Final Results
RNS Number : 6270L
Comptoir Group PLC
23 April 2018

23 April 2018

Comptoir Group plc

("Comptoir" or the "Company")

Full year audited results for the financial year ended 31 December 2017

Financial Highlights

- Group revenue increased 38% to £29.6m (2016 - £21.5m)
- Gross profit increased 36% to £21.3m (2016 - £15.7m)
- Adjusted EBITDA* £1.1m (2016 - £2.7m)
- Cash generated from operations of £1.5m (2016 - £0.1m), with total cash at year end of £5.4m
- IFRS profit before tax of £0.46m (2016 - £1.0m loss)
- Earnings per share from IFRS profit of 0.39p (2016 - 1.70p loss per share)
- 4 new restaurants opened in the year (2016 - 6 opened and 3 acquired)
- 29 restaurants trading as at 31 December 2017 (2016 - 24)

Chaker Hanna, Chief Executive Officer, commented:

"Trading year to date has been in line with Board expectations, and we anticipate strong sales in the second quarter.

Sales at the new restaurants are gradually building towards the levels anticipated at maturity and the Company is putting in place several marketing initiatives, including a new menu, ahead of the critical summer trading period to promote sales at both existing and new restaurants. The Company is also heavily focused on building the Comptoir brand, broadening its executive team, improving quality and driving innovation.

The Group has secured two further international Comptoir locations, being one in Dubai Airport planned to open in the first half 2019 and a second Comptoir in Abu Dhabi Airport planned to be opened in the second half of 2019. Both are with our current franchise partner HMS Host. The Directors believe the Comptoir brand has significant international franchise potential.

Enquiries:

Comptoir Group plc
Chaker Hanna Tel: 0207 486 1111

Cenkos Securities plc (NOMAD and Broker)
Bobbie Hilliam Tel: 020 7397 8900

*Adjusted EBITDA is calculated excluding the impact of a £0.2m share-based payment credit (2016 - £0.5m charge), £1.3m profit from sale of freehold property (2016 - £nil), depreciation, amortisation and impairment of assets of £1.5m (2016 - £1.5m) and £0.5m restaurant pre and post opening costs (2016 - £1.4m)

Chairman's statement

For the year ended 31 December 2017

I am pleased to present the Group's results for the year ended 31 December 2017, together with an update on the Group's progress in respect of its growth strategy.

Results

Group revenue increased by £8.1m or 38% from £21.5m to £29.6m, although adjusted* EBITDA was 58% lower at £1.1m (2016 - £2.7m).

The reduction in adjusted* EBITDA can be attributed to increases in administrative costs, incurred following the opening of new restaurants during 2016 and 2017. 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 subsisted during 2017 we are pleased with our results and positive on our future performance.

The Consolidated Statement of Comprehensive Income for the year shows a pre-tax profit of £0.46m (2016 - £1.0m loss), which includes a profit arising on disposal of the Group's Central Production Unit freehold property of £1.3m. After adding back this profit on disposal and other non-trading items, including a credit in respect of the Group's share-based payment scheme of £0.2m (2016 - £0.5m charge) and opening costs totalling £0.5m (2016 - £1.4m), the adjusted* pre-tax loss for the group totalled £0.4m (2016 - £1.6m profit).

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 4 new restaurants and 1 franchise restaurant in the year ended 31 December 2017 (2016 - 6 restaurants opened and 3 acquired), bringing the total number of restaurants trading as at the year end to 26, excluding three franchise sites. There are plans to open two more restaurants in 2018 and to continue to invest in the existing sites and development of the Group's brand.

It is appreciated that at the time of the IPO, the Group had intended to open more new restaurants. However, the whole sector experienced more challenging trading conditions during 2017 and, as a result, the Board took the prudent approach in scaling back the number of new openings.

During the year, the Group disposed of the Central Production Unit freehold property to free up cash for investment in the opening of new sites and development of existing sites together with the Group's brand. The sale was undertaken by way of a sale and leaseback agreement entered into with the buyer, which allows the Group the right to occupy the property as a tenant for fifteen years from the date of the agreement.

People

The friendliness, dedication and passion of our people is at the heart of our success as a business. Having continued with our expansion plan during the year, we have continued to rely on the commitment and dedication of our fantastic team, including both those in management and the operational staff in our restaurants around the country. Again, I would like to extend my thanks to them for continually delivering our delicious offering with great service and a smile.

Current trading

As referred to above, the Board is pleased that the financial outcome for 2017 was above our revised expectations.

The Group ended the year with 26 restaurants (2016 - 22) and 3 franchise operations (2016 - 2), having opened a further 3 Comptoir Libanais restaurants during the year and 1 Shawa restaurant. This was in line with our (revised) new openings schedule for the year 2017. There are 2 new openings planned for 2018 and the Group intends to focus heavily on ensuring that all sites are operating effectively, with a particular focus on the newer restaurants.

As has been widely reported amongst other companies in the sector, most notably those who have had to scale back operations, some through entering CVA's with their creditors and landlords, we continue to see the cautiousness of consumers, that we identified in the early part of 2017, and believe it will continue throughout the year. The plan to open two restaurants in 2018 will allow the Group to focus on consolidating its position in the market and further promoting its brands. 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

20 April 2018

Chief Executive's review

For the year ended 31 December 2017

I am pleased to be reporting on another year of extensive development for the Group. We have continued our expansion plan and opened four new restaurants as well as adding an additional franchise site to the Group's portfolio.

During the year revenue has grown by 38% to £29.6m (2016 - £21.5m), whilst adjusted* EBITDA (excluding one-off costs incurred in opening new restaurants and other highlighted items) fell 58% to £1.1m (2016 - £2.7m) as a result of newly opened restaurants still growing to maturity, thus not yet generating profit to their full potential.

Review of operations

The profit before tax shown on the Consolidated Statement of Comprehensive Income was £0.5m (2016 - £1.0m loss), with an adjusted* EBITDA of £1.1m (2016: £2.7m), which exceeded our revised expectations. 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, such that once the new restaurants reach maturity of trading, the Group's adjusted* results should return to much enhanced profitability.

We witnessed much stronger performance in second half of 2017 as newly opened restaurants continued to improve and move up their maturity curve. Our existing estate of restaurants opened prior to 2017 also traded ahead of 2016.

We continued to open new sites in the year as well as bed-in recently opened restaurants, which have involved further recruitment and training of new members of staff. In turn, this has created opportunities to existing staff to progress into more senior positions, including at the Assistant Manager and General Manager Levels.

Estate development

During the year, we opened a total of 5 new restaurants, 1 new London Comptoir Libanais restaurant opposite Gloucester Road underground station in Kensington and two further restaurants in Oxford and Reading, as well as a new Shawa branch, also in Oxford, and a franchise in Utrecht. This has again extended our operations in London and introduced the brands to Oxfordshire, a location in which we believe the brand and concept of the Group will prosper.

Sales at the newly opened sites are developing steadily and have grown towards maturity as expected. As at 31 December 2017 we had 26 restaurants trading and 3 franchise operations.

We are currently looking to refurbish some of our existing matured restaurants which have been trading for over four years to give a fresh look and innovation with new designs.

We continue to develop our property pipeline with caution. A further two openings are planned for 2018, with one in Birmingham opened at the end of March 2018 and another London site at London Bridge which is planned to be opened in second half of 2018, which we expect to be great attributes to the Group's portfolio. Aside from the two new planned openings in 2018, the Group is adopting a more cautious approach to openings and expansion, which will allow the Group time to consolidate its current position and for the existing operations to fully bed-in and mature.

Cashflows and financing

Cash generated from operations was £1.5m (2016 - £0.05m), demonstrating the effectiveness of tightened working capital management initiatives.

Capital expenditure for the year, which was principally incurred on the fitting-out of new restaurants, totalled £2.8m (2016 - £6.0m) the cash effect of which was largely offset by the Group's disposal of its Central Production Unit (CPU) for £2.7m towards the end of the year, under a sale and lease back agreement.

Loan and finance lease repayments continued as planned throughout the year, resulting in total cash outflows of £0.6m (2016 - £0.5m). Having raised £4.0m (before costs) through an equity placing in the final quarter of 2017, the Group realised an overall cash inflow of £4.6m (2016 - £0.2m) and at the end of the year the Group had cash and cash equivalents of £5.4m (2016 - £0.8m).

The Group is in a strong position to fund the two further anticipated openings for 2018 and continue to further develop the Group's brand and identity.

Outlook

As set out in the Chairman's statement, trading in the first two months of the year was in line with Board expectations, and we anticipate strong sales in the second quarter.

Sales at the new restaurants are gradually building towards the levels anticipated at maturity and the Company is putting in place several marketing initiatives, including a new menu, ahead of the critical summer trading period to promote sales at both existing and new restaurants. The Company is also heavily focused on cost control, quality and innovation of our offerings and enhance career progression of our team.

The Group has secured two further international Comptoir locations, being one in Dubai Airport planned to open in the first half 2019 and a second Comptoir in Abu Dhabi Airport planned to be opened in the second half of 2019. Both are with our current franchise partner HMS Host.

The Directors believe the Group's current Comptoir Libanais restaurant estate has significant potential for organic growth which will continue to provide attractive returns for shareholders.

Chaker Hanna

Chief Executive Officer

20 April 2018

Strategic Report

For the year ended 31 December 2017

The Directors present their strategic report for the year ended 31 December 2017.

Business model

The Group's principal brand is Comptoir Libanais, which is Lebanese and Eastern Mediterranean focused restaurants. The restaurants seeks to offer an all-day dining experience based around healthy and fresh food in a friendly, colourful and vibrant environment. 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 Arabic products, including embroidered bags, harissa tins, pastries and sweets.

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

The estimated average spend per head at Comptoir Libanais is c. £14 and the average spend at Shawa is lower than this, 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 only 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.

Review of the business and key performance indicators (KPIs)

Group revenue increased by 38% to £29.6m (2016 - £21.5m) and the Consolidated Statement of Comprehensive Income shows a pre-tax profit of £0.5m (2016 - £1.0m loss). 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 £1.1m (2016 - £2.7m).

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, gross and operating profit margins percentages and these are appraised against budgeted, forecast and last year's achieved levels. Although adjusted EBITDA during the year was 58% lower than that of 2016, this can be explained by the numerous openings in the last two reporting periods, as newly opened restaurants are still in their growth phase towards maturity and the well publicised issues within the eating out sector.

In terms of non-financial KPI's, the standard of service provided to customers is monitored via the scores from a programme of regular monthly "mystery diner" audits carried out at each store and we use feedback from health and safety audits conducted by an external consultant 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 is afforded 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.

Strategic 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 an 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

20 April 2018

Statement of corporate governance

Compliance with the 2014 UK Corporate Governance Code

The company is not required to comply with the 2014 UK Corporate Governance Code. Set out below are the corporate procedures that have been adopted.

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 C Hanna and A Kitous as executive directors and J Kaye and R Kleiner as non-executive directors.

Each of the non-executive Directors are 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. The two independent directors sit on both the audit and the remuneration committees, namely Richard Kleiner and Jonathan Kaye. R Kleiner is the chairman of both the audit committee and the remuneration committee. 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, which is chaired by R Kleiner, 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 Page 21 for further details on going concern.

Independent auditors' report
To the members of Comptoir Group Plc

Opinion

We have audited the financial statements of Comptoir Group Plc for the year ended 31 December 2017 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Changes in Equity, the Consolidated and Parent Company Statement of Financial Position, 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 their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 2017 and of the Group and Parent company's profit and cash flows for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- 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 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.

Use of our report

This report is made solely to the 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 Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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 and 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.

Our assessment of risks of material misstatements

We identified the following risks of material misstatement that we believe had the greatest impact on our overall audit strategy and scope, the allocation of resources in the audit and directing the efforts of the engagement team. This is not a complete list of all risks identified by 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.

Management override of controls

Intrinsically there is always a risk of material misstatement due to fraud as a result of possible management override of internal controls.

We reviewed the nominal ledger accounts, journals and cash transactions to identify any unusual or exceptional transactions. We investigated and tested a sample of items to ensure amounts paid during the year related to business expenses and that transactions were appropriate.

We reviewed and enquired into the accounting systems, processes, controls and segregation of duties that existed in the Company and the Group.

We also evaluated whether there was evidence of bias by the directors that represented a risk of material misstatement of fraud.

Breach of loan covenants

The group has significant borrowings, therefore creating a significant risk for our audit purposes. If the group were to breach any covenant the borrowing may be recalled and therefore cause funding issues, and potentially a going concern risk.

We have reviewed the terms of the borrowings and the relevant covenants to ensure compliance to any covenants in the year.

We have also completed an analysis on specific ratios required per the covenants to review the Group is in line with the specific terms.

We have performed a recalculation of the payments due within the year for each entity with a loan and agreed this to the bank statements and loan confirmations from the banks.

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.

We also determine a level of performance materiality which we use to determine the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

Overall materiality	We determined materiality for the financial statements as a whole to be £150,000.
How we determine it	Based on a benchmark of 0.5% of turnover of the Group.
Rationale for benchmarks applied	We believe turnover 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 Company's control environment, our judgement is that performance materiality for the financial statements should be 75% of materiality, and was set at £112,500.

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 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 Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; 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 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 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/apb/scope/private.cfm.This description forms part of our auditor's report.

Colin Wright (Senior Statutory Auditor)

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

UHY Hacker Young
Quadrant House
4 Thomas More Square
London E1W 1YW

20 April 2018

Consolidated statement of comprehensive income
For the year ended 31 December 2017

	Notes	Year ended 31 December 2017 £	Year ended 31 December 2016 £
Revenue	**2**	29,581,696	21,513,813
Cost of sales		(8,275,701)	(5,818,647)
Gross profit		21,305,995	15,695,166
Distribution expenses		(8,424,399)	(5,551,084)
Administrative expenses		(13,636,697)	(11,025,955)
Other income	**2**	6,293	2,114
Profit from sale of freehold property	**2**	1,266,086	-
Operating profit/(loss)	**3**	517,278	(879,759)
Finance costs	**6**	(60,420)	(125,237)
Profit/(loss) before tax		456,858	(1,004,996)

Taxation (charge)/credit	**7**	(57,746)	86,883
Profit/(loss)for the year		399,112	(918,113)
Other comprehensive income		**-**	**-**
Total comprehensive income/(loss) for the year		**399,112**	**(918,113)**
Basic earnings/(loss) per share (pence)	**8**	0.39	(1.70)
Diluted earnings/(loss) per share (pence)	**8**	0.39	(1.66)
Adjusted EBITDA:			
Operating profit/(loss) - as above		517,278	(879,759)
Add back:			
Depreciation and amortisation		1,521,586	979,583
Profit from sale of freehold property	**2**	(1,266,086)	-
Impairment of assets	**11**	1,825	471,796
Share-based payments - (credit)/expense	**22**	(162,620)	479,210
EBITDA		**611,983**	**1,050,830**
AIM admission costs		-	232,586
Restaurant opening costs	**3**	509,704	1,401,546
Adjusted EBITDA		**1,121,687**	**2,684,962**

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

Consolidated balance sheet
At 31 December 2017

	Notes	31 December 2017 £	31 December 2016 £
Assets			
Non-current assets			
Property, plant and equipment	**11**	11,104,026	11,114,999
Intangible assets	**10**	1,009,892	1,121,021
Deferred tax asset	**18**	148,822	304,995
		12,262,740	12,541,015
Current asset			
Inventories	**13**	606,652	479,830
Trade and other receivables	**14**	2,380,619	2,197,315
Cash and cash equivalents		5,627,341	813,207
		8,614,612	3,490,352
Total assets		20,877,352	16,031,367
Liabilities			
Current liabilities			
Borrowings	**16**	(669,778)	(632,041)
Trade and other payables	**15**	(5,053,198)	(3,557,649)
Current tax liabilities		(148,163)	(94,024)
		(5,871,139)	(4,283,714)
Non-current liabilities			
Borrowings	**16**	(706,711)	(1,380,407)
Provisions for liabilities	**17**	(48,036)	(35,050)
Deferred tax liability	**18**	(118,772)	(287,287)
		(873,519)	(1,702,744)
Total liabilities		(6,744,658)	(5,986,458)
Net assets		**14,132,694**	**10,044,909**
Equity			
Share capital	**19**	1,226,667	960,000
Share premium		10,050,313	6,465,687
Other reserves	**20**	316,590	479,210
Retained earnings		2,539,124	2,140,012

Total equity - attributable to equity shareholders of the company	**14,132,694**	**10,044,909**

The financial statements of Comptoir Group PLC (company registration number 07741283) were approved by the Board of Directors and authorised for issue on 20 April 2018 and were signed on its behalf by:

Chaker Hanna
Chief Executive Officer

Consolidated statement of changes in equity

For the year ended 31 December 2017

	Notes	Share capital £	Share premium £	Other reserves £	Retained earnings £	Total equity £
Year ended 31 December 2016						
At 1 January 2016		100	-	-	3,136,500	3,136,600
Loss for the year		-	-	-	(918,113)	(918,113)
Total comprehensive income		**-**	**-**	**-**	**(918,113)**	**(918,113)**
Transactions with owners						
Equity dividends	**9**	-	-	**-**	(78,375)	(78,375)
Share-based payments	**22**	-	-	479,210	-	479,210
Issue of shares	**19**	959,900	6,465,687	**-**	-	7,425,587
Total transactions with owners		**959,900**	**6,465,687**	**479,210**	**(78,375)**	**7,826,422**
At 31 December 2016		**960,000**	**6,465,687**	**479,210**	**2,140,012**	**10,044,909**
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**

Consolidated statement of cash flows

For the year ended 31 December 2017

	Notes	Year ended 31 December 2017 £	Year ended 31 December 2016 £
Operating activities			
Cash inflow from operations	**23**	1,626,031	370,022
Interest paid		(60,420)	(125,237)
Tax paid		(15,950)	(199,397)
Net cash from operating activities		**1,549,661**	**45,388**
Investing activities			
Purchase of property, plant & equipment	**11**	(2,772,518)	(4,496,844)
Payments for lease premiums	**10**	(14,982)	(1,075,000)
Purchase of business	**10**	-	(400,000)
Proceeds from sale of property	**2**	2,652,278	-
Net cash used in investing activities		**(135,222)**	**(5,971,844)**
Financing activities			
Proceeds from issue of shares, net of issue costs	**19**	3,851,293	7,425,587
Dividends paid to equity shareholders		-	(78,375)
Capital element of finance leases paid		(21,921)	(1,549,651)
New bank loans received		-	825,000
Bank loan repayments		(614,039)	(537,729)
Net cash inflow from financing activities		**3,215,333**	**6,084,832**
Increase in cash and cash equivalents		4,629,772	158,376
Cash and cash equivalents at beginning of year		813,207	654,831
Cash and cash equivalents at end of year		**5,442,979**	**813,207**
Cash and cash equivalents:			
Cash at bank and in hand		5,627,341	813,207
Bank overdraft (note 16)		(184,362)	-

Principal accounting policies for the consolidated financial statements

For the year ended 31 December 2017

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 Suite 4, Strata House, 34A Waterloo Road, London, NW2 7UH.

The consolidated financial statements of the Company for the year ended 31 December 2017 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 (IFRSs) and its interpretations adopted by the International Accounting Standards Board (IASB), as adopted by the European Union. 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 on pages 54 to 61.

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 2017 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.

Principal accounting policies for the consolidated financial statements (continued)

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 £1,825 was required in the year ended 31 December 2017.

Principal accounting policies for the consolidated financial statements (continued)

Lease classification

The Group has a substantial amount of 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.

Principal accounting policies for the consolidated financial statements (continued)

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 2017.

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.

Principal accounting policies for the consolidated financial statements (continued)

(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.

Principal accounting policies for the consolidated financial statements (continued)

(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.

Principal accounting policies for the consolidated financial statements (continued)

(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.

Principal accounting policies for the consolidated financial statements (continued)

(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.

Principal accounting policies for the consolidated financial statements (continued)

(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.

Principal accounting policies for the consolidated financial statements (continued)

(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.

(s) Sale and leaseback of property

In November 2017, the Group sold its freehold property and entered into an agreement to lease the building back for 15 years on market rate terms. In accordance with IAS 17 'Leases', the Group classified the lease as an operating lease. As this transaction met the definition of a sale and operating leaseback per IAS 17, the Group has accounted for the leaseback in the same way it accounts for its other operating leases.

As the selling price for the freehold property was at fair value, in accordance with IAS 17 the profit from the sale was recognised immediately.

Notes to the consolidated financial statements

For the year ended 31 December 2017

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 2017 £	Year ended 31 December 2016 £
Income for the year consists of the following:		
Revenue from continuing operations	29,581,696	21,513,813
Other income not included within revenue in the income		
statement:	1,266,086	-
Profit from sale of freehold property	6,293	2,114
Other income		
Total income for the year	**30,854,075**	**21,515,927**

During the year ending 31 December 2017, the Group sold a freehold property. The proceeds generated from the sale were in excess of the carrying amount, giving rise to a profit shown above.

3. Group operating loss

	Year ended 31 December 2017 £	Year ended 31 December 2016 £
This is stated after charging/(crediting):		
AIM admission costs	-	232,586
Operating lease charges	3,417,211	2,194,804
Impairment of assets (see ***note 11*** *and* ***below***)	1,825	471,796
Share-based payments (credit)/expense (see ***note 22*** *and*	(162,620)	479,210
below)	(1,266,086)	-
Profit from sale of freehold property (see ***below***)	509,704	1,401,546
Restaurant opening costs (see ***below***)	126,111	28,958
Amortisation of intangible assets (see ***note 10***)	1,395,475	950,625
Depreciation of property, plant and equipment (see ***note 11***)	1,825	471,796
Impairment of assets (see ***note 11***)	(162,620)	479,210
Share-based payments (credit)/expense (see ***note 22***)	(412)	-
Exchange gain	50,000	90,000
Auditors' remuneration (see ***note 4***)		

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 2017 £	Year ended 31 December 2016 £
Pre-opening costs	179,152	907,045
Post-opening costs	330,552	494,501
	509,704	**1,401,546**

4. Auditors' remuneration

	Year ended 31 December 2017 £	Year ended 31 December 2016 £

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	20,000	20,000
The audit of the Company's subsidiaries		
Total audit fees	**35,000**	**35,000**
Reporting accountant services	-	55,000
Review of the half-year accounts	15,000	-
Total non-audit fees	**15,000**	**55,000**
Total auditors' remuneration	**50,000**	**90,000**

Notes to the consolidated financial statements (continued)

5. Staff costs and numbers

	Year ended 31 December 2017 £	Year ended 31 December 2016 £
(a) Staff costs (including directors):		
Wages and salaries:		
Kitchen, floor and management wages	10,636,242	7,071,444
Apprentice Levy	27,662	-
Other costs:		
Social security costs	803,950	549,430
Share-based payments (***note 22***)	(162,620)	479,210
Pension costs	99,266	39,907
Total staff costs	**11,404,500**	**8,139,991**
(b) Staff numbers (including directors):	**Number**	**Number**
Kitchen and floor staff	576	566
Managements staff	87	86
Total number of staff	**663**	**652**
(c) Directors' remuneration:		
Emoluments	374,615	251,295
Money purchase (and other) pension contributions	897	1,164
Non-Executive directors' fees	55,000	28,917
Total directors' costs	**430,512**	**281,376**

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

Emoluments	187,308	119,013
Money purchase (and other) pension contributions	448	569

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

6. Finance costs

	Year ended 31 December 2017 £	Year ended 31 December 2016 £
Interest payable and similar charges:		
Interest on finance leases and hire purchase contracts	251	50,831
Interest on bank loans and overdraft	60,169	74,406

Total finance costs for the year	**60,420**	**125,237**

Notes to the consolidated financial statements (continued)

7. Taxation

The major components of income tax for the years ended 31 December 2017 and 2016 are:

(a) Analysis of charge in the year:

	Year ended 31 December 2017 £	Year ended 31 December 2016 £
Current tax:		
UK corporation tax on the profit/(loss) for the year	70,087	13,995
Adjustments in respect of previous years	-	6,086
Deferred tax:		
Origination and reversal of temporary differences	(24,498)	(114,414)
Tax losses carried forward	12,157	7,450
Total tax charge/(credit) for the year	**57,746**	**(86,883)**

(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 2017 £	Year ended 31 December 2016 £
Profit/(loss) on ordinary activities before tax	456,858	
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.25% (2016: 20%)	87,945	(1,004,996) (201,000)
Effects of:		
Depreciation on non-qualifying assets	(59,958)	
(Income)/expenses not deductible for tax purposes	41,850	(14,314)
Effect of change in corporation tax	(4,114)	132,445
Adjustments in respect of previous tax years	-	-
Other miscellaneous items	(552)	6,086
Losses utilised in the year	(7,425)	4,084 (14,184)
Total tax charge/(credit) for the year	**57,746**	**(86,883)**

Notes to the consolidated financial statements (continued)

8. Earnings/(loss) per share

The Company had 96,000,000 ordinary shares of £0.01 each and 5,000 B ordinary shares of £0.01 each in issue as 31 December 2015. In June 2016, the 5,000 B ordinary shares were re-designated as ordinary shares of £0.01 each and 79,990,000 new ordinary shares of £0.01 each were allotted and issued to the existing shareholders as a bonus issue of shares. On the date of the IPO the company issued a further 16,000,000 new shares.

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

The basic and diluted earnings per share figures are set out below:

	Year ended 31 December 2017 £	**Year ended 31 December 2016 £**
Profit/(loss) attributable to shareholders	399,112	(918,113)

	2017 Number	**2016 Number**
Weighted average number of shares		
For basic earnings per share	102,940,639	54,037,158
Adjustment for options outstanding	-	1,159,276
For diluted earnings per share	**102,940,639**	**55,196,434**

	2017 Pence per share	**2016 Pence per share**
Earnings/(loss) per share:		
Basic (pence)		
From profit/(loss) for the year	0.39	(1.70)
Diluted (pence)		
From profit/(loss) for the year	0.39	(1.66)

Diluted earnings/(loss) 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. As the shares were not 'in the money' as at December 2017 and consequently would be antidilutive, no adjustment was made in respect of the share options outstanding to determine the diluted number of options.

Notes to the consolidated financial statements (continued)

9. Dividends

Amounts recognised as distributable to equity holders in the year:

	Year ended 31 December 2017 £	**Year ended 31 December 2016 £**
Dividend for the year ended 31 December 2016 of £7.84 per share	-	78,375
Dividend for the year ending 31 December 2017	-	-

Prior to the Company's IPO, its Chief Executive, C Hanna, and its Creative and Founding Director, A Kitous, were remunerated by way of dividends in lieu of market rate salaries. Since the Company's IPO, these directors have received market rate salaries instead of such dividends.

10. Intangible assets

Group

	Lease premiums £	Goodwill £	Total £
Cost			
At 1 January 2017	1,075,000	74,979	1,149,979
Additions (see below)	-	14,982	14,982
At 31 December 2017	**1,075,000**	**89,961**	**1,164,961**
Accumulated amortisation			
At 1 January 2017	28,958	-	28,958
Amortised during the year	126,111	-	126,111
At 31 December 2017	**155,069**	**-**	**155,069**
Net Book Value as at 31 December 2016	**1,046,042**	**74,979**	**1,121,021**
Net Book Value as at 31 December 2017	**919,931**	**89,961**	**1,009,892**

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. Based on the results of the impairment test, there is sufficient headroom and no impairment of the goodwill is required.

The goodwill addition reflects additional legal costs incurred to acquire Aqushia Limited in 2016, which were not recognised in the prior year.

Notes to the consolidated financial statements (continued)

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 2016	1,481,879	5,656,468	2,418,673	1,605,386	-	11,162,406
Additions	80,136	2,729,476	1,212,779	474,453	-	4,496,844
Business combination additions	-	-	342,177	59,996	-	402,173
At 31 December 2016	**1,562,015**	**8,385,944**	**3,973,629**	**2,139,835**	**-**	**16,061,423**
Accumulated depreciation and impairment	69,154	2,023,852	911,422	519,572	-	3,524,000
At 1 January 2016	49,396	478,025	297,872	125,335	-	950,628
Depreciation during the year	-	296,260	85,547	89,989	-	471,796
Impairment during the year						
At 31 December 2016	**118,550**	**2,798,137**	**1,294,841**	**734,896**	**-**	**4,946,424**
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	118,550	2,798,137	1,294,841	734,896	-	4,946,424
At 1 January 2017	57,274	694,286	480,717	160,174	3,024	1,395,475
Depreciation during	(175,824)	-	-	-	-	(175,824)
the year	-	-	1,457	368	-	1,825
Eliminated on disposal						
Impairment during the year						

At 31 December 2017	**-**	**3,492,423**	**1,777,015**	**895,438**	**3,024**	**6,167,900**
Net Book Value as at 31 December 2016	**1,443,465**	**5,587,807**	**2,678,788**	**1,404,939**	**-**	**11,114,999**
Net Book Value as at 31 December 2017	**-**	**6,470,038**	**2,867,175**	**1,754,717**	**12,096**	**11,104,026**

Notes to the consolidated financial statements (continued)

Assets held under finance leases	**Group**	
	31 December 2017 £	**31 December 2016 £**
Cost		
At 1 January 2017	315,618	1,853,942
Additions	-	80,136
Legal ownership transferred	(315,618)	(1,618,460)
Cost as at 31 December 2017	-	315,618
Accumulated depreciation		
At 1 January 2016	203,608	170,987
Depreciation during the year	-	84,622
Impairment during the year	-	87,600
Legal ownership transferred	(203,608)	(139,601)
Accumulated depreciation as at 31 December 2017	-	203,608
Net book value at the year end	**-**	**112,010**

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

Notes to the consolidated financial statements (continued)

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**	
		2017	**2016**	**2017**	**2016**

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	England & Wales	100%	100%	-	-
Limited*	England & Wales	100%	100%	-	-
Comptoir Westfield London	England & Wales	100%	100%	-	-
Limited*	England & Wales	100%	100%	-	-
Levant Restaurants Group	England & Wales	100%	100%	-	-
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					
Comptoir Haymarket Ltd*					
Comptoir Oxford Limited*					

**Dormant companies*

Changes to subsidiaries during the year ended 31 December 2017:
Shawa Haymarket Limited changed its name to Comptoir Haymarket Limited on 21 April 2017.

Notes to the consolidated financial statements (continued)

13. Inventories

	Group 31 December 2017 £	31 December 2016 £
Finished goods and goods for resale	**606,652**	**479,830**

14. Trade and other receivables

	Group 31 December 2017 £	31 December 2016 £
Trade receivables	699,506	572,691
Other receivables	499,046	499,934
Prepayments and accrued income	1,182,067	1,124,690
Total trade and other receivables	**2,380,619**	**2,197,315**

15. Trade and other payables

Group

	31 December 2017 £	31 December 2016 £
Trade payables	1,729,877	1,383,209
Bank overdraft	184,362	-
Accruals	2,234,435	1,546,108
Other taxation and social security	877,185	541,314
Other payables	27,339	87,018
Total trade and other payables	**5,053,198**	**3,557,649**

16. Borrowings

	Group	
	31 December 2017 £	**31 December 2016 £**
Bank loans (see below)	1,376,489	1,990,527
Hire purchase liabilities	-	21,921
Total borrowings	**1,376,489**	**2,012,448**

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 £1,376,489, represent amounts repayable within one year of £669,778 and amounts totalling £706,711 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 2018 and 2020. All loans attract a rate of interest of 3.25% over the Bank base rate.

17. Provisions for liabilities

	Group	
	31 December 2017 £	**31 December 2016 £**
Provisions for leasehold property dilapidations	48,036	35,050
Total provisions	**48,036**	**35,050**

Movements on provisions:	**Group £**
At 1 January 2017	35,050
Provision in the year (net of releases)	12,986
Total at 31 December 2017	**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 2017 £**	**Liabilities 2016 £**	**Assets 2017 £**	**Assets 2016 £**

Accelerated capital allowances	118,772	287,287	-	44,020
Tax losses	-	-	148,822	160,978
Share-based payments	-	-	-	99,997
	118,772	**287,287**	**148,822**	**304,995**

Notes to the consolidated financial statements (continued)

Movements in the year:	**Group 2017 £**	**Group 2016 £**
Net asset/(liability) at 1 January	17,708	(89,256)
Charge to Statement of Comprehensive Income (note 7)	12,342	106,964
Net asset at year end	**30,050**	**17,708**

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 2017	**Year ended 31 December 2016**
Brought forward	96,000,000	10,000
Issues in the period	26,666,667	95,990,000
At 31 December	**122,666,667**	**96,000,000**

	Nominal value	
	Year ended 31 December 2017 £	**Year ended 31 December 2016 £**
Brought forward	960,000	100
Issues in the period	**266,667**	959,900
At 31 December	**1,226,667**	**960,000**

The Company had 96,000,000 ordinary shares of £0.01 each in issue as 31 December 2016. 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 £316,590 (2016 - £ 479,210) 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.

Notes to the consolidated financial statements (continued)

21. Retirement benefit schemes

Defined contribution schemes	31 December 2017 £	31 December 2016 £
Charge to profit and loss	99,266	39,907

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 14 June 2016 the Company established an Enterprise Management Incentive ("EMI") share option scheme and on the same day granted 2,970,000 EMI share options to certain key employees. The scheme enables all employees (as well as Directors) to subscribe for ordinary shares in Comptoir Group PLC. The scheme includes all subsidiary companies headed by Comptoir Group PLC. The exercise price of all of the options is £0.50, the term to expiration is 10 years from the date of grant and all of the options have the same vesting conditions attached to them.

A share-based payment credit of £162,620 (2016: charge of £479,210) was recognised during the year, due to certain options granted under the scheme having lapsed as a result of employees of the Group having left their positions. This is included within non-trading items on the face of the statement of comprehensive income.

On 14 June 2016, the Company also granted 1,440,000 unapproved share options to family members of directors, in relation to their capacity as shareholders investing in the Company. The exercise price of these options is £0.50, the term to expiration is 10 years from the grant date and all of the unapproved options have the same vesting conditions attached to them.

If options remain unexercised after a period of 10 years from the date of grant, the options expire. Unvested options are forfeited if the employee leaves the Group before the options vest, vested options are forfeited if the employee leaves the Group before the options are exercised.

On 21 June 2016, as a result of the Company's IPO, all 2,970,000 of the EMI options in issue vested, resulting in a charge to the income statement equal to the fair value of the options on the date of grant. Since vesting and to the date of approval of these financial statements, none of the options had been exercised and 1,140,000 options cancelled.

Notes to the consolidated financial statements (continued)

		Year ended 31 December 2017		Year ended 31 December 2016
	No. of shares	Average Exercise price £	No. of shares	Average Exercise price £
Options outstanding, beginning of year	2,770,000	0.50	-	-
Granted	-	-	2,970,000	0.50
Cancelled	(940,000)	0.50	(200,000)	0.50
Options outstanding, end of year	**1,830,000**	**0.50**	**2,770,000**	**0.50**

Options exercisable, end of year	**1,830,000**	**0.50**	**2,770,000**	**0.50**

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	0.10%
Expected term	10 years
Estimated volatility	28%
Expected dividend yield	0%
Weighted average fair value of options granted	£0.173

Risk free interest rate
The risk free interest rate is based on the UK 2-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.

Notes to the consolidated financial statements (continued)

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

	Year ended 31 December 2017 £	**Year ended 31 December 2016 £**
Profit/(loss) for the year	399,112	(918,113)
Income tax expense/(credit)	57,746	(86,883)
Finance costs	60,420	125,237
Depreciation	1,395,475	950,628
Amortisation of intangible assets	126,111	28,958
Impairment of assets	1,825	471,796
Share-based payment (credit)/charge	(162,620)	479,210
Profit on disposal of property	(1,266,086)	-
Movements in working capital		
Increase in inventories	(126,822)	(175,631)
Increase in trade and other receivables	(183,303)	(560,175)
Increase in payables and provisions	1,324,173	54,995
Cash from operations	**1,626,031**	**370,022**

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

Net cash/(debt):	**Year ended 31 December 2017 £**	**Year ended 31 December 2016 £**
At the beginning of the year	(1,199,242)	(2,619,998)
Movements in the year:		
Repayment of loan borrowings	674,207	613,346
New loans advances	-	(825,000)
Finance lease payments	-	1,508,978
Hire purchase lease payments	22,172	91,710
Non-cash movements in the year	(60,420)	(126,653)
Cash inflow/(outflow)	4,629,773	158,375
At the end of the year	**4,066,490**	**(1,199,242)**

Notes to the consolidated financial statements (continued)

Represented by:	**At 1 January 2016 £**	**Cash flow movements in the year £**	**Non- cash flow movements in the year £**	**At 31 December 2016 £**
Cash and cash equivalents	667,247	145,959	-	813,206
Overdraft	(12,416)	12,416	-	-
Bank loans	(1,703,256)	(211,654)	(75,617)	(1,990,527)
Finance leases	(1,461,044)	1,508,978	(47,934)	-
Hire purchase liabilities	(110,529)	91,710	(3,102)	(21,921)
	(2,619,998)	**1,547,409**	**(126,653)**	**(1,199,242)**

	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**

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.

Notes to the consolidated financial statements (continued)

Financial assets and liabilities

Group financial assets:

	31 December 2017 £	31 December 2016 £
Cash and cash equivalents	5,627,341	813,207
Trade and other receivables	2,380,619	2,197,315
Total financial assets	**8,007,960**	**3,010,522**

Group financial liabilities:	31 December 2017 £	31 December 2016 £
Trade and other payables excl. corporation tax	5,053,198	3,557,649
Hire purchase lease debt	-	21,921
Bank loan	669,778	610,120
Short -term financial liabilities	**5,722,976**	**4,189,690**
Bank loan	706,711	1,380,407
Long-term financial liabilities	**706,711**	**1,380,407**
Total financial liabilities	**6,429,687**	**5,570,097**

* 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 £	Hire purchase lease liability £
As at 31 December 2017				
Within one year	184,362	4,868,836	709,906	-
Within two to five years	-	-	733,163	-
After five years	-	-	-	-
Less future interest payments	-	-	(66,580)	-
Total	**184,362**	**4,868,836**	**1,376,489**	**-**
As at 31 December 2016				
Within one year	-	3,557,649	674,484	22,081
Within two to five years	-	-	1,449,311	-
After five years	-	-	-	-
Less future interest payments	-	-	(133,268)	(160)
Total	**-**	**3,557,649**	**1,990,527**	**21,921**

*excluding corporation tax

Notes to the consolidated financial statements (continued)

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, liquidity 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

Finance lease commitments

Future lease payments in respect of finance leases are due as follows:

	Minimum lease payments	
	31 December 2017	**31 December 2016**
	£	**£**
Within one year	-	22,081
Within two and five years	-	-
After five years	-	-
Less future interest payments	-	(160)
Present value of lease obligations	**-**	**21,921**
Analysed as:		
Amounts due for settlement within one year	-	21,921
Amounts due for settlement after one year	-	-
Present value of lease obligations	**-**	**21,921**

The lease commitments for the year ended 31 December 2016 are in respect of rentals payable by the Company or Group for certain items of plant and machinery. Leases include purchase options at the end of the lease periods and no restrictions are placed on the use of the assets. The fair value of the lease payments in respect of plant and machinery is £nil (2016: £21,921). The interest rate applied in calculating the present value of the payments is the incremental borrowing cost of the Group in relation to each lease, however the time value of money was considered by the Directors to be insignificant in the context of discounting the minimum lease payments, as the average lease term for plant and machinery was 3 years.

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 2017 £	31 December 2016 £
Within one year	3,465,376	2,247,070
Within two and five years	10,839,071	5,637,967
After five years	16,001,475	6,125,427
Total	**30,305,922**	**14,010,464**

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 2017 or 31 December 2016.

29. Capital commitments

The Group capital commitments of £1.5m at 31 December 2017 (2016 - £nil) in relation to two new sites opening in during 2018.

30. Directors' transactions

During the year Comptoir Group PLC paid a dividend of £Nil (2016: £39,188 to C Hanna and £39,188 to A Kitous, both of whom are directors and shareholders of Comptoir Group PLC).

Notes to the consolidated financial statements (continued)

31. 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.

70,000 and 150,000 of the EMI options that were issued on the 14 June 2016 and are detailed in note 22, were granted to M Kitous, brother of Director, A Kitous and P Hanna, son of Director, C Hanna, respectively.

All of the unapproved share options that were issued on the 14 June 2016 and are detailed in note 22, were issued to family members of J Kaye, a director of the company. The exercise price of these options is £0.50, the term to expiration is 10 years and all of the unapproved options have the same vesting conditions as the approved options attached to them.

During the year, the Group paid fees of £25,000 (2016: £10,417) to Messrs Gerald Edelman, a firm in which director R Kleiner is a partner, in respect of part of his non-executive director fees. Also during the year, the Group paid further amounts totalling £23,950 to Messrs Gerald Edelman, in respect of accountancy and corporate finance services provided to the Group.

32. Subsequent events

There were no significant subsequent events which the directors consider require disclosure within these financial statements.

Parent Company accounts (under UK GAAP)

Company balance sheet as at 31 December 2017

	Notes	31 December 2017 £	31 December 2016 £
Fixed assets			
Property, plant and equipment	iii	22,944	28,356
Investment property	iv	-	1,680,136
Intangible assets	v	80,380	72,896
Investments in subsidiaries	vi	317,970	480,590
		421,294	2,261,978
Current assets			
Debtors	vii	14,475,913	8,746,986
Cash and cash equivalents		1,214,011	105,779
		15,689,924	8,852,765
Total assets		16,111,218	11,114,743
Liabilities			
Current liabilities			
Creditors	ix	(2,541,691)	(2,272,010)
		(2,541,691)	(2,272,010)
Provisions for liabilities	viii	(6,244)	(23,624)
Total liabilities		(2,547,935)	(2,295,634)
Net assets		**13,563,283**	**8,819,109**
Equity			
Share capital	x	1,226,667	960,000
Share premium	x	10,050,313	6,465,687
Other reserves	x	316,590	479,210
Retained earnings	x	1,969,713	914,212
Total equity - attributable to equity shareholders of the company		**13,563,283**	**8,919,109**

The financial statements of Comptoir Group Plc (company registration number 07741283) were approved by the Board of Directors and authorised for issue on 20 April 2018 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.

Company financial statements - under UK GAAP
Accounting policies and basis of preparation (continued)

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 profit of £1,055,501. 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 2017	11,290	26,655	5,555	43,500
Additions	-	-	-	-
At 31 December 2017	**11,290**	**26,655**	**5,555**	**43,500**
Accumulated depreciation and impairment				
At 1 January 2017	5,384	8,466	1,294	15,144
Depreciation during the year	2,258	2,728	426	5,412
At 31 December 2017	**7,642**	**11,194**	**1,720**	**20,556**
Net Book Value as at 31 December 2016	5,906	18,189	4,261	28,356
Net Book Value as at 31 December 2017	**3,648**	**15,461**	**3,835**	**22,944**

Company financial statements - under UK GAAP
Notes to the financial statements (continued)

iv) Investment property

£

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

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 2017	74,979
Additions during the year	14,982
At 31 December 2017	**89,961**
Accumulated amortisation and impairment	
At 1 January 2017	2,083
Amortisation during the year	7,498
At 31 December 2017	**9,581**
Net Book Value as at 31 December 2016	72,896
Net Book Value as at 31 December 2017	**80,380**

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.

Company financial statements - under UK GAAP

Notes to the accounts (continued)

vi) Investments in subsidiary undertakings

	Shares **£**	**Loans and other** **£**	**Total** **£**
Cost			
At 31 December 2016	1,380	479,210	480,590
Share-based payments credited	-	(162,620)	(162,620)
At 31 December 2017	**1,380**	**316,590**	**317,970**
Amounts written off			
At 31 December 2016 and 31 December 2017	-	-	-
Net book value at 31 December 2016	1,380	479,210	480,590
Net book value at 31 December 2017	**1,380**	**316,590**	**317,970**

vii) Debtors

	Year ended 31 December 2017 **£**	**Year ended 31 December 2016** **£**

Other debtors	294,610	49,561
Amounts receivable from group undertakings	14,328,732	8,697,425
	14,623,342	**8,746,986**
Amounts falling due after more than one year:		
Deferred tax asset	1,278	-
Total	**14,624,620**	**8,746,986**

viii) Deferred tax liabilities

Deferred tax recognised in balance sheet:	**Total £**
Deferred tax liabilities:	
Brought forward	23,624
Credit to profit or loss	(17,380)
Total deferred tax liability	**6,244**

Company financial statements - under UK GAAP
Notes to the accounts (continued)

ix) Creditors

	Year ended 31 December 2017 £	**Year ended 31 December 2016 £**
Trade creditors	29,420	22,486
Amounts due to group undertakings	2,479,207	2,248,054
Other creditors	1,470	1,470
Corporation tax	31,594	-
Total	**2,541,691**	**2,272,010**

x) Share capital and reserves

	Share capital £	**Share premium £**	**Other reserves £**	**Retained earnings £**	**Total £**
	960,000	6,465,687	479,210	914,212	8,819,109
At 1 January 2017	266,667	3,733,333	-	-	4,000,000
Issue of shares					
Employee shared-based payment schemes	-	-	(162,620)	-	(162,620)
Share issue costs	-	(148,707)	-	-	(148,707)
Total comprehensive income for the year	-	-	-	1,055,501	1,055,501
At 31 December 2017	**1,226,667**	**10,050,313**	**316,590**	**1,969,713**	**13,563,283**

Details of share issues during the year are given in note 19 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

2016.

xii) Capital commitments

The Group capital commitments of £1.5m at 31 December 2017 (2016 - £nil) in relation to two new sites opening in during 2018.

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.

Company financial statements - under UK GAAP
Notes to the accounts (continued)

xiv) Ultimate controlling party

The Company has no ultimate controlling party.

xv) Subsequent events

There were no significant subsequent events which the directors consider require disclosure within these financial statements.