

GOURMET BURGER KITCHEN LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED
28 FEBRUARY 2016

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COMPANIES HOUSE

Company Registration No. 3970045

Gourmet Burger Kitchen Limited

DIRECTORS, OFFICERS AND ADVISORS

DIRECTORS

RAG 'T Hooft
CF Luyckx
AD Murdoch
G Carolan

SECRETARY

G Carolan

REGISTERED OFFICE

Suite C
1 Lindsey Street
London
EC1A 9HP

AUDITOR

KPMG LLP
Gateway House
Tollgate
Chandlers Ford
Southampton
SO53 3TG

Gourmet Burger Kitchen Limited

STRATEGIC REPORT

The Directors of Gourmet Burger Kitchen Ltd (“GBK” or “the company”) present their Strategic Report for the period ended 28 February 2016.

Introduction

The Directors of GBK aim to maximise shareholder value through generating growing profits and cashflows by enhancing the performance of existing restaurants and opening new high-quality restaurants across the UK. The Directors believe that our obsession with brilliant burgers positions the business well to achieve further growth.

Business Review

The results for the period ended 28 February 2016 are set out in the income statement on page 8.

We continued our programme of organic openings during the period, opening 9 (period ended 22 February 2015: 4) new restaurants and closing 1 (2015: 1) taking the total number operated by GBK to 71 restaurants as at 28 February 2016 (2015: 63).

Revenue increased 21% to £67.4m (period ended 22 February 2015: £55.8m).

Gross profit increased by 23% to £28.8m (2015: £23.4m) and gross profit margin was 42.7% (2015: 41.8%).

Administrative expenses for the period increased 14% to £23.1m (2015: £20.2m) due to the increased number of restaurants in the estate.

As a result of the above, the Company achieved a 78% increase in profit before interest and tax for the period, achieving £5.7m (2015: £3.2m).

Restaurant opening costs for the period increased 33.3% to £1.2m (2015: £0.9m) largely due to the higher number of openings in the period ended 28 February 2016.

In our drive to serve the best burger experience, the interaction between our team and our guests plays a vital part and we therefore take steps to ensure that service levels are high. We are committed to the training and development of all team members and we continue to monitor our performance both internally and through customer feedback and mystery diner visits. Team incentives are structured to take into account customer service and other aspects of performance as well as financial performance.

Principal Risks and Uncertainties

The principal risks and uncertainties faced by GBK are:

Competition

GBK operates in a very competitive and fragmented market which is constantly bringing new concepts and products to the expanding customer base. However the Directors believe that GBK offers superior quality products that separate the business from its competitors. By continuously seeking to improve products and service GBK will aim to maintain and grow market share.

Employees

The continuing development of GBK is based on its employees’ contributions in an industry which has high levels of staff turnover. Staff retention and recruitment of suitable candidates for new restaurants and developing central support functions are recognised by management as being key drivers for success. Further, labour cost forms a key variable cost for GBK. Increased expectations of real-terms earnings growth links to increased expectations of labour cost inflation. The Directors recognise the importance of engaging and incentivising the GBK team and continued strengthening in these areas is expected to mitigate risk.

Gourmet Burger Kitchen Limited

STRATEGIC REPORT

Supply Chain

The company has key arrangements in place with several suppliers of its raw products which are constantly reviewed and monitored.

The commercial team continuously develop new products to maintain an exciting and varied menu.


Working Capital

Amidst uncertain market conditions the company has maintained a good performance after period end meeting the directors' expectations. By achieving current performance and utilising facilities available the company will be able to meet all its working capital requirements.

Going concern

Notwithstanding the net current liability position of the company, the financial statements have been prepared on a going concern basis. After making appropriate inquiries and reviewing responses from the wider group of companies that Gourmet Burger Kitchen Limited is part of, and based on the fact that the company produces substantial operating cash flow, the Directors are of the view that the company has adequate resources to continue in operational existence for the foreseeable future at the time of approving the financial statements.

On behalf of the board



Gerard Carolan
Director & Company Secretary

Gourmet Burger Kitchen Limited

DIRECTORS' REPORT

The directors submit their report and the financial statements of Gourmet Burger Kitchen Limited for the period ended 28 February 2016.

A description of the Company's principal activities and future developments, its principal risks and uncertainties and its key performance indicators can be found in the Strategic Report on pages 2 and 3.

Directors

The following directors have held office since 22 February 2015:

RAG 'T Hooft
CF Luyckx
AD Murdoch
G Carolan

Dividends

No dividends were declared in the period (2015: £Nil).

Employees

Full and fair consideration is given to employment applications from disabled persons having regard to their particular aptitude and abilities. So far as is practicable, arrangements are made to continue the employment of an employee who becomes disabled.

The development of employee involvement in the company's business is kept under regular review and the directors are committed to encouraging greater involvement of all employees. Formal and informal briefing of employees takes place as appropriate.

The group takes all reasonable steps to ensure that all employment conditions are applied regardless of sex, race, colour, ethnic background, religion or disability.

Directors' liability insurance and indemnity

The Company has arranged insurance cover in respect of legal action against its Directors. To the extent permitted by UK law, the Company also indemnifies the Directors.

Disclosure of information to the auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information. This confirmation is given and should be interpreted in accordance with Section 418 of the Companies Act 2006.

Political and charitable contributions

During the period the Company made no political contributions (2015: £Nil). The Company made charitable donations of £0 (2015: £12,000). Charitable events are also organised by restaurants for organisations in their locality.

Gourmet Burger Kitchen Limited

DIRECTORS' REPORT

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



G. Carolan
Director & Company Secretary

Gourmet Burger Kitchen Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with IFRSs as adopted by the EU and applicable law.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GOURMET BURGER KITCHEN LIMITED

We have audited the financial statements of Gourmet Burger Kitchen Ltd for the period ended 28 February 2016 set out on pages 8 to 26. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 28 February 2016 and of its profit for the period then ended;
- have been properly prepared in accordance with IFRSs as adopted by the EU; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

William Smith (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Gateway House
Tollgate
Chandlers Ford
Southampton
SO53 3TG

29/07/2016

Gourmet Burger Kitchen Limited

INCOME STATEMENT

For the period ended 28 February 2016

	Note	Period ended 28 February 2016 £'000	Period ended 22 February 2015 £'000
Revenue	1	67,417	55,807
Cost of sales		(38,632)	(32,452)
Gross profit		<u>28,785</u>	<u>23,355</u>
Administrative expenses		(23,110)	(20,177)
Operating profit	2	<u>5,675</u>	<u>3,178</u>
Financial expenses	4	(2,347)	(2,064)
Profit on ordinary activities before taxation		<u>3,328</u>	<u>1,114</u>
Taxation	5	(977)	109
Profit for the period		<u><u>2,351</u></u>	<u><u>1,223</u></u>

The operating profit for the period arises from the Company's continuing operations. The profit for the period represents the Company's historical cost profit.

No separate Statement of Other Comprehensive Income has been presented as all such gains and losses have been dealt with in the income statement.

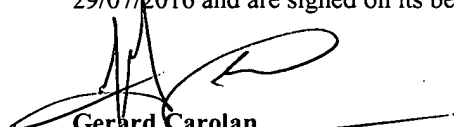
Gourmet Burger Kitchen Limited

STATEMENT OF FINANCIAL POSITION

At 28 February 2016

	Note	28 February 2016 £'000	22 February 2015 £'000
Non-current assets			
Intangible assets	6	174	132
Property, plant and equipment	7	45,556	40,108
Investments	8	1	1
Trade and other receivables	10	93	93
		45,824	40,334
Current assets			
Inventories	9	1,334	1,070
Trade and other receivables	10	2,615	1,760
Cash and cash equivalents		2,190	3,826
		6,139	6,656
Total assets		51,963	46,990
Current liabilities			
Trade and other payables	11	(15,923)	(13,738)
Tax payable		(460)	-
		(16,383)	(13,738)
Non-current liabilities			
Deferred tax liabilities	12	(1,072)	(555)
Due to inter-group parties	13	(25,666)	(26,206)
		(26,738)	(26,761)
Total liabilities		(43,121)	(40,499)
Net assets		8,842	6,491
Equity			
Share capital	14	1	1
Share premium	15	174	174
Capital contribution reserve	16	1,197	1,197
Retained Earnings	17	7,470	5,119
Total equity		8,842	6,491

The financial statements on pages 8 to 26 were approved by the board of directors and authorised for issue on 29/07/2016 and are signed on its behalf by


Gerard Carolan
 Director & Company Secretary
 Registered number 3970045

Gourmet Burger Kitchen Limited

STATEMENT OF CASH FLOWS

For the period ended 28 February 2016

	Note	Period ended 28 February 2016	Period ended 22 February 2015
		£'000	£'000
Cash flows from operating activities			
Profit for the period		2,351	1,223
Adjustments for:			
Taxation	5	977	(109)
Financial expenses	4	2,347	2,064
Depreciation and amortisation		4,530	4,096
Net loss on disposal of property, plant and equipment		44	-
Cash generated from operating activities before working capital changes		10,249	7,274
(Increase)/decrease in inventories		(264)	(30)
(Increase)/decrease in trade and other receivables		(855)	397
Increase in trade and other payables		115	1,755
Cash generated from operations		9,245	9,396
Interest paid		-	-
Tax paid		-	-
Net cash flows from operating activities		9,245	9,396
Acquisition of property, plant and equipment and intangible assets		(10,020)	(8,530)
Net proceeds from sales of property, plant and equipment		(44)	-
Net cash flows from investing activities		(10,064)	(8,530)
Cash flows from financing activities			
Proceeds from new loan		1,530	5,427
Dividends paid		-	-
Interest paid		(2,347)	(2,064)
Repayment of borrowings		-	-
Net cash flows from financing activities		(817)	3,363
Net increase/(decrease) in cash and cash equivalents		(1,636)	4,229
Opening cash and cash equivalents		3,826	(403)
Closing cash and cash equivalents		2,190	3,826

Gourmet Burger Kitchen Limited

STATEMENT OF CHANGES IN EQUITY

For the period ended 28 February 2016

	Share Capital	Share Premium	Retained Earnings	Capital Contribution Reserve	Total Equity
	£000	£000	£000	£000	£000
Balance at 23 February 2014	1	174	3,896	1,197	5,268
Total Comprehensive Income for the Period					
Profit for the period	-	-	1,223	-	1,223
Dividends paid	-	-	-	-	-
Charge in relation to share based payments	-	-	-	-	-
Balance at 22 February 2015	1	174	5,119	1,197	6,491

	Share Capital	Share Premium	Retained Earnings	Capital Contribution Reserve	Total Equity
	£000	£000	£000	£000	£000
Balance at 22 February 2015	1	174	5,119	1,197	6,491
Total Comprehensive Income for the Period					
Profit for the period	-	-	2,351	-	2,351
Dividends paid	-	-	-	-	-
Charge in relation to share based payments	-	-	-	-	-
Balance at 28 February 2016	1	174	7,470	1,197	8,842

Gourmet Burger Kitchen Limited

ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below.

Gourmet Burger Kitchen Limited ("the company") is a company incorporated and domiciled in the UK.

The company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the company as an individual undertaking and not about its group.

BASIS OF PREPARATION

The company financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs").

GOING CONCERN

Notwithstanding the net current liability position of the company, the financial statements have been prepared on a going concern basis. After making appropriate inquiries and reviewing responses from the wider group of companies that Gourmet Burger Kitchen Limited is part of, and based on the fact that the company produces substantial operating cash flow, the Directors are of the view that the company has adequate resources to continue in operational existence for the foreseeable future at the time of approving the financial statements. The principal risks and uncertainties facing the Group are set out in the Strategic Report on pages 2 and 3.

REVENUE RECOGNITION

Revenue represents the fair value of consideration received or receivable, net of Value Added Tax, of goods sold and services provided to customers after deducting discounts. Revenue is recognised when significant risks and rewards of ownership are transferred.

INTANGIBLE ASSETS

Intangible non-current assets which mainly comprise trademarks and licences are stated at historical cost less amortisation. Amortisation is provided in order to write off each asset over its estimated useful life at a rate of 5% to 10% straight line.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at historical cost less depreciation. Depreciation is provided on all tangible non-current assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:-

Leasehold properties and improvements	over lease term or renewal term
Plant and equipment	20% to 33% straight line
Furniture, fixtures and fittings	10% straight line
Motor Vehicles	25% straight line

Depreciation is charged from the date when the asset is brought into use. Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

Gourmet Burger Kitchen Limited

ACCOUNTING POLICIES

INVESTMENTS

Long term investments in subsidiary undertakings and other long term investments are classified as non-current assets and stated at cost in the Company's statement of financial position.

Provision is made for any impairment in the value of fixed asset investments.

INVENTORIES

Inventories are valued at the lower of cost and net realisable value. Net realisable value is based upon estimated selling price less further costs expected to be incurred to completion and disposal. Provision is made for obsolete and slow-moving items.

FOREIGN CURRENCIES

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the statement of financial position date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the income statement.

TAXATION

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the statement of financial position date. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the statement of financial position date. Deferred tax is measured on a non-discounted basis.

PENSIONS

The amount charged to the income statement in respect of pension costs is the contributions payable to money purchase schemes in the period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the statement of financial position.

OPERATING LEASE PAYMENTS

Where assets are financed by leasing agreements that do not give rights approximating to ownership the leases are defined as "operating leases" and the annual rentals are charged to the income statement on a straight line basis over the lease term.

Rent free periods or other incentives received for entering into a lease are accounted for over the period of the lease so as to spread the benefit received over the period to the lease end.

PROVISIONS

Provisions are recognised when the Company has a present obligation as a result of a past event and it is probable the Company will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the statement of financial position date and are discounted to present value where the effect is material.

Gourmet Burger Kitchen Limited

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 28 February 2016

1 REVENUE AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The Company's revenue and profit before taxation were all derived from its principal activity which is carried on entirely within the United Kingdom. The Directors consider that there is only one class of business.

2 OPERATING PROFIT

	Period ended 28 February 2016 £'000	Period ended 22 February 2015 £'000
Operating profit is stated after charging:		
Depreciation, amortisation and amounts written off:		
- Depreciation of owned property, plant and equipment	4,525	4,080
- Amortisation of intangible non-current assets	5	3
- Impairment of property, plant and equipment (note 7)	-	13
Auditors' remuneration		
- audit of these financial statements	12	12
- other services relating to taxation	3	3
- other services	-	-
Operating lease rentals:		
- Land and buildings	6,546	5,685
- Other	-	4
Restaurant opening costs	1,185	942
(Profit)/Loss on disposal of other assets	44	6

3 EMPLOYEES

	Period ended 28 February 2016 No.	Period ended 22 February 2015 No.
The average monthly number of persons (including directors) employed by the Company, analysed by category, during the period were:		
Administration and management	16	16
Restaurant and distribution	1,609	1,427
	1,625	1,443
	Period ended 28 February 2016 £'000	Period ended 22 February 2015 £'000
The aggregate payroll costs of these persons were as follows:		
Wages and salaries	20,381	17,223
Social security costs	1,213	1,078
	21,594	18,301

Gourmet Burger Kitchen Limited

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 28 February 2016

EMPLOYEES (continued)

DIRECTORS' REMUNERATION

No Directors received any emoluments or pension benefits from the Company.

4	FINANCIAL EXPENSES	Period ended 28 February 2016 £'000	Period ended 22 February 2015 £'000
	Bank loans and overdrafts	-	-
	Loan interest	2,347	2,064
	Finance charges payable in respect of finance leases	-	-
		<u>2,347</u>	<u>2,064</u>

Gourmet Burger Kitchen Limited

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 28 February 2016

5	TAXATION	Period ended 28 February 2016 £'000	Period ended 22 February 2015 £'000
	Current taxation expense		
	Current tax on income for the period	460	-
	Adjustments in respect of prior periods	-	-
	Group relief paid for	-	-
		<u>460</u>	<u>-</u>
	Deferred tax (see note 12)		
	Change in tax rate	-	(34)
	Origination/(reversal) of timing differences	453	250
	Adjustments in respect of prior periods	64	(325)
		<u>977</u>	<u>(109)</u>
	Total tax expense		
		<u>977</u>	<u>(109)</u>
	Total tax reconciliation:	Period ended 28 February 2016 £'000	Period ended 22 February 2015 £'000
	Profit on ordinary activities before tax	3,328	1,114
	Current tax at 20% (2015: 21%)	<u>666</u>	<u>234</u>
	Effect of:		
	Expenses not deductible for tax purposes	-	1
	Ineligible depreciation	440	418
	Group relief not paid for	(176)	(390)
	Differential in tax rate for timing differences	-	(34)
	Adjustments in respect of prior periods	64	(325)
	(Reversal)/Origination of timing differences	(17)	(13)
		<u>977</u>	<u>(109)</u>
	Total tax charged (see above)		
		<u>977</u>	<u>(109)</u>

Gourmet Burger Kitchen Limited

NOTES TO THE FINANCIAL STATEMENTS for the period ended 28 February 2016

6 INTANGIBLE ASSETS

	Trademarks and licences £'000
Cost	
At 23 February 2014	142
Additions	16
	<hr/>
At 22 February 2015	158
	<hr/>
Amortisation	
At 23 February 2014	23
Charged in the period	3
	<hr/>
At 22 February 2015	26
	<hr/>
Net book value	
At 22 February 2015	132
	<hr/> <hr/>
At 23 February 2014	119
	<hr/> <hr/>
	Trademarks and licences £'000
Cost	
At 22 February 2015	158
Additions	47
	<hr/>
At 28 February 2016	205
	<hr/>
Amortisation	
At 22 February 2015	26
Charged in the period	5
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At 28 February 2016	31
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Net book value	
At 28 February 2016	174
	<hr/> <hr/>
At 22 February 2015	132
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Gourmet Burger Kitchen Limited

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 28 February 2016

7 PROPERTY, PLANT AND EQUIPMENT

	Short term leasehold properties £'000	Assets in the course of construction £'000	Plant and equipment £'000	Furniture, fixtures and fittings £'000	Motor vehicles £'000	Total £'000
Cost						
At 23 February 2014	48,167	103	7,832	4,830	142	61,074
Additions	4,776	1,264	1,258	1,217	-	8,515
Reclassification	-	-	-	-	-	-
Disposals	(1,615)	-	(1,226)	(97)	-	(2,938)
At 22 February 2015	51,328	1,367	7,864	5,950	142	66,651
Accumulated depreciation						
At 23 February 2014	18,300	-	5,360	1,659	69	25,388
Charged in the period	2,645	-	921	490	24	4,080
Reclassification	-	-	-	-	-	-
Impairment	2	-	5	6	-	13
Disposals	(1,615)	-	(1,226)	(97)	-	(2,938)
At 22 February 2015	19,332	-	5,060	2,058	93	26,543
Net book value						
At 22 February 2015	31,996	1,367	2,804	3,892	49	40,108
At 23 February 2014	29,867	103	2,472	3,171	73	35,686

Gourmet Burger Kitchen Limited

NOTES TO THE FINANCIAL STATEMENTS for the period ended 28 February 2016

PROPERTY, PLANT AND EQUIPMENT (continued)

	Short term leasehold properties £'000	Assets in the course of construction £'000	Plant and equipment £'000	Furniture, fixtures and fittings £'000	Motor vehicles £'000	Total £'000
Cost						
At 22 February 2015	51,328	1,367	7,864	5,950	142	66,651
Additions	5,210	1,890	1,530	1,343	-	9,973
Reclassification	465	(533)	45	23	-	-
Disposals	(946)	-	(106)	(51)	(12)	(1,115)
At 28 February 2016	56,057	2,724	9,333	7,265	130	75,509
Accumulated depreciation						
At 22 February 2015	19,332	-	5,060	2,058	93	26,543
Charged in the period	2,728	-	1,149	624	24	4,525
Reclassification	-	-	-	-	-	-
Impairment	-	-	-	-	-	-
Disposals	(946)	-	(106)	(51)	(12)	(1,115)
At 28 February 2016	21,114	-	6,103	2,631	105	29,953
Net book value						
At 28 February 2016	34,943	2,724	3,230	4,634	25	45,556
At 22 February 2015	31,996	1,367	2,804	3,892	49	40,108

Impairment review

The Company considers each restaurant to be a CGU and each CGU is reviewed at the Statement of Financial Position date for indicators of impairment.

Property, Plant and Equipment and Intangibles are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable or as otherwise required by relevant accounting standards.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of net realisable value and value-in-use, are recognised as impairments.

All impairment losses are recognised in the income statement.

All CGUs generated adequate returns to satisfy the above conditions so there were no indicators of impairment, which would lead to a full impairment review.

Gourmet Burger Kitchen Limited

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 28 February 2016

8 INVESTMENTS

Cost and net book value	Subsidiaries £'000	Other £'000	Total £'000
At 22 February 2015	1	-	1
Additions	-	-	-
Impairments	-	-	-
At 28 February 2016	<u>1</u>	<u>-</u>	<u>1</u>

Subsidiaries:

The Company owns more than 20% of the equity of the following undertakings:

Name of subsidiary	Class of Holding	Proportion held directly	Nature of business
Gourmet Burger Limited	Ordinary	100%	Dormant
GBK Franchises Limited	Ordinary	100%	Franchising
GBK Retail Limited	Ordinary	100%	Retail
Gourmet Burger Kitchen (Ireland) Limited	Ordinary	100%	Dormant

Gourmet Burger Limited, GBK Franchises Limited, GBK Retail Limited are registered in England and Wales. Gourmet Burger Kitchen (Ireland) Limited is registered in Ireland.

The Company has relied on the exemption under section 400 of the Companies Act 2006 from preparing group accounts as the Company itself is a subsidiary of Nando's Group Holding Limited, a company registered in England and Wales, and is included in the consolidated accounts of that company.

9 INVENTORIES

	28 February 2016 £'000	22 February 2015 £'000
Raw materials and consumables	<u>1,334</u>	<u>1,070</u>

Gourmet Burger Kitchen Limited

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 28 February 2016

10	TRADE AND OTHER RECEIVABLES	28 February 2016 £'000	22 February 2015 £'000
	Current:		
	Trade receivables	695	335
	Amounts due from group undertakings	720	576
	Other receivables	-	-
	Prepayments and accrued income	1,200	849
		<u>2,615</u>	<u>1,760</u>
	Non-Current:		
	Other receivables	93	93
		<u>2,708</u>	<u>1,853</u>
11	TRADE AND OTHER PAYABLES: Current	28 February 2016 £'000	22 February 2015 £'000
	Trade payables	5,627	4,824
	Amounts due to group undertakings	1,014	-
	Other taxation and social security	1,731	1,507
	Other payables	589	869
	Accruals and deferred income	6,962	6,538
		<u>15,923</u>	<u>13,738</u>

Gourmet Burger Kitchen Limited

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 28 February 2016

12 DEFERRED TAX LIABILITIES

	Taxation including deferred taxation £'000
At beginning of period	(555)
Change in tax rate	-
Adjustment in respect of prior periods	(64)
Origination/(reversal) of timing differences	(453)
At end of period	<u>(1,072)</u>

The elements of deferred taxation are as follows:

	28 February 2016 £'000	22 February 2015 £'000
Difference between accumulated depreciation and capital allowances	(1,072)	(555)
Short term timing differences	-	-
	<u>(1,072)</u>	<u>(555)</u>

A reduction in the UK corporation tax rate from 21% to 20% was effective from April 2015. This will reduce the company's future current tax charge accordingly. The deferred tax liability at 28 February 2016 has been calculated based on the rate of 20% (2015: 20%) substantially enacted at the statement of financial position date.

The UK Government has further announced that the UK corporation tax rate will reduce to 19% (effective 1 April 2017) and then to 17% (effective 1 April 2020). It has not been possible to quantify the full anticipated effect of these rate reductions, although they will further reduce the Company's future current tax charge and reduce the Company's deferred tax liability accordingly.

13 AMOUNTS DUE TO INTER-GROUP PARTIES

	28 February 2016 £'000	22 February 2015 £'000
Amounts due to inter-group parties	<u>(25,666)</u>	<u>(26,206)</u>

Gourmet Burger Kitchen Ltd is part of group wide long term funding arrangements as part of a wider group of companies and accesses this funding through loans from GBK Restaurants Ltd. Included in amounts due to group undertakings is £25.7m (2015: £24.2m) in relation to a loan arrangement with GBK Restaurants Ltd. The loan bears interest at 9.5%. Net interest of £2.35m (2015: £2.06m) was paid during the period.

Gourmet Burger Kitchen Limited

NOTES TO THE FINANCIAL STATEMENTS for the period ended 28 February 2016

14	SHARE CAPITAL	28 February 2016 £'000	22 February 2015 £'000
	Authorised: 1,000 (2015: 1,000) ordinary shares of £1 each	1	1
	Allotted, issued and fully paid: 560 (2015: 560) ordinary shares of £1 each	1	1
15	SHARE PREMIUM ACCOUNT	28 February 2016 £'000	22 February 2015 £'000
	Balance	174	174
16	CAPITAL CONTRIBUTION RESERVE	28 February 2016 £'000	22 February 2015 £'000
	Opening reserve	1,197	1,197
	Share based payments	-	-
	Closing reserve	1,197	1,197
17	RETAINED EARNINGS	28 February 2016 £'000	22 February 2015 £'000
	Opening balance	5,119	3,896
	Profit for the financial period	2,351	1,223
	Closing balance	7,470	5,119

The capital contribution reserve arose from share based payment transactions occurring in prior periods and concerning the shares of the parent company.

Gourmet Burger Kitchen Limited

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 28 February 2016

18 COMMITMENTS UNDER OPERATING LEASES

	28 February 2016 £'000	22 February 2015 £'000
Non-cancellable operating lease rentals are payable as follows:		
Less than one year	6,811	6,575
Between two and five years	26,844	25,544
More than five years	67,749	68,234
	<u>101,404</u>	<u>100,353</u>

At 28 February 2016 the company operated 71 (2015: 63) restaurants which were all restaurants leased under operating leases.

19 RELATED PARTIES

During the period there were the following related party transactions:

- a) Nando's Group Holdings Limited, a related party in which CF Luyckx and RAG 'T Hooft are directors, shared certain services with GBK. As part of these services the Company invoiced £80,186 (2015: £416,275) to Nando's Group Holdings Limited. The balance receivable outstanding as at 28 February 2016 from Nando's Group Holdings Limited was £10,400 (2014: £Nil).
- b) The Company held accruals as at 28 February 2016 for un-invoiced costs from Nando's Group Holdings Limited of £Nil (2015: £139,435). Un-invoiced costs accrued during the period amounted to £Nil (2015: £69,435). Nando's Group Holdings Limited invoiced £Nil (2015: £Nil) to the Company. The balance payable outstanding as at 28 February 2016 to Nando's Group Holdings Limited was £Nil (2015: £Nil).
- c) Expenses of £3,000 (2015: £5,000) were recharged to Yellowwoods Associates UK Limited, a company in which CF Luyckx is a director.
- d) A motor vehicle was sold to The London Larder Company Limited ("LLC") for £5,500 including VAT and a balance receivable of that amount was outstanding at 28 February 2016 and was paid in full in April 2016. AD Murdoch is a director of LLC. The vehicle had become fully depreciated before the sale and a profit on disposal of £5,500 was recognised.
- e) During the period, the company recognised £12,258 (2015: £11,400) of rental income from renting a flat to AD Murdoch.
- f) The Company held accruals for un-invoiced revenue of £109,208 (2015: £106,660) from GBK Franchises Ltd, a group undertaking, for management fees. Un-invoiced revenue accrued during the period amounted to £109,208 (2015: £106,660).
- g) Management fees of £445,423 (2015: £396,783) and interest payable fees of £2,351,079 (2015: £2,060,750) were invoiced from GBK Restaurants Ltd, a group undertaking. A further £504,000 was accrued during the period for un-invoiced management fees. The balance payable outstanding at period end is included in the balance as set out in "Due to Inter-Group Parties" in the Statement of financial position.
- h) The balances as set out in notes 10, 11 and 13.

Gourmet Burger Kitchen Limited

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 28 February 2016

20 CONTROLLING PARTY

The Company's immediate parent company is GBK Restaurants Limited, incorporated in the United Kingdom and conducting business from Suite C, 1 Lindsey Street, London EC1A 9HP. The ultimate parent company is L Perlman SECS, incorporated in Luxembourg and conducting business from 4 Boulevard de la Foire, L-1528, Luxembourg. No consolidated accounts of this group are available

The largest group in which the results of the Company are consolidated is that headed by Nando's Group Holdings Limited that owns 72.97% of the share capital of GBK Restaurants Limited, and is incorporated in England. No other group financial statements include the results of the Company. The consolidated financial statements of the group are available to the public and may be obtained from St Mary's House, 42 Vicarage Crescent, Battersea, London, SW11 3LD.

21 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company's principal financial instruments comprise bank borrowings (including overdrafts), loans from its parent undertaking, cash balances, trade and other receivables and trade and other payables which arise directly from its operations. The agreed policies for managing the financial risks are summarised below:

Interest rate risk.

The Company's exposure to market risk for changes in interest rates relates to the company's bank borrowings. When seeking borrowings the Directors consider the commercial terms available and, in consultation with their advisors, consider whether such terms should be fixed or variable and are appropriate to the business. The policy of the Company is to utilise its bank borrowings to stabilise the cash flows of the Company. Cash balances are placed so as to maximise interest earned while maintaining the liquidity requirements of the business. The Directors regularly review the placing of cash balances.

Liquidity Risk.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the effect of netting arrangements.

	Carrying Amount £'000	Contractual Cash Flows £'000	2016			
			1 year or less £'000	1 to < 2 years £'000	2 to < 5 years £'000	5 years and over £'000
Non-derivative financial liabilities						
Trade and other payables	41,589	41,589	15,923	25,666	-	-
	<u>41,589</u>	<u>41,589</u>	<u>15,923</u>	<u>25,666</u>	<u>-</u>	<u>-</u>
	Carrying Amount £'000	Contractual Cash Flows £'000	2015			
			1 year or less £'000	1 to < 2 years £'000	2 to < 5 years £'000	5 years and over £'000
Non-derivative financial liabilities						
Trade and other payables	39,944	39,944	39,944	-	-	-
	<u>39,944</u>	<u>39,944</u>	<u>39,944</u>	<u>-</u>	<u>-</u>	<u>-</u>

Gourmet Burger Kitchen Limited

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 28 February 2016

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk.

The Company's credit risk is primarily attributable to its trade and other receivables from group companies as well as other parties and are from the geographical region of the United Kingdom. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Group's management based on prior experience and their assessment of the current trading environment. Trade receivables at the Balance sheet date have not passed due date.

Foreign currency risk.

Foreign exchange exposure is currently not significant to the company as all trade occurs in the UK.

Capital management.

The company's primary objective in regard to capital management is to ensure that it continues to operate as a going concern and has sufficient funds at its disposal to grow the business going forward.

The company aims to maintain sufficient funds for working capital and future investment in order to meet growth targets. These matters are considered at regular intervals and form part of the business planning and budgeting processes.