

Bills Restaurants Limited

Report and Financial Statements

Period ended 1 January 2023

Company number 05158252

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Bills Restaurants Limited

Report and Financial Statements For the period ended 1 January 2023

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Company Information

Directors

W Collison
C Benians
J Benians
R Caring
C Robinson
G Jones

Registered office

26-28 Conway Street
London W1T 6BQ

Company number

05158252

Auditors

RSM UK Audit LLP
25 Farringdon Street
London EC4A 4AB

Bills Restaurants Limited

Strategic Report

For the period ended 1 January 2023

The Directors present their strategic report together with the audited financial statements for the period.

Principal activities

The principal activity of the company in the period was an operator of restaurants.

Business review to 1 January 2023

Bill's continued to bounce back from the pandemic with a substantial increase in turnover to £104m on a reduced estate size of 51 sites (2 January 2022 - 62 sites). This upwards trajectory is encouraging given the pressures faced by both consumers and our supply chain from unprecedented inflation. Bill's was able to maintain competitively priced offerings throughout the period without a significant reduction in gross margin at 77% (2 January 2022 80%). This was achieved through sound supply chain agreements. Labour was 45% (2 January 2022 - 59%) net of CJRS.

Despite incurring further operating losses, adjusted EBITDA during the period was £5.5m (2 January 2022: £7.6m) with the comparative period benefitting from rent concessions and government grants. The business is in a better long-term position having freed itself of a number of poorly performing sites and has consolidated its central overheads to manage a more profitable reduced estate.

At the statement of financial position date, Bill's was in a net liability position of £28.0m (2 January 2022 - £15.7m). The decrease in fixed assets was due to impairment. Indicators of impairment were noted as some restaurants continued to be poorly performing. As a result of this assessment, impairment of tangible fixed assets was recognised totalling £6.3m (2 January 2022 - £1.3m) and a reversal of impairment totalling £0.9m (2 January 2022 - £nil).

Bill's had an onerous lease provision of £4.2m for 25 sites. The current period's provision is based on the expected cash outflows based on an estimated 26 month period to exit which resulted in a lower provision after sites were sublet and surrendered and as rent liabilities were paid.

As at the balance sheet date, the HSBC facility in Bills Stores Limited was £36.5m and was fully utilised.

Core estate and profitability

Whilst pressures from the pandemic have eased and consumers are coming back into Bill's, the business had to navigate a changing economic climate throughout the period. Shifts in consumer behaviour, record inflation and knock-on effects to supply chain have impacted the results. Energy costs saw significant increases towards the end of the period, and these continued after the period end for the first quarter.

Management continually evaluate the profitability of sites and where necessary take steps to mitigate the company's exposure through the surrender or sublet of these premises. During the period, a strategy of reducing the estate to its core profitable sites was implemented to concentrate resources on the biggest market opportunities. This enabled us to roll out new menus, increased focus on staff training and ultimately the delivery of a fantastic guest experience.

People, as always, are the lifeblood of any successful restaurant business and we are extremely grateful to everyone in the company, and especially the restaurant teams, for the hard work they put in every day.

Bills Restaurants Limited

Strategic Report

For the period ended 1 January 2023 (*continued*)

Business review (*continued*)

During the period, the immediate parent company extended its existing facility with HSBC which expired in March 2023 with an extension approved for a further 12 months through to March 2024. The new facility is £36.5m. The main shareholder also provided additional funding of £0.75m during the year as commitment to surrender costs for poorly performing sites.

Key performance indicators

The directors monitor the performance of the business through a number of key performance indicators which are reported on a daily, weekly and monthly basis. These principal financial measures are turnover, gross profit margin, wage cost % and adjusted EBITDA conversion. Adjusted EBITDA is earnings before interest, tax, depreciation, amortisation, impairment, loss on disposal of assets, pre-opening costs, onerous lease provisions, non-trading costs, exchange differences and other exceptional items. These KPI's are discussed regularly across the business, whilst other financial reporting measures such as average spend per head and return on investment are discussed with the relevant teams.

Other non-financial measures that are regularly reviewed include cover numbers, mystery diner scores, reputation benchmarking and health and safety audit scores, for which we use specialist third party providers to provide us with robust and independent challenge. These measures are reviewed in detail by the directors and the executive team to ensure that they are understood and, where necessary, that informed measures are taken in order to improve them.

Achievement of these KPIs, both financial and non financial, is directly linked to executive pay and reward through our balanced scorecard methodology.

The directors regularly review relationships with suppliers, the product mix, the monitoring systems used by the business and the training provided to our teams to ensure the business is delivering the best food and service possible. We have a comprehensive people structure to ensure that our site-based staff have clear lines of support, whilst giving the executive team a clear and timely understanding of the performance of each of our restaurants.

	Period ended 1 January 2023	Period ended 2 January 2022
Revenue	£103.8m	£74.3m
Gross profit margin	77%	80%
Labour %	45%	59%
Adjusted EBITDA	£5.5m	£7.6m

Further developments

Subsequent to the period end, 3 further sites ceased trading and were exited, whilst a further 5 sites that were vacant at period end, were also exited.

The ultimate parent company re-financed its existing facility with HSBC, previously expiring March 2023, by a further 12 months to March 2024. The new facility is £36.5m.

Bills Restaurants Limited

Strategic Report

For the period ended 1 January 2023 (*continued*)

Principle risks and uncertainties

The principal risks faced by the business, both internal and external, are constantly monitored by the directors and the operational management team. As the business evolves, we are constantly implementing new risk management processes to help us identify, monitor and measure risks as they emerge. This ensures that the board is able to undertake appropriate actions in a timely manner. The following matters are considered by the directors to be the principal risks:

- The current state of the UK economy, general consumer sentiment and uncertainty: The recent war in Ukraine amongst other factors has resulted in record inflation which has squeezed consumer spending and led to increased costs. The company was able to offset some of the increased cost within pricing whilst remaining a competitive offer in the market.
- Brand reputation and competitive environment: The principal risk to our business is any impairment to our reputation as a high-quality dining establishment. The group operates in a fiercely competitive sector, as evidenced by the financial difficulties that have hit many brands, and therefore the consistency and quality of service and product is paramount. To ensure this is managed, senior management continually review KPI results reflecting standards of customer service and food quality to ensure reputation is maintained and the business remains a leader in its competitive market.
- Recruitment and retention of key staff: As the business consolidates, there is a need to ensure that we both recruit and retain the right team members with the appropriate skills. The directors continue to review the group's schemes to aid recruitment and retention, and we place a great emphasis on the welfare and development of all our staff. We continued to support on the job training and ensure that team members understand the nuances of our service and can perform their roles confidently.
- Interest rate risk: the group is exposed to cash flow interest rate risk on bank loans. The directors continue to monitor this risk but do not currently consider that any hedging instruments are required. The group has been able to reduce its banking facility with Bills Stores Limited whilst staying within its cashflow requirements to mitigate this risk.
- Liquidity risk: the group monitors cash flow as part of its day-to-day control procedures and ensures that appropriate funding is available. Bank loans are currently in place in Bills Stores Limited, providing the funding for the operation of the Bill's group. The group's majority shareholder continues to support the business's liquidity as set out in the going concern note.
- Financing and Treasury: Access to capital is key to the financial success of our business, and to ensure that the business is able to meet its obligations as they fall due. The long term, trusted relationship with our lenders is key, which is strengthened further by the commitment from Mr R Caring to continue financial support for a period of at least twelve months from the date of these financial statements.
- War in Ukraine: The ongoing war has resulted in financial instability globally, particularly across gas and other energy prices. As a business, we have taken steps to reduce our energy use where necessary to avoid excessive costs whilst procuring energy at fixed rates for periods. Making operational teams aware of energy reduction measures has helped us ensure we are not being inefficient with our energy usage.

Bills Restaurants Limited

Strategic Report

For the period ended 1 January 2023 (*continued*)

S172 statement

The directors define the successful running of the company in terms of achieving its long term strategy, which centres around building a sustainable, profitable business which has brand reputation at its heart. The success of the company centres around positive and effective dealings with all the stakeholders of the company and the directors were mindful of the long term consequences of key commercial decisions made during the year, and determined that these were in the interests of the company's employees, suppliers, customers and other stakeholders, as they were all aligned to the company's strategy.

The company's success depends on the company maintaining a reputation for high standards of business conduct with customers and other stakeholders, whether in relation to specific community issues whenever a restaurant is opened or closed, or with regards to environmental issues such as food packaging and minimising the production of waste.

The principal decisions made in the period were:

- Operational: Some sites with lease commitments have remained closed due to previous underperformance, where a decision has been made to actively surrender or sublet the sites where possible. The business also underwent a minor rebranding with a fresh outlook, updated website and menu.
- Financing: The ultimate parent company re-financed its existing facility with HSBC, expiring in March 2023, with an extension for a further 12 months through to March 2024. The new facility is £36.5m.

Stakeholders

The directors consider that the following groups are the Company's key stakeholders:

Employees

The company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the company. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests. During the period, a number of sites were closed permanently or taken on by other hospitality chains. At all times, employees were consulted, listened to and at the forefront of any decisions made. Where possible, we were able to transfer staff between sites or to the incumbent operator.

Customers

Our customers are key to the continued existence and direction of the business. The directors regularly review the product mix, mystery diner scores, the monitoring systems used by the business and the training provided to our teams to ensure the business is delivering the best food and service possible to our customers.

Shareholders

Our shareholders rely on us to manage their investment in a responsible and sustainable way to generate value for them. The directors are in regular contact with the shareholders and keep them informed of all company operations and developments.

Bills Restaurants Limited

Strategic Report

For the period ended 1 January 2023 (*continued*)

Stakeholders (*continued*)

Suppliers

The company regularly engages with its suppliers to maintain these important relationships as we rely on them to provide us with high quality products to maintain our reputation as a high-quality dining establishment. In periods of instability, proactive discussions were held between the purchasing team and our suppliers to ensure they were kept up to date on increased cost headwinds, shortages and any support that could be provided to the Company to assist with cash flows.

The directors seek to understand the respective interest of such stakeholder groups so that they can be properly considered in their decisions.

The directors confirm that throughout the period they have acted in the way that they consider, in good faith, to be most likely to promote the success of the company for the benefit of its members as, a whole.

Approval

This strategic report was approved on behalf of the Board on 22 September 2023.



C Robinson
Director

Bills Restaurants Limited

Directors' Report

For the period ended 1 January 2023

The directors present their report together with the audited financial statements for the 52 weeks ended 1 January 2023.

Results and dividends

The statement of comprehensive income is set out on page 16 and shows the loss for the period.

The directors do not propose the payment of a dividend for the period ended 1 January 2023 (2 January 2022: £nil).

Directors

The directors of the company during the period were:

C Benians

J Benians

W Collison

R Caring

C Robinson (resigned 16 August 2022, reappointed 15 December 2022)

G Jones (appointed 2 August 2022)

H Afzal (appointed 16 August 2022, resigned 13 December 2022)

The company has granted an indemnity to its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity remains in force as at the date of approving the directors' report.

The directors engage with all stakeholders to ensure that they foster the company's business relationships with suppliers, customers and other stakeholders. We seek to choose the best products to meet our customers expectations when dining with us, whilst we develop long-term relationships with our suppliers who are providing us with these products.

Disabled employees

It is the company's policy that all persons should be considered for employment training, career development and promotion on the basis of their abilities and aptitudes, regardless of physical ability, age, gender, sexual orientation, religion or ethnic origin. The company applies employment policies that are fair and equitable for all employees and these ensure that entry into, and progression within the company, are determined solely by application of job criteria and personal ability and competency. Full and fair consideration, having regard to the person's particular aptitudes and abilities, is given to applications for employment and the career development of disabled persons. The company's training and development policies also make it clear that it will take all steps practicable to ensure that employees who become disabled during the time they are employed are able to remain employed by the company.

Employee involvement

The flow of information to our staff is maintained through regular weekly communications to the restaurants of the Company. Members of the management team regularly visit the restaurants and discuss matters of current interest and concern to the business with its members of staff. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests. KPI's are communicated to staff members, as well as company performance versus these KPI's given they drive performance related bonuses.

Bills Restaurants Limited

Directors' Report

For the period ended 1 January 2023 (*continued*)

Company energy and carbon report

Emission Type	kWh			CO2e tonnes (location-based)		
	Previous year	Current year	Var. %	Previous year	Current year	Var. %
	n/a	n/a	n/a	n/a	n/a	n/a
Scope 1: Operation of facilities						
Scope 1: Combustion	11,803,316	15,034,125	27.4%	2,167.32	2,744.33	26.6%
Total Scope 1	11,803,316	15,034,125	27.4%	2,167.32	2,744.33	26.6%
Scope 2: Purchased energy						
Scope 2: Purchased energy	8,214,866	10,688,696	30.1%	1,744.26	2,066.98	18.5%
Total Scope 2	8,214,866	10,688,696	30.1%	1,744.26	2,066.98	18.5%
Scope 3: Indirect energy use						
Scope 3: Indirect energy use	197,647	81,982	-58.5%	47.55	20.65	-56.6%
Total scope 3	197,647	81,982	-58.5%	47.55	20.65	-56.6%
Total	20,215,829	25,804,803	27.6%	3,959.13	4,831.96	22.0%

Greenhouse gas emissions intensity ratio

	Total footprint (Scope 1,2 and 3) CO2e tonnes		
	Previous year	Current year	Var. %
Turnover (£)	£74,265,000	£103,770,000	35.3%
Intensity ratio (tCO2e / £100,000)	5.16 tCO2e total / £100,000	4.66 tCO2e total / £100,000	-9.8%

Our methodology has been based on the principles of the Greenhouse Gas Protocol, taking account of the 2015 amendment which sets out a 'dual reporting' methodology for the reporting of Scope 2 emissions. In the 'total footprint' summary above, purchased electricity is reported on a location-based method. We have reported on all the measured emissions sources required under The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, except where stated.

The period of our report is 1 January 2022 – 31 December 2022. This includes limited emissions under Scope 1 and 2 (gas & fuel used in transport; purchased electricity), except where stated, and limited emissions under Scope 3 (fuel used in personal/hire cars for business purposes).

Energy use and emissions figures relate to UK operations (including offshore energy and emissions) except where stated. Conversion factors for UK electricity (location-based methodology), gas and other emissions are those published by the Department for Environment, Food and Rural Affairs for 2022/23.

Gas data for direct supplied sites includes some supplier estimates.

Conversion factors for UK electricity (market-based methodology) are published at electricityinfo.org/ provided by the relevant supplier on their website.

Energy efficiency action

No energy saving actions have been made in the reporting period.

Statement of exclusions

No exclusions have been made.

Bills Restaurants Limited

Directors' Report

For the period ended 1 January 2023 (*continued*)

Corporate governance

The company has not formally adopted any corporate governance code for the financial period under review due to the size and complexity of the company. While no code has been formally adopted, the following corporate governance arrangements were in place during the period:

The role and composition of the Board

The board of the company is collectively responsible for promoting the long-term success of the company for its shareholders and other stakeholders and to provide effective leadership within a framework of prudent and effective controls that enable risk to be assessed and managed. The board sets the company's strategic aims and ensures that the necessary resources are in place to allow the company's objectives to be met, in a way that enables sustainable long-term growth.

The board establishes the company's culture, values and ethics. These inform expected behaviours and practices throughout the company.

The board of directors has a clear understanding of their accountability and responsibilities to ensure effective decision-making. The following matters are reserved for board approval:

- Review and approval of budgets
- Risk appetite
- Acquisition of new sites
- Disposal of sites
- Capital expenditure

The board use an extensive range of information sources to guide their decision-making, including financial information, key performance indicators and employee and customer feedback.

The board believes that its composition includes an appropriate combination of skills, backgrounds, experience and knowledge in line with the size and complexity of the group.

Opportunity and risk

The board promotes the long-term sustainable success of the company by identifying opportunities to create and preserve value and establishing oversight for the identification and mitigation of risks which has been addressed earlier in the Strategic Report.

Remuneration

Remuneration of directors and senior management is aligned with performance, behaviours and achievement of the company's values and strategy.

Stakeholder relationships and engagement

The board has considered in detail the company's impact on stakeholders as described earlier in the Strategic Report. The directors have ensured effective stakeholder relationships that are aligned to the company's purpose.

Bills Restaurants Limited

Directors' Report

For the period ended 1 January 2023 (*continued*)

Matters covered in the strategic report

As permitted by paragraph 1A of schedule 7 to the Large and Medium Sized Companies and Groups (Accounts and reports) Regulation 2008, certain matters which are required to be disclosed in the director's report have been omitted as they are included in the strategic report. These are the principal activity of the company, the business review and further developments.

Going Concern

Going concern is discussed in more detail within the accounting policies. The cashflow forecasts prepared by management at a group level indicate a working capital shortfall within the next 12 months. Management concludes that there exists a material uncertainty in relation to going concern. However, the group is fortunate to benefit from the support of its bank and its significant shareholder, and the significant shareholder has confirmed that he would be willing to support the group should cash funding be required to provide working capital and deliver the strategic plan that wasn't available through increasing existing or negotiated facilities with the group's bank. Therefore, the expectation of the directors is that the company will be able to continue in operation and meet its liabilities as they fall due over a period of at least 12 months from the date of approval of these accounts. The directors therefore continue to adopt the going concern basis of accounting in preparing the financial statements.

Disclosure of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditors

The auditor RSM UK Audit LLP will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

On behalf of the Board



C Robinson

Director

22 September 2023

Bills Restaurants Limited

Directors' Responsibilities Statement

For the period ended 1 January 2023

The directors are responsible for preparing the strategic report, 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 period. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable 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. The directors confirm that they have complied with these requirements.

Bills Restaurants Limited

Independent Auditor's Report

To the Members of Bills Restaurants Limited

For the period ended 1 January 2023

Opinion

We have audited the financial statements of Bills Restaurants Limited (the 'Company') for the period ended 1 January 2023 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 1 January 2023 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw your attention to note 2 of the financial statements which indicates that the company is forecast to experience a working capital shortfall within the next 12 months and is a member of a group which is in the ongoing process of renewing and expanding its banking facilities. It therefore remains dependent on the continued financial support of its principal investor to provide working capital and funds to deliver the company's strategic plans. These events or conditions, along with the other matters as set forth in note 2, indicate that a material uncertainty exists that may cast significant doubt on the group's and therefore the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Bills Restaurants Limited

Independent Auditor's Report

To the Members of Bills Restaurants Limited

For the period ended 1 January 2023 (*continued*)

Other information (*continued*)

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the company, 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities 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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Bills Restaurants Limited

Independent Auditor's Report

To the Members of Bills Restaurants Limited

For the period ended 1 January 2023 (*continued*)

Auditor's responsibilities for the audit of the financial statements

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected noncompliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

Bills Restaurants Limited

Independent Auditor's Report

To the Members of Bills Restaurants Limited

For the period ended 1 January 2023 (*continued*)

The extent to which the audit was considered capable of detecting irregularities, including fraud (*continued*)

As a result of these procedures, we consider the most significant laws and regulations that have a direct impact on the financial statements are as follows:

Legislation/ Regulation	Audit procedures performed by the audit engagement team included:
FRS 102 and the Companies Act 2006	Review of the financial statement disclosures and testing to supporting documentation. Completion of disclosure checklists to identify areas of non-compliance.
Tax compliance regulations	Review of the Company's tax computations. Inspecting correspondence with external tax advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are as follows:

Legislation/ Regulation	Audit procedures performed by the audit engagement team included:
Food safety and hygiene	We carried out searches in respect of food hygiene ratings to identify any sites poorly rated and indication of potential breaches. We obtained and reviewed third party audit reports in respect of hygiene regulations. We held discussions with management to confirm whether there had been any reported significant breaches in respect of food safety.

The audit engagement team identified the following areas where the financial statements were most susceptible to material misstatement due to fraud:

Risk	Audit procedures performed by the audit engagement team included:
Revenue existence and valuation	Gaining an understanding of the processes and controls operated over revenue recognition and performing walk through tests. Performing a 3-way match between the EPOS system, the accounting records and cash receipts. Reviewing sales by site for any significant or unusual trends.
Management override of controls	Testing the appropriateness of journal entries and other adjustments. Assessing whether the judgements made in making accounting estimates are indicative of a potential bias. Evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>

This description forms part of our auditor's report.

Bills Restaurants Limited

Independent Auditor's Report

To the Members of Bills Restaurants Limited

For the period ended 1 January 2023 (*continued*)

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Saxon Moseley

Saxon Moseley (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

25 Farringdon Street, London EC4A 4AB

22 September 2023

Bills Restaurants Limited

Statement of comprehensive income

For the period ended 1 January 2023

	Note	52 weeks ended 1 January 2023 £000	52 weeks ended 2 January 2022 £000
Revenue	4	103,770	74,265
Cost of sales		(23,767)	(14,793)
Gross profit		80,003	59,472
Administrative expenses		(93,089)	(74,298)
Other operating income	5	866	13,579
Adjusted EBITDA*		5,537	7,561
Depreciation	6	(4,211)	(5,127)
Amortisation	6	(227)	(399)
Impairment	6	(5,461)	(804)
Profit/(loss) on disposal of assets	6	(1,295)	(2,125)
Pre-opening costs		-	(385)
Onerous lease charge	19	(2,822)	1,770
Non-trading costs		(3,351)	(1,187)
Exchange differences		-	-
Other exceptional items	7	(390)	(551)
Operating loss		(12,220)	(1,247)
Other income		-	-
Interest payable and similar charges	9	(96)	(96)
Loss before tax		(12,316)	(1,343)
Tax on loss	10	-	(497)
Loss after tax		(12,316)	(1,840)
Other comprehensive income		-	-
Total comprehensive income		(12,316)	(1,840)

*Adjusted EBITDA is earnings before interest, tax, depreciation, amortisation, impairment, loss on disposal of assets, pre-opening costs, onerous lease provisions, non-trading costs, exchange differences and other exceptional items.

The notes on pages 19 to 33 form part of these financial statements.

Bills Restaurants Limited

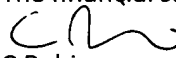
Statement of financial position

For the period ended 1 January 2023

Company number 05158252

	Note	1 January 2023 £000	2 January 2022 (Restated) £000
Non-current assets			
Intangible assets	11	21	83
Tangible assets	12	24,233	33,551
Property lease premiums	13	1,317	1,571
Debtors: falling due after more than one year	16	264	271
		<hr/> 25,835	<hr/> 35,476
Current assets			
Property lease premiums	13	210	327
Stock	14	1,298	1,277
Debtors: amounts falling due within one year	15	4,625	7,057
Cash at bank and in hand		2,102	2,872
		<hr/> 8,235	<hr/> 11,533
Current liabilities			
Creditors: falling due within one year	17	(56,903)	(56,830)
		<hr/> (48,668)	<hr/> (45,297)
Net current liabilities			
		<hr/> (22,833)	<hr/> (9,821)
Non-current liabilities			
Creditors: falling due after more than one year	18	(900)	(2,628)
Provisions for liabilities			
Deferred tax		-	-
Onerous leases	19	(4,235)	(3,203)
		<hr/> (4,235)	<hr/> (3,203)
Net liabilities		<hr/> (27,968)	<hr/> (15,652)
Capital and reserves			
Share capital	20	-	-
Profit and loss account		(27,968)	(15,652)
Total equity		<hr/> (27,968)	<hr/> (15,652)

The financial statements were approved and authorised for issue by the board on 22 September 2023.


C Robinson
Director

The notes on pages 19 to 33 form part of these financial statements.

Bills Restaurants Limited

Statement of changes in equity For the period ended 1 January 2023

	Share capital	Profit and loss account	Total Equity
	£000	£000	£000
4 January 2021	-	(13,812)	(13,812)
Comprehensive income for the period			
Loss for the period	-	(1,840)	(1,840)
2 January 2022	<hr/>	<hr/>	<hr/>
		(15,652)	(15,652)
Comprehensive income for the period			
Loss for the period	-	(12,316)	(12,316)
1 January 2023	<hr/>	<hr/>	<hr/>
	-	(27,968)	(27,968)
	<hr/>	<hr/>	<hr/>

The notes on pages 19 to 33 form part of these financial statements.

Bills Restaurants Limited

Notes to the Financial Statements

For the period ended 1 January 2023

1. General information

Bills Restaurants Limited is a private limited company incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given in the company information page and the nature of the company's operations and its principal activities are set out in the Strategic Report.

2. Accounting policies

Basis of preparation of financial statements

The financial statements have been prepared in accordance with FRS 102 the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires company management to exercise judgement in applying the company's accounting policies. Financial statements have been prepared to the nearest £000.

The company has taken advantage of the exemption under FRS 102 "Cash Flow Statements" not to produce a cash flow statement as it is included in the consolidated financial statements of Bills Stores Limited. These can be obtained from the group's registered office. See note 25 for detail.

The following principal accounting policies have been applied:

Going concern

In assessing the going concern basis of preparation of the financial statements for the period, the directors have taken into consideration detailed cash flow forecasts for the company, the forecast compliance with bank covenants, which are set at a group level, and the continued availability of funding from banks and shareholders covering a period of at least 12 months from the date of approval of the financial statements. Cashflow forecasts have been prepared outlining current market conditions.

The cashflow forecasts prepared by management indicate a working capital shortfall within the next 12 months. In addition, discussions regarding the renewal and expansion of the banking facilities are ongoing and may depend on the timely manner of site disposals.

Until the above matters are concluded, the company remains reliant on the significant shareholder, who has provided written confirmation of his intention to support the company should cash funding be required that isn't available through increasing existing or negotiated facilities with the parent company's bank. For these reasons, management conclude that there exists a material uncertainty in relation to going concern.

Notwithstanding the material uncertainty noted above the expectation of the directors is that the company will be able to continue in operation and meet its liabilities as they fall due over a period of at least 12 months from the date of approval of these accounts. The directors therefore continue to adopt the going concern basis of accounting in preparing the financial statements.

Bills Restaurants Limited

Notes to the Financial Statements

For the period ended 1 January 2023 (*continued*)

Accounting policies (*continued*)

Revenue

Revenue represents net invoiced sales of goods, excluding value added tax. Revenue is recognised when payment is tendered at the time of sale and is all recognised in the United Kingdom. Rental Income is recognised for sublet properties in line with sub lease agreements and recorded over the period the property is occupied.

Intangible assets

Goodwill represents the excess of the purchase consideration over the fair value of identifiable assets and liabilities of the company acquired at the date of acquisition. Goodwill is carried at cost less accumulated amortisation and accumulated impairment losses. Goodwill amortisation is calculated by applying the straight line method of its estimated useful life of 20 years.

Other intangibles are amortised evenly over their expected useful lives. Amortisation is charged to the profit and loss account on a straight line basis over a period of 5 years. The assets are reviewed for impairment if there are indicators that the carrying amount may be impaired.

Tangible fixed assets

Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price and costs directly attributable to bringing the asset to its working condition for its intended use.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Leasehold land and buildings	over the term of the lease
Office and Computer Equipment	5-10 years straight line
Plant and Machinery	5-10 years straight line
Fixtures and fittings	5-10 years straight line

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Property lease premiums

Property lease premiums paid to enter into operating lease agreements are initially recognised at fair value at acquisition and subsequently measured at amortised cost and are amortised over the term of the lease.

Stock

Stock is stated at the lower of cost and net realisable value. Cost is based on the purchase on a first in, first out basis.

At each reporting date stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the statement of comprehensive income.

Bills Restaurants Limited

Notes to the Financial Statements

For the period ended 1 January 2023 (*continued*)

Accounting policies (*continued*)

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities such as trade and other debtors and creditors, loans from banks and other related parties and accrued expenses.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other debtors and creditors, are initially measured at present value of future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade and other debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of cash or other consideration expected to be paid or received. However, if the arrangements of a short term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not market rate or in case of an outright short term loan not at market rate, the financial asset or liability is measured initially at the present value of future cash flow discounted at a market rate of interest and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If evidence is found, an impairment loss is recognised in the statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Bills Restaurants Limited

Notes to the Financial Statements

For the period ended 1 January 2023 (*continued*)

Accounting policies (*continued*)

Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income.

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Operating leases

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term. Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

In the prior period, the company received rent concessions on leased property. In accordance with the amendment to FRS 102 the company recognised the change in lease payments over the period that the change is intended to compensate where 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 the other terms and conditions of the lease.

Pensions

The company operates a defined contribution plan for employees. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the statement of financial position.

Bills Restaurants Limited

Notes to the Financial Statements

For the period ended 1 January 2023 (*continued*)

Accounting policies (*continued*)

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the statement of financial position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the statement of financial position date.

Finance costs

Finance costs are charged to the statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Adjusted EBITDA

The directors use this financial measure for planning, monitoring and evaluating the performance of the company.

The directors consider it a useful metric for management to facilitate operating performance comparisons from period to period by excluding potential differences caused by variances in interest, tax, depreciation, amortisation and certain other expenses that are believed not to be representative of the recurring business. The directors use this financial measure as a key operating metric for business planning purposes and in measuring performance.

Pre-opening costs

Pre-opening costs represent costs incurred directly relating to the opening of new sites. These include costs associated with the acquisition, opening, conversion and initial set up of new and converted sites. These costs including rent, related overhead expenses and the cost of training new staff during the pre-opening phase. These costs are expensed in the statement of comprehensive income in the period that they are incurred.

Exceptional items

Exceptional items are items of income or expense which because of their nature and the events giving rise to them are not directly related to the company's core operations and therefore merit separate presentation to allow the users of the financial statements to better understand the elements of financial performance in the period.

Government grants

Government grants are not recognised until there is reasonable assurance that the company will comply with the conditions attached to them and that the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the company recognises as expenses the related costs for which the grants are intended to compensate. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset expenses the related costs for which the grants are intended to compensate.

Bills Restaurants Limited

Notes to the Financial Statements

For the period ended 1 January 2023 (*continued*)

Accounting policies (*continued*)

Coronavirus Job Retention Scheme ("CJRS")

In the prior period HMRC reimbursed up to 80% of the wages of certain employees who had been asked to stop working but were kept on the payroll (furloughed). The scheme was designed to compensate for staff costs, so amounts received were recognised in the Income Statement over the same period as the costs to which they related. Income relating to CJRS was recognised in other operating income in the income statement.

Business rates and Coronavirus additional restrictions grants

Businesses in the retail, hospitality and leisure sectors in England did not have to pay business rates for the 2021 to 2022 tax year. Restaurant related business rates charges have therefore been recognised in administrative expenses for the remainder of the period. Income relating to additional restriction grants has been recognised within other operating income.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

- Determine whether leases entered into by the company are operating or finance leases. These decisions depend on an assessment of whether risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the company's tangible and intangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash generating unit, the viability and expected future performance of that unit. Where there are indicators of impairment, the company estimates the value of the asset using discounted cash flows to calculate the asset's value in use.

Other sources of estimation uncertainty:

Tangible and intangible fixed assets are depreciated and amortised over their useful lives taking into account residual values, where appropriate. The actual lives of the asset and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Onerous leases

The onerous lease provision includes a number of assumptions including the risk-free rate applied to future cashflows, the expected period at which a sublease or disposal could be achieved, the possible trading figures or sublet value which will mitigate the rent exposure, and the likelihood of default of those businesses who have taken on a sub-let or assignment where the risk could fall back to the business.

Deferred tax assets

The recoverability of deferred tax assets has taken into consideration forecast future performance and expected future tax liabilities for at least the next two years. Where there are tax losses brought forward exceeding expected taxable profits and gains these are assessed as to their recoverability in future periods.

Bills Restaurants Limited

Notes to the Financial Statements

For the period ended 1 January 2023 (*continued*)

Accounting policies (*continued*)

4. Revenue

Revenue is wholly attributable to the principal activity of the company and originates solely within the United Kingdom.

5. Other operating income

	52 weeks ended 1 January 2023 £000	52 weeks ended 2 January 2022 £000
Coronavirus Job Retention Scheme grant	-	10,915
Additional restrictions grants	476	2,408
Rental income	390	256
	866	13,579

6. Operating loss

Operating loss is stated after charging:

	52 weeks ended 1 January 2023 £000	52 weeks ended 2 January 2022 £000
Depreciation of tangible fixed assets	4,211	5,127
Impairment of tangible fixed assets	6,280	1,344
Reversal of impairment of tangible assets	(945)	-
Loss on disposal of tangible fixed assets	1,214	1,682
Amortisation of property lease premium	165	327
Impairment of property lease premium	175	540
Reversal of impairment of lease premium	(49)	-
Loss on disposal of property lease premium	81	443
Amortisation of intangible assets	62	72
Auditor's remuneration for audit services	272	175
Operating leases	7,992	7,557

Operating lease rentals is the expense recorded after recognising in the statement of comprehensive income Covid-19 related rent concessions received of £nil (period ended 2 January 2022 - £2.4m).

Bills Restaurants Limited

Notes to the Financial Statements

For the period ended 1 January 2023 (*continued*)

7. Other exceptional items

	52 weeks ended 1 January 2023 £000	52 weeks ended 2 January 2022 £000
Stock write-off	-	182
Training	-	409
Restructure costs	390	-
Other	-	(40)
	<u>390</u>	<u>551</u>

8. Employees

	52 weeks ended 1 January 2023 £000	52 weeks ended 2 January 2022 £000
<i>Staff costs (including directors):</i>		
Wages and salaries	43,093	41,662
Social security costs	3,285	2,369
Pension costs	880	721
	<u>47,258</u>	<u>44,752</u>
<i>Average number of employees:</i>	No.	No.
Operations and admin	2,871	2,493
Directors	6	5

Directors

During the period, the directors received total remuneration of £83k (period ended 2 January 2022 - £72k). Of this amount, £13k (period ended 2 January 2022 - £nil) was paid as pension contributions.

The number of directors to whom retirement benefits are accruing under defined contribution schemes was 1 (period ended 2 January 2022 - 1).

9. Interest payable and similar charges

	52 weeks ended 1 January 2023 £000	52 weeks ended 2 January 2022 £000
Bank interest payable	96	96

Bills Restaurants Limited

Notes to the Financial Statements

For the period ended 1 January 2023 (*continued*)

10. Taxation

	52 weeks ended 1 January 2023 £000	52 weeks ended 2 January 2022 £000
<i>Corporation tax</i>		
Current tax on loss for the period	-	-
	<hr/>	<hr/>
	52 weeks ended 1 January 2023 £000	52 weeks ended 2 January 2022 £000
<i>Deferred tax</i>		
Origination and reversal of timing differences	-	(851)
Adjustment in respect of prior period	-	1,345
Effect of change in tax rate on opening balance	-	(501)
Derecognition of deferred tax asset	-	504
	<hr/>	<hr/>
Tax on loss	-	497
	<hr/>	<hr/>

Factors affecting tax charge for the period

The tax assessed for the period is higher than the standard rate of corporation tax in the UK of 19.00% (period ended 2 January 2022 - 19.00%). The differences are explained below:

	52 weeks ended 1 January 2023 £000	52 weeks ended 2 January 2022 £000
Loss before tax	(12,316)	(1,343)
	<hr/>	<hr/>
Multiplied by the standard rate of corporation tax in the UK of 19%	(2,340)	(255)
Effects of:		
Fixed asset differences	265	306
Expenses not deductible for tax purposes	1,303	14
Adjustments in respect of prior periods (deferred tax)	-	1,345
Remeasurement of deferred tax for changes in tax rates	-	(501)
Derecognition of deferred tax asset	814	504
Other differences	(42)	(916)
	<hr/>	<hr/>
Total tax charge	-	497
	<hr/>	<hr/>

A deferred tax asset is not recognised due to uncertainty regarding the utilisation of tax losses carried forward.

Bills Restaurants Limited

Notes to the Financial Statements

For the period ended 1 January 2023 (*continued*)

11. Intangible assets

	Goodwill £000	Software £000	Total £000
Cost			
At 3 January 2022	200	474	674
At 1 January 2023	200	474	674
Amortisation			
At 3 January 2022	173	418	591
Charge for the period	10	52	62
At 1 January 2023	183	470	653
Net book value			
At 3 January 2022	27	56	83
At 1 January 2023	17	4	21

12. Tangible fixed assets

	Leasehold land and buildings £000	Plant, machinery, Fixtures and Fittings £000	Office and computer equipment £000	Total £000
Cost				
At 3 January 2022	46,996	23,136	1,466	71,598
Additions	149	1,224	75	1,448
Disposals	(6,048)	(2,089)	(56)	(8,193)
At 1 January 2023	41,097	22,271	1,485	64,853
Depreciation				
At 3 January 2022	25,809	11,410	828	38,047
Charge for the period	1,859	2,087	265	4,211
Impairment	4,283	1,793	204	6,280
Reversal of impairment	(220)	(598)	(127)	(945)
Disposals	(5,097)	(1,884)	8	(6,973)
At 1 January 2023	26,634	12,808	1,178	40,620
Net book value				
At 3 January 2022	21,187	11,726	638	33,551
At 1 January 2023	14,463	9,463	307	24,233

Bills Restaurants Limited

Notes to the Financial Statements

For the period ended 1 January 2023 (*continued*)

Tangible fixed assets (*continued*)

The impairment loss recognised in the period was £6.3m (2 January 2022 - £1.3m) and a reversal of impairment of £0.9m (2 January 2022 - £nil). This is included within administrative expenses in the statement of comprehensive income. Impairment testing on the tangible fixed assets has been based on value in use estimates using cash flow projections. The projected cash flows have been discounted using a rate based on the company's pre-tax weighted average cost of capital of 9%. A 1% increase in the discount rate would lead to an additional impairment charge of approximately £0.1m (2 January 2022 - £0.2m). Fixed and floating charges over tangible fixed assets are held as security on the bank loan held by the parent company as disclosed in note 24.

13. Property lease premiums

	Property lease premiums £000
Cost	
At 3 January 2022	5,312
Disposals	(484)
At 1 January 2023	<u>4,828</u>
Amortisation	
At 3 January 2022	3,414
Charge for the period	165
Impairment	175
Reversal of impairment	(49)
Disposals	(404)
At 1 January 2023	<u>3,301</u>
Net book value	
At 3 January 2022	1,898
At 1 January 2023	<u><u>1,527</u></u>

Analysed as follows:

	1 January 2023 £000	2 January 2022 £000
Current	210	327
Non-current	1,317	1,571
	<u>1,527</u>	<u>1,898</u>

Property lease premiums are amortised over the term of the lease. The impairment loss written back in the period was £0.05m (2 January 2022 - £0.54m)

Bills Restaurants Limited

Notes to the Financial Statements

For the period ended 1 January 2023 (*continued*)

14. Stock

	1 January 2023 £000	2 January 2022 £000
Raw materials and consumables	761	777
Crockery and uniform	537	500
	<u>1,298</u>	<u>1,277</u>

Stock recognised in cost of sales as an expense during the period was £23.8m (period ended 2 January 2022 - £14.8m).

15. Debtors: amounts falling due within one year

	1 January 2023 £000	2 January 2022 (Restated) £000
Trade debtors	220	808
Owed by group companies	-	2,113
Owed by related parties	56	447
Corporation tax recoverable	3	-
Prepayments and accrued income	4,317	2,655
Other debtors	29	1,034
	<u>4,625</u>	<u>7,057</u>

Amounts owed by group companies are unsecured, interest free and repayable on demand.

16. Debtors: amounts falling due after more than one year

	1 January 2023 £000	2 January 2022 (Restated) £000
Deposits held by third parties	264	271

Bills Restaurants Limited

Notes to the Financial Statements

For the period ended 1 January 2023 (*continued*)

17. Creditors: amounts falling due within one year

	1 January 2023 £000	2 January 2022 £000
Trade creditors	12,937	13,126
Owed to group companies	18,236	27,871
Owed to related parties	9,875	5,062
Other tax and social security	7,369	1,333
Accruals and deferred income	7,085	6,597
Other creditors	1,401	2,841
	56,903	56,830

Amounts owed to group companies are unsecured, interest free and repayable on demand.

18. Creditors: amounts falling due after more than one year

	1 January 2023 £000	2 January 2022 £000
Accruals and deferred income	900	2,628

Long term accruals and deferred income comprise unamortised lease incentives. A long-term incentive plan was deemed undeliverable during the period and subsequently cancelled.

19. Onerous leases

	Onerous leases £000
At 3 January 2022	3,203
Charge for the period	2,822
Provision utilised during the period	(1,790)
At 1 January 2023	4,235

The calculation of the onerous lease provision includes a number of key assumptions including the risk-free rate applied to future cashflows, the expected period at which a sublet or disposal of lease could be achieved, the possible trading figures or sublet value which will mitigate the rent exposure and the likelihood of default of those sites who sublet or assign where the risk could fall back to the company, which leads to a significant degree of estimation uncertainty.

Sensitivity analysis

The provision was assessed had the commitment been limited to 3 years as opposed to an assumption of 20 months to surrender plus an average cost of a 6 month premium and the provision would increase by £0.4m.

Bills Restaurants Limited

Notes to the Financial Statements

For the period ended 1 January 2023 (*continued*)

20. Share capital

	1 January 2023	2 January 2022	1 January 2023	2 January 2022
	No.	No.	£	£
Ordinary A shares of £1 each	2	2	2	2
Ordinary B shares of £0.0001 each	123	123	-	-
Ordinary B1 shares of £0.0001 each	590	590	-	-
Ordinary B2 shares of £0.0001 each	50	50	-	-
Deferred shares of £0.0001 each	443,574	443,574	44	44
	444,339	444,339	46	46

Ordinary A shares have full voting rights. B, B1, B2, C1, C2 and C3 shares have no right to vote or attend any general meeting on any resolution or participate in a written resolution of the company. Deferred shares are B, C1, C2 or C3 shares that have been converted due to certain criteria no longer being met.

21. Reserves

Share capital

Share capital represents the nominal value of shares issued.

Profit and loss account

Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

22. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost represents contributions payable by the company to the fund and amounted to £0.9m (period ended 2 January 2022 - £0.7m).

Contributions totalling £0.4m were payable at the period end date (2 January 2022 - £0.3m).

23. Commitments under operating leases

The company had annual commitments under non-cancellable operating leases as set out below:

	1 January 2023 £000	2 January 2022 £000
<i>Land and buildings</i>		
Not later than one year	8,185	8,962
Later than one year and not later than five years	31,444	33,765
Later than five years	52,750	65,783
	92,379	108,510

The company also pays turnover-related rents in connection with certain leases.

Bills Restaurants Limited

Notes to the Financial Statements

For the period ended 1 January 2023 (*continued*)

24. Contingent liabilities

The company is a guarantor to a £36.5m revolving credit facility taken out by the immediate parent company Bills Stores Limited (2 January 2022 - £42.5m). At the period end date, the total amount outstanding under the loan facility was £36.5m (2 January 2022 - £40.9m). The loan is secured by way of a fixed and floating charge over the company's assets.

25. Ultimate parent company and controlling party

At 1 January 2023, the company's ultimate parent company was Bills Stores Topco Limited, a company incorporated in Jersey. The group in which the results of the Company are consolidated is that headed by Bills Stores Limited. The consolidated accounts are available to the public and may be obtained from Companies House. The Company's immediate parent company is Bills Stores Limited.

At 1 January 2023, R Caring was deemed to be the ultimate controlling party.

26. Related party transactions

At 1 January 2023 the company owed £5.6m to R Caring, a director and ultimate controlling party, and was non interest-bearing and unsecured (2 January 2022 - £4.9m).

During the period, the company rented a business premises in part owned by a director of the company. Total rent paid for the period was £0.02m (2 January 2022 - £0.02m).

During the period, the company entered into transactions with companies incorporated in the United Kingdom under common control by the ultimate beneficial owner, for services provided or received totalling a net cost of £0.9m (2 January 2022 - £0.74m). The company owed a net balance of £4.2m at the end of the period (2 January 2022 - £0.25m)

27. Correction of immaterial errors in prior period

The prior period comparatives have been restated to reflect a distinction between current and non-current debtors in respect of lease and other deposits.

The balances are impacted as below:

	2 January 2022 (as restated) £000	2 January 2022 (originally stated) £000
<i>Current debtors</i>		
Other debtors	1,034	1,305
<i>Non-current debtors</i>		
Deposits held by third-parties	271	-

28. Post balance sheet events

Subsequent to the period end, 3 further sites ceased trading and were exited, whilst a further 5 sites that were vacant at period end, were also exited.

The ultimate parent company re-financed its existing facility with HSBC, previously expiring March 2023, by a further 12 months to March 2024. The new facility is £36.5m.