9 April 2018

Comptoir Group plc

("Comptoir", the "Group" or the "Company")

Full Year audited results for the financial year ended 31 December 2018

Financial Highlights

- Group revenue increased 16.1% to £34.3m (2017 – £29.6m).
- Gross profit increased 16.0% to £24.7m (2017 – £21.3m).
- IFRS loss before tax of £0.21m (2017 – £0.46m profit).
- Adjusted EBITDA* of £2.1m (2017 – £1.1m).
- Net cash and cash equivalents at the period end of £4.6m (2017: £5.4m).
- Loss per share of 0.26p (2017 – 0.39p positive earnings per share).
- Three new restaurants, two 'owned' and one franchised opened in the year (2017 – four 'owned' restaurant openings). One 'pop up' site closed at the end of a short-term lease.
- 31 restaurants (27 owned and 4 franchise) trading as at 31 December 2018 (2017 – 29 restaurants; 26 owned and 3 franchise).

Chaker Hanna, Chief Executive Officer, commented:

"Trading for the year to date has continued to be in line with Board expectations, and we anticipate this momentum will continue into the second quarter of 2019.

Like for like sales growth has continued each month as newer restaurants reach anticipated maturity levels and the Company is continuing to take a cautious approach to selecting new site openings, enabling focus on the existing estate and further development of the brand whilst ensuring the most efficient operating model is maintained.

The Directors believe the Group's current Comptoir Libanais restaurant estate continues to have significant potential for organic growth and will continue to explore further franchise opportunities, alongside the already agreed terms reported at the half-year results to open three additional franchised sites with HMS Host in the second half of 2019; in Ashford (Kent) and our second and third international franchised operations in Dubai and Abu Dhabi Airports."

*Adjusted EBITDA is calculated excluding the impact of a £0.03m share-based payment charge (2017 - £0.16m credit); depreciation, amortisation and impairment of assets of £1.8m (2017 - £1.5m); £nil profit on the sale of freehold property (2017 - £1.3m); and £0.4m restaurant pre and post opening costs (2017 - £0.5m).

Enquiries:

Comptoir Group plc

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Chairman's Statement

For the year ended 31 December 2018

Overview

The Board is pleased to announce that despite the challenging trading conditions, the financial outcome for 2018 was in line with expectations and the Group has demonstrated its resilience to deliver during the uncertain retail environment.

Revenue for 2018 showed strong growth on last year, profit was in line with expectations and the Company ended the year with a healthy cash balance. This was achieved despite cost pressures within the industry.
The Board does not recommend the payment of any dividend at this time, as it is anticipated that all available funds will be required for investment in new restaurants or the existing estate for the foreseeable future.

Growth in operations

The Group has continued to deliver on its plan for expansion, opening 3 new restaurants in the year ended 31 December 2018 and closing just one site, which came to the end of its short lease. The Group now has 31 restaurants, including four franchise sites.

In line with the continued challenging trading conditions, the Board continues its prudent approach to new openings and only currently has plans to open one more owned restaurant and three new franchise sites in 2019. This will enable continual investment and focus on the existing sites and further development of the Group's brands.

People

We continue to appreciate that our people are key to the success of our business. We have further strengthened the Board with the appointment of Mark Carrick as Chief Financial Officer and our highly experienced and motivated Executive Team have enabled execution of a sustained focus and delivery on performance during the year.

To develop and protect our business further we maintain strong corporate governance standards through the Board, which meets on a regular basis and it has already made substantial progress in fulfilling its corporate governance aims.

We continue to rely on the commitment and dedication of our fantastic support and operational teams, in our restaurants around the country, whose ultimate aim is to consistently deliver a fantastic experience for all our customers in an environment with a genuine feel of family hospitality.

On that note I would like to personally thank all of our teams and colleagues across the Company; they are a remarkable group of people and we are privileged to witness their efforts and enjoyment in working for Comptoir.

Looking ahead

The Group intends to focus heavily on ensuring that all sites are operating effectively, with a particular focus on the newer restaurants.

We continue to see the cautiousness of consumers and coupled with the uncertainties surrounding the UK's exit from the European Union. The Directors remain confident in the restaurant brands of the Group and its relevance within the eating-out market as consumers seek a differentiated food and service experience.

Richard Kleiner

Chairman

8 April 2019

Chief Executive's review

For the year ended 31 December 2018

I am pleased to present the Group's results for the year ended 31 December 2018, together with an update on the Group's progress in respect of its growth strategy. We have continued our expansion plan and opened two new owned restaurants as well as adding an additional franchise site to the Group's portfolio.
During the year revenue has grown by 16% to £34.3m (2017 – £29.6m), with adjusted EBITDA (excluding one-off costs incurred in opening new restaurants and other highlighted items) increasing by 83% to £2.1m (2017 – £1.1m). The significant increase in adjusted EBITDA demonstrates the strong performance of our established restaurants.

The adjusted EBITDA takes into consideration increases in administrative costs, which were incurred following the opening of new restaurants during 2017 and 2018. While the Directors are pleased with the progress of the new restaurants, these sites are still establishing themselves with time required to reach maturity. In view of the number of new restaurants the group has opened in recent years that are still in their growth stages, as well as the challenging economic conditions that continued throughout 2018, we are pleased with our results and are positive on our future performance.

The Consolidated Statement of Comprehensive Income for the year shows a pre-tax loss of £0.21m (2017 - £0.46m profit). After adding back non-trading items, including opening costs totalling £0.4m (2017 – £0.5m), the adjusted EBITDA for the group totalled £2.1m (2017 – £1.1m).

Our strong balance sheet is currently de-levered specifically to protect against any downside risk on future covenants and give us scope for assurance and flexibility to sensibly use free cash for selective new site acquisitions or re-investment in the current estate.

Review of operations

We continued to feel the cost pressures in the supply chain throughout the year, including the ongoing effect of the National Living Wage and Apprenticeship Levy. Despite this, costs were controlled carefully by management meaning that restaurants perform well financially once they have reached maturity of trading, as demonstrated by the strength of the Group's adjusted results.

Economic conditions have remained challenging in 2018 and confidence levels have remained subdued due to continued uncertainty around Brexit and the economic outlook as a whole. The general retail sector has witnessed a continued decline in high street footfall which has directly impacted the dining-out sector, however, we are still able to report like for like sales growth each month throughout the year. Further pressures include continued rising costs (particularly labour), input food costs and property related charges.

Despite these pressures, we have continued to convert our top line growth into EBITDA in line with our full year expectations as a result of the focus on operating efficiencies and the increasing yield from the maturing site acquisitions made in 2017 and early 2018.

The investment in our people has been further enhanced in 2018 with development programmes now being made available to our employees through a partnership with Evolve Training. This is supported by funding from the Apprenticeship Levy contributions.

Estate development

During the year, we opened two new Comptoir Libanais restaurants; Birmingham located in Grand Central (March 2018) and London Bridge (November 2018) located in a prime redevelopment of this key central mainline train station, adjacent to an entrance into the station concourse. Both of these new site locations benefit from high city footfall. We are also pleased to report an addition to our franchise sites with a new site opening in Cheshire Oaks (November 2018), operated by HMS Host.

In 2018 we took the opportunity to invest in refurbishing some of our existing matured restaurants to give a fresh look and innovation with new designs. This included refurbishment of Yalla Yalla Soho, South Kensington and the extension of the trading area in our Yalla Yalla Winsley Street site into an adjoining space, with a resulting significant increase in available covers at the restaurant.

During 2019 we will continue to selectively invest on a return focused basis, in our sites, with six sites earmarked for some capital investment over the year. These sites are Levant, Kenza, Chelsea, Stratford, Kingston and Wigmore Street. In addition to this, following the closure of our Comptoir site in Westfield, Shepherd's Bush in January 2019 due to the extensive redevelopment of the centre, we are excited to announce that we will be opening a brand new re-positioned Comptoir site on completion of the centre's development works in May 2019.

In line with our approach in 2018, we continue to develop our property pipeline with some caution. One further owned site is currently planned to open in 2019. As reported at the half-year, we continue to work closely with our franchise partners and have already agreed terms to open three additional franchised sites with HMS Host in the second half of 2019; in Ashford (Kent) and our second and third international franchised operations in Dubai and Abu Dhabi Airports.

Cashflows and financing

Cash generated from operations was £2.1m (2017 – £1.5m), demonstrating the continued management focus and effectiveness of tightened working capital management initiatives.

Capital expenditure for the year, which was principally incurred on the fitting-out of the two new restaurants in Birmingham and London Bridge, as well as selective investment in refurbishment in a number of sites, totalled £2.3m (2017 – £2.8m).

Loan and finance lease repayments continued as planned throughout the year, resulting in total cash outflows of £0.6m (2017 – £0.6m). The Group realised an overall cash outflow of £0.8m (2017 - £4.6m cash inflow); however, 2017 included the cash inflow from an equity placing raising £4.0m (before costs). At the end of the year, the Group had cash and cash equivalents of £4.6m (2017 – £5.4m).

The Group is in a strong position to fund the additional further owned restaurant opening in 2019 and to continue to further develop the Group's brand and identity.

Outlook

The Group has had an encouraging start to 2019 and we hope to continue benefiting from this momentum during the first half of 2019, with like for like sales growth continuing in each month of the first quarter of 2019.

We are in a time of unprecedented political and general uncertainty across the UK economy. Whilst we cannot be immune to the impact that this uncertainty may have on the economy as a whole, the Group has proven its resilience and is in a strong financial and cash position, taking a cautious approach to selecting new site openings, enabling focus on the existing estate and further development of the brand whilst ensuring the most efficient operating model is maintained.

The Directors believe the Group's current Comptoir Libanais restaurant estate continues to have significant potential for organic growth and will continue to explore further franchise opportunities.

I strongly believe our business is well positioned in the restaurant sector and can continue to provide our customers with a unique experience, offering excellent quality, well-priced, healthy food, with welcoming family hospitality, differentiated to many other restaurant operations.

Chaker Hanna

Chief Executive Officer

8 April 2019

Strategic Report

For the year ended 31 December 2018

The Directors present their strategic report for the year ended 31 December 2018.

Business model

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

We seek to design each Comptoir Libanais restaurant with a bold and fresh design that is welcoming to all age groups and types of consumer. Each Comptoir Libanais restaurant has posters and menus showing an artist's impression of Sirine Jamal al Dine, an iconic Arabian actress, providing a Middle Eastern café-culture feel. The design of each restaurant is complemented by Comptoir Libanais' retail offering that seeks to sell in-store a range of Middle Eastern products, including embroidered bags, harissa tins, pastries and sweets which are unique to Comptoir.

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

The estimated average 'eat in' spend per head at Comptoir Libanais is c. £15 and the average spend at Shawa is lower at c.£10, so our offering is positioned in the affordable or 'value for money' segment of the UK casual dining market. In addition, our offering is well-differentiated and faces limited direct competition, in marked contrast to other areas of the market.

Strategy for growth

Our strategy is to grow our owned-site operations under both the Comptoir Libanais and Shawa brands. While Comptoir Libanais is likely to remain the principal focus of our operations, Shawa provides the opportunity to offer our Lebanese food from a smaller footprint and therefore create greater flexibility to our roll-out plans.

We also believe that there is considerable potential to grow the Group's franchised operations and we see this as a complimentary and relatively low-risk route to extend the presence of our brands, both within the UK and in overseas territories. This momentum will continue into 2019 with three new sites due to open in the second half of the year with our franchise partner HMS Host; one site in Ashford and our second and third international sites in Dubai and Abu Dhabi Airports. The Group have recently appointed a Franchise Manager to facilitate further growth in this important area.

The UK food delivery market continues to grow at pace, aided by increasing technology enabling ease of ordering and quick access to a wide offering of menus through apps such as UberEats. Comptoir entered into a new agreement with UberEats in February 2019 and we feel confident that this will help drive further growth across this channel through direct delivery to our customers.

Review of the business and key performance indicators (KPIs)

Group revenue increased by 16% to £34.3m (2017 – £29.6m) and the Consolidated Statement of Comprehensive Income shows a pre-tax loss of £0.21m (2017 – £0.46m). However, as stated above, at this stage in the development of the business the Board believes that it is more helpful to focus on adjusted EBITDA, which excludes non-recurring items and costs incurred in connection with the opening of new restaurants and on this measure, the underlying earnings of the group were £2.1m (2017 – £1.1m).

The Board and management team use a range of performance indicators to monitor and measure the performance of the business. However, in common with most businesses, the critical KPI's are focused on growth in sales and EBITDA and these are appraised against budgeted, forecast and last year's achieved levels. Adjusted EBITDA during the year was 83% higher than that of 2017; this included two significant high-profile site openings in 2018 and the Group will benefit from the full-year impact of these openings in 2019 as the sites travel through their early growth phase towards maturity. This will also offset the impact from the closure of our Comptoir Westfield site during the first half of the year, due to the relaunch of the food court scheme and the consequent relocation of this unit within the centre in May 2019, and the closure of the Westfield Shawa site when the lease expires towards the end of May 2019.

In terms of non-financial KPIs, the standard of service provided to customers is monitored via the scores from a programme of regular monthly "mystery diner" visits to our restaurants carried out by HGem and we are pleased to report an increase of 3% in average visitor scores in 2018. This is a clear indication of our very special family culture, which is focused on delivering consistently great experiences for our customers. We also use feedback from health and safety audits conducted by an external-company (Food Alert) to ensure that critical operating procedures are being adhered to.

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

Principal risks and uncertainties

The Board of Directors ("the Board") has overall responsibility for identifying the most significant risks faced by the business and for developing appropriate policies to ensure that those risks are adequately managed.
The following have been identified as the most significant risks faced by the Group, however, it should be noted that this is not an exhaustive list and the Company has policies and procedures to address other risks facing the business.

Consumer demand
Frequent or regular participation in the eating-out market is afforded by the consumer out of household disposable income. Macroeconomic factors such as employment levels, interest rates and inflation can impact disposable income and consumer confidence can dictate their willingness to spend. Any weakness in consumer confidence could have an adverse effect on footfall and customer spend in our restaurants.

As indicated above, the core brands which the Group is rolling out are positioned in the affordable segment of the casual dining market. A strong focus on superior and attentive service together with value added marketing initiatives can help to drive sales when customer footfall is more subdued. This, together with the strategic location of each of our restaurants helps to mitigate the risk of consumer demand to the business.

Input cost inflation

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

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

Economic conditions

The results of the Brexit referendum and other macro-economic issues have created a high level of uncertainty across a range of issues that impact consumer spending. Deterioration in consumer confidence due to future economic conditions could have a detrimental impact on the Group in terms of footfall and sales. This risk is mitigated by the positioning of the Group's brands, which is within the affordable segment of the casual dining market. Continued focus on customer relations and targeted and adaptable marketing initiatives help the Group retain and drive sales where footfall declines.

Labour cost inflation

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

Strategy and execution

The Group's central strategy is to open additional new outlets under its core Comptoir Libanais and Shawa brands. Despite making every effort, there is no guarantee that the Group will be able to secure a sufficient number of appropriate sites to meet its growth and financial targets and it is possible that new openings may take time to reach the anticipated levels of mature profitability or to match historical financial returns.

The Group utilises the services of external property consultants and having raised its profile as a consequence of its successful AIM flotation, is developing stronger contacts with potential landlords as well as their agents and advisers. However, there will always be competition for the best sites and the Board will continue to be highly selective in its evaluation of new sites to ensure that target levels of return on investment are achieved.

Future developments

The Group will continue with its plans to roll out its Comptoir Libanais and Shawa brands to further new sites across the UK and to explore further opportunities to grow the Comptoir Libanais brand via franchising with suitable partners.

On behalf of the Board

Chaker Hanna

Chief Executive Officer

8 April 2019

Statement of Corporate Governance

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

The Board

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

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

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

Remuneration Committee

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

Audit Committee

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

Nomination Committee

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

Internal Control

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

Internal Audit

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

Relations with shareholders

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

Going concern

On the basis of the current financial projections, the Directors have a reasonable expectation that the Company and the Group have adequate financial resources to continue in operational existence for the foreseeable future. The Directors accordingly have adopted the going concern basis in the preparation of the Group's accounts. See below for further details on going concern.

The Group’s focus on working capital management, particularly around labour efficiency and gross margin controls around food and drinks, coupled with the focus on investment in the continuing core estate and further promoting brand awareness, will effect continuing cash generation and EBITDA growth.

Report of the directors

The Directors present their report together with the audited financial statements for the year ended 31 December 2018.

Results and dividends

The consolidated statement of comprehensive income is set out below and shows the loss for the year.
The Directors do not recommend the payment of a dividend for the year (2017: £nil).

Principal activities

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

Directors

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

	Number of ordinary shares	Percentage shareholding (%)
Executive		
A Kitous	58,412,503	47.6%
C Hanna	17,835,833	14.5%
M Carrick	-	-
Non-Executive		
R Kleiner	360,000	0.3%
J Kaye*	3,999,999	3.3%

*J Kaye resigned as a Director on 16th July 2018.

Substantial shareholders

Besides the Directors, the only other substantial shareholder at the year-end date is Schroders plc, whom have a 9.5% shareholding (11,666,667 ordinary shares).

Directors' remuneration

The remuneration of the Directors for the year ended 31 December 2018 was as follows:

	Year ended 31 December 2018			Year ended 31 December 2017
	Remuneration	Pension	Total	Total
	£	£	£	£
A Kitous	187,500	1,708	189,208	187,756
C Hanna	187,500	1,708	189,208	187,756
R Kleiner	30,000	-	30,000	30,000
M Carrick*	85,238	1,008	86,246	-
J Kaye**	13,540	360	13,900	25,000
	503,778	**4,784**	**508,562**	**430,512**

* M Carrick was appointed on 16 July 2018.

** J Kaye resigned as a Director on 16 July 2018.

Creditor payment policy

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

Employees

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

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

Donations

The Group made charitable donations of £nil (2017: £nil) in the year.

Financial Instruments

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

Future developments

Details of future developments are contained in the Strategic Report

Auditors

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

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

On behalf of the board

Chaker Hanna

Chief Executive Officer

8 April 2019

Statement of directors' responsibilities

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

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

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

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

Independent auditors' report

To the members of Comptoir Group Plc

Opinion

We have audited the financial statements of Comptoir Group Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2018 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Balance Sheet, the Consolidated and Parent Company Statements of Changes in Equity, the Consolidated Statement of Cash Flows and the related notes, including a summary of significant accounting policies.

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

In our opinion:

- the financial statements give a true and fair view of the state of the Group and Parent Company's affairs as at 31 December 2018 and of the Group's loss and cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with FRS 102 and as applied in accordance with the provisions of the Companies Act 2006; and
- the Group financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Key audit matters

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

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified during our audit.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition The Group recognises revenue for services and goods provided in the Group's restaurants (excluding value added tax and gratuities left by customers for the benefit of employees) and is recognised at the point of sales. It should be ensured that any gratuities left by customers, which are due to the staff, are not recognised as revenue. Service charges/tips are distributed between those who are eligible via the Tronc system and through wages. Those eligible for service charges include all employees who have any contact with a customer or any form of influence over revenue growth. Therefore some head office staff also receive a share of service charges. There is a rebuttable risk of fraudulent revenue recognition and our audit procedures consider that this risk should be treated as a significant risk. In this regard, we consider that there is a risk over the existence and completeness assertions relating to revenue recognition.	We have tested the existence of sales and the correct treatment of the service charges and the Tronc system. We have audited revenue for completeness by undertaking cut-off testing to ensure that sales are accounted for in the correct period. We have also completed sales walkthrough tests to test the operations of controls over the sales system and processes. We have not found any issues or errors involving sales and are therefore satisfied we have assurance over sales recognition and treatment.
Impairment of property, plant and equipment Property, plant and equipment is a significant asset on the Group's balance sheet with a net book value of £11.7m (2017 - £11.1m). The balance is primarily comprised of leasehold buildings and fixtures, fittings and equipment to support the group's restaurants.	We assessed Management's process for identifying sites with a potential impairment and the impairment review process and performed analysis to challenge their assumptions on impairments. Our audit work included, but was not restricted to, the following: • We reviewed Management's assessment of forecasted cash flows and challenged

At each reporting date the Group considers any indication of impairment to the carrying value of its property, plant and equipment, and other assets, such as lease premiums and goodwill. The assessment is based on expected future cash flows and is carried out on each restaurant as these are separate 'cash generating units'. This area has been recognised by the Board as a critical accounting judgement and estimate. There is also a risk that Management may unduly influence the significant judgements and estimates in respect of the requirement for an impairment provision.	significant movements in forecasted cash flows on a restaurant by restaurant basis compared to historic performance. • We reviewed the 2018 forecasts against the actuals to determine Management's historic forecasting accuracy. • We held discussions with Management to challenge the impairments on those restaurants where: the headroom before impairment was low and the forecasted growth in cash flows was high.
Onerous contracts The Group recognises provisions for onerous contracts when the expected benefits to be derived by the Group from a contract are lower than the unavoidable costs of meeting its obligation under the contract.	Our audit work included, but was not restricted to, the following: • We reviewed the leases for onerous leases and obtained evidence to support assumptions on the leases and the quantum of income. We challenged Management on all restaurants where there is negative Earnings Before Interest Taxation and Depreciation as to if an onerous contract provision was required.

Our application of materiality

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

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

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

Overall materiality	We determined materiality for the financial statements as a whole to be £102,000.
How we determine it	Based on a benchmark of 5% of Adjusted EBITDA.
Rationale for benchmarks applied	We believe Adjusted EBITDA to be the most appropriate benchmark due to the size, growth stage, reduction in profitability and the nature of the Company and Group.
Performance materiality	On the basis of our risk assessment, together with our assessment of the Group's control environment, our judgement is that performance materiality for the financial statements should be 75% of materiality, and was set at £77,000.

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

An overview of the scope of our audit

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

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

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

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with part 3 of Chapter 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Colin Wright (Senior Statutory Auditor)

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

UHY Hacker Young
4 Thomas More Square
London E1W 1YW

8 April 2019

Consolidated statement of comprehensive income

For the year ended 31 December 2018

	Notes	Year ended 31 December 2018 £	Year ended 31 December 2017 £
Revenue	**2**	34,331,309	29,581,696
Cost of sales		(9,630,294)	(8,275,701)
Gross profit		24,701,015	21,305,995
Distribution expenses		(9,108,884)	(8,424,399)
Administrative expenses		(15,757,252)	(13,636,697)
Other income	**2**	-	6,293
Profit from sale of freehold property	**2**	-	1,266,086
Operating (loss)/profit	**3**	(165,121)	517,278
Finance costs	**6**	(41,758)	(60,420)
(Loss)/profit before tax		(206,879)	456,858
Taxation charge	**7**	(108,427)	(57,746)
(Loss)/profit for the year		(315,306)	399,112
Other comprehensive income		**-**	**-**
Total comprehensive (loss)/income for the year		**(315,306)**	**399,122**
Basic (loss)/earnings per share (pence)	**8**	(0.26)	0.39
Diluted (loss)/earnings per share (pence)	**8**	(0.26)	0.39

Adjusted EBITDA:			
Operating (loss)/profit – as above		(165,121)	517,278
Add back:			
Depreciation and amortisation	**10, 11**	1,496,891	1,521,586
Profit from sale of freehold property	**2**	-	(1,266,086)
Impairment of assets	**10, 11**	259,205	1,825
Share-based payments – expense/(credit)	**22**	28,745	(162,620)
EBITDA		**1,619,720**	**611,983**
Restaurant opening costs	**3**	433,506	509,704
Adjusted EBITDA		**2,053,226**	**1,121,687**

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

Consolidated balance sheet

At 31 December 2018

	Notes	31 December 2018 £	31 December 2017 £
Assets			
Non-current assets			
Property, plant and equipment	**11**	11,747,036	11,104,026
Intangible assets	**10**	889,828	1,009,892
Deferred tax asset	**18**	168,176	148,822
		12,805,040	12,262,740
Current asset			
Inventories	**13**	706,741	606,652
Trade and other receivables	**14**	2,550,223	2,380,619
Cash and cash equivalents		4,624,673	5,627,341
		7,881,637	8,614,612
Total assets		20,686,677	20,877,352
Liabilities			
Current liabilities			
Borrowings	**16**	(427,179)	(669,778)
Trade and other payables	**15**	(5,706,116)	(5,053,198)
Current tax liabilities		(158,024)	(148,163)
		(6,291,319)	(5,871,139)
Non-current liabilities			
Borrowings	**16**	(315,953)	(706,711)
Provisions for liabilities	**17**	(60,892)	(48,036)
Deferred tax liability	**18**	(172,380)	(118,772)
		(549,225)	(873,519)
Total liabilities		(6,840,544)	(6,744,658)
Net assets		**13,846,133**	**14,132,694**
Equity			
Share capital	**19**	1,226,667	1,226,667
Share premium		10,050,313	10,050,313
Other reserves	**20**	28,745	316,590
Retained earnings		2,540,408	2,539,124

Total equity – attributable to equity shareholders of the company	**13,846,133**	**14,132,694**

The financial statements of Comptoir Group PLC (company registration number 07741283) were approved by the Board of Directors and authorised for issue on 8 April 2019 and were signed on its behalf by:

Chaker Hanna
Chief Executive Officer

Consolidated statement of changes in equity

For the year ended 31 December 2018

	Notes	Share capital £	Share premium £	Other reserves £	Retained earnings £	Total equity £
Year ended 31 December 2017						
At 1 January 2017		960,000	6,465,687	479,210	2,140,012	10,044,909
Profit for the year		-	-	-	399,112	399,112
Total comprehensive income		**-**	**-**	**-**	**399,112**	**399,112**
Transactions with owners						
Share-based payments	**22**	-	-	(162,620)	-	(162,620)
Issue of shares	**19**	266,667	3,733,333	-	-	4,000,000
Share issue costs	**19**	-	(148,707)	-	-	(148,707)
Total transactions with owners		**266,667**	**3,584,626**	**(162,620)**	**-**	**3,688,673**
At 31 December 2017		**1,226,667**	**10,050,313**	**316,590**	**2,539,124**	**14,132,694**
Year ended 31 December 2018						
At 1 January 2018		1,226,667	10,050,313	316,590	2,539,124	14,132,694
Loss for the year		-	-	-	(315,306)	(315,306)
Total comprehensive loss		**-**	**-**	**-**	**(315,306)**	**(315,306)**
Transactions with owners						
Share-based payments	**22**	-	-	28,745	-	28,745
Cancellation of existing EMI share option scheme	**22**	-	-	(316,590)	316,590	-
Total transactions with owners		**-**	**-**	**(287,845)**	**316,590**	**28,745**

At 31 December 2018	**1,226,667**	**10,050,313**	**28,745**	**2,540,408**	**13,846,133**

Consolidated statement of cash flows

For the year ended 31 December 2018

	Notes	Year ended 31 December 2018 £	Year ended 31 December 2017 £
Operating activities			
Cash inflow from operations	**23**	2,200,163	1,626,031
Interest paid		(41,758)	(60,420)
Tax paid		(64,312)	(15,950)
Net cash from operating activities		**2,094,093**	**1,549,661**
Investing activities			
Purchase of property, plant & equipment	**11**	(2,279,042)	(2,772,518)
Payments for lease premiums	**10**	-	(14,982)
Proceeds from sale of property	**2**	-	2,652,278
Net cash used in investing activities		**(2,279,042)**	**(135,222)**
Financing activities			
Proceeds from issue of shares, net of issue costs		-	3,851,293
Capital element of finance leases paid		-	(21,921)
Bank loan repayments		(633,357)	(614,039)
Net cash (outflow)/inflow from financing activities		**(633,357)**	**3,215,333**
(Decrease)/Increase in cash and cash equivalents		(818,306)	4,629,772
Cash and cash equivalents at beginning of year		5,442,979	813,207
Cash and cash equivalents at end of year		**4,624,673**	**5,442,979**
Cash and cash equivalents:			
Cash at bank and in hand		4,624,673	5,627,341
Bank overdraft (note 15)	**15**	-	(184,362)

Principal accounting policies for the consolidated financial statements

For the year ended 31 December 2018

Reporting entity

Comptoir Group Plc (the "Company") is a company incorporated and registered in England and Wales, with a company registration number of 07741283. The Company was formerly called Levant Restaurants Group Limited and on 8 June 2016 it re-registered as a public limited company and changed its name to Comptoir Group Plc. The address of the Company's registered office is 717B North Circular Road, London, England, NW2 7AH.

The consolidated financial statements of the Company for the year ended 31 December 2018 comprise of the Company and its subsidiaries (together referred to as the "Group").

Statement of compliance

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

Going concern basis

The consolidated financial statements have been prepared on the going concern basis as, after making appropriate enquires, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, a period of not less than 12 months from the date of approving these financial statements. The principal risks and uncertainties facing the Group and further comments on going concern are set out in the report of the Directors.

Basis of preparation

These consolidated financial statements for the year ended 31 December 2018 are prepared in accordance with IFRS.

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

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

Significant accounting judgements and estimates

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

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

In the process of applying the Group's accounting policies, management has made a number of judgments and estimations of which the following are the most significant.

The estimates and assumptions that have a risk of causing material adjustment to the carrying amounts of assets and liabilities within the future financial years are as follows:

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

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

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

An impairment of assets of £259,205 (2017: £1,825) was required in the year ended 31 December 2018.

Lease classification
The Group has a substantial amount of property leases and therefore their classification as either finance or operating leases is critical to the financial statements. The accounting for leases involves the exercise of judgment, particularly in determining whether the leases meet the definition of an operating or a finance lease.
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of the ownership to the lessee. All other leases are classified as operating lease.

Future accounting policies

At the date of authorisation of these financial statements, the following new and revised IFRS Standards and Interpretations have been adopted in the current year, where applicable to the Group. Their adoption has not had any significant impact on the amounts reported in the financial statements.

IAS 7	(Amended)	Disclosure Initiative
IAS 12	(Amended)	Recognition of Deferred Tax Assets for Unrealised Losses
IFRS 2014-2016 Cycle	Annual improvements	

At the date of authorisation of these financial statements, the following IFRS Standards and Interpretations, which have not been applied in these financial statements, were in issue but not yet effective:

IFRS 9	(Amended)	Financial Instruments
IFRS 16	(Amended)	Leases
IFRS 17	(Revised)	Insurance Contracts
IFRS 2	(Amended)	Classification and Measurement of Share-based Payment Transactions
IAS 40	(Amended)	Transfers of Investment Property
IFRIC 22	(Revised)	Foreign Currency Transactions and Advance Consideration
IFRS 2015 – 2017 Cycle	Annual improvements	

Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of these standards until a detailed review has been completed.

IFRS 16 'Leases' supersedes IAS 17 'Leases' and will be effective for the Group from 1 January 2019. The standard requires lessees to recognise a right of use asset and corresponding liability for all leases unless the lease term is 12 months or less, or the underlying asset is of low value.

From the work performed to date and based on the undiscounted lease commitments presented in note 27, it is anticipated that implementation of the new standard will have a significant impact on the reported assets and liabilities of the Group. In addition, the implementation of the standard will impact the income statement and classification of cash flows. A reliable estimate of the financial impact on the Group's results is dependent on a number of unresolved areas, including; choice of transition option, refinement of approach to discount rates, estimates of lease-term for leases with options to break and renew and conclusion of data collection.

Significant accounting policies

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

(a) Basis of consolidation

These financial statements consolidate the financial statements of the Company and all of its subsidiary undertakings drawn up to 31 December 2018.

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

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

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

(b) Foreign currency translation

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

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

(c) Financial instruments

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

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

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

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

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

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

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

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

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

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

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

(d) Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Leases in which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. The owner-occupied properties (excluding land element) acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment. Lease payments are accounted for as described in accounting policy (n).

Depreciation

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

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

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

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

(e) Intangible assets – Goodwill

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

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

(f) Intangible assets – lease premiums

Lease premiums paid to previous tenants are recognised within the Balance Sheet as an intangible asset and amortised over the length of the lease. The amortisation is charged to the statement of comprehensive income on a straight-line basis.

(g) Inventories

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

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

(h) Cash and cash equivalents

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

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

(i) Share-based payments

The Group's share option programme allows Group employees to acquire shares of the Company and all options are equity-settled. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using the Black-

Scholes model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest.

(j) Provisions for liabilities

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in the income statement in the period it arises.

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

(k) Deferred tax and current tax

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

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

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

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

(l) Employee benefits

Short term employee benefits
Wages, salaries, paid annual leave, paid sick leave and bonuses are recognised as an expense in the period in which the associated services are rendered by employees.

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

Pensions and other post-employment benefits
The Group pays monthly contributions to defined contribution pension plans. The legal or constructive obligation of the Group is limited to the amount that they agree to contribute to the plan. The contributions to the plan are charged to the Statement of Comprehensive Income in the period to which they relate.

Termination benefits are recognised immediately as an expense when the Group is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

(m) Revenue

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

(n) Expenses

Operating lease payments
Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are recognised in the comprehensive income statement on a straight-line basis over the term of the lease. Incentives to enter into an operating lease are also spread on a straight-line basis over the lease term as a reduction in rental expense.

Finance lease payments
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the Group. All other leases are classified as operating leases. Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring profit or loss. Assets held under finance leases are included in property, plant & equipment and depreciated and assessed for impairment losses in the same way as owned assets.

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

Financial expenses

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

(o) Ordinary share capital

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

(p) Dividend policy

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

(q) Commercial discount policy

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

(r) Operating segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenue and expenses related to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's Chief Operating Decision Maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. The Chief Operating Decision Maker has been identified as the Board of Executive Directors, at which level strategic decisions are made.

Notes to the consolidated financial statements

For the year ended 31 December 2018

1. Segmental analysis

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

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

2. Revenue

	Year ended 31 December 2018 £	Year ended 31 December 2017 £
Income for the year consists of the following:		
Revenue from continuing operations	34,331,309	29,581,696
Other income not included within revenue in the income statement:		
Profit from sale of freehold property	-	1,266,086
Other income	-	6,293
Total income for the year	**34,331,309**	**30,854,075**

3. Group operating loss

	Year ended 31 December 2018 £	Year ended 31 December 2017 £
This is stated after charging/(crediting):		
Operating lease charges	4,051,904	3,417,211
Share-based payments expense/(credit) (see ***note 22***)	28,745	(162,620)
Profit from sale of freehold property	-	(1,266,086)
Restaurant opening costs	433,506	509,704
Amortisation of intangible assets (see ***note 10***)	117,778	126,111
Depreciation of property, plant and equipment (see ***note 11***)	1,379,113	1,395,475
Impairment of assets (see ***note 11***)	259,205	1,825
Exchange gain	-	(412)
Auditors' remuneration (see ***note 4***)	50,000	50,000

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

	Year ended 31 December 2018 £	Year ended 31 December 2017 £
Pre-opening costs	139,858	179,152
Post-opening costs	293,648	330,552
	433,506	**509,704**

4. Auditors' remuneration

	Year ended 31 December 2018	Year ended 31 December 2017

	£	£
Auditors' remuneration:		
Fees payable to Company's auditor for the audit of its annual accounts	15,000	15,000
Other fees to the Company's auditors		
The audit of the Company's subsidiaries	20,000	20,000
Total audit fees	**35,000**	**35,000**
Review of the half-year accounts	15,000	15,000
Total non-audit fees	**15,000**	**15,000**
Total auditors' remuneration	**50,000**	**50,000**

5. Staff costs and numbers

	Year ended 31 December 2018 £	**Year ended 31 December 2017 £**
(a) Staff costs (including directors):		
Wages and salaries:		
Kitchen, floor and management wages	11,288,001	10,636,242
Apprentice Levy	41,589	27,662
Other costs:		
Social security costs	627,336	803,950
Share-based payments (***note 22***)	28,745	(162,620)
Pension costs	169,974	99,266
Total staff costs	**12,155,645**	**11,404,500**

(b) Staff numbers (including directors):	**Number**	**Number**
Kitchen and floor staff	591	576
Managements staff	123	87
Total number of staff	**714**	**663**

(c) Directors' remuneration:		
Emoluments	460,238	374,615
Money purchase (and other) pension contributions	4,423	897
Non-Executive directors' fees	43,901	55,000
Total directors' costs	**508,562**	**430,512**

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

Emoluments	187,500	187,308
Money purchase (and other) pension contributions	1,708	448

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

6. Finance costs

	Year ended 31 December 2018 £	Year ended 31 December 2017 £
Interest payable and similar charges:		
Interest on finance leases and hire purchase contracts	-	251
Interest on bank loans and overdraft	41,758	60,169
Total finance costs for the year	**41,758**	**60,420**

7. Taxation

The major components of income tax for the years ended 31 December 2018 and 2017 are:

(a) Analysis of charge in the year:

	Year ended 31 December 2018 £	Year ended 31 December 2017 £
Current tax:		
UK corporation tax on the profit/(loss) for the year	93,543	70,087
Adjustments in respect of previous years	(19,370)	-
Deferred tax:		
Origination and reversal of temporary differences	34,369	(24,498)
Tax losses carried forward	(115)	12,157
Total tax charge/(credit) for the year	**108,427**	**57,746**

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

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

	Year ended 31 December 2018 £	Year ended 31 December 2017 £
Profit/(loss) on ordinary activities before tax	(206,879)	456,858
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19% (2017: 19.25%)	(39,307)	87,945
Effects of:		
Depreciation on non-qualifying assets	112,091	(59,958)
(Income)/expenses not deductible for tax purposes	81,187	41,850
Effect of change in corporation tax	-	(4,114)
Adjustments in respect of previous tax years	(19,370)	-
Other miscellaneous items	-	(552)
Losses utilised in the year	(26,174)	(7,425)

Total tax charge/(credit) for the year	**108,427**	**57,746**

8. (Loss)/earnings per share

On 1 January 2017 the company had 96,000,000 shares in issue. On 28 September 2017 the Company raised £4 million (before costs) through the issuance of 26,666,667 new shares by way of a placing at a price of £0.15 per share.

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

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

The basic and diluted (loss)/earnings per share figures are set out below:

	Year ended 31 December 2018 £	**Year ended 31 December 2017 £**
(Loss)/profit attributable to shareholders	(315,306)	399,112

	2018 Number	**2017 Number**
Weighted average number of shares		
For basic earnings per share	122,666,667	102,940,639
Adjustment for options outstanding	116,429	-
For diluted earnings per share	**122,783,096**	**102,940,639**

	2018 Pence per share	**2017 Pence per share**
(Loss)/earnings per share:		
Basic (pence)		
From (loss)/profit for the year	(0.26)	0.39
Diluted (pence)		
From (loss)/profit for the year	(0.26)	0.39

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

9. Dividends

No dividends were paid or declared in the year ended 31 December 2018 (2017: £nil).

10. Intangible assets

Group

	Lease premiums	Goodwill	Total
	£	£	£
Cost			
At 1 January 2018	1,075,000	89,961	1,164,961
Additions	-	-	-
At 31 December 2018	**1,075,000**	**89,961**	**1,164,961**
Accumulated amortisation			
At 1 January 2018	155,069	-	155,069
Amortised during the year	117,778	-	117,778
Impairments	-	2,286	2,286
At 31 December 2018	**272,847**	**2,286**	**275,133**
Net Book Value as at 31 December 2017	**919,931**	**89,961**	**1,009,892**
Net Book Value as at 31 December 2018	**802,153**	**87,675**	**889,828**

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

11. Property, plant and equipment

Group	Freehold land and buildings	Leasehold Land and buildings	Plant and machinery	Fixture, fittings & equipment	Motor Vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 January 2017	1,562,015	8,385,944	3,973,629	2,139,835	-	16,061,423
Additions	-	1,576,517	670,561	510,320	15,120	2,772,518
Disposals	(1,562,015)	-	-	-	-	(1,562,015)
At 31 December 2017	**-**	**9,962,461**	**4,644,190**	**2,650,155**	**15,120**	**17,271,926**
Accumulated depreciation and impairment						
At 1 January 2017	118,550	2,798,137	1,294,841	734,896	-	4,946,424
Depreciation during the year	57,274	694,286	480,717	160,174	3,024	1,395,475
Eliminated on disposal	(175,824)	-	-	-		(175,824)
Impairment during the year	-	-	1,457	368	-	1,825
At 31 December 2017	**-**	**3,492,423**	**1,777,015**	**895,438**	**3,024**	**6,167,900**
Cost						
At 1 January 2018	-	9,962,461	4,644,190	2,650,155	15,120	17,271,926

Additions	-	1,527,866	305,327	445,849	-	2,279,042
Disposals	-	-	-	-	-	-
At 31 December 2018	**-**	**11,490,327**	**4,949,517**	**3,096,004**	**15,120**	**19,550,968**
Accumulated depreciation and impairment						
At 1 January 2018	-	3,492,423	1,777,015	895,438	3,024	6,167,900
Depreciation during the year	-	702,274	465,321	209,099	2,419	1,379,113
Impairment during the year		140,536	15,563	100,820	-	256,919
At 31 December 2018	**-**	**4,335,233**	**2,257,899**	**1,205,357**	**5,443**	**7,803,932**
Net Book Value as at 31 December 2017	**-**	**6,470,038**	**2,867,175**	**1,754,717**	**12,096**	**11,104,026**
Net Book Value as at 31 December 2018	**-**	**7,155,094**	**2,691,618**	**1,890,647**	**9,677**	**11,747,036**

Assets held under finance leases	**Group**	
	31 December 2018	**31 December 2017**
	£	**£**
Cost		
At 1 January	-	315,618
Additions	-	-
Legal ownership transferred	-	(315,618)
Cost as at 31 December	-	-
Accumulated depreciation		
At 1 January	-	203,608
Depreciation during the year	-	-
Impairment during the year	-	-
Legal ownership transferred	-	(203,608)
Accumulated depreciation as at 31 December	-	-
Net book value at the year end	**-**	**-**

Legal ownership transferred relates to plant and machinery and fixtures, fittings and equipment held under finance lease that has subsequently been purchased outright during the year ended 31 December 2017.

12. Subsidiaries

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

Name	**Country of incorporation and principal place of business**	**Proportion of ownership interest as at 31 December**		**Non-Controlling interests Ownership/voting interest at 31 December**	
		2018	**2017**	**2018**	**2017**

Timerest Limited	England & Wales	100%	100%	-	-
Chabane Limited*	England & Wales	100%	100%	-	-
Comptoir Franchise Limited	England & Wales	100%	100%	-	-
Shawa Group Limited*	England & Wales	100%	100%	-	-
Shawa Bluewater Limited*	England & Wales	100%	100%	-	-
Shawa Limited	England & Wales	100%	100%	-	-
Shawa Rupert Street Limited*	England & Wales	100%	100%	-	-
Comptoir Stratford Limited*	England & Wales	100%	100%	-	-
Comptoir South Ken Limited*	England & Wales	100%	100%	-	-
Comptoir Soho Limited*	England & Wales	100%	100%	-	-
Comptoir Central Production Limited*	England & Wales	100%	100%	-	-
Comptoir Westfield London Limited*	England & Wales	100%	100%	-	-
Levant Restaurants Group Limited*	England & Wales	100%	100%	-	-
Comptoir Chelsea Limited*	England & Wales	100%	100%	-	-
Comptoir Bluewater Limited*	England & Wales	100%	100%	-	-
Comptoir Wigmore Limited*	England & Wales	100%	100%	-	-
Comptoir Kingston Limited*	England & Wales	100%	100%	-	-
Comptoir Broadgate Limited*	England & Wales	100%	100%	-	-
Comptoir Manchester Limited*	England & Wales	100%	100%	-	-
Comptoir Restaurants Limited	England & Wales	100%	100%	-	-
Comptoir Leeds Limited*	England & Wales	100%	100%	-	-
Comptoir Oxford Street Limited*	England & Wales	100%	100%	-	-
Comptoir I.P. Limited*	England & Wales	100%	100%	-	-
Comptoir Reading Limited*	England & Wales	100%	100%	-	-
TKCH Limited*	England & Wales	100%	100%	-	-
Comptoir Bath Limited*	England & Wales	100%	100%	-	-
Comptoir Exeter Limited*	England & Wales	100%	100%	-	-
Yalla Yalla Restaurants Limited	England & Wales	100%	100%	-	-
Comptoir Haymarket Ltd*	England & Wales	100%	100%	-	-
Comptoir Oxford Limited*	England & Wales	100%	100%	-	-

13. Inventories

	Group	
	31 December 2018	**31 December 2017**
	£	**£**
Finished goods and goods for resale	**706,741**	**606,652**

14. Trade and other receivables

	Group	
	31 December 2018	**31 December 2017**
	£	**£**
Trade receivables	884,130	699,506
Other receivables	426,163	499,046
Prepayments and accrued income	1,239,930	1,182,067
Total trade and other receivables	**2,550,223**	**2,380,619**

15. Trade and other payables

	Group 31 December 2018 £	Group 31 December 2017 £
Trade payables	1,864,398	1,729,877
Bank overdraft	-	184,362
Accruals	2,753,070	2,234,435
Other taxation and social security	1,045,439	877,185
Other payables	43,209	27,339
Total trade and other payables	**5,706,116**	**5,053,198**

16. Borrowings

	Group 31 December 2018 £	Group 31 December 2017 £
Bank loans (see below)	743,132	1,376,489
Total borrowings	**743,132**	**1,376,489**

The long-term bank loans are secured by way of fixed charges over the assets of various Group companies. Some of the bank loans are secured by a personal guarantee given by A Kitous, director, amounting to £6,925,000. Bank loans of £743,132 represent amounts repayable within one year of £427,179 and amounts totalling £315,953 which are repayable in more than one year but less than five years. All bank loans have a five-year term with maturity dates of between 2019 and 2020. All loans attract a rate of interest of 3.25% over the Bank base rate.

17. Provisions for liabilities

	Group 31 December 2018 £	Group 31 December 2017 £
Provisions for leasehold property dilapidations	60,892	48,036
Total provisions	**60,892**	**48,036**
Movements on provisions:	**£**	**£**
At 1 January 2018	48,036	35,050
Provision in the year (net of releases)	12,856	12,986
Total at 31 December 2018	**60,892**	**48,036**

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

18. Deferred taxation

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

Group	Liabilities 2018 £	Liabilities 2017 £	Assets 2018 £	Assets 2017 £
Accelerated capital allowances	172,380	118,772	-	-
Tax losses	-	-	162,714	148,822
Share-based payments	-	-	5,462	-
	172,380	**118,772**	**168,176**	**148,822**

Movements in the year:	Group 2018 £	Group 2017 £
Net asset/(liability) at 1 January	30,050	17,708
Charge to Statement of Comprehensive Income (note 7)	(34,253)	12,342
Net (liability)/asset at year end	**(4,203)**	**30,050**

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

19. Share capital

Authorised, issued and fully paid	Number of 1p shares	
	Year ended 31 December 2018	**Year ended 31 December 2017**
Brought forward	122,666,667	96,000,000
Issues in the period	-	26,666,667
At 31 December	**122,666,667**	**122,666,667**

	Nominal value	
	Year ended 31 December 2018 £	**Year ended 31 December 2017 £**
Brought forward	1,226,667	960,000
Issues in the period	-	266,667
At 31 December	**1,226,667**	**1,226,667**

The Company had 96,000,000 ordinary shares of £0.01 each in issue as 1 January 2017. On 28 September 2017 the Company raised £4 million (before costs of £148,707) through the issuance of 26,666,667 new shares by way of a placing at a price of £0.15 per share.

20. Other reserves

The other reserves amount of £28,745 (2017 - £ 316,590) in the balance sheet reflects the credit to equity made in respect of the charge for share-based payments made through the income statement and the purchase of shares in the market in order to satisfy the vesting of existing and future share awards under the Long-Term Incentive Plan.

21. Retirement benefit schemes

Defined contribution schemes	**31 December 2018**	**31 December 2017**
	£	**£**
Charge to profit and loss	169,974	99,266

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

22. Share-based payments scheme

Equity-settled share-based payments

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

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

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

		Year ended 31 December 2018		**Year ended 31 December 2017**
	No. of shares	**Average Exercise price £**	**No. of shares**	**Average Exercise price £**
EMI options				
Options outstanding, beginning of year	1,830,000	0.50	2,770,000	0.50
Granted	-	-	-	-
Cancelled	(1,830,000)	0.50	(940,000)	0.50

Options outstanding, end of year	**-**	**-**	**1,830,000**	**0.50**
Options exercisable, end of year	**-**	**-**	**1,830,000**	**0.50**
CSOP options				
Options outstanding, beginning of year	-	-	-	-
Granted	**4,890,000**	**0.1025**	-	-
Cancelled	-	-	-	-
Options outstanding, end of year	**4,890,000**	**0.1025**	**-**	**-**
Options exercisable, end of year	**-**	**-**	**-**	**-**

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

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

Risk free interest rate

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

Expected term

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

Estimated volatility

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

Expected dividends

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

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

	Year ended 31 December 2018 £	**Year ended 31 December 2017 £**

(Loss)/profit for the year	(315,306)	399,112
Income tax expense/(credit)	108,427	57,746
Finance costs	41,758	60,420
Depreciation	1,379,113	1,395,475
Amortisation of intangible assets	117,778	126,111
Impairment of assets	259,205	1,825
Share-based payment charge/(credit)	28,745	(162,620)
Profit on disposal of property	-	(1,266,086)
Movements in working capital		
Increase in inventories	(100,089)	(126,822)
Increase in trade and other receivables	(169,604)	(183,303)
Increase in payables and provisions	850,136	1,324,173
Cash from operations	**2,200,163**	**1,626,031**

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

Net cash/(debt):	**Year ended 31 December 2018 £**	**Year ended 31 December 2017 £**
At the beginning of the year	4,066,490	(1,199,242)
Movements in the year:		
Repayment of loan borrowings	675,115	674,207
Hire purchase lease payments	-	22,172
Non-cash movements in the year	(41,758)	(60,420)
Cash (outflow)/inflow	(818,306)	4,629,773
At the end of the year	**3,881,541**	**4,066,490**

Represented by:	**At 1 January 2017 £**	**Cash flow movements in the year £**	**Non- cash flow movements in the year £**	**At 31 December 2017 £**
Cash and cash equivalents	813,206	4,814,135	-	5,627,341
Overdraft	-	(184,362)	-	(184,362)
Bank loans	(1,990,527)	674,207	(60,169)	(1,376,489)
Hire purchase liabilities	(21,921)	22,172	(251)	-
	(1,199,242)	**5,326,152**	**(60,420)**	**4,066,490**

	At 1 January 2018 £	**Cash flow movements in the year £**	**Non- cash flow movements in the year £**	**At 31 December 2018 £**
Cash and cash equivalents	5,627,341	(1,002,668)	-	4,624,673
Overdraft	(184,362)	184,362	-	-
Bank loans	(1,376,489)	675,115	(41,758)	(743,132)

	4,066,490	**(143,191)**	**(41,758)**	**3,881,541**

25. Financial instruments

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

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

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

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

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

Financial assets and liabilities

Group financial assets:

	31 December 2018 £	31 December 2017 £
Cash and cash equivalents	4,624,672	5,627,341
Trade and other receivables	2,550,223	2,380,619
Total financial assets	**7,174,895**	**8,007,960**

Group financial liabilities:	**31 December 2018** **£**	**31 December 2017** **£**
Trade and other payables excl. corporation tax	5,706,116	5,053,198
Bank loan	427,179	669,778
Short -term financial liabilities	**6,133,295**	**5,722,976**
Bank loan	315,953	706,711
Long-term financial liabilities	**315,953**	**706,711**
Total financial liabilities	**6,449,248**	**6,429,687**

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

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

	Overdraft	Trade and other payables *	Bank Loans
	£	£	£
As at 31 December 2018			
Within one year	-	5,706,116	447,400
Within two to five years	-	-	323,048
After five years	-	-	-
Less future interest payments	-	-	(27,315)
Total	**-**	**5,706,116**	**743,133**
As at 31 December 2017			
Within one year	184,362	5,053,198	709,906
Within two to five years	-	-	733,163
After five years	-	-	-
Less future interest payments	-	-	(66,580)
Total	**184,362**	**5,053,198**	**1,376,489**

*excluding corporation tax

Fair value of financial assets and liabilities

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

26. Financial risk management

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

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

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

Credit Risk

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

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

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

Liquidity risk

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

Foreign currency risk

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

Interest rate risk

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

Investment risk

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

27. Lease commitments

Operating lease commitments

The Group has entered into a number of property leases on standard commercial terms as lessee. There are no restrictions imposed by the Group's operating lease arrangements, either in the current or prior year.

At the reporting date, the total future minimum rentals payable under non-cancellable operating leases over the remaining lives of the leases are:

	31 December 2018	31 December 2017
	£	£
Within one year	3,689,182	3,465,376
Within two and five years	12,604,760	10,839,071
After five years	18,896,986	16,001,475
Total	**35,190,928**	**30,305,922**

In November 2017, the Group sold its freehold property and leased the building back for 15 years on market terms. Under IAS 17, the Group classified the leaseback as an operating lease. As this was a sale and operating leaseback under IAS 17, at the date of initial application the Group accounts for the leaseback in the same way as it accounts for its other operating leases.

28. Contingent liabilities

The Group had no contingent liabilities at 31 December 2018 or 31 December 2017.

29. Capital commitments

The Group had capital commitments of £0.6m at 31 December 2018 (2017 - £1.5m) in relation to one new site opening and the re-positioned site in Westfield, West London.

30. Related party transactions

Remuneration in respect of key management personnel, defined as the Directors for this purpose, is disclosed in note 5. Further information concerning the Directors' remuneration is provided in the Directors' remuneration report.

During the year, the Group paid fees to the following related parties:

	Remuneration	Expenses	Total
P Hanna	23,000	2,944	25,944
M Kitous	25,071	144	25,215
L Kitous	10,562	5,100	15,662
	58,633	**8,188**	**66,821**

During the year, the Group also paid fees of £30,000 (2017: £25,000) to Messrs Gerald Edelman, a firm in which director R Kleiner is a partner, in respect of part of his non-executive director fees. In addition, the Group paid further amounts totalling £28,740 to Messrs Gerald Edelman, in respect of accountancy and corporate finance services provided to the Group.

Mark Carrick, Finance Director, was granted 1,000,000 share options as part of the new CSOP share scheme on 4th July 2018. The share options have a vesting period of three years from the grant date and can be exercised at 10.25p.

31. Subsequent events

On 31 March 2019, operations ceased at Shawa Oxford and the Group exited the lease. This led to an impairment charge of £256,919 being recognised against the assets connected with this site.

Parent Company accounts (under UK GAAP)

Company balance sheet as at 31 December 2018

	Notes	31 December 2018 £	31 December 2017 £
Fixed assets			
Property, plant and equipment	iii	17,983	22,944
Investment property	iv	-	-
Intangible assets	v	69,098	80,380
Investments in subsidiaries	vi	30,125	317,970
		117,206	421,294
Current assets			
Debtors	vii	16,386,841	14,475,913
Cash and cash equivalents		127,997	1,214,011
		16,514,838	15,689,924
Total assets		16,632,044	16,111,218
Liabilities			
Current liabilities			
Creditors	ix	(3,360,831)	(2,541,691)
		(3,360,831)	(2,541,691)
Provisions for liabilities	viii	(912)	(6,244)
Total liabilities		(3,361,743)	(2,547,935)
Net assets		**13,270,301**	**13,563,283**
Equity			
Share capital	x	1,226,667	1,226,667
Share premium	x	10,050,313	10,050,313
Other reserves	x	28,745	316,590
Retained earnings	x	1,964,576	1,969,713
Total equity – attributable to equity shareholders of the company		**13,270,301**	**13,563,283**

The financial statements of Comptoir Group Plc (company registration number 07741283) were approved by the Board of Directors and authorised for issue on 8 April 2019 and were signed on its behalf by:

Chaker Hanna
Chief Executive Director

Company financial statements – under UK GAAP

Accounting policies and basis of preparation

Basis of accounting

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

Going concern

The Board of Directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus the Board continues to adopt the going concern basis of accounting in preparing the financial statements.

Dividends

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

Investments in subsidiaries

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

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

Investments are valued at cost less any provision for impairment.

Intangible assets – Goodwill

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

Share-based payment transactions

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

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

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

Reserves
The Company's reserves are as follows:

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

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

Company financial statements – under UK GAAP

Notes to the financial statements

i) Profit attributable to members of the holding company

As permitted by section 408 of the Companies Act 2006, a separate profit and loss account has not been presented for the holding company. During the year the Company recorded a loss of £38,279. Remuneration of the auditor is borne by a subsidiary undertaking, Timerest Limited.

ii) Employee costs and numbers

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

iii) Property, plant and equipment

	Leasehold Land and buildings £	Plant and machinery £	Fixture, fittings & equipment £	Total £
Cost				
At 1 January 2018	11,290	26,655	5,555	43,500
Additions	-	-	-	-
At 31 December 2018	**11,290**	**26,655**	**5,555**	**43,500**

Accumulated depreciation and impairment				
At 1 January 2018	7,642	11,194	1,720	20,556
Depreciation during the year	2,258	2,319	384	4,961
At 31 December 2018	**9,900**	**13,513**	**2,104**	**25,517**
Net Book Value as at 31 December 2017	3,648	15,461	3,835	22,944
Net Book Value as at 31 December 2018	**1,390**	**13,142**	**3,451**	**17,983**

iv) Investment property

	£
Fair value at 1 January 2017	1,680,136
Additions	-
Revaluations	-
Disposals (see below)	(1,680,136)
At 31 December 2017	**-**

	£
Fair value at 1 January 2018	-
Additions	-
Revaluations	-
Disposals (see below)	-
At 31 December 2018	**-**

The property was disposed of in November 2017 and subsequently leased back. After reviewing facts, it was determined that the terms of the new agreement more closely met the definition of an operating lease than a finance lease and therefore the profit from the sale of freehold property has been fully recognised within the income statement.

v) Intangible assets

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

Net Book Value as at 31 December 2018	**69,098**

In accordance with FRS 102, goodwill arising on business combinations is amortised over the expected life of the asset and is subject to an impairment review annually if the life of the assets is indefinite or expected to be greater than 20 years, or more frequently if events or changes in circumstances indicate that it might be impaired. Therefore, goodwill arising on acquisition is monitored to compare the value in use to its carrying value. The intangible assets reported on the statement of financial position consists of goodwill arising on the acquisition on 14 December 2016 of the trade and assets of Agushia Limited.

vi) Investments in subsidiary undertakings

	Shares	Loans and other	Total
	£	£	£
Cost			
At 31 December 2017	1,380	316,590	317,970
Credit on cancellation of existing share scheme	-	(316,590)	(316,590)
Share-based payment charge on new share scheme	-	28,745	28,745
At 31 December 2018	**1,380**	**28,745**	**30,125**
Amounts written off			
31 December 2017	-	-	-
31 December 2018	-	-	-
Net book value at 31 December 2017	1,380	316,590	317,970
Net book value at 31 December 2018	**1,380**	**28,745**	**30,125**

vii) Debtors

	Year ended 31 December 2018	Year ended 31 December 2017
	£	£
Other debtors	286,278	294,610
Amounts receivable from group undertakings	16,099,285	14,328,732
	16,385,563	**14,623,342**
Amounts falling due after more than one year:		
Deferred tax asset	1,278	1,278
Total	**16,386,841**	**14,624,620**

viii) Deferred tax liabilities

Deferred tax recognised in balance sheet:	**Total**
	£
Deferred tax liabilities:	
Brought forward	6,244
Credit to profit or loss	(5,332)
Total deferred tax liability	**912**

ix) Creditors

	Year ended 31 December 2018 £	Year ended 31 December 2017 £
Trade creditors	-	29,420
Amounts due to group undertakings	3,359,361	2,479,207
Other creditors	1,470	1,470
Corporation tax	-	31,594
Total	**3,360,831**	**2,541,691**

x) Share capital and reserves

	Share capital £	Share premium £	Other reserves £	Retained earnings £	Total £
At 1 January 2018	1,226,667	10,050,313	316,590	1,969,713	13,563,283
Share-based payment charge	-	-	28,745	-	28,745
Cancellation of Existing EMI share option scheme	-	-	(316,590)	-	(316,590)
Total comprehensive loss for the year	-	-	-	(5,137)	(5,137)
At 31 December 2018	**1,226,667**	**10,050,313**	**28,745**	**1,964,576**	**13,270,301**

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

xi) Contingent liabilities

The Company had no contingent liabilities at 31 December 2017 or 31 December 2018.

xii) Capital commitments

The Company had capital commitments of £0.6m at 31 December 2018 (2017 - £1.5m) in relation to one new site opening and the re-positioned site in Westfield, West London.

xiii) Related party transactions

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

xiv) Ultimate controlling party

The Company has no ultimate controlling party.

xv) Subsequent events

There were no significant subsequent events affecting the Parent Company which the Directors consider require disclosure within these financial statements.