

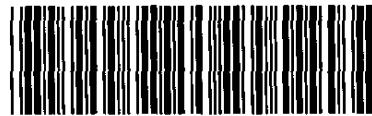
Registration number: 02767925

Mamma Amalfi Restaurants Limited

Unaudited Annual Report and Financial Statements

for the Period from 28 May 2018 to 26 May 2019

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Mamma Amalfi Restaurants Limited

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Mamma Amalfi Restaurants Limited

Company Information

Directors

G. David

J. Spragg

Registered office

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London

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Solicitors

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London

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Bankers

Barclays Bank PLC

1 Churchill Place

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Mamma Amalfi Restaurants Limited
Strategic Report
for the Period from 28 May 2018 to 26 May 2019

The Directors present their strategic report for the period from 28 May 2018 to 26 May 2019.

Business Review

Summary

The principal activity of Mamma Amalfi Restaurants Limited (the 'Company') is that of operating restaurants. There has been no change in this activity during the period.

Key results and position

The results for the Company for the 52 week period ended 26 May 2019 show a loss for the financial year after tax of £989,000 (2018: loss £839,000).

The net assets of the Company at 26 May 2019 were £4,762,000 (2018: £5,751,000).

Principal risks and uncertainties

From the perspective of the Company, its principal risks and uncertainties are integrated with the principal risks of Casual Dining Bidco Limited and its subsidiaries ("the Group") of which the Company is a member and are not managed separately. The principal risks and uncertainties of the Group are disclosed in Casual Dining Bidco Limited's consolidated financial statements which does not form part of this report.

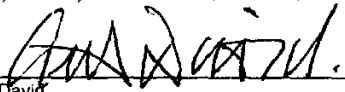
Future operational growth

From the perspective of the Company, its future operational growth is integrated with the future operational growth of the Group and is not managed separately. The future operational growth of the Group is disclosed in Casual Dining Bidco Limited's consolidated financial statements which does not form part of this report.

Key performance indicators

The Directors of Casual Dining Bidco Limited manage the Group's operations on a divisional basis. For this reason, the Company's directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of Mamma Amalfi Restaurants Limited. The development, performance and position of the business of the Group is discussed within the Strategic and Directors' Reports of Casual Dining Bidco Limited's consolidated financial statements which do not form part of this report.

Approved by the Board on 30 October 2019 and signed on its behalf by:


G David
Director

Mamma Amalfi Restaurants Limited
Directors' Report
for the Period from 28 May 2018 to 26 May 2019

The Directors present their annual report and the unaudited financial statements of Mamma Amalfi Restaurants Limited ("the Company") for the period from 28 May 2018 to 26 May 2019.

Directors of the Company

The directors of the company who were in office during the period and up to the date of signing (unless otherwise stated) the financial statements were:

G. David

J. Spragg (appointed 30 April 2019)

S. Richards (resigned 30 April 2019)

Results and dividends

The results for the Company for the 52 week period ended 26 May 2019 are presented in the statement of comprehensive income on page 7.

The Directors do not propose the payment of a dividend (2018: £nil).

Review of developments and future prospects

The Company will continue to operate restaurants for the foreseeable future.

Financial risk management

From the perspective of the Company, the financial risks of the Company are integrated with the financial risks of the Group and are not managed separately. Accordingly, the management of the financial risks of the Group, which include those of the Company, are disclosed in Casual Dining Bidco Limited's consolidated financial statements which does not form part of this report.

Employee involvement

The Board recognises the importance of employees being fully informed of events which directly affect them and their working conditions. The Company has in place a number of channels of communication including regular team and area meetings, weekly and monthly publications and a company intranet. In addition, the management board carries out two business updates a period with all restaurant managers. Senior employees receive a bonus based upon business performance.

Employment of disabled persons

The Company's policy is that, wherever it is practicable and reasonable within existing legislation, all employees, including disabled persons, are treated in the same way in matters relating to employment, training, career development and promotion. Every effort is made to retain and assist any individuals disabled during their employment. Full and fair consideration is given to applications for employment made by disabled persons, having regard to their particular aptitudes and abilities.

Going concern

The Directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of Casual Dining Bidco Limited. The directors have received confirmation that Casual Dining Bidco Limited intends to support the Company for at least one year after these financial statements are signed.

Mamma Amalfi Restaurants Limited

Directors' Report for the Period from 28 May 2018 to 26 May 2019 (continued)

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial 52 week period. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for 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.

Approved by the Board on 30 October 2019 and signed on its behalf by:



G. David
Director

Mamma Amalfi Restaurants Limited

Statement of Comprehensive Income
for the period from 28 May 2018 to 26 May 2019

| | | 28 May 2018 to 26 May 2019 | 29 May 2017 to 27 May 2018 |
|---|------|----------------------------------|----------------------------------|
| | Note | £'000 | £'000 |
| Revenue | 3 | 4,149 | 4,357 |
| Cost of sales | | <u>(5,212)</u> | <u>(5,046)</u> |
| Gross (loss) / profit | | (1,063) | (689) |
| Administrative expenses | | <u>74</u> | <u>(150)</u> |
| Operating loss | 4 | <u>(989)</u> | <u>(839)</u> |
| Loss before taxation | | (989) | (839) |
| Income tax expense | 7 | <u>-</u> | <u>-</u> |
| Loss for the financial period and total comprehensive expense | | <u>(989)</u> | <u>(839)</u> |

The above results were derived from continuing operations unless otherwise stated.

The notes on pages 8 to 17 form an integral part of these financial statements.

Mamma Amalfi Restaurants Limited

(Registration number: 02767925)

Statement of Financial Position as at 26 May 2019

| | Note | 26 May 2019 £'000 | 27 May 2018 £'000 |
|-------------------------------|------|-------------------------|-------------------------|
| Assets | | | |
| Non-current assets | | | |
| Goodwill | 8 | - | - |
| Intangible assets | 8 | 1 | - |
| Property, plant and equipment | 9 | 708 | 1,363 |
| Deferred tax assets | 7 | 57 | 57 |
| | | <u>766</u> | <u>1,420</u> |
| Current assets | | | |
| Inventories | 10 | 37 | 45 |
| Trade and other receivables | 11 | 4,467 | 4,673 |
| Prepayments | | 23 | 62 |
| Cash and cash equivalents | | - | - |
| | | <u>4,527</u> | <u>4,780</u> |
| Total assets | | <u>5,293</u> | <u>6,200</u> |
| Current liabilities | | | |
| Trade and other payables | 12 | (191) | (222) |
| Provisions for liabilities | 13 | (342) | (227) |
| | | <u>(533)</u> | <u>(449)</u> |
| Net assets | | <u>4,760</u> | <u>5,751</u> |
| Equity | | | |
| Called up share capital | 14 | 3,002 | 3,002 |
| Share | | 248 | 248 |
| Profit and loss account | | 1,512 | 2,501 |
| Total equity | | <u>4,762</u> | <u>5,751</u> |

For the period ended 26 May 2019 the Company was entitled to exemption under section 479a of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

- No members have required the Company to obtain an audit of its accounts for the period in question in accordance with section 476 of the Companies Act.
- The directors acknowledge their responsibility for complying with the requirements of the Act with respect to accounting records and for the preparation of the accounts.

These financial statements on pages 5 to 17 were approved by the Board of Directors on 30 October 2019 and signed on its behalf by:



G. David

Director

The notes on pages 8 to 17 form an integral part of these financial statements.

Mamma Amalfi Restaurants Limited

**Statement of Changes in Equity
for the period from 28 May 2018 to 26 May 2019**

| | Share capital £000 | Share premium £000 | Profit and loss account £000 | Total equity £000 |
|---|-----------------------|--------------------------|------------------------------------|----------------------|
| At 29 May 2017 | 3,002 | 248 | 3,340 | 6,590 |
| Total comprehensive expense for the period | - | - | (839) | (839) |
| At 27 May 2018 | 3,002 | 248 | 2,501 | 5,751 |
| At 28 May 2018 | 3,002 | 248 | 2,501 | 5,751 |
| Total comprehensive expense for the period | - | - | (989) | (989) |
| At 26 May 2019 | 3,002 | 248 | 1,512 | 4,762 |

The notes on pages 8 to 17 form an integral part of these financial statements.

Mamma Amalfi Restaurants Limited

Notes to the Financial Statements for the Period from 28 May 2018 to 26 May 2019

1. General Information

Mamma Amalfi Restaurants Limited ("the Company") is incorporated in the United Kingdom. The registered office is 1st Floor, 163 Eversholt Street, London NW1 1BU. The Company is a subsidiary of Casual Dining Bidco Limited which forms one of the largest mid-market restaurant operators in the UK with 266 restaurants as at 26 May 2019, operating primarily under the *Café Rouge*, *Bella Italia*, *Las Iguanas* and *La Tasca* brands.

Information on the ultimate parent of the Company is provided in Note 17.

2. Accounting policies

Summary of significant accounting policies and key accounting estimates

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 periods presented, unless otherwise stated.

Basis of preparation

The financial statements of the Company have been prepared in accordance with Financial Reporting Standard 101, "Reduced Disclosure Framework" (FRS 101). The financial statements have been prepared on the going concern basis and under the historical cost convention, as modified by financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss, and in accordance with the Companies Act 2006 as applicable to companies using FRS 101.

The financial statements of the Company have been prepared for the accounting period ended 26 May 2019.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies.

The functional and presentational currency of the Company is pounds sterling, rounded to the nearest thousand.

Going Concern

The Directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of Casual Dining Bidco Limited. The directors have received confirmation that Casual Dining Bidco Limited intends to support the Company for at least one year after these financial statements are signed.

Summary of disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- IAS 7 "Statement of cash flows"
- Paragraph 30 of IAS 8 "Accounting policies, changes in accounting estimates and errors" (disclosure of standard issued but not yet adopted)
- IFRS 7 "Financial instruments: Disclosures"
- Paragraph 17 of IAS 24, "Related party disclosures" (key management compensation)
- The requirements in IAS 24, "Related party disclosures" to disclose related party transactions entered into between two or more members of a group.
- With respect to IFRS 15 disclosure exemptions from the second sentence of paragraph 110, and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129.

Mamma Amalfi Restaurants Limited

Notes to the Financial Statements for the Period from 28 May 2018 to 26 May 2019 (continued)

2. Accounting policies (continued)

Changes in accounting policy and disclosures

IFRS 9, 'Financial Instruments' and IFRS 15 'Revenues from Contracts with Customers' are new accounting standards that are effective for periods beginning on or after 1 January 2018. The Company has therefore adopted these standards for the first time in the period ended 26 May 2019 using the modified retrospective approach.

IFRS 15 requires revenue recognition that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to, in exchange for those goods or services. IFRS 15 has been adopted using the modified retrospective approach and no practical expedients have been applied. Adoption of IFRS 15 has not had a material impact on the recognition or measurement of revenue.

Adoption of IFRS 9 financial assets that were previously classified as loans and receivables under IAS 39 are now categorised as financial assets at amortised cost. The change in classification has not affected the measurement of these assets. Impairment of financial assets is assessed based on the expected credit loss model under IFRS 9, rather than the incurred loss model that was previously used. The Company has applied the simplified approach permitted under IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of trade receivables based on current, historic and forward-looking information. Application of the new impairment model has not had a material impact on the carrying value of expected credit losses and no adjustments have been made to the opening impairment provision balance.

There were no other changes to the accounting standards in the current year that had an impact on the Company.

Revenue recognition

Revenue from the sale of goods or services is recognised when the Company has satisfied its performance obligations by providing goods or service to the customer. Provision of goods and services are considered to be transferred at the point of sale and as such revenue is recognised at a point in time. Revenue is shown net of discounts and VAT or other sales related taxes. Revenue is measured at the fair value of the consideration received or receivable.

Revenue from gift cards and gift vouchers sold by the Company or a third-party is recognised on the redemption of the gift card or gift voucher, with the customer obtaining the benefit of the gift card on redemption. A contract liability is recognised for any vouchers or gift cards outstanding at the year-end; contract liabilities are included within trade payables.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Mamma Amalfi Restaurants Limited
Notes to the Financial Statements
for the Period from 28 May 2018 to 26 May 2019 (continued)

2. Accounting policies (continued)

Deferred tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for any deferred tax liability where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the group is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the group the ability to control the reversal of the temporary difference is the deferred tax liability not recognised.

Deferred tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities and there is an intention to settle the balances on a net basis.

Property, plant and equipment

Property, plant and equipment are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Impairment losses in relation to site held property, plant and equipment is included in cost of sales.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

| <i>Asset class</i> | <i>Depreciation method and rate</i> |
|--|---|
| | Over their remaining lease periods, except where the anticipated renewal or extension of the lease is sufficiently certain that a longer estimated useful life is appropriate. Current legislation and the terms of the lease contracts are such that in most instances, leases are readily extendible by an additional 15 years. The maximum depreciation period for leasehold improvements is 30 years. |
| Land, buildings and leasehold improvements | |
| Furniture, fittings, and equipment | Over 4 to 25 years |
| Depreciation of site held assets is included in cost of sales. | |

Goodwill

Goodwill arises on the acquisition of a business and represents the excess of the consideration transferred over the fair value of the identifiable net assets acquired. If the total of consideration transferred at fair value is less than the fair value of the net assets of the business acquired, in the case of a bargain purchase, the difference is recognised directly in the profit or loss.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units ("CGUs"), or groups of CGUs, that are expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. *The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.*

Software

Acquired software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Capitalised software is amortised on a straight-line basis over its estimated useful life of eight years.

Mamma Amalfi Restaurants Limited

Notes to the Financial Statements for the Period from 28 May 2018 to 26 May 2019 (continued)

2. Accounting policies (continued)

Impairment of non-financial assets

Impairment reviews of non-financial assets are performed by management when there are indicators of impairment.

The carrying value of property, plant and equipment are reviewed for impairment if event or changes in circumstances indicate that the carrying value may not be recoverable. Any impairment in the value of property, plant and equipment below depreciated historical cost is charged to the consolidated statement of comprehensive income. Profits and losses on disposal of property, plant and equipment reflect the difference between the net selling price and the net book value at the date of disposal.

Impairment reviews of property, plant and equipment are performed by management when there is an indication of impairment, with any resulting impairment charged through exceptional administrative expenses.

Capitalisation of staff costs

Directly attributable costs in relation to site preparations (new installations and major refurbishments) and software development include employee costs that are capitalised as tangible and intangible assets respectively, only when it is probable that the future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably and are directly attributable to the creation of the asset. Capitalisation of costs ceases when the asset is capable of operating in the manner intended by management.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method.

The cost of finished goods and raw materials comprises direct materials and, where applicable, those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, inventories are assessed for impairment. If inventory 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.

Financial instruments

Financial assets and financial liabilities are recognised when the Company has become a party to the contractual provisions of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below.

Financial assets

Financial assets comprise cash and cash equivalents and trade and other receivables. The Company classifies all of its financial assets as assets at amortised costs as they are held with the objective to collect the contractual cash flows and these contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion'). They are initially recognised at fair value plus directly attributable transaction costs, and subsequently at amortised cost using the effective interest method less provisions for impairment. The Company applies the IFRS 9 simplified approach to measuring the expected credit loss by measured by reviewing trade receivables on a customer basis which are past due.

Mamma Amalfi Restaurants Limited
Notes to the Financial Statements
for the Period from 28 May 2018 to 26 May 2019 (continued)

2. Accounting policies (continued)

Financial liabilities

Financial liabilities comprise borrowings and trade and other payables. Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

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. Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

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.

Provisions

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

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

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Exceptional items

Costs incurred in the period which are classified as exceptional are those which are material in nature and derive from events or transactions that do not fall within the ordinary activities of the Company and which are individually, or in aggregate, of such size or incidence to require specific disclosure.

Significant accounting estimates and judgments

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the application of the accounting policies as described above. The following are the most significant:

a) impairment of property, plant and equipment

The Company determines whether an item of property, plant and equipment is impaired by considering indicators of impairment. If indicators of impairment are present, the Company must calculate the value in use which requires the Company to estimate future cash flows and choose a discount rate to calculate the present value of those cash flows.

b) Onerous contract provisions

Onerous contract provisions are made for the future net costs of leasehold properties which are vacant, loss making, or sublet below passing rent. Provisions are based on future net cash outflows, as estimated by management.

Mamma Amalfi Restaurants Limited

Notes to the Financial Statements for the Period from 28 May 2018 to 26 May 2019 (continued)

3. Revenue

The analysis of the Company's revenue for the period from operations is as follows:

| | 28 May 2018 to 26 May 2019 £'000 | 29 May 2017 to 27 May 2018 £'000 |
|---------------|---|---|
| Sale of goods | 4,149 | 4,357 |
| | <u>4,149</u> | <u>4,357</u> |

All the Company's revenues are derived from the UK.

4. Operating loss

| | 28 May 2018 to 26 May 2019 £'000 | 29 May 2017 to 27 May 2018 £'000 |
|------------------------------------|---|---|
| Depreciation | 269 | 237 |
| Exceptional items (refer note 6) | 997 | 746 |
| Operating lease expense - property | <u>646</u> | <u>654</u> |

5. Directors' remuneration

The directors did not receive any emoluments from the company in respect of services provided to the company (2018: £nil).
Casual Dining Limited recharges the company for directors' services under a cost plus arrangement and these costs are reported within Administrative Expenses.

6. Exceptional items

| | 28 May 2018 to 26 May 2019 £'000 | 29 May 2017 to 27 May 2018 £'000 |
|---|---|---|
| Charged to cost of sales (prior period to administrative expenses): | | |
| Net increase in onerous contract provision categorised as exceptional | 236 | 178 |
| Impairment of goodwill, property, plant and equipment | <u>761</u> | <u>568</u> |
| | <u>997</u> | <u>746</u> |
| Total exceptional items | <u>997</u> | <u>746</u> |

The tax effect in the profit and loss account relating to the exceptional items recognised below operating profit is a charge of £Nil (2018 - £Nil).

An impairment review was conducted across the Company and highlighted sites which management consider to have onerous fixed cost obligations, for which a charge of £236,000 was recorded, net of prior period provisions released and provisions utilised (2018 - £178,000). Fixed assets of £761,000 have also been impaired (2018 - £155,000), largely due to sites that are not considered part of the core business, and for which a provision for onerous leases has been recognised.

Mamma Amalfi Restaurants Limited

Notes to the Financial Statements
for the Period from 28 May 2018 to 26 May 2019 (continued)

7. Tax on loss

Tax charged in the statement of comprehensive income:

| | 28 May 2018 to 26 May 2019 £'000 | 29 May 2017 to 27 May 2018 £'000 |
|---|---|---|
| Current taxation | | |
| UK corporation tax | - | - |
| Deferred taxation | | |
| Effects of changes in tax rates | - | - |
| Total deferred taxation | - | - |
| Tax charge in the statement of comprehensive income | - | - |

The tax on loss before tax for the period is higher than the standard rate of corporation tax in the UK (2018 - higher than the standard rate of corporation tax in the UK) of 19% (2018 19%). The tax rate for the period is based on a weighted average rate of enacted corporation tax rates during the period.

The differences are reconciled below:

| | 28 May 2018 to 26 May 2019 £'000 | 29 May 2017 to 27 May 2018 £'000 |
|--|---|---|
| Loss before tax | (989) | (839) |
| Corporation tax at standard rate | (188) | (159) |
| Effects of: | | |
| Depreciation in excess of capital allowances | 41 | 12 |
| Expenses not deductible for tax purposes | 151 | 140 |
| Origination and reversal of temporary differences | (6) | (6) |
| Group relief surrendered / (claimed) for nil consideration | 2 | 13 |
| Tax charge in the statement of comprehensive income | - | - |

The Company has an unrecognised deferred tax asset in respect of fixed timing differences of £263,506 (2018 - £132,712) due to it not being sufficiently probable that these will be utilised in the near future.

The Finance Act 2015 introduced a reduction in the main rate of corporation tax from 20% to 19% from April 2017 and from 19% to 18% from April 2020. These reductions were substantively enacted on 26 October 2015. A rate of 19% (2018: blended rate of 19%) has been used to calculate the tax provision for the 52 weeks to 26 May 2019. 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. The net deferred tax asset at the balance sheet date has been calculated at this rate.

Mamma Amalfi Restaurants Limited

**Notes to the Financial Statements
for the Period from 28 May 2018 to 26 May 2019 (continued)**

7. Tax on loss (continued)

| | 28 May 2018 to 26 May 2019 £'000 | 29 May 2017 to 27 May 2018 £'000 |
|---|---|---|
| Deferred tax asset | | |
| At the beginning of the period | 57 | 57 |
| Statement of comprehensive income charge | - | - |
| At the end of the period | 57 | 57 |
| Deferred tax consists of: | | |
| Depreciation in advance of capital allowances | 57 | 57 |
| | 57 | 57 |

Deferred tax assets are recognised only to the extent that realisation of the related tax benefit is probable. The Directors consider there will be sufficient taxable income generated to realise the benefit of the deferred tax assets and that no reasonably possible change in any of the key assumptions forming part of their forecasts and assessments would result in a material reduction in forecast headroom of tax profits so that the recognised deferred tax asset would not be realised. Recovery is expected in more than twelve months after the reporting period.

8. Intangible assets

| | Software £'000 | Goodwill £'000 |
|---------------------------------|-------------------|-------------------|
| Cost or valuation | | |
| At 28 May 2018 | 11 | 413 |
| Additions | 1 | - |
| At 26 May 2019 | 12 | 413 |
| Accumulated amortisation | | |
| At 28 May 2018 | 11 | 413 |
| At 26 May 2019 | 11 | 413 |
| Carrying amount | | |
| At 26 May 2019 | 1 | - |
| At 27 May 2018 | - | - |

9. Property, plant and equipment

| | Land, buildings and leasehold improvements £'000 | Furniture, fittings and equipment £'000 | Total £'000 |
|---------------------------------|---|--|----------------|
| Cost or valuation | | | |
| At 28 May 2018 | 1,773 | 1,930 | 3,703 |
| Additions | 2 | 373 | 375 |
| At 26 May 2019 | 1,775 | 2,303 | 4,078 |
| Accumulated depreciation | | | |
| At 28 May 2018 | 966 | 1,374 | 2,340 |
| Charge for period | 75 | 194 | 269 |
| Impairment | 458 | 303 | 761 |
| At 26 May 2019 | 1,499 | 1,871 | 3,370 |
| Carrying amount | | | |
| At 26 May 2019 | 276 | 432 | 708 |
| At 27 May 2018 | 807 | 556 | 1,363 |

Mamma Amalfi Restaurants Limited

**Notes to the Financial Statements
for the Period from 28 May 2018 to 26 May 2019 (continued)**

10. Inventories

| | 26 May 2019 | 27 May 2018 |
|-------------------|----------------|----------------|
| | £'000 | £'000 |
| Food and beverage | <u>37</u> | <u>45</u> |

The cost of inventory expensed and charged to cost of sales in the period is £985,000 (2018 - £1,045,300). The replacement cost at 26 May 2019 is not considered by the Directors to be materially different from the balance sheet value. At 26 May 2019 there was £nil provision held against inventory (2018 - £nil).

11. Trade and other receivables

| | 26 May 2019 | 27 May 2018 |
|--|----------------|----------------|
| | £'000 | £'000 |
| Trade receivables | 5 | 8 |
| Amounts owed by other members of the Group | 4,462 | 4,665 |
| Total current trade and other receivables | <u>4,467</u> | <u>4,673</u> |

Amounts owed by other members of the Group have no fixed repayment date, are interest free and unsecured.

12. Trade and other payables

| | 26 May 2019 | 27 May 2018 |
|------------------|----------------|----------------|
| | £'000 | £'000 |
| Accrued expenses | 161 | 156 |
| Other payables | 30 | 66 |
| | <u>191</u> | <u>222</u> |

13. Provisions for other liabilities and charges

| | Onerous Contracts £'000 |
|-----------------------|-------------------------------|
| At 28 May 2018 | 227 |
| Additional provisions | 236 |
| Provisions utilised | (121) |
| At 26 May 2019 | <u>342</u> |

Onerous contracts provision

The provision for onerous contracts is in respect to operating lease arrangements, and represents estimated cash flows over the period that the contracts are considered onerous.

14. Share capital

Allocated, called up and fully paid shares

| | 26 May 2019 No. 000 | 26 May 2019 £'000 | 27 May 2018 No. 000 | 27 May 2018 £'000 |
|---------------------------------|---------------------------|-------------------------|---------------------------|-------------------------|
| Ordinary shares of £1.00 each | 2 | 2 | 2 | 2 |
| 4% Preference shares of £1 each | 3,000 | 3,000 | 3,000 | 3,000 |
| | <u>3,002</u> | <u>3,002</u> | <u>3,002</u> | <u>3,002</u> |

Preference shareholders have the right to receive cumulative dividends at the rate of 4% per annum on their capital in priority to all other shareholders. Café Rouge Restaurants Limited has waived its right to receive dividends. The preference shares are irredeemable and carry no votes at general meetings unless the dividends are in arrears at the date the meeting is convened. On the winding up of the Company, the preference shareholders have a right to receive the par value of shares, plus any accrued interest, in preference to ordinary shareholders.

Mamma Amalfi Restaurants Limited

Notes to the Financial Statements for the Period from 28 May 2018 to 26 May 2019 (continued)

15. Lease Commitments

Operating Leases - land and buildings

The total future value of minimum lease payments is as follows:

| | 26 May 2019 £'000 | 27 May 2018 £'000 |
|----------------------|-------------------------|-------------------------|
| Within one year | 689 | 749 |
| In one to five years | 1,964 | 2,189 |
| In over five years | 4,248 | 4,710 |
| | <u>6,901</u> | <u>7,648</u> |

16. Related party transactions

The Company has taken advantage of the exemption in FRS101 "Related Party Disclosures" from disclosing transactions with other members of the Group.

17. Parent and Ultimate parent undertaking

The immediate parent undertaking is Cafe Rouge Restaurants Limited, registered in England and Wales. Casual Dining Limited, registered in England and Wales, together with its subsidiaries form the smallest Group of which the Company is a member and for which Group financial statements are prepared.

At the date of signing these financial statements the Company considers Dining (UK) Holdco LLP, a limited liability partnership incorporated in England and Wales, as the ultimate parent undertaking and form the largest group of which the Company is a member and for which group financial statements are prepared. The Company considers KKR & Co. Inc, through its managed funds, to be the ultimate controlling party.