

Registration number: 2820794

# **La Tasca Restaurants Limited**

Annual Report and Financial Statements

for the 52 weeks ended 28 May 2017



## **La Tasca Restaurants Limited**

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**La Tasca Restaurants Limited**

**Company Information**

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

## La Tasca Restaurants Limited

### Strategic Report for the Period from 30 May 2016 to 28 May 2017

#### 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 and position

Revenue for the 66 week period ended 29 May 2016 was £39,522,000, and for the 52 weeks ended 28 May 2017 was £14,409,000. The reduction is mainly attributable to 2016 being a 66 week period and 2017 a 52 week period. There were also fewer sites in 2016. The number of sites reduced from 24 at 29 May 2016 to 14 at 28 May 2017. The Company incurred a loss for the financial year of £2,048,000 for the 52 week period ended 28 May 2017 (66 week period ended 29 May 2016: loss £11,862,000). The improved performance is mainly attributable to a lower level of exceptional costs during the 52 week period ended 28 May 2017.

The net liabilities of the Company at 28 May 2017 were £12,967,000 (2016: £10,919,000).

##### Reporting framework

The Company's financial statements have been prepared in accordance with Financial Reporting Standard 101, "Reduced Disclosure Framework" ("FRS 101").

##### Exceptional costs

There were exceptional costs recognised by the Company in 2017 of £519,000 (66 week period ended 29 May 2016: £7,860,000) as disclosed in note 10. These items were outside the normal operations of the Company and include an impairment charge of £411,000 (66 week period ended 29 May 2016: £831,000), largely due to sites that are not considered part of the core business, and sites for which a provision for onerous leases has been recognised. 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 £26,000 was recorded, net of prior period provisions released and provisions utilised (2016 - £1,797,000). Also included within exceptional costs are reorganisation and people costs of £82,000 (66 week period ended 29 May 2016: £32,000) relating to the continued reorganisation of the Company that began in the prior period. In the prior period there was an impairment charge of £5,200,000 on a wholly-owned subsidiary "La Tasca Inc". This was disposed in September 2016 realising a £15,000 profit.

##### 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.

Approved by the Board on 19 December 2017 and signed on its behalf by:



G. David  
Director

## **La Tasca Restaurants Limited**

### **Directors' Report for the Period from 30 May 2016 to 28 May 2017**

The Directors present their annual report and the audited financial statements of the Company for the 52 week period of accounts ended 28 May 2017. The comparatives are for the 66 week period ended 29 May 2016.

#### **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 (appointed 21 June 2017)  
T. Doubleday (resigned 31 August 2017)  
S. Richards

#### **Results and dividends**

The results for the Company for the period ended 28 May 2017 are presented in the statement of comprehensive income on page 7.

The Directors do not propose the payment of a dividend (2016: £Nil).

#### **Review of developments and future prospects**

The Company will continue to operate restaurants for the foreseeable future and develop the strong remaining core of the La Tasca brand.

#### **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, is 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.

## **La Tasca Restaurants Limited**

### **Directors' Report for the Period from 30 May 2016 to 28 May 2017**

#### **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 regulation.

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 material departures disclosed and explained in the financial statements;
- 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 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.

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.

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the 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 auditors are aware of that information.

#### **Reappointment of auditors**

Under section 487(2) of the Companies Act 2006 PricewaterhouseCoopers LLP are deemed to be reappointed as auditors of the Company.

Approved by the Board on 19 December 2017 and signed on its behalf by:



G. David  
Director

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

## **Report on the financial statements**

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### **Our opinion**

In our opinion, La Tasca Restaurants Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 28 May 2017 and of its loss for the 52 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 28 May 2017;
- 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.

## **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

## **Other matters on which we are required to report by exception**

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### **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.

# **Independent auditors' report to the members of La Tasca Restaurants Limited (continued)**

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## **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.

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## **Responsibilities for the financial statements and the audit**

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### **Our responsibilities and those of the directors**

As explained more fully in the Statement of Directors Responsibilities set out on page 4, 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.

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### **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. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.

*Gemma Clark*

**Gemma Clark** (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London

*19 December* 2017



**La Tasca Restaurants Limited**

**Statement of Comprehensive Income for the period from 30 May 2016 to 28 May 2017**

		Before exceptional 52 weeks ended 28 May 2017 £000	Exceptional 52 weeks ended 28 May 2017 £000	52 weeks ended 28 May 2017 £000	Before exceptional 66 weeks ended 29 May 2016 £000	Exceptional 66 weeks ended 29 May 2016 £000	66 weeks ended 29 May 2016 £000
Note							
Revenue	3	14,409	-	14,409	39,522	-	39,522
Cost of sales		(13,923)	(437)	(14,360)	(37,980)	(2,628)	(40,608)
Gross profit/(loss)		486	(437)	49	1,542	(2,628)	(1,086)
Administrative expenses		(2,672)	(82)	(2,754)	(3,161)	(5,232)	(8,393)
Other gains and (losses)	4	659	-	659	(1,822)	-	(1,822)
Operating profit/(loss)	5	(1,527)	(519)	(2,046)	(3,441)	(7,860)	(11,301)
Finance income	6	-	-	-	5	-	5
Finance costs	6	(2)	-	(2)	(566)	-	(566)
Loss before taxation		(1,529)	(519)	(2,048)	(4,002)	(7,860)	(11,862)
Tax on loss	11	-	-	-	-	-	-
Loss for the financial period and total comprehensive expense		(1,529)	(519)	(2,048)	(4,002)	(7,860)	(11,862)

The above results were derived from continuing operations.

The notes on pages 10 to 21 form an integral part of these financial statements.

**La Tasca Restaurants Limited**

**Registration number: 2820794**  
**Statement of Financial Position as at 28 May 2017**

	<b>Note</b>	<b>28 May 2017</b> <b>£000</b>	<b>29 May 2016</b> <b>£000</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	12	3	-
Property, plant and equipment	13	4,960	7,558
Investment in subsidiaries	14	-	161
		<hr/> 4,963	<hr/> 7,719
<b>Current assets</b>			
Inventories	15	138	200
Trade and other receivables	16	69	46
Prepayments		214	613
Cash and cash equivalents		1	3
		<hr/> 422	<hr/> 862
<b>Total assets</b>		5,385	8,581
<b>Non-current liabilities</b>			
Provisions for liabilities	20	(1,076)	(1,423)
		<hr/> (1,076)	<hr/> (1,423)
<b>Current liabilities</b>			
Trade and other payables	21	(17,276)	(18,077)
		<hr/> (17,276)	<hr/> (18,077)
<b>Total liabilities</b>		(18,352)	(19,500)
<b>Net liabilities</b>		<hr/> (12,967)	<hr/> (10,919)
<b>Equity</b>			
Share capital	17	-	-
Capital contribution reserve		34,108	34,108
Profit and loss account		<hr/> (47,075)	<hr/> (45,027)
<b>Total equity</b>		<hr/> (12,967)	<hr/> (10,919)

These financial statements on page 7 to 21 were approved by the Board of Directors on 19 December 2017 and signed on its behalf by:



G. David  
Director

The notes on pages 10 to 21 form an integral part of these financial statements.

**La Tasca Restaurants Limited**

**Statement of Changes in Equity for the period from 30 May 2016 to 28 May 2017**

	Share capital £000	Capital contribution reserve £000	Profit and loss account £000	Total equity £000
At 23 February 2015	-	34,108	(33,165)	943
Comprehensive loss for the period	-	-	(11,862)	(11,862)
At 29 May 2016	-	34,108	(45,027)	(10,919)
At 30 May 2016	-	34,108	(45,027)	(10,919)
Comprehensive loss for the period	-	-	(2,048)	(2,048)
At 28 May 2017	-	34,108	(47,075)	(12,967)

The notes on pages 10 to 21 form an integral part of these financial statements.

## **La Tasca Restaurants Limited**

### **Notes to the Financial Statements for the Period from 30 May 2016 to 28 May 2017**

#### **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 280 restaurants as at 28 May 2017, 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 23.

#### **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 28 May 2017.

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 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.

##### **Changes in accounting policy and disclosures**

None of the standards, interpretations and amendments effective for the first time for the period ended 28 May 2017 has had a material effect on the financial statements.

## **La Tasca Restaurants Limited**

### **Notes to the Financial Statements for the Period from 30 May 2016 to 28 May 2017**

#### **2. Accounting policies (continued)**

##### **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, refunds 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**

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.

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.

## **La Tasca Restaurants Limited**

### **Notes to the Financial Statements for the Period from 30 May 2016 to 28 May 2017**

#### **2. Accounting policies (continued)**

##### **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.

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:

<b>Asset class</b>	<b>Depreciation method and rate</b>
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

Depreciation of site held assets is included in cost of sales.

##### **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.

##### **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.

##### **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.

## **La Tasca Restaurants Limited**

### **Notes to the Financial Statements for the Period from 30 May 2016 to 28 May 2017**

#### **2. Accounting policies (continued)**

##### **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.

##### **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.

##### **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 Group 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.

##### **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.

## La Tasca Restaurants Limited

### Notes to the Financial Statements for the Period from 30 May 2016 to 28 May 2017

#### 2. Accounting policies (continued)

##### 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.

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

##### Significant accounting estimates and judgments

The preparation of the Company's consolidated 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 discounted future net cash outflows, as estimated by management.

##### c) Dilapidations provision

The Company's management provides for dilapidation and related costs as and when it can reliably estimate the cost incurred during the occupancy of a leased property. The cost is then charged to the statement of comprehensive income.

#### 3. Revenue

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

	30 May 2016 to 28 May 2017 £000	23 February 2015 to 29 May 2016 £000
Sale of goods	14,338	39,458
Other revenue	71	64
	<u>14,409</u>	<u>39,522</u>

#### 4. Other gains and losses

	30 May 2016 to 28 May 2017 £000	23 February 2015 to 29 May 2016 £000
Profit on disposal of property, plant and equipment	659	1,822
	<u>659</u>	<u>1,822</u>



# La Tasca Restaurants Limited

## Notes to the Financial Statements for the Period from 30 May 2016 to 28 May 2017

### 5. Operating loss

Operating loss after charging/(crediting):

	30 May 2016 to 28 May 2017 £000	23 February 2015 to 29 May 2016 £000
Amortisation expense	1	-
Depreciation expense	1,179	1,957
Operating lease expense — property	2,202	5,427
Loss on disposal of software	1	-
(Profit) on disposal of property, plant and equipment	(659)	(1,822)

Refer also note 11 Exceptional items, for exceptional amounts included in operating loss.

### 6. Finance income and costs

	30 May 2016 to 28 May 2017 £000	23 February 2015 to 29 May 2016 £000
<b>Finance income</b>		
Finance income	-	5
<b>Finance costs</b>		
Interest on bank overdrafts and borrowings	-	163
Interest expense on loans from Group undertakings	-	403
Other finance costs	2	-
	2	566
<b>Net finance costs</b>	2	561

### 7. Staff costs

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

	30 May 2016 to 28 May 2017 £000	23 February 2015 to 29 May 2016 £000
Wages and salaries	4,900	13,786
Social security costs	287	806
Other pension costs	21	128
	5,208	14,720

Internal staff salary costs of £nil (2016: £23,000) included in the above analysis have been capitalised and included within note 13.

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

	30 May 2016 to 28 May 2017 £000	23 February 2015 to 29 May 2016 £000
Directors	2	2
Administration	-	25
Restaurant staff	337	875
	339	902

# La Tasca Restaurants Limited

## Notes to the Financial Statements for the Period from 30 May 2016 to 28 May 2017

### 8. Directors' remuneration

The directors did not receive any emoluments from the company in respect of services provided to the company (2016: £nil). Casual Dining Limited recharges the company for directors' services under a cost plus arrangement and these costs are reported within Administrative Expenses.

### 9. Auditors' remuneration

	30 May 2016 to 28 May 2017 £000	23 February 2015 to 29 May 2016 £000
Audit of the financial statements	-	62
All other non-audit services	-	4
	-	66

The current period auditors' remuneration of £30,000 was borne by a fellow Group company. Fees paid in the current period to the Company's auditor, PricewaterhouseCoopers LLP, and its associates for services other than the statutory audit of the Company are not disclosed in these financial statements. This is on the basis that such non-audit fees are disclosed in the consolidated financial statements of the Company's parent company Casual Dining Bidco Limited.

### 10. Exceptional items

	30 May 2016 to 28 May 2017 £000	23 February 2015 to 29 May 2016 £000
Charged to cost of sales:		
Net increase in onerous contract provision	26	1,797
Impairment of tangible and intangible fixed assets	411	831
	437	2,628
Charged to administrative expenses:		
Impairment of investment in subsidiary	-	5,200
Reorganisation and people related costs	82	32
	82	5,232
	519	7,860

The tax effect in the statement of comprehensive income relating to the exceptional items recognised below operating profit is a charge of £nil (2016 - £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 £26,000 was recorded, net of prior period provisions released and provisions utilised (2016 - £1,797,000). Fixed and intangible assets of £411,000 have also been impaired (2016 - £831,000) largely due to sites that are not considered part of the core business, and sites for which a provision for onerous leases has been recognised.

In the prior period the Company recorded an impairment charge of £5,200,000 on its investment in La Tasca Inc., which has been sold.

During the period the Company continued its reorganisation of the business that began in the prior period incurring reorganisation and people costs of £82,000 (2016: £32,000).

**La Tasca Restaurants Limited**

**Notes to the Financial Statements for the Period from 30 May 2016 to 28 May 2017**

**11. Tax on loss**

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

	<b>29 May 2016 to 28 May 2017</b>	<b>23 February 2015 to 29 May 2016</b>
	<b>£000</b>	<b>£000</b>
<b>Current taxation</b>		
UK corporation tax	-	-
<b>Deferred taxation</b>		
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 taxation for the period is higher than the standard rate of corporation tax in the UK (2016 - higher than the standard rate of corporation tax in the UK) of 19.83% (2016 — 20.07%). The differences are reconciled below:

	<b>29 May 2016 to 28 May 2017</b>	<b>23 February 2015 to 29 May 2016</b>
	<b>£000</b>	<b>£000</b>
Loss before taxation	(2,048)	(11,862)
Corporation tax at standard rate	(406)	(2,379)
Depreciation in excess of capital allowances	180	(63)
Expenses not deductible for tax purposes	-	291
Income not taxable	(163)	(31)
Impairment of investments	-	1,043
Deferred tax asset not recognized	-	1,112
Origination and reversal of temporary differences	25	-
Group relief surrendered for nil consideration	364	27
Total tax charge/(credit)	-	-

The Company has an unrecognised deferred tax asset in respect of fixed assets timing differences of £3,124,193 (2016: £711,000), losses carried forward of £487,144 (2016: £417,000) due to it not being sufficiently probable that it will be utilised in the foreseeable 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. This has resulted in a blended rate of 19.83% being used to calculate the tax provision for the 52 weeks to 30 May 2017. 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.

**La Tasca Restaurants Limited**

**Notes to the Financial Statements for the Period from 30 May 2016 to 28 May 2017**

**12. Intangible assets**

	<b>Software</b>
	<b>£000</b>
<b>Cost or valuation</b>	
At 30 May 2016	-
Additions	6
Disposals	(1)
At 28 May 2017	<u>5</u>
<b>Accumulated depreciation</b>	
At 30 May 2016	-
Amortisation charge	1
Impairment	1
At 28 May 2017	<u>2</u>
<b>Carrying amount</b>	
At 28 May 2017	<u>3</u>
At 29 May 2016	<u>-</u>

Amortisation of software is charged to administrative expenses in the Statement of Comprehensive Income.

**13. Property, plant and equipment**

	<b>Land, buildings and leaseholds £000</b>	<b>Furniture, fittings and equipment £000</b>	<b>Total £000</b>
<b>Cost or valuation</b>			
At 29 May 2016	16,150	17,250	33,400
Additions	4	435	439
Disposals	(10,648)	(7,668)	(18,316)
Reclassification*	286	84	370
At 28 May 2017	<u>5,792</u>	<u>10,101</u>	<u>15,893</u>
<b>Accumulated depreciation</b>			
At 29 May 2016	11,085	14,757	25,842
Charge for the period	234	945	1,179
Eliminated on disposal	(7,897)	(8,971)	(16,868)
Impairment	189	221	410
Reclassification*	288	82	370
At 28 May 2017	<u>3,899</u>	<u>7,034</u>	<u>10,933</u>
<b>Carrying amount</b>			
At 28 May 2017	<u>1,893</u>	<u>3,067</u>	<u>4,960</u>
At 29 May 2016	<u>5,065</u>	<u>2,493</u>	<u>7,558</u>

\* During the period the Casual Dining Bidco Group rebuilt its fixed assets register. This was as a result of legacy lease contracts relating to different Group brands and the conversion or changes in the branding of sites. The reconstruction has re-mapped both intangible and fixed asset costs and accumulated amortisation/depreciation to different asset classes and to different Group statutory entities to consider the impact of the historical transfer of assets amongst Group entities. As a result of this, the reclassification lines in the above note represent changes in costs and accumulated amortisation/depreciation balances across software, land, buildings and leaseholds and furniture, fittings and equipment, as applicable to this entity. On an overall Group basis, across all statutory entities, there is no change in the total value of tangible assets and intangible assets as a result of this reconstruction.

# La Tasca Restaurants Limited

## Notes to the Financial Statements for the Period from 30 May 2016 to 28 May 2017

### 13. Property, plant and equipment (continued)

In the period to 28 May 2017 an impairment of £410,000 (2016: £831,000) was identified in assets held at loss making restaurants. For the purposes of tangible asset impairment reviews the Company considers each trading outlet to be a CGU. In assessing whether a CGU has been impaired, the carrying amount of assets within the CGU is compared to their recoverable amount. Recoverable amount has been determined to be value in use which has been estimated using a discounted cash flow model which requires the Company to estimate the future cash flows for the remaining life of the lease at a restaurant location and a discount rate based on the market in which it operates. If the budgeted cash flows used in the value in use estimation had been 5% lower a trivial additional impairment charge would have been recognised. If the estimated discount rate had been 1% higher a trivial additional impairment would have been recognised.

### 14. Investments in subsidiaries

	£000
<b>Cost or valuation</b>	
At 30 May 2016	6,297
Disposals	(6,297)
28 May 2017	-
<b>Provision for impairment</b>	
At 30 May 2016	(6,136)
Disposals	6,136
28 May 2017	-
<b>Net book value</b>	
At 28 May 2017	-
At 29 May 2016	161

The Investments at 29 May 2016 relate to a 100% holding of ordinary shares in La Tasca Inc. On 15 September 2016 the Company sold its shares in the entity for £239,000, realising a £15,000 profit.

### 15. Inventories

The cost of inventories expensed and charged to cost of sales in the period is £3,905,293 (2016 - £10,810,000). The balance in the statement of financial position at the end of the period is £138,000 (2016 - £200,000) relating to food and beverage. At 28 May 2017 there was £nil provision held against inventory (2016 - £nil). The replacement cost at 28 May 2017 is not considered by the Directors to be materially different from the balance sheet value.

### 16. Trade and other receivables

	28 May 2017	29 May 2016
	£000	£000
Trade receivables	18	10
Other receivables	51	36
	<u>69</u>	<u>46</u>

# La Tasca Restaurants Limited

## Notes to the Financial Statements for the Period from 30 May 2016 to 28 May 2017

### 17. Called up share capital

#### Allocated, called up and fully paid shares

	28 May 2017 No.	£000	29 May 2016 No.	£000
Ordinary shares at £1 each	100	-	100	-

### 18. Lease Commitments

#### Operating Leases – land and buildings

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

	2017 £000	2016 £000
Within one year	2,037	3,042
In two to five years	7,798	12,079
In over five years	14,736	23,546
	<u>24,571</u>	<u>38,667</u>

### 19. 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 £21,000 (2016 - £128,000). At 28 May 2017 the amount payable in relation to this scheme was £15,000 (2016 - £nil).

### 20. Provisions for liabilities

	Onerous Contracts £000	Other Provisions £000	Total £000
At 30 May 2016	1,063	360	1,423
Additional provisions	252	-	252
Provisions utilised	(273)	(100)	(373)
Unused provisions reversed	(226)	-	(226)
At 28 May 2017	<u>816</u>	<u>260</u>	<u>1,076</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 30 May 2016 to 28 May 2017

#### 21 Trade and other payables

	28 May 2017 £000	29 May 2016 £000
Amounts owed to other members of the Group	16,121	16,055
Accrued expenses	776	2,011
Social security and other taxes	226	-
Other payables	153	11
	<u>17,276</u>	<u>18,077</u>

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

#### 22. 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.

#### 23. Ultimate parent undertaking

The immediate parent undertaking is 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.

#### 24. Disclosure

Prior year comparatives have been restated to conform to the current year presentation. Management are of the view that these changes will provide greater clarity to the users of the financial statements.

These changes are:

- Exceptional items in the statement of comprehensive income have been allocated to cost of sales and administrative expenses (refer to Note 10 for details).

There is no change in the reported loss before tax numbers presented in the prior year.