

**Westside Express Limited**

**Annual report and financial statements**

Year ended 31-December 2018

Registered number 2248738



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## Strategic Report

The directors present their strategic report on the Company for the year ended 31 December 2018 and comparatives for the 52 week period ended 31 December 2017.

### Review of the business

The results for the Company for the year ended 31 December 2018 show sales of £4,239,000 (2017: £4,043,000), operating loss before exceptional charges of £580,000 (2017: operating profit of £289,000) and a loss after taxation of £613,000 (2017: £148,000).

### Key performance indicators

The key performance indicators used by the directors in monitoring the performance of the Company are Adjusted EBITDA and like-for-like sales growth.

#### Adjusted EBITDA

Adjusted EBITDA, which is the profit before tax, interest, depreciation, amortisation, and any one off or non-recurring items, of the Company, was negative £387,000 (2017: 385,000). This includes the one-off investment in scalability incurred during the year to fulfil the long-term growth plan set out by the directors. The directors are working on initiatives to improve the profitability of the business including in areas such as procurement of goods and also through the remodelling of existing restaurants.

The reconciliation between the operating loss and Adjusted EBITDA is detailed below:

	2018 £'000	2017 £'000
Operating loss	(580)	(186)
add: depreciation of tangible fixed assets	54	93
add: amortisation of intangible fixed assets	2	3
add: exceptional charges	-	475
add: investment in scalability	386	-
less: utilisation of property-related provisions	(249)	-
Adjusted EBITDA	<u>(387)</u>	<u>385</u>

#### Like-for-like sales growth

The Company measures the year-on-year underlying performance of the existing estate. Company like-for-like sales growth is defined as comparing the performance of all mature sites in the current year with the same sites in the comparable period in the previous year. Like-for-like sales on existing sites for the year ended 31 December 2018 were broadly flat compared to sales from the preceding 52 week period.

### Future developments

See the Directors' report for further information.

### Market

The UK Fast Food market, in which the Burger King restaurants operate, has been resilient in 2018 although it has seen a slowdown in growth from previous years. The restaurants operated by the Company performed well during the year and this performance has continued in to the new financial year.

## Strategic Report (continued)

### Risks

The main risks to our business are:

- Prevailing economic conditions including foreign exchange
- The availability of quality food ingredients in the UK
- The recruitment and retention of employees
- Competition from other food outlets
- Consumer sentiment and willingness to spend in the eating out and take away markets
- The impact of adverse weather conditions.
- Credit and liquidity risk

Many of these risks are mitigated by Burger King's strong product range, and ongoing product development. The Company manages its exposure to liquidity risk through a naturally low level of debtors and continued funding and support from BKUK Group Limited, which maintains significant cash reserves on behalf of the group.

Credit risk arises as a result of the Company's intercompany debtor balances. Having reviewed budgets and forecasts for the group companies, which are supported by the cashflows from their subsidiary undertakings, the directors are satisfied that the risk associated with this balance is appropriately managed.

On behalf of the board



AD Murdoch  
Director  
31 July 2019

## Directors' report

The directors present their annual report and the audited financial statements of Westside Express Limited ("the Company") for the year ended 31 December 2018.

### Principal activities and future developments

The principal activity of the Company is the franchise and operation of Burger King restaurants. The directors expect this to continue for the foreseeable future. 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. See Note 3.2 for further assessment.

### Dividend

No dividends were paid during the year (2017: nil) and no final dividend has been proposed (2017: nil).

### Directors

The directors who held office during the year, and up to the date of the financial statements, unless otherwise stated, were as follows:

VML Gwilliam	Resigned on 28 June 2018
TJ Doubleday	
AD Murdoch	Appointed 28 June 2018

### Directors' indemnity

Royale Midco Limited, a group company, maintains liability insurance for directors and officers of Westside Express Limited. This is a qualifying third-party indemnity provision for the purpose of the Companies Act 2006.

### Statement of directors' responsibilities

The directors are responsible for preparing the Annual 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law 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;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

The directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Disclosure of information to auditors

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

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### Employees

It is Company policy that there shall be no discrimination in respect of sex, colour, race, religion or nationality and that equal opportunity shall be given to all employees.

The policy of giving full and fair consideration to applications for employment from disabled persons and where practical to continue the employment of anyone who may become disabled during their employment has continued. Where existing employees become disabled, it is the Company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees (wherever appropriate).

Every effort is made to ensure good communication. In particular, the Company recognises the crucial roles that its managers and supervisors play in ensuring that employees are made aware of developments within the Company.

## Directors' report (continued)

### Financial instruments

The Company has trade creditors on normal terms and finances working capital requirements from its trading performance. All transactions are in sterling. The Company does not use any other financial instruments as part of its risk management.

The Company's exposure to the price risk of financial instruments is therefore minimal. The directors do not consider any other risks in regard to the use of financial instruments to be material to an assessment of its financial position or trading results.

### Going concern

Although the Company is in a net liability position of 844,273 as at 31 December 2018, the financial statements have been prepared on a going concern basis by the directors as follows:

- The net current liabilities and net liabilities at 31 December 2018 include intercompany liabilities of £3,511,582.
- The Company has the support of BKUK Group Limited and has received written assurances that it will be provided with financial support for twelve months from the signing of these financial statements.
- The directors of the Group have prepared detailed cash flow projections for the period to 30 September 2020, including sensitivity analysis on key assumptions. The directors have considered the assumptions made and consider the forecasts reasonable and realistic taking into account marketing and economic uncertainty. On the basis of these projections and current trading, the directors of the Company consider BKUK Group Limited is able to provide the support for a period of at least twelve months from the date of approval of these financial statements and that the use of the going concern basis is appropriate.

### Risk Management

The Company is conscious of the importance of providing a safe working environment for both its employees and its customers, of ensuring compliance with all statutory and mandatory requirements and of minimising the environmental impact of its operations whenever possible. Careful attention is given to the promotion of risk management procedures.

### Donations

The Company did not make any political donations or incur any political expenditure during the year (2017: nil).

### Post balance sheet events

There have been no significant events affecting the Company since the year end.

### Independent auditors

The auditors, PricewaterhouseCoopers LLP, have been re-appointed by the directors. PricewaterhouseCoopers LLP have indicated their willingness to continue in office.

On behalf of the board



AD Murdoch  
Director  
31 July 2019

# Independent auditors' report

to the members of Westside Express Limited

## Report on the audit of the financial statements

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### Opinion

In our opinion, Westside Express Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2018; the statement of comprehensive income and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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### Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

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### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic Report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

# Independent auditors' report

to the members of Westside Express Limited

## *Strategic Report and Directors' Report*

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 year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

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## Responsibilities for the financial statements and the audit

### *Responsibilities of the directors for the financial statements*

As explained more fully in the Statement of directors' responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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.

### *Auditors' 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 auditors' 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### *Use of this report*

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

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## Other required reporting

### Companies Act 2006 exception reporting

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

We have no exceptions to report arising from this responsibility.



Simon Bailey (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Gatwick  
01 August 2019



## Statement of comprehensive income

for the year ended 31 December 2018

	Note	31 December 2018 £'000	31 December 2017 £'000
Turnover	5	4,239	4,043
Cost of sales		(3,839)	(3,754)
Gross profit		400	289
Administrative expenses		(980)	-
Operating loss before exceptional charges	6	(580)	289
Exceptional charges	7	-	(475)
Loss before taxation		(580)	(186)
Tax on loss	10	(33)	38
Loss for the financial year		(613)	(148)

All results arise from continuing activities.

There was no other comprehensive income for either year.

The notes on pages 11 to 23 form part of the financial statements.

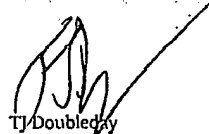
## Balance sheet

as at 31 December 2018

	Notes	31 December 2018 £000	31 Décembre 2017 £000
<b>Fixed assets</b>			
Intangible assets	11	44	38
Tangible assets	12	253	231
		<u>297</u>	<u>269</u>
<b>Current assets</b>			
Inventories	13	25	24
Debtors	14	3,054	884
Cash and cash equivalents		161	83
		<u>3,240</u>	<u>991</u>
<b>Creditors: amounts falling due within one year</b>	15	(3,810)	(1,220)
<b>Net current liabilities</b>		<u>(570)</u>	<u>(229)</u>
<b>Total assets less current liabilities</b>		<u>(273)</u>	<u>40</u>
<b>Provisions for other liabilities</b>	16	(571)	(271)
<b>Net liabilities</b>		<u>(844)</u>	<u>(231)</u>
<b>Capital and reserves</b>			
Called-up share capital	21	-	-
Accumulated losses		(844)	(231)
<b>Total equity</b>		<u>(844)</u>	<u>(231)</u>

The notes on pages 11 to 23 form part of the financial statements.

The financial statements were approved by the board of directors on 31 July 2019 and were signed on its behalf by:



TJ Doubleday  
Director  
31 July 2019

Westside Express Limited  
Registered no. 2248738

## Statement of changes in equity

for the year ended 31 December 2018

	Called-up share capital £'000	Accumulated losses £'000	Total equity £'000
At 1 January 2017	-	2,229	2,229
<i>Total comprehensive expense for the period</i>			
Loss for the financial period	-	(148)	(148)
<i>Total comprehensive expense for the period</i>	-	(148)	(148)
Dividends (see note 21)	-	(2,312)	(2,312)
At 31 December 2017	-	(231)	(231)
At 1 January 2018	-	(231)	(231)
<i>Total comprehensive expense for the year</i>			
Loss for the financial year	-	(613)	(613)
<i>Total comprehensive expense for the year</i>	-	(613)	(613)
Dividends (see note 21)	-	-	-
At 31 December 2018	-	(844)	(844)

The notes on pages 11 to 23 form part of the financial statements.

## Notes to the financial statements

Year ended 31 December 2018

### 1 General information

Westside Express Limited (the "Company") operates a number of Burger King franchises in England.

The Company is a private company limited by shares and incorporated and domiciled in the UK. The company registered number is 2248738 and the registered address is 5 New Street Square, London, EC4A 3TW.

### 2 Statement of compliance

These financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, *The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102")* and the Companies Act 2006.

### 3 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These have been applied consistently in the year ended 31 December 2018.

#### 3.1 Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value. The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

#### 3.2 Going concern

Although the Company is in a net liability position of 844,273 as at 31 December 2018, the financial statements have been prepared on a going concern basis by the directors as follows:

- The net current liabilities and net liabilities at 31 December 2018 include intercompany liabilities of £3,511,582.
- The Company has the support of BKUK Group Limited and has received written assurances that it will be provided with financial support for twelve months from the signing of these financial statements.
- The directors of the Group have prepared detailed cash flow projections for the period to 30 September 2020, including sensitivity analysis on key assumptions. The directors have considered the assumptions made and consider the forecasts reasonable and realistic taking into account marketing and economic uncertainty. On the basis of these projections and current trading, the directors of the Company consider BKUK Group Limited is able to provide the support for a period of at least twelve months from the date of approval of these financial statements and that the use of the going concern basis is appropriate.

#### 3.3 Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions. The Company has taken advantage of the following exemptions in its financial statements:

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d); and
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

The information is included in the consolidated financial statements of Royale JVC Limited as at 31 December 2018 and these financial statements may be obtained from UK Companies House.

#### 3.4 Consolidated financial statements

The Company is a wholly owned subsidiary of Caspian Food Services Limited and is included in the consolidated financial statements of Royale JVC Limited which are publicly available. The company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements. The address of the parent's registered office is 5 New Street Square, London, EC4A 3TW.

#### 3.5 Foreign currency

The financial statements are presented in pound sterling and rounded to thousands. The Company's functional and presentation currency is the pound sterling.

## Notes to the financial statements

Year ended 31 December 2018

### 3 Summary of significant accounting policies (continued)

#### 3.6 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Company's activities. Revenue is shown net of VAT, refunds and discounts.

The Company recognises revenue when:

- the amount of revenue can be reliably measured; and
- it is probable that the future economic benefits will flow to the entity.

Revenue is mainly derived from the operation of 'Burger King' restaurants and is carried out wholly within the UK.

#### 3.7 Exceptional items

The Company classifies certain one-off charges or credits that have a material impact on the Company's financial results as 'exceptional items'. These are disclosed separately to provide further understanding of the financial performance of the Company.

#### 3.8 Employee benefits

The Company provides a range of benefits to employees, including paid holiday arrangements and a defined benefit pension plan.

##### i. Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

##### ii. Defined benefit pension plan

The Company is a member of its parent company's defined benefit pension. The scheme is a funded scheme and independent actuarial valuations are performed every three years. As described in note 18, the Company is unable to identify its share of the underlying assets and liabilities in the scheme on a consistent and reasonable basis. Therefore the scheme is accounted for as a defined contribution scheme. No contributions are paid by the Company.

#### 3.9 Taxation

Taxation expense for the year comprises current and deferred tax recognised in the reporting year. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

##### i. Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the year end. Current or deferred taxation assets and liabilities are not discounted.

##### ii. Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

## Notes to the financial statements

Year ended 31 December 2018

### 3 Summary of significant accounting policies (continued)

#### 3.10 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives, as follows:

▪ Franchise agreements	20 years
▪ Goodwill	10 years

Amortisation is included in administrative expenses in the profit and loss account.

Where factors indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances. The assets are reviewed for impairment if factors indicate that the carrying amount may be impaired.

#### 3.11 Tangible assets

Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

▪ Short leasehold properties	Over the unexpired lease of the term
▪ Plant and machinery	3 – 10 years

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

#### 3.12 Operating leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payment under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

#### 3.13 Inventories

Raw materials and consumables are valued at the lower of cost and net realisable value. Cost is based on the purchase cost on a first-in, first-out basis. Cost for small ware inventories is determined by reference to the standard quantity in issue to each restaurant.

#### 3.14 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and cash in transit.

#### 3.15 Provisions

A provision is recognised in the balance sheet when the entity has a present legal or constructive obligation as a result of a past event, that can be reliably measured, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Provisions in respect of dilapidations are made where, in the opinion of the directors, it is almost certain that an obligation will result in a transfer of economic benefit and are based on estimates of the obligation arising from the extent of the wear and tear taking place each year.

Provisions are made in respect of leasehold properties for vacant, partly let and loss-making trading stores, for the shorter of the remaining period of the lease and the period until, in the directors' opinion, they will be able to exit the lease commitment. The amount provided is based on the future rental obligations together with other fixed outgoings, net of any sub-lease income and in the case of trading stores the expected future shortfall in contribution to cover the fixed outgoings. In determining the provision, cash flows are discounted on a pre-tax basis using a risk-free rate of return.

The Company considers whether individual fixed assets are impaired by considering the profitability of the individual restaurant the assets relate to.

#### 3.16 Financial instruments

##### *Trade and other debtors / creditors*

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors.

##### *Interest-bearing borrowings classified as basic financial instruments*

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

## Notes to the financial statements

Year ended 31 December 2018

### 3 Summary of significant accounting policies (continued)

#### 3.17 Dividends

Dividends and other distributions to the Company's shareholders are recognised in the period in which the dividends and other distributions are approved by the shareholders. These amounts are recognised in the statement of changes in equity.

### 4 Key accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

#### i. Onerous lease provisions

Provision are made in respect of leasehold properties for vacant, partly let and loss-making trading stores, for the shorter of the remaining period of the lease and the period until, in the directors' opinion, they will be able to exit the lease commitment. The amount provided is based on the future rental obligations together with other fixed outgoings, net of any sub-lease income and in the case of trading stores the expected future shortfall in contribution to cover the fixed outgoings. In determining the provision, cash flows are discounted on a pre-tax basis using a risk-free rate of return.

Significant assumptions are used in making these calculations and changes in assumptions and future events could cause the value of these provisions to change.

#### ii. Impairment of intangible and tangible fixed assets

The Company considers whether individual fixed assets are impaired by considering the profitability of the individual restaurant the assets relate to. This requires estimation about the future cash flows of that particular restaurant, being the designated cash generating unit.

#### iii. Recoverability of intercompany debtors

The directors have considered the financial position and three year forecast for the group companies, which are supported by the cashflows from their subsidiary undertakings. On the basis of these projections and current trading, the directors are satisfied that the intercompany debtors are recoverable.

### 5 Turnover and segmental information

The directors regard the operation of the restaurants as a single activity and therefore no further segmental analysis is required.

## Notes to the financial statements

Year ended 31 December 2018

### 6 Operating loss

Operating loss is stated after charging the following:

	31 December 2018 £'000	31 December 2017 £'000
Depreciation of tangible fixed assets	54	93
Amortisation of intangible fixed assets	2	3
Impairment of tangible fixed assets	23	204
Operating lease charges	812	527
Fees payable to the Company's auditors:		
– Audit of these financial statements	15	14
– Tax compliance services	8	-
	<u>23</u>	<u>14</u>

### 7 Exceptional charges

The following exceptional charges are included in the profit and loss account:

	31 December 2018 £'000	31 December 2017 £'000
Onerous lease provision	-	171
Dilapidation provision	-	100
Impairment of tangible fixed assets	-	204
	<u>-</u>	<u>475</u>

Following the acquisition of the Company, the directors undertook a detailed review of the property portfolio acquired. This resulted in an exceptional charge, establishing provisions and impairing assets, as set out above.

### 8 Employees

	31 December 2018 £'000	31 December 2017 £'000
Wages and salaries	1,084	1,042
Social security costs	88	76
	<u>1,172</u>	<u>1,118</u>

The average number of employees during the year, all employed in Store Operations, amounted to 87 (2017: 81).

### 9 Directors' remuneration

The directors' remuneration was borne by Royale Midco Limited and details are disclosed in the financial statements of that company. The directors consider that it is not possible to accurately apportion these costs to the Company, and therefore no recharge has been incurred by the Company. No retirement benefits are accruing for any of the directors.



## Notes to the financial statements

Year ended 31 December 2018

### 10 Tax on loss

	31 December 2018 £'000	31 December 2017 £'000
<b>Total tax expense recognised in the profit and loss account and other comprehensive income</b>		
Current tax:		
Current tax on loss for the year	-	-
Total current tax	-	-
Deferred tax:		
Origination and reversal of timing differences	32	(43)
Change in tax rate	1	5
Total deferred tax	33	(38)
<b>Tax charge/(credit) on loss and other comprehensive income</b>	<b>33</b>	<b>(38)</b>

#### Reconciliation of effective tax rate

The tax assessed for the year can be reconciled to the loss per the statement of comprehensive income as follows:

	31 December 2018 £'000	31 December 2017 £'000
Loss before taxation	(580)	(186)
Tax using the UK corporation tax rate of 19.00% (2017: 19.25%)	(110)	(36)
Expenses not deductible for tax purposes	110	9
Movement in unprovided deferred tax	41	-
Effects of group relief	(9)	-
Tax rate changes	1	5
Other differences	-	(16)
<b>Total tax charge/(credit) included in profit or loss</b>	<b>33</b>	<b>(38)</b>

The Company does not recognise the deferred tax asset arising on losses due to uncertainty associated with the recoverability of the balance.

#### Factors affecting future tax changes

Reductions in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015. A further reduction to the UK corporation tax rate was announced in the 2016 Budget to further reduce the tax rate to 17% (to be effective from 1 April 2020). This will reduce the company's future current tax charge accordingly. The deferred tax liability at the balance sheet date has been calculated based on the rate of 17% substantively enacted at the balance sheet date.

# Notes to the financial statements

Year ended 31 December 2018

## 11 Intangible assets

	Goodwill £'000	Franchise fees £'000	Total £'000
<b>Cost</b>			
At 31 December 2017	753	46	799
Additions	-	7	7
At 31 December 2018	<u>753</u>	<u>53</u>	<u>806</u>
<b>Accumulated amortisation</b>			
At 31 December 2017	(753)	(7)	(760)
Charge for the year	-	(2)	(2)
At 31 December 2018	<u>(753)</u>	<u>(9)</u>	<u>(762)</u>
<b>Net book value</b>			
At 31 December 2018	<u>-</u>	<u>44</u>	<u>44</u>
At 31 December 2017	<u>-</u>	<u>38</u>	<u>38</u>

## 12 Tangible assets

	Short leasehold land and buildings £'000	Plant and machinery £'000	Total £'000
<b>Cost</b>			
At 31 December 2017	789	2,737	3,526
Additions	-	99	99
Disposals	(613)	(2,258)	(2,871)
At 31 December 2018	<u>176</u>	<u>578</u>	<u>754</u>
<b>Accumulated depreciation</b>			
At 31 December 2017	(737)	(2,558)	(3,295)
Charge for the year	(7)	(47)	(54)
Impairment	-	(23)	(23)
Disposals	613	2,258	2,871
At 31 December 2018	<u>(131)</u>	<u>(370)</u>	<u>(501)</u>
<b>Net book value</b>			
At 31 December 2018	<u>45</u>	<u>208</u>	<u>253</u>
At 31 December 2017	<u>52</u>	<u>179</u>	<u>231</u>

All assets are stated at cost.

## Notes to the financial statements

Year ended 31 December 2018

### 13 Inventories

	31 December 2018 £'000	31 December 2017 £'000
Raw materials and consumables	25	24

Raw materials and consumables recognised as cost of sales in the Company in the year amounted to £1,191,000 (2017: £1,077,000).

There is no material difference between the replacement cost and book value of inventory.

### 14 Debtors

	31 December 2018 £'000	31 December 2017 £'000
Trade debtors	160	-
Amounts owed by group undertakings	2,769	700
Other debtors	3	1
Deferred tax assets (see Note 18)	-	33
Prepayments and accrued income	122	150
	<u>3,054</u>	<u>884</u>

Amounts owed by group undertakings relate to balances incurred in the course of normal trading activity. Balances are unsecured, interest-free and repayable on demand.

### 15 Creditors: amounts falling due within one year

	31 December 2018 £'000	31 December 2017 £'000
Amounts owed to group undertakings	3,512	1,090
Other taxation and social security	205	-
Accruals and deferred income	93	130
	<u>3,810</u>	<u>1,220</u>

Amounts owed to group undertakings relate to balances incurred in the course of normal trading activity. Balances are unsecured, interest-free and repayable on demand.

### 16 Provision for other liabilities

	Onerous leases £'000	Dilapidations £'000	Total £'000
At 31 December 2017	171	100	271
Additions via profit and loss account	549	-	549
Amounts utilised	(249)	-	(249)
At 31 December 2018	<u>471</u>	<u>100</u>	<u>571</u>

#### Onerous lease

The onerous lease provision represents leases on vacant properties or where a restaurant is loss making for an extended period, until the end of the lease or until the directors estimate the properties can be sublet.

#### Dilapidation

The dilapidation provision represents the directors estimated cost of returning leased sites to their original condition on exit of that site.

## Notes to the financial statements

Year ended 31 December 2018

## 17 Post-employment benefits

The Company participates in the Gowrings 1975 Pension Scheme ("The Scheme") operated by Caspian Food Services Limited. The Scheme, which provides benefits based on final pensionable pay, was closed to new entrants with effect from 14 August 2002. Particulars of the Scheme are included in the accounts of Caspian Foods Services Limited. The charge for the year to the profit and loss account was nil (2017: nil).

The Scheme is a "multi-employer" scheme providing pension benefits for participating companies of the former Caspian UK Group Limited group. The Company has been unable to identify its share of the underlying assets and liabilities in the Scheme on a consistent and reasonable basis. The information regarding the Scheme deficit is therefore in respect of the Scheme as a whole and does not indicate the liability, or share thereof, of the Company alone.

Caspian Food Services Limited has fully adopted FRS 102.28 in its financial statements. The Company has, in accordance with FRS 102.28, disclosed information relating to the Scheme. The Scheme actuary has provided the following estimate of the Plan deficit following the guidance in FRS 102.28 as at 31 December 2018. The estimate is based on the data and results of the latest triennial valuation as at 31 December 2015 and updated to 31 December 2018 by a qualified independent actuary.

	2018 £'000	2017 £'000
Amounts recognised in the balance sheet*:		
Defined benefit obligation	(16,641)	(18,448)
Fair value of scheme assets	10,897	12,388
Net defined benefit liability	(5,744)	(6,060)

\*Note: before deferred tax considerations

	2018 £'000	2017 £'000
Changes in the present value of scheme liabilities are as follows:		
Opening defined benefit obligation	(18,448)	(18,965)
Interest cost	(459)	(499)
Actuarial losses	1,350	36
Benefits paid	916	980
Closing defined benefit obligation	(16,641)	(18,448)

	2018 £'000	2017 £'000
Changes in the fair value of scheme assets are as follows:		
Opening fair value of scheme assets	12,388	12,109
Interest income on scheme assets	305	314
Return on scheme assets excluding interest income	(910)	928
Contributions by employer	276	269
Benefits paid	(916)	(980)
Scheme administration expenses	(246)	(252)
Closing fair value of scheme assets	10,897	12,388

	2018 £'000	2017 £'000
Amounts recognised in the profit and loss account:		
Scheme administration expenses	(246)	(252)
Net interest on the defined benefit liability	(154)	(185)
Total expense recognised in the profit and loss account	(400)	(437)

## Notes to the financial statements

Year ended 31 December 2018

### 17 Post-employment benefits (continued)

	2018 £'000	2017 £'000
<i>Amounts recognised in the statement of comprehensive income:</i>		
Actuarial gains	1,350	36
Return on scheme assets excluding interest income	(910)	928
Total (losses)/gains recognised in other comprehensive income	(440)	964

	2018 £'000	2017 £'000
<i>Breakdown of value of assets at end of year:</i>		
Global Equities	6,420	7,500
Fixed Interest Gilts	2,838	2,401
Corporate Bonds	1,422	2,001
Index Linked Gilts	39	-
Cash and cash equivalents	178	486
Total value of assets at end of the year	10,897	12,388

	2018 £'000
<i>Sensitivity of the scheme liabilities to change in the principal actuarial assumptions:</i>	
<i>Scheme liabilities as at 31 December 2018</i>	16,641
0.25% increase in discount rate	15,953
0.25% decrease in discount rate	17,373
0.25% increase in price inflation (and associated assumptions)	17,073
0.25% decrease in price inflation (and associated assumptions)	16,228
1 year increase in life expectancy	17,075
1 year decrease in life expectancy	16,210

## Notes to the financial statements

Year ended 31 December 2018

### 17 Post-employment benefits (continued)

Principal actuarial assumptions at the balance sheet date:

	2018	2017
	%	%
Discount rate	2.90	2.55
Future salary growth	n/a	n/a
RPI inflation	3.10	3.15
Pension increases in payment:		
- RPI max 5%	3.00	3.10
- RPI max 2.5%	2.05	2.20

Mortality	90% S2PXA base tables, CMI 2017 improvements, long-term trend rate of 1.25% and smoothing parameter of 7.5	90% S2PXA base tables, CMI 2016 improvements, long-term trend rate of 1.5% and smoothing parameter of 7.5
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The mortality assumptions are based on standard mortality tables which allow for the following future mortality improvements:

<i>Retiring today:</i>	2018	2017
Males	22.7 years	23.0 years
Females	24.1 years	24.9 years
<i>Retiring in 20 years:</i>		
Males	24.6 years	24.8 years
Females	26.2 years	26.7 years

Cash commutation	90% of members assumed to exchange pension for maximum cash using current cash commutation factors	90% of members assumed to exchange pension for maximum cash using current cash commutation factors
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The return on gilts and bonds is the current market yield on long term gilts and bonds.

Assets are marked to market at 31 December 2018 and liabilities are calculated using the projected unit method. The actuary estimates the Scheme deficit at 31 December 2018 to be approximately £5,744,000, which is the deficit for the multi-employer scheme as a whole, as discussed above, and does not arise in respect of the Company alone.

#### *Relationship between the Company and the trustees of the Scheme*

The pension assets are held in a separate trustee administered fund to meet the long-term pension liabilities to past and present employees. The trustees of the Scheme are required to act in the best interest of the Scheme's beneficiaries. The appointment of trustees to the Scheme is determined by the Scheme's trust documentation.

### 18 Deferred tax assets

Deferred tax assets are attributable to the following:

	31 December 2018 £'000	31 December 2017 £'000
Fixed asset timing differences		33

## Notes to the financial statements

Year ended 31 December 2018

### 19 Financial instruments

The carrying amounts of the financial assets and liabilities include:

	31 December 2018 £'000	31 December 2017 £'000
<i>Financial assets measured at amortised cost</i>		
Cash and cash equivalents	161	83
Amounts owed by group undertakings	2,769	700
Trade debtors	160	-
Other debtors	3	1
Total financial assets	3,093	784
<i>Financial liabilities measured at amortised cost</i>		
Amounts owed to group undertakings	(3,512)	(1,090)
Accruals	(93)	(130)
Total financial liabilities	(3,605)	(1,220)
Net financial liabilities	(512)	(436)

### 20 Operating leases

The Company's future minimum lease payments under non-cancellable operating leases are as follows:

	31 December 2018 £'000	31 December 2017 £'000
Less than one year	130	176
Between one and five years	520	705
More than five years	663	1,082
	1,313	1,963

During the year £812,000 (2017: £527,000) was recognised as an expense in the Company profit and loss account in respect of operating leases.

### 21 Share capital and other reserves

	Number 31 December 2018	£ 31 December 2018	Number 31 December 2017	£ 31 December 2017
<i>Allotted, called up and fully paid:</i>				
Ordinary shares of £1 each	2	2	2	2

#### Dividends

No dividends were paid for the year ended 31 December 2018 (2017: 2,311,643) and no final dividend is proposed (2017: nil).

### 22 Contingent liabilities

There were no contingent liabilities at year-end (2017: nil).

### 23 Related party transactions

Transactions and balances between companies wholly owned by Royale JVC Limited have not been disclosed as is permitted by FRS 102 Section 33.1A *Related Party Disclosures*. There are no additional related party transactions outside of the group which require disclosure.

## Notes to the financial statements

Year ended 31 December 2018

### 24 Controlling party

The immediate parent company of Westside Express Limited is Caspian Food Services Limited. BKUK Group Limited is a limited company incorporated in England and Wales and the smallest group for which consolidated financial statements are prepared. Royale Topco Limited is a limited company incorporated in England and Wales and the largest group for which consolidated financial statements are prepared. The financial statements of BKUK Group Limited and Royale Topco Limited are available from the Company Secretary, 5 New Street Square, London, United Kingdom, EC4A 3TW.

Shares in Royale Topco Limited are held in the name of a nominee company, BEV Nominees II Limited, which holds the shares as nominee for the 12 limited partnerships that comprise the Bridgepoint Europe V Fund being Bridgepoint Europe V 'A1' LP, Bridgepoint Europe V 'A2' LP, Bridgepoint Europe V 'A3' LP, Bridgepoint Europe V 'B1' LP, Bridgepoint Europe V 'B2' LP, Bridgepoint Europe V 'B3' LP, Bridgepoint Europe V 'B4' LP, Bridgepoint Europe V 'B5' LP, Bridgepoint Europe V 'C' LP, Bridgepoint Europe V 'D' LP, Bridgepoint Europe V 'E' LP and Wigmore Street Co-Investments No.1 LP (the "Partnerships"). The Partnerships each act by their FCA authorised fund manager, Bridgepoint Advisers Limited.

BEV Nominees II Limited's and Bridgepoint Advisers Limited's ultimate parent company is Bridgepoint Group Limited. Accordingly, at 31 December 2018, the Directors consider the Company's ultimate controlling party to be Bridgepoint Group Limited.

### 25 Events after the reporting year

There were no significant events which occurred after the reporting year.