THE FULHAM SHORE PLC





REPORT & FINANCIAL STATEMENTS

Year ended 25 March 2018

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Background
The Fulham Shore PLC (the "Company" or "Fulham Shore") was incorporated in March 2012 to take advantage of a number of potentially attractive investment opportunities within the restaurant and food service sectors in the UK.

The Directors believe that, given their collective experience in the restaurant and food service sectors, they can take advantage of the opportunities which exist in these sectors and create a profitable and sustainable business.

The ordinary shares of the Company were admitted to trading on AIM in October 2014 in order to capitalise on such opportunities.

Fulham Shore currently operates 59 restaurants: 16 The Real Greek (www.therealgreek.com) and 43 Franco Manca (www.francomanca.co.uk).

Highlights – Year ended 25 March 2018
- Revenues of £54,695,000 (2017: £40,441,000)
- Headline EBITDA* of £7,430,000 (2017: £7,274,000)
- EBITDA* of £5,544,000 (2017: £4,703,000)
- Headline Operating Profit of £3,716,000 (2017: £4,899,000)
- One off impairment charge on property, plant and equipment of £867,000 (2017: £Nil)
- Operating Profit of £142,000 (2017: £1,507,000)
- Loss after tax of £150,000 (2017: profit of £1,209,000)
- Net debt as at 25 March 2018 of £11,991,000 (26 March 2017: £5,909,000)
- Opened 9 new Franco Manca pizzeria and 4 new The Real Greek during the year ended 25 March 2018 in the UK (2017: 13 Franco Manca pizzeria and 3 The Real Greek)
- Opened the first Franco Manca pizzeria franchise in Salina, Italy
- Since the year end:
  - 2 further Franco Manca pizzeria opened in Bath and Cambridge
  - Closing one underperforming restaurant in Brighton Marina
- Management initiatives have led to an improved revenue performance in the first quarter of the new financial year

The above numbers are for continuing operations.

* as defined on pages 6 and 40.

Introduction
In the year ended 25 March 2018, Fulham Shore achieved a 35% increase in revenue from continuing operations to £54.7m (2017: £40.4m), an increase in Headline EBITDA from continuing operations to £7.43m (2017: £7.27m) and a loss before taxation from continuing operations of £0.1m (2017: profit of £1.4m).

This increase in both revenue and Headline EBITDA by the Group was achieved against a backdrop of a very difficult environment for retailers and restaurant operators in the UK. The sound foundation upon which Fulham Shore has expanded Franco Manca and The Real Greek has stood the Group in good stead during this time.

Market overview
In last year’s Strategic Report, I wrote that an unprecedented amount of capital had been invested in the UK restaurant sector during recent years. Restaurant supply has grown faster than demand across the country initially caused by the fall in demand for retail shop space. Landlords and agents have consequently actively sought to rent the vacant space to restaurant operators.

This structural imbalance of the restaurant industry then hit the brick wall of Brexit and the subsequent fragility of consumer confidence and inflationary pressures in the UK.

Strategic vision and progress
Despite this backdrop, it has been a year of growth and strategic progress for the Group. We believe that this demonstrates that Fulham Shore is well placed to ride out the UK economic turbulence as a dynamic operator with strong and popular businesses and a good portfolio of sites.

During the year we opened: nine new Franco Manca pizzeria, with Oxford and Bristol particularly well received; and four The Real Greek restaurants, also to a great customer reception.

We closed the only site of our third business, a Bukowski franchise, at the year end. Following the year end, we sold the lease and contents for £0.3m net of expenses. We have therefore recognised the loss on this investment of £0.4m. We will now concentrate on expanding our two successful operations.

Also following the year end, we have agreed terms to surrender the lease for Franco Manca Brighton Marina to the landlord as this site has not performed to our expectations. This restaurant is expected to close later in the year. We have taken a cautious view concerning our other property values and have written down the carrying value of three underperforming sites, resulting in an £0.9m impairment charge, of which £0.5m relates to Brighton Marina.

Franco Manca
Between March 2015 and March 2017, we increased the number of Franco Manca pizzeria in London from 10 to 33. This was in response to enormous demand and queues at peak times in our restaurants. As previously reported and as anticipated at the time, the result of this rapid expansion was some sales erosion in the original branches caused by the effect of opening another Franco Manca in close proximity (sometimes less than quarter of a mile apart).

After sharing our existing customers between these (now 35) London locations, new customers are discovering us and the sales in the original branches have stabilised. We still have queues at peak times reflecting the quality and value of the offer, so we will look to open new sites where there is continued demand in particular areas.

We have always served freshly made pizza, which is as it should be. Some other pizza businesses in the UK use frozen food products and frozen dough. We continue to make our dough every day in each of our pizzeria. Our aim is to keep the price of our Margherita pizza (the No 2 on the menu) well below the price of the frozen product at many high street pizza chains. The only thing we freeze at Franco Manca is our ice cream.

Franco Manca believes in competitive everyday menu pricing – not discounting. We pay at least the Government's national living wage to all our employees including those who are under 25 years old. Our staff keep all their tips and we do not interfere with, or take a proportion of, those tips.

Franco Manca management have committed their time and attention to increasing service quality. When and if a customer has a complaint, they aim to rectify the problem as soon as possible either immediately in the pizzeria or through social media. In this way they attempt never to lose a customer; these efforts have shown through in increasing customer numbers.

This financial year's performance and the opening of our Franco Manca franchise in Italy have encouraged us to investigate, and respond to, the many enquiries we have received to open Franco Manca pizzeria outside the UK. We are now looking around the world for opportunities.

The Real Greek

The Real Greek menu continues to offer great food and great value. Customers can share hot or cold meze, and, when finished, order more if they are still hungry. This eliminates waste, stops customers over-ordering, and keeps them and us happy.

Our Real Greek restaurants have many outdoor eating areas and terraces, so when the sun shines they perform disproportionately well compared to the steak houses and hamburger restaurants trading alongside them.

The Real Greek openings in the year to March 2018 have been in Southampton, Reading, Bournemouth and Bristol – all with large terraces to take advantage of our Greek style summers!

We are being offered many new sites for The Real Greek. This business offers the public and landlords, especially in new retail schemes, a differentiated concept and gives the consumer a popular and healthy alternative to the normal repetitive high street offerings available.

Emphasising the healthy aspect of the traditional Greek diet, the highlight of the year was the launch of our vegan Real Greek menu. This was heavily influenced by Pythagoras, Socrates and Plato, all of whom maintained that this diet was the foundation of democracy. Luckily many of our customers agreed with these ancient sages – and they love it too!

Property

The amount of new restaurant space coming to the market is the greatest for many years. Rents are falling, lease premiums are disappearing and the UK restaurant property market is in a period of turmoil. The capital needed to open a new restaurant is declining due to landlord incentives. Incentives alone, however, are never the right reason to open in a particular location and, if anything, this could continue poor expansion decisions being made in the sector.

We still intend to open a limited number of new restaurants this year and to fund these openings largely from our internally generated cash. Any increase in our openings target would be for stand out and highly profitable locations which would immediately offer above average returns.

Negotiating low rents supports our ability to offer low menu prices. Franco Manca especially concentrates on finding compact sites that may not be in the most prime locations. These off pitch locations are often at lower rents, but there is balance as it may take time for customers to find us and for the individual site to build up trade. We fit the premises out for what they are, hard wearing pizzeria built for very high volumes. Our two design imperatives are Enzo Apicella's original artwork and our industrial and spectacular pizza ovens.

Current trading and outlook

Sales in the first quarter of our current financial year, April to June 2018, have been encouraging in both Franco Manca and The Real Greek. This is a result of some great work from both businesses' management teams and they are to be congratulated. Both teams have concentrated on food quality, price and service. Both businesses have shown overall like for like revenue increases during this quarter despite tough comparatives sales in 2017 as well as the continuous stream of poor UK economic data from the retail and restaurant sector.

We will continue to approach expansion with caution. Our investment strategy will be much more circumspect than in 'normal' times. Careful property transactions will be even more crucial and our aim at present is to expand largely through internally generated funds. We have opened two restaurants since the year end, Franco Manca in Bath and Cambridge. Both are trading well. Franco Manca now has 43 pizzeria across the UK plus one franchise on the island of Salina in Italy, which reopened for its second summer season on 2 June 2018. We have signed a site on South St Andrews St in Edinburgh for Franco Manca in the next calendar year. We are in final stage negotiations on two others which should see Franco Manca starting to build this summer to open this autumn.

Despite the growth we have reported and our positive first quarter in the current financial year, the remainder of the financial year is difficult to predict. Costs will, in all likelihood, continue to rise but maybe not as much as they did during the past financial year.

Both our businesses continue to be leading lights in the restaurant sector. Top quality food and great value prices lead to busy restaurants and we believe that our two businesses continue to have significant growth potential across the UK. As a result and despite the challenging UK backdrop, we are confident that the Group will continue to perform well and we look forward to the current financial year as we continue to grow and develop our brands.

DM Page
Chairman

23 July 2018

Fulham Shore's performance in the year ended 25 March 2018 is summarised in the table below:

For continuing operations	Year ended 25 March 2018 £m	Year ended 26 March 2017 £m	Change %
Revenue	**54.7**	**40.4**	**+35.4%**
Headline EBITDA*	**7.4**	**7.3**	**+2.1%**
Headline operating profit	3.7	4.9	-24.5%
Headline profit before tax	3.5	4.8	-27.3%
EBITDA	**5.5**	**4.7**	**+17.9%**
Operating profit	0.1	1.5	-90.6%
(Loss)/profit before taxation	(0.1)	1.4	
(Loss)/profit for the year	(0.2)	1.2	
Diluted earnings per share	(0.0p)	0.2p	-100.0%
Headline diluted earnings per share	0.6p	0.7p	-14.3%
Cash flow from operating activities	4.5	10.3	-56.3%
Development capital expenditure	10.0	12.4	-19.4%
Net Debt	12.0	5.9	+103.4%

Number of restaurants operated in the UK	No.	No.	
Franco Manca	41	32	+28.1%
The Real Greek	16	12	+33.3%
Bukowski	–	1	-100.0%
	57	45	+26.7%

* Reconciliation of profit before taxation to Headline EBITDA for continuing operations:

	Year ended 25 March 2018 £m	Year ended 26 March 2017 £m
(Loss)/profit before taxation	(0.1)	1.4
Finance costs	0.2	0.1
Depreciation and amortisation	3.7	2.4
Amortisation of brand	0.8	0.8
Exceptional costs – impairment of property, plant and equipment	0.9	–
EBITDA	**5.5**	**4.7**
Share based payments	0.6	0.6
Pre-opening costs	1.2	2.0
Exceptional costs – loss on disposal	0.1	–
Headline EBITDA	**7.4**	**7.3**

Total Group revenue from continuing operations grew by 35.4%, driven primarily by new openings within the UK during the year. We opened four The Real Greek and nine Franco Manca pizzeria in the UK and closed our Bukowski franchise, taking the total restaurants operated by the Group in the UK to 57 (2017: 45) at year end. During the year, our franchisee in Italy also opened a Franco Manca pizzeria on the island of Salina.

Summer of 2017 should have been one of the busiest periods of our financial year and the weak trading across the dining out market that we also experienced has impacted this year's overall revenue performance. Some of our pre-2017 restaurants, particularly in the London suburbs, were experiencing revenue below the equivalent period a year earlier with increased volatility and some expected cannibalisation from our new restaurants in nearby locations. However, revenue from these restaurants have seen slight improvements and stabilisation in the second half of the financial year and further improvements following the year end.

Group Headline EBITDA (as defined in page 40 of the financial statements and reconciled on page 6) from continuing operations continues to be a key measure for the Group as well as industry analysts as it is indicative of ongoing EBITDA of the businesses. Headline EBITDA from continuing operations for the year was £7.4m (2017: £7.3m), an increase of 2.1% on the prior year while the Group's EBITDA increased 17.9% to £5.5m (2017: £4.7m). During the year, the Group incurred the full year impact of and the benefit from the broader management team put in place in Franco Manca during the previous financial year to support the brand's opening programme.

Group depreciation and amortisation, excluding amortisation of the Franco Manca brand, increased 56.4% to £3.7m (2017: £2.4m) following the number of new restaurants opened during the year and the previous year. The Group incurred a number of one off costs in the year including £0.9m (2017: £Nil) impairment charge for three restaurants which are underperforming management's expectations. All three restaurants are still trading but Franco Manca Brighton Marina is due to close and be surrendered back to the landlord later in the year. Together, these have led to a decrease of operating profit by 90.6% to £0.1m.

With our new openings, we have invested more than £1.2m (2017: £1.9m) in pre-opening costs. Finance costs have increased 88.1% to £0.3m as the Group drew down on its revolving credit facilities, as planned, to support the increased opening programme for both Franco Manca and The Real Greek. Overall this has resulted in a loss before taxation of £0.1m (2017: £1.4m profit before tax).

The Group's tax rate has increased to 36.4% (2017: 11.9% of profit before tax) of loss before tax due to a number of factors. The tax charge for the year was made up of two parts: £0.3m charge relating to the current year and £0.2m credit relating to prior years. The latter, £0.2m credit adjustment to taxation for prior years, has arisen from our work on capital allowances on the capital expenditure over the past two years, correction of tax rates used for forecasting to the current enacted 17%, correction of tax treatment of certain property, plant and equipment and correction of deferred tax asset on share based payments. More detailed breakdown of deferred tax recognised during the year can be found in note 16 to the financial statements. The £0.3m tax charge for the year is high as a percentage of loss before tax due to a number of non tax deductible one of costs being recognised in the year as well as a deferred tax charge as a result of the Group's share price being lower at the year end and therefore a reduced deferred tax asset on share based payments. Excluding the taxation credit adjustment in relation to prior years, the Group's loss after tax from continuing and discontinued operations would have been £0.8m (2017: £1.0m profit after tax).

Our basic and diluted earnings per share from continuing operations decreased from 0.2p to 0.0p while Headline diluted earnings per share reduced by 14.3% to 0.6p.

Cost inflation
During the year, the weakness of Sterling against both the Euro and the US Dollar following the Brexit vote has continued to put pressure on food cost inflation. Where possible we have benefited from additional volume discounts due to our opening programme which has helped to mitigate some of the cost pressures.

We also saw 4.2% increase in the Government's National Living Wage for over 25 year old employees at the beginning of the financial year. All our businesses have chosen to treat all staff members the same irrespective of age.

Our other two material cost items are rent and utility costs. Rental inflation of our estate continues to increase modestly. Utility cost inflation continues to be volatile as the wholesale cost of energy has been impacted by the movement of Sterling and global economic adjustments.

Cash flows and balance sheets
The Group's cash flow from operating activities has decreased 56.3% to £4.5m (2017: £10.3m) as the benefit from short term supplier trading credit facilities at the previous year end reversed during the year.

We invested £10.0m (2017: £12.4m) in development capital primarily in new restaurants but also including investment in IT systems to introduce advanced customer relationship management facilities to both businesses.

Resultant net debt from our activities at 25 March 2018 was £12.0m (2017: £5.9m). This is financed by our facilities with HSBC Bank PLC, made up of a £14.25m revolving credit facility and a £0.75m overdraft.

Following the year end, the Group has reduced its opening programme to take account of market uncertainty. As a result, the Group will be looking to fund future openings largely through existing operational cash flow where possible.

People
During the year, the Group's key operations were within the UK. With our opening programme, the Group created more than 250 new jobs during the year (2017: 360 new jobs). We continue to invest in our staff through training, incentives and personal development.

Post balance sheet event
Following the year end, the Group sold its lease and contents in D'Arblay Street, Soho, London, that operated the Bukowski franchise as described in notes 23 and 24 to the financial statements. This has been treated as discontinued operations in the financial statements with a cost to the business of £0.4m recognised during the year.

In July 2018, the Group agreed terms to surrender the lease for the Franco Manca Brighton Marina restaurant for a surrender fee payment of £0.1m as the restaurant has performed significantly below management expectation. This restaurant has been subject to an impairment charge of £0.5m during the year which is included in the £0.9m impairment charge recognised in the statement of comprehensive income.

Principal risks and uncertainties
The Directors consider the following to be the principal risks faced by the Group:

Economic conditions
The Group's performance depends to a large degree on the economic conditions and consumer confidence in the UK. Over recent months, the UK economy has seen reducing levels of unemployment but weaker consumer spending. However, there continue to be rapid changes to the UK economy, with the result of the EU Referendum creating considerable political and economic uncertainty. The Group's existing restaurants offer an exceptional customer value experience which the Directors believe positions the business well in dealing with continued volatility in the UK economy.

Development programme
The Group's development programme is dependent on securing the requisite number of new properties at sensible rents. The UK restaurant property market remaining competitive at the right locations and rents. To mitigate these issues, the Group has an experienced property team concentrating on securing new sites for the Group.

Supply chain
The Group focuses on the freshness and quality of the produce used in its restaurants. It is exposed to potential supply chain disruptions due to the delay or losses of inventory in transit. The Group seeks to mitigate this risk through effective supplier selection and an appropriate back-up supply chain.

Employees
The Group's performance depends largely on its management team and its restaurant teams. The inability to recruit people with the right experience and skills could adversely affect the Group's results. The result of the EU Referendum has created considerable uncertainty over the immigration status of EU nationals. To mitigate these issues the Group has invested in its human resources teams and has implemented a number of incentive schemes designed to retain key individuals.

Competition
The Group operates in a competitive and fragmented market which regularly sees new concepts come to the market. However, the Directors believe that the strength of the existing restaurant brands, value offer and constant strive towards delivering the best product and service will help the business to mitigate competitive risk.

Cyber security
The Group has introduced an online "click and collect" service which relies on online systems that may experience cyber security failure leading to loss of revenue or reputation loss. The Group utilises robust supplier selection processes and third party reviews and testing on a regular basis to identify weaknesses and improve on existing protection and processes.

Regulatory compliance
The Group is growing quickly and the government is increasing the number of areas requiring additional regulatory compliance including GDPR which may increase expenditure to ensure compliance and the Group may experience a failure to comply thus leading to significant fines. The Group reviews regulatory changes on a regular basis.

Risks are formally reviewed by the Board and appropriate processes put in place to monitor and mitigate them.

Financial risk management
The Board regularly reviews the financial requirements of the Group and the risks associated therewith. The Group does not use complicated financial instruments, and where financial instruments are used it is for reducing interest rate risk. The Group does not trade in financial instruments. Group operations are primarily financed from equity funds raised, bank borrowings and retained earnings. In addition to the financial instruments described above, the Group also has other financial instruments such as receivables, trade payables and accruals that arise directly from the Group's operations. Further information is provided in note 15 to the financial statements.

Key performance indicators
The Board receives a range of management information delivered in a timely fashion. The principal measures of progress, both financial and non-financial, that are reviewed on a regular basis to monitor the development of the Company and the Group are shown in the table at the beginning of this section.

Approved on behalf of the board of directors.

NCW Wong
Finance Director

23 July 2018

The Directors of The Fulham Shore PLC are:

David Page – *Chairman*
David trained as both a cartographer and a teacher. He was the owner and managing director of the largest PizzaExpress franchisee organisation – the G&F Group – from 1973 to 1993. The flotation of PizzaExpress PLC took place in 1993. David was chief executive of PizzaExpress and then chairman until it was acquired by a private equity house in 2002. Following the sale of PizzaExpress in 2003, David founded and was chairman of The Clapham House Group PLC from 2003 to 2010, the owner of Gourmet Burger Kitchen ("GBK") and Bombay Bicycle Club. David's investment portfolio in the sector includes shareholdings in a range of restaurants, including: Rocca di Papa, Acquolina in Bocca, MEATliquor and Chillbox.

Nabil Mankarious – *Managing Director*
Nabil came to the United Kingdom from Alexandria, Egypt in 1986 to study medicine. Whilst a student, he started work in the kitchen of a PizzaExpress restaurant and rose through the ranks to become Regional Director for PizzaExpress London in 2001. From 2006 until 2011, Nabil was head of Group Purchasing at The Clapham House Group PLC and head of operations at GBK, its largest subsidiary company.

Nicholas Donaldson – *Director and Company Secretary*
Nick, a barrister by profession, has spent the majority of his career in the corporate finance field. Nick worked as Head of Corporate Finance and M&A at Credit Lyonnais Securities from 1996 until 2000. Thereafter he was Head of Investment Banking in Europe for Robert W. Baird and subsequently Head of Corporate Finance at Arbuthnot Securities. Nick has spent the majority of his career providing strategic advice to companies in a range of sectors, including the restaurant sector. Nick is non-executive chairman of AIM quoted DP Poland PLC and of the fully listed Games Workshop Group PLC. He was a co-founder of The Clapham House Group PLC, which was the subject of a recommended takeover in 2010.

Nicholas Wong – *Finance Director*
Nick qualified as a chartered accountant with Baker Tilly and specialised, pre and post qualification in corporate finance. From 2005 to 2013, Nick was the Group Finance Director and Company Secretary of The Clapham House Group PLC and worked on the acquisitions of several restaurant businesses including GBK, the disposals of several restaurant businesses and the recommended takeover of The Clapham House Group PLC in 2010. During this time GBK grew from 6 to over 60 restaurants in the UK and over 10 internationally. Nick also looked after the IT and online strategy of various restaurant businesses, introducing numerous loyalty and social media systems into the businesses.

Martin Chapman – *Non-executive Director*
In November 2012, Martin exercised his option to take early retirement after a 38 year career with HSBC Bank plc. For the 10 years prior to his retirement, Martin held the position of Head of Corporate Banking for HSBC's largest Corporate Banking team based in the West End of London. In addition to managing and leading a large team of senior managers, Martin had ultimate responsibility for managing the Bank's relationship with a substantial number of corporate customers covering almost all industry sectors and included a substantial number of publicly quoted companies. As well as the general mid market corporate business, Martin was also responsible for the Bank's Corporate Real Estate business for Southern England as well the Bank's Corporate Hotel business for the whole of the UK. Martin has spent the majority of his career in Corporate Banking where he has gained considerable experience in leading strategic discussion with management teams/shareholders and stakeholders in exploring debt financing options and Capital Market solutions for supporting growth, whether organically or by way of acquisition or merger activities. Martin is also a Non Executive Director of Weston Group plc and Senior Advisor to MXC Capital Limited.

Desmond Gunewardena – *Non-executive Director*
Des qualified as a chartered accountant at Ernst & Young and was responsible for financial planning at property conglomerate Heron International during the mid-80's. In 1991 he joined design entrepreneur Sir Terence Conran as his business partner and CEO. During their 15 year period together Terence and Des built Conran from a small design company into a global restaurant, retail, hotel and design company employing 2,000 staff in the major cities of the world. In 2006 Des, as its Chairman and CEO led a buyout of Conran Restaurants (now renamed D&D London) a luxury restaurant group that owns and operates over 30 venues in London, Leeds, Paris, New York and Tokyo. D&D also owns South Place, an 80 bedroom luxury hotel in the City of London. Des has previously held non-executive directorships of publicly listed restaurant and design companies. For a number of years Des has been listed as one the Evening Standard's Top 1,000 most influential Londoners and in 2013 was shortlisted as EY's London Entrepreneur of the year.

The Directors have pleasure in presenting their report on the affairs of the Group together with the audited financial statements for the year ended 25 March 2018.

Principal activity
The principal activity of the Group and Company is the operation and management of restaurants.

Review of the business and future developments
Information about the progress of the business and the Group's corporate activities is given in the Chairman's Statement on pages 3 to 5 and the Financial Review on pages 6 to 9.

Matters of strategic importance
The business review and future outlook, key performance indicators, principal risks and uncertainties required by Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 have been including in the separate Strategic Report In accordance with section 414C (11) of the Companies Act 2006.

Results and dividends
Revenue for the year ended 25 March 2018 from continuing operations was £54,695,000 (2017: £40,441,000), Headline Operating Profit for the same period was £3,716,000 (2017: £4,899,000) and Operating Profit for the same period was £142,000 (2017: £1,507,000).

No final dividend is being proposed by the Board. It remains the Board's policy that, subject to the availability of distributable reserves, dividends will be paid to shareholders when the Directors believe it is appropriate and prudent to do so.

Directors
The following Directors of the Company have held office since 27 March 2017:

DM Page
NAG Mankarious
NJ Donaldson
NCW Wong
MA Chapman
DAL Gunewardena

The Directors at the date of this report, together with their biographical details, are set out on pages 10 and 11.

At the 2018 Annual General Meeting, in accordance with the Company's Articles of Association, Mr NAG Mankarious will retire. Being eligible, and with the Board's recommendation, he will offer himself for re-election.

Directors' interests in shares
Directors' interests in the shares of the Company, including family interests, were as follows:

	As at 25 March 2018		As at 26 March 2017	
Director	*Ordinary shares of 1p each*	%	*Ordinary shares of 1p each*	%
DM Page	81,182,331	14.21%	81,039,331	14.18%
NAG Mankarious	113,800,434	19.92%	112,800,434	19.74%
NJ Donaldson	13,044,337	2.28%	13,044,337	2.28%
NCW Wong	8,831,093	1.55%	8,750,593	1.53%
MA Chapman	766,818	0.13%	766,818	0.13%
DAL Gunewardena	454,545	0.08%	454,545	0.08%

Details of the Directors' interests in share options during the year are disclosed in the Report on Directors' Remuneration on pages 18 to 21.

Directors' liability insurance and indemnity
The Group has arranged insurance cover in respect of legal action against its Directors. To the extent permitted by UK law, the Group also indemnifies the Directors. These provisions were in force throughout the year and in force at the date of this report.

Substantial shareholders
The Directors' interests in the shares of the Company have been disclosed above. On 23 July 2018, the Company had been notified of the following interests in the ordinary share capital of the Company:

	As at 23 July 2018	
	Ordinary shares of 1p each	%
NAG Mankarious	113,800,434	19.92%
S Wasif	84,870,414	14.85%
DM Page	81,182,331	14.21%
G Mascoli	24,887,246	4.36%
P Solari	22,670,250	3.97%
Canaccord Genuity Group Inc	19,912,732	3.49%
D Sykes	17,657,709	3.09%
J & K Akhtar	17,223,494	3.01%

No other person has reported an interest of more than 3% in the ordinary shares.

Employment policy
The Group's policies respect the individual regardless of gender, age, race or religion. Where reasonable and practical under existing legislation, all persons, including disabled persons, have been treated fairly and consistently, including matters relating to employment, training and career development.

The Group takes a positive view of employee communication and has established and maintains systems for employee consultation, feedback and communication of developments in each business and as a Group. The Group operates employee share schemes and a number of profit-related pay schemes as a means of further encouraging the involvement of employees in the Group's performance.

Corporate governance
The UK Corporate Governance Code is not currently mandatory for companies traded on the AIM Market. However, the Board of The Fulham Shore PLC recognises the importance of sound corporate governance. The Group is complying with the QCA Guidelines so far as is practicable and appropriate for a public Group of its size and nature. In line with updated AIM rules, the Group intends to adopt the QCA Guidelines by August 2018.

The Company has established audit and remuneration committees of the Board with formally delegated duties and responsibilities.

The Audit Committee
The Audit Committee comprises DAL Gunewardena, who will act as chairman of the Audit Committee, MA Chapman, NJ Donaldson and NCW Wong. A quorum shall be two members of the Audit Committee. The Audit Committee will meet at least twice a year and at such other times as the chairman of the Audit Committee shall deem necessary. The Audit Committee receives and reviews reports from management and the Company's auditors relating to the interim and annual accounts and keeps under review the accounting and internal controls which the Company has in place.

The Company received a letter during the year from the Financial Reporting Council's (FRC) Corporate Reporting Review Team which raised questions on certain aspects of our annual report for the year ended 26 March 2017. The Company responded fully to the matters raised in the FRC's letter, enabling it to conclude many of its questions. As a result of the FRC's questions, the Company and the Group has made improvements to the disclosures in this annual report in a number of areas.

Remuneration Committee
The Remuneration Committee comprises of MA Chapman, who will act as chairman of the Remuneration Committee, DAL Gunewardena and DM Page. A quorum shall be two members of the Remuneration Committee. The Remuneration Committee will meet at such times as the chairman of the Remuneration Committee or the Board deem necessary. The Remuneration Committee shall determine and review the terms and conditions of service of the executive directors and the non-executive directors. The Remuneration Committee will also review the terms and conditions of any proposed share incentive plans, to be approved by the Board and the Company's shareholders.

Independence of the Auditor
The Audit Committee undertakes a formal assessment of the auditor's independence each year which will include:

- a review of non-audit services provided to the Group and related fees;
- discussion with the auditor of a written report detailing all relationships with the Group and any other parties which could affect independence or the perception of independence;
- a review of the auditor's own procedures for ensuring the independence of the audit firm and partners and staff involved in the audit, including the regular rotation of the audit partner; and
- obtaining written confirmation from the auditor that, in their professional judgment, they are independent.

An analysis of the fees payable to the external audit firm in respect of both audit and non-audit services during the year is set out in note 2 to the financial statements.

Political and charitable contributions
During the year ended 25 March 2018 the Group made no political contributions (2017: £Nil). The Group made charitable donations during the year ended 25 March 2018 by contributing following:

	Year ended 25 March 2018 £'000	Year ended 26 March 2017 £'000
Action Against Hunger	1	12
Aeolian Island Preservation Fund	–	19
The British Red Cross Society (Italian Earthquake Appeal)	–	6
Other local charities and good causes	5	2
	6	39

Annual general meeting
On pages 78 to 79 is a notice convening the annual general meeting of the Company for 23 August 2018 and the notice sets out the resolutions to be proposed at that meeting. The Board believes that the proposed resolutions to be put to the annual general meeting to be held on 23 August 2018 are in the best interests of shareholders and, accordingly, recommends that shareholders vote in favour of the resolutions.

Statement as to disclosure of information to auditors
The Directors who were in office on the date of approval of these financial statements have confirmed that as far as they are aware, there is no relevant audit information of which the auditors are unaware. The Directors have confirmed that they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Going concern
The Company's and Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 3 to 9. In addition, note 15 to the financial statements includes the company's objectives, policies and processes for managing its capital, its financial risk management objectives and its exposures to credit risk and liquidity risk.

The Group's net current liabilities position at the year end is due to the level of build activities at year end for sites opening around and just after the year end as well as the availability of supplier credit terms on day to day purchasing. Net current liabilities can be covered by day to day operational cash flow, where revenues are normally received within 3 days of recognition, short term overdraft facilities and utilising undrawn long term borrowing facilities. The long term borrowing facilities do not require repayment before March 2021.

The Directors have reviewed the Group's net current liabilities position, the budget and forecasts, other longer term plans and the financial resources and bank facilities in place that is available to deal with the business risks of the Company and the Group. Additionally, the Group's opening programme can be adjusted fluidly to take account of business risks and the wider economic risks. The Directors feel well placed to manage the business risks successfully within the present financial arrangements.

The Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Subsequent Events
In April 2018, the Group disposed of the property previously traded by the Group as Bukowski Grill and terminated the franchise arrangement as discussed in note 23.

In July 2018, the Group agreed terms to terminate the outstanding lease for the Franco Manca Brighton Marina restaurant (note 24).

Auditors
RSM UK Audit LLP has indicated its willingness to continue in office.

Approved on behalf of the Board of directors.

DM Page
Chairman

23 July 2018

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

Company law requires the directors to prepare financial statements for each financial year. The directors are required under the AIM Rules of the London Stock Exchange to prepare Group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and have elected under company law to prepare the Company financial statements in accordance with IFRS as adopted by the EU.

The financial statements are required by law and IFRS as adopted by the EU to present fairly the financial position of the Group and the Company and the financial performance of the Group. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period.

In preparing each of the Group and Company financial statements, the Directors are required to:

a. select suitable accounting policies and then apply them consistently;

b. make judgements and accounting estimates that are reasonable and prudent;

c. state whether they have been prepared in accordance with IFRS as adopted by the EU; and

d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on The Fulham Shore PLC website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Board.

DM Page
Chairman

23 July 2018

Introduction
The Board of The Fulham Shore PLC has resolved that the Company, whilst trading on the AIM market, should apply good governance to Directors' remuneration.

Remuneration Committee
The Remuneration Committee is authorised by the Board to determine the Company's remuneration policy on executive Directors' service contracts and remuneration including share based incentive awards. The Remuneration Committee is chaired by MA Chapman, the non-executive director. DM Page and DAL Gunewardena also served on the committee during the year.

Remuneration policy
The Company's executive remuneration packages are designed to attract, motivate and retain personnel of the high calibre needed to create value for shareholders. There are three components to the executive Directors' remuneration, being basic salary and benefits, annual bonus scheme and share based incentive schemes. The performance measurement of the executive Directors and key members of senior management and the determination of their annual remuneration packages is undertaken by the remuneration committee.

Directors' service agreements
DM Page was appointed as a Director and Executive Chairman on 2 March 2012. On 30 September 2014 DM Page entered into a service agreement with the Company under the terms of which he agreed to act as Executive Chairman of the Company. The agreement is terminable on 12 months' notice to be given by either party.

NAG Mankarious was appointed as a Director on 2 March 2012. On 30 September 2014 NAG Mankarious entered into a service agreement with the Company under the terms of which he agreed to act as Managing Director of the Company. The agreement is terminable on 12 months' notice to be given by either party.

NJ Donaldson was appointed as a Director on 2 March 2012. On 30 September 2014 London Bridge Capital Limited entered into a consultancy agreement with the Company under the terms of which London Bridge Capital Limited has agreed to provide the services of NJ Donaldson to act as a Director the Company. The agreement (which was novated by deed to London Bridge Capital Partners LLP in April 2016) is terminable on 12 months' notice to be given by either party.

NCW Wong was appointed as the Finance Director on 13 January 2014. On 30 September 2014 NCW Wong entered into a service agreement with the Company under the terms of which he agreed to act as Finance Director of the Company. The agreement is terminable on 12 months' notice to be given by either party.

MA Chapman was appointed as a Director on 1 July 2014. On 11 June 2014 MA Chapman entered into a letter of appointment with the Company under the terms of which he agreed to act as a non-executive director. The agreement is terminable on 3 months' notice to be given by either party.

DAL Gunewardena was appointed as a Director on 26 September 2016. On the same day DAL Gunewardena entered into a letter of appointment with the Company under the terms of which he agreed to act as a non-executive director. The agreement is terminable on 3 months' notice to be given by either party.

Incentive arrangements
The Directors and employees of the Group also participate in incentive arrangements to reward individuals if shareholder value is created.

Under these arrangements, certain Directors are entitled to performance related bonuses and participation in share based incentive schemes. The details of the share based incentive schemes are given in note 18.

Directors' remuneration
Year ended 25 March 2018:

	Salary £'000	Fees £'000	Bonus £'000	Benefits £'000	Share Options £'000	Total £'000
Executive Directors						
DM Page	123	–	61	–	–	184
NAG Mankarious	201	–	100	–	–	301
NJ Donaldson	–	56	28	2	–	86
NCW Wong	179	–	89	1	–	269
	503	56	278	3	–	840
Non-executive Director						
MA Chapman	45	–	–	–	–	45
DAL Gunewardena	36	–	–	–	–	36
	584	56	278	3	–	921

Year ended 26 March 2017

	Salary £'000	Fees £'000	Bonus £'000	Benefits £'000	Share Options £'000	Total £'000
Executive Directors						
DM Page	120	–	57	–	–	177
NAG Mankarious	196	–	103	–	–	299
NJ Donaldson	–	55	29	4	184	272
NCW Wong	174	–	92	–	–	266
	490	55	281	4	184	1,014
Non-executive Director						
MA Chapman	44	–	–	–	–	44
DAL Gunewardena	18	–	–	–	–	18
	552	55	281	4	184	1,076

No pension contributions were payable for any of the Directors during the year.

The fees, bonus and benefits in respect of NJ Donaldson were paid to London Bridge Capital Partners LLP for his services as a Director for both financial years.

Directors' interests in Group share based incentive schemes
The interests of the Directors under the Group's share based incentive schemes as at 25 March 2018 were as follows:

	Options outstanding 26 March 2017	Options exercised during year	Options outstanding 25 March 2018	Exercise Price £	Exercisable Date	Expiry Date
Enterprise Management Incentives						
DM Page	1,115,972	–	1,115,972	0.02	01/03/2016	01/03/2020
	554,200	–	554,200	0.05	25/02/2017	25/02/2021
	3,332,842	–	3,332,842	0.06	20/10/2017	20/10/2021
NAG Mankarious	1,115,972	–	1,115,972	0.02	01/03/2016	01/03/2020
	554,200	–	554,200	0.05	25/02/2017	25/02/2021
	3,332,842	–	3,332,842	0.06	20/10/2017	20/10/2021
NCW Wong	1,670,172	–	1,670,172	0.05	25/02/2017	25/02/2021
	2,774,856	–	2,774,856	0.06	20/10/2017	20/10/2021
Unapproved						
DM Page	1,647,256	–	1,647,256	0.06	20/10/2017	20/10/2021
	4,732,795	–	4,732,795	0.11	21/04/2018	21/04/2022
NAG Mankarious	1,647,256	–	1,647,256	0.06	20/10/2017	20/10/2021
	4,732,795	–	4,732,795	0.11	21/04/2018	21/04/2022
NCW Wong	2,205,242	–	2,205,242	0.06	20/10/2017	20/10/2021
	4,732,795	–	4,732,795	0.11	21/04/2018	21/04/2022
NJ Donaldson	554,200	–	554,200	0.05	25/02/2017	25/02/2021
	4,980,098	–	4,980,098	0.06	20/10/2017	20/10/2021
	4,732,795	–	4,732,795	0.11	21/04/2018	21/04/2022
MA Chapman	3,325,135	–	3,325,135	0.06	20/10/2017	20/10/2021
	2,366,397	–	2,366,397	0.11	21/04/2018	21/04/2022

All share options above have been issued at the market price of the ordinary shares at the date of grant. During the year ended 25 March 2018, the market price of ordinary shares in the Company ranged from £0.0900 (2017: £0.1525) to £0.2238 (2017: £0.2235). The share price as at 25 March 2018 was £0.0935 (2017: £0.1788).

The total share based payments charge in relation to the Directors' interest in share options recognised in the Group during the year was £448,000 (2017: £473,000)

Details of the Directors' shareholdings are given in the Directors' Report on page 13.

Approval
This report was approved by the Board of Directors on 23 July 2018 and signed on its behalf by:

MA Chapman
Chairman of the Remuneration Committee

Opinion
We have audited the financial statements of The Fulham Shore Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 25 March 2018 which comprise the consolidated statement of comprehensive income, consolidated and company balance sheets, consolidated and company statement of changes in equity, consolidated and company cash flow statement, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied 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 25 March 2018 and of the group's loss 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 IFRSs as adopted by the European Union and as applied in accordance with the Companies Act 2006; and
- the 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 SME 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.

Conclusions relating to going concern
We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

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.

Valuation of Goodwill
Refer to page 39 (Accounting Estimates – Assessment of the recoverable amounts in respect of assets tested for impairment) and pages 49 and 50 (Notes to the financial statements – Intangible assets).

At the year-end date, the Group had a total Goodwill balance of £20.7m arising from past acquisitions, of which, £1.8m is attributable to The Real Greek group of Cash Generating units (CGU) and £18.9m to Franco Manca group of CGUs, as management considers that these are the smallest groups of CGUs that Goodwill can be allocated to. Management is required by IAS 36 to test for impairment of Goodwill on an annual basis. Management carefully considered the carrying value of Goodwill and whether any impairment existed at the year-end date. For the impairment testing at 25th March 2018 a pre-tax discount rate based on a weighted average cost of capital (WACC) of 12.4% was used. Management have stated in the Accounting Policies note that this discount rate used is the rate believed by the Board to reflect the risk associated with each group of CGUs.

Given the value of the balances, the challenging conditions the restaurant industry is currently facing, and the significant management judgements involved in forecasting the cash flows and in determining the assumptions used, assessing whether goodwill is impaired could have a material impact on the financial statements.

Audit approach adopted:

- We audited management's annual impairment reviews, comparing their discounted cash flow forecasts to the carrying value of the Goodwill and attributable operating assets of each group of CGUs.
- We obtained management's key assumptions and audited their sensitivity analysis.
- We challenged management in their key judgements and assumptions in their assessment and sensitivity analysis, including using our knowledge of comparable companies and market data to challenge management's assumptions, in particular the discount rate and revenue growth rate assumptions.
- We consulted with our valuations experts to challenge the impairment model and consider its suitability.
- We compared the forecast cash flows to actual results observed to date.

Impairment of property, plant and equipment

Refer to page 39 (Accounting Estimates – Assessment of the recoverable amounts in respect of assets tested for impairment), page 43 (Notes to the financial statements – Operating profit) and pages 51 and 52 (Notes to the financial statements – Property, plant and equipment)

The total carrying value of property, plant and equipment (PPE) at the year-end date was £31.8m. Given the challenging conditions the restaurant industry is currently facing, management carefully considered the carrying value of PPE on an individual restaurant basis, each of which is a CGU for testing impairment of PPE, and whether any individual restaurant showed indications of impairment. Management carried out impairment testing to assess whether those assets attributable to underperforming restaurants were impaired at the year end. During the year ended 25 March 2018, management have recognised a total impairment charge of £0.9m (2017: £nil) in respect of three underperforming sites. For the impairment testing at 25th March 2018 a pre-tax discount rate based on a weighted average cost of capital (WACC) of 12.4% was used. Management have stated in the Accounting Policies note that this discount rate used is the rate believed by the Board to reflect the risk associated with each CGU.

Because of the significant management judgement in forecasting the cash flows and in the assumptions used a change in the total impairment charge recognised could have a material impact on the financial statements.

Audit approach adopted:

- We audited management's impairment review comparing their discounted cash flow forecasts to the carrying value of property, plant and equipment for sites where triggers for impairment were noted.
- We obtained and challenged management's key assumptions used in their assessment, including using our knowledge of comparable companies and market data to challenge in particular the discount rate and revenue growth rate assumptions.

- We audited management's impairment calculations for those sites for which a charge was recognised and considered management's sensitivity analysis and conclusions for sites where no impairment was recognised, and challenged the assumptions used.
- We obtained management's assessment of post year end performance along with post year end management accounts and compared the forecast cash flow to actual results observed to date.

Our application of materiality
When establishing our overall audit strategy, we set certain thresholds which help us to determine the nature, timing and extent of our audit procedures and to evaluate the effects of misstatements, both individually and on the financial statements as a whole. During planning we determined a magnitude of uncorrected misstatements that we judge would be material for the financial statements as a whole (FSM). During planning FSM was calculated as £696,000 which was not changed during the course of our audit. We agreed with the Audit Committee that we would report to them all unadjusted differences in excess of £5,000, as well as differences below those thresholds that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit
The audit was scoped to ensure that we obtained sufficient and appropriate audit evidence in respect of:

- the significant business operations of the group
- other operations which, irrespective of size, are perceived as carrying a significant level of audit risk whether through susceptibility to fraud, or for other reasons
- the appropriateness of the going concern assumption used in the preparation of the financial statements

The audit was scoped to support our audit opinion on group financial statements of The Fulham Shore Plc and was based on group materiality and an assessment of risk at group level.

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 auditor's 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.

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 the parent company and their 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 directors' responsibilities statement set out on page 17, 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 the 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. 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: http://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 company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

EUAN BANKS (Senior Statutory Auditor)
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB

23 July 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 25 March 2018

	Notes	Year ended 25 March 2018 £'000	Year ended 26 March 2017 £'000
Revenue	1	54,695	40,441
Cost of sales		(32,039)	(22,553)
Gross profit		22,656	17,888
Administrative expenses		(18,940)	(12,989)
Headline operating profit		3,716	4,899
Share based payments	18	(616)	(631)
Pre-opening costs	7	(1,209)	(1,914)
Amortisation of brand		(821)	(821)
Exceptional costs – cost of acquisition		–	(26)
Exceptional costs – impairment of property, plant and equipment		(867)	–
Exceptional costs – loss on disposal of property, plant and equipment		(61)	–
Operating profit	2	142	1,507
Finance income		2	1
Finance costs	4	(254)	(135)
(Loss)/profit before taxation		(110)	1,373
Income tax expense – current year	5	(258)	(164)
Income tax expense – prior year		218	–
(Loss)/profit for the year from continuing operations		(150)	1,209
Loss for the year from discontinued operations	24	(415)	(240)
(Loss)/profit for the year		(565)	969
(Loss)/profit for the year attributable to:			
Owners of the company		(576)	947
Non-controlling interests		11	22
		(565)	969
Earnings per share			
Continuing and discontinued operations			
Basic	6	(0.1p)	0.2p
Diluted	6	(0.1p)	0.2p
Continuing operations			
Basic	6	(0.0p)	0.2p
Diluted	6	(0.0p)	0.2p
Headline Basic	6	0.6p	0.7p
Headline Diluted	6	0.6p	0.7p

CONSOLIDATED AND COMPANY BALANCE SHEETS

25 March 2018

		Group		Parent company	
	Notes	25 March 2018 £'000	26 March 2017 £'000	25 March 2018 £'000	26 March 2017 £'000
Non-current assets					
Intangible assets	7	26,550	27,374	–	–
Property, plant and equipment	8	31,768	27,306	203	227
Investments	9	281	–	43,439	43,011
Trade and other receivables	11	943	947	11,724	7,974
Deferred tax assets	16	193	1,406	185	1,238
		59,735	57,033	55,551	52,450
Current assets					
Inventories	10	1,490	1,052	–	–
Trade and other receivables	11	3,325	2,602	135	184
Cash and cash equivalents	12	359	271	7	–
Assets classified as held for sale	24	329	–	–	–
		5,503	3,925	142	184
Total assets		65,238	60,958	55,693	52,634
Current liabilities					
Trade and other payables	13	(11,521)	(13,332)	(888)	(1,011)
Income tax payable		(486)	(533)	–	–
Borrowings	14	–	(180)	–	(12)
		(12,007)	(14,045)	(888)	(1,023)
Net current liabilities		(6,504)	(10,120)	(746)	(839)
Non-current liabilities					
Trade and other payables	13	(1,470)	–	–	–
Borrowings	14	(12,350)	(6,000)	(13,325)	(8,190)
Deferred tax liabilities	16	(1,779)	(2,265)	–	–
		(15,599)	(8,265)	(13,325)	(8,190)
Total liabilities		(27,606)	(22,310)	(14,213)	(9,213)
Net assets		37,632	38,648	41,480	43,421
Equity					
Share capital	17	5,714	5,714	5,714	5,714
Share premium		6,889	6,889	6,889	6,889
Merger relief reserve		30,459	30,459	30,459	30,459
Reverse acquisition reserve		(9,469)	(9,469)	–	–
Retained earnings		3,936	4,963	(1,582)	359
Equity attributable to owners of the company		37,529	38,556	41,480	43,421
Non-controlling interest		103	92	–	–
Total Equity		37,632	38,648	41,480	43,421

The loss for the financial year dealt with in the financial statements of the Company is £1,566,000 (2017: £436,000). The financial statements on pages 24 to 75 were approved by the board of Directors and authorised for issue on 23 July 2018 and are signed on its behalf by:

DM Page
Chairman

Company registration number: 07973930

THE FULHAM SHORE PLC
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 25 March 2018

	Attributable to owners of the Company							
	Share Capital £'000	Share Premium £'000	Merger Relief Reserve £'000	Reverse Acquisition Reserve £'000	Retained Earnings £'000	Equity Share-holders' Funds £'000	Non-Controlling Interests £'000	Total Equity £'000
At 27 March 2016	5,692	6,866	30,459	(9,469)	3,078	36,626	70	36,696
Profit for the year	–	–	–	–	947	947	22	969
Total comprehensive income	–	–	–	–	947	947	22	969
Transactions with owners								
Ordinary shares issued (net of expenses)	22	23	–	–	–	45	–	45
Share based payments	–	–	–	–	631	631	–	631
Deferred tax on share based payments	–	–	–	–	307	307	–	307
Total transactions with owners	22	23	–	–	938	983	–	983
At 26 March 2017	5,714	6,889	30,459	(9,469)	4,963	38,556	92	38,648
(Loss)/profit for the year	–	–	–	–	(576)	(576)	11	(565)
Total comprehensive income	–	–	–	–	(576)	(576)	11	(565)
Transactions with owners								
Share based payments	–	–	–	–	616	616	–	616
Deferred tax on share based payments	–	–	–	–	(1,067)	(1,067)	–	(1,067)
Total transactions with owners	–	–	–	–	(451)	(451)	–	(451)
At 25 March 2018	5,714	6,889	30,459	(9,469)	3,936	37,529	103	37,632

COMPANY STATEMENT OF CHANGE IN EQUITY

for the year ended 25 March 2018

	Share Capital £'000	Share Premium £'000	Merger Relief Reserve £'000	Retained Earnings £'000	Total Equity £'000
At 27 March 2016	5,692	6,866	30,459	(94)	42,923
Loss for the year	–	–	–	(436)	(436)
Total comprehensive income for the year	–	–	–	(436)	(436)
Transactions with owners					
Ordinary shares issued (net of expenses)	22	23	–	–	45
Share based payments	–	–	–	631	631
Deferred tax on share based payments	–	–	–	258	258
Total transactions with owners	22	23	–	889	934
At 26 March 2017	5,714	6,889	30,459	359	43,421
Loss for the year	–	–	–	(1,566)	(1,566)
Total comprehensive income for the year	–	–	–	(1,566)	(1,566)
Transactions with owners					
Share based payments	–	–	–	616	616
Deferred tax on share based payments	–	–	–	(991)	(991)
Total transactions with owners	–	–	–	(375)	(375)
At 25 March 2018	5,714	6,889	30,459	(1,582)	41,480

CONSOLIDATED AND COMPANY CASH FLOW STATEMENT

for the year ended 25 March 2018

	Notes	Group Year ended 25 March 2018 £'000	Group Year ended 26 March 2017 £'000	Parent Year ended 25 March 2018 £'000	Parent Year ended 26 March 2017 £'000
Net cash flow from/(used in) operating activities	19	4,522	10,273	(509)	(209)
Investing activities					
Acquisition of property, plant and equipment		(10,044)	(12,358)	(7)	(236)
Acquisition of intangible assets		(27)	(76)	–	–
Acquisition of investments		(281)	–	–	–
Cash flow from acquisition of subsidiaries	19	–	(376)	–	–
Loan to subsidiary undertakings		–	–	(5,969)	(2,553)
Net cash flow used in investing activities		(10,352)	(12,810)	(5,976)	(2,789)
Financing activities					
Proceeds from issuance of new ordinary shares (net of expenses)		–	45	–	45
Capital received from bank borrowings		6,350	3,090	6,350	3,090
Interest received		2	1	465	261
Interest paid		(254)	(135)	(311)	(210)
Net cash flow from financing activities		6,098	3,001	6,504	3,186
Net increase in cash and cash equivalents		268	464	19	188
Cash and cash equivalents at the beginning of the year	12	91	(373)	(12)	(200)
Cash and cash equivalents at the end of the year	12	359	91	7	(12)

GENERAL INFORMATION
The Fulham Shore PLC is a public limited company incorporated and domiciled in England and Wales with registration number 07973930 and registered office at 1st Floor, 50-51 Berwick Street, London, W1F 8SJ, United Kingdom. The Company's ordinary shares are traded on the AIM Market.

BASIS OF PREPARATION
On 20 October 2014, The Fulham Shore PLC acquired 99.04% of the issued share capital of Kefi Limited.

The combination has been accounted for as a reverse acquisition as if Kefi Limited had issued new shares in exchange for The Fulham Shore PLC's net assets.

The Fulham Shore PLC is presenting audited consolidated financial statements for the year ended 25 March 2018. The comparative period presented is audited financial statements for the year ended 26 March 2017.

The financial statements have been prepared under the historical cost convention and, as permitted by EU Law, the Financial Statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards as adopted by the EU ("IFRS").

The financial statements for the year ended 25 March 2018 are presented in Sterling because that is the primary currency of the primary economic environment in which the Group operates. All values are rounded to the nearest thousand pounds (£'000) except when otherwise indicated.

The parent company has not presented its own income statement, statement of total comprehensive income and related notes as permitted by section 408 of the Companies Act 2006.

At the date of authorisation of these financial statements, the following Standards and Interpretations relevant to the Group operations that have not been applied in these financial statements were in issue but not yet effective:

IFRS 2 (Amendment)	Classification and Measurement of Share Based Payment Transactions
IFRS 9	Financial instruments
IFRS 12 (Amendment)	Disclosure of interest in Other Entities
IFRS 15	Revenue from contracts with customers
IFRS 16	Leases
IFRIC 22	Foreign Currency Transactions and Advance Considerations
IFRIC 23	Uncertainty over income tax treatments (not yet endorsed)
IAS 28 (Amendment)	Investments in Associates and Joint Ventures

The Directors anticipate that the adoption of these Standards and Interpretations as appropriate in future years will have no material impact on the financial statements of the Group other than the new IFRS 16 Leases which will be mandatory for accounting periods beginning on or after 1 January 2019. This new standard will significantly change how restaurant leases will be accounted for. The Group is preparing its assessment project to identify the impact of the new lease accounting standard on the Group's existing and future restaurant leases.

GOING CONCERN

The consolidated financial statements have been prepared on a going concern basis. Given the risk analysis set out in the Director's Report on pages 12 to 16 and after reviewing the Group's net current liabilities position as at 25 March 2018, the budget for the next financial year, other longer term plans and financial resources including undrawn but available short term and long term facilities described in note 14 and operational cash flow where cash from revenues are received within 3 days, the Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Therefore the Board is satisfied that, at the time of approving the financial statements, it is appropriate to adopt the going concern basis in preparing the financial statements.

SIGNIFICANT ACCOUNTING POLICIES

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate those of The Fulham Shore PLC and all of its subsidiary undertakings for the period. Subsidiaries acquired are consolidated from the date that the Group has the power to control, exposure or rights to variable returns, and the ability to use its power over the returns and will continue to be consolidated until the date that such control ceases.

Although the legal form of the transaction during the period ended 29 June 2015 was an acquisition of Kefi Limited by The Fulham Shore PLC, the substance is the reverse of this. Accordingly the business combination has been prepared using reverse acquisition accounting.

The acquisition of other subsidiaries is accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Any costs directly attributable to the business combination are expensed to the Statement of Comprehensive Income. The acquiree's identifiable assets and liabilities are recognised at their fair values at the acquisition date.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation.

INTANGIBLE ASSETS

Goodwill

Goodwill arising on the acquisition of an entity represents the excess of the cost of an acquisition over the Group's interest in the fair value attributed to the net assets at acquisition. Goodwill is not subject to amortisation but is tested for impairment at least annually. After initial recognition, goodwill is stated at cost less any accumulated impairment losses. Any impairment is recognised immediately in the income statement and is not subsequently reversed. Goodwill is allocated to an associated operating segment made up of a group of cash generating units for the purpose of impairment testing. Each of these groups of cash generating units represents the Group's investment in a subsidiary which is equivalent to an operating segment of the Group. On disposal of a subsidiary the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Trademarks and licenses

The fair value of the intangible assets acquired through the reverse acquisition was determined using discounted cash flow models. The key assumptions for the valuation method are those regarding future cash flows, tax rates and discount rates. The cash flow projections were based on management forecasts for the subsequent four years period. The estimated useful lives range from 4 to 20 years on a straight-line basis.

Brand

The fair value of the brand intangible assets acquired through an acquisition of a subsidiary was determined using discounted royalty relief models. The key assumptions for the valuation method are those regarding future cash flows, tax rates and discount rates. The cash flow projections were based on management forecasts for the subsequent ten year period.

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of brand from the beginning of the financial year that they are available for use. The estimated useful lives are 10 years on a straight-line basis.

Computer Software

Computer software licences are capitalised on the basis of the costs incurred to acquire and bring into use the specific software. These costs are amortised over their estimated useful lives, being between 3 and 5 years. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that are expected to generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include software development, employee costs and directly attributable overheads. Software integral to a related item of hardware equipment is accounted for as property, plant and equipment. Costs associated with maintaining computer software programmes are recognised as an expense when they are incurred.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at historical cost less depreciation and any recognised impairment loss. The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation is provided on property, plant and equipment at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:-

Leasehold properties and improvements	over lease term or renewal term
Plant and equipment	20% to 33% straight line
Furniture, fixtures and fittings	10% to 20% straight line

Assets in the course of construction are carried at cost, less any recognised impairment loss. Depreciation of these assets commences when the assets are ready for their intended use.

Residual values, useful lives and methods of depreciation are reviewed and adjusted if appropriate on an annual basis. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

IMPAIRMENT OF ASSETS

Goodwill is not subject to amortisation but is tested for impairment annually or whenever there is an indication that the asset may be impaired. For the purpose of impairment testing, assets which have separately identifiable cash flows, known as cash generating units, are grouped into their operating segment. If the recoverable amount of a group of cash generating units is less than the carrying amount of that group's assets, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the group of cash generating units and then to the other assets of the group pro-rata on the basis of the carrying amount of each asset in the group. Impairment losses recognised for goodwill are not reversed in a subsequent period. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

At each balance sheet date, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent, if any, of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit, predominantly an individual restaurant for the purposes of property, plant and equipment, to which the asset belongs. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement. Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in the income statement.

OTHER INVESTMENTS
Other investments are recognised and derecognised on a trade date where a purchase or sale of an investment is under a contract whose terms require delivery of the investment within the relevant timeframe, and are initially measured at fair value, including transaction costs.

Other investments classified as loans and receivables are stated at amortised cost using the effective interest method, less any impairment.

FINANCIAL INSTRUMENTS
Financial assets and financial liabilities, in respect of financial instruments, are recognised on the balance sheet when the Group becomes a party to the contractual provisions of the instrument.

INVENTORIES
Inventories are valued at the lower of cost and net realisable value. Cost is determined on a first in, first out basis. Net realisable value is based upon estimated selling price less further costs expected to be incurred to completion and disposal. Provision is made for obsolete and slow-moving items.

TRADE AND OTHER RECEIVABLES
Receivables are classified as loans and receivables and are initially recognised at fair value. They are subsequently measured at their amortised cost using the effective interest method less any provision for impairment. A provision for impairment is made where there is objective evidence (including customers with financial difficulties or in default on payments), that amounts will not be recovered in accordance with original terms of the agreement. A provision for impairment is established when the carrying value of the receivable exceeds the present value of the future cash flow, discounted using the original effective interest rate. The carrying value of the receivable is reduced through the use of an allowance account and any impairment loss is recognised in the income statement.

CASH AND CASH EQUIVALENTS
Cash and cash equivalents comprise cash in hand and call deposits and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

TRADE AND OTHER PAYABLES
Payables are initially recognised at fair value and subsequently at amortised cost using the effective interest method.

SHARE CAPITAL
Share capital represents the nominal value of ordinary shares issued.

SHARE PREMIUM
Share premium represents the amounts subscribed for share capital in excess of nominal value less the related costs of share issue.

MERGER RELIEF RESERVE
In accordance with Companies Act 2006 S.612 'Merger Relief', the company issuing shares as consideration for a business combination, accounted at fair value, is obliged, once the necessary conditions are satisfied, to record the excess of the consideration received over the nominal value of the shares issued to the merger relief reserve.

REVERSE ACQUISITION RESERVE
Reverse accounting under IFRS 3 'Business Combinations' requires the difference between the equity of the legal parent and the issued equity instruments of the legal subsidiary pre-combination to be recognised as a separate component of equity.

RETAINED EARNINGS
Retained earnings represents the cumulative profit and loss net of distributions.

FOREIGN CURRENCIES
Assets and liabilities denominated in foreign currencies are translated into sterling, the presentational and functional currency of the Group, at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the income statement.

FINANCIAL LIABILITIES AND EQUITY INSTRUMENTS
Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities and includes no obligation to deliver cash or other financial assets. Interest bearing loans and overdrafts are initially measured at fair value (which is equal to cost at inception), and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowing. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

TAXATION
Income tax expense represents the sum of the current tax payable and deferred tax.

Current tax payable or recoverable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because some items of income or expense are taxable or deductible in different years or may not be taxable or deductible. The Group's liability for current tax is calculated using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable in the future arising from temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. It is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit or the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset realised, based on tax rates that have been enacted or substantively enacted by the balance sheet date. Tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they either relate to income taxes levied by the same taxation authority on either the same taxable entity or on different taxable entities which intend to settle the current tax assets and liabilities on a net basis.

Tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the tax is also recognised directly in equity.

LEASES
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the asset to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments as determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in the income statement.

Rentals payable under operating leases are charged to the income statement on a straight line basis or other systematic basis if representative of the time pattern of the user's benefit over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight line basis over the lease term.

PROVISIONS
Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material.

RETIREMENT BENEFITS
The amount charged to the income statement in respect of pension costs is the contributions payable to money purchase schemes in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

REVENUE RECOGNITION
Revenue represents the fair value of the consideration received or receivable, net of Value Added Tax, for goods sold and services provided to customers outside the Group after deducting discounts. Revenue is recognised when the significant risks and rewards of ownership are transferred.

INTEREST INCOME
Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

SHARE BASED PAYMENTS
The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of the shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

Fair value is measured using a Black-Scholes valuation model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE
Non-current assets (disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale.

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held for sale, and (a) represents a separate line of business or geographical area of operations; and (b) is a part of a single coordinated plan to dispose of a separate line of business or geographical area of operations; or (c) is a subsidiary acquired exclusively with a view to sell.

Non-current assets held for sale and discontinued operations are carried at the lower of carrying amount or fair value less cost to sell. Any gain or loss from disposal, together with the results of these operations until the date of disposal, is reported separately as discontinued operations. The financial information of discontinued operations is excluded from the respective captions in the Consolidated financial statements and related notes for all periods presented. Comparatives in the balance sheet are not re-presented when a non-current asset or disposal group is classified as held for sale. Comparatives are re-presented for presentation of discontinued operations in the Statement of cash flow and Statement of comprehensive income.

Adjustments in the current period to amounts previously presented in discontinued operations that are directly related to the disposal of a discontinued operation in a prior period are classified separately in discontinued operations. Circumstances to which these adjustments may relate include resolution of uncertainties that arise from the terms of the disposal transaction, such as the resolution of purchase price adjustments and indemnifications, resolution of uncertainties that arise from and are directly related to the operations of the component before its disposal, such as environmental and product warranty obligations retained by the Company, or the settlement of employee benefit plan obligations provided that the settlement is directly related to the disposal transaction.

ACCOUNTING PERIOD
The consolidated group accounts have been prepared for the year to 25 March 2018 with the comparative year to 26 March 2017.

The Company accounts have been prepared for the same periods as the Group.

ACCOUNTING ESTIMATES AND JUDGEMENTS
The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of the Group's accounting policies, described above, with respect to the carrying amounts of assets and liabilities at the date of the financial statements, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting year. These judgements, estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, including current and expected economic conditions. Although these judgements, estimates and associated assumptions are based on management's best knowledge of current events and circumstances, the actual results may differ. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in any future years affected.

The judgements, estimates and assumptions which are of most significance to the Group are detailed below:

Assessment of the recoverable amounts in respect of assets tested for impairment
The Group tests goodwill for impairment on an annual basis or more frequently if there are indications that amounts may be impaired. For property, plant and equipment and intangible assets, other than goodwill, the Group tests for impairment when there is an indication of impairment.

The impairment analysis for such assets is principally based upon discounted estimated future cash flows from the use and eventual disposal of the assets (see notes 7 and 8). Such an analysis includes an estimation of the future anticipated results and cash flows, annual growth rates, whether short term or long term, future capital expenditures and the appropriate discount rates (see notes 7 and 8 for key assumptions). Changes in the estimates which underpin the Group's forecasts and selection of appropriate discount rate could have an impact on the value in use of the cash generating units and group of cash generating units being tested.

Valuation of share based payments
The charge for share based payments is calculated in accordance with the methodology described in note 18. The model requires highly subjective assumptions to be made including the future volatility of the Company's share price, expected dividend yield, risk-free interest rates, expected time of exercise and employee attrition rates. Changes in such estimates may have a significant impact on the original fair value calculation at the date of grant and the employee attrition rate will impact the judgement relating to the number of share based incentives that would vest and therefore the share based payments charge.

Deferred taxation
The recognition of deferred taxation assets or liabilities are further described in note 16.

Recognition of deferred tax assets on tax losses, is based upon whether management judge that it is probable that there will be sufficient and suitable taxable profits in the relevant legal entity or tax group against which to utilise the assets in the future. Judgement is required when determining probable future taxable profits. The Group assesses the availability of future taxable profits using the same cash flow forecasts for the Group's operations as are used in the Group's value in use calculations for impairment testing purposes. Where tax losses are forecast to be recovered beyond the five year period, the availability of taxable profits is assessed using the cash flows and long-term growth rates used for the value in use calculations.

Changes in the estimates which underpin the Group's forecasts could have an impact on the amount of future taxable profits and could have a significant impact on the period over which the deferred tax asset would be recovered and whether the deferred tax assets should have been recognised.

Deferred taxation assets on share based payments are calculated based on the intrinsic value of the share based incentives at the year end, Company's share price, availability of tax deduction on exercise of the share based incentives and employee leave rates. Changes in the number of share based incentives that are expected to vest (as described above), availability of tax deduction and other assumptions will have an impact on the value of deferred taxation assets.

Deferred tax liabilities on capital allowances are calculated using estimates of the proportion of property, plant and equipment acquired during the year that qualifies for capital allowances and the appropriate rates of allowances and estimates of tax rates applicable in the future. Management make such estimates based on experience with similar historic property, plant and equipment acquired. Changes in the make-up of the building components in one of these assets may have an impact on capital allowances claimable and therefore the quantum of the deferred tax liabilities.

The Group only considers substantively enacted tax laws when assessing the amount and availability of tax losses to offset against the future taxable profits and availability of capital allowances.

Finite lived intangible assets
Intangible assets include amounts spent by the Group acquiring brands and the costs of purchasing and/or developing computer software.

Where intangible assets are acquired through business combinations and no active market for the assets exists, the fair value of these assets is determined by discounting estimated future net cash flows generated by the asset. Estimates relating to the future cash flows and discount rates used may have a material effect on the reported amounts of finite lived intangible assets.

The useful life over which intangible assets are amortised depends on management's estimate of the period over which economic benefit will be derived from the asset. Reducing the useful life will increase the amortisation charge in the consolidated income statement. Useful lives are periodically reviewed to ensure that they remain appropriate.

Property, plant and equipment
Property, plant and equipment represents 48.7% (2017: 44.8%) of the Group's total assets; estimates and assumptions made may have a material impact on their carrying value and related depreciation charge. The depreciation charge for an asset is derived using estimates of its expected useful life and expected residual value, which are reviewed periodically. Increasing an asset's expected life or residual value would result in a reduced depreciation charge in the consolidated income statement. Management determines the useful lives and residual values for assets when they are acquired, based on experience with similar assets and taking into account other relevant factors such as any expected changes in technology. The useful life of equipment is assumed not to exceed the duration of restaurant property lease unless there is a reasonable expectation of renewal or ability for the equipment to be transferred for use in another restaurant.

Accounting treatment of other investments
Investments are recognised at fair value at the time of acquisition. Management judgement is used to determine whether the Group has significant influence or control over the investment which would give rise to different accounting methodology being applied as an associate or subsidiary.

OPERATING SEGMENTS
The Group considers itself to have two key operating segments, being the management and operation of The Real Greek restaurants and the management and operation of Franco Manca restaurants. The Group operates in only one geographical segment, being the United Kingdom.

DEFINITIONS

OPERATING PROFIT
Operating profit is defined as profit before taxation, finance income and finance costs.

HEADLINE OPERATING PROFIT
Headline operating profit is defined as operating profit before amortisation of brand, impairment of property, plant and equipment, impairment of goodwill and intangible assets, onerous lease costs, restructuring costs, costs of reverse acquisition, cost of acquisition, share based payments, loss on disposal of property, plant and equipment and pre-opening costs.

HEADLINE PROFIT BEFORE TAXATION
Headline profit before taxation is defined as profit/loss before taxation before amortisation of brand, impairment of property, plant and equipment, impairment of goodwill and intangible assets, onerous lease costs, restructuring costs, costs of reverse acquisition, costs of acquisition, share based payments, loss on disposal of property, plant and equipment and pre-opening costs.

PRE-OPENING COSTS
The restaurant pre-opening costs represent costs incurred up to the date of opening a new restaurant that are written off to the profit and loss account in the period in which they are incurred.

EBITDA
EBITDA is defined as operating profit before depreciation, amortisation and impairment.

HEADLINE EBITDA
Headline EBITDA is defined as EBITDA before onerous lease costs, restructuring costs, costs of reverse acquisition, cost of acquisition, share based payments, loss on disposal of property, plant and equipment and pre-opening costs.

HEADLINE EPS
Headline EPS is defined in note 6.

1 SEGMENT INFORMATION

For management purposes, the Group was organised into two operating divisions during the year ended 25 March 2018. These divisions, The Real Greek and Franco Manca, are the basis on which the Group reports its primary segment information as identified by the chief operating decision maker which is the Group's board of directors.

For the year ended 25 March 2018:

	The Real Greek segment £'000	Franco Manca segment £'000	Other unallocated £'000	Total £'000
External revenue	18,139	36,556	–	54,695
Headline EBITDA	2,436	5,427	(433)	7,430
Depreciation and amortisation	(931)	(2,751)	(32)	(3,714)
Headline operating profit	1,505	2,676	(465)	3,716
Pre-opening costs	(375)	(834)	–	(1,209)
Impairment property, plant and equipment	(214)	(653)	–	(897)
Operating profit	718	78	(654)	142
Finance income	–	2	–	2
Finance costs	–	–	(254)	(254)
Segment profit/(loss) before taxation	718	80	(908)	(110)
Income tax expense			(40)	(40)
Loss for the year from continuing operations			(948)	(150)
Assets	11,585	52,757	896	65,238
Liabilities	(3,969)	(10,208)	(13,429)	(27,606)
Net assets	7,616	42,549	(12,533)	37,632
Capital expenditure	2,874	6,741	26	9,641

Head office and PLC costs, previously treated as an operating segment, are not related to the Group's two business segments and are therefore included in other unallocated and are not part of a business segment.

1 SEGMENT INFORMATION (continued)

For the year ended 26 March 2017:

	The Real Greek segment £'000	Franco Manca segment £'000	Other unallocated £'000	Total £'000
External revenue	13,675	26,766	–	40,441
Headline EBITDA	2,284	5,415	(425)	7,274
Depreciation and amortisation	(649)	(1,707)	(19)	(2,375)
Headline operating profit	1,635	3,708	(444)	4,899
Pre-opening costs	(388)	(1,526)	–	(1,914)
Operating profit	1,049	1,100	(642)	1,507
Finance income	1	–	–	1
Finance costs	–	(1)	(134)	(135)
Segment profit/(loss) before taxation	1,050	1,099	(776)	1,373
Income tax expense			(164)	(164)
(Loss)/profit for the year from continuing operations			(939)	1,209
Assets	7,979	48,914	4,065	60,958
Liabilities	(4,073)	(10,872)	(7,365)	(22,310)
Net assets	3,906	38,042	(3,300)	38,648
Capital expenditure	2,185	10,716	246	13,147

The Group's two business segments primarily operate in one geographical area which is the United Kingdom.

2 OPERATING PROFIT

	Year ended 25 March 2018 £'000	Year ended 26 March 2017 £'000
Operating profit is stated after charging:		
Staff costs (note 3)	20,882	14,786
Depreciation of property, plant and equipment	3,684	2,432
Amortisation of intangible assets	851	837
Operating lease rentals:		
Land and buildings	5,514	3,936
Inventories – amounts charged as an expense	10,489	8,196
Auditor's remuneration:		
– for statutory audit services	83	75
– for other assurance services	20	7
– for tax services	33	27
– for transactional services	–	5
Share based payments	616	631
Pre-opening costs	1,209	1,914
Exceptional costs – cost of acquisition	–	26
Exceptional costs – impairment of property, plant and equipment	867	–
Exceptional costs – loss on disposal	61	–

3 EMPLOYEES

	Year ended 25 March 2018 No.	Year ended 26 March 2017 No.
The average monthly number of persons (including Directors) employed by the Group during the year was:		
Administration and management	29	23
Restaurants	1,086	800
	1,115	823
The average monthly number of persons (including Directors) employed by the Company during the year was:		
Administration and management	6	6
	6	6

3 EMPLOYEES (continued)

	Year ended 25 March 2018 £'000	Year ended 26 March 2017 £'000
Staff costs for above persons		
Salaries and fees	19,317	13,808
Social security costs	1,453	912
Share based payments	616	631
Defined contribution pension costs	112	73
	21,498	15,424

DIRECTORS' REMUNERATION

The remuneration of Directors, who are the key management personnel of the company, is set out in aggregate below. Further details of directors' emoluments can be found in the tables of directors' remuneration on pages 18 to 21.

	Year ended 25 March 2018 £'000	Year ended 26 March 2017 £'000
Salaries, fees and other short term employee benefits	918	899
Social security costs	72	59
Share based payments	448	473
Defined contribution pension costs	3	
	1,441	1,431

NJ Donaldson exercised Nil share options in the year ended 25 March 2018 (2017: 1,115,972) realising a gain of £Nil (2017: £184,000).

Included above are fees paid to related parties for the provision of directors' services which are further described in note 22.

The Directors are the only employees of the Company. The Directors' remuneration above is the only staff costs for the Company.

4 FINANCE COSTS

	Year ended 25 March 2018 £'000	Year ended 26 March 2017 £'000
Interest expenses on bank loans and overdrafts	254	135
	254	135

5 INCOME TAX EXPENSE

	Year ended 25 March 2018 £'000	Year ended 26 March 2017 £'000
Income tax expense on continuing operations		
Based on the result for the year:		
UK corporation tax at 19% (2017: 20%)	432	463
Adjustment in respect of prior periods	(65)	(302)
Total current taxation	367	161
Deferred taxation:		
Origination and reversal of temporary timing differences		
Current year	(109)	3
Prior year	(218)	–
Total deferred tax	(327)	3
Total tax expense on profit on continuing operations	40	164
The above is disclosed as		
Income tax expense – current year	258	164
Income tax expense – prior year	(218)	–
	40	164

5 INCOME TAX EXPENSE (continued)

	Year ended 25 March 2018 £'000	Year ended 26 March 2017 £'000
Income tax expense on discontinued operations		
Deferred taxation:	(13)	11
Total tax expense on profit on discontinued operations	(13)	11

Further information on the movement on deferred taxation is given in note 16.

Factors affecting tax charge for year:

	Year ended 25 March 2018 £'000	Year ended 26 March 2017 £'000
(Loss)/profit before taxation from continuing operations	(110)	1,373
Taxation at UK corporation tax rate of 19% (2017: 20%)	(21)	275
Expenses not deductible for tax purposes	6	14
Depreciation/impairment on non-qualifying fixed assets	214	315
Share based payments	162	(87)
Rate change on deferred tax liability	(38)	–
Adjustment to previously recognised deferred tax	(218)	(23)
Adjustment to tax charge in respect of previous periods	(65)	(303)
Total income tax expense in the income statement	40	164

Factors that may affect deferred tax charges are disclosed in note 16 including a breakdown of the adjustment to previously recognised deferred tax.

Note 23 provides additional details with regards to current and deferred tax on discontinued operations.

6 EARNINGS PER SHARE

	Year ended 25 March 2018 £'000	Year ended 26 March 2017 £'000
(Loss)/profit for the purposes of basic and diluted earnings per share:	(576)	947
Add back loss for the purposes of basic and diluted earnings per share (discontinued operations):	415	240
(Loss)/profit for the purposes of basic and diluted earnings per share (continuing operations):	(161)	1,187
Share based payments	616	631
Deferred tax on share based payments	146	(236)
Pre-opening costs	1,209	1,915
Amortisation of brand	821	821
Deferred tax on amortisation of brand	(137)	(137)
Exceptional costs – cost of acquisition	–	26
Exceptional costs – impairment of property, plant and equipment	867	–
Deferred tax on impairment of property, plant and equipment	(98)	–
Exceptional costs – loss on disposal	61	–
Headline profit for the year for the purposes of headline basic and diluted earnings per share:	3,324	4,207

	Year ended 25 March 2018 No. '000	Year ended 26 March 2017 No. '000
Weighted average number of ordinary shares in issue for the purposes of basic earnings per share	571,385	570,371
Effect of dilutive potential ordinary shares from share options	24,495	30,855
Weighted average number of ordinary shares in issue for the purposes of diluted earnings per share	595,880	601,226

6 EARNINGS PER SHARE (continued)

Further details of the share options that could potentially dilute basic earnings per share in the future are provided in note 18.

	Year ended 25 March 2018	Year ended 26 March 2017
Earnings per share:		
Basic		
From continuing operations	(0.0p)	0.2p
From discontinued operations	(0.1p)	0.0p
Total basic earnings per share	(0.1p)	0.2p
Diluted		
From continuing operations	(0.0p)	0.2p
From discontinued operations	(0.1p)	0.0p
Total basic earnings per share	(0.1p)	0.2p
Headline Basic	0.6p	0.7p
Headline Diluted	0.6p	0.7p

7 INTANGIBLE ASSETS

Group	Trademarks, License and franchises £'000	Software £'000	Brand £'000	Goodwill £'000	Total £'000
Cost					
27 March 2016	1,739	–	8,211	19,632	29,582
Additions	–	76	–	–	76
Reclassification	(1,681)	–	–	1,073	(608)
26 March 2017	58	76	8,211	20,705	29,050
Additions	–	27	–	–	27
25 March 2018	58	103	8,211	20,705	29,077
Accumulated amortisation					
27 March 2016	626	–	821	–	1,447
Charge in the year	5	11	821	–	837
Reclassification	(608)	–	–	–	(608)
26 March 2017	23	11	1,642	–	1,676
Charge in the year	8	22	821	–	851
25 March 2018	31	33	2,463	–	2,527
Net book value					
25 March 2018	27	70	5,748	20,705	26,550
26 March 2017	35	65	6,569	20,705	27,374

The amortisation charges for trademarks, license and franchises for the year are recognised within administrative expenses.

As at 25 March 2018 brand intangible assets which relates to Franco Manca has a remaining amortisation period of 7 years (2017: 8 years).

Goodwill of £1,774,000 relates to the The Real Greek and is attributable to its group of cash generating units. This includes goodwill of £1,667,000 which was recognised on the reverse acquisition of The Fulham Shore PLC by Kefi Limited that has been reallocated in the year ended 26 March 2017 to The Real Greek cash generating unit as it related to the original acquisition of The Real Greek by the Company.

Goodwill of £18,931,000 relates to the acquisition of Franco Manca Holdings Limited ("Franco Manca Holdings"). The goodwill is attributable to the cash generating units held within Franco Manca 2 UK Limited. Included in this goodwill is £1,073,000 which was reclassified in the prior year from franchise intangible asset following the reacquisition of the rights when Franco Manca Holdings was acquired.

7 INTANGIBLE ASSETS (continued)

For the purposes of impairment testing, the Directors consider each of Franco Manca and The Real Greek, operating segments of the Group, as the lowest level within the Group at which the goodwill is monitored for internal management purposes. Each of these segments are made up of a group of separate restaurants which are cash generating units (CGUs) in their own right.

The recoverable amount for each segment and group of CGUs was determined using a value in use calculation based upon management forecasts for the trading results for that segment. Value in use calculations are based on:

- cash flow forecasts derived from the most recent approved financial budgets for the 2019 financial year for the sites open at the end of March 2018;
- extrapolated cash flow over twenty five years, an appropriate timeframe for branded restaurant businesses, using forecast growth rates based on past and current run-rates for the initial five years that then reduce to the industry growth rate of 2%;
- less estimated annual capital expenditure required to maintain the existing restaurants' look and feel in each segment based on historic refurbishment programmes and investments in IT systems;
- applied pre-tax discount rate to cash flow projections of 12.4% (2017: 14.3%) which is the rate believed by the Directors to reflect the risks associated with the group of CGUs using a WACC model with comparison to other available restaurant businesses. During the year, the Group's capital structure had a greater portion of debt, at a lower cost of capital, than the year ended 26 March 2017 leading to a reduced discount rate.

Other than as disclosed below, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of any segment to materially exceed its recoverable amount. The estimated recoverable amount of The Real Greek and Franco Manca segments exceed their carrying values by £20,674,000 and £14,764,000 respectively. The changes in the following table to assumptions used in the impairment review would, in isolation, lead to an impairment loss being recognised for the year ended 25 March 2018:

	The Real Greek %	Franco Manca %
Reduction in long term growth rate	(4.7%)	(1.9%)
Increase in pre-tax discount rate	30.2%	4.2%

8 PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold improvements £'000	Plant and equipment £'000	Furniture, fixtures and fittings £'000	Assets under construction £'000	Total £'000
Cost					
27 March 2016	14,835	2,097	818	1,543	19,293
Additions	9,020	2,111	768	1,248	13,147
Reclassification	1,452	24	5	(1,481)	–
Disposals	(146)	(9)	–	–	(155)
26 March 2017	25,161	4,223	1,591	1,310	32,285
Additions	6,908	1,694	660	379	9,641
Reclassification	1,168	51	189	(1,408)	–
Reclassification as held for sale	(552)	(75)	(17)	–	(644)
Disposals	–	(6)	–	(61)	(67)
25 March 2018	32,685	5,887	2,423	220	41,215
Accumulated depreciation					
27 March 2016	1,781	548	231	–	2,560
Charge in the year	1,587	649	196	–	2,432
Disposals	(12)	(1)	–	–	(13)
26 March 2017	3,356	1,196	427	–	4,979
Charge in the year	2,339	1,052	334	–	3,725
Reclassification as held for sale	(264)	(41)	(10)		(315)
Impairment	949	83	30	–	1,062
Disposals	–	(4)	–	–	(4)
25 March 2018	6,380	2,286	781	–	9,447
Net book value					
25 March 2018	26,305	3,601	1,642	220	31,768
26 March 2017	21,805	3,027	1,164	1,310	27,306

During the year, the Group impaired the short term leasehold improvements in relation to the property at D'Arblay Street, Soho, London which was sold after the year end (see Note 23) and a further two properties trading as Franco Manca and one property trading as The Real Greek which are trading financially below management expectation.

8 PROPERTY, PLANT AND EQUIPMENT (continued)

Impairment review of property, plant and equipment is reviewed when there is indication of impairment. For the purposes of impairment testing of property, plant and equipment, the Directors consider each restaurant unit as a separate cash generating units (CGUs). The recoverable amount for each CGU was determined using a value in use calculation based upon management forecasts for the trading results for those restaurants. Value in use calculations are based on:

- cash flow forecasts derived from the most recent approved financial budgets for the 2019 financial year for the sites open at the end of March 2018;
- extrapolated cash flow over the remaining unexpired length of the lease years using forecast growth rates based on run rate expectations for the initial five years that then reduce to the industry growth rate of 2%;
- less estimated annual capital expenditure required to maintain the existing restaurants' look and feel in each segment based on historic refurbishment programmes;
- applied pre-tax discount rate to cash flow projections of 12.4% (2017: 14.3%) which is the rate believed by the Directors to reflect the risks associated with the CGU using a WACC model with comparison to other available restaurant businesses.

The Group has also conducted a sensitivity analysis on the impairment test of the CGU carrying value including reducing sales level by reducing long term growth rate by 1 % and there is no reasonably expected change that would give rise to an impairment charge.

The following impairment charges have been recognised in the Statement of Comprehensive Income as exceptional costs – impairment of property, plant and equipment.

	25 March 2018 £'000	25 March 2018 £'000
	Impairment charge	Recoverable amount
For continuing operations		
Franco Manca Brighton Marina	505	–
Franco Manca restaurant 1	148	437
Total for Franco Manca operating segment	653	437
The Real Greek restaurant 1	214	299
Total for The Real Greek operating segment	214	299
Total for the Group	867	736
For discontinued operations		
Bukowski Soho	195	–

The recoverable amount for Bukowski Soho has been reclassified to Asset held for sale (see note 23).

8 PROPERTY, PLANT AND EQUIPMENT (continued)

Parent Company

	Leasehold improvements £'000	Plant and equipment £'000	Furniture, fixtures and fittings £'000	Total £'000
Cost				
27 March 2016	3	29	10	42
Additions	202	19	15	236
26 March 2017	205	48	25	278
Additions	–	7	–	7
25 March 2018	205	55	25	285
Accumulated depreciation				
27 March 2016	3	25	3	31
Charge in the year	13	5	2	20
26 March 2017	16	30	5	51
Charge in the year	21	8	2	31
25 March 2018	37	38	7	82
Net book value				
25 March 2018	168	17	18	203
26 March 2017	189	18	20	227

All depreciation charges have been recognised in administrative expenses in the income statement.

All non-current assets are located in the United Kingdom.

9 INVESTMENTS

	25 March 2018 £'000	26 March 2017 £'000
Group		
Unlisted shares at cost	201	–
Loans	80	–
Carrying amount and cost	281	–

Investments are recognised and derecognised on a trade date where a purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, including transaction costs and subsequently measured.

During the year the Group made an investment in Made of Dough Limited subscribing for 25% of the equity. Although the investment is for more than 20% of the investee and includes one board representation, the structure of the investee board, the shareholder agreement and the start up nature of the business operations has led the Group to conclude that the Group does not have significant influence over its operations and therefore not an associate.

Other investments classified as loans and receivables are stated at amortised cost using the effective interest method, less any impairment.

	25 March 2018 £'000	26 March 2017 £'000
Parent Company		
Cost and net book value		
Opening position	43,011	42,579
Investment in subsidiaries	428	432
Closing position	43,439	43,011

9 INVESTMENTS (continued)

As at 25 March 2018, the Company had the following subsidiary undertakings which are all registered at 1st Floor, 50-51 Berwick Street, London W1F 8SJ:

Name of subsidiary	Class of Holding	Proportion of shares held, ownership interest and voting power	Nature of business
Incorporated in England and Wales			
FM98 LTD Limited*	Ordinary	99%	Operation of restaurants
10DAS Limited	Ordinary	100%	Operation of restaurants
Café Pitfield Limited	Ordinary	100%	Dormant
Kefi Limited	Ordinary	99%	Dormant
The Real Greek Food Company Limited*	Ordinary	99%	Operation of restaurants
The Real Greek Wine Company Limited*	Ordinary	99%	Dormant
Souvlaki & Bar Limited*	Ordinary	99%	Dormant
CHG Brands Limited*	Ordinary	99%	Dormant
The Real Greek International Limited*	Ordinary	99%	Dormant
Franco Manca Holdings Limited	Ordinary	99%	Dormant
Franco Manca 2 UK Limited*	Ordinary	99%	Operation of restaurants
FM6 Limited*	Ordinary	99%	Restaurant property
FM111 Limited*	Ordinary	99%	Restaurant property
Franco Manca International Limited*	Ordinary	99%	Dormant

* Held by subsidiary undertaking

10 INVENTORIES

	Group 25 March 2018 £'000	Group 26 March 2017 £'000	Parent company 25 March 2018 £'000	Parent company 26 March 2017 £'000
Raw materials and consumables	1,490	1,052	–	–

Inventories are charged to cost of sales in the consolidated comprehensive statement of income.

11 TRADE AND OTHER RECEIVABLES

	Group 25 March 2018 £'000	Group 26 March 2017 £'000	Parent company 25 March 2018 £'000	Parent company 26 March 2017 £'000
Included within non-current assets:				
Amounts receivable from subsidiaries	–	–	11,724	7,974
Other receivables	943	947	–	–
	943	947	11,724	7,974
Included within current assets:				
Trade receivables	1,095	847	3	53
Other receivables	319	179	–	–
Other taxation and social security costs	–	–	–	11
Prepayments and accrued income	1,911	1,576	132	120
	3,325	2,602	135	184
	4,268	3,549	11,859	8,158

Other receivables due after more than one year relate to rent deposits.

Receivables are denominated in sterling.

The Group and Company hold no collateral against these receivables at the balance sheet date. The Directors consider that the carrying amount of receivables are recoverable in full and approximates to their fair value.

12 CASH AND CASH EQUIVALENTS

	Group		Parent company	
	25 March 2018 £'000	26 March 2017 £'000	25 March 2018 £'000	26 March 2017 £'000
Cash at bank and in hand	359	271	7	–
Cash and cash equivalents as presented in the balance sheet	359	271	7	–
Bank overdraft	–	(180)	–	(12)
	359	91	7	(12)

Bank balances comprise cash held by the company on a short term basis with maturity of three months or less. The carrying amount of these assets approximates to their fair value.

13 TRADE AND OTHER PAYABLES

	Group		Parent company	
	25 March 2018 £'000	26 March 2017 £'000	25 March 2018 £'000	26 March 2017 £'000
Included in current liabilities:				
Trade payables	5,622	7,375	113	266
Other taxation and social security payable	1,350	1,012	117	30
Other payables	208	95	29	28
Accruals	4,206	3,788	629	687
Deferred income	135	1,062	–	–
	11,521	13,332	888	1,011
Included in non-current liabilities:				
Deferred income	1,470	–	–	–
	1,470	–	–	–

Trade payables were all denominated in sterling and comprise amounts outstanding for trade purchases and ongoing costs and are non-interest bearing.

The Directors consider that the carrying amount of trade payables approximate to their fair value.

Deferred income relates to lease incentives received by the Group on restaurant leases acquired. For the year ended 26 March 2017, included in current liabilities is £915,000 relating to non-current liabilities.

14 BORROWINGS

	Group		Parent company	
	25 March 2018 £'000	26 March 2017 £'000	25 March 2018 £'000	26 March 2017 £'000
Short term borrowings:				
Bank overdraft	–	180	–	12
Long term borrowings:				
Bank loans	12,350	6,000	12,350	6,000
Amounts owed to subsidiary undertakings	–	–	975	2,190
	12,350	6,000	13,325	8,190
	12,350	6,180	13,325	8,202

As at 25 March 2018, the Group's committed Sterling borrowing facilities comprises a revolving credit facility of £14,250,000 (2017: £6,000,000) expiring between two and five years and a bank overdraft facility from HSBC Bank PLC which is secured by a mortgage debenture in favour of HSBC Bank PLC representing fixed or floating charges over all assets of the Group. The interest rate applicable on this bank loan is 2.50% above LIBOR.

The bank overdraft is repayable on demand with interest being charged at 2.5% over base rate and is secured by a debenture giving fixed and floating charges over all assets of the Group.

Amounts owed to subsidiary undertakings are amounts borrowed from The Real Greek Food Company Limited, a subsidiary of the Company and are repayable on 26 March 2020. The interest rate applicable on the amounts owed to subsidiary undertakings is 3.5%.

15 FINANCIAL INSTRUMENTS

The Group is exposed to the risks that arise from its use of financial instruments. The Group's finance function provides a centralised service to all Group businesses for funding, foreign exchange and interest rates management. Derivative instruments may be transacted solely for risk management purposes. The management consider that the key financial risk factors of the business are liquidity risks, market risk, foreign exchange risk and credit risk.

This note describes the objectives, policies and processes of the Group for managing those risks and the methods used to measure them.

Financial Assets and Liabilities
The Group and Company had the following financial assets and liabilities:

	Group		Parent company	
	25 March 2018 £'000	26 March 2017 £'000	25 March 2018 £'000	26 March 2017 £'000
Non-current financial assets				
Other investments	281	–	–	–
Amounts owed by subsidiary undertakings	–	–	11,724	7,974
Other receivables	943	947	–	–
Current financial assets				
Cash at bank and in hand	359	271	7	–
Trade and other receivables*	1,414	1,026	3	53
	2,997	2,244	11,734	8,027
Current financial liabilities				
At amortised cost – borrowings	–	180	–	12
At amortised cost – payables**	10,036	11,258	771	981
Non-current financial liabilities				
At amortised cost – borrowings	12,350	6,000	12,350	6,000
At amortised cost – payables	–	–	975	2,190
	22,386	17,438	14,096	9,183

* excludes other taxation and social security receivable and prepayments included in trade and other receivables in note 11.

** excludes other taxation and social security and deferred income included in trade and other payables in note 13.

15 FINANCIAL INSTRUMENTS (continued)

The maturity analysis table below analyses the Group's financial assets and liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are contractual undiscounted cash flows.

For the year ended 25 March 2018

	Less than 1 year £'000	Between 1 and 5 years £'000	More than 5 years £'000	Total £'000
Other investments	–	80	201	281
Cash at bank and in hand	359	–	–	359
Trade and other receivables	1,414	43	900	2,357
Bank loans and overdrafts	–	(12,350)	–	(12,350)
Trade and other payables	(10,036)	–	–	(10,036)
	(8,263)	(12,224)	1,101	(19,389)

For the year ended 26 March 2017

	Less than 1 year £'000	Between 1 and 5 years £'000	More than 5 years £'000	Total £'000
Cash at bank and in hand	271	–	–	271
Trade and other receivables	1,026	47	900	1,973
Bank loans	(180)	(6,000)	–	(6,180)
Trade and other payables	(11,258)	–	–	(11,258)
	(10,108)	(5,953)	900	(15,194)

The financial instruments recognised on the balance sheets and shown above are all loans and receivables and financial liabilities at amortised cost.

15 FINANCIAL INSTRUMENTS (continued)

The maturity analysis table below analyses the Company's financial assets and liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are contractual undiscounted cash flows.

For the year ended 25 March 2018

	Less than 1 year £'000	Between 1 and 5 years £'000	Total £'000
Trade and other receivables	3	11,724	11,727
Bank loans and overdrafts	–	(12,350)	(12,350)
Trade and other payables	(771)	(975)	(1,746)
	(768)	(1,601)	(2,369)

For the year ended 26 March 2017

	Less than 1 year £'000	Between 1 and 5 years £'000	Total £'000
Trade and other receivables	53	7,974	8,027
Bank loans and overdrafts	(12)	(6,000)	(6,012)
Trade and other payables	(983)	(2,190)	(3,173)
	(942)	(216)	(1,158)

The financial instruments recognised on the balance sheets and shown above are all loans and receivables and financial liabilities at amortised cost.

Liquidity Risks

The Group and Company had a committed long term revolving credit facility of £14,250,000 (2017: £6,000,000) and short term bank overdraft facilities available to manage its liquidity as at 25 March 2018 of £750,000 (2017: £500,000).

15 FINANCIAL INSTRUMENTS (continued)

Market Risks
The Group's market risk exposure arises mainly from its floating interest rate interest bearing borrowings. Only the following financial assets and liabilities were interest bearing:

	Group		Parent company	
	25 March 2018 £'000	26 March 2017 £'000	25 March 2018 £'000	26 March 2017 £'000
Floating rate				
Other investments	80	–	–	–
Cash at bank and in hand	359	271	–	–
Bank overdraft	–	(180)	–	(12)
Bank loans	(12,350)	(6,000)	(12,350)	(6,000)
	(11,911)	(5,909)	(12,350)	(6,012)

Trade and other receivables and trade and other payables are all non-interest bearing.

Weighted average interest rates paid for bank loans during the year ended 25 March 2018 were 1.9% and year ended 26 March 2017 were 1.9% and the weighted average interest rates paid for bank overdrafts during the year ended 25 March 2018 were 2.5% and year ended 26 March 2017 were 2.5%.

The Group has derived a sensitivity analysis based on a 0.5% variance in LIBOR element of floating interest rates. The annualised impact of an increase in LIBOR by 0.5% applied to the balance of floating rate bank loans at the year end would be £61,750 (2017: £30,000).

Foreign Exchange Risks
During the years ended 25 March 2018 and 26 March 2017, the Group did not receive or pay significant amounts denominated in foreign currencies. As purchasing from foreign franchised territories that is not denominated or agreed in Sterling increase to a significant level, the Group will implement a foreign exchange management policy.

Credit Risks
The Group's exposure to credit risk arises mainly from as follows:

	Group		Parent company	
	25 March 2018 £'000	26 March 2017 £'000	25 March 2018 £'000	26 March 2017 £'000
Other investments	80	–	–	–
Cash at bank and in hand	359	271	–	–
Trade receivables and other receivables	1,414	1,026	11,734	8,027
	1,853	1,297	11,734	8,027

The carrying amounts of the above assets are considered to be recoverable in full and approximate to their fair value. They are neither past due nor impaired:

15 FINANCIAL INSTRUMENTS (continued)

The majority of the Group's cash balances have been held in current accounts at HSBC Bank PLC during the years ended 25 March 2018 and 26 March 2017 and did not earn any significant interest.

The majority of the Group's trade receivables are due for maturity within 7 days and largely comprise amounts receivable from credit and debit card clearing houses.

Fair Values of Financial Assets and Financial Liabilities
The fair value amounts of the Group's financial assets and liabilities as at 25 March 2018 and 26 March 2017 did not materially vary from the carrying value amounts.

16 DEFERRED TAXATION

Analysis of movements in net deferred tax balance during the period:

	Group		Parent company	
	25 March 2018 £'000	26 March 2017 £'000	25 March 2018 £'000	26 March 2017 £'000
Opening position	(859)	(1,163)	1,238	825
Adjustment in relation to prior year cumulative deferred tax on share based payments error	(484)	–	(498)	–
Tax on share based payments	(583)	–	(484)	–
Transfer from/(to) reserves	(1,067)	307	(992)	258
Adjustment in relation to brought forward deferred tax errors*	218	–	–	–
Movement in accelerated capital				
Allowances – continuing	17	(476)	–	–
– discontinued	13	(11)	–	–
	–	–	–	–
Tax on share based payments	(45)	212	(50)	155
Tax on intangible assets	137	271	–	–
Transfer from/(to) profit and loss	340	(3)	(50)	155
Net deferred tax (liability)/asset	(1,586)	(859)	196	1,238

During the year ended 25 March 2018, the Group transferred £1,067,000 deferred tax charge to reserves (2017: £307,000 credit to reserves) in relation to deferred tax on share based payments which included £484,000 error relating to the year ended 26 March 2017 and before. The remaining £583,000 deferred tax charge to reserves is a result of the change in share price during the financial year.

* Included above is an adjustment for brought forward deferred taxation which has been credited to the Statement of Comprehensive Income as follows:

o £211,000 reduction in deferred tax liability on capital allowances in relation to capital allowances incorrectly estimated on assets treated as revenue items for tax purposes in the year ended 27 March 2016 and before;

16 DEFERRED TAXATION (continued)

- o £108,000 reduction in deferred tax liability from a reduction of tax rate to 17%, being the substantially enacted tax rate for future periods rather than 19% and 20% rates previously applying in the previous years; and

- o £101,000 reduction in deferred tax asset on share based payments relating to a correction to the methodology used to calculate deferred tax assets.

The Directors believe that these adjustments are not material to the comparative year's results.

The Group's deferred taxation liability disclosed above relates to the following:

	Group		Parent company	
	25 March 2018 £'000	26 March 2017 £'000	25 March 2018 £'000	26 March 2017 £'000
Deferred tax assets				
Share options	193	1,406	185	1,238
Deferred taxation assets	193	1,406	185	1,238
Deferred tax liabilities				
Accelerated capital allowances	829	1,178	–	–
Intangible assets	950	1,087	–	–
Deferred taxation liabilities	1,779	2,265	–	–

The Company has losses of £283,000 (2017: £283,000) which, subject to agreement with HM Revenue & Customs, are available to offset against the Company's future profits. A deferred taxation asset in respect of these losses of £51,000 (2017: £57,000) has not been recognised in the financial statements. Although the directors are confident that the Company will achieve future profitability in line with current expectations, the timing of such profits is uncertain and therefore the directors have not recognised the entire deferred tax asset. The Directors have recognised deferred tax assets in relation to the share based payment charge recognised in the year as such deferred tax asset may be used against future group tax relief.

17 SHARE CAPITAL

	Group		Parent company	
	25 March 2018 £'000	26 March 2017 £'000	25 March 2018 £'000	26 March 2017 £'000
Allotted, issued called up and fully paid: 571,385,237 (2017: 571,385,237) ordinary shares of 1p each	5,714	5,714	5,714	5,714

The Company has one class of ordinary share which carries no rights to fixed income.

18 SHARE BASED PAYMENTS

The Group currently uses a number of equity settled share plans to incentivise to its Directors and employees.

The Group operates four share plans:

- The Fulham Shore Enterprise Management Incentive ("EMI") Share Option Plan;
- The Fulham Shore Unapproved Share Option Plan ("Unapproved Plan");
- The Fulham Shore Company Share Option Plan ("CSOP"); and
- The Fulham Shore Share Incentive Plan ("SIP")

The Group's Share Plans provide for a grant price equal to the market price of the Company shares on the date of grant. The vesting period on all Share Plans except the SIP is 3 years with an expiration date 7 to 10 years from the date of grant. Furthermore, share options are forfeited if the employee leaves the Group before the options vest unless forfeiture is waived at the discretion of the Remuneration Committee. For the SIP, the vesting period ranges from 1 day to 3 years with an expiration date 10 years from the date of grant. For the initial grant under the SIP, the shares are not forfeited if the employee leaves the Group before vesting. On all schemes, there are no other material vesting conditions.

The charge recorded in the financial statements of the Group in respect of share-based payments is £616,000 (2017: £631,000).

The Fulham Shore EMI, Unapproved Plan and CSOP
Outstanding share options under The Fulham Shore EMI, The Fulham Shore Unapproved Share Option Plan and The Fulham Shore CSOP to acquire ordinary shares of 1 pence each as at 25 March 2018 are as follows:

	Year ended 25 March 2018 '000	Year ended 26 March 2017 '000
At the beginning of the year	60,608	55,625
Granted during the year	2,950	7,200
Exercised during the year	–	(1,116)
Lapsed during the year	(925)	(1,101)
At the end of the year	62,633	60,608

18 SHARE BASED PAYMENTS (continued)

Weighted average exercise price

	Year ended 25 March 2018 £'000	Year ended 26 March 2017 £'000
At the beginning of the year	0.09	0.08
Granted during the year	0.18	0.18
Exercised during the year	–	(0.02)
Lapsed during the year	(0.18)	(0.11)
At the end of the year	0.10	0.09

Outstanding and exercisable share options to acquire ordinary shares of 1 pence each as at 25 March 2018 under various Group share plans are as follows:

For the year ended 25 March 2018

Range of exercise prices	Options outstanding			Options exercisable		
	Number of shares '000	Weighted average exercise price £	Weighted average remaining contractual life months	Number of shares '000	Weighted average exercise price £	Weighted average remaining contractual life months
EMI						
£0.02	2,232	0.0200	23	2,232	0.0200	23
£0.05	2,779	0.0500	35	2,779	0.0500	35
£0.06	9,440	0.0600	43	9,440	0.0600	43
	14,451	0.0519	38	5,011	0.0519	38
Unapproved						
£0.05	554	0.0500	35	554	0.0500	35
£0.06	13,805	0.0600	43	13,805	0.0600	43
£0.11	24,673	0.1100	49	–	–	–
£0.17625	1,285	0.1763	111			
£0.1775	162	0.1775	107	–	–	–
£0.1825	2,064	0.1825	99	–	–	–
	42,543	0.0988	50	14,359	0.0596	35
CSOP						
£0.17625	1,465	0.1763	111			
£0.1775	738	0.1775	107	–	–	–
£0.1825	3,436	0.1825	99	–	–	–
	5,639	0.1802	103	–	–	–

18 SHARE BASED PAYMENTS (continued)

Range of exercise prices	Options outstanding			Options exercisable		
	Number of shares '000	Weighted average exercise price £	Weighted average remaining contractual life months	Number of shares '000	Weighted average exercise price £	Weighted average remaining contractual life months
EMI						
£0.02	2,232	0.0200	35	2,232	0.0200	35
£0.05	2,779	0.0500	47	2,779	0.0500	47
£0.06	9,440	0.0600	55	–	–	–
	14,451	0.0519	50	5,011	0.0366	42
Unapproved						
£0.05	554	0.0500	47	554	0.0500	47
£0.06	13,805	0.0600	55	–	–	–
£0.11	24,673	0.1100	61	–	–	–
£0.1775	293	0.1775	119	–	–	–
£0.1825	2,114	0.1825	111	–	–	–
	41,439	0.0967	62	554	0.0500	47
CSOP						
£0.1775	907	0.1775	119	–	–	–
£0.1825	3,811	0.1825	111	–	–	–
	4,718	0.1815	113	–	–	–

During the year ended 25 March 2018, the market price of ordinary shares in the Company ranged from £0.0900 (2017: £0.1525) to £0.2238 (2017: £0.2235). The share price as at 25 March 2018 was £0.0935 (2017: £0.1788).

The fair value of the options is estimated at the date of grant using a Black-Scholes valuation model.

Expected life of options used in the model is based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

18 SHARE BASED PAYMENTS (continued)

Expected volatility was determined by calculating the historical 90 days volatility of the Group's share price over the previous 180 days. The inputs to the Black Scholes model were as follows:

	Year ended 25 March 2018	Year ended 26 March 2017
Weighted average expected life	3 years	3 years
Weighted average exercise price	17.625 pence	17.75 to 18.25 pence
Risk free rate	0.50%	0.50%
Expected volatility	34.1%	32.1% to 40.0%

The Fulham Shore SIP

The Fulham Shore SIP was introduced during the year ended 27 March 2015. Outstanding ordinary shares of 1 pence each granted under The Fulham Shore SIP as at 25 March 2018 are as follows:

	Year ended 25 March 2018 '000	Year ended 26 March 2017 '000
At the beginning and end of the year	591	591

For the year ended 25 March 2018

Range of exercise prices	SIP shares outstanding			SIP shares exercisable		
	Number of shares '000	Weighted average exercise price £	Weighted average remaining contractual life months	Number of shares '000	Weighted average exercise price £	Weighted average remaining contractual life months
Nil	591	–	85	591	–	85
	591	–	85	591	–	85

18 SHARE BASED PAYMENTS (continued)

For the year ended 26 March 2017

Range of exercise prices	SIP shares outstanding			SIP shares exercisable		
	Number of shares '000	Weighted average exercise price £	Weighted average remaining contractual life months	Number of shares '000	Weighted average exercise price £	Weighted average remaining contractual life months
Nil	591	–	97	591	–	97
	591	–	97	591	–	97

The fair value of the SIP shares is estimated at the date of grant using a Black-Scholes valuation model.

Warrants
Outstanding share warrants in the Company to acquire ordinary shares of 1 pence each as at 25 March 2018 are as follows:

	25 March 2018 '000	26 March 2017 '000
At the beginning of the year	–	1,116
Exercised during the year	–	(1,116)
At the end of the year	–	–

19 NOTE TO CASH FLOWS STATEMENTS

Reconciliation of net cash flows from operating activities

	Group Year ended 25 March 2018 £'000	Group Year ended 26 March 2017 £'000	Parent Year ended 25 March 2018 £'000	Parent Year ended 267 March 2017 £'000
(Loss)/profit from continuing operations	(150)	1,209	(1,566)	(436)
Loss from discontinued operations	(415)	(240)	–	–
(Loss)/profit for the year	(565)	969	(1,566)	(436)
Income tax expense	27	175	61	(147)
(Loss)/profit before tax	(538)	1,144	(1,505)	(583)
Finance income	(2)	(1)	(465)	(261)
Finance costs	254	135	312	209
Operating profit for the year	(286)	1,278	(1,658)	(635)
Adjustments				
Depreciation and amortisation	4,575	3,269	31	20
Impairment	1,062	–	1,004	–
Loss on disposal of fixed assets	63	2	–	–
Share based payments expense	616	631	188	199
Cost of acquisition	–	26	–	–
Operating cash flows before movements in working capital	6,030	5,206	(435)	(416)
Increase in inventories	(438)	(365)	–	–
(Increase)/decrease in trade and other receivables	(719)	(1,166)	49	19
Increase in trade and other payables	63	6,866	(123)	188
Cash generated from/(used in) operations	4,936	10,541	(509)	(209)
Income taxes paid	(414)	(268)	–	–
Net cash flow from operating activities	4,522	10,273	(509)	(209)

19 NOTE TO CASH FLOWS STATEMENTS (continued)

	Year ended 25 March 2018 £'000	Group Year ended 26 March 2017 £'000	Year ended 25 March 2018 £'000	Parent Year ended 267 March 2017 £'000
Cash flow from acquisition of subsidiaries				
Consideration paid on acquisition	–	(350)	–	–
Cost of acquisition of subsidiary	–	(26)	–	–
Net cash flow from acquisition of subsidiaries	–	(376)	–	–

20 COMMITMENTS UNDER OPERATING LEASES

The Group had aggregate minimum lease payments under non-cancellable operating leases which fall due as follows:

	Group 25 March 2018 £'000	26 March 2017 £'000	Parent company 25 March 2018 £'000	26 March 2017 £'000
Land and buildings				
within one year	6,043	4,685	136	136
in two to five years	22,652	17,779	261	397
after five years	48,711	41,478	–	–
	77,406	63,942	397	533
Others				
within one year	21	21	–	–
	21	21	–	–
	77,427	63,963	397	533

Included above are certain annual lease commitments relating to a subsidiary company that have been guaranteed by the parent company.

Operating lease payments for land and buildings represent rent payable by the Group for a restaurant property. Leases either negotiated as a new lease or acquired through lease assignment have an average term of 20 years and rentals are fixed for an average of 5 years.

21 CAPITAL COMMITMENTS

The Group capital expenditure contracted for but not provided in the financial statements as follows:

	Group 25 March 2018 £'000	Group 26 March 2017 £'000	Parent company 25 March 2018 £'000	Parent company 26 March 2017 £'000
Committed new restaurant builds	–	3,692	–	–

22 RELATED PARTY DISCLOSURES

Remuneration of key management personnel
The remuneration of the directors, who are the key management personnel of the Group is provided in the Report on Directors Remuneration on pages 18 to 21, and in note 3. Details of share options granted to Directors are also shown in the Report on Directors Remuneration.

Other related party transactions
During the year, the Group provided restaurant management or operation services to the following companies in which DM Page and NAG Mankarious are directors and shareholders:

Amounts invoiced (including VAT)	Group Year ended 25 March 2018 £'000	Group Year ended 26 March 2017 £'000	Parent company Year ended 25 March 2018 £'000	Parent company Year ended 26 March 2017 £'000
Bukowski Limited	–	(3)	–	–
Wild Food Ideas Limited	4	12	–	–
	4	9	–	–

Amounts outstanding at year end	Group 25 March 2018 £'000	Group 26 March 2017 £'000	Parent company 25 March 2018 £'000	Parent company 26 March 2017 £'000
Bukowski Limited	–	1	–	–
Wild Food Ideas Limited	–	1	–	–
	–	2	–	–

22 RELATED PARTY DISCLOSURES (continued)

During the year, the Group was invoiced £83,000 (2017: £98,000) for the services of NJ Donaldson by London Bridge Capital Partners LLP, a company in which NJ Donaldson is a director, and the balance outstanding at 25 March 2018 was £33,000 (2017: £33,000).

During the year, the Group was invoiced £146,000 (2017: £161,000) for franchise fees and products by Bukowski Limited, a company in which NAG Mankarious is a director and DM Page and NAG Mankarious are shareholders. The balance outstanding at 25 March 2018 was £19,000 (2017: £21,000). The Group also acquired equipment of £18,000 (2017: £Nil) from Bukowski Limited and the balance owed by the Group outstanding at 25 March 2018 was £18,000 (2017: £Nil)

During the year, the Group was invoiced £936,000 (2016: £643,000) for restaurant management services by Room 307 Limited, a company in which NAG Mankarious and NCW Wong are directors and DM Page, NAG Mankarious and NCW Wong are shareholders. The balance outstanding at 25 March 2018 was £266,000 (2017: £299,000).

During the year, the Group was invoiced £171,000 (2017: £128,000) for information technology services by Restaurants IT Limited, a company in which NCW Wong is a director and DM Page, NAG Mankarious and NCW Wong are shareholders. The balance outstanding at 25 March 2018 was £61,000 (2017: £63,000).

During the year, the Group invoiced £86,000 (2017: £Nil) in rent relating to a property leased to Fixed Restaurants Limited, a company in which DM Page, NAG Mankarious, NJ Donaldson and NCW Wong are directors and indirect shareholders. The balance outstanding as at 25 March 2018 was £Nil (2017: £Nil).

During the year, the Group and Company invoice £3,000 (2017: £Nil) for desk space provided to Meatailer Limited, a company in which DM Page and NAG Mankarious are directors and shareholders and NJ Donaldson and NCW Wong are shareholders. The balance outstanding as at 25 March 2018 was £3,000 (2017: £Nil).

Transactions between the Company and its subsidiaries
Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation. During the year, the Company provided restaurant management services to the following subsidiaries:

Amounts invoiced (including VAT)	Parent company	
	Year ended 25 March 2018 £'000	Year ended 26 March 2017 £'000
10DAS Limited	57	49
The Real Greek Food Company Limited	603	624
Franco Manca 2 UK Limited	806	794
	1,466	1,467

22 RELATED PARTY DISCLOSURES (continued)

During the year the Company also loaned amounts to the following subsidiaries:

Amounts loaned/(repaid	Parent company Year ended 25 March 2018 £'000	Parent company Year ended 26 March 2017 £'000
10DAS Limited	331	324
The Real Greek Food Company Limited	1,215	(1,098)
Franco Manca 2 UK Limited	4,423	3,326
	5,969	2,552

Amounts outstanding at year end	Parent company 25 March 2018 £'000	Parent company 26 March 2017 £'000
FM98 LTD Limited	–	–
10DAS Limited	1,233	902
The Real Greek Food Company Limited	(975)	(2,190)
Franco Manca 2 UK Limited	11,494	7,072
	11,752	5,784

The Company is a legal guarantor and a party to an agreement in which 10DAS Limited, a subsidiary company, entered into a lease of a restaurant space. The total potential aggregate minimum lease payments under this guarantee at the end of the year were £1,462,000 (2017: £1,587,000). This commitment is included in the Group disclosure in note 20. Following the year end, the guarantee was released.

23 DISCONTINUED OPERATION AND NON-CURRENT ASSETS CLASSED AS HELD FOR SALE

During the period, the Group committed to the disposal of the property and business of the Bukowski franchise at D'Arblay Street, Soho, London within the next 6 months. The sale completed following the year end in April 2018. An impairment loss was recognised on reclassification of the property, plant and equipment as held for sale.

	Year ended 25 March 2018 £'000	Year ended 26 March 2017 £'000
Revenue	617	833
Expenses	(850)	(1,062)
Operating loss	(233)	(229)
Net finance costs	–	–
Loss before taxation	(233)	(229)
Income taxation expense	13	(11)
	(220)	(240)
Impairment	(195)	–
Loss from discontinued operations attributable to the owners of the company	(415)	(240)

Cash flows from discontinued operations included in the consolidated cash flow statement are as follows:

Net cash used in operating activities	(301)	(163)
Net cash used in investing activities	18	(114)
	(283)	(277)
Property, plant and equipment held for sale	329	–

The impairment charge above relates to the impairment of the property, plant and equipment for the D'Arblay Street restaurant business. The Group expect the fair value (estimated based on final offer from the buyer of the property following the year end) less costs to be approximately £329,000. There are no liabilities expected to be held for sale.

24 SUBSEQUENT EVENTS

See Note 23 for details of the disposal of the D'Arblay Street restaurant site following year end.

In July 2018, the Group agreed terms to terminate the outstanding lease for the Franco Manca Brighton Marina restaurant.

DIRECTORS

DM Page	Chairman
NAG Mankarious	Managing Director
NJ Donaldson	Director
NCW Wong	Finance Director
MA Chapman	Non-executive Director
DAL Gunewardena	Non-executive Director

COMPANY SECRETARY

NJ Donaldson

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REGISTERED IN ENGLAND

Number 07973930

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JOINT FINANCIAL ADVISER

London Bridge Capital Partners LLP
No.4, 81 Alderney Street
London SW1V 4HF

REGISTRARS

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(trading as SLC Registrars)
Ashley Park House,
42 – 50 Hersham Road
Walton-on-Thames
Surrey, KT12 1RZ

BANKERS

HSBC Bank PLC
71 Queen Victoria Street
London, EC4V 4AY

Notice is hereby given that the Annual General Meeting of the Company will be held at 09.00am on 23 August 2018 at Franco Manca, 7 Sir Simon Milton Square, Victoria Street, London, SW1E 5DJ to consider, and if thought fit, pass the following resolutions. Resolutions 1, 2, 3, 4, 5, and 6 shall be proposed as ordinary resolutions and resolution 8 as a special resolution:

ORDINARY RESOLUTIONS

1. to receive and adopt the Report of the Directors, the financial statements and the report of the auditors for the period ended 25 March 2018.

2. to receive and approve the Report on Directors' Remuneration for the period ended 25 March 2018.

3. to re-appoint Mr Nabil Ayad Gerges Mankarious, who retires by rotation under the Company's Articles of Association as a director of the Company.

4. to re-appoint RSM UK Audit LLP as auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next general meeting at which financial statements are laid before the Company and to authorise the Directors to determine their remuneration.

5. in accordance with section 551 of the Companies Act 2006, the directors of the Company (the "Directors") be generally and unconditionally authorised to allot shares in the Company or grant rights to subscribe for or convert any security into shares in the Company with the meaning of that section on and subject to such terms as the Directors may determine up to an aggregate nominal amount of £2,856,926.00 provided that this authority shall, unless renewed, varied or revoked by the Company, expire at the conclusion of the Company's next annual general meeting, save that the Company may, before such expiry, make an offer or agreement which would or might require shares to be allotted and the Directors may allot shares in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired. This resolution revokes and replaces all unexercised authorities previously granted to the Directors to allot shares in the Company or grant rights to subscribe for or convert any security into shares in the Company but without prejudice to any allotment of shares or grant of rights already made, offered or agreed to be made pursuant to such authorities.

SPECIAL RESOLUTION

6. subject to and conditional upon the passing of resolution 5 and in accordance with section 570 of the Companies Act 2006 (the "Act"), the Directors be generally empowered to allot equity securities (as defined in section 560 of the Act) pursuant to the authority conferred by resolution 6, as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities up to an aggregate nominal value of £857,078.00. This resolution revokes and replaces all unexercised powers previously granted to the Directors to allot equity securities as if section 561(1) of the Act did not apply but without prejudice to any allotment of equity securities already made or agreed to be made pursuant to such authorities.

BY ORDER OF THE BOARD

DM Page
Chairman
1st Floor
50-51 Berwick Street
London W1F 8SJ

23 July 2018

Notes

1. Shareholders entitled to attend and vote at the AGM may appoint a proxy or proxies to attend and speak on their behalf. A shareholder may appoint more than one proxy in relation to the AGM provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a member of the Company.

2. To appoint more than one proxy you may photocopy the proxy form which accompanies this notice. Investors who hold their shares through a nominee may wish to attend the AGM as a proxy, or to arrange for someone else to do so for them, in which case they should discuss this with their nominee or stockbroker.

3. Completion of the proxy form will not prevent a shareholder from attending and voting at the AGM if subsequently he/she finds they are able to do so. To be effective, it must be deposited at Equiniti David Venus Limited (trading as SLC Registrars), 42-50 Hersham Road, Walton-on-Thames, Surrey, KT12 1RZ by not later than 09:00am on 21 August 2017 or, in the case of an adjournment, 48 hours prior to the time of the adjourned AGM (Saturdays and Public Holidays excluded).

4. Representatives of shareholders which are corporations attending the AGM should produce evidence of their appointment by an instrument executed in accordance with section 44 of the Companies Act 2006 or signed on behalf of the corporation by a duly authorised officer or agent and in accordance with article 83 of the Company's Articles of Association.

5. In order to facilitate voting by corporate representatives at the AGM, arrangements will be put in place at the AGM so that (i) if a corporate shareholder has appointed the chairman of the AGM as its corporate representative to vote on a poll in accordance with the directions of all the other corporate representatives for that shareholder at the AGM, then on a poll those corporate representatives will give voting directions to the chairman and the chairman will vote (or withhold a vote) as corporate representative with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the AGM but the corporate shareholder has not appointed the chairman of the AGM as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives (www.icsa.org.uk) for further details of this procedure.

6. The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those holders of ordinary shares in the capital of the Company registered in the register of members of the Company at 6:30pm on 21 August 2018 (being 48 hours prior to the time fixed for the AGM) shall be entitled to attend and vote at the AGM in respect of such number of shares registered in their name at that time. Changes to entries in the register of members after 6:30pm on 21 August 2018 shall be disregarded in determining the rights of any person to attend or vote at the AGM.

7. Details of those Directors seeking re-election are given on page 10 of the Report and Financial Statements. The details of the service contracts for the Executive Directors are set out in the Report on Directors' Remuneration on pages 18 to 21 of the Report and Financial Statements. The Register of Directors' Interests and the Directors' service agreements will be available for inspection during usual business hours on any weekday (Saturdays and Public Holidays excluded) at the registered office of the Company until the date of the Annual General Meeting and at the place of the meeting for 15 minutes prior to and until the termination of the meeting.

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