**Company Registration Number 07741283 (England and Wales)**

# COMPTOIR GROUP PLC

# ANNUAL REPORT

# FOR THE YEAR ENDED 31 DECEMBER 2019

# Company information

| | | |
|---|---|---|
| **Directors** | C Hanna | *Chief Executive* |
| | A Kitous | *Creative Director* |
| | M Carrick | *Finance Director* |
| | R Kleiner | *Non-Executive Chairman* |
| **Secretary** | Mr Mark Carrick | |
| **Company number** | 07741283 | |
| **Registered office** | Unit 2<br>Plantain Place<br>Crosby Row<br>London Bridge<br>SE1 1YN | |
| **Business address** | Unit 2<br>Plantain Place<br>Crosby Row<br>London Bridge<br>SE1 1YN | |
| **Nominated Advisor and Broker** | Canaccord Genuity Limited<br>88 Wood Street<br>London<br>EC2V 7QR | |
| **Auditors** | UHY Hacker Young<br>Quadrant House<br>4 Thomas More Square<br>London<br>E1W 1YW | |
| **Solicitors** | Howard Kennedy LLP<br>No.1 London Bridge<br>London<br>SE1 9BG | |
| **Registrars** | Link Asset Services<br>The Registry<br>34 Beckenham Road<br>Beckenham<br>Kent<br>BR3 4TU | |

# Contents

# Financial highlights

*For the year ended 31 December 2019*

- Group revenue reduced 2.7% to £33.4m (2018: £34.3m)
- Gross profit increased 0.6% to £24.9m (2018: £24.7m)
- IFRS loss after tax of £0.67m (2018: £0.76m loss)
- Adjusted EBITDA* of £5.27m (2018: £4.97m)
- Net cash and cash equivalents at the period end of £5.1m (2018: £4.6m)
- Loss per share of 0.54p (2018: 0.62p loss per share)

# Operational highlights

- One ‘owned’ site opening and two franchised openings (2018: two ‘owned’ restaurant openings and one franchised opened)
    - Comptoir Westfield, Shepherd’s Bush re-opened in May 2019 following a five-month closure, as a brand new repositioned site following the extensive centre redevelopment
    - Two franchised sites opened in the year
- Three site exits
- 30 restaurants (24 owned and 6 franchise) trading as at 31 December 2019 (2018: 31 restaurants; 27 owned and 4 franchise).

*Adjusted EBITDA is calculated excluding the impact of a £0.05m share-based payment charge (2018 - £0.03m); depreciation, amortisation and impairment of assets of £4.2m (2018 - £4.1m); £0.02m restaurant pre and post opening costs (2018 - £0.4m); losses on the disposal of fixed assets of £0.3m (2018: £nil); and abandoned project costs of £0.16m (2018: £nil). The Group has applied IFRS16 leases that results in the restatement of the previous financial statements.

# Chairman’s statement

**COVID-19 Update**

Since the financial year end the outlook for the UK and global economy has become increasingly uncertain due to the spread of COVID-19. The Group's key priority at these unprecedented times is the health and safety of our employees, customers and business partners.

Following guidance provided by the UK Government, the Board took the decision to fully close all restaurants from 19 March 2020 until further notice. Since this closure, the situation has continued to rapidly evolve, culminating in the UK Government effecting complete lockdown measures, including enforced closure of restaurants and leisure sites.

# Chairman's statement (continued)

The Board's focus during this closure period has been on taking all appropriate measures to reduce the financial impact on the Group. Whilst the current impact is significant and the exact longer-term effects of the situation are unknown, the Company is presently in a reasonably healthy cash position with minimal bank debt to service. The Directors, in their duty to shareholders, continue to make every effort to protect this position. Key steps which are being taken include:

- deferral of all rent payments due for the March to June quarter to assist with cashflow; negotiations with landlords continue in this area;
- postponement of all but essential capital expenditure (where there is a legal or health and safety requirement to do so), including postponement of a planned new site opening to the last quarter of this year, in order to preserve the financial position of the group;
- implementation of additional cash management procedures to ensure only essential framework of business support is in place, limiting expenditure and helping ensure protection of the cash position; and
- a significant reduction in directors' remuneration packages.

The Board also warmly welcomes the Government support measures for the hospitality industry, in particular the 12-month business rates relief, which is expected to save the business c.£1.4m over the next 12 months. The Company is also seeking to access funding through the Government's Coronavirus Job Retention Scheme ("CJRS") to contribute to salary costs of furloughed employees. Both of these measures will have a positive impact on cashflow during the year.

**Current outlook**

We find ourselves in a period of unprecedented uncertainty with the impact from the low consumer confidence previously seen across the sector now very much taking second place to the more immediate unchartered territory coming from the societal impact of COVID-19.

Despite this and up until the direct impact on trading from COVID-19 in early March, the Board is pleased to announce that the Group has once again demonstrated its resilience to deliver during a continued challenging and uncertain trading environment.

**Overview of results**

Group revenue in 2019 reduced by £0.93m on the previous year, however, this is due to three sites affected by temporary extended closures in 2019; Westfield Shepherd's Bush due to a five-month closure for major redevelopment of the shopping complex and two extended insurance-related refurbishments at Kingston and Chelsea. The comparative income for these three temporary site closures in 2019 amounted to £1.4m of 'lost' revenue over the same periods in 2018.

Despite this, profit remained in line with expectations and the Company ended the year with a relatively healthy cash balance. This has been achieved despite the challenging trading environment resulting from the well-publicised cost pressures within the industry and increasing general uncertainty in the market.

In line with previous years, the Board does not recommend the payment of any dividend at this time as it is anticipated that all available funds will be required to ensure working capital requirements are met over the foreseeable future.

# Chairman's statement (continued)

In the current climate we do not intend to continue with our internal investment plans. As we are not currently financially committed to any intended projects, we will defer capital expenditure until more stable conditions return.

**Growth in operations**

The Group maintained a cautious approach to new site openings in 2019 with only one owned site re-opening in May 2019, being the repositioned Comptoir restaurant in Westfield, Shepherd's Bush. In addition, two new franchised Comptoir restaurants were opened at Ashford and Dubai Airport with our franchise partner HMS Host. Three sites closed over the year; specifically, the successful early exits from the unprofitable Shawa Oxford site in March 2019 and Comptoir John Lewis, Oxford Street in September 2019, one other restaurant reaching the end of its lease; Shawa Westfield in June 2019. The Group now operates 30 restaurants, including six franchised sites.

Although Heads of Terms have been agreed on one new owned site to be opened in 2020, this has been delayed until the final quarter of 2020 due to the current market climate.

**People**

We maintain strong governance standards through the Board, which meets on a regular basis to ensure we fulfil our corporate governance ambitions.

I am very proud of our operational and support teams who day-in day-out aim to consistently deliver the best possible experience for all of our guests, both in the restaurants and those serviced by our delivery partners with our premium quality menu offering.

Our team members are focussed on ensuring our guests experience an exceptional service and consistent quality in our restaurants and I am very proud to be a part of their journey.

We are facing an unprecedented worldwide situation, and therefore we are now concentrating all our resources on tackling the challenges facing our business. The Board are confident that measures are in place to help ensure the health of the business in order that it is well placed to deliver again once the immediate COVID-19 impact has abated and we are able to start again on the road to return to a degree of normality. This short-term uncertainty does not change the Board's confidence in the Group and its longer term prospects.

Richard Kleiner
**Chairman**
20 April 2020

# Chief Executive's review

*For the year ended 31 December 2019*

I am pleased to present the Group's results for the year ended 31 December 2019, together with an update on the Group's progress in respect of its growth strategy. We have maintained our cautious approach and not added any brand new owned restaurants to the estate but have opened one re-positioned, owned restaurant and have added two additional franchise sites to the Group's portfolio.

During the year revenue reduced by 2.7% to £33.4m (2018: £34.3m), with adjusted EBITDA (excluding one-off costs incurred in opening new restaurants and other highlighted items) increasing by 6.0% to £5.27m (2018: £4.97m).

Following the extensive redevelopment of Westfield, Shepherd's Bush, a re-positioned Comptoir opened in May and has performed exceptionally well, above management expectations, throughout the period since re-opening. This resulted in an increase of 6% on the 2018 full year revenue position in Comptoir Westfield despite its five month closure in 2019. The two 2018 restaurant openings in Birmingham and London Bridge demonstrated accelerated growth during their first full year of opening, contributing additional sales to the Group on the prior year.

After adding back non-trading items, including opening costs totalling £0.02m (2018 – £0.4m), the adjusted EBITDA for the Group totalled £5.27m (2018: £4.97m). The Group recorded a post-tax loss of £0.67m for the year (2018: £0.76m loss).

Our strong balance sheet remains de-levered with only £0.3m of bank debt as at 31 December 2019. This gives us scope for assurance and flexibility to sensibly use free cash to meet working capital requirements and to help us to sustain our position during the closure period due to COVID-19.

**Review of operations**

We continued to feel the industry-wide cost pressures in the supply chain throughout the year, including the ongoing effect of the National Living Wage and Apprenticeship Levy. Despite this, the Group's cost control and operational efficiency across the estate have been a key focus of management and new sites continue to perform well financially once they have reached maturity of trading.

Economic conditions remained challenging in 2019, with confidence levels remaining subdued due to ongoing uncertainty around the exact nature of the exit from the European Union and the economic outlook as a whole. Notwithstanding the current lock-down and site closures, the general retail sector continues to be subject to challenges in both high street and shopping centre footfall which has directly impacted the dining-out sector. Further pressures include continued rising costs (particularly labour), input food costs and property-related charges.

Despite these pressures, we have managed to attain EBITDA in line with our full year expectations.

Momentum in the investment in our people continues to gather pace with the further introduction of digital technology enabling online, easy to access training for all our team members from their first day in the business.

# Chief Executive's review (continued)

The Group introduced a portal, operated in partnership with Flow, which accelerates the initial operational statutory compliance training and further development modules ensuring our team members operate and provide the safest possible environment to our guests. Our first tranche of managers have completed their first year of the internationally accredited external leadership and management programme and access to other development training has now been extended to the wider team, supported by funding from the Apprenticeship Levy contributions.

The head office and operational support team have been based in the one new office close to London Bridge since February 2019, having been in three separate locations prior to this. In addition to the efficiencies this consolidation brings, communication channels have been enhanced and decision making has been expedited, enabling further cost synergies across the Group.

**Estate development**

During the year, there were no additional brand new owned site openings, however our franchise partner HMS Host opened their second Comptoir site in the UK in Ashford (September 2019) and we were delighted to open our first operation in the Middle East with the Comptoir site in Dubai Airport (December 2019).

In 2019 we took the opportunity to invest in refurbishing some of our existing restaurants to give a fresh look and innovation with new designs. This included refurbishments of Chelsea and Kingston which also involved extensive closures (six months in total between the two sites) due to insurance-related issues. This also presented an opportunity to refresh the format of these restaurants bringing a more intimate dining experience. Our Comptoir Wigmore Street restaurant also underwent a similar mini-refurbishment in October 2019 which included a similar enhanced reformat of the dining area, resulting in an immediate upside trading benefit from the later evening dining session. This has resulted in a significant improvement in trading since re-opening following the completion of the refurbishment. In addition, two mini-refurbishments have been completed in our two top end casual dining restaurants, Kenza and Levant located in the City and West End of London respectively, refreshing the décor with a result being an enhanced guest experience.

Due to the current unprecedented and extraordinary macro-economic conditions outside of our control, we have already invoked exceptional processes within the operation in order to help protect our employees and guests. Financially the focus is now on protecting our cash position, even though this will inevitably result in a restrictive approach to capital expenditure and then only where there is a legal or health and safety requirement to do so.

That said, in line with our continued confidence in our Shawa operation, we are pleased to announce that we have exchanged Heads of Terms on a new lease for a Shawa restaurant in the Stratford, Westfield development, although this opening has been postponed until the last quarter of 2020. The Shawa model involves a significantly lower level of capital investment due to the smaller footprint required for a Shawa operation and limited additional investment as the unit was previously occupied by a food operator. We still intend to open the new franchise site in Abu Dhabi with our partner HMS Host, however this will be postponed until further notice.

**Cashflows and financing**

Cash generated from operations was £5.5m (2018: £5.0m), demonstrating the continued management focus and effectiveness of tightened working capital management initiatives.

# Chief Executive’s review (continued)

Capital expenditure for the year, which was principally incurred on the fit-out for the re-opening of the repositioned Comptoir Westfield, Shepherd’s Bush, as well as selective investment in refurbishment in a number of other sites, totalled £1.3m (2018: £2.3m).

Loan and finance lease repayments continued as planned throughout the year, resulting in total cash outflows of £3.8m (2018: £3.7m). This includes £3.4m covering the payment of lease liabilities under IFRS 16 in 2019, against £3.1m in 2018. The Group realised an overall cash inflow of £0.5m (2018: £1.0m cash outflow). At the end of the year, the Group had cash and cash equivalents of £5.1m (2018: £4.6m).

The Group is currently able to fund the additional further owned restaurant with its delayed opening in the latter part of 2020 and to continue to further develop the Group’s brand and identity, whilst maintaining absolute focus on working capital management. We remain cautious and committed to only invest in sites which fit within the attributes associated with our most successful restaurants and that would contribute positively from their first full year of trading.

**Outlook**

Currently the Group's focus is on addressing the short and medium term challenges we face associated with the COVID-19 virus. This does not change the Board's confidence in the business and its proposition over the long term. Our focus will continue to be on ensuring the business is well-placed to continue to deliver once we emerge from this crisis.

The Board believe the Group’s current restaurant estate continues to have potential for further organic growth through selective new owned sites and opportunities with our franchise partners when the right economic conditions return.

Setting the COVID-19 and the related current challenges aside, I believe our business continues to be well-positioned in the restaurant sector and can continue to provide our customers with a unique experience, offering excellent quality, well-priced, healthy food, with welcoming family hospitality, differentiated to many other restaurant operations.

Chaker Hanna

**Chief Executive Officer**

20 April 2020

# Strategic Report

*For the year ended 31 December 2019*

The Directors present their strategic report for the year ended 31 December 2019.

**Business model**

The Group's principal brand is Comptoir Libanais, which operates Lebanese and Eastern Mediterranean focused restaurants. The restaurants seek to offer an all-day dining experience based around healthy and fresh food in a friendly, colourful and vibrant environment, which presents value for money. Lebanese and Eastern Mediterranean food is, in our opinion, a popular current food trend due to its flavoursome, healthy, low fat, vegetarian and vegan dishes, which comprise approximately 60% of our menu, as well as the ability to easily share the food with friends.

We seek to design each Comptoir Libanais restaurant with a bold and fresh design that is welcoming to all age groups and types of consumer. Each Comptoir Libanais restaurant has posters and menus showing an artist's impression of Sirine Jamal al Dine, an iconic Arabian actress, providing a Middle Eastern café-culture feel.

Shawa is a Lebanese grill-serving lean, grilled meats, rotisserie chicken, homemade falafel, halloumi and fresh salad, through a service counter offering, located in high footfall locations, such as shopping centres.

The average spend per head in 2019 at Comptoir Libanais was c.£16 and the average spend at Shawa was lower c.£12, so our offering is positioned in the affordable or 'value for money' segment of the UK casual dining market. In addition, our offering is well-differentiated and faces limited direct competition, in marked contrast to other areas of the market.

**Strategy for growth**

Our strategy is to grow our owned-site operations under both the Comptoir Libanais and Shawa brands. While Comptoir Libanais is likely to remain the principal focus of our operations, Shawa provides the opportunity to offer our Lebanese food from a smaller footprint and therefore create greater flexibility to our roll-out plans. We have agreed terms on a brand new Shawa site in Westfield, Stratford and will be aiming to commence trading there by the end of 2020, subject to ecomomic conditions, footfall and cashflow.

We also believe that there is still considerable potential to grow the Group's franchised operations and we see this as a complimentary and relatively low-risk route to extend the presence of our brands, both within the UK and in overseas territories. 2019 saw the opening of two new franchise sites and this momentum will continue into 2020 with another new site due to open with our franchise partner HMS Host in Abu Dhabi Airport, although this will be delayed as a result of the COVID-19 situation.

The UK food delivery market continues to grow at pace, aided by increasing technology enabling ease of ordering and quick access to a wide offering of menus through apps such as UberEats. Following the one year anniversary of the partnership with UberEats, we negotiated new multi-platform delivery agreements with both Deliveroo and UberEats commencing in March 2020 and we feel confident that this will drive significant further growth across this channel through direct delivery to our customers, once trading resumes.

# Strategic Report (continued)

**Review of the business and key performance indicators (KPIs)**

At this stage in the development of the business the Board believes that it is more helpful to focus on adjusted EBITDA, which excludes non-recurring items and costs incurred in connection with the opening of new restaurants and on this measure, the underlying earnings of the group in 2019 were £5.27m (2018: £4.97m).

The Board and management team use a range of performance indicators to monitor and measure the performance of the business. However, in common with most businesses, the critical KPIs are focused on growth in sales and EBITDA and these are appraised against budget, forecast and last year's achieved levels. Adjusted EBITDA during the year was 6.0% higher than that of 2018; assisted by the re-opening of the repositioned Comptoir Westfield restaurant and the successful openings of the two franchised sites operated by our partner HMS Host in Ashford and Dubai Airport. 2020 will also see the upside benefit of having the full year of trading from the three sites which had temporary but prolonged closures during 2019. This equated to £1.4m comparative lost sales for these three sites in 2019 based on the trading across the comparative period in the prior year.

In terms of non-financial KPIs, the standard of service provided to customers is monitored via the scores from a programme of regular monthly "mystery diner" visits to our restaurants carried out by HGem and we are pleased to report a further increase in average visitor scores in 2019. This is a clear indication of our very special family culture, which is focused on delivering consistently great experiences for our customers. We also use feedback from health and safety audits conducted by an external-company (Food Alert) to ensure that critical operating procedures are being adhered to.

Further explanation of the performance of the business over the year is provided in the Chairman's Statement and the Chief Executive's Review.

**Principal risks and uncertainties**

The Board of Directors ("the Board") has overall responsibility for identifying the most significant risks faced by the business and for developing appropriate policies to ensure that those risks are adequately managed.

The following have been identified as the most significant risks faced by the Group, however, it should be noted that this is not an exhaustive list and the Company has policies and procedures to address other risks facing the business.

***Consumer demand***

Any weakness in consumer confidence could have an adverse effect on footfall and customer spend in our restaurants. The well-publicised and very real threat from COVID-19 is clear evidence of the serious impact on the hospitality sector and the wider UK and global economy.

All appropriate measures are in place to reduce the impact of the current restaurant closures and the subdued trading expected on re-opening. This includes costs reduction wherever possible, tight and daily focus on cashflow management, aided by delay of the new site opening and capex only where required to ensure legal and health and safety requirements are met. The Board is in discussions with the Bank and is in the process of applying for additional funding to maintain liquidity through this period of uncertainty under the government-backed Coronavirus Business Interruption Loan Scheme ("CBILS").

# Strategic Report (continued)

Frequent or regular participation in the dining-out market is afforded by the consumer out of household disposable income. Macroeconomic factors such as the Coronavirus, employment levels, interest rates and inflation can impact disposable income and consumer confidence will dictate their willingness to spend. There is also an unknown factor as to how consumers' behaviour and attitude to eating out may change in the immediate aftermath of the coronavirus when social distancing rules begin to relax.

As indicated above, the core brands within the Group are positioned in the affordable segment of the casual dining market. A strong focus on superior and attentive service together with value added marketing initiatives can help to drive sales when customer footfall is more subdued. We will also expect additional sales traction from the delivery channel with the partnerships now extended across Deliveroo and Uber Eats. This, together with the strategic location of each of our restaurants, helps to mitigate the risk of consumer demand to the business.

***Input cost inflation***

The Group's key input variables are the cost of food and drink and associated ingredients and staff costs. The continued progressive increases in the UK National Living Wage and Minimum Wage rates present a challenge we, alongside our peers and competitors, must manage.

We aim to maintain an appropriate level of flexibility in our supplier base so we can work to mitigate the impact of input cost inflation. Our teams work hard on predictive and responsive labour scheduling so that our costs are well controlled.

***Economic conditions***

Previous concerns due to uncertainty around the exact nature and timing of the planned exit at the end of 2020 from the European Union are superseded by the COVID-19 situation which, even following re-opening of restaurants upon removal of lockdown restrictions, will create a high level of uncertainty and impact consumer spending. Deterioration in consumer confidence due to future economic conditions could have a detrimental impact on the Group in terms of footfall and sales. Continued focus on customer relations and targeted and adaptable marketing initiatives help the Group retain and drive sales where footfall declines.

***Labour cost inflation***

Labour cost pressures which are outside of the control of the Group, such as auto enrolment pension costs, minimum wage / National Living wage increases and the Apprenticeship Levy, are suffered by the Group and its competitors. Labour costs continue to be regularly monitored and on-going initiatives are used to reduce the impact of such pressures.

**Strategy and execution**

The Group's central strategy is still to open additional new outlets under its core Comptoir Libanais and Shawa brands but to proceed on a cautious basis. In light of the COVID-19 situation, the Group will instead be focussed on consolidation of the operational and financial performance of the existing estate with selective internal investment to ensure continual refresh and evolution of the brands.

# Strategic Report (continued)

The Group utilises the services of external property consultants and continues to develop stronger contacts and relationships with potential landlords as well as their agents and advisers. However, despite the additional availability of vacant sites, there will always be competition for the best sites and the Board will continue to approach any potential new site with caution and be highly selective in its evaluation of new sites to ensure that target levels of return on investment are achieved.

**Companies Act s172 Statement**

This section serves as our s172 statement and should be read in conjunction with the whole Strategic Report. s172 of the Companies Act 2006 requires Directors to take into consideration the interests of stakeholders in their decision making. The Directors continue to have regard to the interests of the Company's employees and other stakeholders including the impact of its activities on the community, the environment and the Company's reputation when making decisions. Acting in good faith and fairly between members the Directors consider what is most likely to promote the success of the Company for its members long term.

Within the Chairman’s Statement, Statement of Corporate Governance and on our website we describe how the Board operates and the culture of the business.

Our principle stakeholders are engaged with on a regular basis. With regards to our shareholders this includes face to face meetings at least once a year, and we engage in constant dialogue with our workforce and our suppliers.

**Future developments**

The Group will continue to explore further opportunities to grow the Comptoir Libanais brand via franchising with suitable partners, widening the offer via multi-platform delivery partners and the broadening of the external catering offering.

On behalf of the Board

Chaker Hanna

**Chief Executive Officer**

20 April 2020

# Statement of Corporate Governance

The Board have elected to adopt the Quoted Companies Alliance (QCA) Corporate Governance Code in line with the changes under Rule 26 of the AIM Rules for Companies requiring all companies that are traded on AIM to adopt and comply with a recognised corporate governance code. Full details of our adoption to the code can be found at https://investors.comptoirlibanais.com/corporate-governance/.

**The Board**

The Board of Comptoir Group plc is the body responsible for the Group's objectives, its policies and the stewardship of its resources. At the balance sheet date, the Board comprised four directors being Chaker Hanna, Ahmed Kitous and Mark Carrick as executive directors and Richard Kleiner as non-executive director.

Richard Kleiner is considered by the Board to be independent. Each Director demonstrates a range of experience and sufficient calibre to bring independent judgment on issues of strategy, risk management, performance, resources and standards of conduct which are vital for the success of the Group.

The Board has eleven board meetings during the year. Richard Kleiner is Chairman of both the Audit and the Remuneration Committees. The terms of reference of both these committees have been approved by the Board.

**Remuneration Committee**

The Remuneration Committee's responsibilities include the determination of the remuneration and options of Directors and senior executives of the Group and the administration of the Company's option schemes and arrangements. The Committee takes appropriate advice, where necessary, to fulfil this remit.

**Audit Committee**

The Audit Committee meets twice a year including a meeting with the auditors shortly before the signing of the accounts. The terms of reference of the Audit Committee include: any matters relating to the appointment, resignation or dismissal of the external auditors and their fees; discussion with the auditors on the nature, scope and findings of the audit; consideration of issues of accounting policy and presentation; monitoring. The work of the review function carried out to ensure the adequacy of accounting controls and procedures.

**Nomination Committee**

The Company does not have a Nomination Committee. Any Board appointments are dealt with by the Board itself.

**Internal Control**

The Board is responsible for the Group's system of internal control and for reviewing the effectiveness of the system of internal control. Internal control systems are designed to meet the particular needs of a business and manage the risks but not to eliminate the risk of failure to achieve the business objectives. By its nature, any system of internal control can only provide reasonable, and not absolute, assurance against material misstatement or loss.

# Statement of Corporate Governance (continued)

**Internal Audit**

Given the size of the Group, the Board does not believe it is appropriate to have a separate internal audit function. The Group's systems are designed to provide the Directors with reasonable assurance that problems are identified on a timely basis and are dealt with appropriately.

**Relations with shareholders**

There is a regular dialogue with institutional investors including presentations after the Company's year-end and half year results announcements. Feedback from major institutional shareholders is provided to the Board on a regular basis and, where appropriate, the Board will take steps to address their concerns and recommendations. Aside from announcements that the Company makes periodically to the market, the Board uses the annual general meeting to communicate with shareholders and welcomes their participation.

**Going concern**

Uncertainty due to the recent COVID-19 outbreak has been considered as part of the Group's adoption of the going concern basis. Trading over recent weeks has been impacted by COVID-19. Following guidance provided by the UK government, the Board has taken the decision to close its restaurants until further notice. The health of our staff and our customers is the Board's highest priority.

All appropriate measures have been put in place to reduce the impact on the Group, including cost reduction and refurbishments and other capital expenditure projects. The Board's latest forecasts are based on a scenario where the business is closed for a period of three months to the end of June 2020 with reduced revenue for the following 6 months with expected sales increasing gradually until 2021. The Board has factored in a delay in all non-committed capital expenditure, reduction in variable costs including staffing and moving to monthly rent payments. In addition the Government has announced a twelve month business rates holiday for the hospitality sector.

The Board has also considered the severe but possible downside scenario of complete closure for a longer period and delayed re-opening. This continues to be under review given current market conditions associated with COVID-19. The Group currently has cash reserves of £5.7m and the Board believes that the business has the ability to remain trading for a period of at least 12 months from the date of signing of these financial statements. These financial statements have therefore been prepared on the going concern basis.

# Report of the directors

The Directors present their report together with the audited financial statements for the year ended 31 December 2019.

**Results and dividends**

The consolidated statement of comprehensive income is set out on page 24 and shows the loss for the year.

The Directors do not recommend the payment of a dividend for the year (2018: £nil).

**Principal activities**

The Company's and Group's principal activity continues to be that of the operating of restaurants with Lebanese/Middle Eastern offering in the UK casual dining sector.

**Directors**

The Directors of the Group, during the year, and their shareholding, at the year-end date, were as follows:

| | Number of ordinary shares | Percentage shareholding (%) |
|---|---|---|
| **Executive** | | |
| A Kitous | 58,412,503 | 47.6% |
| C Hanna | 22,585,833 | 18.4% |
| M Carrick | - | - |
| **Non-Executive** | | |
| R Kleiner | 610,000 | 0.5% |

**Substantial shareholders**

Besides the Directors, the only other substantial shareholder at the year-end date is Schroders plc, whom have a 7.5% shareholding (9,192,319 ordinary shares).

# Report of the directors (continued)

**Directors' remuneration**

The remuneration of the Directors for the year ended 31 December 2019 was as follows:

| | Year ended 31 December 2019 | | | Year ended 31 December |
|---|---|---|---|---|
| | **Remuneration** | **Pension** | **Total** | **Total** |
| | **£** | **£** | **£** | **£** |
| A Kitous * | 187,500 | 50,134 | 237,634 | 189,208 |
| C Hanna * | 187,500 | 50,134 | 237,634 | 189,208 |
| R Kleiner | 30,000 | - | 30,000 | 30,000 |
| M Carrick ** | 120,000 | 1,188 | 121,188 | 86,246 |
| | **525,000** | **101,456** | **626,456** | **430,512** |

* Pension contributions for A Kitous and C Hanna of £37,500 each relate to deferrals from previous two tax years

** M Carrick was appointed on 16 July 2018

**Creditor payment policy**
The Group has a standard code and also agrees specific individual terms with certain suppliers. Payment is normally made in accordance with those terms, subject to the suppliers' own performance.

**Employees**

Applications from disabled persons are given full consideration providing the disability does not seriously affect the performance of their duties. Such persons, once employed, are given appropriate training and equal opportunities.

The Group takes a positive view toward employee communication and has established systems for ensuring employees are informed of developments and that they are consulted regularly.

**Donations**

The Group made charitable donations of £nil (2018: £nil) in the year.

**Financial Instruments**

Details of the use of financial instruments and the principal risks faced by the Group are contained in note 25 to the financial statements.

**Future developments**

Details of future developments are contained in the Strategic Report on page 7.

# Report of the directors (continued)

**Auditors**

All the current Directors have taken all reasonable steps necessary to make themselves aware of any information needed by the Group's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The Directors are not aware of any relevant audit information of which the auditors are unaware.

UHY Hacker Young have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

On behalf of the board

Chaker Hanna

**Chief Executive Officer**

20 April 2020

# Statement of directors' responsibilities

The Directors are responsible for preparing the Annual Reports and the Group and Parent Company financial statements in accordance with applicable United Kingdom law and regulations. Company law requires the Directors to prepare Group and Parent Company financial statements for each financial year. Under that law, and as required by the AIM rules, the Directors have elected to prepare Group financial statements under International Financial Reporting Standards (IFRSs), as adopted by the European Union, and the Parent Company financial statements under United Kingdom Accounting Standards.

Under Company Law the Directors must not approve the Group and Parent Company financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of the profit or loss of the Group for that period. In preparing the Group and Parent Company financial statements the Directors are required to:

- present fairly the financial position, financial performance and cash flows of the Group and Parent Company;
- select suitable accounting policies in accordance with IAS 8: 'Accounting Policies, Changes in Accounting Estimates and Errors' and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- make judgments and estimates that are reasonable;
- provide additional disclosures when compliance with the specific requirements in IFRSs as adopted by the European Union is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's and the Company's financial position and financial performance; and
- the Group and Parent Company financial statements have been prepared in accordance with IFRSs as adopted by the European Union or United Kingdom Accounting Standards, subject to any material departures disclosed and explained in the financial statements.

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

# Independent auditors' report

## *To the members of Comptoir Group PLC*

**Opinion**

We have audited the financial statements of Comptoir Group PLC (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2019 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Balance Sheet, the Consolidated and Parent Company Statements of Changes in Equity, the Consolidated Statement of Cash Flows and the related notes, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group's financial statements is applicable law and International Financial Reporting Standards (IFRSs), as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the Parent Company's financial statements is FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ("FRS 102" or "UK GAAP") and in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2019 and of the Group's loss and cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with FRS 102 and as applied in accordance with the provisions of the Companies Act 2006; and
- the Group financial statements 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 Group and Parent 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 as applied to listed entities, 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.

# Independent auditors' report (continued)

**Material uncertainty relating to going concern**

We draw attention to the Going Concern section of the Principal Accounting Policies of the Group financial statements which indicates that the Group had a loss for the year of £666,000 (2018: £758,000 loss) and net current liabilities of £69,000 (2018: £170,000). Due to the recent COVID-19 outbreak, the Group's trading over recent weeks has been impacted. Following guidance provided by the UK Government, the Group has taken the decision to close all of its restaurants until further notice. These events, the uncertainty of timing of re-openings, the uncertainty of the rate of the increase in trade, along with the other matters explained in the Going Concern section of the Principal Accounting Policies of the Group financial statements, constitute a material uncertainty that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

***The risk***

The Group is financed by a mixture of debt and equity. The debt is not at a significant level. Despite generating £451,000 of cash in the year the Group made a loss of £520,000 in the year before tax and has been loss making in prior periods. The nature of the Group means it operates on relatively low net margins and the restaurant industry is under pressure with rising food and labour costs as a result of Brexit, over supply and other matters. A number of other restaurant chains have also under performed in the year generating negative returns.

Given the above factors, we consider going concern to be a significant audit risk area.

The directors' conclusion of the risks and circumstances described in the Going Concern section of the Principal Accounting Policies of the Group financial statements represent a material uncertainty over the ability of the Group and Company to continue as a going concern for a period of at least a year from the date of approval of the financial statements. However, clear and full disclosure of the facts and the directors' rationale for the use of the going concern basis of preparation, including that there is a related material uncertainty, is a key financial statement disclosure and so was the focus of our audit in this area. Auditing standards require that to be reported as a key audit matter.

**How our audit addressed the key audit matter**

Our audit procedures included:

- Assessing the transparency and the completeness and accuracy of the matters covered in the going concern disclosure by evaluating management's cashflow projections for the next 12 months and the underlying assumptions.
- We obtained budgets and cashflow forecasts, reviewed the methodology behind these, ensured arithmetically correct and challenged the assumptions.
- We obtained post year end trading results and compared these to budget to ensure budgeting is reasonable and results are in line with expectations.
- We completed sensitivity analysis on the budgets provided to assess the change in turnover or costs that would need to occur to push the Group into a cash negative position.
- We discussed plans for the Group going forward with management, ensuring these had been incorporated into the budgeting and would not have an impact on the going concern status of the Group.

# Independent auditors' report (continued)

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified during our audit. Going concern is a significant key audit matter and is described above. In arriving at our audit opinion above, the other key audit matters were as follows:

| Key audit matters (applicable to the Group) | How our audit addressed the key audit matters |
|---|---|
| ***Revenue recognition***<br>The Group recognises revenue for services and goods provided in the Group's restaurants (excluding value added tax and gratuities left by customers for the benefit of employees) and is recognised at the point of sales. It should be ensured that any gratuities left by customers, which are due to the staff, are not recognised as revenue.<br><br>Service charges/tips are distributed between those who are eligible via the Tronc system and through wages. Those eligible for service charges include all employees who have any contact with a customer or any form of influence over revenue growth. Therefore some head office staff also receive a share of service charges.<br>Revenue is a key driver of the business and is made of a high number of individual low value transactions therefore in respect of services provided there is a risk that revenue is recorded inappropriately relative to the provision of underlying services.<br><br>We therefore identified the risk over the existence and completeness assertions relating to revenue recognition as a significant risk, which was one of the most significant risks of material misstatement. | Our audit work included, but was not restricted to:<br><br>• We have tested a sample of sales transactions for the existence and the correct treatment of the service charges and the Tronc system.<br><br>• We have audited revenue for completeness by undertaking cut-off testing to ensure that sales are accounted for in the correct period.<br><br>• We have also completed sales walkthrough tests to test the design effectiveness of controls over the sales system and processes.<br><br>• We carried out substantive analytical procedures on sales.<br><br>The Group's accounting policy on revenue recognition is shown in Principal Accounting Policies for the consolidated financial statements and related disclosures are included in note 2.<br><br>**Key observations**<br>We have not found any issues or errors involving sales and are therefore satisfied we have assurance over sales recognition and treatment. |

| | |
|---|---|
| ***Impairment of property, plant and equipment and right-of-use assets***<br>Property, plant and equipment and right-of-use assets are significant assets on the Group's balance sheet with a combined net book value of £35.2m (2018 - £36.9m). The balance is primarily comprised of leasehold buildings and fixtures, fittings and equipment to support the group's restaurants. The assets are at risk of potential impairment due to the Group operating in a competitive industry. The estimated recoverable amount of these balances is subjective due to the inherent uncertainty involved in forecasting and discounting the related future cash flows.<br><br>At each reporting date Management has undertaken an assessment of the carrying value of these assets and, where there are indicators of impairment in accordance with IAS 36 'Impairment of assets', has carried out an impairment review by reference to external market factors and discounted cash flows in relation to cash generating units that include these assets.<br><br>The assessment was based on the future cash flows of each site using a discounted cash flow model (being the 'value in use'). The higher of these amounts, being the recoverable amount, was then compared to the carrying value of fixed assets for that site. Disruptions arising from COVID-19 events have been treated as a 'non-adjusting' event in the impairment assessments in accordance with IFRS.<br><br>Significant management judgement and estimation uncertainty is involved in this area, where the primary inputs are:<br>• Estimating cash flow forecasts;<br>• Selecting an appropriate discount rate.<br><br>This area has been recognised by the Board as a critical accounting judgement and estimate. There is also a risk that Management may unduly influence the significant judgements and estimates in respect of the requirement for an impairment provision. Given the value of the tangible fixed assets and the underperformance of some restaurants over the period, we consider this to be a significant risk, which was one of the most significant risks of material misstatement. | We assessed Management's process for identifying sites with a potential impairment and the impairment review process and performed analysis to challenge their assumptions on impairments. Our audit work included, but was not restricted to, the following:<br>• Reviewing Management's assessment of forecasted cash flows and challenging Management on significant movements in forecasted cash flows on a restaurant by restaurant basis compared to historic performance.<br>• Testing the accuracy of management's 2019 forecasts against the actual results.<br>• Assessing Management's forecasted cash flows that feed into the discounted cash flow model and challenging assumptions around this with reference to historic results, market trends and future expectations and tested mathematical accuracy.<br>• Challenging the appropriateness of Management's assumptions including the growth and discount rates.<br>• We held discussions with Management to challenge the impairments on those restaurants where: the headroom before impairment was low and the forecasted growth in cash flows was high.<br>• Assessing the adequacy of disclosures in the financial statements against the requirement of IAS 36 'Impairment of assets'.<br><br>The Group's accounting policy on the impairment of Property, plant and equipment and right-of-use assets is shown in Principal Accounting Policies for the consolidated financial statements and related disclosures are included in note 11.<br><br>**Key observations**<br>As a result of our testing, we concluded that the valuation of the tangible fixed assets is accounted for in accordance with the Group's accounting policies and IAS 36 'Impairment of assets' |

# Independent auditors' report (continued)

**Our application of materiality**

The scope and focus of our audit was influenced by our assessment and application of materiality. We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements on our audit and on the financial statements.

We define financial statement materiality as the magnitude by which misstatements, including omissions, could reasonably be expected to influence the economic decisions taken on the basis of the financial statements by reasonable users.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

| | |
|---|---|
| Overall materiality | We determined materiality for the financial statements as a whole to be £200,000. |
| How we determine it | Based on a benchmark of 5% of EBITDA, reduced by an appropriate level to take into account the loss for the year. |
| Rationale for benchmarks applied | We believe Adjusted EBITDA to be the most appropriate benchmark due to the size, growth stage, reduction in profitability and the nature of the Company and Group. |
| Performance materiality | On the basis of our risk assessment, together with our assessment of the Group's control environment, our judgement is that performance materiality for the financial statements should be 75% of materiality, and was set at £150,000. |

We have determined Parent Company materiality to be the same level as the Group. As the company is a holding company materiality was initially based on 2% of gross assets, but this exceeded the Group level therefore was capped.

*Reporting threshold*
We agreed with the Audit Committee that we would report to them all misstatements over £10,000 (5% of Group materiality) identified during the audit, as well as differences below that threshold that, in our view, warrant reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

# Independent auditors' report (continued)

**An overview of the scope of our audit**

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account an understanding of the structure of the Company and the Group, their activities, the accounting processes and controls, and the industry in which they operate. Our planned audit testing was directed accordingly and was focused on areas where we assessed there to be the highest risk of material misstatement.

Our Group audit scope includes all of the group companies. At the Parent Company level, we also tested the consolidation procedures. The audit team met and communicated regularly throughout the audit with the CFO in order to ensure we had a good knowledge of the business of the Group. During the audit we reassessed and re-evaluated audit risks and tailored our approach accordingly.

The audit testing included substantive testing on significant transactions, balances and disclosures, the extent of which was based on various factors such as our overall assessment of the control environment, the effectiveness of controls and the management of specific risk.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant findings, including any significant deficiencies in internal control that we identify during the audit.

**Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditors' report thereon. 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.

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

# Independent auditors’ report (continued)

**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 the directors’ report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors’ report have 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 Group and Parent 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 Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company 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 statement of directors’ responsibilities, 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 Group’s and the Parent 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 group or Parent Company or to cease operations, or have no realistic alternative but to do so.

**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.

# Independent auditors' report (continued)

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 Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

**Use of our report**

This report is made solely to the Parent Company's members, as a body, in accordance with part 3 of Chapter 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Colin Wright (Senior Statutory Auditor)**

**For and on behalf of UHY Hacker Young**
Chartered Accountants and Statutory Auditor

*UHY Hacker Young*
*4 Thomas More Square*
*London E1W 1YW*

20 April 2020

# Consolidated statement of comprehensive income

***For the year ended 31 December 2019***

| | Notes | Year ended 31 December 2019 | Year ended 31 December 2018 (Restated) |
|---|---|---|---|
| | | £ | £ |
| Revenue | 2 | 33,403,402 | 34,331,309 |
| Cost of sales | | (8,547,180) | (9,630,294) |
| **Gross profit** | | **24,856,222** | **24,701,015** |
| Distribution expenses | | (8,605,186) | (9,108,884) |
| Administrative expenses | | (16,695,054) | (15,148,167) |
| Other income | 2 | 1,020,090 | - |
| **Operating profit** | 3 | **576,072** | **443,964** |
| Finance costs | 6 | (1,096,462) | (1,094,177) |
| **Loss before tax** | | **(520,390)** | **(650,213)** |
| Taxation charge | 7 | (146,573) | (108,427) |
| **Loss for the year** | | **(666,963)** | **(758,640)** |
| Other comprehensive income | | - | - |
| **Total comprehensive loss for the year** | | **(666,963)** | **(758,640)** |
| **Basic loss per share (pence)** | 8 | (0.54) | (0.62) |
| **Diluted loss per share (pence)** | 8 | (0.54) | (0.62) |

| | | | |
|---|---|---|---|
| **Adjusted EBITDA:** | | | |
| **Loss before tax – as above** | | (520,390) | (650,213) |
| Add back: | | | |
| Depreciation | 11 | 4,036,957 | 3,806,212 |
| Finance costs | 6 | 1,096,462 | 1,094,177 |
| Impairment of assets | 11 | 129,001 | 259,205 |
| **EBITDA** | | **4,742,030** | **4,509,381** |
| Share-based payments expense | 20 | 53,963 | 28,745 |
| Restaurant opening costs | 3 | 18,075 | 433,506 |
| Loss on disposal of fixed assets | | 298,022 | - |
| Abandoned project costs | | 156,849 | - |
| **Adjusted EBITDA** | | **5,268,939** | **4,971,632** |

All of the above results are derived from continuing operations. Loss for the year and total comprehensive loss for the year is entirely attributable to the equity shareholders of the Company.

# Consolidated balance sheet

## *At 31 December 2019*

| | Notes | 31 December 2019 | 31 December 2018 (Restated) | 1 January 2018 (Restated) |
|---|---|---|---|---|
| | | £ | £ | £ |
| **Assets** | | | | |
| **Non-current assets** | | | | |
| Property, plant and equipment | **11** | 11,287,115 | 11,747,036 | 11,104,026 |
| Right-of-use assets | **11** | 23,951,079 | 25,242,211 | 22,656,729 |
| Intangible assets | **10** | 87,675 | 87,675 | 89,961 |
| Deferred tax asset | **18** | 139,588 | 168,176 | 148,822 |
| | | **35,465,457** | **37,245,098** | **33,999,538** |
| **Current asset** | | | | |
| Inventories | **13** | 594,409 | 706,741 | 606,652 |
| Trade and other receivables | **14** | 2,202,974 | 1,858,442 | 1,374,902 |
| Cash and cash equivalents | | 5,076,610 | 4,624,673 | 5,627,341 |
| | | **7,873,993** | **7,189,856** | **7,608,895** |
| **Total assets** | | **43,339,450** | **44,434,954** | **41,608,433** |
| **Liabilities** | | | | |
| **Current liabilities** | | | | |
| Borrowings | **16** | (261,611) | (427,179) | (669,778) |
| Trade and other payables | **15** | (5,015,604) | (4,601,376) | (3,752,509) |
| Lease liabilities | **27** | (2,481,471) | (2,173,730) | (2,950,644) |
| Current tax liabilities | | (184,125) | (158,024) | (148,163) |
| | | **(7,942,811)** | **(7,360,309)** | **(7,521,094)** |
| **Non-current liabilities** | | | | |
| Borrowings | **16** | (55,735) | (315,953) | (706,711) |
| Provisions for liabilities | **17** | (438,570) | (60,892) | (48,036) |
| Lease liabilities | **27** | (24,170,903) | (25,351,272) | (21,623,714) |
| Deferred tax liability | **18** | (170,283) | (172,380) | (118,772) |
| | | **(24,835,491)** | **(25,900,497)** | **(22,497,233)** |
| **Total liabilities** | | **(32,778,302)** | **(33,260,806)** | **(30,018,327)** |
| **Net assets** | | **10,561,148** | **11,174,148** | **11,590,106** |
| **Equity** | | | | |
| Share capital | **19** | 1,226,667 | 1,226,667 | 1,226,667 |
| Share premium | | 10,050,313 | 10,050,313 | 10,050,313 |
| Other reserves | **20** | 82,708 | 28,745 | 316,590 |
| Retained losses | | (798,540) | (131,577) | (3,464) |
| **Total equity – attributable to equity shareholders of the company** | | **10,561,148** | **11,174,148** | **11,590,106** |

# Consolidated balance sheet

## *At 31 December 2019 (continued)*

The financial statements of Comptoir Group PLC (company registration number 07741283) were approved by the Board of Directors and authorised for issue on 20 April 2020 and were signed on its behalf by:

Chaker Hanna
**Chief Executive Officer**

# Consolidated statement of changes in equity

## *For the year ended 31 December 2019*

| | Notes | Share capital £ | Share premium £ | Other reserves £ | Retained losses £ | Total equity £ |
|---|---|---|---|---|---|---|
| At 1 January 2018 - as previously reported | | 1,226,667 | 10,050,313 | 316,590 | 2,539,124 | 14,132,694 |
| Effect of IFRS 16 adoption | | - | - | - | (2,228,651) | (2,228,651) |
| **Restated balance at 1 January 2018** | | **1,226,667** | **10,050,313** | **316,590** | **310,473** | **11,904,043** |
| **Total comprehensive loss** | | | | | | |
| Restated loss for the year | | - | - | - | (758,640) | (758,640) |
| **Transactions with owners** | | | | | | |
| Share-based payments | **20** | - | - | 28,745 | - | 28,745 |
| Cancellation of existing EMI share option scheme | **22** | - | - | (316,590) | 316,590 | - |
| **Restated at 31 December 2018** | | **1,226,667** | **10,050,313** | **28,745** | **(131,577)** | **11,174,148** |
| Restated balance at 1 January 2019 | | **1,226,667** | **10,050,313** | **28,745** | **(131,577)** | **11,174,148** |
| **Total comprehensive loss** | | | | | | |
| Loss for the year | | - | - | - | (666,963) | (666,963) |
| **Transactions with owners** | | | | | | |
| Share-based payments | **20** | - | - | 53,963 | - | 53,963 |
| **At 31 December 2019** | | **1,226,667** | **10,050,313** | **82,708** | **(798,540)** | **10,561,148** |

# Consolidated statement of cash flows

## *For the year ended 31 December 2019*

| | Notes | Year ended 31 December 2019 | Year ended 31 December 2018 (Restated) |
|---|---|---|---|
| | | £ | £ |
| **Operating activities** | | | |
| Cash inflow from operations | **23** | 5,654,971 | 5,314,518 |
| Interest paid | | (21,730) | (41,758) |
| Tax paid | | (93,981) | (64,312) |
| **Net cash from operating activities** | | **5,539,260** | **5,208,448** |
| **Investing activities** | | | |
| Purchase of property, plant & equipment | **11** | (1,287,749) | (2,279,042) |
| **Net cash used in investing activities** | | **(1,287,749)** | **(2,279,042)** |
| **Financing activities** | | | |
| Payment of lease liabilities | **27** | (3,373,788) | (3,114,355) |
| Bank loan repayments | **24** | (425,786) | (633,357) |
| **Net cash used in financing activities** | | **(3,799,574)** | **(3,747,712)** |
| **Increase/(Decrease) in cash and cash equivalents** | | 451,937 | (818,306) |
| Cash and cash equivalents at beginning of year | | 4,624,673 | 5,442,979 |
| **Cash and cash equivalents at end of year** | | **5,076,610** | **4,624,673** |

# Principal accounting policies for the consolidated financial statements

## *For the year ended 31 December 2019*

**Reporting entity**

Comptoir Group Plc (the "Company") is a company incorporated and registered in England and Wales, with a company registration number of 07741283. The address of the Company's registered office is Unit 2, Plantain Place, Crosby Row, London Bridge, SE1 1YN. The consolidated financial statements of the Company for the year ended 31 December 2019 comprise of the Company and its subsidiaries (together referred to as the "Group").

**Statement of compliance**

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and its interpretations adopted by the International Accounting Standards Board (IASB), as adopted by the European Union (IFRSs). The parent company financial statements have been prepared using United Kingdom Accounting Standards including FRS 102 'The financial reporting standard applicable in the UK and Republic of Ireland' and are set out on pages 68 to 75.

**Going concern basis**

Uncertainty due to the recent COVID-19 outbreak has been considered as part of the Group's adoption of the going concern basis. Trading over recent weeks has been impacted by COVID-19. Following guidance provided by the UK Government, the Board has taken the decision to close all of its restaurants until further notice. The health of our staff and our customers is the Board's highest priority.

All appropriate measures have been put in place to reduce the impact on the Group, including cost reduction and refurbishments and other capital expenditure projects. The Board's latest forecasts are based on a scenario where the business is closed for a period of three months to the end of June 2020 with reduced revenue for the following 6 months with expected sales increasing gradually until 2021. The Board has factored in a delay in all non-committed capital expenditure, reduction in variable costs including staffing and moving to monthly rent payments. In addition the Government has announced a twelve month business rates holiday for the hospitality sector.

The Board has also considered the severe but possible downside scenario of complete closure for a longer period and delayed re-opening. This continues to be under review given current market conditions associated with COVID-19. The Group currently has cash reserves of £5.7m and the Board believes that the business has the ability to remain trading for a period of at least 12 months from the date of signing of these financial statements.

The events arising as a result of the COVID-19 outbreak has meant that there are various inherent material uncertainties. Based on these indications the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. However, these circumstances represent a material uncertainty that may cast significant doubt on the Group and Company's ability to continue as a going concern and, therefore, to continue realising their assets and discharging their liabilities in the normal course of business for the foreseeable future, a period of not less than 12 months from the date of approving these financial statements.

# Principal accounting policies for the consolidated financial statements (continued)

**Use of non-GAAP profit and loss measures**

The Group believes that along with operating profit, the 'Adjusted EBITDA' provides additional guidance to the statutory measures of the performance of the business during the financial year. Adjusted profit from operations is calculated by adding back depreciation, amortisation, impairment of assets, finance costs, preopening costs and certain non-recurring or non-cash items. Adjusted EBITDA is an internal measure used by management as they believe it better reflects the underlying performance of the Group beyond generally accepted accounting principles.

**New or revised Standards and Interpretations**

At the date of authorisation of these financial statements, the following new and revised IFRS Standards and Interpretations have been adopted in the current year, where applicable to the Group.

| | | |
|---|---|---|
| IFRS 16 | | Leases |
| IFRS 9 | (Amended) | Financial Instruments |
| IFRS 2015 -2018 Cycle | | Annual improvements |
| IFRIC 23 | | Uncertainty over Income Tax |
| IAS 28 | (Amended) | Investments in Joint Ventures |
| IAS 19 | (Amended) | Employee Benefits |

The impact of the adoption of IFRS 16 is discussed in detail below. The remaining new standards, amendments and interpretations are effective for the first time for periods beginning on or after 1 January 2019 but have not had a material effect on the Group and so have not been discussed in detail in the notes to the financial statements. At the date of authorisation of these financial statements, the following IFRS Standards and Interpretations, which have not been applied in these financial statements, were in issue but not yet effective:

| | | |
|---|---|---|
| IFRS 3 | (Amended) | Business combinations |
| IAS 1 | (Amended) | Presentation of Financial Statements |
| IFRS 17 | (Revised) | Insurance Contracts |

It is not practicable to provide a reasonable estimate of the effect of these standards until a detailed review has been completed. However, we expect that the standards will not have a material effect on the financial statements.

The impact of the adoption of the new IFRS Standard IFRS 16 ‘Leases’ is detailed below.

***IFRS 16 Leases***

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and now requires lessees to account for most leases under a “single on-balance sheet” model. The Group adopted IFRS 16 using the full retrospective method of adoption with the date of initial application of 1 January 2019. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application.

# Principal accounting policies for the consolidated financial statements (continued)

The Group has elected to not use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets'). Therefore, any short-term leases and low-value assets have been included in the values.

The Group has lease contracts for various properties. Before the adoption of IFRS 16, the Group classified each of its leases (as lessee) at the inception date as an operating lease. The leased property was not capitalised and the lease payments were recognised as rent expense in the statement of profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under Prepayments and Trade and other payables, respectively.

Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases in which it is the lessee, except for short-term leases and leases of low-value assets. The Group recognised lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

In accordance with the full retrospective method of adoption, the Group applied IFRS 16 at the date of initial application as if it had already been effective at the commencement date of existing lease contracts.

Accordingly, the comparative information in the consolidated financial statements for the year ended 31 December 2018 has been restated. The effect of adoption IFRS 16 is as follows:

# Principal accounting policies for the consolidated financial statements (continued)

**Impact on the statement of profit or loss for the year ended 31 December 2018:**

| | Notes | As previously reported | IFRS 16 adjustment | As Restated |
|---|---|---|---|---|
| | | £ | £ | £ |
| Revenue | 2 | 34,331,309 | - | 34,331,309 |
| Cost of sales | | (9,630,294) | - | (9,630,294) |
| **Gross profit** | | **24,701,015** | **-** | **24,701,015** |
| Distribution expenses | | (9,108,884) | - | (9,108,884) |
| Administrative expenses | | (15,757,252) | 609,085 | (15,148,167) |
| **Operating profit** | 3 | **(165,121)** | **609,085** | **443,964** |
| Finance costs | 6 | (41,758) | (1,052,419) | (1,094,177) |
| **Loss before tax** | | **(206,879)** | **(443,334)** | **(650,213)** |
| Taxation charge | 7 | (108,427) | - | (108,427) |
| **Loss for the year** | | **(315,306)** | **(443,334)** | **(758,640)** |
| **Other comprehensive income** | | - | - | - |
| **Total comprehensive loss for the year** | | **(315,306)** | **(443,334)** | **(758,640)** |

**Impact on the statement of financial position as at 31 December 2018:**

| | | As previously reported | IFRS 16 adjustment | As Restated |
|---|---|---|---|---|
| | | £ | £ | £ |
| **Assets** | | | | |
| **Non-current assets** | | | | |
| Property, plant and equipment | **11** | 11,747,036 | - | 11,747,036 |
| Right-of-use assets | **11** | - | 25,242,211 | 25,242,211 |
| Intangible assets | **10** | 889,828 | (802,153) | 87,675 |
| Deferred tax asset | **18** | 168,176 | - | 168,176 |
| | | **12,805,040** | **24,440,058** | **37,245,098** |
| **Current asset** | | | | |
| Inventories | **13** | 706,741 | - | 706,741 |
| Trade and other receivables | **14** | 2,550,223 | (691,781) | 1,858,442 |
| Cash and cash equivalents | | 4,624,673 | - | 4,624,673 |
| | | **7,881,637** | **(691,781)** | **7,189,856** |
| **Total assets** | | **20,686,677** | **23,748,277** | **44,434,954** |
| **Liabilities** | | | | |
| **Current liabilities** | | | | |
| Borrowings | **16** | (427,179) | - | (427,179) |
| Trade and other payables | **15** | (5,706,116) | 1,104,740 | (4,601,376) |
| Lease liabilities | **27** | - | (2,173,730) | (2,173,730) |
| Current tax liabilities | | (158,024) | - | (158,024) |
| | | **(6,291,319)** | **(1,068,990)** | **(7,360,309)** |
| **Non-current liabilities** | | | | |
| Borrowings | **16** | (315,953) | - | (315,953) |
| Provisions for liabilities | **17** | (60,892) | - | (60,892) |
| Lease liabilities | **27** | - | (25,351,272) | (25,351,272) |
| Deferred tax liability | **18** | (172,380) | - | (172,380) |
| | | **(549,225)** | **(25,351,272)** | **(25,900,497)** |
| **Total liabilities** | | **(6,840,544)** | **(26,420,262)** | **(33,260,806)** |
| **Net assets** | | **13,846,133** | **(2,671,985)** | **11,174,148** |
| **Equity** | | | | |
| Share capital | **19** | 1,226,667 | - | 1,226,667 |
| Share premium | | 10,050,313 | - | 10,050,313 |
| Other reserves | **20** | 28,745 | - | 28,745 |
| Retained losses | | 2,540,408 | (2,671,985) | (131,577) |
| **Total equity – attributable to equity shareholders of the company** | | **13,846,133** | **(2,671,985)** | **11,174,148** |

# Principal accounting policies for the consolidated financial statements (continued)

**Impact on the statement of cash flows for the year ended 31 December 2018:**

| | | As previously reported | IFRS 16 adjustment | As Restated |
|---|---|---|---|---|
| | | £ | £ | £ |
| **Operating activities** | | | | |
| Cash inflow from operations | **23** | 2,200,163 | 3,114,355 | 5,314,518 |
| Interest paid | | (41,758) | - | (41,758) |
| Tax paid | | (64,312) | - | (64,312) |
| **Net cash from operating activities** | | **2,094,093** | **3,114,355** | **5,208,448** |
| **Investing activities** | | | | |
| Purchase of property, plant & equipment | **11** | (2,279,042) | - | (2,279,042) |
| **Net cash used in investing activities** | | **(2,279,042)** | **(2,279,042)** | **(2,279,042)** |
| **Financing activities** | | | | |
| Payment of lease liabilities | **27** | - | (3,114,355) | (3,114,355) |
| Bank loan repayments | **24** | (633,357) | - | (633,357) |
| **Net cash used in financing activities** | | **(633,357)** | **(3,114,355)** | **(3,747,712)** |
| **Increase/(Decrease) in cash and cash equivalents** | | (818,306) | - | (818,306) |
| Cash and cash equivalents at beginning of year | | 5,627,341 | - | 5,627,341 |
| **Cash and cash equivalents at end of year** | | **4,624,673** | - | **4,624,673** |

# Principal accounting policies for the consolidated financial statements (continued)

**Significant judgements and estimates**

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. The resulting accounting estimates may differ from the related actual results.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In the process of applying the Group's accounting policies, management has made a number of judgments and estimations of which the following are the most significant. The estimates and assumptions that have a risk of causing material adjustment to the carrying amounts of assets and liabilities within the future financial years are as follows:

*Depreciation, useful lives and residual values of property, plant & equipment*

The Directors estimate the useful lives and residual values of property, plant & equipment in order to calculate the depreciation charges. Changes in these estimates could result in changes being required to the annual depreciation charges in the statement of comprehensive incomes and the carrying values of the property, plant & equipment in the balance sheet.

*Impairment of assets*

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value of money and the risks specific to the asset. Impairment losses of continuing operations are recognised in the profit or loss in those expense categories consistent with the function of the impaired asset.

An impairment of assets of £129,001 (2018 – £259,205) was required for the year ended 31 December 2019.

# Principal accounting policies for the consolidated financial statements (continued)

*Leases*

The Group has estimated the lease term of certain lease contracts in which they are a lessee, including whether they are reasonably certain to exercise lessee options. The incremental borrowing rate used to discount lease liabilities has also been estimated at 4%. This is assessed as the rate of interest that would be payable to borrow a similar about of money for a similar length of time for a similar right-of-use asset.

**Significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in the historical consolidated financial statements, unless otherwise indicated.

**(a) Basis of preparation**

These consolidated financial statements for the year ended 31 December 2019 are prepared in accordance with IFRS.

The financial statements are presented in Pound Sterling (£), which is both the functional and presentational currency of the Group and Company. All amounts are rounded to the nearest pound, except where otherwise indicated.

The Group and Parent Company financial statements have been prepared on the historical cost convention as modified for certain financial instruments, which are stated at fair value. Non-current assets are stated at the lower of carrying amount and fair value less costs to sell.

**(b) Basis of consolidation**

These financial statements consolidate the financial statements of the Company and all of its subsidiary undertakings drawn up to 31 December 2019.

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account, regardless of management's intention to exercise that option or warrant. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date the control ceases.

The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the identifiable net assets acquired is recorded as goodwill.

# Principal accounting policies for the consolidated financial statements (continued)

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated fully on consolidation. The gain or loss on disposal of a subsidiary company is the difference between net disposals proceeds and the Group's share of its net assets together with any goodwill and exchange differences.

**(c) Foreign currency translation**

*Functional and presentational currency*

Items included in the financial results of each of the Group entities are measured using the currency of the primary economic environment in which the entities operate (the functional currency). The consolidated financial statements are presented in Pounds Sterling (“£”) which is the Company’s functional and operational currency.

*Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and financial liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

**(d) Financial instruments**

Financial assets and financial liabilities are measured initially at fair value plus transactions costs. Financial assets and financial liabilities are measured subsequently as described below.

*Financial assets*

The Group classifies its financial assets as ‘loans and receivables’. The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

Loans and receivables are non-derivative financial assets with fixed and determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the statement of financial position date, which are classified as non-current assets. Receivables are classified as ‘trade and other receivables’ and loans are classified as ‘borrowings’ in the statement of financial position.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. After initial recognition loans and receivables are carried at amortised cost using the effective interest rate method less any allowance for impairment. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulty, high probability of bankruptcy or a financial reorganisation and default are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset’s carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

# Principal accounting policies for the consolidated financial statements (continued)

The loss is recognised in the income statement. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited to the statement of comprehensive income.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

*Financial liabilities*

The Group's financial liabilities include trade and other payables.

Trade payables are recognised initially at fair value less transaction costs and subsequently measured at amortised cost using the effective interest method ("EIR" method).

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the statement of comprehensive Income.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

**(e) Property, plant and equipment**

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

***Depreciation***

Depreciation is charged to the income statement on a reducing balance basis and on a straight-line basis over the estimated useful lives of corresponding items of property, plant and equipment:

| | |
|---|---|
| Land and buildings Leasehold | Over the length of the lease |
| Land and buildings Freehold | 4% straight line basis |
| Plant and machinery | 15% on reducing balance |
| Fixture, fittings and equipment | 10% on reducing balance |

The carrying values of plant and equipment are reviewed at each reporting date to determine whether there are any indications of impairment. If any such indication exists, the assets are tested for impairment to estimate the assets' recoverable amounts. Any impairment losses are recognized in the statement of comprehensive income.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within the Statement of Comprehensive Income.

# Principal accounting policies for the consolidated financial statements (continued)

**(f) Intangible assets – Goodwill**

All business combinations are accounted for by applying the acquisition method. Goodwill represents amounts arising on acquisition of subsidiaries, associates and joint ventures. Goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash generating units and is formally tested for impairment annually, thus is not amortised. Any excess of fair value of net assets over consideration on acquisition are recognised directly in the income statement.

**(g) Inventories**

Inventories are stated at the lower of costs and net realisable value. Cost comprises direct materials, and those direct overheads that have been incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

**(h) Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand, cash at bank, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts that are repayable on demand are included within borrowings in current liabilities on the balance sheet.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

**(i) Share-based payments**

The Group's share option programme allows Group employees to acquire shares of the Company and all options are equity-settled. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using the Black-Scholes model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest.

**(j) Provisions for liabilities**

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle

# Principal accounting policies for the consolidated financial statements (continued)

the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in the income statement in the period it arises.

Provisions for leasehold property dilapidation repairs are recognised when the Group has a present obligation to carry out dilapidation work on the leasehold premises before the property is vacated. The amount recognised as a provision is the best estimate of the costs required to carry out the dilapidations work and is spread over the expected period of the tenancy.

**(k) Deferred tax and current tax**

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered or paid to the taxation authorities. A provision is made for corporation tax for the reporting period using the tax rates that have been substantially enacted for the company at the reporting date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the Statement of Comprehensive Income.

Deferred income tax is provided in full on a non-discounted basis, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

**(l) Leased assets**

For any new contracts entered into on or after 1 January 2019, the Group considers whether a contract is, or contains a lease. A lease is defined as “a contract, or part of a contract, that conveys the right to use an assets (the underlying asset) for a period of time in exchange for consideration.” To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

1) The contact contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group
2) The Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
3) The Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct “how and for what purpose” the asset is used through the period of use.

# Principal accounting policies for the consolidated financial statements (continued)

***Measurement and recognition of leases***

*Right-of-use assets*

Right-of-use assets are recognised at the commencement date of the lease (i.e., the date the underlying asset is available for use). Initially, right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Subsequently, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

*Lease liabilities*

At the commencement date of the lease, the lease liabilities recognised are measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period on which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Group used the incremental borrowing rate at the lease commencement. After the commencement date, the amount of lease liabilities is increased to account for interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

**(m) Employee benefits**

*Short term employee benefits*

Wages, salaries, paid annual leave, paid sick leave and bonuses are recognised as an expense in the period in which the associated services are rendered by employees. The Group recognises an accrual for annual holiday pay accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use within 12 months. The accrual is measured at the salary cost payable for the period of absence.

*Pensions and other post-employment benefits*

The Group pays monthly contributions to defined contribution pension plans. The legal or constructive obligation of the Group is limited to the amount that they agree to contribute to the plan. The contributions to the plan are charged to the Statement of Comprehensive Income in the period to which they relate. Termination benefits are recognised immediately as an expense when the Group is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

# Principal accounting policies for the consolidated financial statements (continued)

**(n) Revenue**

Revenue represents amounts received and receivable for services and goods provided (excluding value added tax) and is recognised at the point of sale. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the reserve can be reliably measured.

**(o) Expenses**

*Variable lease payments*

Variable lease payments that do not depend on an index or rate and are not in-substance fixed payments, such as rental expenses payable based on the percentage of sales made in the period, are not included in the initial measurement of the lease liability. These payments are recognised in the income statement in the period in which the event or condition that triggers those payments occurs.

*Opening expenses*

Property rentals and related costs incurred up to the date of opening of a new restaurant are written off to the income statement in the period in which they are incurred. Promotional and training costs are written off to the income statement in the period in which they are incurred.

*Financial expenses*

Financial expenses comprise of interest payable on bank loans, hire purchase liabilities and other financial costs and charges. Interest payable is recognised on an accrual basis.

**(p) Ordinary share capital**

Ordinary shares are classified as equity. Costs directly attributable to the increase of new shares or options are shown in equity as a deduction from the proceeds.

**(q) Dividend policy**

In accordance with IAS 10 'Events after the Balance Sheet Date', dividends declared after the balance sheet date are not recognised as a liability at that balance sheet date and are recognised in the financial statements when they have received approval by shareholders. Unpaid dividends that are not approved are disclosed in the notes to the consolidated financial statements.

**(r) Commercial discount policy**

Commercial discounts represent a reduction in cost of goods and services in accordance with negotiated supplier contracts, the majority of which are based on purchase volumes. Commercial discounts are recognised in the period in which they are earned and to the extent that any variable targets have been achieved in that financial period. Costs associated with commercial discounts are recognised in the period in which they are incurred.

# Notes to the consolidated financial statements

## *For the year ended 31 December 2019*

### 1. Segmental analysis

The Group has only one operating segment being: the operation of restaurants with Lebanese and Middle Eastern Offerings and one geographical segment being the United Kingdom. The Group's brands meet the aggregation criteria set out in paragraph 22 of IFRS 8 'Operating Segments' and as such the Group reports the business as one reportable segment.

None of the Group's customers individually contribute over 10% of the total revenues.

### 2. Revenue

| | Year ended 31 December 2019 | Year ended 31 December 2018 |
|---|---|---|
| | £ | £ |
| **Income for the year consists of the following:** | | |
| Revenue from continuing operations | 33,403,402 | 34,331,309 |
| | | |
| **Other income not included within revenue in the income statement:** | | |
| Other income | 1,020,090 | - |
| **Total income for the year** | **34,423,492** | **34,331,309** |

Other income received related to UberEats compensation of £643,739, insurance claims receivable £346,351 and landlord compensation £30,000.

### 3. Group operating loss

| | Year ended 31 December 2019 | Year ended 31 December 2018 (Restated) |
|---|---|---|
| | £ | £ |
| **This is stated after charging/(crediting):** | | |
| Operating lease charges | 787,222 | 937,549 |
| Share-based payments expense (see ***note 22***) | 53,963 | 28,745 |
| Restaurant opening costs | 18,075 | 433,506 |
| Depreciation of property, plant and equipment (see ***note 11***) | 4,036,957 | 3,806,212 |
| Impairment of assets (see ***note 11***) | 129,001 | 259,205 |
| Loss on disposal of fixed assets | 298,022 | - |
| Development of the Grab & Go concept subsequently cancelled | 74,551 | - |
| Costs in relation to unopened new sites | 67,211 | - |
| Reclassification of legal fees | 15,087 | - |
| Auditors' remuneration (see ***note 4***) | 51,750 | 50,000 |

# Notes to the consolidated financial statements (continued)

### 3. Group operating loss (continued)

Operating lease charges relate to additional rental expenses payable based on selected sites achieving a certain level of turnover for the year.

For the initial trading period following opening of a new restaurant, the performance of that restaurant will be lower than that achieved by other, similar mature restaurants. The difference in this performance, which is calculated by reference to gross profit margins amongst other key metrics is quantified and included within opening costs. The breakdown of opening costs, between pre-opening costs and certain post-opening costs for 3 months is shown below:

| | Year ended 31 December 2019 | Year ended 31 December 2018 (Restated) |
|---|---|---|
| | £ | £ |
| Pre-opening costs | 3,982 | 139,858 |
| Post-opening costs | 14,093 | 293,648 |
| | **18,075** | **433,506** |

### 4. Auditors' remuneration

| | Year ended 31 December 2019 | Year ended 31 December 2018 (Restated) |
|---|---|---|
| | £ | £ |
| **Auditors' remuneration**: | | |
| Fees payable to Company's auditor for the audit of its annual accounts | 15,750 | 15,000 |
| **Other fees to the Company's auditors** | | |
| The audit of the Company's subsidiaries | 20,000 | 20,000 |
| **Total audit fees** | **35,750** | **35,000** |
| Review of the half-year accounts | 15,500 | 15,000 |
| **Total non-audit fees** | **15,500** | **15,000** |
| **Total auditors' remuneration** | **51,250** | **50,000** |

# Notes to the consolidated financial statements (continued)

**5. Staff costs and numbers**

| | Year ended 31 December 2019 | Year ended 31 December 2018 |
|---|---|---|
| | £ | £ |
| **(a) Staff costs (including directors)**: | | |
| *Wages and salaries* **:** | | |
| Kitchen, floor and management wages | 11,416,977 | 11,288,001 |
| Apprentice Levy | 41,455 | 41,589 |
| *Other costs:* | | |
| Social security costs | 842,168 | 627,336 |
| Share-based payments (***note 22*** ) | 53,963 | 28,745 |
| Pension costs | 249,086 | 169,974 |
| **Total staff costs** | **12,603,649** | **12,155,645** |
| **(b) Staff numbers (including directors)**: | **Number** | **Number** |
| Kitchen and floor staff | 538 | 591 |
| Management staff | 114 | 123 |
| **Total number of staff** | **652** | **714** |
| **(c) Directors' remuneration:** | | |
| Emoluments | 495,000 | 460,238 |
| Money purchase (and other) pension contributions | 101,457 | 4,423 |
| Non-Executive directors' fees | 30,000 | 43,901 |
| **Total directors' costs** | **626,457** | **508,562** |

Directors' remuneration disclosed above include the following amounts paid to the highest paid director:

| | | |
|---|---|---|
| Emoluments | 187,500 | 187,500 |
| Money purchase (and other) pension contributions | 50,134 | 1,708 |

Further details on Directors' emoluments and the executive pension schemes are given in the Directors' report.

# Notes to the consolidated financial statements (continued)

**6. Finance costs**

| | Year ended 31 December 2019 | Year ended 31 December 2018 (Restated) |
|---|---|---|
| | £ | £ |
| **Interest payable and similar charges:** | | |
| Interest on bank loans and overdraft | 21,730 | 41,758 |
| Interest on lease liabilties | 1,074,732 | 1,052,419 |
| **Total finance costs for the year** | **1,096,462** | **1,094,177** |

**7. Taxation**

The major components of income tax for the years ended 31 December 2019 and 2018 are:

**(a) Analysis of charge in the year:**

| | Year ended 31 December 2019 | Year ended 31 December 2018 (Restated) |
|---|---|---|
| | £ | £ |
| *Current tax:* | | |
| UK corporation tax on the profit/(loss) for the year | 119,645 | 93,543 |
| Adjustments in respect of previous years | 436 | (19,370) |
| *Deferred tax:* | | |
| Origination and reversal of temporary differences | 317 | 34,369 |
| Tax losses carried forward | 26,175 | (115) |
| **Total tax charge for the year** | **146,573** | **108,427** |

# Notes to the consolidated financial statements (continued)

**7. Taxation (continued)**

b) **Factors affecting the tax charge for the year:**

The tax charged for the year varies from the standard rate of corporation tax in the UK due to the following factors:

| | Year ended 31 December 2019 | Year ended 31 December 2018 (Restated) |
|---|---|---|
| | £ | £ |
| Loss before tax | (520,390) | (650,213) |
| Expected tax charge based on the standard rate of corporation tax in the UK of 19% (2018: 19%) | (98,874) | (123,540) |
| *Effects of:* | | |
| Depreciation on non-qualifying assets | 122,499 | 162,073 |
| Expenses not deductible for tax purposes | 95,716 | 81,186 |
| Adjustments in respect of previous tax years | 436 | (19,370) |
| Other miscellaneous items | 26,492 | - |
| Deferred tax | 304 | 34,253 |
| Losses utilised in the year | - | (26,174) |
| **Total tax charge for the year** | **146,573** | **108,427** |

**8. Loss per share**

On 4 July 2018 the company granted 4,890,000 approved options to key employees under a new Company Share Option Plan ("CSOP"). For further details see note 22.

The basic and diluted loss per share figures, is based on the weighted average number of shares in issue during the period.

# Notes to the consolidated financial statements (continued)

**8. Loss per share (continued)**

The basic and diluted loss per share figures are set out below:

| | Year ended 31 December 2019 | Year ended 31 December 2018 (Restated) |
|---|---|---|
| | £ | £ |
| Loss attributable to shareholders | (666,963) | (758,640) |

| | 2019 | 2018 |
|---|---|---|
| **Weighted average number of shares** | | |
| For basic earnings per share | 122,666,667 | 122,666,667 |
| Adjustment for options outstanding | 180,385 | 116,429 |
| For diluted earnings per share | 122,847,052 | 122,783,096 |

| | 2019 Pence per share | 2018 Pence per share |
|---|---|---|
| **(Loss)/earnings per share:** | | |
| Basic (pence) | | |
| From (loss)/profit for the year | (0.54) | (0.62) |
| Diluted (pence) | | |
| From (loss)/profit for the year | (0.54) | (0.62) |

Diluted (loss)/earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of shares and 'in the money' share options in issue. Share options are classified as 'in the money' if their exercise price is lower than the average share price for the period. As required by IAS 33 'Earnings Per Share', this calculation assumes that the proceeds receivable from the exercise of 'in the money' options would be used to purchase share options in the open market in order to reduce the number of new shares that would need to be issued.

**9. Dividends**

No dividends were paid or declared in the year ended 31 December 2019 (2018: £nil).

# Notes to the consolidated financial statements (continued)

### 10. Intangible assets

**Group**

| | Goodwill £ | Total £ |
|---|---|---|
| **Cost** | | |
| At 1 January 2018 | 89,961 | 89,961 |
| Additions | - | - |
| **At 31 December 2018** | **89,961** | **89,961** |
| | | |
| **Accumulated amortisation and impairment** | | |
| At 1 January 2018 | - | - |
| Amortised during the year | - | - |
| Impairments | (2,286) | (2,286) |
| **At 31 December 2018** | **(2,286)** | **(2,286)** |
| | | |
| Net Book Value as at 31 December 2017 | 89,961 | 89,961 |
| **Net Book Value as at 31 December 2018** | **87,675** | **87,675** |

| | Goodwill £ | Total £ |
|---|---|---|
| **Cost** | | |
| At 1 January 2019 | 89,961 | 89,961 |
| Additions | - | - |
| **At 31 December 2019** | **89,961** | **89,961** |
| | | |
| **Accumulated amortisation and impairment** | | |
| At 1 January 2019 | (2,286) | (2,286) |
| Amortised during the year | - | - |
| Impairments | - | - |
| **At 31 December 2019** | **(2,286)** | **(2,286)** |
| | | |
| Net Book Value as at 31 December 2018 | 87,675 | 87,675 |
| **Net Book Value as at 31 December 2019** | **87,675** | **87,675** |

Goodwill arising on business combinations is not amortised but is subject to an impairment test annually which compares the goodwill's 'value in use' to its carrying value. In 2018, 100% of the goodwill allocated to Yalla Yalla Greenwich was impaired due to the closing of the pop-up store. The remaining goodwill related to Yalla Yalla Soho and Yalla Yalla Winsley Street. No impairment of goodwill was considered necessary in relation to either of these sites.

# Notes to the consolidated financial statements (continued)

**11. Property, plant and equipment**

| Group | Right-of use Assets | Leasehold Land and buildings | Plant and machinery | Fixture, fittings & equipment | Motor Vehicles | Total |
|---|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ | £ |
| **Cost** | | | | | | |
| At 1 January 2018 | 22,656,729 | 9,962,461 | 4,644,190 | 2,650,155 | 15,120 | 39,928,655 |
| Additions | 5,012,580 | 1,527,866 | 305,327 | 445,849 | - | 7,291,622 |
| Disposals | - | - | - | - | - | - |
| **At 31 December 2018** | **27,669,309** | **11,490,327** | **4,949,517** | **3,096,004** | **15,120** | **47,220,277** |
| **Accumulated depreciation and impairment** | | | | | | |
| At 1 January 2018 | - | (3,492,423) | (1,777,015) | (895,438) | (3,024) | (6,167,900) |
| Depreciation during the year | (2,427,099) | (702,274) | (465,321) | (209,099) | (2,419) | (3,806,212) |
| Impairment during the year | - | (140,536) | (15,563) | (100,820) | - | (256,919) |
| **At 31 December 2018** | **(2,427,099)** | **(4,335,233)** | **(2,257,899)** | **(1,205,357)** | **(5,443)** | **(10,231,031)** |
| **Cost** | | | | | | |
| At 1 January 2019 | 27,669,309 | 11,490,327 | 4,949,517 | 3,096,004 | 15,120 | 47,220,277 |
| Additions | 1,426,428 | 647,651 | 360,815 | 240,973 | 38,310 | 2,714,177 |
| Disposals | - | (623,376) | (158,449) | (220,458) | | (1,002,283) |
| **At 31 December 2019** | **29,095,737** | **11,514,602** | **5,151,883** | **3,116,519** | **53,430** | **48,932,171** |
| **Accumulated depreciation and impairment** | | | | | | |
| At 1 January 2019 | (2,427,099) | (4,335,233) | (2,257,899) | (1,205,357) | (5,443) | (10,231,031) |
| Depreciation during the year | (2,621,243) | (760,432) | (452,878) | (200,473) | (1,930) | (4,036,957) |
| Disposals during the year | - | 466,755 | 104,464 | 131,792 | - | 703,011 |
| Impairment during the year | (96,316) | (18,947) | (7,074) | (6,665) | - | (129,001) |
| **At 31 December 2019** | **(5,144,658)** | **(4,647,857)** | **(2,613,387)** | **(1,280,703)** | **(7,373)** | **(13,693,978)** |
| **Net Book Value as at 31 December 2018** | **25,242,211** | **7,155,094** | **2,691,618** | **1,890,647** | **9,677** | **36,989,247** |
| **Net Book Value as at 31 December 2019** | **23,951,079** | **6,866,745** | **2,538,496** | **1,835,816** | **46,057** | **35,238,194** |

The right of use assets relates to one class of underlying assets, being the property leases entered into for various restaurant sites. At each reporting date the Group considers any indication of impairment to the carrying value of its property, plant and equipment.

# Notes to the consolidated financial statements (continued)

**11. Property, plant and equipment (continued)**

The assessment is based on expected future cash flows and Value-in-Use calculations are performed annually and at each reporting date and is carried out on each restaurant as these are separate 'cash generating units' (CGU). Value-in-use was calculated as the net present value of the projected risk-adjusted post-tax cash flows plus a terminal value of the CGU. A pre-tax discount rate was applied to calculate the net present value of pre-tax cash flows. The discount rate was calculated using a market participant weighted average cost of capital. A single rate has been used for all sites as management believe the risks to be the same for all sites.

The recoverable amount of each CGU has been calculated with reference to its value-in-use. The key assumptions of this calculation are shown below:

| | |
|---|---|
| Sales and costs growth | 3% |
| Discount rate | 7% |
| Number of years projected | over life of lease |

The projected sales growth was based on the Group's latest forecasts at the time of review. The key assumptions in the cashflow pertain to revenue growth. Management have determined that growth based on industry average growth rates and actuals achieved historically are the best indication of growth going forward. The Directors are confident that the Group is largely immune from the effects of Brexit. Management has performed sensitivity analysis on all inputs to the model and noted no material sensitivities in the model.

Based on the review, an impairment charge of £129,001 (2018: 259,205) was attributed to one site. The impairment review does not take into consideration any current external factors arising from COVID-19, as the effects of these factors are considered to be 'non-adjusting' events in accordance with IAS 10 'Events After the Reporting Period' (note 31 and below).

***Decline in fair value of assets resulting from COVID-19 outbreak***

Since 31 December 2019, the outbreak of COVID-19 and related global responses have caused material disruptions to businesses around the world, leading to an economic slowdown. Global equity markets have experienced significant volatility and weakness. As at the date that these financial statements were authorised for issue, the fair value of the Group's assets and investments had declined as a result of the virus outbreak and the resulting closure of the Group's restaurants. It is not yet possible to reliably estimate the amount of the decline in asset values due to the number of current uncertainties of timing and the rates of increases and resumption of trading levels. While governments and central banks have reacted with monetary interventions designed to stabilise economic conditions, the duration and extent of the impact of the COVID-19 outbreak, as well as the effectiveness of government and central bank responses, remains unclear at this time.

The subsequent changes in the fair value of the Group's assets and investments are not reflected in the financial statements as at 31 December 2019 as these are 'non-adjusting' subsequent events. The Group's half-year accounts for the period ending 30 June 2020 will reflect changes in fair values of the Group's assets.

# Notes to the consolidated financial statements (continued)

**12. Subsidiaries**

The subsidiaries of Comptoir Group Plc, all of which have been included in these consolidated financial statements, are as follows:

| Name | Country of incorporation and principal place of business | Proportion of ownership interest as at 31 December | | Non-Controlling interests Ownership/voting interest at 31 December | |
|---|---|---|---|---|---|
| | | 2019 | 2018 | 2019 | 2018 |
| Timerest Limited | England & Wales | 100% | 100% | - | - |
| Chabane Limited* | England & Wales | 100% | 100% | - | - |
| Comptoir Franchise Limited | England & Wales | 100% | 100% | - | - |
| Shawa Group Limited* | England & Wales | 100% | 100% | - | - |
| Shawa Bluewater Limited* | England & Wales | 100% | 100% | - | - |
| Shawa Limited | England & Wales | 100% | 100% | - | - |
| Shawa Rupert Street Limited* | England & Wales | 100% | 100% | - | - |
| Comptoir Stratford Limited* | England & Wales | 100% | 100% | - | - |
| Comptoir South Ken Limited* | England & Wales | 100% | 100% | - | - |
| Comptoir Soho Limited* | England & Wales | 100% | 100% | - | - |
| Comptoir Central Production Limited* | England & Wales | 100% | 100% | - | - |
| Comptoir Westfield London Limited* | England & Wales | 100% | 100% | - | - |
| Levant Restaurants Group Limited* | England & Wales | 100% | 100% | - | - |
| Comptoir Chelsea Limited* | England & Wales | 100% | 100% | - | - |
| Comptoir Bluewater Limited* | England & Wales | 100% | 100% | - | - |
| Comptoir Wigmore Limited* | England & Wales | 100% | 100% | - | - |
| Comptoir Kingston Limited* | England & Wales | 100% | 100% | - | - |
| Comptoir Broadgate Limited* | England & Wales | 100% | 100% | - | - |
| Comptoir Manchester Limited* | England & Wales | 100% | 100% | - | - |
| Comptoir Restaurants Limited | England & Wales | 100% | 100% | - | - |
| Comptoir Leeds Limited* | England & Wales | 100% | 100% | - | - |
| Comptoir Oxford Street Limited* | England & Wales | 100% | 100% | - | - |
| Comptoir I.P. Limited* | England & Wales | 100% | 100% | - | - |
| Comptoir Reading Limited* | England & Wales | 100% | 100% | - | - |
| TKCH Limited* | England & Wales | 100% | 100% | - | - |
| Comptoir Bath Limited* | England & Wales | 100% | 100% | - | - |
| Comptoir Exeter Limited* | England & Wales | 100% | 100% | - | - |
| Yalla Yalla Restaurants Limited | England & Wales | 100% | 100% | - | - |
| Comptoir Haymarket Ltd* | England & Wales | 100% | 100% | - | - |
| Comptoir Oxford Limited* | England & Wales | 100% | 100% | - | - |

**Dormant companies*

# Notes to the consolidated financial statements (continued)

**13. Inventories**

| | Group | |
|---|---|---|
| | **31 December 2019** | **31 December 2018** |
| | **£** | **£** |
| Finished goods and goods for resale | **594,409** | **706,741** |

**14. Trade and other receivables**

| | Group | |
|---|---|---|
| | **31 December 2019** | **31 December 2018 (Restated)** |
| | **£** | **£** |
| Trade receivables | 736,179 | 884,130 |
| Other receivables | 796,923 | 426,162 |
| Prepayments and accrued income | 669,872 | 548,150 |
| **Total trade and other receivables** | **2,202,974** | **1,858,442** |

**15. Trade and other payables**

| | Group | |
|---|---|---|
| | **31 December 2019** | **31 December 2018 (Restated)** |
| | **£** | **£** |
| Trade payables | 2,399,243 | 1,864,398 |
| Accruals | 1,511,579 | 1,648,330 |
| Other taxation and social security | 974,453 | 1,045,439 |
| Other payables | 130,329 | 43,209 |
| **Total trade and other payables** | **5,015,604** | **4,601,376** |

# Notes to the consolidated financial statements (continued)

**16. Borrowings**

| | Group | |
|---|---|---|
| | **31 December 2019** | **31 December 2018** |
| | **£** | **£** |
| Bank loans (see below) | 317,346 | 743,132 |
| **Total borrowings** | **317,346** | **743,132** |

The long-term bank loans are secured by way of fixed charges over the assets of various Group companies. Some of the bank loans are secured by a personal guarantee given by A Kitous, director, amounting to £6,925,000. Bank loans of £317,346 represent amounts repayable within one year of £261,611 (2018 - £427,179) and £55,735 (2018 - £315,953) repayable in more than one year. All bank loans have a five-year term with maturity dates of between 2020 and 2021. All loans attract a rate of interest of 3.25% over the Bank base rate.

**17. Provisions for liabilities**

| | **31 December 2019** | **31 December 2018** |
|---|---|---|
| | **£** | **£** |
| Provisions for leasehold property dilapidations | 65,538 | 60,892 |
| Provisions for rent reviews per lease agreements | 373,032 | - |
| **Total provisions** | **438,570** | **60,892** |
| **Movements on provisions:** | **£** | **£** |
| At 1 January 2019 | 60,892 | 48,036 |
| Provision in the year (net of releases) | 377,678 | 12,856 |
| **Total at 31 December 2019** | **438,570** | **60,892** |

Provisions for leasehold property dilapidation repairs are recognised when the Group has a present obligation to carry out dilapidation repair work on the leasehold premises before the property is vacated. The amount recognised as a provision is the best estimate of the costs required to carry out the dilapidations work and is spread over the expected period of the tenancy.

# Notes to the consolidated financial statements (continued)

### 18. Deferred taxation

Deferred tax assets and liabilities are offset where the Group or Company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

| **Group** | **Liabilities 2019 £** | **Liabilities 2018 £** | **Assets 2019 £** | **Assets 2018 £** |
|---|---|---|---|---|
| Accelerated capital allowances | 170,283 | 172,380 | - | - |
| Tax losses | - | - | 139,588 | 162,714 |
| Share-based payments | - | - | - | 5,462 |
| | **170,283** | **172,380** | **139,588** | **168,176** |

| **Movements in the year:** | **Group 2019 £** | **Group 2018 £** |
|---|---|---|
| Net (liability)/asset at 1 January | (4,203) | 30,050 |
| Charge to Statement of Comprehensive Income (note 7) | (26,492) | (34,253) |
| Net liability at year end | **(30,695)** | **(4,203)** |

The deferred tax liability set out above is related to accelerated capital allowances and will reverse over the period that the fixed assets to which it relates are depreciated.

### 19. Share capital

| **Authorised, issued and fully paid** | **Number of 1p shares** | |
|---|---|---|
| | **Year ended 31 December 2019** | **Year ended 31 December 2018** |
| Brought forward | 122,666,667 | 122,666,667 |
| Issued in the period | - | - |
| **At 31 December** | **122,666,667** | **122,666,667** |

| | **Nominal value** | |
|---|---|---|
| | **Year ended 31 December 2019 £** | **Year ended 31 December 2018 £** |
| Brought forward | 1,226,667 | 1,226,667 |
| Issues in the period | - | - |
| **At 31 December** | **1,226,667** | **1,226,667** |

# Notes to the consolidated financial statements (continued)

**20. Other reserves**

The other reserves amount of £82,708 (2018 - £ 28,745) in the balance sheet reflects the credit to equity made in respect of the charge for share-based payments made through the income statement and the purchase of shares in the market in order to satisfy the vesting of existing and future share awards under the Long-Term Incentive Plan.

**21. Retirement benefit schemes**

| **Defined contribution schemes** | **31 December 2019 £** | **31 December 2018 £** |
|---|---|---|
| Charge to profit and loss | **249,086** | **169,974** |

A defined contribution scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the Group in an independently administered fund.

**22. Share-based payments scheme**

*Equity-settled share-based payments*

On 4 July 2018, the Group established a Company Share Option Plan ("CSOP") under which 4,890,000 share options were granted to key employees. On the same day, the options which had been granted under the Group's existing EMI share option scheme were cancelled.

The new CSOP scheme includes all subsidiary companies headed by Comptoir Group PLC. The exercise price of all of the options is £0.1025 and the term to expiration is 3 years from the date of grant, being 4 July 2018. All of the options have the same vesting conditions attached to them.

A share-based payment charge of £82,708 (2018 - £28,745) was recognised during the year in relation to the new scheme and this amount is included within administrative expenses and added back in calculating adjusted EBITDA. In 2018, a credit of £316,590 was recognised directly in equity in respect of the cancellation of the old scheme.

# Notes to the consolidated financial statements (continued)

**22. Share-based payments scheme (continued)**

| | No. of shares | Year ended 31 December 2019 Average Exercise price £ | No. of shares | Year ended 31 December 2018 Average Exercise price £ |
|---|---|---|---|---|
| **EMI options** | | | | |
| Options outstanding, beginning of year | - | - | 1,830,000 | 0.50 |
| Granted | - | - | - | - |
| Cancelled | - | - | (1,830,000) | 0.50 |
| **Options outstanding, end of year** | **-** | **-** | **-** | **-** |
| **Options exercisable, end of year** | **-** | **-** | **-** | **-** |
| | | | | |
| **CSOP options** | | | | |
| Options outstanding, beginning of year | **4,890,000** | **0.1025** | **-** | **-** |
| Granted | **-** | **-** | **4,890,000** | **0.1025** |
| Cancelled | **200,000** | **0.1025** | **-** | **-** |
| **Options outstanding, end of year** | **4,690,000** | **0.1025** | **4,890,000** | **0.1025** |
| **Options exercisable, end of year** | **-** | **-** | **-** | **-** |

The Black-Scholes option pricing model is used to estimate the fair value of options granted under the Group's share-based compensation plan. The range of assumptions used and the resulting weighted average fair value of options granted at the date of grant for the Group were as follows:

| | **On grant date** |
|---|---|
| Risk free rate of return | 0.1% |
| Expected term | 3 years |
| Estimated volatility | 51.3% |
| Expected dividend yield | 0% |
| Weighted average fair value of options granted | £0.03527 |

*Risk free interest rate*
The risk-free interest rate is based on the UK 10-year Gilt yield.

*Expected term*
The expected term represents the maximum term that the Group's share options in relation to employees of the Group are expected to be outstanding. The expected term is based on expectations using information available.

# Notes to the consolidated financial statements (continued)

**22. Share-based payments scheme (continued)**

*Estimated volatility*
The estimated volatility is the amount by which the price is expected to fluctuate during the period. No share options were granted during the current year, the estimated volatility for the share options issued in the prior year was determined based on the standard deviation of share price fluctuations of similar businesses.

*Expected dividends*
Comptoir's board of directors may from time to time declare dividends on its outstanding shares. Any determination to declare and pay dividends will be made by Comptoir Group PLC's board of directors and will depend upon the Group's results, earnings, capital requirements, financial condition, business prospects, contractual restrictions and other factors deemed relevant by the board of directors. In the event that a dividend is declared, there is no assurance with respect to the amount, timing or frequency of any such dividends. Based on this uncertainty and unknown frequency, no dividend rate was used in the assumptions to calculate the share based compensation expense.

**23. Reconciliation of (loss)/profit to cash generated from operations**

| | **Year ended 31 December 2019** | **Year ended 31 December 2018 (Restated)** |
|---|---|---|
| | **£** | **£** |
| Operating profit for the year | 576,072 | 443,964 |
| Depreciation | 4,036,957 | 3,806,212 |
| Loss on disposal of fixed assets | 299,272 | - |
| Impairment of assets | 129,001 | 259,205 |
| Share-based payment charge | 53,963 | 28,745 |
| **Movements in working capital** | | |
| Decrease/(increase) in inventories | 112,332 | (100,089) |
| Increase in trade and other receivables | (344,532) | (169,605) |
| Increase in payables and provisions | 791,906 | 1,046,086 |
| **Cash from operations** | **5,654,971** | **5,314,518** |

# Notes to the consolidated financial statements (continued)

**24. Reconciliation of changes in cash to the movement in net cash/(debt)**

| **Net cash/(debt):** | **Year ended 31 December 2019** | **Year ended 31 December 2018 (Restated)** |
|---|---|---|
| | **£** | **£** |
| At the beginning of the year | 3,881,541 | 4,066,490 |
| **Movements in the year:** | | |
| Repayment of loan borrowings | 425,786 | 675,115 |
| Non-cash movements in the year | (21,730) | (41,758) |
| Cash inflow/(outflow) | 451,937 | (818,306) |
| **At the end of the year** | **4,737,534** | **3,881,541** |

| **Represented by:** | **At 1 January 2018** | **Cash flow movements in the year** | **Non- cash flow movements in the year** | **At 31 December 2018** |
|---|---|---|---|---|
| | **£** | **£** | **£** | **£** |
| Cash and cash equivalents | 5,627,341 | (1,002,668) | - | 4,624,673 |
| Overdraft | (184,362) | 184,362 | - | - |
| Bank loans | (1,376,489) | 675,115 | (41,758) | (743,132) |
| | **4,066,490** | **(143,191)** | **(41,758)** | **3,881,541** |

| | **At 1 January 2019** | **Cash flow movements in the year** | **Non- cash flow movements in the year** | **At 31 December 2019** |
|---|---|---|---|---|
| | **£** | **£** | **£** | **£** |
| Cash and cash equivalents | 4,624,673 | 451,937 | - | 5,076,610 |
| Overdraft | - | - | - | - |
| Bank loans | (743,132) | 425,786 | (21,730) | (339,076) |
| | **3,881,541** | **877,723** | **(21,730)** | **4,737,534** |

# Notes to the consolidated financial statements (continued)

**25. Financial instruments**

The Group finances its operations through equity and borrowings, with the borrowing interest typically subject to 3.25% per annum over base rate.

Management pay rigorous attention to treasury management requirements and continue to:

- ensure sufficient committed loan facilities are in place to support anticipated business requirements;
- ensure the Group's debt service will be supported by anticipated cash flows and that covenants will be complied with; and
- manage interest rate exposure with a combination of floating rate debt and interest rate swaps when deemed appropriate.

The Board closely monitors the Group's treasury strategy and the management of treasury risk. Further details of the Group's capital risk management can be found in the report of the Directors.

Further details on the business risk factors that are considered to affect the Group are included in the strategic report and more specific financial risk management (including sensitivity to increases in interest rates) are included in the Report of the Directors. Further details on market and economic risk and headroom against covenants are included in the Strategic Report.

**Financial assets and liabilities**

***Group financial assets:***

| | **31 December 2019** | **31 December 2018 (Restated)** |
|---|---|---|
| | **£** | **£** |
| Cash and cash equivalents | 5,076,610 | 4,624,673 |
| Trade and other receivables | 2,202,974 | 1,858,442 |
| **Total financial assets** | **7,279,584** | **6,483,115** |

# Notes to the consolidated financial statements (continued)

**25. Financial instruments (continued)**

| *Group financial liabilities:* | 31 December 2019 | 31 December 2018 (Restated) |
|---|---|---|
| | £ | £ |
| Trade and other payables excl. corporation tax | 5,015,604 | 4,601,376 |
| Bank loan | 261,611 | 427,179 |
| **Short-term financial liabilities** | **5,277,215** | **6,133,295** |
| Bank loan | 55,735 | 315,953 |
| **Long-term financial liabilities** | **55,735** | **315,953** |
| **Total financial liabilities** | **5,332,950** | **6,449,248** |

The loans held in the subsidiaries typically have the interest rate of 3.25% per annum over base rate.

The maturity profile of anticipated gross future cash flows, including interest, relating to the Group's non-derivative financial liabilities, on an undiscounted basis, are set out below:

| | Overdraft | Trade and other payables * | Bank loans |
|---|---|---|---|
| | £ | £ | £ |
| **As at 31 December 2019** | | | |
| Within one year | - | 5,015,604 | 261,611 |
| Within two to five years | - | - | 55,735 |
| Less future interest payments | - | - | (7,151) |
| **Total** | - | **5,015,604** | **310,195** |
| **As at 31 December 2018** | | | |
| Within one year | - | 4,601,376 | 447,400 |
| Within two to five years | - | - | 323,048 |
| Less future interest payments | - | - | (27,315) |
| **Total** | **-** | **4,601,376** | **743,133** |

*excluding corporation tax

# Notes to the consolidated financial statements (continued)

**25. Financial instruments (continued)**

**Fair value of financial assets and liabilities**
All financial assets and liabilities are accounted for at cost and the Directors consider the carrying value to approximate their fair value.

**26. Financial risk management**

The Group's and Company's financial instruments comprise investments, cash and liquid resources, and various items, such as trade receivables and trade payables that arise directly from its operations. The vast majority of the Group's and Company's financial investments are denominated in sterling.

Neither the Group nor the Company enter into derivatives or hedging transactions. It is, and has been throughout the period under review, the Group's and Company's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's and Company's financial instruments are **credit risk, liquidity risk, foreign currency risk, interest rate risk and investment risk**. The Group does not have a material exposure to foreign currency risk. The board reviews policies for managing each of these risks, and they are summarised as follows:

***Credit Risk***

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial losses to the Group. Counterparties for cash balances are with large established financial institutions. The Group is exposed to credit related losses in the event of non-performance by the financial institutions but does not expect them to fail to meet their obligations.

As a retail business with trading receipts settled either by cash or credit and debit cards, there is very limited exposure from customer transactions. The Group is exposed to credit risk in respect of commercial discounts receivable from suppliers but the Directors believe adequate provision has been made in respect of doubtful debts and there are no material amounts past due that have not been provided against.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Group's maximum exposure to credit risk

***Liquidity risk***

The Group has built an appropriate mechanism to manage liquidity risk of the short, medium and long-term funding and liquidity management requirements. Liquidity risk is managed through the maintenance of adequate cash reserves and bank facilities by monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Group's loan facilities (as set out in ***note 16***), ensure continuity of funding, provided the Group continues to meet its covenant requirements (as detailed in the report of the Directors).

# Notes to the consolidated financial statements (continued)

## 26. Financial risk management (continued)

***Foreign currency risk***

The Group is not materially exposed to changes in foreign currency rates and does not use foreign exchange forward contracts.

***Interest rate risk***

Exposure to interest rate movements has been controlled historically through the use of floating rate debt to achieve a balanced interest rate profile. The Group does not currently have any interest rate swaps in place as the continued reduction in the level of debt combined with current market conditions results in a low level of exposure. The Group's exposure will continue to be monitored and the use of interest rate swaps may be considered in the future.

***Investment risk***

Investment risk includes investing in companies that may not perform as expected. The Group’s investment criteria focus on the quality of the business and the management team of the target company, market potential and the ability of the investment to attain the returns required within the time horizon set for the investment. Due diligence is undertaken on each investment. The Group regularly reviews the investments in order to monitor the level of risk and mitigate exposure where appropriate.

## 27. Lease commitments

The Group has leased assets including 26 restaurants and one head office location within the United Kingdom. The Group has elected to not take the practical expedient for short term and low values leases, therefore all leases have been included. The remaining lease terms range from less than one year to 21 years with an average remaining lease term of 8 years.

Information about leases for which the Group is a lessee is presented below:

| **Net book value of right of use assets** | **2019** | **2018 (Restated)** |
|---|---|---|
| | **£** | **£** |
| Balance at 1 January | 25,242,211 | 22,656,729 |
| Additions | 1,426,428 | 5,012,580 |
| Depreciation chage | (2,621,243) | (2,427,099) |
| Impairment charge | (96,316) | - |
| | **23,951,079** | **25,242,211** |

# Notes to the consolidated financial statements (continued)

**27. Lease commitments (continued)**

| **Maturity analysis - contractual undiscounted cash flows** | **2019** | **2018 (Restated)** |
|---|---|---|
| | **£** | **£** |
| Within one year | (3,474,376) | (3,373,788) |
| More than one year | (30,034,528) | (32,958,656) |
| | **(33,508,904)** | **(36,332,444)** |

| **Lease liabilities included in the statement of financial position** | **2019** | **2018 (Restated)** |
|---|---|---|
| | **£** | **£** |
| Current | (2,481,471) | (2,173,730) |
| Non-current | (24,170,903) | (25,351,272) |
| **Balance at 31 December 2019** | **(26,652,374)** | **(27,525,002)** |

| **Amounts recognised in profit or loss** | **2019** | **2018 (Restated)** |
|---|---|---|
| | **£** | **£** |
| Interest on lease liabilities | 1,074,732 | 1,052,419 |
| Expenses relating to variable lease payments | 787,222 | 937,549 |
| | **1,861,954** | **1,989,968** |

Some site leases contained clauses on variable lease payments where additional lease payments may be required dependant on the revenue being generated at that particular site. Variable lease payments ranged from 9% -15% of revenue in excess of the existing base rent per the respective lease agreements.

| **Amounts recognised in statement of cash flow** | **2019** | **2018 (Restated)** |
|---|---|---|
| | **£** | **£** |
| Total cash outflow for leases | 3,373,788 | 3,114,355 |
| | **3,373,788** | **3,114,355** |

**28. Contingent liabilities**

The Group had no contingent liabilities at 31 December 2019 or 31 December 2018.

# Notes to the consolidated financial statements (continued)

## 29. Capital commitments

The Group had capital commitments of £34,865 at 31 December 2019 (2018 - £600,000) in relation to refurbishment work at Yalla Yalla Winsley Street and Comptoir Wigmore Street.

## 30. Related party transactions

Remuneration in respect of key management personnel, defined as the Directors for this purpose, is disclosed in note 5. Further information concerning the Directors' remuneration is provided in the Directors' remuneration report. During the year, the Group paid fees to the following related parties:

| | Remuneration | Expenses | Total |
|---|---|---|---|
| P Hanna | 46,750 | 3,197 | 49,947 |
| M Kitous | 27,142 | 226 | 27,368 |
| L Kitous | 17,181 | - | 17,181 |
| | **91,073** | **3,423** | **94,496** |

During the year, the Group also paid fees of £30,000 (2018: £30,000) to Messrs Gerald Edelman, a firm in which director R Kleiner is a partner, in respect of part of his non-executive director fees. In addition, the Group paid further amounts totalling £5,640 (2018: £28,740) to Messrs Gerald Edelman, in respect of accountancy and corporate finance services provided to the Group. M Carrick, Finance Director, was granted 1,000,000 share options as part of the new CSOP share scheme on 4th July 2018. The share options have a vesting period of three years from the grant date and can be exercised at 10.25p.

## 31. Subsequent events

Subsequent to the year end there has been a significant event associated with the COVID-19 virus outbreak. The spread of COVID-19 has severely impacted many local economies around the globe. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, including in the UK, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilise economic conditions. Following guidance provided by the UK government, the Board of Directors has taken the decision to close its restaurants until further notice.

The Company has determined that these events are ‘non-adjusting’ subsequent events. Accordingly, the financial position and results of operations as of and for the year ended 31 December 2019 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not yet possible to reliably estimate the duration and severity of these consequences, as well as their financial impact on the financial position and results of the Company for future periods. Further details are provided in note 11 above and the Going Concern section of the Principal Accounting Policies of the Group financial statements.

# Notes to the consolidated financial statements (continued)

**32. Ultimate controlling party**

The Company has a number of shareholders and is not under the control of any one person or ultimate controlling party.

# Parent Company accounts (under UK GAAP)

## *Company balance sheet as at 31 December 2019*

| | Notes | 31 December 2019 £ | 31 December 2018 £ |
|---|---|---|---|
| **Fixed assets** | | | |
| Property, plant and equipment | iii | 14,277 | 17,983 |
| Intangible assets | iv | 60,102 | 69,098 |
| Investments | v | 84,088 | 30,125 |
| | | **158,467** | **117,206** |
| **Current assets** | | | |
| Debtors | vi | 17,362,678 | 16,386,841 |
| Cash and cash equivalents | | 54,854 | 127,997 |
| | | **17,417,532** | **16,514,838** |
| **Total assets** | | **17,575,999** | **16,632,044** |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Creditors | viii | (4,263,525) | (3,360,831) |
| | | **(4,263,525)** | **(3,360,831)** |
| **Provisions for liabilities** | vii | (472) | (912) |
| **Total liabilities** | | **(4,263,997)** | **(3,361,743)** |
| **Net assets** | | **13,312,002** | **13,270,301** |
| **Equity** | | | |
| Share capital | ix | 1,226,667 | 1,226,667 |
| Share premium | ix | 10,050,313 | 10,050,313 |
| Other reserves | ix | 82,708 | 28,745 |
| Retained earnings | ix | 1,952,314 | 1,964,576 |
| **Total equity – attributable to equity shareholders of the company** | | **13,312,002** | **13,270,301** |

The financial statements of Comptoir Group Plc (company registration number 07741283) were approved by the Board of Directors and authorised for issue on 20 April 2020 and were signed on its behalf by:

Chaker Hanna
**Chief Executive Director**

# Company financial statements – under UK GAAP

## *Accounting policies and basis of preparation*

**Basis of accounting**

The financial statements for the Company have been prepared under FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102") and the requirements of the Companies Act 2006. The Group financial statements have been prepared under IFRS and are shown separately. The Company financial statements have been prepared under the historical cost convention in accordance with applicable UK accounting standards and on the going concern basis.

**Going concern**

The Board of Directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, the Board continues to adopt the going concern basis of accounting in preparing the financial statements. More information on this assumption and its uncertainties is included in the consolidated financial statements.

**Dividends**

Equity dividends are recognised when they become legally payable. Interim dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

**Investments in subsidiaries**

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Group (its subsidiaries).

The results of subsidiaries acquired or disposed of during the year are included in total comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate using accounting policies consistent with those of the parent. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Investments are valued at cost less any provision for impairment.

**Intangible assets – Goodwill**

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the income statement over its economic life, which is estimated to be ten years from the date of acquisition.

**Share-based payment transactions**

The share options have been accounted for as an expense in the Company in which the employees are employed, using a valuation based on the Black-Scholes model.

An increase in the investment held by the Company in the subsidiary in which the employees are employed, with a corresponding increase in equity, is recognised in the accounts of the Company. Information in respect of the Company's share-based payment schemes is provided in note 22 to the consolidated financial statements.

The value is accounted for as a capital contribution in relevant Group subsidiaries that employ the staff members to whom awards of share options have been made.

# Company financial statements – under UK GAAP

## *Accounting policies and basis of preparation (continued)*

**Reserves**

The Company's reserves are as follows:

- Called up share capital represents the nominal value of the shares issued.
- Share premium represents amounts paid in excess of the nominal value of shares.
- Other reserves represent share-based payment charges recognised in equity, and;
- Retained earnings represents cumulative profits or losses, net of dividends paid and other adjustments.

**Investment property**

In accordance with FRS 102, property leased to subsidiary entities is classified as Investment Property. Investment property is carried at fair value and revaluation surpluses or losses are recognised in the Statement of Comprehensive Income. Deferred tax is provided on the gains at the rate expected to apply when the property is sold.

**i) Profit attributable to members of the holding company**

As permitted by section 408 of the Companies Act 2006, a separate profit and loss account has not been presented for the holding company. During the year the Company recorded a loss of £12,262. Remuneration of the auditor is borne by a subsidiary undertaking, Timerest Limited.

**ii) Employee costs and numbers**

The Company has no employees. All Group employees and Directors' remuneration are disclosed within the Group's consolidated financial statements.

# Company financial statements – under UK GAAP

## *Notes to the financial statements (continued)*

**iii) Property, plant and equipment**

| | Leasehold Land and buildings | Plant and machinery | Fixture, fittings & equipment | Total |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| **Cost** | | | | |
| At 1 January 2018 | 11,290 | 26,655 | 5,555 | 43,500 |
| Additions | - | - | - | - |
| **At 31 December 2018** | **11,290** | **26,655** | **5,555** | **43,500** |
| **Accumulated depreciation and impairment** | | | | |
| At 1 January 2018 | 7,642 | 11,194 | 1,720 | 20,556 |
| Depreciation during the year | 2,258 | 2,319 | 384 | 4,961 |
| **At 31 December 2018** | **9,900** | **13,513** | **2,104** | **25,517** |
| Net Book Value as at 31 December 2017 | 3,648 | 15,461 | 3,835 | 22,944 |
| **Net Book Value as at 31 December 2018** | **1,390** | **13,142** | **3,451** | **17,983** |
| **Cost** | | | | |
| At 1 January 2019 | 11,290 | 26,655 | 5,555 | 43,500 |
| Additions | - | - | - | - |
| **At 31 December 2019** | **11,290** | **26,655** | **5,555** | **43,500** |
| **Accumulated depreciation and impairment** | | | | |
| At 1 January 2019 | 9,900 | 13,513 | 2,102 | 25,515 |
| Depreciation during the year | 1,390 | 1,973 | 345 | 3,708 |
| **At 31 December 2019** | **11,290** | **15,486** | **2,447** | **29,223** |
| Net Book Value as at 31 December 2018 | **1,390** | **13,142** | **3,451** | **17,983** |
| **Net Book Value as at 31 December 2019** | **-** | **11,169** | **3,108** | **14,277** |

# Company financial statements – under UK GAAP

## *Notes to the accounts (continued)*

**iv) Intangible assets**

| **Goodwill** | **Total** |
|---|---|
| | **£** |
| **Cost** | |
| At 1 January 2018 | 89,961 |
| Additions during the year | - |
| **At 31 December 2018** | **89,961** |
| | |
| **Accumulated amortisation and impairment** | |
| At 1 January 2018 | 9,581 |
| Amortisation during the year | 8,996 |
| Impairments | 2,286 |
| **At 31 December 2018** | **20,863** |
| | |
| Net Book Value as at 31 December 2017 | 80,380 |
| **Net Book Value as at 31 December 2018** | **69,098** |
| | |
| **Cost** | |
| At 1 January 2019 | 89,961 |
| Additions during the year | - |
| **At 31 December 2019** | **89,961** |
| | |
| **Accumulated amortisation and impairment** | |
| At 1 January 2019 | (20,863) |
| Amortisation during the year | (8,996) |
| Impairments | - |
| **At 31 December 2019** | **(29,859)** |
| | |
| Net Book Value as at 31 December 2018 | 69,098 |
| **Net Book Value as at 31 December 2019** | **60,102** |

In accordance with FRS 102, goodwill arising on business combinations is amortised over the expected life of the asset and is subject to an impairment review annually if the life of the assets is indefinite or expected to be greater than 10 years, or more frequently if events or changes in circumstances indicate that it might be impaired. Therefore, goodwill arising on acquisition is monitored to compare the value in use to its carrying value. The intangible assets reported on the statement of financial position consists of goodwill arising on the acquisition on 14 December 2016 of the trade and assets of Agushia Limited.

# Company financial statements – under UK GAAP

## *Notes to the accounts (continued)*

**v) Investments in subsidiary undertakings**

| | Shares | Loans and other | Total |
|---|---|---|---|
| | £ | £ | £ |
| **Cost** | | | |
| **At 31 December 2018** | 1,380 | 28,745 | 30,125 |
| Share-based payment charge on new share scheme | - | 53,963 | 53,963 |
| **At 31 December 2019** | **1,380** | **82,708** | **84,088** |
| | | | |
| **Amounts written off** | | | |
| 31 December 2018 | - | - | - |
| 31 December 2019 | - | - | - |
| Net book value at 31 December 2018 | 1,380 | 28,745 | 30,125 |
| **Net book value at 31 December 2019** | **1,380** | **82,708** | **84,088** |

**vi) Debtors**

| | Year ended 31 December 2019 | Year ended 31 December 2018 |
|---|---|---|
| | £ | £ |
| Other debtors | 90 | 286,278 |
| Amounts receivable from group undertakings | 17,361,310 | 16,099,285 |
| **Total** | **17,361,400** | **16,385,563** |
| | | |
| **Amounts falling due after more than one year:** | | |
| Deferred tax asset | 1,278 | 1,278 |
| **Total** | **17,362,678** | **16,386,841** |

**vii) Provisions**

| **Deferred tax recognised in balance sheet:** | Total |
|---|---|
| | £ |
| *Deferred tax liabilities:* | |
| Brought forward | 912 |
| Charge/(credit) to profit or loss | (440) |
| **Total** | **472** |

# Company financial statements – under UK GAAP

## *Notes to the accounts (continued)*

**viii) Creditors**

| | Year ended 31 December 2019 | Year ended 31 December 2018 |
|---|---|---|
| | £ | £ |
| Amounts due to group undertakings | 3,487,956 | 3,359,361 |
| Other creditors | 775,569 | 1,470 |
| **Total** | **4,263,525** | **3,360,831** |

**ix) Share capital and reserves**

| | Share capital | Share premium | Other reserves | Retained earnings | Total |
|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ |
| **At 1 January 2018** | 1,226,667 | 10,050,313 | 316,590 | 1,969,713 | 13,563,283 |
| Share-based payment charge | - | - | 28,745 | - | 28,745 |
| Cancellation of EMI share option schem | - | - | (316,590) | - | (316,590) |
| Total comprehensive loss for the year | - | - | - | (5,137) | (5,137) |
| **At 31 December 2018** | **1,226,667** | **10,050,313** | **28,745** | **1,964,576** | **13,270,301** |
| | | | | | |
| **At 1 January 2019** | 1,226,667 | 10,050,313 | 28,745 | 1,964,576 | 13,270,301 |
| Share-based payment charge | - | - | 53,963 | - | 53,963 |
| Total comprehensive loss for the year | - | - | - | (12,262) | (12,262) |
| **At 31 December 2019** | **1,226,667** | **10,050,313** | **82,708** | **1,952,314** | **13,312,002** |

Details of share issues during the year are given in note 20 of the consolidated financial statements and details of the dividends paid and proposed during the year are given in note 9 of the consolidated financial statements.

**x) Contingent liabilities**

The Company had no contingent liabilities at 31 December 2019 or 31 December 2018.

**xi) Capital commitments**

The Company had no capital commitments at 31 December 2019 or 31 December 2018.

**xii) Related party transactions**

The Company has taken advantage of the exemption in FRS 102 and has not disclosed transactions entered into between members of the Group.

# Company financial statements – under UK GAAP

## *Notes to the accounts (continued)*

**xiii) Ultimate controlling party**

The Company has no ultimate controlling party.

**xiv) Subsequent events**

Details of subsequent events relating to COVID-19 outbreak are discussed in note 31 to the Group financial statements.

# Notice of Annual General Meeting

## *Comptoir Group PLC*

### *Registered in England and Wales with no. 7741283*

Notice is hereby given that the 2020 Annual General Meeting of Comptoir Group Plc will be held at Levant Restaurant, Jason Court, 76 Wigmore Street, London W1U 2SJ on 26 June 2020 at 11.30 a.m. for the transaction of the following business:

**ORDINARY BUSINESS**
As ordinary business to consider and, if thought fit, to pass the following resolutions, each of which will be proposed as ordinary resolutions:

- THAT, the Company's annual accounts for the year ended 31 December 2019, together with the report of the auditors and the directors thereon, be received and adopted.
- THAT, Chaker Hanna, who retires in accordance with the Company's articles of association, be re-elected as a director.
- THAT, UHY Hacker Young LLP be re-appointed as auditors to the Company until the conclusion of the next Annual General Meeting at which accounts of the Company are presented and the directors be authorised to fix their remuneration.

**SPECIAL BUSINESS**
As special business to consider and, if thought fit, to pass the following resolutions, of which resolution 4 will be proposed as an ordinary resolution and resolution 5 as a special resolution:

1. THAT, the directors be and they are generally and unconditionally authorised for the purposes of section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot shares, or to grant rights to subscribe for or to convert any securities into shares, of up to an aggregate nominal amount of £96,000 during the period commencing on the passing of this resolution and expiring on the date of the next annual general meeting of the Company (unless previously revoked, varied or extended by the Company in general meeting), but so that the Company may before such expiry make an offer or agreement which would or might require shares to be allotted, or rights to subscribe for or to convert any securities into shares to be granted, after such expiry and the directors may allot shares, or grant rights to subscribe for or to convert any securities into shares, in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired. This authority is in substitution for all subsisting authorities, to the extent unused.
2. THAT, the directors be and they are empowered during the period commencing on the passing of this resolution and expiring on the date of the next annual general meeting of the Company (unless previously revoked, varied or extended by the Company in general meeting) pursuant to section 570(1) of the Act to allot equity securities (within the meaning of section 560(1) of the Act) wholly for cash pursuant to the authority conferred by resolution 4 above as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to:
   (i) the allotment of equity securities for cash up to an aggregate nominal amount of £96,000; and
   (ii) the allotment of equity securities in connection with an offer of such securities by way of rights to holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings of such shares, but subject to such exclusions or other arrangements as the directors

may deem necessary or expedient in relation to fractional entitlements or any legal or practical problems under the laws of any territory, or the requirements of any regulatory body or stock exchange, but so that this authority shall allow the Company to make offers or agreements before the expiry and the directors may allot equity securities in pursuance of such offers or agreements as if the powers conferred hereby had not so expired.

By order of the Board

On behalf of Directors

**Chaker Hanna**

2nd June 2020

*Registered Office: Unit 2, Plantain Place, Crosby Row, London, England, SE1 1YN*

The following notes explain your general rights as a shareholder and your right to attend and vote at this Meeting or to appoint someone else to vote on your behalf. **However, this is subject to the UK Government's COVID-19 measures summarised in the letter from the Chairman of the Company, which mean ordinary shareholders are not expected to be allowed to attend the AGM in person.**

1. To be entitled to attend and vote at the Meeting (and for the purpose of the determination by the Company of the number of votes they may cast), shareholders must be registered in the Register of Members of the Company at close of trading on 24 June 2020. Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the Meeting.

2. Shareholders are entitled to appoint another person as a proxy to exercise all or part of their rights to attend and to speak and vote on their behalf at the Meeting.

3. A shareholder may appoint more than one proxy in relation to the Meeting provided that each proxy is appointed to exercise the rights attached to a different ordinary share or ordinary shares held by that shareholder. A proxy need not be a shareholder of the Company.

4. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's Register of Members in respect of the joint holding (the first named being the most senior).

5. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.

6. You can vote either:
    - by logging on to www.signalshares.com and following the instructions; or
    - in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out.

   In order for a proxy appointment to be valid, it must be submitted and received by Link Asset Services by 11.30 a.m. on 24 June 2020, which is not less than 48 hours (excluding non-working holidays) before the time appointed for the meeting, or adjourned meeting.

7. If you return more than one proxy appointment, the appointment received last by the Registrar before the latest time for the receipt of proxies will take precedence. You are advised to read the terms and conditions of use carefully. Electronic communication facilities are open to all shareholders and those who use them will not be disadvantaged.

8. The return of a completed proxy, will not prevent a shareholder from attending the Meeting and voting in person if he/she wishes to do so.

9. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Meeting (and any adjournment of the Meeting) by using the procedures described in the CREST Manual (available from www.euroclear.com/site/public/EUI). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

   In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (ID RA10) by 11.30 a.m. on 24 June 2020, which is not less than 48 hours (excluding non-working holidays) before the time appointed for the meeting, or adjourned meeting. For this purpose, the time of receipt will be taken to mean the time (as determined by the timestamp applied to the message by the CREST application host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

10. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

11. Any corporation which is a shareholder can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a shareholder provided that no more than one corporate representative exercises powers in relation to the same shares.

12. As at 1st June 2020 (being the latest practicable business day prior to the publication of this Notice), the Company's ordinary issued share capital consists of 122,666,667 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 1st June 2020 are 122,666,667.

13. Under Section 527 of the Companies Act 2006, shareholders meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's financial statements (including the Auditor's Report and the conduct of the audit) that are to be laid before the Meeting; or (ii) any circumstances connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual financial statements and reports were laid in accordance with Section 437 of the Companies Act 2006 (in each case) that the shareholders propose to raise at the relevant meeting. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with Sections 527

or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under Section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Meeting for the relevant financial year includes any statement that the Company has been required under Section 527 of the Companies Act 2006 to publish on a website.

14. Any shareholder attending the Meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the Meeting but no such answer need be given if: (a) to do so would interfere unduly with the preparation for the Meeting or involve the disclosure of confidential information; (b) the answer has already been given on a website in the form of an answer to a question; or (c) it is undesirable in the interests of the Company or the good order of the Meeting that the question be answered.

    The following documents are available for inspection during normal business hours at the registered office of the Company on any business day from the date of this Notice until the time of the Meeting and may also be inspected at the Meeting venue, as specified in this Notice, from am on the day of the Meeting until the conclusion of the Meeting:

    Copies of the Directors' letters of appointment or service contracts.

15. You may not use any electronic address (within the meaning of Section 333(4) of the Companies Act 2006) provided in either this Notice or any related documents (including the form of proxy) to communicate with the Company for any purposes other than those expressly stated.

16. A copy of this Notice, and other information required by Section 311A of the Companies Act 2006, can be found on the Company's website at www.comptoirlibanais.com.