

# Richoux Group plc

Final results for the 52 weeks ended 25 December 2016

Richoux Group plc, the owner and operator of 18 restaurants under the Richoux, Dean's Diner, Villagio, and Friendly Phil's brands, today announces its audited final results for the year ended 25 December 2016.

## Key points:

- Turnover increased 2.2% to £13.32 million (2015: £13.03 million).
- Adjusted\* EBITDA decreased to £0.20 million (2015: £1.64 million).
- Currently eighteen restaurants trading.
- Cash of £3.86 million at year end (2015: £4.40 million).

\* excluding pre opening costs, impairment, reorganisation costs and onerous lease provision.

*This announcement contains inside information.*

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## **Chairman's Review**

### **Results**

Revenue for the 52 week period ended 25 December 2016 increased 2.2 per cent on the 52 week period ended 27 December 2015 to £13.32 million (2015: £13.03 million). Adjusted EBITDA before pre-opening costs, impairment, reorganisation costs and onerous lease provision decreased to £0.20 million (2015: £1.64 million). Adjusted operating loss before pre-opening costs, impairment, reorganisation costs and onerous lease provision was £0.63 million (2015: profit £0.91 million). The net loss for the period was £6.70 million (2015: profit £0.37 million). This decrease largely reflects the impairment charge incurred in the year of £5.04 million, up from £0.53 million in 2015, reorganisation costs of £0.51 million, and pre-opening costs of £0.10 million, down from £0.18 million in 2015.

The Board led by Jonathan Kaye, has undertaken a strategic review of all restaurants and operations of the Group. As part of this review certain restaurants have been rebranded and/or closed which has led to the significant impairment charge and onerous lease provision.

The Directors are not recommending the payment of a dividend.

### **Operations**

The Group currently has eighteen restaurants which operate under the Richoux, Dean's Diner, Villagio, Friendly Phil's and Zintino brands. Further details on each of the brands are set out below.

#### ***Richoux***

Richoux is an all day cafe and brasserie established in London in 1909.

The Group currently has seven Richoux restaurants in Knightsbridge, Mayfair, Piccadilly St John's Wood, Gloucester Arcade, Port Solent, and Chislehurst. The Port Solent and Chislehurst restaurants were previously Villagio restaurants, and were converted into Richoux restaurants in February and March 2017 respectively.

#### ***Friendly Phil's***

Friendly Phil's is a vintage American Diner.

The Group currently has two Friendly Phil's restaurants, in Hempstead Valley which opened in March 2017 and Port Solent, which opened in April 2017. These restaurants were previously Dean's Diner restaurants.

The Group currently has three Dean's Diner restaurants; in Chatham, Braintree and Fareham and the intention is to convert these to Friendly Phil's restaurants in the coming months. The Dean's Diner restaurant in Bicester was closed in November 2016 and sold in January 2017. The Dean's Diner restaurants in Trowbridge and Yate were closed in November 2016. The Dean's Diner restaurant in Orpington was closed in March 2017 and the lease was surrendered in April 2017 for a reverse premium of £220,000.

#### ***Italian Restaurants***

The Group currently has four Villagio restaurants in Andover, Basildon, Hammersmith, and Chatham. As noted above, the Villagio restaurants in Chislehurst and Port Solent have been rebranded as Richoux restaurants and the Villagio restaurant in Canterbury has been rebranded as a Zintino restaurant. The Villagio restaurant in High Wycombe was closed at the end of December 2016 and sold at the end of January 2017.

The Group also has two Italian restaurants; one trading as Zippers Bar, Restaurant and Grill in Chatham, and one trading as Zintino in Canterbury.

## **Chairman's Review** *(continued)*

### **Cash flow and capital expenditure**

At 25 December 2016 the Group held cash of £3.86 million (*2015: £4.40 million*).

Capital expenditure of £1.92 million was incurred in the period.

### **Board Changes**

In September 2016 Edward Standing resigned as a director of the Company.

In October 2016 the Company announced its intention, subject to shareholder approval, to appoint Jonathan Kaye, the founder and former Chief Executive Officer of Prezzo plc, as Chief Executive Officer of the Company. Over the previous 12 month period the Directors had reviewed the Group's growth strategy going forward and had concluded that the Company would benefit from new leadership. Following shareholder approval, Jonathan Kaye became Chief Executive Officer on 15 November 2016.

On 24 November 2016 the Company announced the appointment of Mehdi Gashi as Executive Director. Mehdi Gashi was previously a director of Prezzo plc. On the same date, Salvatore Diliberto moved from an executive to a non-executive director role.

Following the end of the year, on 20 February 2017 Philip Shotter stood down as director and Chairman of the Company and I was appointed Chairman in his place. I would like to record the Company's thanks to Mr Shotter for his services as Chairman of the Company.

### **Team**

As noted above, and in line with the Group's revised growth strategy, during 2016 we began to reposition a number of our restaurants by converting them to Richoux or Friendly Phil's restaurants, as well as disposing of or closing certain other restaurants and this process currently continues. The successful delivery of our plans depends upon our team and I would like to take the opportunity to thank all of them for the continued commitment and enthusiasm during what, for many of them, has been a period of significant change.

### **Outlook**

Like many restaurant groups in the casual dining sector, trading in the first quarter of this year has been difficult. In addition, during this period trading in some of our restaurants was interrupted whilst we converted or refurbished them. The impact of temporary closures will continue during the second quarter. Whilst our new Richoux and Friendly Phil's restaurants have only been trading for a brief period, the early signs from them are encouraging.

The cost of converting or refurbishing restaurants and of closing underperforming restaurants, the reduction of income due to temporary closures and the current trading climate have led the Board to conclude that it will need to approach shareholders for further funds in due course. The Board has had informal discussions with a number of the Company's key stakeholders, who have indicated that it would be their intention to support such a fund raising. We propose to seek the necessary authorities to allot shares in connection with such a fundraising at our 2017 Annual General Meeting.

### **Simon Morgan**

*Chairman*

26

*April*

*2017*

## **Strategic Report**

### **Business review and key performance indicators**

Revenue has continued to grow and adjusted EBITDA has decreased to £0.20 million (2015: £1.64 million). Loss after tax is £6.70 million (2015: profit £0.37 million). This decrease largely reflects the impairment charge incurred in the year of £5.04 million, up from £0.53 million in 2015, reorganisation costs of £0.51 million, and pre-opening costs of £0.10 million, down from £0.18 million in 2015.

The Directors utilise a number of detailed performance indicators to manage the business. The focus in the Income Statement is on sales and operating profit compared to budget and the prior year. In the Statement of Financial Position the focus is on managing working capital.

The Directors recognise the importance of customer relations and food quality, and the team are trained extensively in this regard. Performance is monitored by our area managers as well as by regular mystery diner visits and food quality audits. Restaurant managers are bonused on a combination of achieving standards as well as sales growth and costs control.

### **Principal uncertainties and risks**

#### ***Economic conditions***

Deterioration in consumer confidence due to future economic conditions could have a detrimental impact on the Group in terms of sales and footfall. This risk is mitigated by the positioning the Group's brands in the affordable casual dining market, constantly reviewing pricing to ensure it is competitive, and continued focus on customers with targeted and adaptable marketing. There is also uncertainty following the EU referendum in June 2016 and the decision to leave the EU.

#### ***Cost inflation***

The Group's key variable costs are the costs of food and labour both of which face inflationary pressures in the medium term. The Group monitors its food supply chain closely, regularly reviewing food costs and implementing a variety of strategies to mitigate the impact of price increases. The Group closely monitors labour costs and uses a number of initiatives to control costs. There are also labour cost pressures which are outside the control of the Group such as the recently introduced living wage and minimum wage increases which are suffered by both the Group and its competitors.

#### ***Strategic risks***

There are a number of inherent risks in developing new brands. However, the Group has a strong team with a proven track record in developing new brands.

### **Future development**

The Group is putting expansion on hold while we work to repair the existing estate. This involves closing and disposing of underperforming restaurants as well as refurbishing or rebranding others. To that end, we have closed five restaurants of which we have already disposed of three. We have also rebranded an additional five restaurants. In the immediate future, we intend to concentrate on our Friendly Phil's and Richoux formats.

The motivation and engagement of the team will remain a priority. We have so far replaced all of the multi-unit restaurant managers in the business and introduced a team of area chefs who continually monitor food standards across the estate. This process of internal auditing will only be strengthened as the new brands continue to develop.

On behalf of the Board

**Jonathan Kaye**

*Chief Executive Officer*

26 April 2017

**Richoux Group plc**  
**Consolidated statement of comprehensive income**

for the 52 week period ended 25 December 2016

	<i>Notes</i>	<b>52 week period ended 25 December 2016 £000</b>	52 week period ended 27 December 2015 £000
<b>Revenue</b>		<b>13,320</b>	13,027
<b>Cost of sales:</b>			
Excluding pre-opening costs		<b>(13,367)</b>	(11,612)
Pre-opening costs		<b>(103)</b>	(181)
<b>Total cost of sales</b>		<b>(13,470)</b>	(11,793)
<b>Gross (loss)/profit</b>		<b>(150)</b>	1,234
Administrative expenses		<b>(582)</b>	(506)
Other operating income		<b>3</b>	3
Operating (loss)/profit before impairment, reorganisation and provisions		<b>(729)</b>	731
Impairment of intangible assets	6	<b>(4)</b>	(1)
Impairment of property, plant and equipment	7	<b>(5,039)</b>	(526)
Reorganisation costs		<b>(511)</b>	-
Onerous lease provision		<b>(420)</b>	150
<b>Operating (loss)/profit</b>		<b>(6,703)</b>	354
Finance income		<b>7</b>	11
<b>(Loss)/profit before taxation</b>	3	<b>(6,696)</b>	365
Taxation		<b>-</b>	-
<b>(Loss)/profit and total comprehensive (loss)/profit for the period</b>		<b>(6,696)</b>	365
<b>(Loss)/profit and total comprehensive (loss)/profit attributable to equity holders of the parent</b>		<b>(6,696)</b>	365
<b>(Loss)/profit and total comprehensive (loss)/profit per share:</b>			
(Loss)/profit per share	4	<b>(7.3)p</b>	0.4p
Diluted (loss)/profit per share	4	<b>(7.1)p</b>	0.4p

**Richoux Group plc**  
**Consolidated statement of changes in equity**

For the 52 week period ended 25 December 2016

	<b>Share capital</b> £000	<b>Share premium account</b> £000	<b>Profit and loss account</b> £000	<b>Total</b> £000
At 28 December 2014	3,681	12,242	(7,483)	8,440
Profit for the period	-	-	365	365
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive profit	-	-	365	365
	<hr/>	<hr/>	<hr/>	<hr/>
Credit to equity for equity settled share based payments	-	-	46	46
New share capital subscribed	3	7	-	10
	<hr/>	<hr/>	<hr/>	<hr/>
Total contributions by owners of the Company, recognised directly in equity	3	7	46	56
	<hr/>	<hr/>	<hr/>	<hr/>
At 27 December 2015	3,684	12,249	(7,072)	8,861
Loss for the period	-	-	(6,696)	(6,696)
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive loss	-	-	(6,696)	(6,696)
	<hr/>	<hr/>	<hr/>	<hr/>
Credit to equity for equity settled share based payments	-	-	32	32
New share capital subscribed	291	1,447	-	1,738
	<hr/>	<hr/>	<hr/>	<hr/>
Total contributions by owners of the Company, recognised directly in equity	291	1,447	32	1,770
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 25 December 2016</b>	<b>3,975</b>	<b>13,696</b>	<b>(13,736)</b>	<b>3,935</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**Richoux Group plc**  
**Consolidated statement of financial position**

at 25 December 2016

	<i>Notes</i>	<b>2016</b> <b>£000</b>	2015 £000
<b>Assets</b>			
<b>Non-current assets</b>			
Goodwill	6	<b>234</b>	234
Other intangible assets	6	<b>57</b>	70
Property, plant and equipment	7	<b>2,358</b>	6,367
		<hr/>	<hr/>
<b>Total non-current assets</b>		<b>2,649</b>	6,671
		<hr/>	<hr/>
<b>Current assets</b>			
Inventories		<b>198</b>	215
Trade and other receivables		<b>927</b>	893
Cash and cash equivalents		<b>3,857</b>	4,402
		<hr/>	<hr/>
<b>Total current assets</b>		<b>4,982</b>	5,510
		<hr/>	<hr/>
<b>Total assets</b>		<b>7,631</b>	12,181
		<hr/>	<hr/>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		<b>(2,817)</b>	(2,894)
Provisions		<b>(420)</b>	-
		<hr/>	<hr/>
<b>Total current liabilities</b>		<b>(3,237)</b>	(2,894)
		<hr/>	<hr/>
<b>Non-current liabilities</b>			
Trade and other payables		<b>(459)</b>	(426)
		<hr/>	<hr/>
<b>Total non-current liabilities</b>		<b>(459)</b>	(426)
		<hr/>	<hr/>
<b>Total liabilities</b>		<b>(3,696)</b>	(3,320)
		<hr/>	<hr/>
<b>Net assets</b>		<b>3,935</b>	8,861
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Share capital		<b>3,975</b>	3,684
Share premium account		<b>13,696</b>	12,249
Retained earnings		<b>(13,736)</b>	(7,072)
		<hr/>	<hr/>
<b>Total equity</b>		<b>3,935</b>	8,861
		<hr/>	<hr/>

**Richoux Group plc**  
**Consolidated statement of cash flows**

for the 52 week period ended 25 December 2016

	<i>Notes</i>	<b>52 week period ended 25 December 2016 £000</b>	52 week period ended 27 December 2015 £000
<b>Operating activities</b>			
Cash generated from operations	8	6	1,767
Interest paid		-	-
		<hr/>	<hr/>
<b>Net cash from operating activities</b>		<b>6</b>	<b>1,767</b>
		<hr/>	<hr/>
<b>Investing activities</b>			
Purchase of property, plant and equipment		<b>(2,271)</b>	(1,307)
Purchase of intangible fixed assets		<b>(29)</b>	(26)
Net proceeds from sale of property, plant and equipment		<b>4</b>	-
Interest received		<b>7</b>	11
		<hr/>	<hr/>
<b>Net cash used in investing activities</b>		<b>(2,289)</b>	<b>(1,322)</b>
		<hr/>	<hr/>
<b>Financing activities</b>			
Proceeds from issue of ordinary shares		<b>1,738</b>	10
		<hr/>	<hr/>
<b>Net cash from financing activities</b>		<b>1,738</b>	10
		<hr/>	<hr/>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(545)</b>	455
Cash and cash equivalents at the beginning of the period		<b>4,402</b>	3,947
		<hr/>	<hr/>
<b>Cash and cash equivalents at the end of the period</b>		<b>3,857</b>	4,402
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## Notes

- The consolidated financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. The financial statements have been prepared on the historical cost basis.
- The financial information set out above does not constitute the Company's statutory accounts for the periods ended 27 December 2015 or 25 December 2016 but it is derived from those accounts. Statutory accounts for 27 December 2015 have been delivered to the Registrar of Companies and those for 25 December 2016 will be delivered following the Company's Annual General Meeting. The auditors have reported on those accounts; their reports were unqualified and did not contain statements under section 498(2) or (3) of the Companies Act 2006.
- Business segments  
Based on the financial information which is monitored by the board, which comprises the chief operating decision maker as defined in IFRS 8, the Group has three reportable business segments based around its core restaurant brands, Dean's Diner, Villagio and Richoux. All brands are engaged in the restaurant trade so derive their revenues and results from similar products and services. There are no geographical segments and there are no major customers.

Occasionally the Group also receives franchise income, however this is not considered to be a significant business segment and the Group has no control over the timing of this income. Franchise income is reported under other operating income.

The Group sublet part of one and the whole of another of its leased properties and receives sublease payments from third parties.

### For the 52 week period ended 25 December 2016

	Dean's Diner	Villagio	Richoux	Un- allocated	Total
	£000	£000	£000	£000	£000
Revenue	3,858	4,627	4,835	-	<b>13,320</b>
Segment gross (loss)/profit	(222)	(23)	379	(284)	<b>(150)</b>
Administrative expenses	-	-	-	(582)	<b>(582)</b>
Other operating income	-	-	-	3	<b>3</b>
Impairment of intangible assets	(3)	(1)	-	-	<b>(4)</b>
Impairment of property, plant and equipment	(2,866)	(1,504)	(669)	-	<b>(5,039)</b>
Reorganisation costs	-	-	-	(511)	<b>(511)</b>
Onerous lease provision	(420)	-	-	-	<b>(420)</b>
Finance income	-	-	-	7	<b>7</b>
Loss before taxation	(3,511)	(1,528)	(290)	(1,367)	<b>(6,696)</b>
Non current assets as at 27 December 2015					
Additions	2,638	2,319	1,640	74	<b>6,671</b>
Transfers	933	865	85	35	<b>1,918</b>
Depreciation and amortisation	(318)	(305)	(175)	(32)	<b>(830)</b>
Impairment of intangible assets	(3)	(1)	-	-	<b>(4)</b>
Impairment of property, plant and equipment	(2,866)	(1,504)	(669)	-	<b>(5,039)</b>
Disposals	(46)	(9)	(8)	(4)	<b>(67)</b>
Non current assets as at 25 December 2016	338	1,365	873	73	<b>2,649</b>

The unallocated segment loss includes the costs of the restaurant area management; unallocated administrative expenses include the costs of the Group's head office.

4. Earnings per share

The calculation of the basic and diluted (loss)/profit per share is based on the following data:

	<b>25 December 2016 £000</b>	27 December 2015 £000
<b>(Loss)/profit</b>		
(Loss)/profit for the purposes of basic (loss)/profit per share being the net (loss)/profit attributable to equity holders of the parent	(6,696)	365
	<hr/> <hr/>	<hr/> <hr/>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purposes of the basic profit per share	92,356,891	92,037,661
Effect of dilutive potential ordinary shares:		
Share options and incentive shares	1,883,224	2,042,134
	<hr/> <hr/>	<hr/> <hr/>
Weighted average number of ordinary shares for the purposes of diluted profit per share	94,240,115	94,079,795
	<hr/> <hr/>	<hr/> <hr/>
Share options and incentive shares not included in the diluted calculations as per the requirements of IAS 33 (as they are anti-dilutive)	26,053,182	3,416,869
	<hr/> <hr/>	<hr/> <hr/>
<b>Basic (loss)/profit per share:</b>		
From total operations	(7.3)p	0.4p
	<hr/> <hr/>	<hr/> <hr/>
<b>Diluted (loss)/profit per share:</b>		
From total operations	(7.1)p	0.4p
	<hr/> <hr/>	<hr/> <hr/>

5. No dividend is proposed.

## 6. Intangible fixed assets

	<b>Goodwill</b> £000	<b>Trademarks</b> £000	<b>Software</b> £000	<b>Total</b> £000
<b>Cost</b>				
At 27 December 2015	269	24	170	463
Additions	-	1	28	29
Disposals	-	-	(51)	(51)
	<hr/>	<hr/>	<hr/>	<hr/>
At 25 December 2016	269	25	147	441
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Accumulated amortisation and impairment</b>				
At 27 December 2015	35	10	114	159
Charge for the period	-	2	19	21
Impairment	-	-	4	4
Disposal	-	-	(34)	(34)
	<hr/>	<hr/>	<hr/>	<hr/>
At 25 December 2016	35	12	103	150
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Carrying amount</b>				
<b>At 25 December 2016</b>	<b>234</b>	<b>13</b>	<b>44</b>	<b>291</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 27 December 2015	234	14	56	304
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### **Impairment testing of goodwill and intangible fixed assets**

Goodwill of £269,000 (*2015: £269,000*) relates to the acquisition of Richoux Limited in August 2000 and is allocated to the group of cash generating units (CGUs) that comprise the business acquired with each restaurant site being treated as a single CGU.

The Group tests annually for impairment or more frequently if there are indications that the goodwill and intangible assets may be impaired. The recoverable amounts of the restaurants are calculated from value in use calculations based on cash flow projections from formally approved budgets to December 2017, and forecasts to December 2021 based on a sales growth rate of 2 per cent for established sites. The discount rate applied to cash flow projections is 10 per cent (*2015: 10 per cent*).

An impairment charge of £4,000 has been recognised; £3,000 in relation to the unrecoverable elements of the assets of six Dean's Diner restaurants and £1,000 in relation to the unrecoverable elements of the assets of three Villagio restaurants (*2015: £1,000 was recognised in relation to the unrecoverable elements of the assets of one Villagio restaurant*). The value in use of the remaining restaurants is higher than the carrying value.

## 7. Property, plant and equipment

	<b>Short leasehold land and buildings</b>	<b>Fixtures, fittings and equipment</b>	<b>Total</b>
	£000	£000	£000
<b>Cost</b>			
At 27 December 2015	8,665	3,743	12,408
Additions	1,233	656	1,889
Disposals	(40)	(94)	(134)
	<hr/>	<hr/>	<hr/>
At 25 December 2016	9,858	4,305	14,163
	<hr/>	<hr/>	<hr/>
<b>Accumulated depreciation and impairment</b>			
At 27 December 2015	3,791	2,250	6,041
Charge for period	345	464	809
Impairment	3,762	1,277	5,039
Disposals	(2)	(82)	(84)
	<hr/>	<hr/>	<hr/>
At 25 December 2016	7,896	3,909	11,805
	<hr/>	<hr/>	<hr/>
<b>Carrying amount</b>			
<b>At 25 December 2016</b>	<b>1,962</b>	<b>396</b>	<b>2,358</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 27 December 2015	4,874	1,493	6,367
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### **Impairment testing of property, plant and equipment**

The Group considers each trading restaurant to be a cash-generating unit (CGU) and each CGU is reviewed when there are indications of impairment.

The recoverable amounts of the restaurants are calculated from value in use calculations based on cash flow projections from formally approved budgets to December 2017, and forecasts to December 2021 based on a sales growth rate of 2 per cent for established sites. The discount rate applied to cash flow projections is 10 per cent (2015: 10 per cent).

An impairment charge of £5,039,000 has been recognised; £2,866,000 in relation to the unrecoverable elements of the assets of nine Dean's Diners restaurants, £1,504,000 in relation to the unrecoverable elements of the assets of five Villagio restaurants and £669,000 in relation to the unrecoverable elements of the assets of one Richoux restaurant (2015: £526,000 was recognised £257,000 in relation to the unrecoverable elements of the assets of two Dean's Diner restaurants, and £269,000 in relation to the unrecoverable elements of the assets of two Villagio restaurants). The value in use of the remaining restaurants is higher than the carrying value.

The Board has conducted a sensitivity analysis taking into consideration the impact on impairment test assumptions where there is a decrease of 10% on the forecast cash flows. The sensitivity analysis shows that an additional impairment charge of £144,000 (2015: £235,000) would result from this scenario.

8. Reconciliation of operating profit to operating cash flows

	<b>52 week period ended 25 December 2016 £000</b>	52 week period ended 27 December 2015 £000
Operating (loss)/profit	<b>(6,703)</b>	354
Loss on disposal of intangible assets	<b>17</b>	5
Loss on disposal of property, plant and equipment	<b>46</b>	18
Depreciation charge	<b>809</b>	707
Amortisation charge	<b>21</b>	22
Impairment of intangible fixed assets	<b>4</b>	1
Impairment of property, plant and equipment	<b>5,039</b>	526
Decrease/(increase) in stocks	<b>17</b>	(17)
Increase in debtors	<b>(34)</b>	(162)
Increase in creditors	<b>758</b>	267
Equity settled share based payments	<b>32</b>	46
	<hr/>	<hr/>
Net cash inflow from operating activities	<b>6</b>	1,767
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9. Post balance sheet events

On 9 January 2017 the Group disposed of its Dean's Diner restaurant in Bicester for £50,000 (before costs) to Tasty plc, a Company in which Adam Kaye and Samuel Kaye, Jonathan Kaye's cousins are directors. On 31 January 2017 the Group disposed of its Villagio restaurant in High Wycombe for £50,000 (before costs). On 13 April 2017 the Group surrendered the lease for its Dean's Diner restaurant in Orpington for a reverse premium of £220,000 (before costs).

10. Related party transactions

During the period the Group paid professional fees for legal services of £29,000 (2015: £45,000) to Glovers Solicitors LLP of which Philip Shotter is a member. As at the end of the period £nil (2014: £5,000) was outstanding. This is in addition to fees included as Directors' emoluments.

The Group has a group VAT registration and the representative Company, Richoux Group plc, pays the net VAT for the Group.

The Group has a group insurance policy which is paid by Richoux Group plc.

**Transactions with Directors**

Directors' emoluments

	<b>2016</b>	£2015
	<b>£000</b>	£000
Short term employee benefits	<b>293</b>	280
Share based payments	<b>17</b>	25
	<hr/>	<hr/>
	<b>310</b>	305
	<hr/> <hr/>	<hr/> <hr/>

During the period Salvatore Diliberto subscribed for 1,054,394 ordinary shares (2015: nil), the Hon. Robert Rayne subscribed for 1,054,394 ordinary shares (2015: nil), Jonathan Kaye subscribed for 1,354,395 ordinary shares (2015: nil) and Mehdi Gashi subscribed for 400,000 ordinary shares (2015: nil) as part of the subscription that took place during the period. The price paid per share was 25 pence.

**Transactions with substantial shareholders**

During the period Phillip Kaye subscribed for 451,465 ordinary shares (2015: nil), Samuel Kaye subscribed for 451,465 ordinary shares (2015: nil), Adam Kaye subscribed for 451,465 ordinary shares (2015: nil), and Michinoko Limited subscribed for 1,054,394 ordinary shares (2015: nil) as part of the subscription that took place during the period. The price paid per share was 25 pence.

11. Report and accounts

Copies of the annual report and accounts will be posted to the shareholders shortly and will be available at [www.richouxgroup.co.uk](http://www.richouxgroup.co.uk).

**- ENDS -**