

Registration number: 04688647

# PandoraExpress 2 Limited

Directors' Report and Financial Statements

for the 52 Weeks Ended 29 June 2014

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**PandoraExpress 2 Limited**  
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**PandoraExpress 2 Limited**  
**Company Information**

<b>Directors</b>	R Hodgson A Pellington
<b>Registered office</b>	Hunton House Highbridge Estate Oxford Road Uxbridge UB8 1LX
<b>Auditors</b>	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors The Portland Building 25 High Street Crawley West Sussex RH10 1BG

**PandoraExpress 2 Limited**  
**Directors' Report for the 52 weeks ended 29 June 2014**

The directors present their report and the financial statements for the 52 weeks ended 29 June 2014.

**Directors of the company**

The directors who held office during the period and up to the date of signing the financial statements were as follows:

J Freeman (resigned 18 August 2014)

H Smyth (resigned 18 August 2014)

R Hodgson (appointed 25 April 2014)

A Pellington (appointed 25 April 2014)

**Principal activity**

The principal activity of the company is that of a holding company.

**Results and dividends**

The company's profit for the year, after taxation, amounted to £91,490 (2013: £86,000).

The directors do not recommend the payment of a dividend.

**Principal risks and uncertainties**

The company's activities expose it to financial risks being primarily liquidity risk. Given that the company is in a net asset position, the directors do not consider this risk to be significant.

**Financial instruments**

The directors consider that the company's key financial instruments are amounts due from and due to group companies. No financial exposure exists in relation to these balances as the interest on intercompany balances is fixed and thus the company does not employ the use of hedging instruments. The directors will revisit the appropriateness of the policy should the company's operations change in size or nature.

**Post balance sheet events**

On 12 July 2014, PizzaExpress Holdings Limited entered into an agreement with PizzaExpress Financing 2 plc (formerly Twinkle Pizza plc, a newly formed intermediate holding company) on behalf of private equity funds managed/advised by Hony Capital, relating to the sale of PizzaExpress Operations Limited (formerly Gondola Investments Limited) and its subsidiaries, PizzaExpress (Franchises) Limited and PizzaExpress Greater China Limited, which represent the majority of the PizzaExpress business.

On 31 July 2014 the company became guarantor to the obligations of new Senior Secured Notes and Senior Notes issued by way of a fixed and floating charge over substantially all assets including shares.

Further details can be found in note 13.

**PandoraExpress 2 Limited**  
**Directors' Report for the 52 weeks ended 29 June 2014**

*..... continued*

**Statement of Directors' responsibilities**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;

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 auditor**

Each of the persons who is a director at the date of approval of this report confirms that:

- (1) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- (2) each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418(2) of the Companies Act 2006

**Directors' indemnities**

The company maintained liability insurance for its directors and officers throughout the period and up to the date of signing the financial statements which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006.

**Reappointment of auditors**

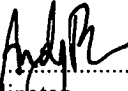
The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

**PandoraExpress 2 Limited**  
**Directors' Report for the 52 weeks ended 29 June 2014**

*..... continued*

The company has taken advantage of the small companies exemption to not prepare a strategic report in accordance with S414B of the Companies Act 2006.

Approved by the Board on 16 March 2015 and signed on its behalf by:

  
.....  
A Pellington  
Director

## **Independent Auditor's Report to the Members of PandoraExpress 2 Limited**

### **Report on the financial statements**

#### ***Our opinion***

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 29 June 2014 and of its profit for 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.

This opinion is to be read in the context of what we say in the remainder of this report.

#### ***What we have audited***

The financial statements, which are prepared by PandoraExpress 2 Limited, comprise:

- the balance sheet as at 29 June 2014;
- the profit and loss account 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 applicable law and United Kingdom Accounting Standards (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.

#### ***What an audit of financial statements involves***

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("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.

In addition, we read all the financial and non-financial information in the Directors' Report and Financial Statements 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.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in 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

**Independent Auditor's Report to the Members of  
PandoraExpress 2 Limited**

*..... continued*

- 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.

***Entitlement to exemptions***

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. 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 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and 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.

*Rosemary Shapland*

Rosemary Shapland (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Gatwick

16 March 2015



**PandoraExpress 2 Limited**  
**Profit and Loss Account for the 52 weeks ended 29 June 2014**

	Note	52 weeks ended 29 June 2014 £ 000	52 weeks ended 30 June 2013 £ 000
Interest receivable and similar income	4	8,326	7,985
Interest payable and similar charges	5	<u>(8,208)</u>	<u>(7,872)</u>
Profit on ordinary activities before taxation	2	118	113
Tax on profit on ordinary activities	6	<u>(27)</u>	<u>(27)</u>
Profit for the financial period	11	<u><u>91</u></u>	<u><u>86</u></u>

The company has no recognised gains or losses for the periods other than the results above, and therefore no separate statement of total recognised gains and losses has been presented.

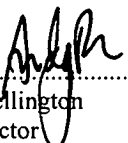
The results above derive wholly from continuing operations.

There is no material difference between the loss on ordinary activities before taxation and the loss for the financial periods stated above and their historical costs equivalents.

**PandoraExpress 2 Limited**  
**(Registration number: 04688647)**  
**Balance Sheet at 29 June 2014**

	Note	29 June 2014 £ 000	30 June 2013 £ 000
<b>Fixed assets</b>			
Investments	7	<u>13</u>	<u>13</u>
<b>Current assets</b>			
Debtors	8	216,472	208,146
Creditors: Amounts falling due within one year	9	<u>(213,487)</u>	<u>(205,252)</u>
Net current assets		<u>2,985</u>	<u>2,894</u>
Net assets		<u><u>2,998</u></u>	<u><u>2,907</u></u>
<b>Capital and reserves</b>			
Called up share capital	10	13	13
Profit and loss account	11	<u>2,985</u>	<u>2,894</u>
Shareholders' funds	12	<u><u>2,998</u></u>	<u><u>2,907</u></u>

The financial statements on pages 7 to 14 were approved and authorised for issue by the Board on 16 March 2015 and signed on its behalf by:

  
 .....  
 A Pellington  
 Director

## **PandoraExpress 2 Limited**

### **Notes to the Financial Statements for the 52 weeks ended 29 June 2014**

#### **1 Accounting policies**

##### **Basis of preparation**

These financial statements are prepared on a going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the period, are set out below.

The company is exempt, under Companies Act 2006 s400, from the obligation to prepare and deliver group financial statements as it is itself a wholly owned subsidiary of a larger group drawing up consolidated financial statements, as detailed in note 14. As a consequence, these financial statements present information about the company as an individual undertaking and not about its group.

##### **Fixed asset investments**

Investments in subsidiary undertakings are recorded at cost plus incidental expenses less any provision for impairment. Impairment reviews are performed by the directors when there has been an indication of potential impairment.

##### **Taxation**

Corporation tax payable is provided on taxable profits at the current rate.

#### **2 Profit on ordinary activities before taxation**

The audit fee for the company for the 52 week period ended 29 June 2014 and 52 week period ended 30 June 2013 was borne by PizzaExpress (Restaurants) Limited, a subsidiary company.

The company did not have any employees during the period (2013: None).

#### **3 Directors' remuneration**

No remuneration was paid by the company to any director during the period (2013: £nil).

H Smyth is a director of the ultimate parent company, Gondola Holdings Ltd, and is remunerated by that company. It is not possible to make an accurate apportionment of his emoluments in respect of each of the companies of which he is a director.

J Freeman, R Hodgeson and A Pellington were employed by PizzaExpress (Restaurants) Limited, a fellow subsidiary, during the period and remunerated by that company in respect of their services. Their emoluments are dealt with in the accounts of PizzaExpress (Restaurants) Limited and they received no emoluments for any services to the company.

**PandoraExpress 2 Limited**

**Notes to the Financial Statements for the 52 weeks ended 29 June 2014**

..... *continued*

**4 Interest receivable and similar income**

	52 weeks ended 29 June 2014 £ 000	52 weeks ended 30 June 2013 £ 000
Intercompany interest receivable	<u>8,326</u>	<u>7,985</u>

**5 Interest payable and similar charges**

	52 weeks ended 29 June 2014 £ 000	52 weeks ended 30 June 2014 £ 000
Intercompany interest payable	<u>8,208</u>	<u>7,872</u>

**6 Taxation**

**Tax on profit on ordinary activities**

	52 weeks ended 29 June 2014 £ 000	52 weeks ended 30 June 2013 £ 000
<b>Current tax</b>		
Corporation tax charge	<u>27</u>	<u>27</u>
UK Corporation tax	<u>27</u>	<u>27</u>

**Factors affecting current tax charge for the period**

Tax on profit on ordinary activities for the year is the same as (2013 - the same as) the standard rate of corporation tax in the UK of 22.5% (2013 - 23.75%).

The differences are reconciled below:

	52 weeks ended 29 June 2014 £ 000	2 July 2012 to 30 June 2013 £ 000
Profit on ordinary activities before taxation	118	113
Profit on ordinary activities multiplied by standard rate in the UK 23.75% (2012: 25.5%)	<u>27</u>	<u>27</u>
Total current tax	<u>27</u>	<u>27</u>

## PandoraExpress 2 Limited

### Notes to the Financial Statements for the 52 weeks ended 29 June 2014

..... *continued*

#### 7 Investments held as fixed assets

	29 June 2014 £ 000	30 June 2013 £ 000
Shares in subsidiary undertakings	<u>13</u>	<u>13</u>

The directors believe that the carrying value of the investments is supported by their underlying net assets.

#### Details of undertakings

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Holding	Proportion of voting rights and shares held	Principal activity
<b>Subsidiary undertakings</b>			
PandoraExpress 3 Limited	Ordinary shares	100%	Holding Company

#### 8 Debtors

	29 June 2014 £ 000	30 June 2013 £ 000
Amounts owed by group undertakings	<u>216,472</u>	<u>208,146</u>

Amounts owed by group undertakings are unsecured, accrue interest at a rate of 4 percent per annum and are repayable on demand.

#### 9 Creditors: Amounts falling due within one year

	29 June 2014 £ 000	30 June 2013 £ 000
Corporation tax	27	-
Amounts owed to parent and subsidiary undertakings	<u>213,460</u>	<u>205,252</u>
	<u>213,487</u>	<u>205,252</u>

Amounts owed by group undertaking are unsecured, accrue interest at a rate of 4 percent per annum and are repayable on demand.

#### 10 Share capital

# **PandoraExpress 2 Limited**

## **Notes to the Financial Statements for the 52 weeks ended 29 June 2014**

..... *continued*

### **Allotted, called up and fully paid shares**

	<b>29 June 2014</b>		<b>30 June 2013</b>	
	<b>No.</b>	<b>£ 000</b>	<b>No.</b>	<b>£ 000</b>
Ordinary shares of £1 each	<u>12,502</u>	<u>13</u>	<u>12,502</u>	<u>13</u>

### **11 Reserves**

	<b>Profit and loss account £ 000</b>
At 1 July 2013	2,894
Profit for the period	<u>91</u>
At 29 June 2014	<u>2,985</u>

### **12 Reconciliation of movement in shareholders' funds**

	<b>52 weeks ended 29 June 2014 £ 000</b>	<b>52 weeks ended 30 June 2013 £ 000</b>
Profit attributable to the members of the company	<u>91</u>	<u>86</u>
Net addition to shareholders' funds	91	86
Shareholders' funds at start of period	<u>2,907</u>	<u>2,821</u>
Shareholders' funds at end of period	<u>2,998</u>	<u>2,907</u>

## **PandoraExpress 2 Limited**

### **Notes to the Financial Statements for the 52 weeks ended 29 June 2014**

*..... continued*

#### **13 Post balance sheet events**

Financing 2 plc (formerly Twinkle Pizza plc, a newly formed intermediate holding company) on behalf of private equity funds managed/advised by Hony Capital, relating to the sale of PizzaExpress Operations Limited (formerly Gondola Investments Limited) and its subsidiaries, PizzaExpress (Franchises) Limited and PizzaExpress Greater China Limited, which represent the majority of the PizzaExpress business. The Group received proceeds of £919.7 million for the sale which completed on 18 August 2014.

Following receipt of the above proceeds, there was a mandatory prepayment and cancellation of the outstanding senior debt facilities.

On 31 July 2014, PizzaExpress Financing 2 plc issued £410 million aggregate principal amount of its 6.625% Senior Secured Notes due 2021 (the "Senior Secured Notes") and PizzaExpress Financing 1 plc (formerly Twinkle Pizza Holdings plc a newly formed intermediate holding company) issued £200 million aggregate principal amount of its 8.625% Senior Notes due 2022 (the "Senior Notes") (collectively, the "Notes") to finance in part, the acquisition of PizzaExpress Greater China Limited, PizzaExpress (Franchises) Limited and PizzaExpress Operations Limited, respectively, on 18 August 2014 (the "Acquisition date").

The obligations of the Senior Secured Notes Issuer pursuant to the Notes, including any payment obligation resulting from a change of control, will (subject to agreed security principles) be unconditionally guaranteed, jointly and severally on a senior basis, by PizzaExpress Financing 1 plc and certain other subsidiaries (each, a "Guarantor"), including PandoraExpress 2 Limited, by way of a fixed and floating debenture over substantially all assets including shares.

The obligations of the Senior Notes Issuer pursuant to the Notes, including any payment obligation resulting from a change of control, will (subject to agreed security principles) be unconditionally guaranteed, jointly and severally on a senior subordinated basis, by PizzaExpress Financing 2 plc and certain other subsidiaries (each, a "Guarantor"), including PandoraExpress 2 Limited, by way of a fixed charge over the shares of PizzaExpress Financing 2 plc and the rights of PizzaExpress Financing 1 plc under the Proceeds Loan arrangement to PizzaExpress Financing 2 plc.

At the Acquisition date, a Revolving Credit Facility (the 'RCF') in an amount of up to £20 million was made available to the Senior Secured Notes Issuer, Senior Notes Issuer and certain other subsidiaries of the Senior Notes Issuer that become borrowers under the RCF for general corporate and working capital purposes. The Senior Notes Issuer may request that any of its subsidiaries become a Guarantor to the facility. The RCF is currently not drawn down.

## **PandoraExpress 2 Limited**

### **Notes to the Financial Statements for the 52 weeks ended 29 June 2014**

*..... continued*

#### **14 Ultimate parent undertakings**

The company is controlled by At the period end the immediate parent company of PandoraExpress 2 Limited was PandoraExpress 1 Limited, a company who throughout the period was an indirect subsidiary of Gondola Group Limited, a limited company under the laws of England and Wales and the largest group for which consolidated financial statements are prepared. Throughout the period the company was an indirect subsidiary of PizzaExpress Holdings Limited, a limited company under the laws of England and Wales, which is the smallest group for which consolidated financial statements are prepared. The financial statements of Gondola Group Limited and PizzaExpress Holdings Limited are available from the Company Secretary, 4th Floor, 2 Balcombe Street, London, NW1 6NW.

Gondola Group Limited's ultimate parent undertakings were previously Fourth Cinven Fund (No.1) LP, Fourth Cinven Fund (No.2) LP, Fourth Cinven Fund (No.3 - VCOC) LP, Fourth Cinven Fund (No.4) LP, Fourth Cinven Fund (UBTI) LP, Fourth Cinven Fund Co-Investment Partnership, Fourth Cinven (MACIF) Partnership and Fourth Cinven Fund FCPR (together the "Cinven Funds"), being funds managed and advised by Cinven Limited, a company incorporated under the laws of England and Wales. Accordingly, the directors consider the company's ultimate controlling party during the period to be Cinven Limited, the manager and advisor to the Cinven Funds.

A change of control completed on 18 August 2014 and therefore the directors now consider Crystal Bright Developments Limited, a company registered in the British Virgin Islands, to be the ultimate parent company, and private equity firm Hony Capital to be the ultimate controlling party.

#### **15 Cash flow statement**

The Company has taken advantage of the exemption provided by Financial Reporting Standard 1 not to produce a cash flow statement on the grounds that a consolidated cash flow is produced by its ultimate parent company.

#### **16 Related party transactions**

The Company is exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of the Gondola Group Limited group.