GONDOLA GROUP LIMITED

Annual Report 2014

Outstanding brands

In 2013/14, Gondola Group remained the market leader in the UK casual dining sector, operating PizzaExpress, Zizzi and ASK Italian, together with the smaller brands of Milano (PizzaExpress' brand in Ireland) and Kettner's. The Group employed approximately 15,000 people, serving over 74 million meals a year (42 million in restaurants and a further 32 million retail) in the UK and Ireland alone. It had an estate in the UK and Ireland of over 680 restaurants, with an expanding global presence of 749 restaurants in 14 territories.

Gondola's restaurants are positioned to offer a memorable eating out experience and great value for money, with typical spend per head (including value added tax) ranging from £15 to £19. Gondola's distinct brands have broad appeal and lend themselves to different occasions.

Its estate of restaurants trade successfully in a variety of location types, from high street and local neighbourhoods, to shopping centres and retail and leisure parks.

Following the end of the financial year, which is reviewed in this Annual Report, the Group sold the PizzaExpress business. Further details are provided on pages 4 and 63. References throughout this report to PizzaExpress, and to the inclusion of it within Group information, therefore relate to the period under review when it was owned by the Group.

www.pizzaexpress.com

www.zizzi.co.uk

www.askitalian.co.uk

Financial summary

Total sales (excluding Byron)

£594.7m +5.6%[1]

Restaurant sales (excluding Byron)

£579.3m +5.5%[1]

EBITDA

£119.1m +6.1%[3,4]

Net operating cash flow

£125.5m +9.9%

Business highlights

25

new restaurants opened, continuing expansion across our brands[2]

£100m

successful sale of Byron, developed from a start-up in 2007 to a substantial, rapid growth business

International

Beijing launched as PizzaExpress' 500th restaurant globally in addition to 14 international (franchise and JV) openings

£80m

repayment of our mezzanine debt, reducing our leverage to below 3.5x EBITDA

Trading history

Total sales *(comparable 52 week basis)*[3]
6.5% compound annual growth in sales in the last eight years

2013/14	613
2012/13	604
2011/12	580
2010/11	570
2009/10	545
2008/09	509
2007/08	462
2006/07	431
2005/06	395

EBITDA *(comparable 52 week basis)*[3,4]
4.0% compound annual growth in EBITDA in the last eight years

2013/14	119
2012/13	112
2011/12	106
2010/11	115
2009/10	112
2008/09	106
2007/08	103
2006/07	96
2005/06	91

1 Percentage growth shown on a comparable basis, excluding Byron sales from both financial years given its sale during 2013/14. In 2012/13, Byron had sales of £41.0 million. The part year sales in 2013/14 were £18.6 million
2 Excluding a further two openings which were conversions between brands
3 References to 2005/06 and 2006/07 results or percentage changes derived from them are pro forma as these figures include trading which precedes the change of ownership of the business and its structure on 22 December 2006. Comparable 52 week basis shown for 2011/12 which was a 53 week financial year. 2013/14 total sales and EBITDA include Byron results up to date of sale of 12 November 2013, whereas 2012/13 includes full year results
4 EBITDA is defined as detailed on page 18

Our brands

PizzaExpress

With its roots in Soho, this iconic brand was founded by a passionate foodie in 1965, and has been pioneering pizza on the high street ever since.

Restaurants	**437 UK + Ireland 505 globally**
New this year	**19 UK 15 International**
Employees	**9,900**
Average spend per head	**£15**

To read more about PizzaExpress restaurants please go to pages 5-9

Zizzi

Zizzi is a stylish and individual brand, and its innovative approach leads the way in casual dining.

Restaurants	**135**
New this year	**6**
Employees	**3,000**
Average spend per head	**£19**

To read more about Zizzi restaurants please go to pages 10-13

ASK Italian

Recently transformed with a fresh new look and outstanding Italian menu, ASK Italian is on a journey to bring Italy to life in all its restaurants.

Restaurants	**109**
New this year	**1**
Employees	**2,200**
Average spend per head	**£19**

To read more about ASK restaurants please go to pages 14-17

This has been a transformational year for Gondola. Our long-term strategy to build brands that deliver quality, value and service to customers has led to strong growth and continuing outperformance in a highly competitive market. Furthermore, our ability to create significant value by successfully implementing this strategy has been demonstrated through the sale of two of our businesses to new owners.

In December 2013, we sold Byron to Hutton Collins Partners for approximately £100 million. In the six years since it was launched, Byron has become a major player in the UK casual dining sector, with 35 restaurants at the time of sale and a fast growing presence through expansion in major cities around the country.

Following on from this, our iconic heritage brand, PizzaExpress, was successfully sold to Hony Capital for approximately £900 million. The deal completed just after year end. With the brand having firmly been a part of Gondola for the 2013/14 financial year, it would be remiss of me not to highlight the momentous year it has enjoyed.

PizzaExpress is now a global brand, and it continues to have strong momentum, with 505 restaurants trading globally (437 in the UK and Ireland, and 68 internationally) at the end of the year.

We celebrated an important milestone with the opening of PizzaExpress Beijing; not only did it mark the brand's 500th opening worldwide, but it is also the first PizzaExpress in China's capital city, and the company's first wholly-owned international site. I'm delighted to say that it is trading exceptionally well, which is a testament to the success the brand is already enjoying in China where it now has a total of 22 restaurants.

The respective teams at Byron and PizzaExpress have done a fantastic job developing brands that are loved by legions of fans; they leave Gondola with our thanks and best wishes for the future.

Meanwhile, this financial year has also seen strong performances from our two remaining brands, ASK and Zizzi. We have seen the combined benefit in both of an increasingly positive backdrop in terms of consumer confidence, and also the further positive impact on trading momentum of our brand repositioning and operational initiatives within each business.

The evolution of the Zizzi brand to its updated positioning was largely completed this year and I'm pleased to report that its 135-strong estate has delivered a significant step change in performance. It is a brand that is in great health and we are very confident of accelerating growth still further.

The ASK Italian repositioning has continued, with the estate benefiting from the refurbishment of a further 38 restaurants during the year, and more earmarked for transformation in 2014/15. This programme, delivering a fresh, Milanese-inspired look and feel and updated menu has helped make ASK Italian a stronger brand, which combined with operational initiatives has resulted in a very positive financial performance.

Looking ahead, our strategy will be to continue driving profitable growth by focusing on our core values – namely delivering outstanding food and service, as well as an outstanding experience to the customer, whilst offering good value for money.

Finally, we are fortunate to have exceptionally talented and dedicated employees. I, and the Board, would like to thank all our colleagues for their hard work during what has been a very busy and exciting year; we look forward to working with them, as we continue to build the business in the year ahead.

Chris Woodhouse
Chairman

Our strategy

Gondola has always maintained a simple strategy to:

Deliver

Deliver growth in profits from the existing estate
- we focus on 'restaurant basics' to deliver quality and value to our customers
- we are using increasingly sophisticated marketing techniques to engage with our customers
- we proactively manage our cost base and working capital to maintain or improve margins and maximise cash flow

Expand

Expand the estate through the roll-out of our key brands
- we have maintained strong momentum in our openings programme despite the economic backdrop in recent years

Develop

Develop other growth opportunities, including new concepts and other revenue streams
- the growth of the BYRON business is a great example
- the expansion of PizzaExpress' international business has also been very successful

PizzaExpress

The nation's favourite, pioneering pizza on the high street since 1965

www.pizzaexpress.com

34

new openings
during the year

An iconic brand that is stronger than ever

In the last year, we've built on our plan to grow PizzaExpress into a world-class brand that's customer-focused, dynamic and competitive.

Today there are over 505 PizzaExpress restaurants in 14 international markets, primarily in the UK but also in China, India and the Middle East. The company's success has been driven by the enthusiasm and dedication of team members, a passion for delicious tasting food, a commitment to quality, customer service, and a successful supermarket range.

During the year, we built on our success in China, where we now have 22 restaurants, with the opening of our first site in Beijing. It marks an important milestone; not only is Beijing our 500th opening worldwide, but it's also our first wholly-owned international restaurant.

There is a strong pipeline of international openings planned for the year ahead, demonstrating the important role that international will play in positioning PizzaExpress for future growth.

PizzaExpress has a solid platform for continued long-term growth, putting the brand on course for a very successful future.

Reaching our customers

Our restaurant network covers a diverse range of locations from UK high streets and retail parks to our international sites in key shopping streets and malls.

The business has identified opportunities to reach new customers and, during the year, significant strides were made with the expansion plan, with 34 openings during the year; 19 of these were in the UK and Ireland, and 15 were international. In our existing international markets, we added four new sites in Mumbai, four in Hong Kong, and four in Shanghai; in addition, we expanded out to new territories with our first sites in Beijing, Bali and Saudi Arabia.

There are now 505 PizzaExpress restaurants globally; of these, 437 are in the UK and 68 are located across another 13 international markets. Our ambition is for PizzaExpress to become the number one Western Casual Dining brand in our chosen international markets where there are plans to open a further 200 sites; this is also the number of sites that we have earmarked to open in the UK.

Investment in our existing estate also continued with the refurbishment of 47 restaurants across the UK.

"Not only is Beijing our 500th opening worldwide, but it's also our first wholly-owned international restaurant."

Customer-led innovation
PizzaExpress has always been committed to being the first choice for a fresh, high quality, eating out experience. We have a dedicated food team that is continually developing our menus and recipes to ensure we remain relevant to customers' needs.

During the year we launched two new menus as well as a series of seasonal specials. In the Autumn, we partnered with Meat Free Monday, the campaign set up by Paul, Mary and Stella McCartney, and introduced more vegetarian choices; we also continued to invest in our industry leading gluten-free range with the addition of a new gluten-free risotto.

Our Spring/Summer menu saw the launch of our first ever vegan pizza. Whilst we have many existing dishes that can be adapted for a vegan diet, we wanted to create a pizza especially for our vegan customers. The Pianta is our first dairy-free, vegan-friendly pizza, which tastes great and makes it easier to dine out for a wider group of customers.

In response to the great customer feedback we regularly receive about our low calorie Leggera range, we expanded the choice of dishes, from starters and salads through to pizzas and desserts. These changes mean that calorie counters can now eat three courses on just 595 calories, and 378 calories for two courses.

Award winning
We were delighted to have picked up several awards during the period. We won gold in the Mumsnet Family Friendly Awards, which not only recognise the experience had by kids and families in our restaurants, but also the family friendly policies enjoyed by our team members. We also picked up an accolade for Best Family Operator in the R200 Awards, which is run by one of the industry's leading magazines, *Restaurant*.

Restaurant to retail
We were named 2013's Biggest Chilled Convenience Food Brand by Kantar Worldpanel, a reflection of the success we've had in establishing a retail offer which today generates sales of over 31 million pizzas a year. During the year we developed and grew the range with a selection of Italian breads and tasty new pasta dishes.

"Our Spring/Summer menu saw the launch of our first ever vegan pizza."

Investing in the future of hospitality
Hospitality offers many rewarding careers and we are committed to helping our team members make the most of the opportunities available; whilst attracting fresh talent to the industry.

In September 2013 we created 300 apprenticeship places across the country in a new scheme created in collaboration with vocational education specialists City & Guilds, and training providers Lifetime Training. The scheme leads to nationally recognised vocational qualifications that are the equivalent of five GCSEs at grade A-C.

We have also opened a dedicated Training Academy in Fulham where we host internal skills and development courses for our team members.

Making a difference
We're pleased to be supporting the Lawrence Dallaglio Cycle Slam for a third time, which sees our teams and restaurants help raise much-needed funds for cancer charities and disadvantaged youths in the UK.

We also continued our support for the Children's Food Trust. We have been passionate about getting kids cooking since the late 90s when a teacher contacted us and asked if she could bring her class into one of our restaurants to learn how to cook. Since then, PizzaExpress has been running free School Visits for primary schools to get kids up and down the country into our kitchens and cooking. As part of Getting Kids Cooking, 25p from the sale of every Fiorentina pizza goes to the Children's Food Trust to help get kids cooking.

Looking ahead
With our rich heritage, PizzaExpress occupies a unique place in the UK and is a growing force internationally. Since we opened our first restaurant 49 years ago, quality and innovation remain the steering force behind our business and they run through everything we do.

As we take the business forward, we are broadening the plan for long-term growth. This will be achieved by continuing to invest in our core UK business, expanding our international business, whilst continuing to develop and innovate so that we remain relevant to customers' needs wherever they are.

"We have been passionate about getting kids cooking since the late 90s."

Zizzi

Individually Italian

www.zizzi.co.uk

135

restaurants across the UK

A dynamic market leader

In last year's review we stated that our business had delivered a strong and sustained performance. This year we're pleased to say that we have made further progress, as well as building a strong platform for future growth.

These achievements have been made possible as a result of an all-encompassing plan to build the foundations on which Zizzi can continue to grow and prosper in a competitive marketplace.

We have succeeded not by inventing a new Zizzi, but by rediscovering the fundamental strengths of the past and making them relevant to the present.

We have almost completed the renewal of our restaurants with over 90% of the estate now transformed, and opened six new restaurants in prime locations across the UK. This takes our restaurant estate to 135 sites in key locations, helping re-assert Zizzi's position as a leader in the casual dining sector.

In food, we continue to differentiate our products through outstanding quality and innovation, values upon which our customers continue to rate us highly.

Zizzi's successful brand evolution and the further opportunities it provides confirm our view that we can take our offering to new customers and create new sources of growth.

Growing the estate

We made enormous progress in our expansion and modernisation programme, which has made Zizzi more accessible to more customers in more parts of the United Kingdom.

During the year we opened six new restaurants, in Esher, Gloucester Quays, Wembley, Cheshire Oaks, Manchester Piccadilly and most recently, Hereford. Each restaurant is individually designed using local artists to bring to life the essence of every location. This reflects the brand's ambition to give each site its own distinctive personality and character.

"We have almost completed the renewal of our restaurants with over 90% of the estate now transformed."

A passion for food

Quality food is a priority for our customers and a key component of the Zizzi brand. In recent years we have refined our product strategy and focused on creating inspiring dishes that put customers' needs first. Alongside much loved favourites we have innovative dishes aimed at creating new trends in eating out, a delicious range of lighter choices, tempting sharing platters and tasty kids' options.

This year we introduced our unique Mediterranean hanging skewers, which have been enormously popular with customers; they look terrific and taste delicious. They're made with roasted meat or fish, marinated in olive oil and herbs and served over Tuscan potatoes with a white wine and lemon sauce.

In January our new dessert – a simple combination of delicious chocolate and sliced bananas in warm pizza dough – proved to be a best seller overnight.

During the year, renowned artisan ice-cream chef, Kitty Travers, exclusively created two new Gelato Sundaes for our menu. She develops all of our Gelato desserts using the finest ingredients and organic milk.

Reaching our customers

The Zizzi brand has an offer that is well-defined and a customer experience that sets the brand apart from others in the sector, and it's resonating well with new and existing customers. This is reflected in our brand health, with perceptions of our food and the overall experience all having improved as measured by the Big Restaurant Survey (source: Morar). In addition, we have made good progress in building brand awareness and advocacy through continued investment in digital and social media channels, and creative marketing campaigns.

Our people

We have continued to invest in training for team members throughout the company, which has helped improve our overall customer experience scores. Our commitment to discovering the talent within our kitchen teams continues with a fourth Cucina programme, which gives our Head Chefs the opportunity to develop dishes with the potential to make it on to the Zizzi menu.

Looking ahead

Through menu innovation, investment in our estate and brand engagement we have delivered a step change in our performance, and we can see plenty of opportunities for further growth. Our business is in great shape and we are confident of continuing our momentum for the longer term.

"Alongside much loved favourites we have innovative dishes aimed at creating new trends in eating out."

ASK Italian

Fresh, bold, authentic Italian

www.askitalian.co.uk

38

newly refurbished sites

Passionate about Italy and growing strong

It has been a year of significant growth for ASK Italian with four years of investment and repositioning work paying dividends across a streamlined and consolidated estate. Momentum is building on all fronts. Our transformed sites (now over half of the estate) are delivering ever stronger returns and recent openings are trading very well in key locations. New revenue streams like gift card and retail are benefitting our sales and rounding out our offer, and compelling product offers and promotions are driving trade over key holidays and 'red letter days'.

Guided by our 'Italian Lovers' vision the ASK Italian brand continues to gain strength in the marketplace and customer feedback from our internal tracking as well as third party studies (BRS) shows growth in key 'return and recommend' metrics. We were also thrilled to win a number of industry awards including Best Italian Restaurant at the 2013 PAPA awards and the CIPD Organisational Learning Award 2013.

Our restaurants

There are now 109 ASK Italian restaurants trading across the UK – from city centres and high streets, to shopping centres and travel hubs – a testament to the brand's broad appeal. During the year we transformed a further 38 of our restaurants with our fresh, foodie look, inspired by Milan. We also opened a new 140 cover site in Birmingham City Centre in July which, like our Bluewater site, demonstrates the brand's ability to compete and win in urban city centres. We continue to push our design vision in new and transformed sites with striking new design features and Italian touches.

As a result of the clear identity we've developed for our restaurant exteriors, we've also completed a number of shop-front refurbishments. The combination of Italian-style, striped awnings and premium menu boxes, window branding and planters is providing a strong high street presence.

Our food

It has been a year of significant menu innovation for the brand, all driven by our passion for authentic Italian food made with the finest, fresh, quality ingredients, shaped by the knowledge of our expert friends, including renowned chef, Theo Randall.

In March we launched our new Pasta Fresca category, a range of fresh egg pastas dressed with premium and classic ingredients like lobster, luganica sausage and porcini mushrooms. Presented in attractive new crockery and priced at a premium to our classic pastas, sales of this category have surpassed all expectations.

In addition, our innovative new take on steak – the Rump Steak Tagliata – has proven popular with our customers. The steak is pan-fried and then sliced and dressed Italian-style, with rocket and San Marzano tomatoes.

We have also been exploring a new 9-5 menu in certain sites, to increase the accessibility of the brand by broadening choice across the day. The 'Menu del Giorno' offers a number of lighter options to meet different needs – be it a sweet treat with a coffee, something for brunch (like our delicious poached eggs with prosciutto) or a range of lighter lunch dishes, like our Hot Bruschette or Panini, all ideal for a quick, relaxed lunch.

Other menu highlights this year have included our new kids' menu, which launched in September, and a new premium Christmas Super Festivo menu featuring delicious specials like Lamb Brassato and Souffle Fiorentina. Our new Italian cocktails have also proven a hit with customers at key celebratory points in the year, particularly our summer range – the perfect way to enjoy some Italian summer vibe.

"It has been a year of significant growth for ASK Italian."

Driving awareness

Strong marketing campaigns that bring to life our Italian Lovers vision, with a particular focus on our food quality, have helped drive greater engagement with new and existing customers. In Spring, we launched a campaign encouraging the UK to 'Respect the Pasta' based on the insight that, for many, pasta has become nothing more than a staple filler, and that the art of cooking pasta al dente or pairing the right pasta with the right sauce is often overlooked. The multi-faceted campaign was amplified across national and regional press with a survey into the pasta-eating habits of the British public. In addition, a number of quirky short films were seeded to key industry influencers ahead of featuring as active content on social channels, under the hashtag #RespectThePasta. This external activity, driving awareness of our passion for authentic Italian pasta, was supported by a significant in-restaurant presence which our team members fully embraced including 'National Fettuccine Day' where we encouraged customers to 'say no to spaghetti' to win a free box of fettuccine pasta or a free dish of fettuccine bolognese.

In November we launched a new look website featuring our warm, foodie, Italian, visual style that brings the warmth and buzz of our restaurants to life online. The site has also been optimised to drive booking conversions and includes a new 'ASK Italian gifts' page.

Service

A single-minded focus on our Amici service proposition has continued to cement ASK Italian's reputation for welcoming and friendly service, reflected in ever improving service scores across key trackers. Results from our internal customer satisfaction programme continue to rise, compliments are increasing and we closely monitor comments on external review sites like TripAdvisor, which have also resulted in strong year-on-year increases in satisfaction.

Engaging our teams

The ASK Italian Journey, our award winning learning framework, continues to result in strong stability in our restaurant teams. We continue to invest in our management development scheme, the Avanti Leadership Programme. In addition, our inaugural Head Chef Avanti programme is underway. We believe strongly in developing our talented chefs and, as part of this programme, they have already experienced a number of training sessions including time with Theo Randall. We crowned Phil from our restaurant in Euston, London, the third winner of our Primo Waiter Competition; and our unique Italian Education programme continues to open up Italy for our team members with engaging training and trips to meet the suppliers we have worked with over many years.

Our commitment to charity

We continue to work towards our £1 million fundraising goal in support of Great Ormond Street Hospital Children's Charity (GOSHCC). Some fundraising activities have now become regular events in our restaurants, like our Easter Egg raffle where we give away a beautiful designer Italian Easter egg in each site. The highlight of our fundraising to date, the ASK Italian Grand Tour, was a fun round-the-country event that visited every restaurant in the country (on bike, foot and car) and celebrated our love of Italian food along the way, helping raise £208,000 for GOSHCC. It involved all of our team members in different ways and will have a lasting impact across the business. We also generated good media coverage of the Tour.

Looking ahead

We have achieved much in the last year and end 2013/14 a stronger, more competitive business. We have continued confidence that our 'Italian Lovers' vision is working well and is a strong platform to move into a new phase of growth for the business. The ASK Italian proposition is relevant and attractive and we are excited by new opportunities to keep pushing the brand and bringing the vision to life.

"We launched a campaign encouraging the UK to 'Respect the Pasta'."

Overview

The reported statutory results cover the 52 weeks to 29 June 2014 and comparatives for the previous 52 week period ended 30 June 2013.

	2013/14 52 weeks £m	2012/13 52 weeks £m	*52 week Change %*
Restaurant sales	597.9	590.2	*1.3%*
Retail and other	15.4	14.0	*10.0%*
Total sales	613.3	604.2	*1.5%*
EBITDA[1]	119.1	112.2	*6.1%*
Margin	19.4%	18.6%	
Depreciation & impairment	(29.6)	(33.6)	*(11.9)%*
EBITA[2]	89.5	78.6	*13.9%*
Margin	14.6%	13.0%	
Goodwill amortisation	(36.6)	(36.6)	*0.0%*
EBIT[3]	52.9	42.0	*26.0%*
Exceptional items	(5.1)	(9.8)	*48.0%*
Operating profit	47.8	32.2	*48.4%*

1 EBITDA is defined as EBITA plus depreciation and amortisation (including impairment charges/reversals)

2 EBITA is defined as EBIT plus goodwill amortisation. Goodwill of approximately £728 million was established following the acquisition of the business in December 2006 and this is being amortised over 20 years.
In addition a further £4.0 million of goodwill was recognised on the acquisition of PizzaExpress (Franchises) Limited in September 2010 which is also being amortised over a period of 20 years

3 EBIT is defined as operating profit excluding exceptional costs

Total sales grew to £613.3 million, with total year on year growth of 1.5%. Restaurant sales grew 1.3% despite only a part year contribution of Byron in 2013/14. Comparable year on year growth, excluding Byron, was 5.5%. Retail and other sales increased by 10.0%, reflecting continued growth of our retail sales of pizza and other products in supermarkets, together with growth in franchise revenues from our international business.

During the year, we have seen a return of consumer confidence and consequently higher spending by our customers, particularly in the second half of this financial year. We have also seen the positive impact of various trading and operational initiatives implemented during the year. We have continued to develop more sophisticated ways of tailoring our promotional activity and partnership campaigns to provide great value to our customers, but do so in a more targeted way – by day of week, time of day and specific location. Our sales momentum has also been underpinned by our investments in each brand, including continued menu innovation, whilst cost control initiatives have ensured we have achieved improved profit conversion from our higher level of sales, with our EBITDA margin increasing by 0.8% to 19.4% and our total EBITDA increasing by 6.1% to £119.1 million. EBITDA growth excluding Byron's contribution was 10.3%.

In line with our strategy of investing for the longer term, we have:
- continued to invest in new openings across the group, with a total of 25 new restaurants;
- maintained a significant level of investment in the quality of our estate through our programme of brand transformations and refurbishments – a key factor in supporting each brand's positioning as well as physical condition of our restaurants; and
- invested further in the development of our international operations.

Following the sale of Byron, which had been in a capital intensive phase of rapid growth, our depreciation decreased by 11.9%, despite continued investment in our remaining estate. With goodwill amortisation at a consistent level, growing EBITDA and lower depreciation, there was a significant 26.0% increase in EBIT to £52.9 million.

Exceptional costs were lower in the year, resulting in an overall increase in operating profit of 48.4% to £47.8 million.

Cash flow

Net cash flow from operations increased by 9.9% to £125.5 million, primarily reflecting the stronger trading results of our remaining brands.

During the year, the other key components of cash flow were:
- net cash interest and other costs associated with the Group's financing structure of £31.1 million;
- net tax of £0.2 million. Further details in relation to our taxation position are set out below;
- net investment totalling £46.1 million in new restaurants and the maintenance of our existing restaurant estate, together with associated IT and other infrastructure;
- an £80.4 million repayment of mezzanine bank debt, taking the total cumulative repayments from surplus cash generated since our current financing structure was established in 2006 to £162 million; and
- a £67.3 million repayment of shareholder debt.

Financing

The Group's financing structure, implemented when the Group's business was taken private in December 2006, comprises three main components:
- external bank debt;
- shareholder loan notes; and
- shareholder equity.

The external debt was in the form of senior and mezzanine debt which was syndicated to a number of participating financial institutions after the original transaction. The loan notes and equity were provided by the Cinven Funds[1], together with smaller investments by Bank of Scotland and management. Interest on the shareholder loan notes and on a portion of the mezzanine facility rolls up into the principal balance and is not due for payment until the maturity or repayment of the respective loan.

As at the balance sheet date, the Group's debt facilities had maturity dates of July 2015 for senior debt facilities, with the mezzanine debt having been repaid during the year. Further details are provided in notes 17 and 19 to the financial statements. In addition, the Group had an undrawn revolving credit facility of £20 million (to July 2015). Subsequent to the year end, pursuant to the sale of the PizzaExpress business, the Group repaid and cancelled all of its remaining external bank debt facilities. Further details are set out in note 26 to the financial statements.

During the year, the external bank debt facilities were subject to certain financial and non-financial covenants. The financial covenants included annual limitations on capital expenditure and required the maintenance of certain minimum ratios of EBITDA to interest payable and a maximum ratio of net debt to EBITDA. In addition, there was a requirement that net operating cash flows were not less than the Group's cash cost of servicing the bank debt. All of the amended covenants were met with adequate headroom during the period under review prior to the cancellation of the facilities.

1 Funds managed and advised by Cinven Limited as detailed in note 27 to the financial statements

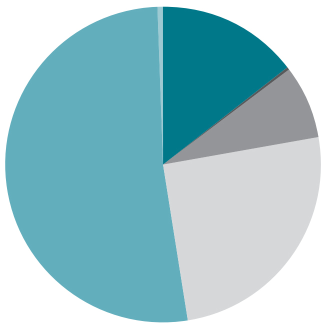
Taxation

The Group paid £0.2 million during the year in relation to tax. This modest level of payment is a result of two key continuing features of its business:

- significant investment in capital expenditure across our estate, which qualifies for capital allowances that are designed to encourage such investment; and
- interest payments on external debt and shareholder loans, a proportion of which are agreed as deductible for tax purposes with HMRC.

The effect of these is to reduce taxable profits or, in some years, result in losses.

The Group's contribution to the UK Exchequer is significantly more than UK corporation tax. During this financial year, we have paid and collected taxes of £148.2 million in total (up 0.5% from £147.5 million in prior year), as illustrated in the following chart:



UK corporation tax	£ 0.2 million
Business rates	£21.4 million
Stamp duty land tax	£ 0.2 million
Employers' NIC	£11.1 million
Employees' PAYE/NIC collected	£37.6 million
VAT collected	£77.3 million
PAYE Settlement Agreements	£ 0.4 million

Further details of the Group's policy and approach to taxation is provided on page 27.

Chris Woodhouse (53)
Chris became non-executive Chairman of the Group in April 2007. He is also Chief Executive of RAC and non-executive Chairman of Agent Provocateur. He was previously Deputy Chairman of Halfords Group and Commercial Director and Deputy Chief Executive at Homebase Group. He is a former Finance Director and Deputy Chief Executive of Debenhams plc, and Finance Director of Birthdays Group Limited and Superdrug Stores plc. He is a Fellow of the Institute of Chartered Accountants in England and Wales, an Associate of the Association of Corporate Treasurers and an Associate Fellow of Said Business School, University of Oxford.

Charles Miller-Jones (33)
Charles joined the Group's Board as a non-executive director in July 2007. He is a Principal with Cinven Partners LLP, having joined them in 2005 and is a member of the Consumer sector team. He has been involved in a number of investments in addition to Gondola, including CPA Global, Pronet, Gala Coral Group and Smurfit Kappa.

Yagnish Chotai (55)
Yagnish became a non-executive director of the Group in October 2006 and was involved in its subsequent acquisition of Gondola Holdings plc in December 2006. He retired as a Partner with Cinven at the end of June 2009. He was involved in a number of Cinven transactions in addition to Gondola, including Partnerships in Care, Fitness First, Unique Pub Company, William Hill, United Biscuits, COMAX, Oxoid and General Healthcare.

Harvey Smyth (46)
Harvey joined PizzaExpress in October 2003 as its Chief Executive Officer, and became Chief Executive Officer of the Gondola Group following the acquisition of Gondola Holdings plc by Cinven in December 2006. He was previously Deputy Chief Executive Officer and UK Managing Director of Pret A Manger. Harvey has a degree in biochemistry from Bristol University and is also a qualified Chartered Accountant.

Peter Catterall (45)
Peter became a non-executive director of the Group in October 2006 and was involved in its subsequent acquisition of Gondola Holdings plc in December 2006. He is a Partner with Cinven Partners LLP, having joined them in 1997 and has been involved in several transactions in addition to Gondola, including Partnership Assurance, Guardian Financial Services, Avolon Aerospace, Gala Coral Group and Amadeus.

Nick Carter (47)
Nick was appointed Finance Director of the Group in April 2007. Prior to this he was Finance Director at Halfords plc and Birthdays Group Limited and held a number of finance and commercial roles at Superdrug Stores plc and Kingfisher plc. Nick qualified as a Chartered Accountant at KPMG.

Strategic report

for the year ended 29 June 2014

The directors present their strategic report for Gondola Group Limited ('the Company') and its subsidiaries and joint venture (together 'the Group') for the 52 week period ended 29 June 2014.

Principal activities, business review and future developments
During the period, the Company continued its activity as an investment company.

The principal activity of the Group is operating restaurants.

The performance of the Group is measured through the use of three key performance indicators being sales and profitability versus prior year and the number of open restaurants. A review of the Group's operations and performance during the period and of future developments is included in the Business Review on pages 5 to 20, which forms part of this report.

Results and performance
The results of the Group for the period are set out on page 29 and show a profit on ordinary activities before taxation of £10.1 million (2013: £79.0 million loss). The shareholders' deficit of the Group total £362.9 million (2013: £373.3 million).

The performance of the Group during 2014 produced encouraging results. The Group implemented various successful initiatives in line with its strategy to improve like for like ('LFL') performance; and its current year trading has also been assisted by the improving macro-economic environment in the UK market.

Sales and sales growth – The Group generated sales of £613.3 million (2013: £604.2 million). Sales growth was achieved through a combination of LFL sales growth and the continuing roll-out of new restaurants with the Group opening 25 new restaurants during 2014.

Gross profit – The Group increased its gross profit margin to 20.7% (2013: 19.4%).

EBITDA – The Group total EBITDA increased to £119.1 million (2013: £112.2 million). On a comparable basis, excluding Byron which was sold part way through the financial year, growth in EBITDA was 10.3%.

Exceptional costs – The Group incurred exceptional costs during the year of £5.1 million (2013: £9.8 million)

With improving economic conditions in the UK, and increased levels of consumer confidence, the general outlook for the Group's trading conditions is improving. Following the sale of Byron during the year and PizzaExpress just after the year end, the Group now has two strong brands remaining – ASK Italian and Zizzi – both of which are performing well and have clear plans for further organic growth and expansion through the opening of new restaurants. We therefore remain confident about the Group's ability to continue our current momentum.

Key performance indicators
The performance of the Group is measured through the use of key performance indicators as follows:

Performance indicator	**Actual 2014**	Actual 2013	Growth %
Sales	£613.3m	£604.2m	1.5%
Sales (excluding Byron)	£594.7m	£563.2m	5.6%
EBITDA	£119.1m	£112.2m	6.1%
EBITDA (excluding Byron)	£116.2m	£105.3m	10.3%
Number of restaurants	749	752	(0.4)%
Number of restaurants (excluding Byron)	749	718	4.3%

Principal business risks and uncertainties
The Board of Directors ('Board') has the primary responsibility for identifying the principal risks which the business faces and for developing appropriate policies to manage those risks. To assist with this process, an annual Risk Review is presented to the Board.

Given the nature of the Group's businesses, the principal business risks relate to the following:
- competition and current economic climate;
- employee retention; and
- timely supplies of quality product.

The above risks are partly mitigated by the following key measures:
- a continued focus on delivering a great experience to our customers at excellent value for money;
- competitive reward structures and comprehensive training and development programmes; and
- close monitoring against key supplier service level agreements, with contingent arrangements in place where necessary.

By order of the Board

Nick Carter
Company Secretary
13 November 2014

Directors' report

The directors present their annual report for Gondola Group Limited ('Gondola' and 'the Company') and its subsidiaries and joint venture (together 'the Group'), together with their audited consolidated financial statements for the 52 week period ended 29 June 2014. The comparative information presented relates to the 52 week period to 30 June 2013. The basis of preparation of the financial statements is set out in note 2 on page 35.

Results and dividends

The results of the Group for the period are set out on page 29.

The directors are unable to recommend the payment of a final dividend (2013: £nil).

Directors

The directors of the Company during the period and up to the date of signing the financial statements are:

Nick Carter
Peter Catterall
Yagnish Chotai
Charles Miller-Jones
Harvey Smyth
Chris Woodhouse

A brief summary of the experience of each director is provided on page 21.

Charitable and political donations

The Group makes significant contributions to community related initiatives and uses the sale of certain menu items to raise funds for specific causes as described in the Business Review set out on pages 5 to 20.

The Group made no political donations in the period (2013: £nil).

Going concern

The Group's financial performance and position is described in the Financial review on pages 19 and 20. The directors have reviewed cash flow forecasts for a three year period from the year end date which indicate the Group will be able to meet all its liabilities when they fall due for the foreseeable future. In addition, the maturity dates for all of the Group's banking arrangements were to July 2015 and later, which subsequent to the year end, have been repaid in full. The directors have therefore continued to adopt the going concern basis in preparing the financial statements.

Post balance sheet events

Subsequent to the balance sheet date, an agreement was entered into which represented the disposal of the majority of the PizzaExpress business. The sale resulted in a mandatory prepayment and cancellation of senior debt facilities, with the balance of proceeds used to repay loan notes and PIK interest. Further details are given in note 26 to the financial statements.

Employees

Serving over 42 million meals a year to customers in our restaurants, our people truly are our greatest asset and we believe in treating them as such: with respect, looking after their welfare and allowing them the freedom to be themselves and to flourish.

We encourage a work environment that is fair, open and communicative, with many benefits for our employees.

Our employees have a performance review at least once a year, which includes consideration of skills development and career prospects. We aim to retain, develop and promote our best staff, offering a variety of training courses and development opportunities.

Informal, frank and open dialogue is encouraged at all levels of the Group. We aim to keep our employees informed of any changes and progress with the business on a regular basis in an engaging way.

Communication flows both ways, as we take the views of our employees seriously. Our aim has been to make it as easy as possible for our employees to air their opinions, express their ideas and voice any problems they may have. Examples include a cascade process of meetings to communicate key messages throughout the organisation, a weekly feedback process for operational issues and a bright ideas scheme.

We have 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.

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.

Environment

The Gondola Group has continued to reduce its impact on the environment by reducing its carbon footprint. There are a number of on-going environmental programmes that work to do this and include the following:

- separating food waste is in operation at 90 of our restaurants with a target for the majority of the Group by the end of December 2014. This will increase our total recycling to 85% (last year 69%). This is in partnership with our national waste contractor, Biffa;

Directors' report continued

- each business within the Group has its own energy efficiency programme, which is aimed at reducing energy and water usage by both design and user campaigns. For instance, PizzaExpress have a 'Lean & Green' campaign (in partnership with CO2balance) that has seen a £1 million pound reduction in the use of electricity, gas and water;
- the Group's dough production facility worked with CO2balance to become carbon neutral in 2011;
- the Group continues to introduce smart meters – which control equipment, such as ovens and air conditioning units, monitoring them remotely to ensure equipment is not over-used or utilised too early or inappropriately;
- PizzaExpress are members of the SRA (Sustainable Restaurant Association) to further assist them in their sustainability journey; and
- all light bulbs are being replaced with energy efficient bulbs and energy efficiency of equipment is considered in relation to all new purchases.

Financial risk management
The Group's activities expose it to a variety of financial risks: foreign exchange risk, credit risk, liquidity risk, cash flow risk and interest rate risk. The Group's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by the Group under guidance by the Board. The Group identifies, evaluates and addresses financial risks in close co-operation with the Group's operating units.

(a) Foreign exchange risk
The Group operates mainly in the UK and has a small subsidiary in Ireland and, as a result, the Group's balance sheet can be affected by movements in Euros.

Foreign exchange risk may also arise from commercial transactions as the Group purchases certain goods from European suppliers. The Group partly hedges these commitments naturally with cash generated from its operations in Ireland.

The Group also received franchise income from various countries and a joint venture operation in India, resulting in additional (albeit relatively modest) foreign exchange risk from movements in various other currencies.

The finance function is responsible for managing the net position in each foreign currency (primarily Euros). This currency exposure is not material as at the date of this report. Currency exposures are reviewed regularly.

(b) Credit risk
The Group has no significant concentrations of credit risk. The nature of its operations results in a large and diverse customer base and a significant proportion of cash sales. The Group has policies that limit the amount of credit exposure to any financial institution.

(c) Liquidity risk
The Group manages its exposure to liquidity risk through a naturally low level of debtors, maintaining a diversity of funding sources and the spreading of debt repayments over a range of maturities.

(d) Cash flow and interest rate risk
The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk.

Restaurants outside the United Kingdom
The Group has adopted a tailored strategy to each geography, where it operates outside of the United Kingdom; directly owning or participating in joint ventures in the highest potential markets to leverage the Group's best in class operating capabilities; and pursuing a franchise strategy in markets where the long term site growth potential is considered to be less significant or the Group would find it more difficult to operate alone.

As at 29 June 2014, PizzaExpress operated in the following overseas markets with 68 restaurants outside of the United Kingdom:

China
21 franchised restaurants in mainland China and Hong Kong
1 directly operated restaurant in Beijing

India
5 restaurants in India held in a 50%:50% joint venture

Franchise
25 restaurants in Middle East
11 restaurants in Indonesia
4 restaurants in Cyprus
1 restaurant in Gibraltar

Directors' responsibilities statement
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 period. Under that law the directors have prepared the Group and Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;

- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and the Group 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 the Group, and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group 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 Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' indemnities

Qualifying third party indemnity provisions for the benefit of directors, as defined by the Companies Act 2006, have been in force during the period and at the date of approval of the annual report.

Provision of information to auditors

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

(1) so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and

(2) each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

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

Independent auditors

PricewaterhouseCoopers LLP have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

By order of the Board

Nick Carter
Company Secretary
13 November 2014

Corporate governance report

The Group is committed to high standards of corporate governance appropriate for a large, private company and the Board is accountable to all of the Group's shareholders, including minority shareholdings held by management and employees, for good corporate governance.

The Board
The current board has been in place since early 2007, following the acquisition of Gondola Holdings plc in December 2006. The Board considers that it is of an appropriate size for the requirements of the business, and that it has the appropriate balance of skills, knowledge and experience.

The Board comprises a chairman, three non-executive directors who represent Cinven's interests and two executive directors.

The Board's role is to provide leadership to, and to set the strategic direction of, the Group. The Board monitors operational performance and is also responsible for establishing Group policies and internal controls to assess and manage risk.

The Board meets regularly throughout the year and, in addition to the routine reporting of financial and operational issues, reviews the performance of each of the brands in detail. There is a schedule of matters reserved for the Board and certain matters are delegated to the Board's Committees and the executive directors. The schedule of reserved matters includes approval of annual budgets, strategic plans, senior management appointments, dividend policy and capital structure, major contracts and major capital expenditure. Items delegated to the executive directors include the approval of capital or other expenditure below the limits required for board sign off, disposal of low value assets and approval of minor contracts or less senior appointments.

The Board is scheduled to meet between eight and twelve times each financial period.

The executive responsibility for overseeing the day-to-day management of the Group is delegated to Harvey Smyth, the Chief Executive, together with his executive team.

There is a clear division of responsibility between the non-executive Chairman and the executive directors.

The Chairman is responsible for:
- the leadership of the Board, ensuring its effectiveness and setting its agenda; and
- facilitation of the effective contribution of non-executive directors, and ensuring constructive relations between them and the executive directors.

The executive directors are responsible for:
- setting the strategic direction of the Group;
- preparing annual budgets and medium term projections for the Group and monitoring performance against plans and budgets;
- overseeing the day-to-day management of the Group;
- effective communication with shareholders; and
- preparing the annual financial statements.

The Company Secretary acts as Secretary to the Board and its committees. He is responsible for ensuring that the directors receive appropriate information prior to meetings, and for ensuring that governance requirements are considered and implemented.

The Remuneration Committee has undertaken a review of the effectiveness of the executive directors during the year, reporting to the Chairman. Executive directors are included in the annual performance evaluation of all senior management, which includes a review of performance against a range of specific objectives.

Relations with shareholders
The Group is committed to maintaining effective communication with all of its shareholders in order to maintain a clear understanding of its objectives and its performance against those objectives.

The three non-executive directors are appointed by the largest shareholders of the Group, the Cinven Funds. The remaining shareholders of the Group include senior management and employees of the Group who hold shares through the 'Gondola Investment Plan' which was established following the acquisition of Gondola Holdings plc. Employees receive regular communication about the performance of the Group, as described on page 23.

Remuneration Committee
This committee comprises the Chairman, the Chief Executive and two of the non-executive directors and is chaired by Chris Woodhouse.

The Remuneration Committee is responsible for the following key areas:
- determining the participation of directors and employees in the Gondola Investment Plan;
- agreeing the framework for the remuneration of the executive directors and other senior executives, and determining the total individual remuneration packages of each person, including pension arrangements. The Chief Executive is not present when his own remuneration package is determined;
- determining specific incentives for the executive directors and senior management to encourage enhanced performance by being rewarded in a fair manner for their individual contributions to the success of the Group;
- ensuring that contractual terms on termination and any payments made are fair to the individual and to the Group (and that failure is not rewarded); and
- evaluating the performance of the executive directors against objectives set.

Audit Committee
This committee comprises the Chairman, the Finance Director and two of the non-executive directors and is chaired by Chris Woodhouse. Relevant senior management are invited to attend audit committee meetings as required.

The Audit Committee is responsible for all matters relating to the regulatory and accounting requirements that may affect the Group, together with the financial reporting and internal control procedures adopted by the Group. In addition, the committee is responsible for ensuring that an objective and professional relationship is maintained with the external auditors.

Key areas for which the committee is responsible include:
- reviewing the Group's financial statements prior to approval on behalf of the Board and reviewing the external auditors' reports thereon;
- establishing procedures to ensure that the Group monitors and evaluates risks appropriately;
- reviewing internal controls and establishing an internal audit plan to monitor the effectiveness of those controls;
- considering the consistency of accounting policies across the Group and the accounting for any significant or unusual transactions where different approaches are possible; and
- assessing the independence and objectivity of the external auditors.

Compliance with reporting guidelines
Gondola is committed to ensuring meaningful and transparent reporting of information to all of its stakeholders. In addition, as a private equity owned company of significant size, the Group falls within the requirements for enhanced reporting under the guidelines established by the Walker Review in 2007 and updated by the Guidelines Monitoring Group in 2010. We believe this annual review complies with the relevant guidelines.

Taxation policy
In line with its overall approach to corporate governance, Gondola is committed to suitably strong governance in relation to all of its tax affairs.

The Group seeks to:
- structure its affairs in a tax efficient way, as would be expected in order to ensure commercial effectiveness, but using a straightforward and transparent approach without use of any aggressive tax planning strategies;
- ensure that it pays all taxes which are due (and to do so promptly);
- maintain adequate systems, processes and adequately experienced staff in order to achieve the above; and
- maintain a transparent and constructive relationship with HMRC.

The Group has prepared a tax charter to set out its approach to taxation. This was approved by the Board in October 2012 and has been shared with HMRC. The Group's management meets periodically with HMRC representatives to maintain open communication and the Group's CFO reports to the Board on taxation matters at least annually.

Gondola's tax affairs are relatively straight-forward, given that it is UK domiciled (with only modest operations overseas, currently largely franchised) and that it operates in a sector which does not have inherent complexity – i.e. consumer-facing, with no long term or complicated revenue streams and relatively predictable cost structures.

In managing its affairs, the Group's aim is to limit tax related uncertainty. Our approach is to discuss significant transactions openly with the tax authorities in 'real time', as far as is commercially practicable. Where there is uncertainty in relation to a material tax issue, we will seek to obtain tax authority agreement/clearance in advance where practicable. The Group currently has agreements with HMRC to confirm appropriate treatment of the following major areas:
- capital allowances – representing the amortisation for tax purposes of the significant capital investments we make in our estate (to open new restaurants and maintain the condition of existing ones);
- interest on external bank debt and shareholder loans – to determine the amount of interest which should be deductible for tax purposes; and
- VAT treatment for specific revenue categories – to clarify the VAT treatment of non-standard sales transactions such as jazz tickets sold online, property transactions, membership subscriptions or sales of gift cards/vouchers.

Additional agreements also cover other minor areas of tax compliance (such as employee benefits and the way in which management incentive schemes are assessed).

The open and transparent nature of the Group's relationship with HMRC is reflected in its 'low risk' categorisation which was formally confirmed in September 2013.

Independent auditors' report to the members of Gondola Group Limited

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

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

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

What we have audited

The group financial statements and parent company financial statements (the 'financial statements'), which are prepared by Gondola Group Limited, comprise:

- the consolidated balance sheet and company balance sheet as at 29 June 2014;
- the consolidated profit and loss account and consolidated statement of total recognised gains and losses for the year then ended;
- the consolidated cash flow statement for the year then ended;
- the consolidated reconciliation of movements in shareholders' deficit and company reconciliation of movement in shareholders' funds for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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

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

What an audit of financial statements involves

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

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

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

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic report and the Directors' report for the financial year 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 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.

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 Directors' responsibilities statement set out on pages 24 and 25, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

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

Rosemary Shapland (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Gatwick
13 November 2014

Consolidated profit and loss account

for the period ended 29 June 2014

	Note	**52 weeks ended 29 June 2014 £m**	52 weeks ended 30 June 2013 £m
Turnover – continuing operations		204.9	193.9
Turnover – discontinued operations		409.0	410.4
Less: Share of joint venture turnover (discontinued)		(0.6)	(0.1)
Group turnover	3	613.3	604.2
Cost of sales – continuing operations		(175.8)	(170.6)
Cost of sales – discontinued operations		(310.8)	(316.6)
Gross profit		126.7	117.0
Administrative expenses – continuing operations		(48.8)	(49.5)
Administrative expenses – discontinued operations		(25.0)	(25.5)
Operating exceptional costs	5	(5.1)	(9.8)
Total administrative expenses		(78.9)	(84.8)
Operating loss – continuing operations		(22.9)	(35.2)
Operating profit – discontinued operations		70.7	67.4
Group operating profit	4	47.8	32.2
Share of operating loss in joint ventures (discontinued)	12	(1.8)	(0.4)
Operating profit including share of joint venture loss		46.0	31.8
Profit on disposal of subsidiary	6	72.1	–
Loss on disposal of fixed assets		(0.3)	(0.7)
Profit on ordinary activities before interest and taxation		117.8	31.1
Net interest payable and similar charges	8	(107.7)	(110.1)
Profit/(loss) on ordinary activities before taxation		10.1	(79.0)
Tax on profit/(loss) on ordinary activities	9	(0.3)	2.2
Profit/(loss) for the financial period	21	9.8	(76.8)

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

As permitted by Section 408 of the Companies Act 2006, a profit and loss account for Gondola Group Limited has not been presented in these Financial Statements. For the 52 weeks ended 29 June 2014 the Company made a loss of £nil million (2013: £0.1 million).

Consolidated statement of total recognised gains and losses

for the period ended 29 June 2014

	29 June 2014 £m	30 June 2013 £m
Profit/(loss) for the financial period	9.8	(76.8)
Exchange gains/(losses) offset in reserves	0.6	(0.2)
Total recognised gains/(losses) since last financial period	10.4	(77.0)

Consolidated balance sheet

as at 29 June 2014

	Note	29 June 2014 £m	30 June 2013 £m
Fixed assets			
Intangible assets	10	457.7	494.3
Tangible assets	11	316.0	333.5
Investments	12	1.2	0.8
		774.9	828.6
Current assets			
Stocks	13	18.0	17.7
Debtors	14	30.0	28.3
Cash at bank and in hand	15	64.4	66.0
		112.4	112.0
Creditors: amounts falling due within one year	16	(103.3)	(93.5)
Net current assets		9.1	18.5
Total assets less current liabilities		784.0	847.1
Creditors: amounts falling due after more than one year	17	(1,121.5)	(1,192.2)
Provisions for liabilities	18	(25.4)	(28.2)
Net liabilities		(362.9)	(373.3)
Capital and reserves			
Called up share capital	20	8.0	8.0
Profit and loss account	21	(370.9)	(381.3)
Total shareholders' deficit		(362.9)	(373.3)

The financial statements on pages 29 to 65 were approved by the Board of Directors on 13 November 2014 and signed on its behalf by

Harvey Smyth
Director

Nick Carter
Director

Company registration number: 05953163

Company balance sheet

as at 29 June 2014

	Note	29 June 2014 £m	30 June 2013 £m
Fixed assets			
Investments	12	7.9	7.9
		7.9	7.9
Current assets			
Debtors	14	1.3	1.0
Cash at bank and in hand	15	1.2	0.2
		2.5	1.2
Creditors: amounts falling due within one year	16	(3.3)	(2.0)
Net current liabilities		(0.8)	(0.8)
Total assets less current liabilities		7.1	7.1
Net assets		7.1	7.1
Capital and reserves			
Called up share capital	20	8.0	8.0
Profit and loss account	21	(0.9)	(0.9)
Total shareholders' funds		7.1	7.1

The financial statements on pages 29 to 65 were approved by the Board of Directors on 13 November 2014 and signed on its behalf by

Harvey Smyth
Director

Nick Carter
Director

Company registration number: 05953163

Consolidated cash flow statement

for the period ended 29 June 2014

	Note	**52 weeks ended 29 June 2014 £m**	52 weeks ended 30 June 2013 £m
Net cash inflow from operating activities	22	125.5	114.1
Returns on investments and servicing of finance			
Interest received		0.3	0.1
Interest paid		(27.8)	(30.0)
Bank fees paid		(3.6)	–
Net cash outflow from returns on investments and servicing of finance		(31.1)	(29.9)
Taxation paid		(0.2)	(0.8)
Capital expenditure and financial investment			
Additional investment in joint venture	12	(1.6)	(0.2)
Purchase of tangible fixed assets		(46.7)	(38.9)
Sale of tangible fixed assets		0.6	(0.2)
Net cash outflow from capital expenditure and financial investment		(47.7)	(39.3)
Acquisitions and disposals			
Sale of subsidiary less transaction costs	6	100.2	–
Transfer of cash held by sold subsidiary		(0.6)	–
Net cash inflow from acquisitions and disposals		99.6	–
Net cash inflow before financing		146.1	44.1
Financing			
Repayment of bank debt		(80.4)	(22.0)
Repayment of shareholder debt		(67.3)	–
Finance lease capital repaid		–	(0.1)
Net cash outflow from financing		(147.7)	(22.1)
(Decrease)/increase in cash	22 (b), (c)	(1.6)	22.0

Consolidated reconciliation of movements in shareholders' deficit

for the period ended 29 June 2014

	29 June 2014 £m	30 June 2013 £m
Profit/(loss) for the financial period	9.8	(76.8)
Foreign exchange gains/(losses)	0.6	(0.2)
Net increase/(decrease) in shareholders' deficit	10.4	(77.0)
Opening shareholders' deficit	(373.3)	(296.3)
Closing shareholders' deficit	(362.9)	(373.3)

Company reconciliation of movements in shareholders' funds

for the period ended 29 June 2014

	29 June 2014 £m	30 June 2013 £m
Loss for the financial period	–	(0.1)
Opening shareholders' funds	7.1	7.2
Closing shareholders' funds	7.1	7.1

1 General information

The principal activity of Gondola Group Limited ('Gondola' and the 'Company') and its subsidiaries (together, the 'Group') is operating restaurants.

The consolidated financial information presented is in respect of the underlying businesses of PizzaExpress Holdings Limited ('PizzaExpress'), Gondola Central Limited (including the ASK Italian and Zizzi businesses) and Byron Hamburgers Limited ('BYRON'), together with the Group holding companies described in note 27 for the 52 weeks ended 29 June 2014. The results of BYRON have been included up to the date of sale of 12 November 2013. The comparative Group and Company financial information presented is for the 52 week period ended 30 June 2013.

2 Accounting policies

Basis of preparation

The financial information has been prepared under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom and with the Companies Act 2006. The most significant accounting policies, which have been applied consistently throughout the period, are described below.

Going concern

The directors have prepared the financial statements on a going concern basis. Whilst the Group has total net liabilities of £362.9 million at 29 June 2014, management have prepared cash flow forecasts for a three year period from the year end date which indicate that the Group will be able to meet its liabilities when they fall due for the foreseeable future. In addition, the Group banking and debt arrangements had maturity dates of July 2015 and later. Subsequent to the year end, the Group repaid and cancelled all of its remaining external bank facilities.

Basis of consolidation

The consolidated balance sheet includes all results, cash flows and the assets and liabilities of all subsidiaries. Subsidiaries acquired during the period are recorded using the acquisition method of accounting and their results are included from the date of acquisition. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. The results of subsidiaries disposed of during the period are reported up to the date of sale and are classified as discontinued operations. Subsidiaries sold within three months of the period end date are also classified as discontinued operations.

All transactions and balances between the Group's businesses have been eliminated in the preparation of the consolidated financial information. All subsidiaries have co-terminous year ends and follow uniform accounting policies.

Entities in which the Group holds an interest on a long-term basis and which are jointly controlled by the Group and one or more other ventures under a contractual arrangement are treated as joint ventures. In the Group financial statements, joint ventures are accounted for using the gross equity method.

Turnover

Turnover represents net invoiced sales of food and beverages, royalties from retail sales and franchise fees, all excluding value added tax. Turnover of restaurant services is recognised when the goods have been provided. Royalties from retail sales are recognised in turnover on product delivery or when due under the terms of the relevant retail sales agreements. Franchise fees arising outside the United Kingdom are recognised when they fall due under the terms of the relevant franchise agreements.

Allocation of costs

Cost of sales includes all direct costs incurred in restaurants. Administrative expenses include central and area management, administration and head office costs, together with goodwill amortisation.

Rental income

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. It is netted off against rental costs and is recognised within administrative expenses.

Tangible fixed assets

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. Cost includes the purchase price of the asset, together with incidental expenses incurred. Depreciation is provided at the following annual rates in order to write down to estimated residual values the cost of each asset over its estimated useful economic life on a straight-line basis:

Plant	20 % per annum
Fixtures	10 % per annum
Motor vehicles	25 % per annum
IT equipment	20-33 % per annum

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. Current legislation and the terms of the lease contracts are such that the vast majority of leases are readily extendible by an additional 14 years. The maximum depreciation period for short term leasehold properties is 30 years.

The cost of freehold and leasehold properties is depreciated over the lesser of 50 years or the outstanding term of the lease.

2 Accounting policies continued

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.

Sales of properties are recognised in the financial statements when unconditional contracts are exchanged.

Impairment of fixed assets

The carrying values of fixed assets are reviewed for impairment by the directors at each balance sheet date and in periods where events or changes in circumstances indicate that the carrying value may not be recoverable. Any impairment in the value of fixed assets below depreciated historical 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.

Onerous lease provisions

Onerous lease provisions are recognised when the Group has a sublet property for which the Group's lease obligation cannot be met in full, or where a restaurant is loss-making for an extended period of time. An estimate is made of the period of time and the extent to which the lease obligations cannot be fulfilled and a provision made accordingly.

Pre-opening costs

Pre-opening costs, which comprise site operating costs, are expensed as incurred.

Exceptional costs

The Group presents a total net figure, on the face of the profit and loss account, for exceptional items. Exceptional items are material items of profit and cost that, because of the unusual nature and expected infrequency of the events giving rise to them, merit separate presentation to allow an understanding of the Group's financial performance.

Stocks

Raw materials and consumables are valued at the lower of cost and net realisable value. Cost is based on the purchase cost on a first-in, first-out basis.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date which are due to transactions or events which have occurred at that date and which will result in an obligation to pay more, or a right to pay less, tax in the future.

Resultant deferred tax assets are recognised only to the extent that it is considered more likely than not that there will be suitable taxable profits from which the deferred tax assets resulting from the underlying timing differences can be recovered.

Deferred tax is measured on an undiscounted basis at the average tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Goodwill

Goodwill represents the difference between the fair value of the purchase consideration and the fair value of the separable net assets acquired. Goodwill on the acquisition of a business is capitalised and amortised over its useful economic life. The useful economic life is a maximum of 20 years.

Goodwill is subject to an impairment review at the end of the first full year following an acquisition and at any other time when the directors believe that an impairment may have occurred. Changes in provision for impairment are taken to the profit and loss account.

Foreign currency transactions

Transactions denominated in foreign currencies are recorded at the spot rate applicable at the date of the transaction. Monetary assets and liabilities expressed in foreign currencies held at the balance sheet date are translated at the closing rate. The resulting exchange gain or loss is dealt with in the profit and loss account. The results of foreign subsidiaries are translated at the average rate. The balance sheets of foreign subsidiaries are translated at the closing rate. The resulting exchange differences are dealt with through reserves and are reported in the consolidated statement of total recognised gains and losses.

Operating leases

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the term of the lease. The benefit of lease incentives are taken to the profit and loss account on a straight line basis over the shorter of the lease term or the period until the first rent review. Contributions received from landlords as an incentive to enter into a lease are treated as deferred income within creditors.

2 Accounting policies continued

Pension costs

Contributions to defined contribution personal pension schemes are charged to the profit and loss account in the year in which they become payable.

Cash and liquid resources

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

Liquid resources are defined as current asset investments, given that they are readily convertible into known amounts of cash without curtailing or disrupting the business. Liquid resources comprise term deposits of less than one year (other than cash).

Restricted cash comprises cash deposits held as collateral against certain secured loan notes and amounts held as letters of credit for potential insurance liabilities. Restricted cash is not treated as cash for the purposes of the cash flow statement.

Debt finance

All borrowings are initially stated at the fair value of consideration received after deduction of issue costs. The issue costs and interest payable on borrowings are charged to the profit and loss account over the term of the borrowing, or over a shorter period where it is more likely than not that the lender will require earlier repayment or where the borrower intends or is required to redeem early.

Rebates receivable from suppliers

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

Financial instruments

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

Investments

Investments are held at cost less any provisions for impairment.

Fixed asset investments

In the Group and Company financial statements, investments in subsidiary undertakings are stated at cost plus incidental expenses less any provision for impairment. Impairment reviews are performed by the directors when there has been an indication of potential impairment.

Share-based payments

The Group operates an equity-settled, share-based compensation plan, the 'Gondola Investment Plan' which includes:

- Ordinary C shares in the Company which may have beneficial terms on exit if certain valuation thresholds are met (see note 20), and
- units in a partnership, Gondola Investments Limited Partnership Incorporated ('the Partnership'), which the Partnership issues to correspond to its holding of Ordinary F shares in the Company and which may have beneficial terms on exit if certain valuation thresholds are met. Some of these Partnership units issued to employees receive a share of exit proceeds at a lower valuation threshold than the Ordinary shares of the Company.

Employees subscribe for these shares and partnership units at a value which is determined by the Remuneration Committee, a sub-committee of the Board of Directors. The fair value of the employee services received in exchange for any additional potential uplift in value of the shares or units on exit, specifically as a result of the respective valuation thresholds being achieved, is recognised as a cost where it represents a material charge to the profit and loss account. The total amount to be charged over the estimated period to exit is determined by reference to the potential uplift in value of the shares or units on exit, including the likelihood of any such thresholds being met.

3 Turnover

Business sector analysis

The Group has operated in one business sector in the period, being the sale of food and beverages.

Geographical sector analysis

Turnover by destination and by origin from countries other than the United Kingdom and Republic of Ireland in all financial periods was not sufficiently material in the financial year to warrant separate disclosure. However, as set out in the Business Review above, the international operations of the Group are an increasingly important area of focus for management and we would expect the geographical split of our turnover to change over time as our international business grows.

4 Group operating profit

Group operating profit is stated after charging/(crediting):

	52 weeks ended 29 June 2014 £m	52 weeks ended 30 June 2013 £m
Shown within cost of sales:		
Employee costs (note 7)	196.2	193.6
Depreciation of owned tangible fixed assets (note 11):		
– Plant, fixtures, IT equipment and motor vehicles	14.2	14.7
– Short leasehold properties	13.9	13.8
Impairment charge – short leasehold properties (note 11)	0.1	5.4
Operating lease rentals:		
– Hire of plant and machinery	0.2	0.1
– Short leasehold properties	60.9	60.9
Rental income	(2.8)	(2.5)

	52 weeks ended 29 June 2014 £m	52 weeks ended 30 June 2013 £m
Shown within administrative expenses:		
Employee costs (note 7)	19.7	20.2
Amortisation of goodwill (note 10)	36.6	36.6
Depreciation of owned tangible fixed assets (note 11):		
– Plant, fixtures, IT equipment and motor vehicles	1.2	1.5
– Short and long leasehold properties	0.2	0.4
Operating lease rentals:		
– Short leasehold properties	0.8	0.9
Rental income	(0.7)	(0.7)
Auditors' remuneration:		
– Statutory audit fees and expenses	0.2	0.2
– Advisory services	1.5	0.4

5 Operating exceptional costs

Shown within operating exceptional costs:

	Continuing operations £m	Discontinued operations £m	**52 weeks ended 29 June 2014 £m**	Continuing operations £m	Discontinued operations £m	52 weeks ended 30 June 2013 £m
Exceptional costs						
– Impairments	–	–	–	2.6	–	2.6
– Onerous leases	–	–	–	3.7	0.6	4.3
– Loss on disposal – fixed assets	–	–	–	1.2	–	1.2
– Loss on disposal – stock	–	–	–	0.4	–	0.4
– Professional fees	2.9	1.4	4.3	–	–	–
– Restructuring and other	0.3	0.5	0.8	1.1	0.2	1.3
Total operating exceptional costs	3.2	1.9	5.1	9.0	0.8	9.8

During the period. exceptional costs were incurred as follows:
- professional fees of £4.3 million were incurred for advice in relation the sale of the PizzaExpress business; and
- restructuring and other costs of £0.8 million were also incurred across the Group.

During the comparative period ended 30 June 2013, the following exceptional costs were incurred:
- a major review of the ASK Italian estate resulted in impairment (£2.6 million) and onerous lease charges (£3.7 million), together with £1.6 million of losses realised on disposals completed during the year;
- additional onerous lease charges of £0.6 million were provided for in relation to historical rent guarantees on a small number of overseas properties no longer operated by the Group; and
- restructuring and other costs of £1.3 million were also incurred across the Group.

6 Profit on disposal of subsidiary

Sale of Byron Hamburgers Limited

On 18 October 2013, the Group signed an agreement to sell Byron Hamburgers Limited for £101.3 million to private equity funds managed/advised by Hutton Collins Partners LLP, which completed on 12 November 2013.

	£m
Assets disposed	
Tangible fixed assets	33.6
Stocks	0.8
Debtors	1.0
Amounts due from Gondola group companies	(20.6)
Creditors	(6.7)
Cash	0.6
Deferred tax	(1.2)
Total net assets disposed	7.5
Cash consideration	101.3
Net assets disposed	(7.5)
Intercompany balances settled	(20.6)
Transaction costs	(1.1)
Profit on disposal	72.1

Byron Hamburgers Limited contributed £18.6 million turnover and £2.1 million operating profit, as well as £2.1 million operating cash flows during the period to sale.

7 Employees and directors

a) Employee costs:

	52 weeks ended 29 June 2014 £m	52 weeks ended 30 June 2013 £m
Wages and salaries	202.1	199.8
Social security costs	12.3	13.1
Other pension costs	1.5	0.9
	215.9	213.8
Disclosed within:		
Cost of sales	196.2	193.6
Administrative expenses	19.7	20.2
	215.9	213.8

b) Employee numbers (including directors)

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

	Number	Number
Restaurants and distribution	14,891	14,692
Administration	337	432
	15,228	15,124

The Company has no employees (2013: nil).

7 Employees and directors continued

Total directors' remuneration in the period was as follows:

	52 weeks ended 29 June 2014 £'000	52 weeks ended 30 June 2013 £'000
Aggregate emoluments	1,831	1,608

Included within the emoluments above are pension contributions of £60,300 (2013: £79,500) paid into the individual personal pension plans of two directors.

Emoluments in respect of the highest paid director were as follows:

	52 weeks ended 29 June 2014 £'000	52 weeks ended 30 June 2013 £'000
Aggregate emoluments	746	654
Pension contributions	34	45
	780	699

Mssrs. Peter Catterall, Yagnish Chotai and Charles Miller-Jones, who represent the Cinven group, received no remuneration from the Group in respect of their services as directors or in respect of any services to the Group. Cinven Partners LLP was paid fees of £0.3 million (2013: £0.3 million) in respect of their services (see note 25), which is included in the aggregate emoluments disclosed above.

No director waived any emoluments in the period (2013: nil).

The Group does not operate a defined benefit pension scheme. Directors are responsible for their own pension arrangements and any contributions by the Group are made directly into these individuals' personal pension plans.

8 Net interest payable and similar charges

	Note	52 weeks ended 29 June 2014 £m	52 weeks ended 30 June 2013 £m
Interest payable on bank loans and overdrafts			
– Bank loans – senior facilities	17	23.8	25.9
– Bank loans – mezzanine facility	17	3.7	8.2
– Bank loans – other		0.3	0.5
Interest payable on shareholder loans	17	76.6	72.2
Amortisation of issue costs of bank and shareholder loans	17	3.6	3.4
Interest payable and similar charges		108.0	110.2
Interest receivable		(0.3)	(0.1)
Net interest payable and similar charges		107.7	110.1

Interest on the shareholder loans rolls up into the principal balance and is not due until the maturity or repayment of the respective loan.

9 Tax on loss on ordinary activities

	52 weeks ended 29 June 2014 £m	52 weeks ended 30 June 2013 £m
Current tax		
United Kingdom corporation taxation	–	–
Overseas corporation taxation	0.3	0.3
Under/(over) provision in respect of prior periods	0.6	(1.4)
Total current tax charge/(credit)	0.9	(1.1)
Deferred tax		
Origination and reversal of timing differences	1.2	(0.3)
Effect of change in rate of taxation	(1.9)	(1.0)
Under provision in respect of prior periods	0.1	0.2
Total deferred tax credit (note 18)	(0.6)	(1.1)
Tax charge/(credit) on ordinary activities	0.3	(2.2)

9 Tax on loss on ordinary activities continued

The tax charge/(credit) for the period is lower than (2013: higher than) the standard rate of corporation tax in the UK of 22.5% (2013: 23.75%). The differences are explained below:

	52 weeks ended 29 June 2014 £m	52 weeks ended 30 June 2013 £m
Profit/(loss) on ordinary activities before taxation	10.1	(79.0)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 22.5% (2013: 23.75%)	2.3	(18.7)
Effects of:		
Expenses not deductible for tax purposes	14.4	18.9
Income not taxable	(0.5)	–
Effect of overseas tax at lower rate	(0.7)	(0.4)
Accelerated capital allowances	(1.2)	0.3
Unused tax losses carried forward	1.3	0.2
Exempt share sale	(15.3)	–
Under/(over) provision in respect of prior periods	0.6	(1.4)
Total current tax	0.9	(1.1)

10 Intangible assets

Group	Trademarks £m	Goodwill £m	Total £m
Cost			
At 1 July 2013 and 29 June 2014	0.1	732.2	732.3
Accumulated amortisation:			
At 1 July 2013	–	238.0	238.0
Charge for the period	–	36.6	36.6
At 29 June 2014	–	274.6	274.6
Net book value			
At 30 June 2013	0.1	494.2	494.3
At 29 June 2014	0.1	457.6	457.7

Goodwill is being amortised over 20 years. The directors believe that this is appropriate based on a review of the expected future cash flows of the Group, the fact that the PizzaExpress, ASK Italian and Zizzi businesses are long standing operations and that the Group continues to have growth opportunities in the future.

Goodwill arising on the acquisition of PizzaExpress (Franchises) Limited is also being amortised over a period of 20 years on the basis of the strength of the brand and the long-term international growth opportunities.

Trademarks for the international use of the 'PizzaExpress' and 'Pizza Marzano' names are being amortised over 20 years.

Company
The Company has no intangible assets.

11 Tangible assets

Group	Assets under construction £m	Freehold properties £m	Short leasehold properties £m	Plant, fixtures, IT equipment and motor vehicles £m	Total £m
Cost					
At 1 July 2013	7.8	0.1	330.2	127.8	465.9
Additions	36.9	–	1.6	8.1	46.6
Transfers	(32.3)	–	20.9	11.4	–
Disposals	–	–	(2.7)	(2.0)	(4.7)
Disposal of subsidiary	(0.6)	–	(28.2)	(11.4)	(40.2)
At 29 June 2014	11.8	0.1	321.8	133.9	467.6
Accumulated depreciation					
At 1 July 2013	–	–	71.7	60.7	132.4
Charge for the period	–	–	14.2	15.3	29.5
Impairment charge	–	–	0.1	–	0.1
Disposals	–	–	(3.0)	(0.8)	(3.8)
Disposal of subsidiary	–	–	(3.2)	(3.4)	(6.6)
At 29 June 2014	–	–	79.8	71.8	151.6
Net book value					
At 30 June 2013	7.8	0.1	258.5	67.1	333.5
At 29 June 2014	11.8	0.1	242.0	62.1	316.0

Capital expenditure contracted but not provided as at 29 June 2014 was £nil (2013: £nil), relating to new restaurants.

Company
The Company has no tangible fixed assets.

12 Investments

Group	1 July 2013 £m	Additional investment £m	Share of loss including foreign exchange £m	**29 June 2014 £m**
Investment in joint venture	0.8	1.6	(1.2)	1.2
Comprising				
Share of gross assets				1.7
Share of gross liabilities				(0.5)
Total investment in joint ventures				1.2

PizzaExpress had a joint venture agreement with Gourmet Investments Private Limited, promoted by the Bharti Family Office, to operate the PizzaExpress brand in India. PizzaExpress Asia Holdings Private Limited, incorporated in Singapore, held a 50% interest in Atrium Restaurants India Private Limited, an unlisted company incorporated in India. The registered office is in New Delhi, India.

During the year, an additional investment of £1.6 million was made. The £1.2 million investment represented Gondola Group's 50% share of the investment, adjusted for foreign exchange differences. The Group's 50% share of the loss for the year was £1.8 million.

Company	**29 June 2014 £m**	30 June 2013 £m
Investment in subsidiaries		
Cost and net book value	7.9	7.9
Total investment in subsidiaries	7.9	7.9

The directors believe the carrying value of the investment is supported by the underlying assets.

A list of the principal subsidiary companies is provided in note 28.

13 Stocks

	Group	
	29 June 2014 £m	30 June 2013 £m
Raw materials and consumables	18.0	17.7

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

The Company holds no stock.

14 Debtors

	Group		Company	
	29 June 2014 £m	30 June 2013 £m	**29 June 2014 £m**	30 June 2013 £m
Trade debtors	7.8	2.0	–	–
Amounts owed by group undertakings	–	–	1.1	–
Corporation tax	0.3	1.0	–	–
Other debtors	3.9	6.3	0.2	1.0
Prepayments and accrued income	18.0	19.0	–	–
	30.0	28.3	1.3	1.0

All of the debtors stated above are due within one year.

Amounts owed by group undertakings are interest-free and are repayable on demand.

15 Cash at bank and in hand

	Group		Company	
	29 June 2014 £m	30 June 2013 £m	**29 June 2014 £m**	30 June 2013 £m
Cash	64.4	66.0	1.2	0.2

16 Creditors: amounts falling due within one year

	Group		Company	
	29 June 2014 £m	30 June 2013 £m	**29 June 2014 £m**	30 June 2013 £m
Trade creditors	25.9	20.1	–	–
Amounts owed to group undertakings	–	–	3.3	2.0
Other creditors	12.6	14.8	–	–
Taxation and social security	19.5	18.6	–	–
Accruals and deferred income	45.3	40.0	–	–
	103.3	93.5	3.3	2.0

Amounts owed to group undertakings are interest-free and are repayable on demand.

17 Creditors: amounts falling due after more than one year

	Group		Company	
	29 June 2014 £m	30 June 2013 £m	**29 June 2014 £m**	30 June 2013 £m
Bank loans – senior facilities	460.3	461.2	–	–
Bank loans – mezzanine facilities	–	79.5	–	–
Unsecured shareholder loan notes	661.2	651.5	–	–
	1,121.5	1,192.2	–	–

Senior debt

On 22 December 2006, the Group entered into borrowing arrangements to finance the purchase of Gondola Holdings plc. The loans were syndicated to a range of institutions and carry interest at varying rates above LIBOR, interest being payable in arrears at time periods of one, three or six months as agreed in advance.

Total issue costs and extension fees of the senior debt of £24.1 million, are being amortised over the period to the maturity date. At 29 June 2014, the unamortised cost was £3.2 million (2013: £2.4 million).

During the year, the senior debt was extended, except for £37.5 million due for repayment in July 2015. At the year end the balance of the loans is due for repayment in January 2018. The total amount outstanding, including accrued interest and excluding unamortised issue costs as at 29 June 2014, was £465.0 million (2013: £465.3 million).

The senior debt is secured by way of floating charges over the assets of certain operating companies of the Group, details of which are given in note 24.

On 18 August 2014, total senior debt of £463.6 million plus outstanding interest of £0.9 million was repaid and all unamortised fees were written off. Refer post balance sheet event note 26.

Mezzanine debt

On 22 December 2006, the Group entered into a mezzanine facility agreement to borrow £60.0 million.

On 3 December 2013, the Group repaid the mezzanine facility, comprising principal of £80.4 million and accrued interest of £1.9 million.

Unamortised issue costs of the mezzanine debt of £1.3 million were written off on repayment of the debt.

17 Creditors: amounts falling due after more than one year continued

Banking terms and maturity dates

The outstanding principal loan amount and the maturity dates of the senior facilities at the year end are summarised in the table below:

	Principal loan amount	Weighted average interest rate above LIBOR	Maturity date
Senior B1 facility	£18.4m	4.0%	July 2015
Senior C1 facility	£19.1m	4.5%	July 2015
Senior B2 facility	£230.0m	4.0%	January 2018
Senior C2 facility	£196.1m	4.5%	January 2018

The above excludes the undrawn committed revolving facility of £20.0 million detailed in note 19.

Unsecured shareholder loan notes

Gondola Finance 1 Limited, a subsidiary of the Company, has in issue 296,461,166 £1 A loan notes, 6,593,341 £1 B loan notes and 509,151 £1 C loan notes at cost. The C loan notes are held by the Company.

The maturity date of the loan notes is January 2036. The loan notes accrue interest at a compound rate of 12.5% per annum. On 14 December 2013, £67.3 million of PIK notes were redeemed. Following the repayment, interest capitalised into the principal of the loan notes at 29 June 2014 was £358.2 million (2013: £349.0 million).

The initial issue costs of the shareholder loan notes totalled £3.3 million, which are being amortised over the period from drawdown of the loan to the expected maturity date. At 29 June 2014, the issue costs were fully amortised (2013: £0.4 million unamortised).

On 27 August 2014, a further £430.1 million of PIK notes and loan notes at cost were redeemed. Refer post balance sheet event note 26.

18 Provisions for liabilities

	Deferred taxation £m	Onerous leases £m	**Total £m**
At 1 July 2013	22.7	5.5	28.2
Disposal of subsidiary	(0.9)	–	(0.9)
Utilised in period	(0.6)	(0.7)	(1.3)
Credit for the period	(0.6)	–	(0.6)
At 29 June 2014	20.6	4.8	25.4

Onerous leases
The onerous lease provision represents operating leases on long term loss making sites and properties no longer in use, until the end of their leases or until the directors estimate the properties can be sublet. It has been discounted at the Group's weighted average cost of capital of 8.9% (2013: 9.4%).

Deferred taxation
As at 29 June 2014, the Group has unrecognised deferred tax assets of £2.3 million (2013: £nil) arising from brought forward tax losses. The deferred tax liability of £20.6 million (2013: £22.7 million) relates to accelerated capital allowances.

A number of changes continue to the UK Corporation Tax system. The main rate of corporation tax, currently at 21% as at 29 June 2014, will reduce to 20% from 1 April 2015.

19 Financial instruments

Policy

The Group does not use complex derivative financial instruments. Further information on the Group's policy and risks in respect of financial instruments is given in the Directors' report on page 24.

The Group has bank borrowings at variable rates.

Short term debtors and creditors

Short term debtors and creditors have been excluded from all of the following disclosures, other than the currency risk disclosures.

Interest rate risk of financial assets

	Group		Company	
	29 June 2014 £m	30 June 2013 £m	**29 June 2014 £m**	30 June 2013 £m
Cash at bank and in hand				
Fixed rate	1.7	1.7	–	–
Floating rate	54.8	54.8	1.2	0.2
No interest	7.9	9.5	–	–
	64.4	66.0	1.2	0.2

The Group has no financial assets, excluding short-term debtors, other than sterling cash deposits and cash in hand amounting to £64.4 million (2013: £66.0 million) which are part of the financing arrangements of the Group.

Floating rate cash earns interest based on LIBOR and is available on demand. Cash deposits earning no interest comprise cash in hand and in transit and are available on demand.

The fixed rate cash deposits of £1.7 million (2013: £1.7 million) are instant access at an interest rate of 0.15% (2013: 0.15%).

Currency exposures

At 29 June 2014 the Group had Euro denominated current assets, being the functional currency of the relevant Group company of £2.5 million (2013: £1.1 million).

The Group also holds a £1.2m (2013: £0.8m) investment in a joint venture operation in India.

The Group had no material net foreign currency monetary assets and liabilities that were not denominated in the functional currency of the relevant Group company, as at 29 June 2014.

19 Financial instruments continued

Borrowing facilities

The Group had an undrawn committed revolving facility of £20.0 million at 29 June 2014 and 30 June 2013 in respect of which all conditions precedent had been met. The facility is tied to the Senior banking facilities. The facility, if utilised, would carry interest at LIBOR plus 4.0%. The unused facility incurs commitment fees of 1.125%.

The Company has no borrowings.

Maturity of financial liabilities

Maturity dates of financial liabilities are shown in note 17.

20 Called up share capital

Group and Company	**29 June 2014 £m**	30 June 2013 £m
Authorised		
Equity		
13,695,412 (2013: 13,695,412) ordinary A shares of £1 each	13.7	13.7
304,588 (2013: 304,588) ordinary B shares of £1 each	0.3	0.3
2,000,000 (2013: 2,000,000) ordinary C shares of £1	2.0	2.0
333,333 (2013: 333,333) ordinary F shares of 10p each	–	–
	16.0	16.0
Allotted, issued and fully paid		
Equity		
6,847,706 (2013: 6,847,706) ordinary A shares of £1 each	6.8	6.8
152,294 (2013: 152,294) ordinary B shares of £1 each	0.2	0.2
1,000,000 (2013: 978,769) ordinary C shares of £1 each	1.0	1.0
333,333 (2013: 326,949) ordinary F shares of 10p each	–	–
	8.0	8.0

20 Called up share capital continued

- Ordinary A shares carry the sole voting rights and they carry the right to receive notice of meetings and rights to appoint directors. Ordinary B, C and F shares and Deferred Shares (see below) carry none of these rights.
- On sale, winding up or Initial Public Offering ('IPO'), if certain valuation thresholds are met the Ordinary A, B and F shares convert into Deferred Shares at rates defined by the articles of association. As Deferred Shares are not entitled to participate in distributions below £1 billion (as outlined below), Ordinary C shares have greater participation rights in the event of such conversion.
- For distributions and on winding up, the articles of association allow for the income and assets up to a value of £1 billion to be allocated equally between Ordinary A, B, C and F shares, after all liabilities have been settled. Distributions over and above this amount are then allocated equally between Ordinary A, B, C, F and Deferred shares.

21 Profit and loss account

Group	£m
At 1 July 2013	(381.3)
Profit for the financial period	9.8
Foreign exchange	0.6
At 29 June 2014	(370.9)

Company	£m
At 1 July 2013	(0.9)
Loss for the financial period	–
At 29 June 2014	(0.9)

22 Notes to cash flow statement

a) Reconciliation of operating profit to operating cash flows

	52 weeks ended 29 June 2014 £m	52 weeks ended 30 June 2013 £m
Continuing operations		
Operating loss	(22.9)	(35.2)
Depreciation and impairment of tangible fixed assets	10.8	14.0
Amortisation of goodwill	36.4	36.4
Profit on disposal of fixed assets	–	1.2
Increase in stocks	(0.5)	(0.3)
(Increase)/decrease in debtors	(0.3)	(0.2)
Increase in creditors	7.0	6.1
Net cash inflow from continuing operating activities	30.5	22.0
Discontinued operations		
Operating profit	70.7	67.4
Depreciation and impairment of tangible fixed assets	18.8	22.1
Amortisation of goodwill	0.2	0.2
Increase in stocks	(0.6)	(0.5)
(Increase)/decrease in debtors	(3.1)	2.0
Increase in creditors	9.0	0.9
Net cash inflow from discontinued operating activities	95.0	92.1
Net cash inflow from operating activities	125.5	114.1

22 Notes to cash flow statement continued

b) Reconciliation of net cash flow to movement in net debt

	52 weeks ended 29 June 2014 £m	52 weeks ended 30 June 2013 £m
(Decrease)/increase in cash (note 15)	(1.6)	22.0
Cash outflow from movement in finance lease creditor	–	0.1
Repayment of debt	147.7	22.0
Change in net debt resulting from cash flows	146.1	44.1
Other non-cash changes	(76.6)	(80.1)
Net debt at beginning of period	(1,128.1)	(1,092.1)
Net debt at end of period	(1,058.6)	(1,128.1)

c) Analysis of changes in net debt

	At 1 July 2013 £m	Cash flow £m	Non-cash changes £m	**At 29 June 2014 £m**
Cash at bank and in hand	66.0	(1.6)	–	64.4
Bank debt and other borrowings (>1 year)	(1,194.1)	147.7	(76.6)	(1,123.0)
Total net debt	(1,128.1)	146.1	(76.6)	(1,058.6)

The figures for restricted cash and cash on short term deposit are included in the figure for cash on the balance sheet.

Other non-cash changes comprise capitalised interest, movement in accrued interest and amortisation of loan issue costs.

23 Operating lease commitments

The Group has annual commitments under non-cancellable operating leases which expire as follows:

	29 June 2014 £m	30 June 2013 £m
Land and buildings		
Within one year	2.1	1.2
In the second to fifth years inclusive	3.7	4.7
Over five years	56.1	56.8
	61.9	62.7
Other		
Within one year	0.1	0.1
In the second to fifth years inclusive	0.2	0.2
	0.3	0.3

The financial commitments for operating lease amounts payable as a percentage of turnover have been based on the minimum payment that is required under the terms of the relevant lease. As a result, the amounts charged to the profit and loss account may be different to the financial commitment at the year-end.

24 Contingent liabilities

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

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

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

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

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

During the year, the Mezzanine Facility was repaid in full using proceeds from the disposal of Byron Hamburgers Limited. The Senior Facility was also repaid in full following the year-end balance sheet date, therefore the contingent liabilities have subsequently ceased. Refer post balance sheet event note 26.

25 Related party transactions

No separate disclosure has been made of transactions and balances between companies in the Group that have been eliminated in the preparation of these financial statements, as is permitted by FRS 8 'Related Party transactions'. All other transactions and balances with related parties of the Group have been detailed below.

Transactions with Cinven

Fees totaling £300,000 (2013: £300,000) have been paid to Cinven Partners LLP in respect of services provided to the Group (see note 7).

Transactions with joint venture investment entities

During the year, the Group invested an additional £1.6 million (2013: £150,000) into Atrium Restaurants India Private Limited, a joint venture agreement with Gourmet Investments Private Limited. The 50% interest is held in PizzaExpress Asia Holdings Private Limited. During the year, Group companies invoiced £60,000 (2013: £160,000) to the joint venture. A balance of £220,000 was outstanding at year end (2013: £160,000).

25 Related party transactions continued

Gondola Holdings Partnership Plan loans to and from directors

Under the terms of the Gondola Holdings Partnership Plan scheme, loans were granted to participants to purchase C ordinary shares in Gondola Holdings Limited. These loans bear interest at the official rate set each year by HMRC (currently 4%) and are repayable on demand. The following loans were owed by directors and were outstanding as at 29 June 2014:

	29 June 2014 £	30 June 2013 £
Harvey Smyth	264,920	264,978

Gondola Finance 1 Limited A loan notes and B loan notes

On acquisition of Gondola Holdings plc, the Group introduced the 'Gondola Investment Plan' for eligible employees and directors. In addition to the principal investment made by and on behalf of the Cinven Funds, certain shareholders and directors purchased Gondola Finance 1 Limited A loan notes and B loan notes at cost. As detailed in note 17, interest accrues at 12.5% and is capitalised into the principal on an annual basis.

On 20 November 2009, all Gondola Finance 1 Limited A loan notes and B loan notes (principal of £296,461,166 and £6,593,341 respectively, together with accrued interest) were transferred to Gondola Investments Limited Partnership Incorporated ('the Partnership'), an entity registered in Guernsey, in exchange for units in the Partnership. The individual holdings of Partnership units were issued in proportion to the number of loan notes previously held, therefore the indirect beneficial interests in the underlying principal of loan notes following this transaction were effectively unchanged and are as follows:

Gondola Finance 1 Limited A loan note holdings

	29 June 2014 £	30 June 2013 £
The Cinven Funds	276,912,699	276,912,699

Yagnish Chotai, Peter Catterall and Charles Miller-Jones, directors of the Company, have a beneficial interest in Fourth Cinven Co-Investment Partnership, one of the Cinven Funds, such that their indirect interests in Gondola Finance 1 Limited A loan notes are as follows:

	29 June 2014 £	30 June 2013 £
Yagnish Chotai	136,320	136,320
Peter Catterall	102,240	102,240
Charles Miller-Jones	1,200	1,200

25 Related party transactions continued

Gondola Finance 1 Limited B loan note holdings

	29 June 2014 £	30 June 2013 £
The Cinven Funds	1,270,650	1,270,650
Harvey Smyth	2,658,591	2,658,591
Chris Woodhouse	166,162	166,162
Nick Carter	691,780	676,211

Yagnish Chotai, Peter Catterall and Charles Miller-Jones, directors of the Company, have a beneficial interest in Fourth Cinven Co-Investment Partnership, one of the Cinven Funds, such that their indirect interests in Gondola Finance 1 Limited B loan notes at cost are as follows:

	29 June 2014 £	30 June 2013 £
Yagnish Chotai	627	627
Peter Catterall	470	470
Charles Miller-Jones	6	6

26 Post balance sheet events

On 12 July 2014, PizzaExpress Holdings Limited entered into an agreement with Twinkle Pizza PLC, on behalf of private equity funds managed/advised by Hony Capital, relating to the sale of Gondola Investments Limited and its subsidiaries, PizzaExpress (Franchises) Limited and PizzaExpress Greater China Limited, which represent the majority of the PizzaExpress business. The Group received proceeds of £919.7 million for the sale which completed on 18 August 2014.

	£m
Cash consideration	919.7
Less: Net liabilities disposed	126.3
Less: Goodwill disposed	(299.6)
Less: Intercompany loan settlement	(304.1)
Less: Transaction costs	(5.2)
Profit on disposal	437.1

Following receipt of the above proceeds, there was a mandatory prepayment and cancellation of the outstanding senior debt facilities. On 18 August 2014, the Group repaid all outstanding bank debt of £463.6 million plus accrued interest and fees. Unamortised debt issue costs of £3.1 million at the date of repayment were written off.

The majority of the remaining balance from the proceeds was then used to repay Gondola Finance 1 Limited loan notes and PIK interest of £430.1 million on 27 August 2014.

27 Ultimate parent undertakings

At 29 June 2014 the Group's immediate and ultimate parent undertakings were Fourth Cinven Fund (No.1) LP, Fourth Cinven Fund (No.2) LP, Fourth Cinven Fund (No.3 – VCOC) LP, Fourth Cinven Fund (No.4) LP, Fourth Cinven Fund (UBTI) LP, Fourth Cinven Fund Co-Investment Partnership, Fourth Cinven (MACIF) Partnership and Fourth Cinven Fund FCPR (together the 'Cinven Funds'), being funds managed by Cinven Limited, a company incorporated under the laws of England and Wales.

Accordingly, the directors consider the Company's ultimate controlling party to be Cinven Limited, the manager of the Cinven Funds.

Cinven is a leading European private equity firm that acquires companies that require an equity investment of €100 million or more. Cinven was founded in 1977 and has been responsible for many buyout industry 'firsts', including the first €1 billion – plus buyouts in France, the Netherlands, Spain and the UK.

Cinven focuses on six sectors across Europe: business services; consumer; financial services; healthcare; industrials; and TMT (technology, media and telecoms) and has offices in Guernsey, London, Paris, Frankfurt, Milan, Luxembourg and Hong Kong.

Cinven acquires successful, high-quality companies, working closely with them to help them grow and develop, using its proven value creation strategies. Typically, Cinven holds its investments for between four and six years and it takes a responsible approach towards its portfolio companies, their employees, suppliers and local communities, the environment and society.

28 Principal subsidiary undertakings

The principal subsidiary undertakings of the Group for the period ended 29 June 2014 were as follows:

	Principal activity	Country of incorporation	Proportion of ordinary voting shares held and interest in allotted capital
Gondola Finance 1 Limited	Holding Company	UK	100%
Gondola Finance 2 Limited	Holding Company	UK	100%
Gondola Acquisitions Limited	Holding Company	UK	100%
Gondola Holdings Limited	Holding Company	UK	100%
Gondola Central Limited (formerly ASK Central Limited)	Holding Company	UK	100%
Gondola Restaurants Limited (formerly ASK Restaurants Limited)	Restaurants	UK	100%
Balcombe Street Holdings Limited (formerly PizzaExpress Holdings Limited)	Holding Company	UK	100%
Balcombe Street Asia Holdings Pte. Ltd (formerly PizzaExpress Asia Holdings Pte. Ltd)	Holding Company	Singapore	100%
Byron Hamburgers Limited[1]	Restaurants	UK	100%
PizzaExpress Limited[2]	Holding Company	UK	100%
PizzaExpress (Restaurants) Limited[2]	Restaurants	UK	100%
Bookcash Trading Limited[2]	Restaurants	UK	100%
PizzaExpress (Wholesale) Limited[2]	Distribution	UK	100%
Agenbite Limited[2]	Restaurants	Ireland	100%
PizzaExpress Merchandising Limited[2]	Branded Sales	UK	100%
PizzaExpress (Jersey) Limited[2]	Restaurants	Jersey	100%
PizzaExpress (Franchises) Limited[2]	International Franchised Restaurants	UK	100%
Al Rollo Limited[2]	Restaurants	UK	100%
Gondola Investments Limited[2]	Holding Company	UK	100%
Gondola Finance Limited[2]	Holding Company	UK	100%
Riposte Limited[2]	Holding Company	UK	100%
PizzaExpress Greater China Limited[2]	Holding Company	Hong Kong	100%
PizzaExpress Beijing Ltd[2]	Restaurants	China	100%

1 Sold on 12 November 2013. Refer to Note 6.
2 Sold on 18 August 2014. Refer to Note 26.

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