

Registration number: 2820794

La Tasca Restaurants Limited

Annual Report and Financial Statements

for the 66 weeks ended 29 May 2016

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La Tasca Restaurants Limited

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La Tasca Restaurants Limited

Company Information

Directors	S. Richards T. Doubleday
Company secretary	T. Doubleday
Registered office	1 st Flor 163 Eversholt Street London NW1 1BU
Solicitors	Taylor Wessing 5 New Street Square London EC4A 3TW
Bankers	Barclays Bank PLC 1 Churchill Place London E14 5HP
Auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 1 Embankment Place London WC2N 6RH

La Tasca Restaurants Limited

Strategic Report for the Period from 23 February 2015 to 29 May 2016

Business Review

Summary

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

Key Results

The results of the Company for the period 23 February 2015 to 29 May 2016 show an operating profit before depreciation and exceptional items of £338,000 (2015: £2,439,000 for the 52 weeks ended 22 February 2015). The decrease was largely due to the disposal of 13 sites, and the conversion of 15 sites to other brands within the Casual Dining Group (the "Group") after the Company was acquired by a member of the Group on 28 August 2015.

Transition to FRS 101

The Company financial statements are the first to have been prepared in accordance with Financial Reporting Standard 101, "Reduced Disclosure Framework" ("FRS 101"). There was no impact on the reported financial position or performance of the Company as a result of the transition.

Exceptional costs

There were exceptional costs recognised by the Company in 2016 of £7,860,000 (2015: credit of £159,000). These items were outside the normal operations of the Company and include an impairment charge of £5,200,000 (2015 - £Nil) on a wholly-owned subsidiary. The credit in the prior period is largely due to the release of onerous lease provisions no longer needed following the completion of the Company's company voluntary arrangement ("CVA") on 30 September 2014.

Principal risks and uncertainties

From the perspective of the Company, its principal risks and uncertainties are integrated with the principal risks of the Group 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.

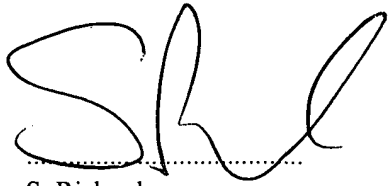
Key Performance Indicators

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 La Tasca 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 does not form part of this report.

La Tasca Restaurants Limited

Strategic Report for the Period from 23 February 2015 to 29 May 2016

Approved by the Board on 11 April 2017 and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'S. Richards', written over a dotted line.

S. Richards
Director

La Tasca Restaurants Limited

Directors' Report for the Period from 23 February 2015 to 29 May 2016

The Directors present their annual report and the audited financial statements of the Company for the 66 week extended period of accounts ended 29 May 2016. The comparatives are for the 52 week period ended 22 February 2015.

Directors of the Company

The directors of the Company who were in office during the period and up to the date of signing the financial statements were:

D. Myers (resigned 28 August 2015)

S. Wilkinson (resigned 28 August 2015)

S Richards (appointed 28 August 2015)

T Doubleday (appointed 28 August 2015)

Results and dividends

The results for the Company for the period ended 29 May 2016 are presented in the statement of comprehensive income on page 8.

The Directors do not propose the payment of a dividend (2015: £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.

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 financial statements are prepared on a going concern basis.

La Tasca Restaurants Limited

Directors' Report for the Period from 23 February 2015 to 29 May 2016

Statement of Directors responsibilities

The directors are responsible for preparing the Strategic Report and 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 period. Under that law the directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to the auditors

Each Director has taken steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. The Directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

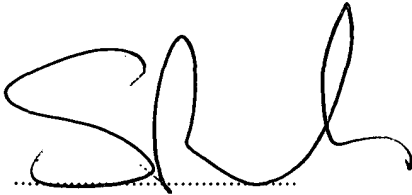
Reappointment of auditors

During the period, the Company auditor changed from KPMG LLP to PricewaterhouseCoopers LLP. PricewaterhouseCoopers LLP are deemed to be appointed in accordance with section 485 of the Companies Act 2006.

La Tasca Restaurants Limited

Directors' Report for the Period from 23 February 2015 to 29 May 2016

Approved by the Board on 11 April 2017 and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'S Richards', written over a dotted line.

S Richards
Director

Independent auditors' report to the members of La Tasca Restaurants Limited

Report on the financial statements

Our opinion

In our opinion, Las Iguanas Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 29 May 2016 and of its loss for the 61 week period (the "period") 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.

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the Statement of Financial Position as at 29 May 2016;
- the Statement of Comprehensive Income for the period then ended;
- the Statement of Changes in Equity for the period then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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 period for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Rachel Savage (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

11 April 2017

La Tasca Restaurants Limited
Statement of Comprehensive Income for the period from 23 February 2015 to 29 May 2016

		Before exceptional items	Exceptional items	Total	Before exceptional items	Exceptional items	Total
		66 weeks ended 29 May 2016 £000	66 weeks ended 29 May 2016 £000	66 weeks ended 29 May 2016 £000	52 weeks ended 22 February 2015 £000	52 weeks ended 22 February 2015 £000	52 weeks ended 22 February 2015 £000
Revenue	Note 3	39,522	-	39,522	37,735	-	37,735
Cost of sales		(37,845)	-	(37,845)	(33,479)	-	(33,479)
Gross profit		1,677	-	1,677	4,256	-	4,256
Administrative expenses		(1,339)	(7,860)	(9,199)	(1,817)	159	(1,658)
Operating profit before depreciation		338	(7,860)	(7,522)	2,439	159	2,598
Depreciation		(1,957)	-	(1,957)	(1,701)	-	(1,701)
Other (losses)/gains	4	(1,822)	-	(1,822)	227	-	227
Operating (loss)/profit		(3,441)	(7,860)	(11,301)	965	159	1,124
Finance income	6	5	-	5	32	-	32
Finance costs	6	(566)	-	(566)	(543)	-	(543)
(Loss)/profit before tax	11	(4,002)	(7,860)	(11,862)	454	159	613
Income tax expense		-	-	-	-	-	-
Profit/(loss) for the financial period and total comprehensive income/(expense)		(4,002)	(7,860)	(11,862)	454	159	613

The above results were derived from continuing operations.

The notes on pages 12 to 24 form an integral part of these financial statements.

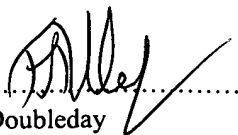
La Tasca Restaurants Limited

(Registration number: 2820794)

Statement of Financial Position as at 29 May 2016

	Notes	29 May 2016 £000	22 February 2015 £000
Assets			
Non-current assets			
Property, plant and equipment	12	7,558	12,521
Investment in subsidiaries	13	161	-
		<u>7,719</u>	<u>12,521</u>
Current assets			
Inventories	14	200	385
Trade and other receivables	15	46	512
Prepayments		613	907
Cash and cash equivalents		3	2,177
		<u>862</u>	<u>3,981</u>
Total assets		8,581	16,502
Equity and liabilities			
Non-current liabilities			
Borrowings	19	-	(6,367)
Provisions for other liabilities and charges	18	(1,423)	-
		<u>(1,423)</u>	<u>(6,367)</u>
Current liabilities			
Trade and other payables	19	(18,077)	(9,192)
		<u>(18,077)</u>	<u>(9,192)</u>
Total liabilities		(19,500)	(15,559)
Net (liabilities)/assets		(10,919)	943
Equity			
Share capital	16	-	-
Capital contribution reserve		34,108	34,108
Deficit		(45,027)	(33,165)
Total equity		<u>(10,919)</u>	<u>943</u>
Total equity and liabilities		<u>8,581</u>	<u>16,502</u>

These financial statements on page 9 to 24 were approved by the Board of Directors on 11 April 2017 and signed on its behalf by:

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T. Doubleday
Director

The notes on pages 12 to 24 form an integral part of these financial statements.

La Tasca Restaurants Limited

Statement of Changes in Equity for the period from 23 February 2015 to 29 May 2016

	Share capital £	Capital contribution reserve £	Deficit £	Total equity £
At 24 February 2014	-	34,108	(33,778)	330
Profit for the period	-	-	613	613
At 22 February 2015	-	34,108	33,165	943
At 23 February 2015	-	34,108	(33,165)	943
Loss for the period	-	-	(11,862)	(11,862)
At 29 May 2016	-	34,108	45,027	10,919

The notes on pages 12 to 24 form an integral part of these financial statements.

La Tasca Restaurants Limited

Notes to the Financial Statements for the Period from 23 February 2015 to 29 May 2016

1. General Information

La Tasca 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 286 restaurants as at 29 May 2016, 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 22.

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 extended accounting period ended 29 May 2016.

These are the first Company financial statements prepared under FRS 101. For the 52 weeks ended 22 February 2015 the Company prepared its financial statements in accordance with UK generally accepted accounting principles ("UK GAAP"). The transition from UK GAAP to FRS 101 had no impact on the reported financial position and statement of comprehensive income of the Company.

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 judgement 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.

La Tasca Restaurants Limited

Notes to the Financial Statements for the Period from 23 February 2015 to 29 May 2016

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.
- Paragraphs 6 and 21 of IFRS 1 "First-time adoption of International Financial Reporting Standards" (requirement to present opening statement of financial position).

Changes in accounting policy and disclosures

None of the standards, interpretations and amendments effective for the first time from 23 February 2015 have had a material effect on the financial statements.

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the Company's activities. Revenue is shown net of sales/value added tax, returns and discounts.

The Company recognises revenue when:

- (a) The amount of revenue can be reliably measured;
- (b) It is probable that future economic benefits will flow to the entity; and
- (c) Specific criteria have been met for each of the Company activities.

The Company's revenue is comprised of food and beverage sales at restaurants.

Tax

Tax is recognised in profit or loss, except for a change attributable to an item of income or expense recognised as other comprehensive income which is also recognised directly in other comprehensive income.

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

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements, and on unused tax losses or tax credits in the Company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

La Tasca Restaurants Limited

Notes to the Financial Statements for the Period from 23 February 2015 to 29 May 2016

Property, plant and equipment

Property, plant and equipment is stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

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:

Asset class	Depreciation method and rate
Building and leaseholds	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.
Fixtures, furniture, and equipment	Over 4 to 25 years

Impairment of non-financial assets

Impairment reviews of intangible assets are performed by management when there are indicators of impairment.

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

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

Investments

Investments in subsidiaries are held at cost less accumulated impairment losses.

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.

La Tasca Restaurants Limited

Notes to the Financial Statements for the Period from 23 February 2015 to 29 May 2016

Trade receivable

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets.

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

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 work in progress comprises direct materials and, where applicable, direct labour costs and 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.

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.

Defined contribution pension obligation

The Company operates a defined contribution pension scheme. The amount charged to the statement of comprehensive income represents the contribution payable to the scheme in respect of the accounting period. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension costs disclosed in the notes represents contributions payable by the Company to the fund. The Company will continue to contribute to this fund in future accounting periods.

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.

Pre-opening costs

Property rentals and other pre-opening costs incurred up to the date of opening a new restaurant are recognised in the statement of comprehensive income in the period in which they arise.

La Tasca Restaurants Limited

Notes to the Financial Statements for the Period from 23 February 2015 to 29 May 2016

Significant accounting estimates and judgements

The preparation of the Company's consolidated financial statements requires management to make judgements, 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 discounted future net cash outflows, as estimated by management.

3. Revenue

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

	23 February 2015 to 29 May 2016 £000	24 February 2014 to 22 February 2015 £000
Sale of goods	39,458	37,735
Other revenue	64	—
	<u>39,522</u>	<u>37,735</u>

4. Other gains and losses

	23 February 2015 to 29 May 2016 £000	24 February 2014 to 22 February 2015 £000
Profit on disposal of property, plant and equipment	1,822	227
	<u>1,822</u>	<u>227</u>

La Tasca Restaurants Limited

Notes to the Financial Statements for the Period from 23 February 2015 to 29 May 2016

5. Operating (loss)/profit

Operating (loss)/profit after charging/(crediting):

	23 February 2015 to 29 May 2016 £000	24 February 2014 to 22 February 2015 £000
Depreciation expense	1,957	1,701
Operating lease expense – property	5,427	4,659
Profit/(loss) on disposal of property, plant and equipment	1,822	(227)

6. Finance income and costs

	23 February 2015 to 29 May 2016 £000	24 February 2014 to 22 February 2015 £000
Finance income		
Finance income	5	32
Finance costs		
Interest on bank overdrafts and borrowings	163	306
Interest expense on loans from Group undertakings	403	217
Other finance costs	—	20
	<u>566</u>	<u>543</u>
Net finance costs	<u>561</u>	<u>511</u>

7. Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	23 February 2015 to 29 May 2016 £000	24 February 2014 to 22 February 2015 £000
Wages and salaries	13,786	12,135
Social security costs	806	727
Other pension costs	128	120
	<u>14,720</u>	<u>12,982</u>

La Tasca Restaurants Limited

Notes to the Financial Statements for the Period from 23 February 2015 to 29 May 2016

The average number of persons employed by the Company (including the directors) during the period, analysed by category was as follows:

	23 February 2015 to 29 May 2016 No.	24 February 2014 to 22 February 2015 No.
Directors	2	2
Administration	25	27
Restaurant staff	875	910
	902	939

8. Directors' remuneration

	23 February 2015 to 29 May 2016 £000	24 February 2014 to 22 February 2015 £000
Remuneration	—	329
	—	329

For the period ending 29 May 2016 the remuneration of the Directors is borne by a fellow Group company and is recharged to the Company as part of a management charge. This management charge also includes administrative costs borne by the fellow Group company and is not possible to identify separately the amount of Directors' remuneration included in that recharge.

In respect of the highest paid director:

	23 February 2015 to 29 May 2016 £000	24 February 2014 to 22 February 2015 £000
Remuneration	—	261
	—	261

9. Auditors' remuneration

	23 February 2015 to 29 May 2016 £000	24 February 2014 to 22 February 2015 £000
Audit of the financial statements	62	30
All other non-audit services	4	—
	66	30

La Tasca Restaurants Limited

Notes to the Financial Statements for the Period from 23 February 2015 to 29 May 2016

10. Exceptional items

	23 February 2015 to 29 May 2016 £000	24 February 2014 to 22 February 2015 £000
Impairment of investment in subsidiary	5,200	—
Net increase/(decrease) in onerous contract provision	1,797	(484)
Impairment of tangible fixed assets	831	225
Integration and reorganisation	32	100
	<u>7,860</u>	<u>(159)</u>

The tax effect in the statement of comprehensive income relating to the exceptional items recognised below operating profit is a charge of £366,000 (2015 - £Nil).

The Company recorded an impairment charge of £5,200,000 in the period (2015 - £Nil) on its investment in La Tasca Inc., a Company registered in the United States of America. The investment has been impaired to the lower of the carrying amount and the recoverable amount, being the fair value less costs to sell.

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 £1,797,000 was recorded (2015 – credit of £484,000 for sites disposed of in the period). Fixed assets of £831,000 have also been impaired (2015 - £225,000), within Administrative expenses, largely on sites for which a provision for onerous leases has been recognised.

Costs of £32,000 (2015 - £100,000) were incurred relating to the restructure of the Company.

La Tasca Restaurants Limited

Notes to the Financial Statements for the Period from 23 February 2015 to 29 May 2016

11. Income tax

Tax charged/(credited) in the statement of comprehensive income

	23 February 2015 to 29 May 2016 £000	24 February 2014 to 22 February 2015 £000
Current taxation		
UK corporation tax	—	—
Deferred taxation		
Origination and reversal of temporary differences	—	—
Effects of changes in tax rates	—	—
Adjustment in respect of previous periods	—	—
Total deferred taxation	—	—
Tax charge in the statement of comprehensive income	—	—

The tax on profit before tax for the period is higher than the standard rate of corporation tax in the UK (2015 - lower than the standard rate of corporation tax in the UK) of 20.07% (2015 – 21.19%).

The differences are reconciled below:

	23 February 2015 to 29 May 2016 £000	24 February 2014 to 22 February 2015 £000
(Loss)/profit before tax	(11,862)	613
Corporation tax at standard rate	(2,379)	130
Depreciation in excess of capital allowances	(63)	242
Fixed asset differences	—	72
Expenses not deductible for tax purposes	291	88
Income not taxable	(31)	—
Impairment of investments	1,043	—
Deferred tax asset not recognised	1,112	—
Utilisation of tax losses and other deductions	—	(521)
Group relief received for nil payment	27	(7)
Other permanent differences	—	(8)
Other short term timing differences	—	4
Total tax charge/(credit)	—	—

The Company has an unrecognised deferred tax asset in respect of fixed assets timing differences of £711,000 (2015 - £Nil), losses carried forward of £417,000 (2015 - £Nil) and lease premium adjustment of (£16,000) (2015 - £Nil) due to it not being sufficiently probable that it will be utilised in the foreseeable future.

La Tasca Restaurants Limited

Notes to the Financial Statements for the Period from 23 February 2015 to 29 May 2016

The UK corporation tax rate is 20% from 1 April 2015 and this has been reflected in the accounts. Further changes to the UK corporation tax rates were announced in the Chancellor's Budget on 8 July 2015. These include reductions to the main rate to 19% from 1 April 2017 and to 18% from 1 April 2020. As these changes had not been substantively enacted at the balance sheet date their effects are not included in these financial statements. Deferred tax has therefore been provided for at 18% (2015 - 20%) and the pro-rated corporation tax rate for the period is 20.07% (2015 - 21.19%).

12. Property, plant and equipment

	Land, buildings and leaseholds £000	Furniture, fittings and equipment £000	Total £000
Cost or valuation			
At 23 February 2015	18,184	17,784	35,968
Additions	110	163	273
Disposals	(1,988)	(7)	(1,995)
Transfers to related parties	(156)	(690)	(846)
At 29 May 2016	16,150	17,250	33,400
Accumulated depreciation			
At 23 February 2015	9,639	13,808	23,447
Charge for the period	798	1,159	1,957
Eliminated on disposal	—	(25)	(25)
Transfers to related parties	(107)	(261)	(368)
Impairment	755	76	831
At 29 May 2016	11,085	14,757	25,842
Carrying amount			
At 29 May 2016	5,065	2,493	7,558
At 22 February 2015	8,545	3,976	12,521

La Tasca Restaurants Limited

Notes to the Financial Statements for the Period from 23 February 2015 to 29 May 2016

13. Investments

	£000
Cost or valuation	
23 February 2015	936
Additions	5,361
29 May 2016	<u>6,297</u>
Provision for impairment	
23 February 2015	(936)
Additions	(5,200)
29 May 2016	<u>(6,136)</u>
Net book value	
29 May 2016	161
22 February 2015	—

Investments relate to a 100% holding of ordinary shares in La Tasca Inc. The principal activity of La Tasca Inc. is the operation of licensed restaurants. During the period, the Company forgave an outstanding loan to La Tasca Inc. and capitalized the loan balance and outstanding interest to its investment. Ongoing negotiations to dispose of the investments triggered an impairment test and the investment was repaired to fair value less costs to sell. On 15 September 2016 the Company sold its shares in the entity for £239,000.

14. Inventories

The cost of inventory expensed in the period is £10,810,000 (2015 - £9,958,000). The balance in the statement of financial position at the end of the period is £200,000 (2015 - £385,000).

15. Trade and other receivables

	29 May 2016	22 February 2015
	£000	£000
Trade receivables	10	130
Other receivables	36	382
	<u>46</u>	<u>512</u>

16. Share capital

Allocated, called up and fully paid shares

	29 May 2016		22 February 2015	
	No.	£000	No.	£000
Ordinary shares at £1 each	100	—	100	—

La Tasca Restaurants Limited

Notes to the Financial Statements for the Period from 23 February 2015 to 29 May 2016

17. Lease Commitments

Operating Leases

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

	2016 £ 000
Within one year	3,042
In two to five years	12,079
In over five years	23,546
	<u>38,667</u>

18. Defined contribution pension scheme

The Company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the Company to the scheme and amounted to £128,000 (2015 - £120,000).

19. Provisions for other liabilities and charges

	Onerous Contracts £000	Other Provisions £000	Total £000
At 23 February 2015	—	—	—
Additional provisions	1,797	360	2,157
Provisions utilised	(734)	—	(734)
At 29 May 2016	<u>1,063</u>	<u>360</u>	<u>1,423</u>

Onerous Contracts Provision

The provision for onerous contracts is in respect to operating lease arrangements, and represents estimated discounted cashflows over the life of the contract that are considered onerous.

Other

Other provisions represent the necessary cash outflows associated with returning a restaurant site to its original condition.

La Tasca Restaurants Limited

Notes to the Financial Statements for the Period from 23 February 2015 to 29 May 2016

20. Trade and other payables

	29 May 2016 £ 000	22 February 2015 £ 000
Trade payables	—	1,358
Payable to related parties	16,055	3,812
Accrued expenses	2,011	1,797
Social security and other taxes	—	2,139
Other payables	11	86
	18,077	9,192

At 22 February 2015 the Company had bank loans outstanding of £6,000,000 and accrued interest payable of £367,000. As part of the acquisition of the Company by the Casual Dining Bidco Group, third-party borrowings were repaid by a member of the Group on behalf of the Company and a payable to related parties was recorded.

21. 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.

22. Ultimate parent undertaking

Casual Dining Bidco 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 drawn up. Casual Dining Group Limited, registered in England and Wales, together with its subsidiaries form the largest group of which the Company is a member and for which group financial statements are drawn up. For both consolidations, copies of these financial statements can be obtained from 1st Floor, 163 Eversholt Street, London, NW1 1BU, United Kingdom.

The Company considers Casual Dining Group S.C.A., a partnership company incorporated in Luxembourg and managed by Casual Dining Group GP S.A., a company incorporated in Luxembourg, as the ultimate parent undertaking, through its ownership of 100% of the share capital of Casual Dining Group Limited. The Company considers Apollo Global Management, LLC, through its managed funds, to be its ultimate controlling party.