinary activities after taxation		**31,618**	**(20,510)**	**11,108**

All amounts relate to continuing activities. There is no comprehensive income other than the profit for the period in both the current and preceding periods.

The notes on pages 15 to 44 form part of these financial statements.

BALANCE SHEET
AS AT 30 DECEMBER 2018

	Note	At 30 December 2018 £'000	At 31 December 2017 (Restated Note 2) £'000
NON-CURRENT ASSETS			
Intangible assets	*10*	**1,080**	-
Property, plant and equipment	*11*	**180,123**	184,785
Investments	*12*	**430**	430
Deferred taxation	*17*	**4,151**	4,302
		185,784	189,517
CURRENT ASSETS			
Stock	*13*	**3,768**	3,889
Trade and other receivables	*14*	**216,234**	100,633
Cash in bank and in hand		**19,419**	4,530
		239,421	109,052
CREDITORS: amounts falling due within one year	*15*	**(305,529)**	(155,446)
NET CURRENT LIABILITIES		**(66,108)**	(46,394)
TOTAL ASSETS LESS CURRENT LIABILITIES		**119,676**	143,123
CREDITORS: amounts falling due after more than one year	*16*	**(18,164)**	(50,976)
PROVISIONS FOR LIABILITIES AND CHARGES			
Provisions	*18*	**(28,517)**	(29,119)
NET ASSETS		**72,995**	63,028
EQUITY			
Share capital	*19*	**3,437**	3,437
Share premium account		**6,845**	6,845
Capital contribution reserve	*20*	**27,145**	26,384
Retained earnings		**35,568**	26,362
TOTAL EQUITY		**72,995**	63,028

The Board of Directors approved the financial statements of The Restaurant Group (UK) Limited (Company Registration number 00894426) on 6 December 2019 and were signed on behalf by:

Kirk Davis
Director

The notes on pages 15 to 44 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE 52 WEEKS ENDED 30 DECEMBER 2018

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	Called up share capital (Note 19)	Share premium account	Other reserve (Note 20)	Retained earnings	Total Equity
	£'000	£'000	£'000	£'000	£'000
At 1 January 2017 (Restated Note 2)	3,437	6,845	24,226	15,182	49,690
Loss and total comprehensive income for the period (Restated) (Note 2)	-	-	-	11,108	11,108
Transactions with owners:					
Share based payments – credited to equity	-	-	2,158	-	2,158
Deferred tax on share-based payments taken directly to equity	-	-	-	72	72
At 31 December 2017 Restated (Note 2)	**3,437**	**6,845**	**26,384**	**26,362**	**63,028**
Profit and total comprehensive income for the period	-	-	-	9,250	9,250
Transactions with owners:					-
Share based payments – credited to equity	-	-	761	-	761
Deferred tax on share-based payments taken directly to equity	-	-	-	(44)	(44)
At 30 December 2018	**3,437**	**6,845**	**27,145**	**35,568**	**72,995**

The notes on pages 15 to 44 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 30 DECEMBER 2018

1. GENERAL INFORMATION

The Restaurant Group (UK) Limited (Company Registration number 00894426) operates restaurants throughout the UK. It is a private Company, limited by shares and is incorporated and domiciled in England and Wales. Its registered office is 5-7 Marshalsea Road, London, SE1 1EP.

The nature of the Company's operations and its principal activities are set out in the Strategic Report on pages 2 to 4.

ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The accounting year runs to a Sunday within seven days of 31 December each year which will be a 52 or 53 week period. The year ended 30 December 2018 was a 52 week period, with the comparative year being the 52 week period to 31 December 2017.

The financial statements are presented in pound sterling, rounded to the nearest thousand. They have been prepared on the historical cost basis.

These financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

As permitted under FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to impairments, share-based payments, business combinations, financial instruments, fair values, remuneration of key management personnel, presentation of a cash flow statement and certain related party transactions.

These financial statements are separate financial statements. The company has taken advantage of the exemption set out in section 400 of Company Act 2006 not to prepare consolidated financial statements by virtue of the fact that the company is a subsidiary of The Restaurant Group plc which prepares group financial statements. The group accounts of The Restaurant Group plc are available to the public and can be obtained as set out in note 26.

2.2 Going concern basis

Despite the Group's challenging trading performance during the period, the Company is profitable, highly cash generative and retains a strong balance sheet. Potential risk factors and uncertainties that could affect the business are discussed in the Strategic Report. The Group replaced the £140m debt facility with a new £220m revolving credit facility on 24 December 2018 in order to facilitate the acquisition of Wagamama. This facility is committed until December 2021.

The Company is part of The Restaurant Group plc, which the Directors believe, having made enquiries, has sufficient financial resources and has committed to provide financial support to the Company for at least the next twelve months. Based on the Company's plans for 2019 and 2020, after making enquiries (including preparation of reasonable trading forecasts and consideration of current financing arrangements), 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 30 DECEMBER 2018 (CONTINUED)

2. ACCOUNTING POLICIES (CONTINUED)

2.3 Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

Freehold land	Indefinite
Freehold buildings	50 years
Long and short leasehold property	Term of lease or 50 years, whichever is lower
Fixtures and equipment	3-10 years
Motor vehicles	4 years
Computer equipment	3-5 years

The estimated useful lives and residual values applied are reviewed at each reporting date with any changes in estimates being applied prospectively.

2.4 Finance leases

Leases in which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. The owner-occupied properties (excluding land element) acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation (see accounting policy 2.3) and impairment losses (see accounting policy 2.5). Lease payments are accounted for as described in accounting policy 2.14 and 2.15.

2.5 Impairment

The carrying amounts of the Company's assets are reviewed annually to determine whether there is any indication of impairment.

The Company formally determines whether property, plant and equipment are impaired by considering indicators of impairment annually. This requires the Company to determine the lowest level of assets which generate largely independent cash flows (cash-generating units or CGU) and to determine their recoverable amount, based on estimating the value-in-use of these assets or CGUs; and compare these to their carrying value. Cash-generating units are deemed to be individual units or a cluster of units depending on the nature of the trading environment in which they operate.

The Company only consider sites as a cluster of units, i.e. as a single CGU, where they are in a single, shared location, such as an airport, such that demand at one unit can directly affect that of other units in the same location. The discount rate applied in the value-in use calculations is the Group's weighted average cost of capital. The Company apply any CGU specific risks to the underlying cash flow assumptions in calculating the value-in-use and therefore apply the same discount rate to each CGU. Impairment losses are recognised in the income statement.

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 30 DECEMBER 2018 (CONTINUED)

2. ACCOUNTING POLICIES (CONTINUED)

2.6 Stock

Stock represents food, beverages and consumables and has been valued at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition and is determined in accordance with the weighted average stock costing model, including applicable commercial discounts. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

2.7 Other receivables

Other receivables are stated at their cost less impairment losses.

2.8 Investments

Investments in subsidiaries are valued in the balance sheet at cost less any provision for permanent diminution in value.

2.9 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money.

2.10 Borrowing costs

Debt is stated net of borrowing costs which are spread over the term of the loan. All other borrowings costs are recognised in the income statement in the period in which they are incurred.

2.11 Revenue

Revenue represents amounts received and receivable for 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. Where the Company operates a Concession unit under a franchise agreement, it acts as principal in this trading arrangement. All revenue from franchise arrangements is recognised by the Company at the point of sale and licensing fees are recorded in cost of sales as the goods are sold. The Company does not act as franchisor in any trading relationship.

2.12 Other income – rental income

Rental income is derived from sites where the Company is the lessor. Rental income is recognised in the income statement as earned. Provisions are made for any doubtful debts.

2.13 Commercial discount

Commercial discounts represent a reduction in cost of goods and services in accordance with negotiated supplier contracts, the majority of which are based on purchase volumes. Commercial discounts are recognised in the period in which they are earned and to the extent that any variable targets have been achieved in that financial period.

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 30 DECEMBER 2018 (CONTINUED)

2. ACCOUNTING POLICIES (CONTINUED)

2.14 Operating lease payments

Fixed payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Contingent rents, such as turnover related rents, are recognised in the income statement as incurred. Incentives to enter into an operating lease are spread on a straight-line basis over the lease term as a reduction in rental expense.

2.15 Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

2.16 Onerous lease provisions

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

The Company provides for its onerous obligations under operating leases where the property is closed or vacant and for properties where the fixed cost is in excess of income. The amount provided is based on the lowest net cost of exiting the contract. Estimates have been made with respect to the time to exit, sublet or cover the fixed cost base, along with other associated exit costs as well as an evaluation of the cost of void period prior to sublet and the value of lease incentive which may be required to be paid as part of the sublet process.

2.17 Intangible – Software and development

Software and IT development are stated at cost less any accumulated amortisation and accumulated impairment losses. Software and IT development are amortised to the income statement using the straight-line method over five years.

2.18 Pre-opening expenses

Property rentals and related costs incurred up to the date of opening a new restaurant are written off to the Income Statement in the period in which they are incurred. Promotional and training costs are written off to the Income Statement in the period in which they are incurred.

2.19 Exceptional items

In order to illustrate the trading performance of the Company, presentation has been made of performance measures excluding those exceptional items which considered would distort the comparability of the Company's results. Exceptional items are defined as those items that, by virtue of their unusual nature or size, warrant separate additional disclosure in the financial statements in order to fully understand the performance of the Company.

The Company's income statement provides a reconciliation of the adjusted profitability measures, excluding exceptional items to the equivalent unadjusted IFRS measures. Exceptional items are then further detailed in note 7.

2. ACCOUNTING POLICIES (CONTINUED)

2.20 Current and deferred taxation

Corporation tax payable is provided on the taxable profit at the current rate. Deferred tax is recognised in respect of all temporary differences that have originated but not reversed at the balance sheet date, except to the extent that the deferred tax arises from the initial recognition of goodwill. Temporary differences are differences between the carrying amount of the Group's assets and liabilities and their tax base.

Deferred tax is measured at the tax rates that are expected to apply in the periods in which the temporary differences are expected to reverse based on tax rates and laws that are enacted, or substantively enacted, by the balance sheet date. Deferred tax is measured on a non-discounted basis.

2.21 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and debit and credit card payments received within 48 working hours. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

2.22 Pensions

The Company makes contributions for eligible workers into defined contribution pension plans and these contributions are charged to the income statement as they are accrued. The Company does not operate any defined benefit plans.

2.23 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 Stochastic, Black-Scholes and Finnerty valuation models are used to measure the fair value of the options granted. The type of award and conditions attached to the award determine which valuation model is used. At the end of each reporting period, the group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions and service conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

2.24 Financial instruments

Financial assets

The Company classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired.. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Company's loans and receivables comprise 'cash and cash equivalents' and 'other receivables' in the balance sheet.

Other receivables are amounts due from suppliers or sub tenants in the ordinary course of business. Other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment (see accounting policy 2.5).

2. ACCOUNTING POLICIES (CONTINUED)

Financial assets (CONTINUED)

Financial assets are recognised when the Company becomes party to the contractual provisions of the instrument and are subsequently carried at amortised cost using the effective interest rate method, less provisions for impairment. Impairment of financial assets is based on management's estimate of future cash inflows.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

Financial liabilities – Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

2.25 Critical accounting judgements

In the process of applying the Company's accounting policies as described above, management has made a number of judgements and estimations of which the following are the most significant:

Critical accounting estimates and assumptions

Onerous lease provisions

Provisions for onerous leases are identified as major sources of estimation uncertainty and by their nature are inherently judgemental. The Company provides for its onerous obligations under operating leases where the property is closed or vacant and for properties where the fixed cost is in excess of income. The amount provided is based on the lowest net cost of exiting the contract.

Estimates have been made with respect to the time to exit, sublet or cover the fixed cost base, along with other associated exit costs as well as an evaluation of the cost of void periods prior to sublet and the value of lease incentive which may be required to be paid as part of the sublet process.

In determining the provision, the risk adjusted cash flows have been discounted on a pre-tax basis using a risk free rate.

Changes in the EBITDA performance of each site could impact on the value of the provision. It is estimated that, a 10% decline in the EBITDA performance of the sites included in the provision would generate an additional provision of £0.2m.

Additionally, it is estimated that, should all leases with more than ten years remaining on the committed lease term be exited two years ahead of expiry, the provision would reduce by £0.7m.

A 1% increase in the risk free rate would reduce the provision by £1.4m while a reduction of similar magnitude would result in an additional provision of £1.6m.

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 30 DECEMBER 2018 (CONTINUED)

2. ACCOUNTING POLICIES (CONTINUED)

Impairment of property, plant and equipment

The Company formally determines whether property, plant and equipment are impaired by considering indicators of impairment annually. This requires the Company to determine the lowest level of assets which generate largely independent cash flows (cash generating units or CGU) and to estimate the value in use of these assets or CGUs; and compare these to their carrying value. Cash generating units are deemed to be individual units or a cluster of units depending on the nature of the trading environment in which they operate. We only consider sites as a cluster of units, i.e. as a single CGU, where they are in a single, shared location, such as an airport, such that demand at one unit can directly affect that of other units in the same location.

Calculating the value-in-use requires the Company to make an estimate of the future cash flows of each CGU and to choose a suitable discount rate in order to calculate the present value of those cash flows. The estimated future cash flows for each CGU are based on past experience and trading at the specific CGU. The discount rate used in the year ended 30 December 2018 for all CGUs was based on the Group's weighted average cost of capital of 9.2% (year ended 31 December 2017: 10.2%). The Directors believe the risks associated with each CGU are the same, considering they are all UK based, the nature of assets being tested for impairment is consistent, all CGUs are within the restaurant sector and cash flow projections are compiled in the same way for every CGU.

The key assumptions in the value-in-use calculations are the discount rate applied and the forecast cash flows. An increase of 1% in the discount rate would give rise to an additional impairment of £1.0m, while a decrease in the discount rate of 1% would lead to a reduction in impairment of £0.7m. The forecast cash flows are based on Board approved budgets and long term business plans covering the period to December 2020. These forecasts take into account management's experience of the specific sites and its long term expectations of the market. A 10% reduction in these forecast cash flows would result in an additional impairment of circa £3.7m.

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 30 DECEMBER 2018 (CONTINUED)

2.26 Restatement of comparatives

During the year, management have identified five items for which we have retrospectively amended the financial statements.

	As originally disclosed	Capital contributions (i)	Rent free periods (ii)	Finance lease (iii)	Dilapidations provision (iv)	Impairment & onerous leases (v)	Chiquito's sites that have TRG UK as legal entity (vi)	As restated
Income statement	£'000	£'000	£'000	£'000	£'000	£'000		£'000
Turnover	491,171	-	-	-	-	-	18,674	**509,845**
Cost of sales before exceptional items	(423,857)	364	0	(157)	-	527	(17,147)	**(440,270)**
Exceptional cost of sales	(7,886)	0	0	0	-	(10,600)	0	**(18,486)**
Interest payable	(1,843)	0	0	157	0	0	0	**(1,686)**
Tax on profit from ordinary activities	(9,741)	274	0	0	0	(64)	(231)	**(9,762)**
Exceptional tax credit	1,559	0	0	0	0	1,459	0	**3,018**
Profit after tax	**17,852**	**638**	**0**	**0**	**0**	**(8,678)**	**1,296**	**11,108**

	As originally disclosed	Capital contributions (i)	Rent free periods (ii)	Finance lease (iii)	Dilapidations provision (iv)	Impairment & onerous leases (v)	Chiquito's sites that have TRG UK as legal entity (vi)	As restated
Balance sheet at 31 December 2017								
Property, plant and equipment	173,328	13,047	0	84	0	(16,713)	15,039	**184,785**
Stock	3,714	0	0	0	0	0	175	**3,889**
Prepayments	13,092	0	0	0	0	0	611	**13,703**
Amounts payable to group undertakings	(33,026)	0	0	0	0	0	(13,576)	**(46,602)**
Corporation tax receivable	815	6	0	0	0	8	26	**855**
Accruals	(44,967)	(671)	6,046	0	1,850	0	(725)	**(38,467)**
Other payables - non-current	(2,548)	(12,012)	(6,046)	853	0	0	0	**(19,753)**
Provisions - non current	(27,269)	0	0	0	(1,850)	0	0	**(29,119)**
Deferred tax assets	1,508	1,013	0	0	0	2,038	(257)	**4,302**
Retained earnings	**(37,416)**	**(1,383)**	**0**	**(937)**	**0**	**14,667**	**(1,293)**	**(26,362)**

	As originally disclosed	Capital contributions (i)	Rent free periods (ii)	Finance lease (iii)	Dilapidations provision (iv)	Impairment & onerous leases (v)	Chiquito's sites that have TRG UK as legal entity (vi)	As restated
Consolidated changes in equity								
Retained earnings as at 1 January 2017	(19,492)	(745)	0	(937)	0	5,989	3	**(15,182)**

2.26 Restatement of comparatives (Continued)

(i) Lease incentives - capital contributions

The company has historically recognised contributions received from landlords to offset against the cost of fitting out a restaurant as a reduction in Property, plant and equipment. Management has identified this error in the year, and reclassified to Trade and other payables, split between current and non-current. Whereas these have previously been depreciated each year, over the lease life, all lease incentives are now recognised, within Cost of sales in the income statement. The prior year credit was also reclassified from Depreciation into Cost of sales. This has resulted in:

- An increase in the Property, plant and equipment as at 1 January 2018 of £13.0m, representing the reversal of prior incentives, with a corresponding increase in accruals and other payables balance for the remaining incentives to recognise over the lease life.

- A decrease in the Depreciation charge for 2017 of £0.4m.

(ii) Lease incentives - rent free periods

The company has previously accounted for rent free lease incentives as a current liability, despite them being recognised in the income statement over the life of the lease. The company has reclassified amounts that will be unwound to the income statement after one year to non-current other payables. This has resulted in:

- An £6.0m increase in non-current other payables as at 1 January 2018, and a corresponding decrease in current Trade and Other payables.

- There is no impact on the 2017 income statement as the incentive was released appropriately.

(iii) Finance lease

The historical accounting for finance leases on a number of sites was incorrect. A mechanical calculation error had led to the future cash outflows being overstated. This has resulted in:

- A £0.9m reduction in non-current other payables, and a corresponding reduction in Retained earnings as at 1 January 2018. There is less than a £0.1m impact on Property, plant and equipment as these sites have been fully impaired.

- A reclass of £0.2m from cost of sales to interest payable.

(iv) Dilapidations provision

The Group historically recorded dilapidation provisions within current Trade and other payables. The Group has corrected the reclassification of dilapidations to non-current Provisions. This has resulted in:

- A £1.9m increase in non-current Provisions, and a corresponding decrease in accruals as at 1 January 2018.

- No impact on the income statement for 2017 as these were recognised prior to 1 January 2017.

2.26 Restatement of comparatives (Continued)

(v) Impairment and onerous leases

As part of the year-end process, management reviewed and re-assessed the method by which central costs are allocated to the individual CGUs for the purposes of impairment testing. As a result an appropriate portion of the central costs were allocated to the CGUs to more accurately determine their future cash flows. This change has been applied retrospectively to the 1 January 2017 balance sheet. This has resulted in:

- A write down of the 1 January 2017 Property, plant and equipment values of £6.0m and corresponding reduction in opening Retained earnings; and

- An additional 2017 Exceptional impairment charge of £10.5m and a reduction in Depreciation of £0.5m, totalling a £10.0m impact on Profit before tax.

(vi) Restatement of Chiquito's sites

As part of the year end process, management identified 18 Chiquito sites for which The Restaurant Group (UK) Limited holds the lease. Subsequently, management reversed the historical balances which resulted in:

- an increase in profit after tax of £1.4m

- an increase in plant property and equipment of £14.5m with a corresponding decrease in intercompany receivables.

3. REVENUE

All revenue has been generated from the operation of restaurants within the United Kingdom.

4. OPERATING PROFIT

	52 weeks ended 30 December 2018	52 weeks ended 31 December 2017 Restated (Note 2)
	£'000	£'000
Cost of sales consists of the following:		
Continuing business excluding pre-opening costs	**439,335**	438,348
Pre-opening costs	**554**	922
Trading cost of sales	**439,889**	440,270
Exceptional charge	**19,046**	18,486
Total cost of sales for the year	**458,935**	458,755

	52 weeks ended 30 December 2018	52 weeks ended 31 December 2017 Restated (Note 2)
	£'000	£'000
Profit for the year has been arrived at after charging/(crediting):		
Depreciation (see Note 11)	**24,382**	27,109
Impairment of property, plant and equipment (Note 11)	**12,678**	15,732
Amortisation of intangible assets (Note 10)	**158**	-
Staff costs (see Note 5)	**166,645**	169,330
Minimum lease payments	**65,688**	61,657
Contingent rents	**12,806**	9,875
Total operating lease rentals of land and buildings	**78,494**	71,532
Rental income	**(2,098)**	(1,966)
Net rental costs	**76,396**	69,566

Auditors' remuneration		
Audit services for the audit of the financial statements	**56**	3

No other remuneration was paid to the Company's Auditor in relation to any other services during the year.

5. STAFF COSTS

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

	52 weeks ended 30 December 2018	52 weeks ended 31 December 2017
Restaurant staff	**10,252**	9,742
Administration staff	**255**	244
	10,507	9,986

The aggregate payroll costs of the above were:

	52 weeks ended 30 December 2018 £'000	52 weeks ended 31 December 2017 £'000
Wages and salaries	**154,058**	154,365
Social security costs	**10,081**	11,609
Share-based payments	**761**	2,158
Pension costs	**1,745**	1,198
	166,645	169,330

6. DIRECTORS' REMUNERATION

	52 weeks ended 30 December 2018 £'000	52 weeks ended 31 December 2017 £'000
Salaries	**836**	650
Bonus	**-**	397
Pension contributions	**165**	116
Benefits in kind	**123**	117
Share-based payments	**85**	378
	1,209	1,658

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

	52 weeks ended 30 December 2018 £'000	52 weeks ended 31 December 2017 £'000
Salaries	**516**	505
Bonus	-	397
Pension Contributions	**101**	101
Benefits in kind	**113**	113
Share-based payments	**85**	429
	815	1,545

No directors exercised share options during the year (2017: nil).

7. EXCEPTIONAL ITEMS

	52 weeks ended 30 December 2018 £'000	52 weeks ended 31 December 2017 Restated (Note 2) £'000
Impairment of fixed assets	**12,695**	15,732
Void period costs and onerous leases	**6,352**	2,754
Other exceptional cost of sales	-	-
Other exceptional administrative costs	**118**	4,772
Provision released against amounts receivable from other group undertakings	-	87
Disposal consideration	-	183
Included within interest payable:		
- Write off of capitalised loan fees	**467**	-
Exceptional items before tax	**19,630**	23,528
Tax effect of exceptional items	**(2,331)**	(3,018)
Tax	**(2,331)**	(3,018)
Total exceptional items	**17,301**	20,510

An exceptional pre-tax charge of £19.6m has been recorded in the year (2017 Restated: £23.4m), which includes the following:

- Onerous lease provisions resulted in a charge of £6.4m in the year (2017:£2.8m). This comprises;
  - A £3.0m credit in respect of unutilised provisions following the successful exit of 17 sites ahead of expectations;
  - A further charge totalling £9.4m was provided for the year. This comprised a release of £3.2m in respect of certain assets where performance was better than expected, £7.8m in respect of newly identified onerous leases and a charge of £4.8m in respect of sites previously provided for.

- A net impairment charge of £12.7m (2017: £15.6m) was made against the carrying value of specific restaurant assets due to recent changes in certain markets.

- An exceptional charge of £467k (2017: £nil) has been recognised in the year as a result of the refinancing which took place to fund the acquisition of Wagamama.

- The tax credit relating to these exceptional charges was £2.3m (2017 Restated: £3.5m).

8. FINANCE COSTS

	52 weeks ended 30 December 2018 £'000	52 weeks ended 31 December 2017 Restated (Note 2) £'000
Interest payable:		
Bank interest payable	**(1,130)**	(746)
Other interest payable	**(505)**	(352)
Facility fees	**(365)**	(365)
Interest on obligations under finance leases	**(170)**	(223)
Exceptional financing costs	**(467)**	-
Total borrowing costs	**(2,637)**	(1,686)
Interest receivable:		
Bank interest receivable	**1**	-
Other interest receivable	**-**	49
Total interest receivable	**1**	49
Net finance charges	**(2,636)**	(1,637)

9. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

9.1 The taxation charge comprises:

	52 weeks ended 30 December 2018 £'000	52 weeks ended 31 December 2017 Restated (Note 2) £'000
Current taxation		
Current tax on profits for the year	**4,165**	7,801
Adjustments in respect of previous years	**32**	491
	4,197	8,292
Deferred taxation		
Current year	**347**	(1,773)
Adjustments in respect of previous years	**(206)**	19
Effect of changes in tax rates	**(36)**	207
	105	(1,548)
Total tax charge	**4,302**	6,744

The Finance Act 2012 introduced a reduction in the main rate of corporation tax from April 2015 from 21% to 20% resulting in a blended rate of 20.25% being used to calculate the tax liability for the 52 weeks ended 27 December 2015 and 20% for the 53 weeks ended 1 January 2017.

The Finance (No.2) Act 2015 introduced a reduction in the main rate of the corporation tax from 20% to 19% from April 2017 and from 19% to 18% from April 2020. These reductions were substantially enacted on 24 October 2015.

The Finance Act 2016 introduced a further reduction in the main rate of corporation tax to 17% from April 2020. This was substantively enacted on 6 September 2016.

9. TAXATION ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

9.2 Factors affecting the tax charge for the year

The tax assessed for the year is higher than the standard UK corporation tax rate of 19.25% due to the following factors:

	52 weeks ended 30 December 2018	52 weeks ended 31 December 2017 Restated (Note 2)
	£'000	£'000
Profit/(Loss) on ordinary activities before taxation	**13,552**	17,852
Profit on ordinary activities before taxation multiplied by the standard UK corporation tax rate of 19% (2017: 19.25%)	**2,575**	3,437
Effects of:		
Adjustment in respect of previous years	**(174)**	510
Expenses not deductible	**3,175**	1,936
Transfer pricing adjustments	**440**	1,051
Tax rate changes	**(37)**	207
Effects of group relief/other reliefs	**(1,866)**	(673)
Reverse premiums		79
Share options	**224**	
Lease incentives	**(36)**	197
Total tax charge	**4,301**	6,744

10. INTANGIBLE ASSETS - SOFTWARE

	Software £'000
Cost	
At 1 January 2018	-
Additions	1,247
Disposals	(12)
At 30 December 2018	**1,235**
Amortisation	
At 1 January 2018	-
Provided during the year	158
Disposals	(3)
At 30 December 2018	**155**
Net book value as at 30 December 2018	**1,080**
Net book value as at 31 December 2017	-

11. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings £'000	Fixtures, equipment and vehicles £'000	Total £'000
Cost:			
At 1 January 2018 - Restated (Note 2)	343,088	150,519	**493,607**
Reclassification	(84)	-	**(84)**
Additions	25,444	7,512	**32,956**
Disposals	(1,803)	644	**(1,159)**
At 30 December 2018	366,645	158,675	**525,320**
Accumulated depreciation and impairment:			
At 1 January 2018 - Restated (Note 2)	191,513	117,310	**308,823**
Provided during the year	16,027	8,354	**24,381**
Impairment	11,646	1,032	**12,678**
Reclassification	-	-	**-**
Disposals	(1,355)	670	**(685)**
At 30 December 2018	217,831	127,366	**345,197**
Net book values:			
At 30 December 2018	**148,814**	**31,309**	**180,123**
At 31 December 2017	151,666	33,209	184,875

	30 December 2018 £'000	31 December 2017 £'000
Net book value of land and buildings:		
Freehold	**34,103**	31,710
Long leasehold	**994**	656
Short leasehold	**113,717**	118,781
	148,814	151,147

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 30 DECEMBER 2018 (CONTINUED)

11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Assets held under finance leases

	30 December 2018	31 December 2017 Restated
	£'000	£'000
Costs at the beginning and the end of the year	**1,595**	1,961
Disposals during the year	-	(366)
Costs at the end of the year	**1,595**	1,595
Depreciation		
At the beginning of the year	**1,434**	1,681
Provided during the year	**25**	25
Disposals	-	(272)
At the end of the year	**1,459**	1,434
Net book value at the end of the year	**136**	161

12. INVESTMENTS

Shares in subsidiary undertakings

	Total
	£'000
Cost:	
At 31 December 2017	555
Disposals	-
At 30 December 2018	**555**
Accumulated impairment :	
At 31 December 2017	125
Impairment loss	-
At 30 December 2018	**125**
Net book values:	
At 30 December 2018	**430**
At 31 December 2017	430

12. INVESTMENTS (CONTINUED)

The Company's subsidiaries are listed below:

	Registered office address	*Nature of business*	Ordinary Share capital
Garfunkels Restaurants Limited	5-7 Marshalsea Road	Dormant	100%
Black Angus Steak Houses Limited	5-7 Marshalsea Road	Dormant	100%
Strikes Restaurants Limited	5-7 Marshalsea Road	Dormant	100%
City Hotels Group Limited	5-7 Marshalsea Road	Operation of Restaurants	100%
Frankie & Benny's (UK) Ltd	5-7 Marshalsea Road	Dormant	100%
City Centre Restaurants (UK) Limited	5-7 Marshalsea Road	Dormant	100%
DPP Restaurants Limited	5-7 Marshalsea Road	Non-trading*	100%

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

All the shares owned are ordinary shares.

13. STOCK

Stock comprises raw materials and consumables and has been valued at the lower of cost and estimated net realisable value. The replacement cost at 30 December 2018 is not considered by the Directors to be materially different from the balance sheet value. The Company recognised £105.7m of purchases as an expense in 2018 (2017 Restated: £105.6m).

14. TRADE AND OTHER RECEIVABLES

	30 December 2018	31 December 2017 Restated (Note 2)
	£'000	£'000
Trade and other receivables	**14,971**	14,841
Corporation tax	**915**	855
Prepayments and accrued income	**17,247**	13,703
Amounts receivable from other group undertakings	**183,059**	71,234
	216,234	100,633

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30 December 2018	31 December 2017 Restated (Note 2)
	£'000	£'000
Trade creditors	**49,722**	34,441
Amounts owed to group undertakings	**184,883**	46,602
Other taxation and social security	**18,396**	19,241
Other creditors	**12,185**	9,034
Other payables - finance lease obligations	**155**	163
Provisions (refer to Note 17)	**5,751**	7,498
Accruals	**34,437**	38,467
	305,529	155,446

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	30 December 2018	31 December 2017 Restated (Note 2)
	£'000	£'000
Bank loan repayable in 2-5 years	**-**	31,223
Other payables	**17,084**	18,058
Finance lease obligations	**1,080**	1,695
	18,164	50,976

During the year, the company refinanced to fund the acquisition of Wagamama. On the 24 December the previous revolving credit facility was repaid in full and a new revolving credit facility was drawn down. An exceptional charge of £0.5m has been recognised in the year as a result of the refinancing which took place to fund the acquisition of Wagamama. The charge relates to the write off of unamortised finance costs connected to the cancelled debt facility. Total borrowing costs of £2.1m were capitalised against the new debt facility in the year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 30 DECEMBER 2018 (CONTINUED)

17. DEFERRED TAXATION

	30 December 2018 £'000	31 December 2017 Restated (Note 2) £'000
Balance at beginning of the year	**(4,302)**	(2,682)
Adjustment in respect of prior years	**(203)**	20
Deferred tax charge to income statement for the period	**310**	(1,567)
Deferred tax taken directly to the income statement	**107**	(1,548)
Tax on share-based payments	**44**	(72)
Deferred tax taken through equity	**44**	(72)
Deferred tax (asset)/liability at the end of the year	**(4,151)**	(4,302)

Deferred tax consists of:	**30 December 2018 £'000**	31 December 2017 Restated (Note 2) £'000
Accelerated capital allowances	**(3,810)**	(3,361)
Temporary trade differences	**(341)**	(941)
Gains	**330**	330
Losses	**(330)**	(330)
Deferred tax (asset) at the end of the year	**(4,151)**	(4,302)

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 30 DECEMBER 2018 (CONTINUED)

18. PROVISIONS

	30 December 2018 £'000	31 December 2017 Restated (Note 2) £'000
Provision for onerous lease contracts and property exit costs		
Balance as at the beginning of the year	**36,617**	44,922
Transfer from other provisions	-	1,850
Additional provisions made	**10,401**	14,030
Provisions released	**(4,153)**	(6,134)
Unwinding of discounts	**315**	332
Utilised during the year	**(8,912)**	(18,383)
Balance as at the end of the year	**34,268**	36,617

	30 December 2018 £'000	31 December 2017 Restated (Note 2) £'000
Analysed as:		
Amount due for settlement within one year (refer to Note 15)	**5,751**	7,498
Amount due for settlement after one year	**28,517**	29,119
	34,268	36,617

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 30 years.

19. SHARE CAPITAL

	30 December 2017 £'000	31 December 2017 £'000
Authorised, issued and fully paid:		
34,374,610 Ordinary shares of 10p each	**3,437**	3,437

20. OTHER RESERVES

	30 December 2018 £'000	31 December 2017 £'000
As at the beginning of the year	**26,384**	24,226
Capital contribution in respect of share options charge	**761**	2,158
As at the end of the year	**27,145**	26,384

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

21. SHARE-BASED PAYMENT SCHEMES

The Group operates a number of share-based payment schemes, details of which are provided in the Directors' remuneration report.

A charge has been recorded in the income statement of the Group in respect of share-based payments of £761k (2017: £2,158k).

The other reserves account in the balance sheet reflects the credit to equity made in respect of the charge for share-based payments made through the income statement and the purchase of shares in the market by the EBT in order to satisfy the vesting of existing and future share awards under the Long-Term Incentive Plan (Note 20).

Long-Term Incentive Plan

The Group operates the 2005 Long-Term Incentive Plan (LTIP), details of which are provided in the Directors' remuneration report.

Awards under the LTIP are granted to executive Directors and senior management in the form of nil cost options.

Conditional Award share options and Matching Award share options have been 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 these Matching Award share options to be exercisable. The table below summarises the dates of awards under the LTIP and the dates by which Directors and employees were required to acquire their deposited shares.

Date of Award	Date by which Deposited Shares must be acquired
3 March 2015	30 June 2015

Vesting of share options under the LTIP is dependent on continuing employment or in accordance with "good leaver" status as set out in the scheme rules. In exceptional circumstances, employees may be permitted to exercise options before the normal vesting date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 30 DECEMBER 2018 (CONTINUED)

21. SHARE-BASED PAYMENT SCHEMES (CONTINUED)

The Conditional and Matching Awards granted on 3 March 2015 became exercisable on 3 March 2018. The performance criteria was based on total shareholder return (TSR) and Adjusted earnings per share (EPS). For the TSR element of the award, The Restaurant Group plc was ranked below the median of its comparator group and consequently, none of the TSR element of the award vested. In respect of the Adjusted EPS element of the award, the growth in Adjusted EPS did not meet the performance criteria and therefore none of this part of the award vested.

The options from the LTIP scheme will be satisfied through shares purchased via a trust.

Year ended 30 December 2018

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
2018	Conditional - TSR element	417.5p	87,677	-	-	(87,677)	-	-
2018	Conditional - EPS element	731.5p	87,677	-	-	(87,677)	-	-
2018	Matching - TSR element	417.5p	30,727	-	-	(30,727)	-	-
2018	Matching - EPS element	731.5p	30,727	-	-	(30,727)	-	-
2019	Conditional - TSR element	50.4p	216,001	-	-	-	216,001	-
2019	Conditional - EPS element	395.1p	216,001	-	-	-	216,001	-
2019	Continued Employment	395.1p	144,000	-	-	-	144,000	-
2019	Conditional - TSR element	212.5p	141,338	-	-	-	141,338	-
2019	Conditional - EPS element	331.7p	141,337	-	-	-	141,337	-
2020	Conditional - TSR element	201.7p	409,830	-	-	-	409,830	-
2020	Conditional - EPS element	333.2p	409,830	-	-	-	409,830	-
2020	Conditional - TSR element	157.4p	48,930	-	-	-	48,930	-
2020	Conditional - EPS element	292.3p	48,929	-	-	-	48,929	-
2020	Conditional - TSR element	134.9p	20,751	-	-	-	20,751	-
2020	Conditional - EPS element	274.7p	20,751	-	-	-	20,751	-
2021	Conditional - TSR element	138.6p	-	809,166	-	-	809,166	-
2021	Conditional - EPS element	244.1p	-	809,166	-	-	809,166	-
2021	Conditional - TSR element	149.0p	-	37,684	-	-	37,684	-
2021	Conditional - EPS element	276.6p	-	37,684	-	-	37,684	-
	Total number		*2,054,506*	*1,693,700*	-	*(236,808)*	*3,511,398*	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 30 DECEMBER 2018 (CONTINUED)

21. SHARE-BASED PAYMENT SCHEMES (CONTINUED)

Year ended 31 December 2017

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
2017	Conditional - TSR element	431.8p	138,801	-	-	(138,801)	-	-
2017	Conditional - EPS element	658.5p	138,805	-	-	(138,805)	-	-
2017	Matching - TSR element	431.8p	52,201	-	-	(52,201)	-	-
2017	Matching - EPS element	658.5p	52,201	-	-	(52,201)	-	-
2018	Conditional - TSR element	417.5p	164,966	-	-	(77,289)	87,677	-
2018	Conditional - EPS element	731.5p	164,967	-	-	(77,290)	87,677	-
2018	Matching - TSR element	417.5p	52,879	-	-	(22,152)	30,727	-
2018	Matching - EPS element	731.5p	52,879	-	-	(22,152)	30,727	-
2019	Conditional - TSR element	50.4p	405,240	-	-	(189,239)	216,001	-
2019	Conditional - EPS element	395.1p	405,240	-	-	(189,239)	216,001	-
2019	Continued Employment	395.1p	201,907	-	-	(57,907)	144,000	-
2019	Conditional - TSR element	141.1p	75,713	-	-	(75,713)	-	-
2019	Conditional - EPS element	259.9p	75,712	-	-	(75,712)	-	-
2019	Conditional - TSR element	212.5p	141,338	-	-	-	141,338	-
2019	Conditional - EPS element	331.7p	141,337	-	-	-	141,337	-
2020	Conditional - TSR element	201.7p	-	503,826	-	(93,996)	409,830	-
2020	Conditional - EPS element	333.2p	-	503,826	-	(93,996)	409,830	-
2020	Conditional - TSR element	157.4p	-	48,930	-	-	48,930	-
2020	Conditional - EPS element	292.3p	-	48,929	-	-	48,929	-
2020	Conditional - TSR element	134.9p	-	20,751	-	-	20,751	-
2020	Conditional - EPS element	274.7p	-	20,751	-	-	20,751	-
Total number			2,264,186	1,147,013	-	(1,356,693)	2,054,506	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 30 DECEMBER 2018 (CONTINUED)

21. SHARE-BASED PAYMENT SCHEMES (CONTINUED)

Save As You Earn

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 30 December 2018

Period during which options are exercisable	Exercise price	Outstanding at the beginning of the year	Granted	Forfeited	Exercised	Lapsed	Outstanding at the end of the year	Exercisable at the end of the year
2017 - 2018	525.0p	173,938	-	342	-	(174,280)	-	-
2018 - 2019	546.0p	123,499	-	(4,313)	-	(32,649)	86,537	86,537
2019 - 2020	307.0p	786,890	-	(44,255)	-	(331,315)	411,320	-
2020 - 2021	243.8p	988,648		(41,927)	-	(331,440)	615,281	-
2021 - 2020	239.5p	-	526,132	(751)	-	(9,769)	515,612	-
Total number		**2,072,975**	**526,132**	**(90,904)**	**-**	**(879,453)**	**1,628,750**	**86,537**
Weighted average exercise price		**309.4.0p**	**239.5p**	**287.8p**	**0.0p**	**334.5p**	**274.4p**	**546.0p**

Year ended 31 December 2017

Period during which options are exercisable	Exercise price	Outstanding at the beginning of the year	Granted	Forfeited	Exercised	Lapsed	Outstanding at the end of the year	Exercisable at the end of the year
2017 - 2018	525.0p	315,784	-	(141,846)	-	-	173,938	173,938
2018 - 2019	546.0p	244,275	-	(23,818)	-	(96,958)	123,499	-
2019 - 2020	307.0p	1,794,762	-	(146,159)	(4,355)	(857,358)	786,890	-
2020 - 2021	243.8p	-	1,022,907	-	-	(34,259)	988,648	-
Total number		2,354,821	1,022,907	(311,823)	(4,355)	(988,575)	2,072,975	173,938
Weighted average exercise price		361.0p	243.8p	424.4p	307.0p	328.3p	309.4p	525.0p

The weighted average market price at date of exercise was 322.2p per share (2017: 322.2p). The weighted average remaining contractual life for the shares outstanding at the end of the period is 1.78 years (2017: 2.18 years).

21. SHARE-BASED PAYMENT SCHEMES (CONTINUED)

Assumptions used in valuation of share-based payments granted in the year ended 30 December 2018:

Scheme	March 2018 LTIP Award		September 2018 LTIP Award		2018 SAYE
	TSR element	Adjusted EPS element	TSR element	Adjusted EPS element	
Grant date	**19/03/2018**	**19/03/2018**	**10/09/2018**	**10/09/2018**	**19/10/2018**
Share price at grant date	244.1p	244.1p	276.6p	276.6p	290.2p
Exercise price	n/a	n/a	n/a	n/a	239.52p
No of options originally granted	809,161	809,161	37,684	37,684	526,132
Minimum vesting period	3 years	3 years	3 years	3 years	3 years
Expected volatility [1]	45.73%	n/a	36.90%	n/a	36.90%
Contractual life	5 years	5 years	3 years	3 years	3.4 years
Risk free rate	0.88%	n/a	0.79%	n/a	0.87%
Expected dividend yield	0.00%	0.00%	0.00%	0.00%	6.00%
Expected forfeitures	0.00%	0.00%	0.00%	0.00%	0.00%
Fair value per option	138.6p	244.1p	149.0p	276.6p	64.57p

[1] 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 share price over a period prior to the grant date has been calculated. For the discount for the TSR performance condition for the March and September 2018 Awards, the calculated volatility based on the movement in share price over a period of 5 years prior to the grant has been used. For the discount for the SAYE scheme, the calculated volatility based on the movement in share price over a period of 5 years prior to the grant has been used.

22. CAPITAL COMMITMENTS

Capital expenditure contracted for at the end of the year but not yet incurred is as follows:

	30 December 2018	31 December 2017
	£'000	£'000
Authorised and contracted for	-	11,410

23. LEASE COMMITMENTS

Future lease payments in respect of finance leases are due as follows:

	Minimum lease payments		**Present value of minimum lease payments**	
	30 December 2018	31 December 2017 (Restated)	**30 December 2018**	31 December 2017 (Restated)
	£'000	£'000	**£'000**	£'000
Within one year	**155**	133	**155**	132
Within two to five years	**622**	500	**425**	508
After five years	**7,986**	7,603	**655**	1,475
	8,763	8,236		
Less: future interest payments	**(7,528)**	(6,120)		
Present value of lease obligations	**1,235**	2,116	**1,235**	2,115
Analysed as:				
Amount due for settlement within one year			**155**	132
Amount due for settlement after one year			**1,080**	1,983
Present value of lease obligations			**1,235**	2,115

Lease commitments are in respect of property leases where the initial term of the lease is in excess of 25 years and the conditions of the lease are in keeping with a finance lease. There are no finance leases where the Company itself is the lessor. The interest rate applied in calculating the present value of the payments is the incremental borrowing cost of the Company in relation to each lease.

23. LEASE COMMITMENTS (CONTINUED)

Operating Leases

The total future minimum rentals payable under operating leases over the remaining lives of the leases are:

	Payable	**Receivable**	Payable	Receivable
	30 December 2018	**30 December 2018**	31 December 2017 (Restated)	31 December 2017 (Restated)
	£'000	**£'000**	£'000	£'000
Payments due:				
Within one year	**57,461**	**(1,656)**	61,657	(1,962)
Within two to five years	**195,791**	**(4,585)**	218,184	(6,197)
After five years	**352,981**	**(15,181)**	379,367	(16,618)
	606,233	**(21,422)**	659,208	(24,777)

The company has entered into a number of property leases on standard commercial terms, both as lessee and lessor. There are no restrictions imposed by the Company's operating lease arrangements, either in the current or prior year.

Included within the minimum rentals are amounts payable on properties where the rental agreement is based on turnover. For these properties, primarily in the Concessions business, the amount included above is the minimum guaranteed rent as detailed in the concession agreement.

24. CONTINGENT LIABILITIES

The Company has assigned a number of leases to third parties that were originally completed prior to 1 January 1996 and therefore 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. The possibility of any outflow is deemed to be remote, however, we estimate contingent liabilities to be £1.6m (2017: £2.0m) on an undiscounted basis and represents terms of 3 to 6 years.

25. RELATED PARTY TRANSACTION

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

26. ULTIMATE PARENT UNDERTAKING

The Restaurant Group plc, which is registered in Scotland, 1 George Square, Glasgow G2 1AL (Registration No. SC30343), is the ultimate parent undertaking, the controlling party and the parent undertaking of the smallest and largest group for which group financial statements are prepared. Copies of financial statements of The Restaurant Group plc can be obtained from the Company Secretary at 5-7 Marshalsea Road, London SE1 1EP.