

Financial Statements

Harry Ramsden's Limited

For the Year Ended 1 January 2017

Registered number: 02395362

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Harry Ramsden's Limited

Company Information

Directors

G Edwards
T E Crowley
W J Franklin

Registered number

02395362

Registered office

Chancery House
53 - 64 Chancery Lane
London
WC2A 1QS

Independent auditors

Grant Thornton UK LLP
Chartered Accountant & Statutory Auditor
No.1 Whitehall Riverside
Leeds
LS1 4BN

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Strategic Report

For the Year Ended 1 January 2017

Introduction

The directors present their strategic report on the affairs of the Company, together with the audited financial statements for the year ended 1 January 2017. The financial statements are made up to the Sunday nearest to the period end for each financial period.

Business review

Harry Ramsden's Ltd generated total revenues of £16,323,453 (period ended 27 December 2015: £13,580,669) at a gross margin of 37.8% (period ended 27 December 2015: 43.3%). The revenue increase in the period primarily relates to the increase in the number of restaurants.

The Company made a loss before tax of £4,608,993 (period ended 27 December 2015: £131,537).

Following the strategy of opening new sites throughout the UK in late 2015 and into 2016, the business continues to review the most appropriate locations and formats for the trading estate going forward. During the year the business made decisions on a number of locations that were not viable in the longer term resulting in an impairment charge provision of £1,547,794 in 2016 financial accounts.

The outlook for the continuing estate is on target to deliver on its planned budget in 2017.

The Company continues its positive relationship with Welcome Break and now operates 19 sites across their network. Internationally the business opened a new franchised restaurant in Jeddah, Saudi Arabia in the first half of 2016 and continues to see international growth as an opportunity.

The balance sheet as at the period end shows net liabilities of £15,780,787 (period ended 27 December 2015: £11,815,249). The balance sheet includes fixed assets with a net book value of £7,250,924 (period ended 27 December 2015: £4,089,695). The increase in the year primarily relates to the capital expenditure in relation to the new sites offset by the impairment charge noted above. The business is financed through a combination of bank overdraft and funds received from related parties.

Principal risks and uncertainties

The principal risks and uncertainties of the Company are:

1. Pricing increases on key commodities (fish and potatoes)
2. Property costs and energy prices
3. Regulatory and Legislative impact (National living wage)
4. Recruitment and retention of staff for a seasonal business with post-Brexit uncertainty on immigration

Systems and procedures are in place to identify, assess and mitigate major business risks that could impact on the Company. Monitoring exposure to risk and uncertainty is an integral part of the Company's management processes.

Harry Ramsden's Limited

Strategic Report

For the Year Ended 1 January 2017

Financial key performance indicators

The Company uses a range of performance measures to monitor and manage the business effectively. These are both financial and non-financial and the most significant of these are the key performance indicators (KPIs).

The key financial performance indicators are turnover, gross profit and gross margin and profit/loss before tax. The key non-financial performance indicators are the average number of staff employed by the Company, labour turnover, guest feedback measures and health and safety at work.

The key performance indicators for the 53 weeks ended 1 January 2017 together with the comparatives for the 52 weeks ended 27 December 2015 are;

	1 Jan 2017	27 Dec 2015
Turnover (£)	16,323,453	13,580,669
Gross profit (£)	6,164,284	5,882,019
Gross margin (%)	38	43
Loss before tax (£)	4,608,993	131,537
Average number of employees	414	341

This report was approved by the board on 29th Sept 2017 and signed on its behalf.


W J Franklin
Director

Directors' Report

For the Year Ended 1 January 2017

The directors present their report and the financial statements for the year ended 1 January 2017.

Principal activity

The principal activity of the Company during the year was the operation of restaurants in the United Kingdom. This will remain the principal activity for the foreseeable future.

Results and dividends

The loss for the year, after taxation, amounted to £3,965,538 (period ended 27 December 2015 - loss £97,113).

Directors

The directors who served during the year and subsequent to the year end were:

G Edwards

T E Crowley (appointed 16 December 2016)

W J Franklin (appointed 16 December 2016)

J R Teixeira (resigned 16 December 2016)

M J Glancy (resigned 31 January 2017)

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the Directors' 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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.

Future developments

The existing business and future growth are funded from the continued financial support of the parent company. The parent company has committed to provide sufficient liquidity and capital expenditure where needed. The business continues to commit to investing in its core assets (people, property and product), to ensure customers receive the very best proposition delivered with industry leading value and provenance.

Directors' Report (continued)

For the Year Ended 1 January 2017

Financial risk management

During this turnaround period, the business has the full support of its parent company to provide the required liquidity and capital expenditure to ensure that the business is not only a going concern but is able to realise its full potential. This is also the basis on which management determines that there is no liquidity risk.

The two key sources of inflationary pressure are expected to be fish prices and utility costs. The former will be mitigated by engaging in consolidated buying initiatives across the Boparan restaurant group with utility costs being locked with a fixed price agreement for cost certainty until September 2018. Whilst all loans are on instant recall, they are all within the Boparan Ventures Ltd group and incur no interest.

The Company operates within a framework of weekly reporting which covers performance measures for profitability and cash flow. A set of monthly management accounts are produced to manage the drivers of the business P&L in a controlled manner, so as to minimise the financial and operational impacts and risks upon the Company.

Employee involvement

The Company recognises that its principal asset is its employees and their commitment to the Company's service, standards and customers. The Company's personnel policies ensure that all employees are made aware on a regular basis of the Company's policies, programmes and progress. Communication methods to employees vary according to need and will include but are not limited by, country and function updates, email bulletins, business briefings, podcasts, intranet, extranet, internal newsletters, direct correspondence (where appropriate), information and consultation forum, team meetings and management briefings.

The Company offers equal opportunities to all employees and applicants regardless of race, creed, sex, ethnic origin, age or disability. Disabled persons are considered for employment where they have appropriate life skills and abilities to perform a job. Employees who become disabled during their working lives will be retained in employment whenever possible and will be given help with any necessary rehabilitation and retraining.

Qualifying third party indemnity provisions

All directors benefitted from qualifying indemnity insurance policies in place during the financial year.

Directors' Report (continued)

For the Year Ended 1 January 2017

Post balance sheet events

The Company's ultimate parent company, Boparan Ventures Limited, was acquired by the Invest Co 1 Limited Group on 6 February 2017. The ultimate controlling party of Invest Co 1 Limited is considered to be R S and B K Boparan.

Disclosure of information to auditors

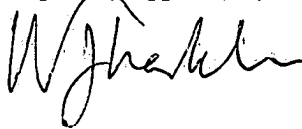
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

The auditors, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 29th Sept 2017 and signed on its behalf.



W J Franklin
Director

Independent Auditors' Report to the Members of Harry Ramsden's Limited

We have audited the financial statements of Harry Ramsden's Limited for the year ended 1 January 2017, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is the applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 Auditors' 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 Auditors

As explained more fully in the Directors' responsibilities statement on page 3, 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 Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 1 January 2017 and of its loss for the year 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 Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with those financial statements.



Independent Auditors' Report to the Members of Harry Ramsden's 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.

Grant Thornton UK LLP

Andrew Wood (Senior statutory auditor)

for and on behalf of

Grant Thornton UK LLP

Statutory Auditor

Chartered Accountants

Leeds

Date:

29/9/17.

Statement of Comprehensive Income

For the Year Ended 1 January 2017

		53 weeks ended 1 January 2017 £	52 weeks ended 27 December 2015 £
	Note		
Turnover	4	16,323,453	13,580,669
Cost of sales		(10,159,169)	(7,698,650)
Gross profit		6,164,284	5,882,019
Administrative expenses (includes impairment charge of £1,547,794 (27 December 2015: £nil))		(10,914,114)	(6,352,361)
Other operating income	5	136,159	363,326
Operating loss	6	(4,613,671)	(107,016)
Interest receivable and similar income	9	8,273	-
Interest payable and expenses	10	(3,595)	(24,521)
Loss before tax		(4,608,993)	(131,537)
Tax on loss	11	643,455	34,424
Loss for the year		(3,965,538)	(97,113)

There were no recognised gains and losses in either year other than those included in the statement of comprehensive income.

There was no other comprehensive income in either year.

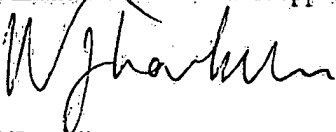
The notes on pages 12 to 34 form part of these financial statements.

Balance Sheet

As at 1 January 2017

	Note	1 January 2017 £	1 January 2017 £	27 December 2015 £	27 December 2015 £
Fixed assets					
Intangible Assets	12		53,196		12,000
Tangible assets	13		7,250,923		4,089,694
Investments	14		2,754,420		2,754,420
			<u>10,058,539</u>		<u>6,856,114</u>
Current assets					
Stocks	15	232,868		183,630	
Debtors	16	4,971,397		4,832,783	
Cash at bank and in hand	17	497,338		286,344	
		<u>5,701,603</u>		<u>5,302,757</u>	
Creditors: amounts falling due within one year	18	(29,022,928)		(22,227,304)	
Net current liabilities			<u>(23,321,325)</u>		<u>(16,924,547)</u>
Total assets less current liabilities			<u>(13,262,786)</u>		<u>(10,068,433)</u>
Provisions for liabilities					
Other provisions	21	(2,518,002)		(1,746,817)	
		<u>(2,518,002)</u>		<u>(1,746,817)</u>	
Net liabilities			<u><u>(15,780,788)</u></u>		<u><u>(11,815,250)</u></u>
Capital and reserves					
Called up share capital	22		13,122,370		13,122,370
Share premium account	23		5,824,576		5,824,576
Profit and loss account	23		<u>(34,727,734)</u>		<u>(30,762,196)</u>
			<u><u>(15,780,788)</u></u>		<u><u>(11,815,250)</u></u>

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



W J Franklin
Director

29 September 2017

The notes on pages 12 to 34 form part of these financial statements.

Statement of Changes in Equity

For the Year Ended 1 January 2017

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 28 December 2015	13,122,370	5,824,576	(30,762,196)	(11,815,250)
Comprehensive income for the year				
Loss for the year	-	-	(3,965,538)	(3,965,538)
Total comprehensive income for the year	-	-	(3,965,538)	(3,965,538)
At 1 January 2017	13,122,370	5,824,576	(34,727,734)	(15,780,788)

Statement of Changes in Equity

For the Year Ended 27 December 2015

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 29 December 2014	13,122,370	5,824,576	(30,665,083)	(11,718,137)
Comprehensive income for the period				
Loss for the period	-	-	(97,113)	(97,113)
Total comprehensive income for the period	-	-	(97,113)	(97,113)
At 27 December 2015	13,122,370	5,824,576	(30,762,196)	(11,815,250)

The notes on pages 12 to 34 form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 1 January 2017

1. General information

Harry Ramsden's Limited is a private limited company incorporated in England. The Registered Office is Chancery House, 53 - 64 Chancery Lane, London, WC2A 1QS.

The principal activity of the Company is disclosed in the Directors' Report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland, and the Companies Act 2006. The financial statements are made up to the Sunday nearest to the period end for each financial period.

This is the first year in which the financial statements have been prepared under FRS 102. The date of transition to FRS 102 was 29 December 2014. Refer to note 33 for an explanation of the transition. The directors have used the following first time adoption exemptions in the preparation of the financial statements:

- Tangible fixed assets, intangible fixed assets and investments have been measured at deemed cost, which is the carrying amount at the date of transition, as determined under the entity's previous GAAP.
- Lease incentives in relation to leases entered into prior to the date of transition to FRS 102 continue to be recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

The financial statements are presented in Sterling (£).

The Company has taken advantage of the following exemptions on the basis that it is a qualifying entity and its ultimate parent company, Boparan Ventures Limited, has included this information:

- a) from preparing a statement of cash flows;
- b) from the financial instrument disclosures, required under FRS 102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29;
- c) from disclosing the Company key management personnel compensation, as required by FRS 102 paragraph 33.7.

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

The Company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

The following principal accounting policies have been applied:

Notes to the Financial Statements

For the Year Ended 1 January 2017

2. Accounting policies (continued)

2.2 Going concern

The Company has made a loss for the period of £3,965,538 (52 weeks ended 27 December 2015 - £97,113) and has net liabilities of £15,780,787 (27 December 2015 - £11,815,250) at the balance sheet date.

The directors have prepared forecasts for the Company and concluded that it is appropriate to prepare these financial statements on a going concern basis. In arriving at this conclusion, the directors have obtained confirmation from Invest Co 1 Limited, the ultimate controlling party at the date of signing these financial statements, who has confirmed that it will continue to provide financial support to the Company for a period of at least the next twelve months after the date of signing the financial statements.

2.3 Turnover

Turnover represents amounts receivable for goods and services provided in our restaurants together with franchise, royalty and licence fees received from operators of Harry Ramsden's branded products, restaurants and concessions.

Turnover generated in our own restaurants is recognised at the point of sale net of taxes. Franchise development fees are recognised when a franchisee opens the related store for trading which is generally when we have fulfilled all of our commitments in respect of the fee. Ongoing franchise fees are based on franchise store sales to customer and are recognised in the period to which those sales relate. Licence fees are based on licence sales to customers and are recognised in the period to which those sales relate.

2.4 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of comprehensive income over its useful economic life

Trademarks and patents

Trademarks and patent assets are initially recognised at cost. After recognition, under the cost model, trademarks and patents are measured at cost less any accumulated amortisation and any accumulated impairment losses.

The estimated useful lives range as follows:

Goodwill	-	10	years
Trademarks and patents	-	2	years

Notes to the Financial Statements

For the Year Ended 1 January 2017

2. Accounting policies (continued)

2.5 Tangible fixed assets

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

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

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

Depreciation is provided on the following basis:

Long leasehold property	- straight line over the length of the lease
Short leasehold property	- straight line over the length of the lease
Plant, equipment, fixtures and fittings	- 14% to 50% on a straight line basis

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

2.6 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Notes to the Financial Statements

For the Year Ended 1 January 2017

2. Accounting policies (continued)

2.8 Stocks

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

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

2.9 Debtors

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

2.10 Cash and cash equivalents

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

Notes to the Financial Statements

For the Year Ended 1 January 2017

2. Accounting policies (continued)

2.11 Financial instruments

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

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

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

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

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

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.12 Creditors

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

Notes to the Financial Statements

For the Year Ended 1 January 2017

2. Accounting policies (continued)

2.13 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

2.14 Finance costs

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.15 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

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

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard on 29 December 2014 to continue to be charged over the period to the first market rent review rather than the term of the lease.

2.16 Pensions

Defined contribution pension plan

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

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

Notes to the Financial Statements

For the Year Ended 1 January 2017

2. Accounting policies (continued)

2.17 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

2.18 Borrowing costs

All borrowing costs are recognised in the Statement of comprehensive income in the year in which they are incurred.

2.19 Provisions for liabilities

Dilapidation provision

The Company, as tenant, has full repairing obligations on its leasehold properties. The dilapidation provision is made based on the estimated costs necessary to restore properties to their condition at lease inception discounted to present value. These costs are capitalised and are depreciated over the length of the lease.

Onerous lease provision

When the Company exits a property but the property is empty, the Company provides for the remaining lease payments in full which are discounted to present value, adjusted by the extent to which any mitigation of these amounts by sub-letting is reasonably possible.

2.20 Current and deferred taxation

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

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

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

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

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

Notes to the Financial Statements

For the Year Ended 1 January 2017

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

In applying the Company's accounting policies set out above management is required to make certain estimates and judgments concerning the future. These judgments are regularly reviewed and updated as necessary.

In preparing these financial statements, the directors have had to make the following judgments:

Determine whether there are any indicators of impairment of the Company's tangible fixed assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit. When an impairment review is carried out, the recoverable value is determined based on value in use calculations which require estimates to be made of future cash flows or assessment of the fair value less costs to sell, which includes significant judgement to derive the valuation.

Other key sources of estimation uncertainty:

a) Tangible fixed assets and depreciation

Tangible fixed assets are depreciated over their useful lives taking in to account residual values where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, all relevant known factors are taken in to account but there is inherent uncertainty present in making this assessment.

b) Inventory provisions

Company inventory levels are constantly reviewed and, should there be an indication of obsolescence, the inventory is written down to its assessed net realisable value.

c) Trade debtor provisions

Provisions for impairment are recognised when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivable. The amount of the provision is the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

d) Dilapidation provisions

Provisions are made based on the estimated costs necessary to restore properties to their condition at lease inception discounted to present value. The calculation of the provision includes significant judgement as the ultimate cost is dependent on the condition of the property at the time of exit.

e) Onerous lease provision

The calculation of the onerous lease provision includes significant management judgement in particular relating to the mitigation of lease costs through subsequent sublease income.

f) Deferred tax asset

Deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. The directors review the forecasts of the business to assess the recoverability of these assets. The recognition of the asset includes significant judgement as the reversal of the asset depends on forecasts.

Notes to the Financial Statements

For the Year Ended 1 January 2017

4. Turnover

The revenue relates to sale of goods of £15,412,995 (2015: £12,379,301), licence fee income of £499,645 (2015: £542,265) and franchise fee income of £410,813 (2015: £659,103).

All turnover arose within the United Kingdom.

5. Other operating income

	53 weeks ended 1 January 2017 £	52 weeks ended 27 December 2015 £
Net rents receivable	136,159	48,326
Fees receivable	-	315,000
	<u>136,159</u>	<u>363,326</u>

6. Operating loss

The operating loss is stated after charging:

	53 weeks ended 1 January 2017 £	52 weeks ended 27 December 2015 £
Depreciation of tangible fixed assets	1,290,175	645,421
Impairment of tangible fixed assets	1,547,794	-
Amortisation of intangible assets, including goodwill	9,609	-
Exchange differences	9,245	-
Other operating lease rentals	2,005,312	1,511,786
Defined contribution pension cost	<u>19,141</u>	<u>15,693</u>

During the year, no director received any emoluments (2015 -£NIL).

The directors of the Company received emoluments from Boparan Ventures Limited during the year and the previous year and it is not practicable to ascertain the proportion of the directors emoluments that specifically relate to this Company. Their remuneration is therefore disclosed in that Company's financial statements.

Notes to the Financial Statements

For the Year Ended 1 January 2017

7. Auditors' remuneration

	53 weeks ended 1 January 2017 £	52 weeks ended 27 December 2015 £
Fees payable to the Company's auditor and its associates for the audit of the Company's financial statements	15,000	14,200

Fees paid to the company's auditor, Grant Thornton UK LLP, other than the statutory audit of the company are not disclosed in the company's financial statements since the consolidated accounts of the company's parent, Boparan Ventures Limited, are required to disclose non-audit fees on a consolidated basis.

8. Employees

Staff costs were as follows:

	53 weeks ended 1 January 2017 £	52 weeks ended 27 December 2015 £
Wages and salaries	5,318,234	3,883,142
Social security costs	354,626	224,836
Cost of defined contribution scheme	19,141	15,693
	<u>5,692,001</u>	<u>4,123,671</u>

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

	53 weeks ended 1 January 2017 No.	52 weeks ended 27 December 2015 No.
Operations	<u>414</u>	<u>331</u>

Notes to the Financial Statements

For the Year Ended 1 January 2017

9. Interest receivable

	53 weeks ended 1 January 2017 £	52 weeks ended 27 December 2015 £
Other interest receivable	8,273	-
	<u>8,273</u>	<u>-</u>

10. Interest payable and similar charges

	53 weeks ended 1 January 2017 £	52 weeks ended 27 December 2015 £
Bank interest payable	3,595	1,294
Other interest payable	-	23,227
	<u>3,595</u>	<u>24,521</u>

11. Taxation

	53 weeks ended 1 January 2017 £	52 weeks ended 27 December 2015 £
Corporation tax		
Current tax on profits for the year	(22,499)	(35,600)
Adjustments in respect of previous periods	(36,460)	1,176
	<u>(58,959)</u>	<u>(34,424)</u>
Total current tax	<u>(58,959)</u>	<u>(34,424)</u>
Deferred tax		
Origination and reversal of timing differences	(584,496)	-
Total deferred tax	<u>(584,496)</u>	<u>-</u>
Taxation on loss on ordinary activities	<u>(643,455)</u>	<u>(34,424)</u>

Notes to the Financial Statements

For the Year Ended 1 January 2017

11. Taxation (continued)

Factors affecting tax credit for the year

The tax credit assessed for the year is lower than (2015 -higher than) the standard rate of corporation tax in the UK of 20% (2015 -20.25%). The differences are explained below:

	53 weeks ended 1 January 2017 £	52 weeks ended 27 December 2015 £
Loss on ordinary activities before tax	<u>(4,608,993)</u>	<u>(131,537)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 -20.25%)	(921,799)	(26,636)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	30,897	19,582
Fixed asset differences	330,285	(59,593)
Adjustments to tax charge in respect of prior periods	(36,460)	1,176
Other timing differences leading to an increase (decrease) in taxation	12,504	1,430
Unrelieved tax losses carried forward	(232,219)	29,617
Rate differences	173,337	-
Total tax credit for the year	<u>(643,455)</u>	<u>(34,424)</u>

Factors that may affect future tax charges

The main rate of corporation tax will reduce from 1 April 2017 from 20% to 19%, and to 17% from 1 April 2020, a change which was substantively enacted as of 15 September 2016 as part of the Finance Bill 2016.

Notes to the Financial Statements

For the Year Ended 1 January 2017

12. Intangible assets

	Trademarks and patents £	Goodwill £	Total £
Cost			
At 28 December 2015	-	12,000	12,000
Additions	25,408	25,397	50,805
At 1 January 2017	25,408	37,397	62,805
Amortisation			
Charge for the year	8,408	1,201	9,609
At 1 January 2017	8,408	1,201	9,609
Net book value			
At 1 January 2017	17,000	36,196	53,196
At 27 December 2015	-	12,000	12,000

Amortisation is recorded within administrative expenses.

Notes to the Financial Statements

For the Year Ended 1 January 2017

13. Tangible fixed assets

	Long leasehold property £	Short leasehold property £	Plant, equipment, fixtures and fittings £	Total £
Cost				
At 28 December 2015	1,325,524	2,779,411	6,618,584	10,723,519
Additions	-	826,509	5,429,236	6,255,745
Disposals	-	-	(288,339)	(288,339)
At 1 January 2017	<u>1,325,524</u>	<u>3,605,920</u>	<u>11,759,481</u>	<u>16,690,925</u>
Depreciation				
At 28 December 2015	299,725	1,703,717	4,630,383	6,633,825
Charge for the period on owned assets	27,547	213,271	1,049,357	1,290,175
Disposals	-	-	(31,792)	(31,792)
Impairment charge	-	185,299	1,362,495	1,547,794
At 1 January 2017	<u>327,272</u>	<u>2,102,287</u>	<u>7,010,443</u>	<u>9,440,002</u>
Net book value				
At 1 January 2017	<u>998,252</u>	<u>1,503,633</u>	<u>4,749,038</u>	<u>7,250,923</u>
At 27 December 2015	<u>1,025,799</u>	<u>1,075,694</u>	<u>1,988,201</u>	<u>4,089,694</u>

The Directors have reviewed the trading results and forecasts for the restaurant portfolio and recorded an impairment charge, of £1,547,794, for those sites where the carrying value of the fixed assets is not supported by the future forecast cashflows. The impairment charge has been reduced by the fair value of those assets where appropriate.

Notes to the Financial Statements

For the Year Ended 1 January 2017

14. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 28 December 2015	2,754,420
At 1 January 2017	<u>2,754,420</u>
Net book value	
At 1 January 2017	<u>2,754,420</u>
At 27 December 2015	<u>2,754,420</u>

See note 32 for details of the Company's subsidiaries.

15. Stocks

	1 January 2017 £	27 December 2015 £
Food and beverages	232,868	183,630
	<u>232,868</u>	<u>183,630</u>

Stock recognised in cost of sales during the year as an expense was £5,281,702 (2015 -£3,965,168).

An impairment loss of £nil (2015 -£nil) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

Notes to the Financial Statements

For the Year Ended 1 January 2017

16. Debtors

	1 January 2017 £	27 December 2015 £
Due after more than one year		
Other debtors	147,597	103,847
	<u>147,597</u>	<u>103,847</u>
Due within one year		
Trade debtors	275,683	361,588
Amounts owed by group undertakings	3,485,490	3,485,490
Other debtors	60,488	378,001
Prepayments and accrued income	411,796	503,857
Tax recoverable	5,847	-
Deferred taxation	584,496	-
	<u>4,971,397</u>	<u>4,832,783</u>

Other debtors, due after more than one year, consist of rent and other deposits.

17. Cash and cash equivalents

	1 January 2017 £	27 December 2015 £
Cash at bank and in hand	497,338	286,344
Less: bank overdrafts	(1,725,479)	(560,293)
	<u>(1,228,141)</u>	<u>(273,949)</u>

Notes to the Financial Statements

For the Year Ended 1 January 2017

18. Creditors: Amounts falling due within one year

	1 January 2017 £	27 December 2015 £
Bank overdraft	1,725,479	560,293
Trade creditors	1,283,535	726,326
Amounts owed to group undertakings	18,124,328	17,963,024
Amounts owed to related parties	5,085,484	2,070,000
Other taxation and social security	1,258,297	56,159
Other creditors	25,929	106,900
Accruals and deferred income	1,519,876	744,602
	<u>29,022,928</u>	<u>22,227,304</u>

The bank overdraft is secured by a fixed and floating charge over the assets of the Company, its ultimate parent company, Boparan Ventures Limited and its fellow subsidiary company, Fishworks 2 Limited.

19. Financial instruments

	1 January 2017 £	27 December 2015 £
Financial assets		
Financial assets measured at amortised cost	4,466,596	4,615,270
	<u>4,466,596</u>	<u>4,615,270</u>
Financial liabilities		
Financial liabilities measured at amortised cost	(27,764,631)	(22,171,146)
	<u>(27,764,631)</u>	<u>(22,171,146)</u>

Financial assets measured at amortised cost comprise cash and cash equivalents, trade debtors, other debtors and amounts owed by group undertakings.

Financial liabilities measured at amortised cost comprise bank overdrafts, trade creditors, amounts owed to group undertakings, amounts owed to related parties, other creditors and accruals.

Notes to the Financial Statements

For the Year Ended 1 January 2017

20. Deferred taxation

	2017 £
Charged to profit or loss	584,496
At end of year	584,496

The deferred tax asset is made up as follows:

	1 January 2017 £	27 December 2015 £
Accelerated capital allowances	583,919	-
Short term timing differences	577	-
	584,496	-

Subject to the UK tax authority's agreement, the Company has tax losses of approximately £8,600,000 (27 December 2015 - £6,300,000) available for carry forward and offset against future taxable profits arising from the same trade. The Company has a potential deferred tax asset of £1,462,000 (27 December 2015 - £1,134,000) which has not been recognised as it is not regarded as more likely than not that there will be sufficient taxable profits from which the tax losses can be deducted.

Notes to the Financial Statements

For the Year Ended 1 January 2017

21. Provisions

	Dilapidation provision £	Onerous lease provision £	Total £
At 28 December 2015	949,366	797,451	1,746,817
Charged to profit or loss	(158,905)	322,007	163,102
New provision	696,296	-	696,296
Utilised in year	-	(88,213)	(88,213)
At 1 January 2017	1,486,757	1,031,245	2,518,002

Dilapidations provision

The Company, as tenant, has full repairing obligations on its leasehold properties. The dilapidation provision is made based on the estimated costs necessary to restore the properties to their condition at lease inception. The provision is expected to be utilised over the period to 2094.

Onerous lease provision

The Company has exited from 3 properties and has provided for the losses that it expects to incur up to the end of the lease. The provision is expected to be utilised over the period to 2038.

Notes to the Financial Statements

For the Year Ended 1 January 2017

22. Share capital

	1 January 2017 £	27 December 2015 £
Shares classified as equity		
Allotted, called up and fully paid		
131,223,702 Ordinary shares of £0.10 each	<u>13,122,370</u>	<u>13,122,370</u>

23. Reserves

Share premium account

Includes the amount paid per share in excess of the nominal value.

Profit & loss account

Includes current and prior year retained profits and losses.

Notes to the Financial Statements

For the Year Ended 1 January 2017

24. Business combinations

Acquisition of the trade and assets of Bylene Limited.

	Book value £	Fair value £
Tangible	425,611	425,611
	<u>425,611</u>	<u>425,611</u>
Stocks	32,073	32,073
Debtors	9,401	9,401
Cash at bank and in hand	275,803	275,803
Total assets	742,888	742,888
Due within one year	(290,542)	(290,542)
Deferred tax	(16,977)	(16,977)
Fair value of net assets	435,369	435,369
Goodwill	25,397	25,397
Total purchase consideration	460,766	460,766
Purchase consideration settled through the intercompany account	460,766	460,766
Cash outflow on acquisition	460,766	460,766

25. Contingent liabilities

A cross guarantee exists between Boparan Ventures Limited, Harry Ramsden's Limited and Fishworks 2 Limited in relation to the group overdraft facility of £2,000,000.

26. Capital commitments

At the year end the Company had capital commitments of £nil (27 December 2015 - £nil).

27. Pension commitments

The Company contributes to a defined contribution pension scheme on behalf of some employees. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £19,141 (52 weeks ended 27 December 2015 - £15,693).

Notes to the Financial Statements

For the Year Ended 1 January 2017

28. Commitments under operating leases

At 1 January 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	1 January 2017 £	27 December 2015 £
Not later than 1 year	2,098,345	2,052,473
Later than 1 year and not later than 5 years	7,947,099	7,412,958
Later than 5 years	19,836,940	19,472,005
	<u>29,882,384</u>	<u>28,937,436</u>

29. Related party transactions

Giraffe Concepts Limited

During the year Giraffe Concepts Limited loaned the Company £504,484 (2015: £nil). The balance outstanding at the end of the period is £504,484 (27 December 2015: £nil). G Edwards is a director of Giraffe Concepts Limited

Amber REI Holdings Limited ("AREIL")

During the year AREIL loaned the Company £3,811,000 (2015: £750,000). The balance outstanding at the end of the period is £4,581,000 (27 December 2015: £750,000). During the year the Company purchased services with a value of £88,498 from AREIL Limited with £39,964 included in trade creditors at the period end. R S Boparan is a director and considered to be the controlling party of AREIL.

Lakeside Food Group Limited

During the year the Company repaid loans to Lakeside Food Group Limited. The balance outstanding at the end of the period is £nil (27 December 2015: £750,000). G Edwards is a director of Lakeside Food Group Limited and R S Boparan is a beneficiary of ASG Investment Trust which owns Lakeside Food Group Limited.

2 Sisters Food Group Limited

During the period, the Company provided goods and services to 2 Sisters Food Group Limited of £nil (2015 - £50,000). The balance outstanding at the end of the period is £nil (2015 - £60,000). R S Boparan is a director and beneficial owner of 2 Sisters Food Group Limited.

30. Controlling party

The Company's immediate parent company is HRFC Limited, a company registered in England and Wales. HRFC Limited is a wholly owned subsidiary of Boparan Ventures Limited, a company registered in England and Wales. At the year end, this is the Company's ultimate parent company and is the smallest and largest group for which the Company's results are consolidated.

Copies of the Boparan Ventures Limited accounts may be obtained from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

The ultimate controlling party is considered to be R S and B K Boparan.

Notes to the Financial Statements

For the Year Ended 1 January 2017

31. Post balance sheet events

The Company's ultimate parent company, Boparan Ventures Limited, was acquired by the Invest Co 1 Limited Group on 6 February 2017. The ultimate controlling party, of Invest Co 1 Limited, is considered to be R S and B K Boparan.

32. Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Class of shares	Holding
Coldraw Services Limited	England and Wales	Ordinary of £1	100%
D J H Leisure Limited	Scotland	Ordinary and Preference of £1	100%
Duobridge Limited	England and Wales	Ordinary of £1	100%
Harry Ramsden's (Restaurant) Limited	England and Wales	Ordinary and Preference of £1	100%

All of the above companies are dormant.

33. First time adoption of FRS 102

As at 27 December 2015, amounts due by group undertakings of £3,485,490 were classified as falling due after more than one year under previous UK GAAP. The directors have reviewed this presentation and these amounts should have been classified as falling due within one year in the absence of formal repayment terms. The correction of this balance has not impacted the equity or the loss for the Company as at the transition date as reported under previous UK GAAP.