Company Registration No. 05018441 (England and Wales)

LEON RESTAURANTS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 26 DECEMBER 2021

LEON RESTAURANTS LIMITED

DIRECTORS AND ADVISERS

Directors	M Issa Z V Issa
Secretary	I M Patel
Company number	05018441
Registered office	Waterside Head Office Haslingden Road Guide, Blackburn Lancashire BB1 2FA
Independent auditor	KPMG LLP 1 Sovereign Square Sovereign Street Leeds LS1 4DA
Business address	27 Copperfield Street London SE1 0EN

LEON RESTAURANTS LIMITED

CONTENTS

LEON RESTAURANTS LIMITED

STRATEGIC REPORT

FOR THE 52 WEEK PERIOD ENDED 26 DECEMBER 2021

Purpose Values and Culture

LEON continues to be a pioneer in the rapidly evolving contemporary fast-food market, and we refer to our offering as "naturally fast food".

Our mission is to make it easier for everyone to eat and live well. We are focused on creating and selling fast food that:

- ✓ Tastes great, naturally,
- ✓ Is remarkably good for you.
- ✓ Leaves you feeling good after you've eaten it.
- ✓ Is affordable, and
- ✓ Is kind to the planet.

We believe that our eat and live well mission must be true for our team members, as well as our customers.

We feed all our LEON family when they are at work.

We believe that everyone should be rewarded fairly and equally for the work they do. We do not use the lower bands of the National Minimum Wage for hourly paid team members but instead pay all team members at least the over 25's adult rate of the National Living Wage from the start, regardless of their age.

Our customers and teams must enjoy what we offer with the highest expectations of safety and responsibility with respect to the food we serve, and the physical environment in which it is served. Now more than ever, this is a fundamental principle underpinning everything we do.

Sustainability

As a naturally fast-food business, being kind to the planet is in our mission and is something we put importance on within the business, with customers and with our partners.

LEON is a founding member of the Sustainable Restaurant Association (SRA) which exists to help restaurants become more sustainable in the way they source their ingredients, engage with the local community, and manage their impact on the environment.

LEON continued to hold its 3-star rating in 2021, the highest possible rating. The award is based on the current practices in the business, for example reviewing the purchasing of ingredients, treatment of team and the community with respect, and careful management of the natural resources used by the business. The SRA also review LEON's business policies, continual improvement aims and sustainability initiatives.

Our ongoing commitment is across three areas:

1. **Food sourcing & coffee**
2. **Waste, energy & property**
3. **People**

We have continued to put importance on three key objectives within these, which we give more detail on below:

- A menu which is increasingly plant based.
- Reducing our use of plastic.
- Being powered by energy from 100% renewable sources and staying responsible with our energy use.

Food sourcing & coffee

We believe in natural ingredients that are good for you and sourcing them in a way that is good for the planet.

We have clearly defined food values, and our suppliers are required to comply with our detailed requirements. We source from farmers who meet high animal welfare standards, and we visit the farms which supply our meat and dairy produce. Our milk for example is sourced from a co-operative of organic farms in Wales. We serve only sustainably caught or sustainably farmed fish. We serve coffee that is organic, fair trade and that supports rainforests through the World Land Trust (WLT). To date LEON's partnership with WLT has enabled the purchase and permanent protection of 2,395 (2020: 2,179) acres of land otherwise vulnerable to deforestation.

A menu which is increasingly plant based

One of our key objectives for the last three years has been to increase the amount of plant-based food we offer. Since we began in 2004, we have believed in the importance of plants and rely on natural herbs more than processing to flavour our meals.

Waste, energy & property

Our strategy is to introduce packaging wherever possible made from materials that have an available recycling stream thereby increasing demand for recycled packaging products. In partnership with waste management partner Veolia, we ensure that all our separated waste is recycled and any waste that cannot be properly separated is incinerated to generate energy.

Another key objective is to ensure we source our energy sustainably and use it responsibly. A majority of our restaurants (wherever we buy the electricity ourselves) are powered by a 100% renewable UK energy and we do not use gas, only electricity. We have as much as possible sought out energy efficient equipment, for example moving to LED lighting.

People

This third area of our sustainability commitment is people. LEON is committed to training our teams. The training platform is digitalised and along with the gamification of the training has driven team engagement with over 95% of restaurant teams achieving over 85% completion. Continuing to look after team's well-being, an Employee Assistance Program has provided 24 hour mental health support to our team members.

Streamlined Energy and Carbon Reporting (SECR)

In line with the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended by the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 our greenhouse gas emissions (GHG) from energy use are set out below. The Directors are committed to complying with the new mandatory carbon reporting framework. Once a carbon footprint has been created, an organisation can begin identifying areas with the greatest potential for emission reductions.

Emissions Sources Included
This report includes UK energy use, and the associated GHG emissions, that relate to

- Activities for which the Group is responsible or consumption of fuel for the purpose of transport (Scope 1); and
- The purchase of electricity by the Group for its own use.

Methodology
The footprint is calculated in accordance with the GHG Protocol and Environmental Reporting Guidelines. DEFRA emission factors have been used for all emission sources as this provides the most comprehensive list of factors available. They allow an activity to be converted into carbon dioxide equivalent (CO2e).

	Energy Consumption (kWh)				
	Current Year 2021	Previous Year 2020	SECR Baseline 2019	Variance 2021 v. 2020	Variance 2021 v. 2019
Scope 2 Energy Consumption	5,781,629	5,170,359	7,198,812	11.8%	-19.7%

	Carbon Emissions (tCO2e)				
	Current Year 2021	Previous Year 2020	SECR Baseline 2019	Variance 2021 v. 2020	Variance 2021 v. 2019
Scope 2 - Location Based (LB)	1,228	1,205	1,840	1.9%	-33.3%
Scope 2 - Market Based (MB)	185	221	344	-16.3%	-46.2%
Total Carbon - LB (tCO2e)	1,228	1,211	1,846	1.4%	-33.5%
Total Carbon - MB (tCO2e)	185	227	350	-18.5%	-47.1%

	Intensity Ratio				
	Current Year 2021	Previous Year 2020	SECR Baseline 2019	Variance 2021 v. 2020	Variance 2021 v. 2019
Ratio 1 (tCO2e / Turnover £m)	32.7	36.2	24.6	-9.5%	32.9%

Overall carbon emissions have dropped by 47% (2020: -35% lower) on a market-based approach against the SECR Baseline. Like the previous financial period, energy consumption in this period has been impacted by the challenging trading conditions due to covid-19 pandemic. The carbon emissions under the Market Based approach (185 tCO_2e) is far lower (-85%) than the location-based approach of standard grid supply since the majority of the electricity consumed is generated from 100% renewable energy

It remains a key objective to ensure we source our energy sustainably and use it responsibly, this has even more focus in the business, given the recent exceptional price inflation seen in the energy markets.

Business Model and Strategy

Our long-term strategy is based on our mission to enable as many as possible to eat and live well. We will continue our UK expansion and to develop the brand in new markets and new formats.

Following a strategic review at the beginning of 2021, the Board decided to exit from USA market to focus on the UK. The impact of covid-19 was particularly felt in in our US operations, where LEON was in its early years of developing the brand and customer base. There have been many learnings, and the Board still believe that the opportunity still exists to take LEON to the USA in the future.

On 17th April 2021 EG Group acquired 100% of Leon Restaurants Limited. Following the acquisition, EG Group intends to invest in the LEON brand and broaden the current foodservice offer across their extensive global site network.

On the 2nd February 2021, Leon USA Inc and its subsidiaries filed for Chapter 7 of the United States Bankruptcy code. Leon Restaurants Limited disposed of its shareholding in Leon USA Inc to a third party on 6th May 2021.

Review of the business including Key Performance Indicators (KPI's)

UK Market Conditions and trends impacting the business

The hospitality industry has been one of the hardest hit sectors from the covid-19 pandemic. The impact of the pandemic continued to affect trading in the year. The UK started 2021 in lockdown, and as restrictions were lifted, trade improved. Throughout 2021 LEON's revenue continued to recover, although still below the levels seen in 2019. Working-from-home has impacted many LEON restaurants, particularly ones based in office centric locations, and these have seen a slower recovery.

Management remain confident that sales will recover, and is supported by continual improvement seen throughout 2022 and the first half of 2023.

Analysis of development and performance

Trading throughout 2021 was impacted by the pandemic. The year started in lockdown, and once restrictions started to be lifted, revenues improved week by week. At the beginning of December 2021, the Government announced "Plan B" measures due to the spread of the Omicron variant, this affected trade as people were encouraged to work from home again. These restrictions were removed on 20 January 2022.

Following the acquisition of LEON, the business re-started opening new restaurants, which had been paused during the pandemic. In total 5 new restaurant were opened in the latter part of the financial period. These openings were a combination of the "traditional" LEON format and trial formats within the EG estate.

On 18 December 2020, the Company entered into a Company Voluntary Arrangement ("CVA"). The impact of the CVA was to reduce the committed fixed rent liability and move to towards a turnover rent-based methodology for the next two financial periods, to 31 December 2022. This has enabled the Board to stabilise the business and plan a return to growth in the UK home market. The CVA ended in December 2022.

The net asset position at the end of the financial period totalled £5,494,147 (2020: net liabilities £1,340,715).

2021 Key financial and other KPI's

Revenue for all Leon Sites was impacted by Covid-19 and government restrictions on trade. In the year there were five Leon owned openings (2020: 3), together with two (2020: 6) new franchise units. In the year there were three owned restaurant closures plus two dark kitchen locations (2020: nil), along with two (2020: 4) franchise closures.

Key performance indicator	*2021*	*2020*	*Change*
Revenue from All Leon Sites (1)	£53.5m	£46.9m	+£6.6m
Owned Sites	46	46	+0
Franchise Sites	29	29	+0
Total Sites	75	75	+0
Total Revenue(2)	£37.5m	£33.5m	+£4.0m
Operating loss	(£7.5m)	(£12.0m)	+£4.5m
Adjusted UK EBITDA(3)	£1.1m	(£4.1m)	+£5.2m

Notes:

(1) Revenue from all LEON sites represents the total sales from both owned and franchise sites.

(2) Total revenue represents total revenue from owned sites plus franchise royalty and licence income.

(3) Adjusted EBITDA is UK restaurant operating profit adjusted for the add back of: depreciation, amortisation, exceptional items, preopening costs and top up of furlough salary.

Key risks and uncertainties

The Company regularly assesses the significant risks faced and acts where appropriate to mitigate their potential impact.

The covid-19 pandemic has presented very significant risks and uncertainties. The successful vaccine rollout offers an exit from the Government restrictions and the return to normality. The CVA which was successful, addressed the risk around rent commitments, moving more towards lower fixed rent and turnover-based rent reflecting current trading.

In addition other risks and uncertainties are as follow:

- There is continuing uncertainty around the Brexit process and its potential impact on supply chain. We continue to work with all our suppliers closely to identity the products at most risk and working with them on a strategy to minimise disruption.
- Labour shortages and team availability to meet future growth plans, especially in London and the Southeast of England. Digitalisation of our restaurants will help to offset some risk, and demand for additional team. We are also reviewing our pay, benefits, and training to ensure that we keep and attract team to Leon.
- Inflationary pressures. The business continues to work with suppliers to manage the increasing cost base. The LEON management team review the menu on a regularly basis, the seasonal menu update allows the team to remove / add products to maintain margins. The business use advisors to manage electricity contracts and is actively looking at ways to reduce consumption.

Current trading and outlook

Trading continues to recover from the impact of covid-19 pandemic. Management will continue to actively open new restaurants, as well as reviewing the existing estate performance, and explore new formats and opportunities that being part of the EG Group will offer.

Section 172(1) statement

This section describes how the directors have had regard to the matters set out in section 172(1) Companies Act 2006 in exercising their duty to promote the success of the Company for the benefit of all stakeholders.

The Board seeks to understand the respective interests of such stakeholder groups so that these may be properly considered in the Board's decisions. This is achieved through various methods, including: direct engagement by Board members; receiving reports and updates from the management team who engage with such groups; and discussions in Board meetings of relevant stakeholder interests with regard to proposed courses of action.

i. Employees

The Directors recognise that Leon employees are fundamental and core to our business and delivery of our strategic ambitions. The success of our business depends on attracting, retaining, and motivating employees. The Directors factor the implications of decisions on employees where relevant. Employees are kept informed of performance and strategy through regular presentations and updates from members of the management team.

ii. Customers

Our mission is to make it easier for everyone to eat and live well. We are focused on creating and selling fast food that tastes great, naturally, is remarkably good for you, leaves you feeling good after you've eaten it and is affordable. We regularly engage with our customers across several social media platforms and operate the LEON Club for customers who wish to engage further.

iii. Suppliers

Delivering our strategy requires strong mutually beneficial relationships with suppliers.

iv. Environment

As a naturally fast-food business, being kind to the planet is in our mission and is something we put importance on within the business, with customers and with our partners. Further details on this can be found in the Strategic Report.

Financial Risks

Foreign exchange risk
The company's principal focus is the UK restaurant business. The foreign exchange risk has further reduced with the exiting of USA business.

Interest rate risk
The company borrows at variable rates. The company does not use interest rate swaps. Following the acquisition of the company by EG Group in April 2021, all borrowings were repaid in full,

Credit risk
Trade receivables predominately arise from the franchising businesses. The board do not believe that there is a high risk, as the amounts are immaterial to the overall company's operation.

Liquidity risk
Cash forecasts are produced frequently and regularly reviewed to manage liquidity.

Future developments

On 17th April 2021 EG Group acquired 100% of Leon Restaurants Limited. Following the acquisition, EG Group intends to invest in the LEON brand and broaden the current food service offer across their extensive global site network.

It is the Board's intention to continue development of the business, with a view to achieving the following:

- Helping more people live well and eat well.
- More innovation in our naturally fast food category.
- Continuing UK expansion.

The Board wish to thank all our LEON family teams for their dedication and hard work.

On behalf of the board

Z V Issa
Director
20 July 2023

Waterside Head Office,
Haslingden Road, Guide, Blackburn,
Lancashire, United Kingdom, BB1 2FA.

The directors present their report and audited consolidated financial statements for the 52 week period ended 26 December 2021 (2020 was a 52-week period).

Results and dividends

The statement of comprehensive income for the 52-week period is set out on page 15. The directors do not recommend payment of a dividend (2020: nil).

On 17th April 2021 EG Group agreed to acquire 100% of Leon Restaurants Limited. On the 9th May 2021 the transaction completed. On completion, the loan facilities were fully repaid, and 15% minority shareholding in Leon Grocery Limited were acquired by Leon Restaurants Limited.

Following the acquisition, EG Group intends to invest in the LEON brand and broaden the current foodservice offer across their extensive global site network. EG Group also sees significant potential for LEON's non-restaurant products across its convenience retail proposition.

On the 2nd February 2021, Leon USA Inc and its subsidiaries filed for Chapter 7 of the United States Bankruptcy code. Leon Restaurants Limited disposed of its shareholding in Leon USA Inc to a third party on 6th May 2021.

Future developments and financial risks of the company are included in the Strategic Report.

Directors

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

M Issa	(Appointed 9 May 2021)	
Z V Issa	(Appointed 9 May 2021)	
C V Burford	(Appointed 5 January 2021)	(Resigned 9 May 2021)
A W Perring	(Resigned 5 January 2021)	
J A Vincent	(Resigned 9 May 2021)	
T J Smalley	(Resigned 9 May 2021)	
S J B Skinner	(Resigned 9 May 2021)	
N D Evans	(Resigned 9 May 2021)	
B D Blum	(Resigned 9 May 2021)	
F L Lambranho	(Resigned 9 May 2021)	
R Boscolo	(Resigned 9 May 2021)	

Employees
The company's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

Employee engagement statement
The company's policy is to consult and discuss with employees matters likely to affect their interests and their day-today wellbeing. We keep our family informed through regular team meetings and sharing of financial performance reports which seek to achieve a common awareness of the financial economic and other factors affecting our business.

Statement of engagement with suppliers, customers, and others in a business relationship with the company
We recognise the importance of positive engagement with all stakeholders. We aim to maintain strong relationships with our key suppliers, and our landlords. We have the same positive dialogue and engagement with sector regulatory organisations.

Our Guest Happiness team are at the forefront of our customer engagement, and we also use social media to speak with our wider circle of friends.

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 year. Under that law the directors have prepared the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, 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 102 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 also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Financial instruments

Details of the company's financial instruments are disclosed in notes 15-21 of the financial statements.

Political contributions

The company made no disclosable political donations or incurred any disclosable political expenditure during the year.

Directors' confirmations

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.

Auditor

PricewaterhouseCoopers LLP has resigned as auditor to the company and, subsequent to the period end, KPMG LLP were appointed auditor by the directors.

On behalf of the board

Z V Issa
Director
20 July 2023

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF LEON RESTAURANTS LIMITED

Opinion

We have audited the financial statements of Leon Restaurants Limited ("the Company") for the 52 weeks period ended 26 December 2021 which comprise the Statement of Comprehensive Income, Balance sheet, Statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 26 December 2021 and of its loss for the 52 weeks period then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease their operations, and they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

Our opinion is not modified in respect of this matter.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- enquiring of directors and inspection of policy documentation as to the Company's policies and procedures to prevent and detect fraud that apply to this group company;
- reading board minutes.
- using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

Fraud and breaches of laws and regulations – ability to detect (continued)

Identifying and responding to risks of material misstatement due to fraud (continued)

As required by auditing standards, and taking into account possible pressures to meet profit targets and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because of the non-complex and non-judgmental nature of the Company's revenue streams and revenue recognition policies.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included; revenue and cash journals posted to unrelated accounts; and journals without a description, which may indicate high risk.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors (as required by auditing standards), and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the company is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety and employment. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF LEON RESTAURANTS LIMITED

Other information

The Directors are responsible for the other information, which comprises the directors' report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information;
- in our opinion the information given in the strategic report and the directors' report for the financial period is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 10, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

David Derbyshire (Senior Statutory Auditor)
for and on behalf of KPMG LLP,
Statutory Auditor
Chartered Accountants

1 Sovereign Square
Sovereign Street
Leeds, LS1 4DA

20 July 2023

LEON RESTAURANTS LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE 52 WEEK PERIOD ENDED 26 DECEMBER 2021

	Note	52 Week period ended 26 December 2021	52 Week period ended 27 December 2020
		£	£
Turnover	2	**37,515,376**	33,473,793
Cost of sales		**(12,666,069)**	(11,752,499)
Gross profit		**24,849,307**	21,721,294
Administrative expenses before exceptional items		**(28,371,443)**	(36,391,663)
Exceptional administrative expenses	3	**(5,078,172)**	(3,668,856)
Administrative expenses		**(33,449,615)**	(40,060,519)
Other operating income	4	**1,145,304**	6,359,648
Operating loss	3	**(7,455,004)**	(11,979,577)
Loss before interest and taxation		**(7,455,004)**	(11,979,577)
Interest receivable and similar income	7	**10,744**	2,071
Interest payable and similar expenses	8	**(1,733,082)**	(900,922)
Loss before taxation		**(9,177,342)**	(12,878,428)
Tax on loss	9	**(60,419)**	1,099,173
Loss for the financial period		**(9,237,761)**	(11,779,255)
Other comprehensive income		-	-
Total comprehensive income		**(9,237,761)**	(11,779,255)

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the consolidated statement of comprehensive income.

The accompanying notes form part of these financial statements.

LEON RESTAURANTS LIMITED

BALANCE SHEET
AS AT 26 DECEMBER 2021

	Note	26 December 2021 £	27 December 2020 £
Fixed assets			
Intangible assets	10	**38,117**	64,570
Tangible assets	11	**11,996,508**	12,507,548
Investments	13	**1,300,200**	50,208
		13,334,825	12,622,326
Current assets			
Stock	14	**297,073**	236,996
Debtors: amounts falling due within one year	15	**1,442,567**	1,591,470
Debtors: amounts falling due after more than one year	16	**2,872,120**	2,872,539
Total debtors		**4,314,687**	4,464,009
Cash at bank and in hand	17	**3,562,347**	7,986,119
		8,174,107	12,687,124
Creditors: amounts falling due within one year	18	**(12,465,507)**	(13,302,612)
Net current liabilities		**(4,291,400)**	(615,488)
Total assets less current liabilities		**9,043,425**	12,006,838
Creditors: amounts falling due after more than one year	19	**(3,549,278)**	(13,347,553)
Net assets / (liabilities)		**5,494,147**	(1,340,715)
Capital and reserves			
Called up share capital	22	**374,873**	384,524
Share premium account	23	**27,182,810**	27,182,810
Profit and loss account	23	**(38,145,810)**	(28,908,049)
Capital contribution		**16,082,274**	-
Total shareholders' funds / (deficit)	24	**5,494,147**	(1,340,715)

The financial statements on pages 15 to 40 were approved by the Board of Directors on 20 July 2023 and signed on its behalf by:

Z V Issa
Director
20 July 2023
Company Registration No. 05018441

LEON RESTAURANTS LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE 52 WEEK PERIOD ENDED 26 DECEMBER 2021

	Called up share capital	Share premium	Profit and loss account	Other reserves	Total equity
	£	£	£	£	£
Balance as at 30 December 2019	384,524	27,182,810	(17,128,794)	-	10,438,540
Loss for the financial period	-	-	(11,779,255)	-	(11,779,255)
Total comprehensive loss for the period	**-**	**-**	**(11,779,255)**	**-**	**(11,779,255)**
Shares issued	-	-	-	-	-
Total transactions with owners, recognised directly in equity	**-**	**-**	**-**	**-**	**-**
Balance as at 27 December 2020	384,524	27,182,810	(28,908,049)	-	(1,340,715)
Balance as at 28 December 2020	**384,524**	**27,182,810**	**(28,908,049)**	**-**	**(1,340,715)**
Loss for the financial period	-	-	(9,237,761)	-	(9,237,761)
Total comprehensive loss for the period	**-**	**-**	**(9,237,761)**	**-**	**(9,237,761)**
Share cancellation	(9,651)	-	-	9,651	-
Capital contribution	-	-	-	16,072,623	16,072,623
Total transactions with owners, recognised directly in equity	**(9,651)**	**-**	**-**	**16,082,274**	**16,072,623**
Balance as at 26 December 2021	**374,873**	**27,182,810**	**(38,145,810)**	**16,082,274**	**5,494,147**

1 Accounting policies

General information
Leon Restaurants Limited is a pioneer in the rapidly evolving contemporary fast-food market. The Company is a private Company limited by shares and is incorporated in the United Kingdom and registered in England and Wales. The address of its registered office is Waterside Head Office, Haslingden Road, Guide, Blackburn, Lancashire, UK, BB1 2FA.

Basis of preparation
The financial statements of Leon Restaurants Limited have been prepared in compliance with United Kingdom Accounting Standard, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom" ("FRS 102") and the Companies Act 2006. 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 years presented. The Company has adopted FRS 102 in these financial statements.

These financial statements are prepared on a going concern basis, under the historical cost convention. The Company has elected to take the exemption under section 408 of the Companies Act 2006 from presenting the parent Company profit and loss account.

Going concern
The Directors of the company have considered the appropriateness of the basis of going concern to the financial statements following a detailed review of the risks and notwithstanding the loss for the year of £9.2m. The company has taken steps to respond to the challenging trading environment post-COVID , including reducing its cost base and restaurant portfolio.

Following the acquisition of Leon Restaurants Limited by the EG Group Limited on the 17 April 2021, which completed on 9 May 2021 the company's loan facilities were repaid in full. As a result of this there are no banking covenant tests to be met.

The company's current financing is through a five year term loan from a fellow group company, EG Finco Limited, details of which are disclosed in note 20 to the financial statements.

The directors have prepared cash flow forecasts and performed a going concern assessment which indicates that, in both the base and reasonably possible downsides, the company will require additional funds, through funding from its fellow subsidiary company, Euro Garages Limited, to meet its liabilities as they fall due during twelve month going concern assessment period from the date of approval of these financial statements.

Euro Garages Limited has indicated its intention to continue to make available such funds as are needed by the company during the going concern assessment period. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so. Euro Garages Limited and the company are both included in the proposed transaction disclosed in note 33.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Turnover
Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes.

i. *Restaurant turnover*
Turnover shown in the profit and loss account represents the value of goods and services provided net of discounts during the period, stated net of value added tax. Turnover is recognised at the point of sale.

ii. *Franchise turnover*
Franchise turnover comprise of on-going royalty fees based on an agreed percentage, recognised over time and up-front signing fees, recognised at a point in time when agreed.

iii. *Other royalties*
Other royalties comprise of on-going fees based on an agreed percentage for licenced products, recognised when the related sales are reported.

Foreign currency

The company financial statements are presented in pound sterling. The company's functional and presentation currency is the pound sterling.

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions. At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Intangible fixed assets and amortisation
Intangible assets are comprised of trademarks and are stated at historic cost and amortised on a straight-line basis over the useful economic life of that asset as follows:

Trademarks	up to 10 years

Tangible fixed assets and depreciation
Tangible fixed assets are stated at historic cost less any provision for impairment, less accumulated depreciation. Depreciation is provided on a straight-line basis at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Leasehold property	over the period of the lease
Restaurant and office equipment	over 5 years

The depreciation charge for the period is included within administrative expenses.

Impairment
The carrying amounts of the Company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Operating lease
Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless; (i) the payments to the lessor are structured to increase in line with expected general inflation, in which case the payments related to the structured increases are recognised as incurred; or (ii) the Company has received temporary rent concessions as a direct consequence of the COVID-19 pandemic (see below). Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

The Company, as a lessee, recognises any changes in lease payments arising from rent concessions occurring as a direct consequence of the COVID-19 pandemic on a systematic basis over the periods that the change in lease payments is intended to compensate. This is applied only to temporary rent concessions as a direct consequence of the COVID-19 if, and only if, all of the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is less than the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2022; and
- there is no significant change to other terms and conditions of the lease.

Investments
Investments in subsidiaries are stated at cost less provision for impairment.

Inventories
Inventories are valued at the lower of cost and net releasable value after making allowance for obsolete and slow-moving inventory.

Defined contribution pension plan
The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the 52 week (2020: 52 week) period they are payable. Once the contributions have been paid the company has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

Deferred taxation
Deferred taxation is recognised, without discounting, in respect of all timing differences. A Deferred tax asset is recognised to the extent that it is regarded as recoverable. Deferred tax assets and liabilities are calculated using the taxation rates that have been enacted or substantively enacted by the balance sheet date.

A net deferred tax asset is recognised only if it can be regarded as more than likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing difference can be deducted.

Exceptional administrative costs
The Company classifies items of expenses as exceptional items, where the nature of the item, or its size or incidence, is likely to be material, non-recurring and unrelated to normal trading activities, so as to assist the user of the financial statements to better understand the Company's underlying trading position.

Government grants
Government grants are accounted for under the accruals model. Grants of a revenue nature are recognised in Other Operating Income within profit or loss in the same period as the related expenditure. This includes the Government Coronavirus Job Retention Scheme ('Furlough'). The Company has not directly benefitted from any other forms of government assistance.

Financial instruments
The company has chosen to adopt the Section 11 and 12 of FRS 102 in respect of financial instruments.

i. Financial assets
Basic financial assets, including trade and other receivables and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

ii. Financial liabilities
Basic financial liabilities, including trade and other payables and loans from fellow group companies are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Fees paid on the establishment of loan facilities are recognised as a transaction costs of the loan.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled, or expires.

Significant accounting judgements and estimation uncertainty
The Company makes estimates and assumptions concerning the future. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, not always equal the related actual results.

Impairment
The Company considers whether its intangible and tangible assets are impaired. Where an indication of impairment is identified, the determination of recoverable value requires estimation of future cash flows based on appropriate assumptions. Each restaurant is considered a cash generative unit. The key estimates are the forecast revenue and margin for each restaurant.

Deferred tax asset recognition
The Company considers the forecast level of future taxable profits when determining the level of losses recognised as a deferred tax asset. At 31 December 2021, due to the inherent uncertainty over the timing of future taxable profits due to the recovery from the restrictions in place during the COVID pandemic, no additional losses have been recognised during 2021 compared to amounts brought forward at 31 December 2020. Losses recognised at 31 December 2021 are expected to be utilised against future taxable profits of the company or its subsidiary.

2 Turnover

The total turnover of the company for the 52-week period (2020: 52 weeks) has been derived from its three revenue streams.

Analysis by turnover category:	**2021** **£**	2020 £
Restaurant revenue	**36,639,304**	32,298,075
Franchise income	**852 ,887**	1,070,686
Other royalties	**23,185**	105,032
Turnover	**37,515,376**	33,473,793

Analysis by turnover geography:	**2021** **£**	2020 £
United Kingdom	**37,515,376**	33,473,793
Turnover	**37,515,376**	33,473,793

3 Operating loss

Operating loss is stated after charging:

	2021 **£**	2020 £
Depreciation of tangible assets	2,945,770	3,457,818
Amortisation of intangible assets	30,974	35,635
Operating lease rentals	4,721,596	4,485,464
Exceptional administration expenses (including impairment)	5,078,172	3,668,856
(Profit) / loss on disposal of tangible fixed assets	-	-

For the period ended 26 December 2021, the exceptional administrative expenses incurred principally comprise acquisition related bonuses and fees (£2,030,000), impairment of fixed assets (£2,149,609), USA exit fees (£539,000), and re-organisation costs (£335,000).

For the period ended 27 December 2020, the exceptional administrative expenses incurred principally comprise impairment of fixed assets (£1,500,000), inter-company account write off with Leon USA Inc (£1,708,000) and legal and professional fees (£516,000) relating to the company voluntary agreement.

Fees payable to the Company's auditors and its associates for the audit of the company's financial statements to KPMG LLP were £350,000 (2020: audit fees payable to PricewaterhouseCoopers: £113,645). No fees were payable to the auditor for other services in the year (2020: tax compliance services fees payable to PricewaterhouseCoopers LLP £20,000). The current year audit fee is partly borne by the company's parent undertaking.

4 Other operating income

	2021 £	2020 £
Government grants received	**1,145,304**	6,359,648
	1,145,304	6,359,648

Government grants relate to amounts received under the UK Government Job Retention Scheme.

5 Employees

Number of employees
The average monthly number of employees (including directors) during the 52-week (2020: 52-week) period was:

	2021 Number	2020 Number
Support office	**51**	74
Restaurant team	**664**	968
	715	1,042

Employment costs	2021 £	2020 £
Wages and salaries	**14,003,677**	19,963,686
Social security costs	**1,460,295**	1,472,676
Other pension costs	**201,321**	280,111
	15,665,293	21,716,473

The amount owed in relation to pension contributions as at 26 December 2021 was £38,405 (2020: £49,646).

There are no other pension commitments not included in the balance sheet.

6 Directors' remuneration and key management compensation

	2021	2020
	£	£
Remuneration for qualifying services	**963,623**	465,204
Company contributions to money purchase pension schemes	**7,447**	2,919
	971,070	468,123

Remuneration disclosed above include the following amounts paid to the highest paid director:

Remuneration for qualifying services	**481,721**	264,026
Company contributions to money purchase pension scheme	**937**	1,314
	482,658	265,340

There are no post-employment benefits accruing for directors (2020: three) under a defined contribution scheme following the acquisition of Leon Restaurants Limited.

Following the acquisition of Leon Restaurants Limited, the Director's received no remuneration for qualifying services to the company, with no element of the remuneration specifically identified as relating to services to this company.

Key Management compensation

Key management comprises the Directors of the Company. The compensation paid or payable to key management for employee services is shown below:

	2021	2020
	£	£
Salaries and other short-term benefits	**963,623**	465,204
Post-employment benefits	**7,447**	2,919
	971,070	468,123

7 Interest receivable and similar income

	2021	2020
	£	£
Bank interest received	**18**	2,071
Interest on Director's loan	**10,726**	-
	10,744	2,071

8 Interest payable and similar expenses

	2021	2020
	£	£
Interest payable on bank borrowing	**284,231**	804,856
Make whole interest – early repayment of loans (note 20)	**1,296,386**	-
Interest payable to supplier	**18**	1
Amortisation of loan fees	**152,447**	96,065
	1,733,082	900,922

The issue costs associated with the bank loans and other loans are amortised over the life of the instruments in accordance with FRS 102.

9 Tax on loss

	2021 £	2020 £
UK Corporation tax	-	-
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	-	(1,100,000)
Charge for current year	**45,919**	-
Adjustment in respect of prior years	-	-
Effects of changes in tax rates	**14,500**	-
Tax on loss	**60,419**	(1,100,000

Factors affecting the tax charge/(credit) for the 52 week period

	2021 £	2020 £
Loss before taxation	**(9,177,342)**	(12,878,428)
Loss before taxation multiplied by standard rate of UK corporation tax of 19% (2020: 19.0%)	**(1,743,695)**	(2,446,901)
Effects of:		
Expenses not deductible for tax purposes	**760,861**	405,437
Effects of changes in tax rate	**14,500**	-
Re-measurement of deferred tax	-	(1,100,000)
Timing differences on fixed assets	-	738,069
Deferred tax asset not recognised	**320,699**	1,304,222
Effects of group relief	**708,054**	-
Total tax charge/(credit) for the period	**60,419**	(1,099,173)

From 1 April 2023 the UK corporation tax rate increased to 25%. At the balance sheet date, the proposal to increase the rate to 25% had been substantively enacted and deferred tax at that date has been measured at 25%.

UK unrecognised tax losses and capital allowances (gross) as at December 2021 were £2,468,341 (2020: £1,001,846).

10 Intangible assets

	Trademarks	Total
	£	£
Cost		
At 28 December 2020	154,445	154,445
Additions	4,521	4,521
At 26 December 2021	**158,966**	**158,966**
Accumulated amortisation		
At 28 December 2020	89,875	89,875
Charge for the period	30,974	30,974
At 26 December 2021	**120,849**	**120,849**
Net book value		
At 26 December 2021	**38,117**	**38,117**
At 27 December 2020	64,570	64,570

11 Tangible assets

	Leasehold property	Restaurant and office equipment	Total
	£	£	£
Cost			
At 28 December 2020	18,165,570	14,843,151	33,008,721
Additions	1,880,620	2,703,719	4,584,339
At 26 December 2021	**20,046,190**	**17,546,870**	**37,593,060**
Accumulated depreciation			
At 28 December 2020	9,320,279	11,180,894	20,501,173
Charge for the period	1,250,343	1,695,427	2,945,770
Impairment	2,149,609	-	2,149,609
At 26 December 2021	**12,720,231**	**12,876,321**	**25,596,552**
Net book value			
At 26 December 2021	**7,325,959**	**4,670,549**	**11,996,508**
At 27 December 2020	8,845,291	3,662,257	12,507,548

For the period ended 2021, assets under construction within fixed asset additions totalled £700,636 (2020: £nil). The assets under construction, represented fit out and lease premiums of unopened sites. No depreciation charge is made until assets are completed and brought in to use.

At year end, the company assessed the carrying value of the company's tangible assets and recorded an impairment charge of £2,149,609 (2021: £nil). The recoverable amount of tangible assets was assessed with each individual restaurant assessed as a cash generating unit with cash flows assessed over the remaining lease term of each site not exceeding ten years. A pre-tax discount rate of 10.67% has been used.

12 Deferred tax asset

The elements of the deferred tax asset comprises:

	52 week period ended 26 December 2021 £	52 week period ended 27 December 2020 £
Accelerated capital allowance	**489,581**	550,000
Unrelieved tax losses	**1,150,000**	1,150,000
Deferred tax asset	**1,639,581**	1,700,000

The movement on the deferred tax account during the financial period comprised:

	£	£
At 27 December 2020	**1,700,000**	600,000
Recognised in the period	**(45,919)**	1,100,000
Effect of changes in tax rates	**(14,500)**	-
Deferred tax asset	**1,639,581**	1,700,000

13 Investments

Company	**Shares in group undertakings £**
Cost	
At 27 December 2020	50,208
Additions	1,250,000
Impairment	(8)
At 26 December 2021	**1,300,200**
Net book value	
At 26 December 2021	**1,300,200**
At 27 December 2020	50,208

Additions in the year comprise the purchase of an additional 15% interest in Leon Grocery Limited.

14 Stock

	2021 £	2020 £
Raw materials and consumables	**297,073**	236,996

There is no significant difference between the replacement cost of the stock and its carrying value.

15 Debtors: amounts falling due within one year

	2021 £	2020 £
Trade debtors	**448,801**	57,051
Amounts owed by group undertakings	**66,159**	423,671
Other debtors	**328,101**	268,563
Prepayments and accrued income	**599,506**	842,185
	1,442,567	1,591,470

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

16 Debtors: amounts falling due after more than one year

	2021 £	2020 £
Other debtors	**1,232,539**	1,172,539
Deferred tax	**1,639,581**	1,700,000
	2,872,120	2,872,539

Other debtors includes rental deposits of £1,232,539 (2020: £1,172,539) which are receivable in more than one year.

17 Cash at bank and in hand

	2021	2020
	£	£
Cash at bank and in hand	**3,562,347**	7,585,030
Restrictive cash at bank	-	401,089
	3,562,347	7,986,119

In the previous financial period, there was a restrictive cash balance relating to security on two letters of credit, which were settled during 2021.

18 Creditors: amounts falling due within one year

	2021	2020
	£	£
Trade creditors	**4,345,000**	3,375,521
Amounts owed to group undertakings	**85,545**	166,800
Taxation and social security	**1,435,870**	3,636,958
Other creditors	**834,967**	950,030
Accruals and deferred income	**5,764,125**	5,173,303
	12,465,507	13,302,612

Included within accruals and deferred income is an onerous lease provision totalling £nil (2020: £nil).

Amounts due to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

19 Creditors: amounts falling due after more than one year

	2021	2020
	£	£
Bank loans	-	13,347,553
Amounts owed to group company	**3,549,278**	-
	3,549,278	13,347,553

Bank loans are shown net of unamortised issue costs of £nil (2020: £152,447).

Amounts owed to group company comprises a long term borrowing facility repayable in 2026. Variable interest is payable. There are no financial covenants.

20 Creditors – capital instruments

	2021	2020
	£	£
Amounts repayable:		
In one year or less	-	-
In more than two years but not more than five years	-	13,500,000
	-	13,500,000
Unamortised loan issue expenses	-	(152,447)
	-	13,347,553

During the year the loans were repaid in full.

The issue costs associated with the loans were amortised over the life of the loans in accordance with FRS 102. Interest on the bank loans was between 5.26% and 6.38% above bank base rate. The bank loans were secured by a fixed and floating charge over the assets of the Company.

21 Financial instruments

The Company has the following financial instruments:

	2021 £	2020 £
Financial assets that are measured at amortised cost		
- Trade debtors	**448,801**	57,051
- Amounts owed by group undertakings	**66,159**	423,671
- Other debtors – falling due within one year	**328,101**	268,563
- Other debtors – falling due more than one year	**1,232,539**	1,172,539
	2,075,600	1,921,824

	2021 £	2020 £
Financial liabilities measured at amortised cost		
- Bank loans	**-**	(13,347,553)
- Trade creditors	**(4,345,000)**	(3,375,521)
- Amounts owed to group undertakings (less than one year)	**(85,545)**	(166,800)
- Amounts owed to group undertakings (after more than one year)	**(3,459,278)**	-
- Other creditors	**(834,967)**	(950,030)
- Accruals	**(5,764,125)**	(5,173,303)
	(14,488,915)	(23,013,207)

22 Called up share capital

	2021 £	2020 £
Allotted, called-up and fully paid		
341,362 (2020: 341,362) Ordinary of £1 each	**341,362**	341,362
5,804 (2020: 5,804) Option shares £1 each	**5,804**	5,804
4,727 (2020: 10,129) Ordinary B of £1 each	**4,727**	10,129
138 (2020: 1,244) Ordinary E of £1 each	**138**	1,244
6,851 (2020: 6,851) L1 of £1 each	**6,851**	6,851
10,277 (2020: 10,277) L2 of £1 each	**10,277**	10,277
17,129 (2020: 17,129) L3 of £0.03 each	**514**	514
5,200 (2020: 8,343) Deferred shares	**5,200**	8,343
	374,873	384,524

During the year, the entire share capital was acquired by EG Foodservices Limited.

During the year, 5,402 B Ordinary and 1,106 E Ordinary shares were re-designated as deferred shares. The Company cancelled 9,651 deferred shares.

The Ordinary shares carry full equity and dividend participation, with voting rights. The Option shares carry no voting rights, otherwise ranking pari passu with the Ordinary shares.

The Ordinary B shares carry equity and dividend participation above a threshold of £25 million equity value. The ordinary B shares were issued to management team members. If the employee leaves before a certain time, then these shares are converted into deferred shares. The Deferred shares have no equity participation.

The L shares were awarded to a Director of the Company. If the Director leaves before a certain time, then these shares are converted into deferred shares. The L1 shares carry equity and dividend participation above a threshold of £53.7 million equity value. The L2 shares, are subject to a financial performance target of £19 million EBITDA in December 2022. The L3 shares, are subject to a valuation target of £750 million within 10 years.

As equity settled incentives, an assessment of fair value at grant date has been made for the Ordinary B shares, Ordinary E shares and the L1, L2 and L3 shares. There has been no charge to the Profit and Loss account in respect of these shares (2020: £nil).

The Ordinary E shares carry equity and dividend participation above a threshold of £53.65 million equity value. If the employee leaves before a certain time, then these shares are converted into deferred shares.

Option shares are shares which have no voting rights.

22 Called up share capital (continued)

The Company has a share based payment scheme (called the Apple Tree Scheme) whereby certain employees are awarded annual "points" (based on individual performance) which may convert, at the discretion of the remuneration committee, to a cash payment related to the value of the business on exit. The employee must be in employment at the date of exit to benefit from this scheme. At the end of 2020 there were 238 points awarded. At the date of the EG acquisition the scheme closed and there is no further liability.

23 Statement of movements on reserves

	Share premium account £	Profit and loss account £
Balance at 27 December 2020	27,182,810	(28,908,049)
Loss for the financial period	-	(9,237,761)
Balance at 26 December 2021	27,182,810	(38,145,810)

24 Reconciliation of movements in shareholders' funds

	2021 £	2020 £
Loss for the financial period	**(9,237,761)**	(11,779,255)
Capital contribution	**16,082,274**	-
Share capital cancellation	**(9,651)**	-
Opening shareholders' funds	**(1,340,715)**	10,438,540
Closing shareholders' funds	**5,494,147**	(1,340,715)

25 Financial commitments

At 26 December 2021 and 27 December 2020, the company aggregate commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2021	**2020**
Payment due	**£**	**£**
No later than one year	**3,977,164**	3,220,076
Later than one year and no later than five years	**25,882,156**	23,227,328
Later than five years	**24,179,359**	25,485,338
	54,038,679	51,932,742

26 Ultimate controlling party

In the opinion of the Directors, the Company's ultimate parent Company and ultimate controlling party is Optima Bidco (Jersey) Limited, a Company incorporated and registered in Jersey Channel Islands. The Company's immediate parent undertaking and controlling party is EG Foodservices Limited.

The parent undertaking of the largest group, which includes the Company and for which group accounts are prepared, is EG Group Holdings Limited, a Company incorporated in Great Britain, registered at Waterside Head Office, Haslingden Road, Guide, Blackburn, BB1 2FA, United Kingdom.

The parent undertaking of the smallest such group is EG Group Limited, a Company incorporated in Great Britain, registered at Waterside Head Office, Haslingden Road, Guide, Blackburn, BB1 2FA, United Kingdom. Copies of the group financial statements of EG Group Holdings Limited and EG Group Limited are available from Companies House, Crown Way, Maundy, Cardiff, CF14 3UZ.

27 Principal subsidiaries

Name	Country	Address of the registered office	Nature of business	Interest
Leon Naturally Fast Food Limited	UK	Waterside Head Office, Haslingden Road, Blackburn, BB1 2FA	Holder of consumer bond	100% ordinary shares
FeedBritain Limited	UK	Waterside Head Office, Haslingden Road, Blackburn, BB1 2FA	Dormant company	100% ordinary shares
Leon Grocery Limited	UK	Waterside Head Office, Haslingden Road, Blackburn, BB1 2FA	Food & Beverage Products	100% ordinary shares

28 Related party relationships and transactions

During the period, Active Private Equity Advisory LLP, shareholder and a company in which N Evans and S Skinner are designated members, invoiced Leon Restaurants Limited £33,750 (2020: £27,594) for monitoring fees. During the period, Active Private Equity Advisory LLP, invoiced Leon Restaurants Limited £1,700 (2020: nil) for travel expenses. At the period end, there was no outstanding balance in fees (2020: £27,000).

During the period, Spice Private Equity (Bermuda) Ltd, shareholder, invoiced Leon Restaurants Limited £62,500 (2020: nil) for monitoring fees for their board representation. During the period, Spice Private Equity (Bermuda) Ltd, recharged Leon Restaurants Limited £68,317 (2020: nil) for legal expenses settled on Leon Restaurants Limited behalf. At the period end, there was no outstanding balance (2020: nil).

During the period, Brad Blum, shareholder, invoiced Leon Restaurants Limited £25,000 (2020: nil) for monitoring fees for their board representation. At the period end, there was £nil outstanding (2020: nil).

In the previous financial period, the Company entered into one transaction with Peanut & Crumb Limited, who are a related party, by connection to a Company Director, for the provision of marketing films. The total invoiced during the previous financial period was £4,536. There were no transactions in this financial period and there was no outstanding amount (2020: nil).

During the previous financial period, the Company sold products purchased through Rosemary Water Limited, who are a related party, by connection to a Company Director. The total invoiced during the previous period was £2,817. There were no transactions in this financial period and there was no outstanding balance (2020: nil).

During 2017, the Company provided a loan to a Director of the Company for £150,000, with interest payable at the rate of 3.0% per annum (2020: 3.0%). During the year the loan was repaid in full (2020: balance £150,000).

The Company is exempt under FRS 102 from disclosing related party transactions with wholly owned entities that are part of the EG Group.

29 *Subsequent events*

On 30 May 2023 the EG Group Limited announced that it had agreed to sell the majority of its UK and Ireland fuel, foodservice and grocery and merchandise business, including Leon Restaurants Limited to Asda Group for a headline consideration of £2.27bn ($2.8bn). Subject to customary closing conditions and relevant consents being received, the transaction is expected to complete in Q4 2023.

The transaction will allow Asda to explore opportunities to further expand the Leon brand.