

Firezza Limited

Annual Report and
Financial Statements

For the period ended 1 January 2017

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Company Information

Directors

R Hodgson
A Pellington
E Basic

Company Secretary

A Pellington

Registration Number

04158876

Registered office

Hunton House
Highbridge Estate
Oxford Road
Uxbridge
Middlesex
United Kingdom
UB8 1LX

Independent auditors

PricewaterhouseCoopers LLP
The Atrium
1 Harefield Road
Uxbridge
Middlesex
UB8 1EX

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The Directors present their Strategic Report for Firezza Limited ("the Company") for the 44 week period ended 1 January 2017 (the "period"). The comparative period is the 52 week period ended 29 February 2016.

Business activities

During the financial period, the Company changed its accounting reference date ("ARD") to 31 December. As a result, these financial statements have been prepared for the 44 weeks to 1 January 2017 (the closest Sunday to the ARD as described in the Company's accounting policies).

The principal activity of the Company is that of pizza delivery and take-out sites. At 1 January 2017, the Company operated 22 sites (2016: 17 sites), principally in London.

Review of the business

During the period, the Company continued to grow through the opening of 5 new restaurants and increasing sales at existing sites.

During the 44 week period ended 1 January 2017, when excluding the extra 8 weeks in the 52 weeks to 29 February 2016 (on a pro rata basis), turnover grew by 4.2%. During the prior period, the Company implemented a change in its operational structure and the related costs of this have led to an operating loss of £1,745,000 (2016: £520,000) for the period. The Directors are satisfied with this performance given the continued challenging market conditions partly arising from increased competition in the casual dining and delivery market. The Directors will continue to review the operation of the business to ensure that it is operating effectively and efficiently.

As at 1 January 2017 the Company was in a net liability position of £1,505,000 (2016: net asset position of £231,000) and a cash position of £203,000 (2016: £326,000).

Key performance indicators

The performance of the Company is measured through the use of three key performance indicators being sales growth, profitability versus annual budgets and number of restaurants. Sales growth and number of restaurants are outlined above.

Given the challenging trading environment experienced in the market, the Directors were satisfied with performance against the budget.

Principal risks and uncertainties

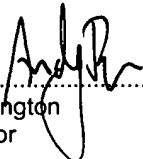
The Board of Directors (the "Directors") have the primary responsibility for identifying and principal risks that the Company faces and for developing appropriate policies to manage those risks. The key risks to the Company and mitigating measures in place are considered to be:

- Competition and current economic climate
This risk is mitigated by a continued focus on delivering a great experience to our customers at excellent value for money.
- Employee retention
This is mitigated by competitive reward structures and comprehensive training and development programmes.
- Timely supplies of quality product
This is mitigated by close monitoring against key supplier service level agreements and contingent arrangements are in place where necessary.

Future developments

The Company will continue with its strategy of growth through both existing sites and opening new sites.

This Strategic Report was approved by the Board on 27 April 2017 and signed on its behalf.


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A Pellington
Director

The Directors present their Directors' Report and audited financial statements for the Company for the 44 week period ended 1 January 2017.

Directors

The Directors of the Company during the period to the date of approving this report were:

R Hodgson
A Pellington
E Basic

Dividends

The Directors do not recommend payment of a final dividend.

Financial instruments

The Directors consider that the Company's key financial instruments are cash, trade payables and amounts due from and due to group companies. Financial exposures exist to the extent that a change in the underlying base rate of interest will affect the level of income received on cash at bank and in hand. This risk is not considered material and thus the Company does not employ the use of hedging instruments. No financial exposure exists in relation to the intercompany balances as where interest is charged on these balances it is fixed. The Directors will revisit the appropriateness of the policy should the Company's operations change in size or nature.

Financial risk management

The Company's activities expose it to financial risks being credit risk and liquidity risk. The Company does not have any significant exposure to foreign exchange risk.

(a) Credit risk

The Company has no significant concentrations of credit risk. The nature of the operations results in a large customer base and significant proportion of cash sales.

(b) Liquidity risk

Liquidity risk is managed by limiting the funds held with any one institution. Given that the Company is in a net asset position, this is not considered to be a significant risk.

Employment policy and employment of disabled persons

The Company has a diverse workforce and an equal opportunities policy in place. We aim to employ people who reflect the diverse nature of society and value people and their contribution irrespective of age, sex, disability, sexual orientation, race, colour, religion, marital status or ethnic origin.

We do not tolerate harassment or bullying in any shape or form. Procedures are in place to respond to accusations of workplace discrimination, harassment and victimisation. An effective employee grievance procedure is in operation, and the policy is properly communicated to our people.

Employees are kept informed of matters impacting them, and a consultation process is carried out if required.

We encourage our employees through incentive schemes based on performance against budget and they are regularly made aware of financial performance.

Applications from disabled persons are given full consideration providing the disability does not seriously affect the performance of their duties. Such persons, once employed, are given appropriate training and equal opportunities, as is the case where an employee becomes disabled when employed by the Company.

Future developments

Details of the Company's future developments are included within the strategic report on page 1.

Going concern

As at 1 January 2017, the Company was in a net liability position. The Company has received confirmation from its intermediate parent company PizzaExpress Group Holdings Limited that it will provide financial support as required by the company for a period of not less than 12 months from the date of signing these financial statements. The directors have therefore prepared the financial statements on the going concern basis.

Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial period. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the Company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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

Directors' indemnity provisions

Qualifying third party indemnity provisions as defined by the Companies Act 2006 were in force for the benefit of Directors throughout the period and up to the date of approval of the financial statements.

Post balance sheet events

There are no post balance sheet events to disclose.

Disclosure of information to auditors

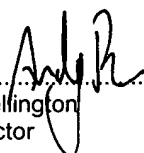
So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware. The Directors have taken all the relevant steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the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

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Independent auditors

The independent auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This Directors' report was approved by the Board on 27 April 2017 and signed on its behalf of the Board


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A Pellington
Director

Report on the financial statements

Our opinion

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

- give a true and fair view of the state of the company's affairs as at 1 January 2017 and of its loss for the 44 week period (the "period") then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the Statement of Financial Position as at 1 January 2017;
- the Statement of Comprehensive Income for the period then ended;
- the Statement of Changes in Equity for the period then ended;
- the notes to the Financial Statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

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

Opinion on other matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

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

We have no exceptions to report arising from this responsibility.

Directors' remuneration

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

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Directors

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

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

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

What an audit of financial statements involves

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

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

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

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



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Sarah Quinn (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Uxbridge
27 April 2017

Firezza Limited
Statement of Comprehensive Income
For the period ended 1 January 2017

	Note	Period ended 1 January 2017 £000	Period ended 29 February 2016 £000
Turnover	3	6,687	7,587
Cost of sales		(6,918)	(4,958)
Gross (loss)/profit		(231)	2,629
Administrative expenses		(1,514)	(3,149)
Operating loss	4	(1,745)	(520)
Finance costs	5	(4)	(27)
Net finance costs		(4)	(27)
Loss on ordinary activities before taxation		(1,749)	(547)
Taxation on loss on ordinary activities	7	13	(80)
Loss for the financial period		(1,736)	(627)
Total comprehensive loss for the period		(1,736)	(627)

All results arise from the Company's continuing operations.

The notes on pages 9 to 20 are an integral part of these Financial Statements.

	Note	1 January 2017 £000	29 February 2016 £000
Intangible assets	8	74	28
Property, plant and equipment	9	3,739	1,226
Fixed assets		3,813	1,254
Inventories	10	131	58
Trade and other receivables	11	746	458
Cash and cash equivalents	12	203	326
Current assets		1,080	842
Trade and other payables	13	(6,241)	(1,695)
Current liabilities		(6,241)	(1,695)
Net current liabilities		(5,161)	(853)
Provisions for liabilities	15	(90)	(90)
Deferred tax liability	16	(67)	(80)
Non-current liabilities		(157)	(170)
Net (liabilities)/assets		(1,505)	231
Share capital	18	1	1
Share premium	18	666	666
Accumulated losses		(2,172)	(436)
Total equity		(1,505)	231

The notes on pages 9 to 20 are an integral part of these Financial Statements.

The Financial Statements on pages 6 to 20 were approved by the Board of Directors on 27 April 2017 and were signed on its behalf by

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A Pellington
Director

Firezza Limited
Statement of Changes in Equity
For the period ended 1 January 2017

	Share capital £000	Share premium £000	Retained earnings/ (Accumulated losses) £000	Total equity £000
At 1 March 2015	1	666	8	675
Comprehensive loss				
Loss for the financial period	-	-	(627)	(627)
Other movements				
Capital contribution	-	-	183	183
At 29 February 2016	1	666	(436)	231
At 1 March 2016	1	666	(436)	231
Comprehensive loss				
Loss for the financial period	-	-	(1,736)	(1,736)
At 1 January 2017	1	666	(2,172)	(1,505)

The notes on pages 9 to 20 are an integral part of these Financial Statements.

1. General information

Firezza Limited is a limited Company domiciled and incorporated in the United Kingdom. The Company's registered office is Hunton House, Highbridge Estate, Oxford Road, Uxbridge, Middlesex, United Kingdom, UB8 1LX.

The Company operates pizza delivery and take-out sites in London and elsewhere in the United Kingdom.

2. Summary of significant accounting policies

Basis of preparation

The Financial Statements have been prepared on a historical costs basis and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006 applicable to companies reporting under FRS 101.

As at 1 January 2017, the Company was in a net liability position. The Company has received confirmation from its intermediate parent company PizzaExpress Group Holdings Limited that it will provide financial support as required by the company for a period of not less than 12 months from the date of signing these financial statements. The directors have therefore prepared the financial statements on the going concern basis.

The principal accounting policies are outlined below. These policies have been consistently applied to all periods presented, unless otherwise stated.

FRS 101 – Reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

The above disclosures can be found in the financial statements of PizzaExpress Financing 1 plc and PizzaExpress Group Holdings Limited, the smallest and largest groups respectively for which the financial information of the Company is consolidated.

Turnover

Turnover represents net invoiced sales of food and beverages, excluding value added tax. Turnover is recognised when the services have been provided.

Allocation of costs

Cost of sales includes the cost of goods sold, direct labour costs and restaurant overheads. Administrative expenses include central and area management, administration and head office costs.

Rebates receivable from suppliers

Where a rebate agreement with a supplier covers more than one period the rebates are recognised in the financial statements in the period in which they are earned.

Holiday pay accrual

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

Operating leases

Rentals paid under operating leases are charged to the income statement on a straight line basis over the term of the lease. The benefit of lease incentives are taken to the income statement on a straight line basis over the lease term. Contributions received from landlords as an incentive to enter into a lease are treated as deferred income within creditors and are taken to the income statement on a straight line basis over the lease term. Rentals received under operating leases are credited to the income statement on a straight line basis over the term of the lease.

2. Summary of significant accounting policies (continued)

Pensions

Contributions to defined contribution personal pension schemes are charged to the income statement in the period in which they become payable.

Pre-opening costs

Pre-opening costs, which comprise site operating costs, are held on the balance sheet as prepayments and released to the income statement when the restaurant the costs relate to is opened.

Finance costs

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

Finance income

Finance income is recognised in the income statement using the effective interest method.

Taxation

The tax expense represents the sum of current tax and deferred tax.

Current taxation

Current tax payable is based on taxable profit for the period which differs from accounting profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and those items never taxable or deductible. The Company's liability for current tax is measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred taxation

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the Financial Statements and the corresponding tax base used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that future 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 which affects neither the taxable profit nor the accounting profit.

Deferred tax is calculated at the substantively enacted tax rates at the balance sheet date that are expected to apply to the year when the asset is realised or the liability is settled. Deferred tax is charged or credited in comprehensive income, except when it relates to items credited or charged directly to equity, in which case the deferred tax is dealt with in equity, or items charged or credited directly to other comprehensive income, in which case the deferred tax is also recognised in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets and liability and when the Company intends to settle its current tax assets and liabilities on a net asset basis.

2. Summary of significant accounting policies (continued)

Property, plant and equipment

Property, plant and equipment are stated at original historical purchase cost less accumulated depreciation.

Cost includes the original purchase price of the asset and the costs directly attributable to bringing the asset to its working condition for its intended use.

Depreciation is provided at the following annual rates in order to write down the cost of each asset over its estimated useful economic life on a straight line basis:

Furniture and fittings	10 years
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Short leasehold properties are depreciated over the length of the lease except where the anticipated renewal or extension of the lease is sufficiently certain so that a longer estimated useful life is appropriate. Terms of the lease contracts are such that the vast majority of leases are readily extendable at the Company's option. The maximum depreciation period for short term leasehold properties is 30 years.

Assets under construction comprise tangible fixed assets acquired for restaurants under construction, including costs directly attributable to bringing the asset into use. Assets are transferred to short leaseholds, plant and fixtures when the restaurant opens. No depreciation is provided on assets under construction, as these assets have not been brought into working condition for intended use.

Impairment of property, plant and equipment

The carrying values of tangible fixed assets are reviewed for impairment by the Directors at each balance sheet date or in periods where events or changes in circumstances indicate that the carrying value may not be recoverable. Any impairment in the value of assets below depreciated cost is charged to the profit and loss account within operating profit. A reversal of an impairment loss is recognised in the profit and loss account up to the extent that the original loss was recognised.

Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation is provided at the following annual rates in order to write down to estimated residual values the cost of each asset over its estimated useful economic life on a straight line basis:

Computer software	5 – 15 years
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Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is based on the purchase cost on a first-in, first-out basis. Inventories comprises food and drink and items that are utilised in the rendering of services to customers.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and other short term deposits held by the Company with maturities of less than three months. Bank overdrafts are presented within current liabilities.

Financial instruments

Financial assets and financial liabilities are recognised when the Company has become a party to the contractual provisions of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets

The Company classifies all of its financial assets as loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through intercompany transactions, but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment

2. Summary of significant accounting policies (continued)

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

Financial liabilities

The Company classifies all of its financial liabilities as liabilities at amortised cost. Financial liabilities at amortised cost are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument.

The Company does not hold or issue derivative financial instruments for trading purposes.

Provisions

Provisions are recognised when the Company has a present legal obligation as a result of a past event which it is probable will result in an outflow of economic benefits that can be reliably estimated. Where the effect of the time value of money is material, the provision is based on the present value of future outflows, discounted at the pre-tax discount rate that reflects the risks specific to the liability.

Foreign currency translation

The Company's functional and presentational currency is GBP. Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions. At each period end, foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Critical accounting estimates and areas of judgment

The preparation of the Financial Statements in conformity with FRS 101 requires management to make estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income, expenses and related disclosures. The estimates and underlying assumptions are based on historical experience and other relevant factors. This approach forms the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Changes in accounting estimates may be necessary if there are changes in the circumstances on which the estimate was based or as a result of new information. Such changes are recognised in the year in which the estimate is revised.

The key assumptions about the future and key sources of estimation uncertainty that have a risk of causing a material adjustment to the carrying value of assets and liabilities within the next 12 months, are described below.

Onerous lease and dilapidation provisions

Provisions for onerous leases and dilapidations include estimates such as the length of time a property may be empty for and the value of any make good costs at the end of a lease. Provisions are discounted to present value which requires the use of a discount rate. Provisions are reviewed regularly and adjusted as appropriate.

Useful lives of tangible assets

Depreciation is provided in order to write down to estimated residual values the cost of each asset over its estimated useful economic life. These useful economic lives require the use of management judgement. These estimates are regularly reviewed.

Impairment of tangible assets

Where there is an indication of impairment, tangible assets are tested for impairment by calculating the value in use of the cash generated unit that they have been allocated to. This requires the use of approved budgets and an appropriate discount rate. These inputs are reviewed at each impairment review date.

3. Turnover

All turnover was generated from the operation of pizza delivery and take-out sites and arose in the United Kingdom.

4. Operating loss

Operating loss has been arrived at after charging:

	Period ended 1 January 2017 £000	Period ended 29 February 2016 £000
Rent - operating leases	405	416
Depreciation of property, plant and equipment	253	274
Loss on sale of property, plant and equipment	28	132
Amortisation of intangible assets	6	6
Management charges from parent	-	255
Inventories recognised as expense	1,471	1,582
Auditors' remuneration	-	13

The audit fee of £9,000 relating to the Company for the period ended 1 January 2017 was borne by, and included within, the financial statements of PizzaExpress Group Limited, an intermediate parent Company. The audit fee of £13,000 relating to the Company for the period ended 29 February 2016 was borne by, and included within, the financial statements of the Company.

5. Finance costs

	Period ended 1 January 2017 £000	Period ended 29 February 2016 £000
Other interest payable	4	27
	<u>4</u>	<u>27</u>

6. Staff costs

The aggregate remuneration for the employees of the Company comprised:

	Period ended 1 January 2017 £000	Period ended 29 February 2016 £000
Wages and salaries	2,996	3,151
Social security costs	160	175
Other pension costs	21	11
	<u>3,177</u>	<u>3,337</u>

The average monthly number of persons employed by the Company during the period was:

	Period ended 1 January 2017 No.	Period ended 29 February 2016 No.
Restaurants	295	288
	<u>295</u>	<u>288</u>

The aggregate emoluments to Directors of the Company comprised:

	Period ended 1 January 2017 £000	Period ended 29 February 2016 £000
Fees and wages	1,309	78
	<u>1,309</u>	<u>78</u>

During the period, the Directors received remuneration of £1,309,000 (2016: £78,000) of which £nil (2016: £78,000) was incurred by Firezza Limited.

All directors were remunerated by PizzaExpress Group Limited during the current period. This company did not make any recharge to the company as it is not possible to make an accurate apportionment of the directors' emoluments in respect of each of the companies of which they are directors. However the remuneration disclosed above includes the total amount paid to Directors of the Company by PizzaExpress Group Limited for services to the PizzaExpress Group of companies and therefore is also included in the financial statements of other group companies who have directors in common with the Company.

Included within Directors' emoluments is £126,648 (2016: £nil) relating to cash pension allowances.

No directors had any interests in any options for shares in the company.

7. Taxation on loss on ordinary activities

	Period ended 1 January 2017 £000	Period ended 29 February 2016 £000
Current tax		
Current tax on loss for the period	-	-
	<u>-</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	(3)	(22)
Changes to tax rates	(4)	(14)
Adjustments in respect of previous periods	(6)	116
	<u>(13)</u>	<u>80</u>
Taxation (credit)/charge on loss on ordinary activities	<u>(13)</u>	<u>80</u>

The tax assessed for the period is higher (2016: higher) than the standard rate of corporation tax in the United Kingdom of 20.00% (2016: 20.08%). The differences are reconciled below:

	Period ended 1 January 2017 £000	Period ended 29 February 2016 £000
Loss on ordinary activities before taxation	<u>(1,749)</u>	<u>(547)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2016: 20.08%)	(350)	(110)
Effects of:		
(Depreciation for in excess of capital allowances for period)/Capital allowances for period in excess of depreciation	(4)	103
Adjustments in respect of prior periods	(6)	81
Group relief	346	-
Expenses not deductible for tax purposes	1	6
Total tax (credit)/charge for the period	<u>(13)</u>	<u>80</u>

Factors that may affect future tax charges

Any changes in the rate of UK corporation tax will have an impact on the future tax charge. Changes to the UK corporation tax rates were announced in the Chancellor's Budget on 16 March 2016. These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020. These changes had been substantively enacted at the balance sheet date and therefore their impact is included in these financial statements.

Based on current capital investment plans, the Company expects to be able to claim capital allowances in excess of depreciation in future years.

8. Intangible assets

	Computer software £000
Cost	
At 1 March 2016	34
Additions	11
Transfers	41
At 1 January 2017	86
Accumulated amortisation	
At 1 March 2016	(6)
Charge for the period	(6)
At 1 January 2017	(12)
Net book value	
At 1 January 2017	74
At 29 February 2016	28

9. Property, plant and equipment

	Assets under construction £000	Leasehold property £000	Furniture and fittings £000	Total £000
Cost				
At 1 March 2015	-	967	1,208	2,175
Additions	1,105	118	270	1,493
Disposals	-	-	(50)	(50)
Transfers	(614)	256	317	(41)
Transfers - intercompany	-	780	560	1,340
At 1 January 2017	491	2,121	2,305	4,917
Accumulated depreciation				
At 1 March 2015	-	(183)	(764)	(947)
Charge for the period	-	(52)	(201)	(253)
Disposals	-	-	22	22
At 1 January 2017	-	(235)	(943)	(1,178)
Net book value				
At 1 January 2017	491	1,886	1,362	3,739
At 29 February 2016	-	784	442	1,226

The Company does not hold any assets under finance leases.

10. Inventories

	1 January 2017	29 February 2016
	£000	£000
Food and drink	55	44
Equipment and other	76	14
	<u>131</u>	<u>58</u>

11. Trade and other receivables

	1 January 2017	29 February 2016
	£000	£000
Amounts falling due within one year		
Trade receivables	65	118
Prepayments and accrued income	321	221
Taxation and social security	22	-
Other receivables	338	119
	<u>746</u>	<u>458</u>

12. Cash and cash equivalents

	1 January 2017	29 February 2016
	£000	£000
Cash at bank and in hand	203	326
	<u>203</u>	<u>326</u>

13. Trade and other payables

	1 January 2017 £000	29 February 2016 £000
Trade payables	610	338
Amounts owed to group undertakings	4,834	836
Accruals and deferred income	518	106
Other payables	194	57
Taxation and social security	85	358
	<u>6,241</u>	<u>1,695</u>

The amounts owed to group undertakings are charged at an interest rate of 4% per annum where applicable and repayable on demand.

14. Financial instruments

	1 January 2017 £000	29 February 2016 £000
Financial assets		
Trade and other receivables	156	222
Cash and cash equivalents	203	326
	<u>359</u>	<u>548</u>
Financial liabilities		
Trade and other payables	5,954	1,678
	<u>5,954</u>	<u>1,678</u>

15. Provisions for liabilities

	£000
At 1 March 2016 and 1 January 2017	<u>90</u>

Provisions for liabilities relate to onerous lease and dilapidation provisions. These provisions represent operating leases on properties where the economic benefits obtained under the lease do not exceed the obligations under the lease. This provision is expected to be utilised within the next five years.

16. Deferred tax liability

At 1 March 2016	80
Used during the period	<u>(13)</u>
At 1 January 2017	<u>67</u>

	1 January 2017 £000	29 February 2016 £000
Capital allowances	<u>67</u>	<u>80</u>

The Company expects the deferred tax liability to reverse after more than 12 months.

17. Pensions

The Company operates a defined contribution pension scheme and the pension costs charged to the income statement are the amounts paid by the Company to the scheme during the period.

The pension contribution recognised in the income statement during the period was £21,000 (2016: £11,000). Contributions totalling £49,000 (2016: £32,000) were outstanding at period end and are shown in other payables.

18. Share capital and share premium

	1 January 2017 No. £000	29 February 2016 No. £000
Share capital		
132,575 (2016: 2) Ordinary shares of £0.01 each	<u>132,575 1</u>	<u>132,575 1</u>
Share premium		
Share premium	<u>666</u>	<u>666</u>

19. Contingent liabilities

The Company did not have contingent liabilities as at 29 February 2016 or 1 January 2017.

20. Operating lease arrangements

The Company leases restaurants and offices under non-cancellable operating lease agreements. The lease terms are generally between 10 and 25 years, and the majority of lease agreements are renewable at the end of the lease year at market rate. The total future value of the Company's minimum lease payments under non-cancellable operating lease were due as follows:

	1 January 2017 £000	29 February 2016 £000
Not later than one year	537	421
Later than one year and no later than five years	2,029	1,576
Later than five years	2,897	2,474
	<u>5,463</u>	<u>4,471</u>

21. Related party transactions

The Company has taken advantage of the exemption available under FRS 101, Section 8, not to disclose transactions with wholly owned subsidiaries of PizzaExpress Group Holdings Limited.

During the period ended 1 January 2017 the Company made no related party transactions.

During the period ended 29 February 2016 the Company made the following related party transactions:

Carbon Accountancy Limited

Carbon Accountancy Limited is 100% owned by John Leyden, who served as a director of the Company for the period from 17 December 2013 to 22 February 2016. Carbon Accountancy Limited invoiced £44,575 for consultancy and accountancy services during the period ended 29 February 2016. At 29 February 2016, the amount due to Carbon Accountancy Limited was £nil.

Growth Integration Limited

Growth Integration Limited is 100% owned by John Leyden, who served as a director of the Company for the period from 17 December 2013 to 22 February 2016. Growth Integration Limited invoiced £27,500 for consultancy services during the period ended 29 February 2016. At 29 February 2016, the amount due to Growth Integration Limited was £nil (2016: £nil).

Barber Consulting Limited

Barber Consulting Limited is 50% owned by John Barber, who served as a director of the Company for the period from 12 March 2014 to 22 February 2016. Barber Consulting Limited invoiced £139,711 for consultancy and loan facility fees during the period ended 29 February 2016. At 29 February 2016, the amount due to Barber Consulting Limited was £nil.

22. Parent and ultimate parent undertakings

The immediate parent company of Firezza Limited is Firezza Holdings Limited, a company who is an indirect subsidiary of PizzaExpress Financing 1 plc, a limited company under the laws of England and Wales and the smallest group for which consolidated financial statements are prepared. PizzaExpress Financing 1 plc is a direct subsidiary of PizzaExpress Group Holdings Limited, a limited company under the laws of England and Wales and the largest group for which consolidated financial statements are prepared. The financial statements of PizzaExpress Financing 1 plc and PizzaExpress Group Holdings Limited are available from the Company Secretary, Hunton House, Highbridge Estate, Oxford Road, Uxbridge, Middlesex, UB8 1LX.

The Directors consider Crystal Bright Developments Limited, a company registered in the British Virgin Islands, to be the ultimate parent company, and private equity firm Hony Capital to be the ultimate controlling party.