

# GOURMET BURGER KITCHEN LIMITED

## REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED  
23 FEBRUARY 2014



# Gourmet Burger Kitchen Limited

## DIRECTORS AND OFFICERS

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### DIRECTORS

RAG 'T Hooft  
CF Luyckx  
AD Murdoch  
NCW Wong (resigned 31 December 2013)

### SECRETARY

NCW Wong (resigned 31 December 2013)  
T Brown (appointed 1 January 2014 and resigned 1 May 2014)  
G Carolan (appointed 1 May 2014)

### REGISTERED OFFICE

Suite C  
1 Lindsey Street  
London  
EC1A 9HP

### AUDITOR

KPMG LLP  
Dukes Keep  
Marsh Lane  
Southampton  
SO14 3EX

# Gourmet Burger Kitchen Limited

## STRATEGIC REPORT

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The Directors of Gourmet Burger Kitchen Ltd (“GBK” or “the Company”) present their Strategic Report for the year ended 23 February 2014.

### 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 year ended 23 February 2014 are set out in the profit and loss account on page 8.

We continued our programme of organic openings during the year, opening 3 (11 months ended 24 February 2013: 5) new restaurants and increasing the number operated by GBK to 60 restaurants as at 23 February 2014 (2013: 57).

Turnover increased 24% to £50.5m (11 months ended 24 February 2013: £40.7m).

Gross profit increased by 26% to £20.5m (2013: £16.2m) and gross profit margin was 40.5% (2013: 39.8%).

Administrative expenses for the year include loss on impairment of the tangible fixed assets of two restaurants amounting to £1.3m (2013: £0.5m). Administrative expenses for the year increased 23% to £18.6m (2013: £15.0m) reflecting the larger impairment charge, the longer accounting period and the increased number of restaurants in the estate.

As a result of the above, the Company achieved a 63% increase in profit before restaurant opening costs, cost of fundamental reorganization and interest for the period, achieving £1.9m (2013: £1.2m).

Restaurant opening costs for the year decreased 32% to £0.6m (2013: £0.9m) largely due to the higher number of openings in the 11 months ended 24 February 2013.

Net cash flow from operating activities increased 64% to £8.5m (2013: £5.2m) driven by the increased profitability of the Company. After interest, tax and capital expenditure, net debt increased by £0.8m in the period to £18.8m (2013: £18.0m).

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

#### *UK Economy*

The UK economy is in a period of growth, employment levels remain high and there is an increased expectation of real-terms earnings growth and, related to this, consumer spending has become stronger. While positioning the business to benefit from these trends, we remain aware that governments and central banks are still dealing with the aftermath of the global financial crisis and that this may result in a chance of rapid changes in the UK economy. There is evidence that the casual dining market is continuing to benefit from long term trends in spending patterns and this may reduce the impact on GBK of fluctuations in the underlying economy. Investment has been made in GBK’s loyalty scheme, the customer value experience and the quality of our offer and we believe that these steps (along with others) position the business well to perform well relative to fluctuations in the underlying economy. However, the Directors of GBK remain aware of the risks.

#### *Employees*

# Gourmet Burger Kitchen Limited

## STRATEGIC REPORT

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The Company recognises its continuing development 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 the Company. 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.

### *Supply Chain*

Food cost inflation remains relatively benign but global demographic, economic and environmental changes may create a risk of higher food cost in the future. Accordingly, GBK takes steps to ensure good supply chain management working with key suppliers. To mitigate the effects of short term price fluctuations, longer-term fixed price contracts are entered into where possible and appropriate.

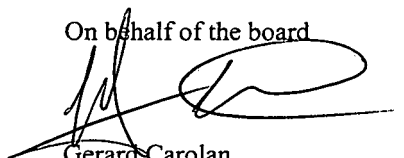
### *Competition*

The company 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.

### *Property*

The Company aims to use high-quality new openings as a driver of growth in the business and competition for high quality sites has intensified. The Directors believe that the strength of the GBK team, brand and business positions the Company well to continue to secure high-quality sites despite these pressures.

On behalf of the board



Gerard Carolan  
Company Secretary  
30/06/2014

# Gourmet Burger Kitchen Limited

## DIRECTORS' REPORT

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The directors submit their report and the financial statements of Gourmet Burger Kitchen Limited for the year ended 23 February 2014.

### Principal activities

The principal activity of the company during the period was that of operating gourmet burger restaurants.

### Review of the business and future developments

The results for the year ended 23 February 2014 are set out in the company profit and loss account on page 8.

Turnover increased 24% to £50,496,000 (11 months ended 23 February 2013: £40,653,000). The company achieved a 63% increase in profit before restaurant opening costs, cost of fundamental reorganisation and interest for the period of £1,884,000 (2013: £1,156,000). The company recorded a loss for the period of £74,000 (2013: £206,000).

During the period, the company opened 3 (2013: 5) new restaurants taking the total number of restaurants operated by the company as at 23 February 2014 to 60. The company will open further restaurants over the coming years.

### Dividends

No dividends were declared in the period (2013: £Nil).

### Principal risks and uncertainties

The Directors consider the principal risks faced by the company to be those detailed in the Strategic Report on pages 2 and 3. Risks are formally reviewed by the board and appropriate processes put in place to monitor and mitigate them.

### Financial risk management

The board of directors regularly reviews the financial requirements of the company and the risks associated therewith. The company does not use complicated financial instruments, and where financial instruments are used it is for reducing interest rate risk. The company does not trade in financial instruments. Company operations are primarily financed from retained earnings, loans from its parent undertaking and bank borrowings (including overdraft facilities). In addition to the primary financial instruments, the company also has other financial instruments such as debtors, prepayments, trade creditors and accruals that arise directly from the company's operations.

### Key performance indicators

The directors have considered the performance during the period with regards to key performance indicators. Turnover increased 24% to £50,496,000 (11 months ended 24 February 2013: £40,653,000). The company achieved a 63% increase in profit before restaurant opening costs, cost of fundamental reorganisation and interest for the period of £1,884,000 (2013: £1,156,000).

### Directors

The following directors have held office since 24 February 2013:

RAG 'T Hooft

CF Luyckx

AD Murdoch

NCW Wong (resigned 31 December 2013)

# Gourmet Burger Kitchen Limited

## DIRECTORS' REPORT

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### **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.

### **Employment policy**

The company's policies respect the individual regardless of gender, age, race or religion. Where reasonable and practical under the existing legislation, all persons, including disabled persons, have been treated fairly and consistently, including matters relating to employment, training and career development.

The company takes a positive view of employee communication and has established systems for employee consultation and communication of developments. The company operates employee share schemes and a number of profit-related pay schemes as a means of further encouraging the involvement of employees in the company's performance.

### **Political and charitable contributions**

During the period the company made no political contributions (2013: £Nil). The company made charitable donations of £7,000 (2013: £18,000). Charitable events are also organised by restaurants for organisations in their locality.

### **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.

### **Going concern**

After making reasonable enquiries, the Board consider that the company has adequate resources and facilities to continue in operational existence for the foreseeable future and therefore the financial statements are prepared on a going concern basis.

### **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

Company Secretary  
30/06/2014

# Gourmet Burger Kitchen Limited

## DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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The directors are responsible for preparing 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 UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company 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 Limited for the period ended 23 February 2014 set out on pages 8 to 26. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with sections 495 and 496 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 auditors' 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 auditors**

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 web-site at [www.frc.org.uk/auditscopeukprivate.cfm](http://www.frc.org.uk/auditscopeukprivate.cfm).

### **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 23 February 2014 and of its loss for the period then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

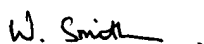
### **Opinion on other matter prescribed by the Companies Act 2006**

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  
Dukes Keep  
Marsh Lane  
Southampton  
SO14 3EX

30/06/2014



# Gourmet Burger Kitchen Limited

## PROFIT AND LOSS ACCOUNT

for the period ended 23 February 2014

	Notes	Year ended 23 February 2014	11 months ended 24 February 2013
		£'000	£'000
<b>TURNOVER</b>	1	50,496	40,653
Cost of sales		(30,037)	(24,454)
<b>Gross profit</b>		<u>20,459</u>	<u>16,199</u>
Administrative expenses	2	(18,575)	(15,043)
<b>Profit before restaurant opening costs, cost of fundamental reorganisation and interest</b>		<u>1,884</u>	<u>1,156</u>
Restaurant opening costs	3	(638)	(937)
<b>Operating profit</b>	4	<u>1,246</u>	<u>219</u>
Cost of fundamental reorganisation		-	(10)
Loss on disposal		(8)	(49)
<b>Profit/(loss) on ordinary activities before interest</b>		<u>1,238</u>	<u>160</u>
Investment income	6	0	10
Interest payable	7	(1,356)	(857)
<b>Loss on ordinary activities before taxation</b>		<u>(118)</u>	<u>(687)</u>
Taxation	9	44	481
<b>Loss for the period</b>	21	<u>(74)</u>	<u>(206)</u>

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

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the profit and loss account.

# Gourmet Burger Kitchen Limited

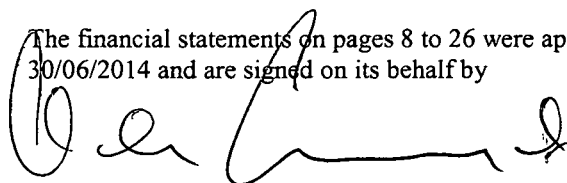
## BALANCE SHEET

23 February 2014

Company registration number: 3970045

	Notes	23 February 2014 £'000	24 February 2013 £'000
<b>Fixed assets</b>			
Intangible assets	10	121	122
Tangible assets	11	35,686	32,672
Investments	12	1	1
		<u>35,808</u>	<u>32,795</u>
<b>Current assets</b>			
Stocks	13	1,040	1,014
Debtors	14	1,941	1,585
Cash at bank and in hand		464	431
		<u>3,445</u>	<u>3,030</u>
<b>Creditors: amounts falling due within one year</b>	15	(11,107)	(9,736)
<b>Net current liabilities</b>		<u>(7,662)</u>	<u>(6,706)</u>
<b>Total assets less current liabilities</b>		<u>28,146</u>	<u>26,089</u>
<b>Creditors: amounts falling due after more than one year</b>	16	(21,106)	(18,965)
<b>Provisions for liabilities</b>	17	(896)	(906)
<b>Net assets</b>		<u><u>6,144</u></u>	<u><u>6,218</u></u>
<b>Capital and reserves</b>			
Called up share capital	18	1	1
Share premium	19	174	174
Capital contribution reserve	20	1,197	1,197
Profit and loss account	21	4,772	4,846
<b>Equity shareholders' funds</b>	22	<u><u>6,144</u></u>	<u><u>6,218</u></u>

The financial statements on pages 8 to 26 were approved by the board of directors and authorised for issue on 30/06/2014 and are signed on its behalf by



**CF Luyckx**  
Director

# Gourmet Burger Kitchen Limited

## CASH FLOW STATEMENT

For the period ended 23 February 2014

	<i>Notes</i>	Year ended 23 February 2014	11 months ended 24 February 2013
		£'000	£'000
Net cash flow from operating activities	24A	8,474	5,157
Returns on investments and servicing of finance	24B	(1,356)	(847)
Taxation		33	280
Capital expenditure and financial investment	24B	(7,953)	(8,866)
Cash (outflow)/inflow before use of liquid resources and financing		(803)	(4,276)
Financing	24B	(30)	5,743
<b>Increase/(decrease) in cash in the period</b>		<b>(833)</b>	<b>1,467</b>

### RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	<i>Notes</i>	Year ended 23 February 2014	11 months ended 24 February 2013
		£'000	£'000
Increase/(decrease) in cash in the period		(833)	1,467
Cash (inflow)/outflow from change in debt		30	(5,743)
Movement in net debt in the period		(803)	(4,276)
Net debt at the beginning of the period		(18,000)	(13,724)
<b>Net debt at end of the period</b>	24C	<b>(18,803)</b>	<b>(18,000)</b>

# Gourmet Burger Kitchen Limited

## ACCOUNTING POLICIES

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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.

### BASIS OF PREPARATION

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules

As the Company is a wholly owned subsidiary of GBK Restaurants Limited, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of the group.

### GOING CONCERN

The financial statements have been prepared on a going concern basis. After making appropriate enquiries and based on the fact that the company produces substantial operating cash flow, the Directors have a reasonable expectation 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.

### TURNOVER RECOGNITION

Turnover 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. Turnover is recognised when significant risks and rewards of ownership are transferred.

### DEFERRED REVENUE

The Company operates a loyalty programme where certain products are provided when a specified number of points are collected, subject to satisfaction of further qualifying criteria. The fair value of the points issued are estimated and deferred until such time that the loyalty programme rewards are redeemed.

### INTANGIBLE FIXED ASSETS

Intangible fixed 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.

### TANGIBLE FIXED ASSETS

Fixed assets are stated at historical cost less depreciation. Depreciation is provided on all tangible fixed 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	20% straight line

Depreciation is charged from the date when the asset is brought into use.

### IMPAIRMENT

Fixed assets 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. Impairments of revalued assets, except those caused by a clear consumption of economic benefit, are recognised in the statement of total recognised gains and losses until the carrying amount reaches depreciated historic cost. All other impairment losses are recognised in the profit and loss account

# Gourmet Burger Kitchen Limited

## ACCOUNTING POLICIES

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### INVESTMENTS

Long term investments in subsidiary undertakings and other long term investments are classified as fixed assets and stated at cost in the company's balance sheet.

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

### STOCKS

Stocks 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 balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

### DEFERRED TAXATION

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet 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 balance sheet 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 substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

### PENSIONS

The amount charged to the profit and loss account in respect of pension costs is the contributions payable to money purchase schemes in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

### GOVERNMENT GRANTS

Grants are credited to deferred revenue. Grants towards capital expenditure are released to the profit and loss account over the expected useful life of the assets. Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred.

### LEASED ASSETS AND OBLIGATIONS

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 profit and loss 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 first rent review.

### 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 balance sheet date and are discounted to present value where the effect is material.

# Gourmet Burger Kitchen Limited

## ACCOUNTING POLICIES

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### SHARE BASED PAYMENTS

The company has applied the optional transitional exemptions in FRS 20 Share-based Payment and implemented its requirements for grants of equity instruments made after 7 November 2002.

GBK Restaurants Limited issued equity-settled share based payments to certain employees involved in the operations of Gourmet Burger Kitchen Limited. The fair value of share-based payments is determined at the date of the grant and expensed with a corresponding increase in equity on a straight-line basis over the vesting period, based on the estimate of the shares that will eventually vest, in accordance with the UITF 44 'Group and Treasury Share Transactions'. The amount expensed is adjusted over the vesting period for changes in the estimate of the number of shares that will eventually vest, save for changes resulting from any market-related performance conditions.

The fair value of share-based payments granted in the form of options is measure by the use of the Black-Scholes valuation technique, adjusted for future dividend receipts and for any market-related performance conditions.

# Gourmet Burger Kitchen Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the period ended 23 February 2014

### 1 TURNOVER AND LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

The company's turnover and loss 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 ADMINISTRATIVE EXPENSES

	Year ended 23 February 2014 £'000	11 months ended 24 February 2013 £'000
Administrative expenses	18,664	15,165
Rent receivable	(89)	(122)
	<u>18,575</u>	<u>15,043</u>

### 3 RESTAURANT OPENING COSTS

The restaurant opening costs represent costs incurred up to the date of opening a new restaurant that are written off to the profit and loss account in the period in which they are incurred.

### 4 OPERATING PROFIT

	Year ended 23 February 2014 £'000	11 months ended 24 February 2013 £'000
Operating profit is stated after charging:		
Depreciation, amortisation and amounts written off:		
- Depreciation of owned tangible fixed assets	3,673	2,712
- Amortisation of intangible fixed assets	3	4
- Impairment of tangible fixed assets and investments (note 5)	1,261	468
Auditors' remuneration		
- audit of these financial statements	15	10
- other services relating to taxation	15	10
- other services relating to turnover certificates audit	7	2
Operating lease rentals:		
- Land and buildings	5,415	4,331
- Other	1	4
Restaurant opening costs (note 3)	638	937

Amounts receivable by the Company's auditors and their associates in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's parent, Nando's Group Holdings Limited.

# Gourmet Burger Kitchen Limited

## NOTES TO THE FINANCIAL STATEMENTS

### for the period ended 23 February 2014

#### 5 IMPAIRMENT OF TANGIBLE FIXED ASSETS AND INVESTMENTS

During the year the company recognised loss on impairment of the tangible fixed assets of two restaurants amounting to £1,261,000 (2013: £468,000).

Impairment losses recognised in the period ended 23 February 2014 occurred in the ordinary course of business and for this reason have been included within "Operating profit". In the Reports and Financial Statements of the Company for the period ended 24 February 2013 (the "Prior Year Accounts"), the company recognised impairment losses on impairment of tangible fixed assets amounting to £468,000 and in the Profit and Loss Account these losses were shown as part of "Profit on ordinary activities before interest" but not included within "Operating profit". In the Profit and Loss Account on page 8 of these financial statements, these losses have been included within "Operating profit" for comparability with current year impairment losses which are included within "Operating profit". As a result of this change, the "Operating profit" for the period ended 24 February 2013 is stated on page 8 as being £219,000 rather than as £821,000 as was shown in the Prior Year Accounts. "Profit on ordinary activities before interest" for the period ended 24 February 2013 is unaffected by this change in presentation and is stated on page 8 as £160,000, the same figure as stated in the Prior Year Accounts.

6	INVESTMENT INCOME	Year ended 23 February 2014 £'000	11 months ended 24 February 2013 £'000
	Interest receivable	0	10
7	INTEREST PAYABLE	Year ended 23 February 2014 £'000	11 months ended 24 February 2013 £'000
	Interest payable on bank loans and overdrafts	7	2
	Interest payable on loan from parent undertaking	1,349	855
		<u>1,356</u>	<u>857</u>
8	EMPLOYEES	Year ended 23 February 2014 No.	11 months ended 24 February 2013 No.
	The average monthly number of persons (including directors) employed by the company during the year were:		
	Administration and management	11	22
	Restaurant and distribution	1,343	1,149
		<u>1,354</u>	<u>1,171</u>



# Gourmet Burger Kitchen Limited

## NOTES TO THE FINANCIAL STATEMENTS

### for the period ended 23 February 2014

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#### 8 EMPLOYEES (continued)

	Year ended 23 February 2014 £'000	11 months ended 24 February 2013 £'000
Staff costs for above persons:		
Wages and salaries	16,003	13,497
Social security costs	884	847
	<u>16,887</u>	<u>14,344</u>

#### DIRECTORS' REMUNERATION

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

#### 9 TAXATION

	Year ended 23 February 2014 £'000	11 months ended 24 February 2013 £'000
Current taxation:		
UK corporation tax	-	-
Adjustments in relation to prior periods	(34)	(247)
Total current tax	<u>(34)</u>	<u>(247)</u>
Deferred taxation:		
Origination and reversal of timing differences	(10)	(234)
Adjustments in respect of prior periods	-	-
Total deferred tax	<u>(10)</u>	<u>(234)</u>
Taxation on profit on ordinary activities	<u>(44)</u>	<u>(481)</u>

# Gourmet Burger Kitchen Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the period ended 23 February 2014

### 9 TAXATION (continued)

Factors affecting tax charge for year:	Year ended 23 February 2014 £'000	11 months ended 24 February 2013 £'000
Loss on ordinary activities before tax	(118)	(687)
Loss on ordinary activities multiplied by standard rate of 23% (2013: 24%)	(27)	(165)
Expenses not deductible for tax purposes	1	1
Depreciation different to capital allowances for the year	298	(93)
Tax losses not utilised	-	254
Group relief	(272)	-
Other timing differences	-	3
Adjustments in relation to prior periods	(34)	(247)
Current tax charge for year	(34)	(247)

### 10 INTANGIBLE FIXED ASSETS

	Trademarks and licences £'000
Cost	
At 24 February 2013	142
Additions	2
At 23 February 2014	144
Amortisation	
At 24 February 2013	20
Charged in the year	3
At 23 February 2014	23
Net book value	
At 23 February 2014	121
At 24 February 2013	122

# Gourmet Burger Kitchen Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the period ended 23 February 2014

### 11 TANGIBLE FIXED ASSETS

	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 24 February 2013	42,234	689	6,636	3,506	58	53,123
Additions	5,272	75	1,196	1,324	84	7,951
Reclassification	661	(661)	-	-	-	-
Disposals	-	-	-	-	-	-
At 23 February 2014	48,167	103	7,832	4,830	142	61,074
Accumulated depreciation						
At 24 February 2013	14,625	76	4,485	1,220	45	20,451
Charged in the year	2,396	-	853	403	24	3,676
Reclassification	76	(76)	-	-	-	-
Impairment	1,203	-	22	36	-	1,261
Disposals	-	-	-	-	-	-
At 23 February 2014	18,300	-	5,360	1,659	69	25,388
Net book value						
At 23 February 2014	29,867	103	2,472	3,171	73	35,686
At 24 February 2013	27,609	613	2,151	2,286	13	32,672

# Gourmet Burger Kitchen Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the period ended 23 February 2014

### 12 FIXED ASSETS INVESTMENTS

Cost and net book value	Subsidiaries £'000	Other £'000	Total £'000
At 24 February 2013	1	-	1
Additions	-	-	-
Impairments	-	-	-
At 23 February 2014	<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.

#### Other investments:

The company holds 10% of the issued share capital of Master Burger Investments Limited, a company registered in Ireland. Master Burger Investments Limited operates the GBK franchise in Ireland and Northern Ireland.

13 STOCKS	23 February 2014 £'000	24 February 2013 £'000
Raw materials and consumables	<u>1,040</u>	<u>1,014</u>

# Gourmet Burger Kitchen Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the period ended 23 February 2014

14	DEBTORS	24 February 2014 £'000	24 February 2013 £'000
	Due within one year:		
	Trade debtors	893	872
	Corporation tax receivable	-	-
	Other debtors	6	6
	Prepayments and accrued income	949	689
		<u>1,848</u>	<u>1,567</u>
	Due after more than one year:		
	Other debtors	93	18
		<u>1,941</u>	<u>1,585</u>

Other debtors due after more than one year relate to rent deposits.

15	CREDITORS: Amounts falling due within one year	24 February 2014 £'000	24 February 2013 £'000
	Bank loans and overdrafts	866	-
	Trade creditors	3,914	4,277
	Corporation tax	-	-
	Other taxation and social security	1,289	1,030
	Other creditors	742	781
	Accruals and deferred income	4,296	3,648
		<u>11,107</u>	<u>9,736</u>

The bank overdraft is secured by a fixed and floating charge over all the assets of the company.

16	CREDITORS: Amounts falling due in more than one year	23 February 2014 £'000	24 February 2013 £'000
	Amounts owed to parent undertaking	21,106	18,965
		<u>21,106</u>	<u>18,965</u>

Included in amounts owed to parent undertaking are £2,705,000 (2013: £534,000) in relation of short term trade invoices outstanding.

Amounts owed to parent undertaking are unsecured and incurs interest payable at an average of 2% above bank interest rate payable by the parent company.

# Gourmet Burger Kitchen Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the period ended 23 February 2014

### 17 PROVISION FOR LIABILITIES

	23 February 2014 £'000	24 February 2013 £'000
Deferred taxation		
Opening provision	906	1,140
Transfer (to)/from profit and loss account	(10)	(234)
Closing provision	<u>896</u>	<u>906</u>
Provision for deferred tax has been made as follows:		
Accelerated capital allowances	896	1,163
Other timing differences	-	(254)
	<u>896</u>	<u>906</u>

A reduction in the UK corporation tax rate from 26% to 25% was effective from 1 April 2012, and further reductions to 24% (effective 1 April 2012), 23% (effective from 1 April 2013) and 21% (effective 1 April 2014) were enacted. This will reduce the company's future current tax charge accordingly. The deferred tax liability at 23 February 2014 has been calculated based on the rate of 21% substantially enacted at the balance sheet date.

The March 2013 Budget announced that the UK corporation tax rate will further reduce to 20% by 2015. It has not yet been possible to quantify the full anticipated effect of the announced further 1% rate reduction, although this will further reduce the company's future current tax charge and reduce the company's deferred tax liability accordingly.

### 18 SHARE CAPITAL

	23 February 2014 £'000	24 February 2013 £'000
Authorised:		
1,000 ordinary shares of £1 each	<u>1</u>	<u>1</u>
Allotted, issued and fully paid:		
560 ordinary shares of £1 each	<u>1</u>	<u>1</u>

# Gourmet Burger Kitchen Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the period ended 23 February 2014

19	SHARE PREMIUM ACCOUNT	23 February 2014 £'000	24 February 2013 £'000
	24 February 2013 and 23 February 2014	174	174
20	CAPITAL CONTRIBUTION RESERVE	23 February 2014 £'000	24 February 2013 £'000
	Opening reserve	1,197	1,197
	Share based payments	-	-
	Closing reserve	1,197	1,197

GBK Restaurants Limited (formerly The Clapham House Group PLC) operated five share based payment schemes:

- Enterprise Management Incentive ('EMI') Share Option Plan;
- Unapproved Share Option Plan;
- Approved Share Option Scheme 2006 ('CSOP'); and
- 2007 Long Term Incentive Plan ("LTIP"); and
- Restricted Share Plan.

All share options vested in October 2010 following the change of control of The Clapham House Group PLC, the then ultimate holding company of the company, and lapsed in November 2010.

21	PROFIT AND LOSS ACCOUNT	23 February 2014 £'000	24 February 2013 £'000
	Opening balance	4,846	5,052
	Loss for the financial period	(74)	(206)
	Closing balance	4,772	4,846

# Gourmet Burger Kitchen Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the period ended 23 February 2014

22	RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS	23 February 2014 £'000	24 February 2013 £'000
	Opening shareholders' funds	6,218	6,424
	Loss for the financial period	(74)	(206)
	Net decrease to shareholders' funds	(74)	(206)
	Closing shareholders' funds	6,144	6,218

## 23 COMMITMENTS UNDER OPERATING LEASES

The company had annual commitments under non-cancellable operating leases as follows:

	23 February 2014 £'000	24 February 2013 £'000
Land and buildings		
expiring within one year	-	-
expiring between two and five years	365	37
expiring after five years	5,618	5,777
	5,983	5,814
Others		
expiring within one year	5	4
expiring between one and two years	-	-
	5	4



# Gourmet Burger Kitchen Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the period ended 23 February 2014

### 24 CASH FLOWS

	Year ended 23 February 2014 £'000	11 months ended 24 February 2013 £'000
<b>A Reconciliation of operating profit to net cash outflow from operating activities</b>		
Operating profit	1,246	219
Depreciation and amortisation	3,679	2,716
Impairment of tangible fixed assets	<u>1,261</u>	<u>468</u>
	6,186	3,403
(Increase) in stock	(26)	(205)
Decrease/(increase) in debtors	(356)	1,440
Increase in creditors	2,670	529
Payments in respect of fundamental reorganisation	-	(10)
Net cash inflow from operating activities	<u>8,474</u>	<u>5,157</u>
	Year ended 23 February 2014 £'000	11 months ended 24 February 2013 £'000
<b>B Analysis of cash flows for headings netted in the cash flow</b>		
<b>Returns on investments and servicing of finance</b>		
Interest received	0	10
Interest paid	<u>(1,356)</u>	<u>(857)</u>
Net cash outflow from returns on investments and servicing of finance	<u>(1,356)</u>	<u>(847)</u>
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(7,951)	(8,831)
Purchase of intangible fixed assets	(2)	-
Purchase of investments	-	-
Cost of disposal of tangible fixed assets	-	(35)
Net cash outflow from capital expenditure and financial investment	<u>(7,953)</u>	<u>(8,866)</u>
<b>Financing</b>		
Loan received from parent undertaking	-	5,743
Capital repayments on parent undertaking loans	<u>(30)</u>	<u>-</u>
Net cash inflow/(outflow) from financing	<u>(30)</u>	<u>5,743</u>

# Gourmet Burger Kitchen Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the period ended 23 February 2014

	At 24 February 2013	Cash flow 2013	At 23 February 2014
C	Analysis of net debt	£'000	£'000
	Cash in hand, at bank	431	33
	Overdrafts	-	(866)
		431	464
	Debt due after 1 year	(18,431)	(18,401)
		431	(402)
	Debt due after 1 year	(18,431)	(18,401)
		(18,000)	(18,803)
	Total net debt	(18,000)	(18,803)
D	Major non-cash transactions		

There were no material non-cash transactions that occurred during the period ended 23 February 2014.

### 25 RELATED PARTY DISCLOSURES

The company has taken advantage of the exemption granted under FRS8 that transactions do not need to be disclosed with companies where 100% of the voting rights are controlled within the group.

During the period, Nando's Group Holdings Limited, a company in which CF Luyckx and RAG 'T Hooft are directors, shared certain services with GBK. As part of these services the Company invoiced £497,000 (2013: £496,000) to Nando's Group Holdings Limited. The balance receivable outstanding as at 23 February 2014 from Nando's Group Holdings Limited was £Nil (2013: £4,000) and the Company held accruals as at 23 February 2014 for uninvoiced costs from Nando's Group Holdings Limited of £70,000 (2013: £60,000). Nando's Group Holdings Limited invoiced £66k (2013: £Nil) to the Company. The balance payable outstanding as at 23 February 2014 to Nando's Group Holdings Limited was £Nil (2013: £Nil).

During the period, the company did not make purchases from Nando's Chickenland Limited, a company in which CF Luyckx and RAG 'T Hooft are directors. The Company was invoiced £Nil (2013: £1,000) by Nando's Chickenland Limited and the balance payable outstanding as at 23 February 2014 to Nando's Chickenland Limited was £Nil (2013: £Nil).

During the period, the company recharged expenses of £5,000 (2013: £6,000) to Yellowwoods Associates UK Limited, a company in which CF Luyckx is a director. The balance receivable outstanding at 23 February 2014 from Yellowwoods Associates UK Limited was £Nil (2013: £1,000).

### 26 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 Perliman 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.

# Gourmet Burger Kitchen Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the period ended 23 February 2014

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### 27 CAPITAL COMMITMENTS

	23 February 2014 £'000	24 February 2013 £'000
Capital expenditure contracted for but not provided in the financial statements	-	1,113
	<u>          </u>	<u>          </u>