

Registration number: 05566787

Gondola Holdings Limited

Annual Report and Financial Statements

for the 52 Weeks ended 29 June 2014

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Gondola Holdings Limited
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Gondola Holdings Limited
Company Information

Directors N Carter
H Smyth

Registered office 4th Floor
2 Balcombe Street
London
NW1 6NW

Independent auditors PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
The Portland Building
25 High Street
Gatwick
West Sussex
RH10 1BG

Gondola Holdings Limited
Strategic Report for the Period from 1 July 2013 to 29 June 2014

The directors present their strategic report for the period from 1 July 2013 to 29 June 2014.

Business review

The company is a holding company and does not carry out any trading activity.

During the financial period the company signed an agreement to sell a subsidiary, Byron Hamburgers Limited, for £89.8 million to private equity funds managed/advised by Hutton Collins Partners LLP, which completed on 12 November 2013. After settling intercompany balances of £20.6 million and deducting transaction costs of £1.1 million, the profit on disposal was £68.1 million.

Subsequent to the year end in July 2014, Balcombe Street Holdings Limited, a subsidiary undertaking, entered into a sale agreement to dispose of the PizzaExpress businesses.

In November 2014, the company entered into a sale agreement to dispose of the ASK Italian and Zizzi business. For further details please see note 20 in the notes to the financial statements.

The results of the company for the period are set out on page 7 and show a profit on ordinary activities before taxation of £60.3 million (2013: loss of £8.0 million), which includes the profit on disposal of Byron Hamburger Limited of £68.1m. The shareholders' funds of the company total £315.2 million (2013: £260.2 million).

Exceptional costs

During the year the Company incurred exceptional costs in respect of professional fees of £2.9 million (2013: £0.8 million) relating to the sale of the PizzaExpress business.

Key Performance Indicators (KPI's)

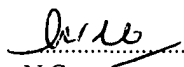
Given the holding company nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business. This is achieved instead through its operating subsidiaries, the performance of which is measured through the use of three key performance indicators being sales versus annual budget, profitability versus annual budget and the number of trading restaurants.

A more detailed business review and future developments is included in the financial statements of the company's ultimate parent undertaking, Gondola Group Limited, which does not form part of this report.

Principal risks and uncertainties

The principal risks to which the company is exposed are liquidity risk and cash flow risk. Liquidity risk and cash flow risk arise as a result of the company's net current liability position. The company manages this risk by obtaining assurances from the other group companies that they will not seek repayment of intercompany creditors in the foreseeable future.

Approved by the Board on 19.02.15 and signed on its behalf by:


.....
N Carter
Director

Gondola Holdings Limited

Directors' Report for the 52 weeks ended 29 June 2014

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

Directors of the company

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

N Carter

H Smyth

Principal activity

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

Results and dividends

The company's profit for the 52 week period, after taxation, amounted to £61,989,407 (52 week period ended 30 June 2013: loss £6,072,855).

The directors paid a dividend during the period of £7,000,000 (2013: £Nil).

Going concern

The directors have considered the financial position of the company and concluded that it is appropriate to prepare the financial statements on a going concern basis. This is after taking account of the assurances provided by Gondola Group Limited and its subsidiary companies that they will not seek any repayment of the amounts owed to group companies, so as to enable the company to meet its financial obligations as they fall due for the foreseeable future.

Post balance sheet event

Subsequent to the balance sheet date, Balcombe Street Holdings Limited, a subsidiary undertaking entered into a sale agreement to dispose of the PizzaExpress business and the company entered into a sale agreement to dispose of the ASK Italian and Zizzi businesses.

Proceeds were used to repay Gondola Group Limited group external and shareholder debt by the company's parent entities. The balance of proceeds will be used to repay loan notes and PIK interest.

Further details are given in note 16 to the financial statements.

Financial instruments

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

Statement of Directors' responsibilities

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

Gondola Holdings Limited
Directors' Report for the 52 weeks ended 29 June 2014

..... *continued*

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Disclosure of information to the auditors

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

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

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

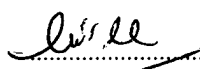
Directors' indemnities

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

Reappointment of independent auditors

Pursuant to Section 487 of the Companies Act 2006, PricewaterhouseCoopers LLP will be deemed to be reappointed as the company's auditors and will continue in office.

Approved by the Board on 19.02.15 and signed on its behalf by:


.....
N Carter
Director

Gondola Holdings Limited

Independent Auditors' Report to the Members of Gondola Holdings Limited

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 29 June 2014 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

What we have audited

The financial statements, which are prepared by Gondola Holdings Limited, comprise:

- the balance sheet as at 29 June 2014;
- the profit and loss account for the period then ended;
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

What an audit of financial statements involves

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

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

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

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Gondola Holdings Limited

Independent Auditors' Report to the Members of Gondola Holdings Limited

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Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

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

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' responsibilities set out on pages 3 and 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

Rosemary Shapland

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

Date: *19 February 2015*

Gondola Holdings Limited
Profit and Loss Account for the 52 weeks ended 29 June 2014

	Note	52 weeks ended 29 June 2014 £ 000	52 weeks ended 30 June 2013 £ 000
Administrative expenses		(746)	(1,181)
Exceptional administrative costs		<u>(2,990)</u>	<u>(833)</u>
Operating loss	2	(3,736)	(2,014)
Profit on sale of a business	3	68,094	-
Interest receivable and similar income	7	7,029	3,631
Interest payable and similar charges	8	<u>(11,084)</u>	<u>(9,575)</u>
Profit/(loss) on ordinary activities before taxation		60,303	(7,958)
Tax on profit/(loss) on ordinary activities	9	<u>1,686</u>	<u>1,885</u>
Profit/(loss) for the financial period	17	<u><u>61,989</u></u>	<u><u>(6,073)</u></u>

The results above derive wholly from continuing operations.

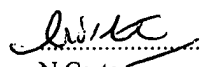
There is no material difference between the profit/(loss) on ordinary activities before taxation and the profit/(loss) for the financial periods stated above and their historical costs equivalents.

The company has no recognised gains or losses for the period other than the profit/(losses) above, and therefore no separate statement of total recognised gains and losses has been presented.

Gondola Holdings Limited
(Registration number: 05566787)
Balance Sheet at 29 June 2014

	Note	29 June 2014 £ 000	30 June 2013 £ 000
Fixed assets			
Tangible fixed assets	11	1,687	1,758
Investments	12	412,762	412,762
		<u>414,449</u>	<u>414,520</u>
Current assets			
Stocks		82	18
Debtors	13	190,903	97,580
Cash at bank and in hand		2,089	1,786
		<u>193,074</u>	<u>99,384</u>
Creditors: Amounts falling due within one year	14	(292,260)	(253,618)
Net current liabilities		<u>(99,186)</u>	<u>(154,234)</u>
Total assets less current liabilities		315,263	260,286
Provisions for liabilities	15	(34)	(46)
Net assets		<u>315,229</u>	<u>260,240</u>
Capital and reserves			
Called up share capital	16	33,691	33,691
Share premium account	17	147,296	147,296
Profit and loss account	17	134,242	79,253
Total shareholders' funds	18	<u>315,229</u>	<u>260,240</u>

The financial statements on pages 7 to 20 were approved by the Board on 19.02.15 and signed on its behalf by:


 N Carter
 Director

Gondola Holdings Limited

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

1 Accounting policies

Basis of preparation

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

The company is exempt under Companies Act 2006 section 400 from the obligation to prepare and deliver group financial statements as it is itself a wholly owned subsidiary of a larger group drawing up consolidated financial statements, as detailed in note 23. As a consequence, these financial statements present information about the company as an individual undertaking and not about its group.

Going concern

The directors have considered the financial position of the company and concluded that it is appropriate to prepare the financial statements on a going concern basis. This is after taking account of the assurances provided by the group companies that they will not seek any repayment of the amounts owed by the company. The company, in conjunction with other companies in the Gondola Limited Group group, has produced cash flow forecasts to ensure that debt and interest obligations can be met in the foreseeable future.

Depreciation

Tangible fixed assets are stated at original historical purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs 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 down to estimated residual values the cost of each asset over its estimated useful economic life on a straight line basis:

Asset class	Depreciation rate
Equipment	20% per annum
Fixtures and fittings	10% per annum

Short leasehold land and buildings improvements are depreciated over the length of the lease except where the anticipated renewal or extension of the lease is sufficiently certain so that a longer estimated useful life is appropriate. Current legislation and the terms of the lease contracts are such that all of the leases are readily extendable by an additional 14 years. The maximum depreciation period for short term leasehold properties is 30 years.

Assets under construction include tangible fixed assets under construction including costs directly attributable to bringing the asset into use. Assets are transferred to short leasehold, equipment or fixtures and fittings when the asset is completed. No depreciation is provided on assets under construction as these assets have not been brought into working condition for intended use by the company.

Fixed asset investments

Investments are held at cost less provision for any impairment in value.

Stocks

Stock is IT equipment held centrally. Stock is valued at the lower of cost, after due regard for obsolete and slow moving stocks.

Gondola Holdings Limited

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

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Pensions

The company operates a defined contribution pension scheme and the pension costs charged to the profit and loss account are the amounts paid by the company to the scheme during the period.

2 Operating loss

	52 weeks ended 29 June 2014 £ 000	52 weeks ended 30 June 2013 £ 000
Depreciation of tangible assets	<u>445</u>	<u>925</u>

During the period, operating costs of £10.1 million (52 week period ended 30 June 2013: £11.0 million) were recharged to subsidiary undertakings. These costs were incurred in the provision of services to those subsidiary undertakings.

During the period statutory audit fees of £68,710 were paid to the company's auditors (52 week period ended 30 June 2013: £61,000). The audit fees included amounts chargeable to other group companies, including Gondola Group Limited, the company's ultimate parent undertaking, but were not recharged to those companies. In addition, tax compliance of £72,000 (52 week period ended 30 June 2013: £60,000) and advisory fees of £1.5million (52 week period ended 30 June 2013: £nil) were paid.

3 Profit on disposal of subsidiary

On 18 October 2013, the company signed an agreement to sell Byron Hamburgers Limited for £89.8 million to private equity funds managed/advised by Hutton Collins Partners LLP, which completed on 12 November 2013. After settling intercompany balances of £20.6 million and deducting transaction costs of £1.1 million, the profit on disposal was £68.1 million.

4 Exceptional items

	52 weeks ended 29 June 2014 £ 000	52 weeks ended 30 June 2013 £ 000
Exceptional costs	<u>2,990</u>	<u>833</u>

During the period exceptional costs of professional fees of £2.9 million were incurred for advice in relation the sale of the PizzaExpress business.

During the 52 week period ended 30 June 2013 the company invited tenders on the open market for its subsidiary company Byron Hamburgers Limited. The exceptional items relate to the cost of professional services in relation to the proposed sale.

Gondola Holdings Limited

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

..... *continued*

5 Particulars of employees

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

	52 weeks ended 29 June 2014 No.	52 weeks ended 30 June 2013 No.
Administration and support	<u>97</u>	<u>126</u>

The aggregate payroll costs were as follows:

	52 weeks ended 29 June 2014 £ 000	52 weeks , ended 30 June 2013 £ 000
Wages and salaries	5,985	6,642
Social security costs	493	582
Other pension costs	<u>163</u>	<u>186</u>
	<u>6,641</u>	<u>7,410</u>

6 Directors' remuneration

	52 weeks ended 29 June 2014 £ 000	52 weeks ended 30 June 2013 £ 000
Remuneration (including benefits in kind)	<u>1,376</u>	<u>779</u>

The group does not operate a defined benefit pension scheme. Pension contributions of £60,300 (2013: £79,500) were paid into individual personal pension plans in relation to two directors (2013: two).

In respect of the highest paid director:

	52 weeks ended 29 June 2014 £ 000	52 weeks ended 30 June 2013 £ 000
Remuneration	746	437
Company contributions to personal pension schemes	<u>34</u>	<u>45</u>
	<u>780</u>	<u>482</u>

Gondola Holdings Limited

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

..... *continued*

7 Interest receivable and similar income

	52 weeks ended 29 June 2014 £ 000	52 weeks ended 30 June 2013 £ 000
Bank interest receivable	7	-
Group interest receivable	7,022	3,631
	<u>7,029</u>	<u>3,631</u>

8 Interest payable and similar charges

	52 weeks ended 29 June 2014 £ 000	52 weeks ended 30 June 2013 £ 000
Group interest payable	11,083	9,575
Other interest payable	1	-
	<u>11,084</u>	<u>9,575</u>

Gondola Holdings Limited

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

..... continued

9 Tax on profit/(loss) on ordinary activities

	52 weeks ended 29 June 2014 £ 000	52 weeks ended 30 June 2013 £ 000
Current tax		
Corporation tax credit	(1,674)	(1,751)
Deferred tax		
Origination and reversal of timing differences	(12)	(129)
Deferred tax adjustment relating to previous years	4	(1)
Effect of changes in tax rates	(4)	(4)
Total deferred tax	(12)	(134)
Total tax on profit/(loss) on ordinary activities	<u>(1,686)</u>	<u>(1,885)</u>

Factors affecting current tax credit for the period

Tax credit on profit/(loss) on ordinary activities for the year is lower than (2013 - lower than) the standard rate of corporation tax in the UK of 22.5% (2013 - 23.75%).

The differences are reconciled below:

	52 weeks ended 29 June 2014 £ 000	52 weeks ended 30 June 2013 £ 000
Profit/(loss) on ordinary activities before taxation	<u>60,303</u>	<u>(7,958)</u>
Profit/(loss) on ordinary activities before taxation multiplied by standard rate in the UK of 22.5% (2013 - 23.75%)	13,568	(1,890)
Capital allowances in excess of depreciation	12	129
Expenses not deductible for tax purposes	65	9
Expenses not deductible for tax purposes - depn	1	1
Capital gain not taxable	<u>(15,320)</u>	<u>-</u>
Total current tax	<u>(1,674)</u>	<u>(1,751)</u>

Factors that may affect future tax charges

The standard rate of corporation tax in the UK changed from 23% to 21% with effect from 1 April 2014. Accordingly, the company's profits for this accounting period are taxed at an effective rate of 22.5%. The standard rate of corporation tax in the UK will change from 21% to 20% on 1 April 2015 which will effect the rate at which the company's profits are taxed in the next accounting period.

Gondola Holdings Limited

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

..... continued

10 Dividends

	29 June 2014 £ 000	30 June 2013 £ 000
Dividends paid		
Interim dividend paid (2014: 5.2p per share (2013: £nil per share))	<u>7,000</u>	<u>-</u>

11 Tangible fixed assets

	Short leasehold land and buildings improvements £ 000	Assets under construction £ 000	Fixtures and fittings £ 000	Equipment £ 000	Total £ 000
Cost or valuation					
At 1 July 2013	445	375	59	2,811	3,690
Additions	-	415	-	53	468
Disposals	-	-	-	(94)	(94)
Transfers	-	(428)	-	428	-
At 29 June 2014	<u>445</u>	<u>362</u>	<u>59</u>	<u>3,198</u>	<u>4,064</u>
Accumulated Depreciation					
At 1 July 2013	63	-	45	1,824	1,932
Charge for the period	<u>15</u>	<u>-</u>	<u>2</u>	<u>428</u>	<u>445</u>
At 29 June 2014	<u>78</u>	<u>-</u>	<u>47</u>	<u>2,252</u>	<u>2,377</u>
Net book value					
At 29 June 2014	<u>367</u>	<u>362</u>	<u>12</u>	<u>946</u>	<u>1,687</u>
At 30 June 2013	<u>382</u>	<u>375</u>	<u>14</u>	<u>987</u>	<u>1,758</u>

Gondola Holdings Limited

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

..... *continued*

12 Investments

Shares in group undertakings

	Subsidiary undertakings £ 000
Cost	
At 1 July 2013 and 29 June 2014	<u>412,762</u>

Details of undertakings

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

Undertaking	Holding	Proportion of voting rights and shares held	Principal activity
Subsidiary undertakings			
Gondola Central Limited (formerly ASK Central Limited) * *3	Ordinary shares	100%	Holding Company
Byron Hamburgers Limited * *1	Ordinary shares	100%	Operation of restaurants
Balcombe Street Holdings Limited (formerly PizzaExpress Holdings Limited) *	Ordinary shares	100%	Holding Company
PizzaExpress (Franchises) Limited *2	Ordinary shares	100%	Management of international franchise operations
Gondola Investments Limited *2	Ordinary shares	100%	Holding Company
Gondola Restaurants Limited (formerly ASK Restaurants Limited) *3	Ordinary shares	100%	Operation of restaurants
Gondola Finance Limited *2	Ordinary shares	100%	Holding Company
Riposte Limited *2	Ordinary shares	100%	Holding Company
PandoraExpress 2 Limited *2	Ordinary shares	100%	Holding Company
PandoraExpress 3 Limited *2	Ordinary shares	100%	Holding Company

Gondola Holdings Limited

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

..... *continued*

PandoraExpress 4 Limited *2	Ordinary shares	100%	Holding Company
GondolaExpress Limited *2	Ordinary shares	100%	Holding Company
PizzaExpress (Restaurants) Limited *2	Ordinary shares	100%	Operation of restaurants
Bookcash Trading Limited *2	Ordinary shares	100%	Operation of restaurants
PizzaExpress (Wholesale) Limited *2	Ordinary shares	100%	Manufacture and supply of dough
PizzaExpress Merchandising Limited *2	Ordinary shares	100%	Sale of PizzaExpress branded merchandise
Al Rollo Limited *2	Ordinary shares	100%	Operation of restaurants
Agenbite Limited *2	Ordinary shares	100%	Operation of restaurants
PizzaExpress (Jersey) Limited *2	Ordinary shares	100%	Operation of restaurants
Balcombe Street Asia Holdings Pte. Ltd (formerly PizzaExpress Asia Holdings Pte Limited)	Ordinary shares	100%	Holding company

*Shares directly held

*1.Sold on 12 November 2013

*2.Sold on 18 August 2014

*3.Sold on 21 January 2015

All subsidiaries other than Balcombe Street Asia Holdings Private Limited (formerly PizzaExpress Asia Holdings Private Limited), Agenbite Limited and PizzaExpress (Jersey) Limited are registered and operate in England and Wales. Balcombe Street Asia Holdings Private Limited (formerly PizzaExpress Asia Holdings Private Limited) is incorporated and operates in Singapore, PizzaExpress (Jersey) Limited is incorporated and operates in Jersey, Channel Islands and Agenbite Limited is incorporated and operates in Ireland.

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

13 Debtors

	29 June 2014 £ 000	30 June 2013 £ 000
Amounts owed by group undertakings	190,214	97,016
Other debtors	-	145
Prepayments and accrued income	689	419
	<u>190,903</u>	<u>97,580</u>

Amounts due from group undertakings accrue interest at 4 per cent per annum and are repayable on demand.

Gondola Holdings Limited

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

..... *continued*

14 Creditors: Amounts falling due within one year

	29 June 2014 £ 000	30 June 2013 £ 000
Amounts owed to group undertakings	286,771	249,674
Accruals and deferred income	5,489	3,944
	<u>292,260</u>	<u>253,618</u>

Amounts owing to group undertakings accrue interest at 4 per cent per annum and are repayable on demand.

15 Provisions for liabilities

	Deferred tax £ 000
At 1 July 2013	46
Credited to the profit and loss account	(12)
At 29 June 2014	<u>34</u>

The deferred tax liability of £34k (2013: £46k) relates to accelerated capital allowances.

16 Called up share capital

Allotted, called up and fully paid shares

	29 June 2014		30 June 2013	
	Number 000	£ 000	Number 000	£ 000
Ordinary shares of £0.25 each	<u>134,764</u>	<u>33,691</u>	<u>134,764</u>	<u>33,691</u>

Gondola Holdings Limited

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

..... *continued*

17 Reserves

	Share premium account £ 000	Profit and loss account £ 000	Total £ 000
At 1 July 2013	147,296	79,253	226,549
Profit for the period	-	61,989	61,989
Dividends	-	(7,000)	(7,000)
At 29 June 2014	<u>147,296</u>	<u>134,242</u>	<u>281,538</u>

18 Reconciliation of movements in shareholders' funds

	52 weeks ended 29 June 2014 £ 000	52 weeks ended 30 June 2013 £ 000
Profit/(loss) attributable to the members of the company	61,989	(6,073)
Dividends	<u>(7,000)</u>	<u>-</u>
Net addition/(reduction) to shareholders' funds	54,989	(6,073)
Shareholders' funds at start of period	<u>260,240</u>	<u>266,313</u>
Shareholders' funds at end of period	<u>315,229</u>	<u>260,240</u>

Gondola Holdings Limited

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

..... continued

19 Contingent liabilities

On 22 December 2006, certain of the Company's subsidiaries (together the "Senior and Mezzanine Guarantors") became guarantors to a Senior Credit Facilities Agreement and a Mezzanine Facility Agreement (together the "Agreements") between Gondola Acquisitions Limited, Gondola Finance 2 Limited and Bank of Scotland plc.

The amounts outstanding at the balance sheet dates for these loans were £465.0 million (2013: £465.3 million) under the Senior Facilities and £nil (2013: £80.2 million) under the Mezzanine facility, including accrued interest.

Each Senior and Mezzanine Guarantor irrevocably and unconditionally jointly and severally:

- Guarantees to each finance party the punctual performance of each borrower, guarantor and charger (each an obligor) of all such obligor's obligations under the Agreements;
- Undertakes with each finance party that whenever an obligor does not pay any amount when due under or in connection with any Senior Finance Document, that the guarantor shall immediately on demand pay that amount as if it was the principal obligor; and
- Indemnifies each finance party immediately on demand against any cost, loss or liability suffered by that finance party as a result of the guarantee being unenforceable, invalid or illegal.

The same companies have also provided security for all indebtedness, liabilities and obligations of any member of the Group under the Agreements. The security comprises floating charges over all assets and undertakings of the Senior and Mezzanine Guarantors.

During the year, the Mezzanine Facility was repaid in full using proceeds from the disposal of Byron Hamburgers Limited. The Senior Facility was also repaid in full following the year-end balance sheet date, therefore the contingent liabilities have subsequently ceased. Refer post balance sheet event note 20.

20 Post balance sheet events

On 12 July 2014, Balcombe Street Holdings Limited (formerly PizzaExpress Holdings Limited) entered into an agreement with Twinkle Pizza PLC, on behalf of private equity funds managed/advised by Hony Capital, relating to the sale of Gondola Investments Limited and its subsidiaries, PizzaExpress (Franchises) Limited and PizzaExpress Greater China Limited, which represent the majority of the PizzaExpress business. The Gondola Group Limited group received proceeds of £919.7 million for the sale which completed on 18 August 2014. The majority of the proceeds (net of costs) were subsequently used to repay external bank debt, loan notes and interest held by and/or issued by other members of the Gondola Group Limited group of companies.

On 29 November 2014, the Company entered into an agreement with ZASKI Bidco Limited, on behalf of private equity funds managed/advised by Bridgepoint, to sell Gondola Central Limited and its subsidiaries, which operate the ASK Italian and Zizzi businesses. The Gondola Group Limited group received proceeds of £287.9 million (which included surplus cash on the balance sheet) for the sale which completed on 21 January 2015, with a further £5.0 million to be received on 21 May 2015 subject to certain conditions. It is expected that the majority of these proceeds (net of costs) will be used to repay the remaining loan notes issued by Gondola Finance 1 Limited, together with PIK and accrued interest.

Gondola Holdings Limited

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

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21 Cash flow statement

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

22 Related party transactions

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

23 Ultimate parent undertakings

The immediate parent company of Gondola Holdings Limited is Gondola Acquisitions Limited, an indirect subsidiary of Gondola Group Limited, a limited company under the laws of England and Wales and the largest and smallest group for which consolidated financial statements are prepared. The financial statements of Gondola Group Limited are available from the Company Secretary, 4th Floor, 2 Balcombe Street, London, NW1 6NW.

Gondola Group Limited's ultimate parent undertakings are Fourth Cinven Fund (No.1) LP, Fourth Cinven Fund (No.2) LP, Fourth Cinven Fund (No.3 - VCOC) LP, Fourth Cinven Fund (No.4) LP, Fourth Cinven Fund (UBTI) LP, Fourth Cinven Fund Co-Investment Partnership, Fourth Cinven (MACIF) Partnership and Fourth Cinven Fund FCPR (together the "Cinven Funds"), being funds managed and advised by Cinven Limited, a company incorporated under the laws of England and Wales.

Accordingly, the directors consider the company's ultimate controlling party to be Cinven Limited, the manager and advisor to the Cinven Funds.