Nando's Group Holdings Limited

Annual report and consolidated financial statements

Registered number 06451677

28 February 2016

Contents

Strategic report

The directors present the strategic report, directors' report and the audited financial statements for the 53 week period ending 28 February 2016.

Principal activities

The principal activity of the group in the period under review was that of operating fast casual dining restaurants (both company owned and franchise) and the sale and distribution of sauces and condiments through the retail channel. The Company acts as a holding company for the restaurant operating entities.

About Nando's

The Nando's restaurant experience is at the heart of our business, and customers receive a warm welcome from our friendly Nandocas (team members or family members as we refer to them). With each restaurant boasting its own unique ambience and original Southern African works of art, our legendary flame-grilled PERi-PERi chicken is served in an atmosphere that sounds, looks and feels distinctively Afro-Portuguese.

Thanks to our special culture, based on values of pride, passion, courage, integrity and family, the company employs many unique people who feel part of more than just a restaurant group and who are encouraged to be the best they can be.

We have a saying: "Nando's is not just about the chicken. It's never been just about the chicken. It's about the people who make the chicken". Driven by our values and behaviours which seek to embrace difference, celebrate informality and realise talent, our Nandocas are our most important asset.

Our priority as a business is to give our customers an even better Nando's experience through the delivery of consistent operational excellence and Nandocas who are empowered to realise their talent.

Financial highlights and key performance indicators

The strength of our brand, core values and the unique customer experience together with an entrepreneurial approach have been key to the long term success of our business. While retaining the entrepreneurial spirit that has made us successful, the business had reached a size and scale that required a more professional and co-ordinated global management structure for continued growth and brand development.

In February 2015, the Company acquired a number of overseas Nando's operating entities in various countries and continued to invest in its global leadership team. This has helped create a more integrated group structure and closer brand alignment which will facilitate long-term sustainable growth as Nando's expands its restaurant footprint globally.

This reorganisation and focus has been further demonstrated in post-balance sheet events, with the disposal of GBK and the acquisition of an increased stake in the company's Singaporean, Malaysian and Indian operations.

Revenue for the 53-week period was £808.6m (2015: £587.3m). This increase of £221.3m is driven by the newly acquired overseas operating companies and organic UK / Irish growth.

Gross profit at £198.6m represents a margin of 25% (2015: 26%). Prior year Gross Margin has been restated to bring the group in line with a single measure of gross profit. This is explained in more in detail in Note 1.18. Profit before tax for the period was £21.3m (2015: £44.6m).

The current year results include revenue and costs from smaller developing overseas markets which have restaurant expansion programmes in place. The businesses operating in overseas markets have not fully matured and the number of restaurants in these markets still needs to reach critical mass. Management expects significant growth potential in these markets and will continue to invest in opening new restaurants. In addition to the investment in overseas markets, the Group incurred Intellectual Property amortisation costs of £25.6m (2015: £3k) and financing costs £49.1m (2015: £25.0m).

At the year-end, the Group had Net Assets of £42.4m (2015: £60.4m).

The restaurant expansion programme continued, with net 50 new restaurants being opened during the 53 week period. The number of restaurants in operation rose from 896 at 22 February 2015 to 946 at 28 February 2016. This total includes the owned restaurants in the UK and Ireland, a further 299 that are owned internationally and 284 that are run on a franchise basis internationally.

The average number of employees during the year has grown from 12,126 in 2015 to 16,101 in February 2016.

Group capital investment for the year rose from £63.3m in 2015 to £104.1m in 2016. This capital investment was focussed on extending the restaurant footprint globally in addition to refurbishing existing restaurants where necessary

The results for the period and the financial position of the Group are disclosed on pages 8 to 10.

Our strategy

Our priority as a business is to give our customers an even better Nando's experience through the delivery of consistent operational excellence and Nandocas who are empowered to realise their talent. In addition, we are committed to growing the restaurant footprint globally, innovating both our product and service, expanding in to developing markets and continually investing in existing restaurants.

To ensure consistent delivery of a high quality product and exemplary service to our customers, we conduct regular operational audits at restaurant level. While the average results for the past 53-week period were good, we will always strive to improve this performance.

In addition, the group also regularly measures our Nandoca Engagement levels to ensure Nando's is an amazing place to work. The results of these surveys are very encouraging.
Our opening programme is still progressing strongly, particularly in our overseas markets. We increased the number of restaurants around the world, with all showing favourable results.

Principal risks and uncertainties

Competition
The Company operates in a competitive and fragmented market, one that constantly brings new concepts and products to an ever-expanding customer base.

We believe that customers' interactions with Nandocas, the restaurant designs, ambience and superior quality food all combine to create a unique experience – one which gives Nando's a strong competitive advantage. By continuously improving our products and service, as well as proactively meeting the needs of our customers, we are confident of not only maintaining, but also growing our market share.

Employees (Nandocas)
In an industry which traditionally has high staff turnover, Nandocas are key to the group's continued development. As such, staff retention, recruitment and development of suitable candidates for existing and new restaurants together with developing central support functions are high on our priority list.

Numerous training and growth opportunities exist at all levels – both within restaurants and central support functions. These are designed to not only motivate, develop and retain employees, but to empower them to be the best they can be. Wherever possible, we promote from within and believe strongly in recognising and rewarding Nandocas. We also believe in playing as hard as we work, so fun days, conferences, outings and team charity work also feature in the mix.

Product
Our commercial teams continuously develop new products to maintain an exciting and varied menu. Seasonal changes are taken into account, as are market related requirements, for example, in the Middle East, we offer non-alcoholic designer drinks, while in India we have a larger than usual vegetarian offering.

The key arrangements the Group has in place with several raw material suppliers are constantly reviewed and monitored to ensure standards remain high.

In the year under review, our partner PERi-Farms in Southern Africa produced 71% of our African Bird's Eye Chilli requirements. The year ahead will see the farms meeting 100% of our needs. In addition to getting consistently high quality chillies for our PERi-PERi sauces, it's important to note that these PERi-Farms make an enormous difference to the lives of many Southern African farmers.

Working Capital, Liquidity and Other risks.
The Group continually monitors cash flow forecasting the maturity of financial liabilities to avoid the risk of a shortage of funds.

The Group has access to sufficient funding and banking facilities. New financing was obtained during the year, as disclosed in note 21.

The Group does not have significant exposure to credit risk.

Going concern
As at 28 February 2016 the consolidated entity has net assets of £42.4m and net current liabilities of £113.7m and generated an operating profit of £69.7m and generated net cash flows from operating activities of £90.5m. However, the group satisfied all its financial covenants in relation to current facility agreements.

Based on the financial forecasts of the Group, which cover a period of more than 12 months from the date of these accounts and which factor in normal business uncertainties and business risk, the group is able to comfortably generate sufficient cash to meet its day to day working capital requirements and fund capital expansion, supplemented by other available financing facilities, all of which show considerable headroom to the existing financial covenants outlined in note 22. The directors are satisfied that the Group will remain a going concern for the foreseeable future, and not for less than 12 months from the date of approval of these financial statements.

By order of the board

C F Luyckx
Director

St Mary's House
42 Vicarage Crescent Battersea
London
SW11 3LD

30 NOVEMBER 2016

Directors' report

The directors present their annual report for the 53 weeks ended 28 February 2016.

The consolidated financial statements are prepared under International Financial Reporting Standards (IFRS) as permitted by the Companies Act (2006). IFRS has been adopted to ensure consistency of reporting for the Group following the business restructuring and acquisition of the Nando's overseas entities by the Company. Details of the business restructuring and acquisition of overseas entities can be found in the Strategic Report and the notes to the financial statements.

A description of the Group's principal activities and future developments, principal risks and uncertainties and key performance indicators can be found in the Strategic Report.

Financial Management and Financial Instruments

The Group is exposed to financial risks such as liquidity risk, credit risk, cash flow risk and exchange rate risk. From time to time, the Group enters hedging arrangements to manage interest rate risk on a case by case basis. Financial risks are disclosed in note 22.

Dividends

No dividends were paid during the year (2015: 8.7p per share) totalling £Nil (2015: £4,347k).

Directors

The directors who held office during the year were as follows:

RAG T'Hooft

C F Luyckx

Employees (Nandocas)

The Company's policy is to encourage the employment of disabled people where reasonably practical. The requirements of job applicants and existing employees who have a disability will be reviewed to ensure that wherever possible reasonable adjustments are made to enable them to perform as well as possible during the recruitment process and while employed by the Company.

Opportunities for promotion, access to benefits and facilities of employment will not be unreasonably limited and all reasonable adjustments will be made. All reasonable measures will be taken to ensure that disabled employees are given the opportunity to participate fully in the workplace in training and career opportunities.

The Company encourages the involvement of employees in the Company's performance using various methods, including staff surveys, employee forums and incentive schemes.

Political and charitable contributions

Neither the Company nor any of its subsidiaries made any political contributions during the year.

The Group made charitable donations of £15.2k (2015: £19.1k).

Disclosure of information to 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.

Directors' report *(continued)*

Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic 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

C F Luyckx
Director

St Mary's House
42 Vicarage Crescent Battersea
London
SW11 3LD

30 November 2016

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

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

Company law requires the directors to prepare group and parent company financial statements for each financial year. Under that law they have elected to prepare both the group and the parent company 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 group and parent company and of their profit or loss for that period. In preparing each of the group and parent company 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 group and the parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its 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 group and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NANDO'S GROUP HOLDINGS LIMITED

We have audited the financial statements of Nando's Group Holdings Limited for the year ended 28 February 2016 set out on pages 8 to 46. 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 and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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 group's and of the parent company's affairs as at 28 February 2016 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements 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 Strategic Report and 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

William Smith (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

KPMG LLP (UK),
Chartered Accountants,
Gateway House,
Tollgate,
Chandlers Ford,
SO53 3TG

30 November 2016

Consolidated Income Statement and Other Comprehensive Income

for the 53 week period ended 28 February 2016

All items within the income statement were derived from continuing operations.

	Note	2016 £'000s	Restated 2015 £'000s
Revenue	1,2	**808,636**	587,332
Cost of sales		**(610,024)**	(434,714)
Gross profit		**198,612**	152,618
Other operating income	3	**252**	256
Administrative expenses	1,5,6	**(128,901)**	(83,505)
Other operating expenses	4	**(254)**	(151)
Operating profit	1,5,6	**69,709**	69,218
Financial income	7	**957**	395
Financial expense	7	**(49,145)**	(24,989)
Net financing expense		**(48,188)**	(24,594)
Share of loss of equity-accounted investees, net of tax	12	**(255)**	-
Profit before tax		**21,266**	44,624
Taxation	8	**(18,211)**	(10,233)
Profit after tax		**3,055**	34,391
Non-controlling interest	12	**(3,585)**	(2,302)
Loss for the year		**(530)**	32,089
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences – foreign operations	21	**3,980**	-
Other comprehensive income for the year, net of income tax		**3,980**	-
Total comprehensive income for the year		**3,450**	32,089

Prior year cost of sales have been restated, refer to accounting policy 1.18.

Consolidated Statement of Financial Position
at 28 February 2016

Group

	Note	2016	2015
		£'000s	£'000s
Non-current assets			
Property plant and equipment	9	**326,104**	273,767
Intangibles	10	**804,161**	829,601
Investments in equity accounted investees	12	**12,769**	12,593
Trade and other receivables (excl. related party loans)	15	**2,371**	2,026
Deferred tax assets	13	**2,762**	6,075
		1,148,167	1,124,062
Current assets			
Inventories	14	**4,654**	3,789
Trade and other receivables	15	**28,329**	23,555
Loans due from related parties	15	**-**	398
Cash and cash equivalents	16	**34,939**	52,833
Current tax receivable	15	**280**	51
		68,202	80,626
Total assets		**1,216,369**	1,204,688
Current liabilities			
Bank overdrafts	16	**(759)**	(1,536)
Other interest bearing loans and borrowings	17	**(15,928)**	(15,169)
Loans due to related parties	17	**(465)**	(555,001)
Trade and other payables (incl. related parties)	18	**(155,816)**	(279,329)
Tax payable		**(7,508)**	(3,010)
Provisions	20	**(1,415)**	(1,905)
		(181,891)	(855,950)
Non-current liabilities			
Other interest bearing loans and borrowings	17	**(415,624)**	(234,657)
Loans due to related parties	17	**(567,199)**	(45,597)
Other payables (incl. related parties)	18	**(5,173)**	(4,362)
Deferred tax liabilities	13	**(3,143)**	(3,020)
Provisions	20	**(951)**	(750)
		(992,090)	(288,386)
Total liabilities		**(1,173,981)**	(1,144,336)
Net assets		**42,388**	60,352
Equity			
Share capital	21	**50,000**	50,000
Capital contribution reserve	21	**8,401**	8,401
Own share reserve	21	**1,604**	1,604
Foreign exchange reserve	21	**3,980**	-
Retained earnings	21	**(32,525)**	(13,590)
Ordinary shareholder's funds		**31,460**	46,415
Non-controlling interest	21	**10,928**	**13,937**
Total equity		**42,388**	60,352

Statement of Financial Position
at 28 February 20166

Company

	Note	2016 £'000s	2015 £'000s
Assets			
Non-current assets			
Investment in group companies	11	**183,378**	116,273
Investments in equity accounted investees	12	**12,032**	12,023
Total non-current assets		**195,410**	128,296
Current assets			
Trade and other accounts receivable (excl. related party loans)	15	**572**	697
Loans due from related parties	15	**174,080**	35,058
Cash and cash equivalents	16	**9,943**	10,059
Total current assets		**184,595**	45,814
Total assets		**380,005**	174,110
Current liabilities			
Trade and other payables (incl. related parties)	18	**(652)**	(107,438)
Loans due to related parties	17	**(18,263)**	
Total current liabilities		**(18,915)**	(107,438)
Non-Current liabilities			
Loans due to related parties	17	**(302,055)**	-
Total current liabilities		**(302,055)**	-
Total Labilities		**(320,970)**	66,672
Net assets		**59,035**	66,672
Equity			
Share capital	21	**50,000**	50,000
Retained earnings	21	**9,035**	16,672
Ordinary shareholders funds		**59,035**	66,672
Total equity		**59,035**	66,672

These financial statements were approved by the board of directors on 30/11/ 2016 and were signed on its behalf by:-

C F Luyckx
Director
Company registered number: 06451677

Statement of Changes in Equity

Group

	Share Capital	Capital Contribution reserve	Own Share reserve	FX Translation Reserve	Retained earnings (Profit & loss reserve)	Total attributable to equity shareholders	Non-controlling interests	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Balance as at start of comparative year 2015	50,000	8,251	1,604	-	(41,332)	**18,523**	12,300	**30,823**
Total comprehensive income for the period								
Profit/(Loss) for the year	-	-	-	-	32,089	**32,089**	2,302	**34,391**
Total comprehensive income for the period	-	-	-	-	32,089	**32,089**	2,302	**34,391**
Transactions with owners recorded directly through equity								
Dividends	-	-	-	-	(4,347)	**(4,347)**	(665)	**(5,012)**
Equity settled share based payments	-	150	-	-	-	**150**	-	**150**
Total transactions with owners	-	150	-	-	(4,347)	**(4,197)**	(665)	**(4,862)**
Balance at end of comparative year 2015	50,000	8,401	1,604	-	(13,590)	**46,415**	13,937	**60,352**
Total comprehensive income for the period								
Profit/(Loss) for the year	-	-	-	-	(530)	**(530)**	3,585	**3,055**
Other comprehensive income	-	-	-	3,980	-	**3,980**	-	**3,980**
Total comprehensive income for the period	-	-	-	3,980	(530)	**3,450**	3,585	**7,035**
Transactions with owners recorded directly through equity								
Equity settled share based payments	-	-	-	-	1	**1**	-	**1**
Own shares acquired	-	-	-	-	(18,406)	**(18,406)**	(6,594)	**(25,000)**
Total transactions with owners	-	-	-	-	(18,405)	**(18,405)**	(6,594)	**(24,999)**
Balance at end of current year 2016	**50,000**	**8,401**	**1,604**	**3,980**	**(32,525)**	31,460	**10,928**	**42,388**

During the period, a proportion of the non-controlling interest in Chickenland Limited was brought back by Nando's Finance Limited for £25.0m. The non-controlling interest has been reduced relatively to the proportion of the share brought back.

Statement of Changes in Equity (continued)

Company

	Share Capital	Retained earnings (Profit & loss reserve)	Total attributable to equity shareholders
	£'000s	£'000s	£'000s
Balance as at start of comparative year 2015	50,000	10,778	**60,778**
Profit/(Loss) for the year	-	10,241	**10,241**
Dividends	-	(4,347)	**(4,347)**
Issue of ordinary shares	-	-	-
Balance at end of comparative year 2015	50,000	16,672	**66,672**
Profit/(Loss) for the year		(7,637)	**(7,637)**
Dividends	-	-	-
Issue of ordinary shares	-	-	-
Balance at end of current year 2016	**50,000**	**9,035**	**59,035**

Cash Flow Statements
for the 53week period ended 28 February 2016

	Note	**Group 2016 £'000s**	Group 2015 £'000s	**Company 2016 £'000s**	Company 2015 £'000s
Cash flows from operating activities					
Profit for the year		**3,055**	34,391	**(7,637)**	10,241
Adjustments for:					
Depreciation, impairment, & amortisation of loan costs		**74,803**	36,800	**-**	-
Share based payment		**-**	150	**-**	-
Loss/(gain) on sale of fixed assets		**(1)**	1,946	**-**	-
Share of equity accounted investees		**255**	-	**-**	-
Financial income		**(957)**	(3,561)	**(8,164)**	(13,129)
Financial expense		**49,145**	27,916	**16,069**	488
Taxation		**18,211**	10,233	**(1,921)**	(519)
(Increase)/decrease in stocks		**(865)**	(329)	**-**	-
(Increase)/decrease in trade & other receivables		**(4,721)**	(214,762)	**125**	(34,950)
Increase/(decrease) in trade & other payables		**(37,348)**	282,687	**(2,508)**	89,781
(Decrease)/increase in provisions		**(289)**	2	**-**	-
Foreign exchange losses		**(162)**	-	**-**	-
Cash generated from operations		**101,126**	175,473	**(4,036)**	51,912
Tax paid		**(10,596)**	(12,888)	**-**	519
Net cash flows from operating activities		**90,530**	162,585	**(4,036)**	52,431
Cash flows from investing activities					
Dividends received		**-**	-	**-**	13,129
Acquisition of tangible fixed assets		**(104,999)**	(41,841)	**-**	-
Proceeds from sale of property, plant & equipment		**2,029**	1,022	**-**	-
Acquisition of subsidiaries, net of cash acquired		**(25,000)**	(49,438)	**(67,114)**	(55,032)
Acquisition of other intangible assets		**(2,342)**	-	**-**	-
Net cash from investing activities		**(130,312)**	(90,257)	**(67,114)**	(42,173)
Cash flows from financing activities					
Interest paid (net)		**(16,745)**	(24,892)	**(7,907)**	(488)
Repayment of finance leases		**-**	(16,090)	**-**	-
Repayment of loans		**(752,475)**	(310,000)	**(223,114)**	-
Proceeds of new loans		**792,227**	311,399	**302,055**	-
Dividends paid	21	**-**	(5,012)	**-**	(4,347)
Issue of share capital		**-**	-	**-**	-
Net cash flow from financing activities		**23,007**	(44,595)	**71,034**	(4,835)
Net increase/(decrease) in cash & cash equivalents		**(16,775)**	27,733	**(116)**	5,423
Cash and cash equivalents at start of the period		**51,297**	23,564	**10,059**	4,636
Effect of exchange rate fluctuations on cash held		**(342)**	-	**-**	-
Cash and cash equivalents at end of the period	16	**34,180**	51,297	**9,943**	10,059
Cash and cash equivalents per balance sheet		**34,939**	52,833	**9,943**	10,059
Bank overdrafts		**(759)**	(1,536)	**-**	-
Cash and cash equivalents at end of year per balance sheet	16	**34,180**	51,297	**9,943**	10,059

Notes
(forming part of the financial statements)

1 Accounting policies

Nando's Group Holdings Limited (the "Company") is a company incorporated and domiciled in the UK.

The group financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group") and equity account the Group's interest in associates and Joint Ventures. The parent company financial statements present information about the Company as a separate entity and not about its group.

Both the parent company financial statements and the group financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"). On publishing the parent company financial statements here together with the group financial statements, the Company is taking advantage of the exemption in s408 of the Companies Act 2006 not to present its individual income statement and related notes that form a part of these approved financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 29.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis except for certain non-current assets and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below.

1.2 Going concern

As at 28 February 2016 the consolidated entity has net assets of £42.4m, net current liabilities of £113.7m, generated an operating profit of £69.8m and a net operating cash flow of £90.5m. However, the group satisfied all its financial covenants in relation to current facility agreements.

Based on the financial forecasts of the Group, which cover a period of more than 12 months from the date of these accounts and which factor in normal business uncertainties and business risk, the group is able to comfortably generate sufficient cash to meet its day to day working capital requirements and fund capital expansion, supplemented by other available financing facilities, all of which show considerable headroom to the existing financial covenants outlined in note 22. The directors are satisfied that the Group will remain a going concern for the foreseeable future, and not for less than 12 months from the date of approval of these financial statements.

1.3 Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity.

1 Accounting policies *(continued)*

Application of the equity method to associates and joint ventures

Associates and joint ventures are accounted for using the equity method (equity accounted investees) and are initially recognised at cost. The Group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Group's share of the total comprehensive income and equity movements of equity accounted investees, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an investee.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Separate parent company financial statements

In the parent company financial statements, all investments in subsidiaries, joint ventures, and associates are carried at cost less impairment.

1.4 Foreign currency

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 liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying net investment hedges.

The functional currency of the Company and the presentational currency of the Company and Group is Sterling. The results and financial position of those Group companies that do not have a Sterling functional currency are translated into Sterling as follows:

- Assets and liabilities are translated at the closing rate at the end of the reporting period.
- Income and expenses are translated at average exchange rates during the year.
- All resulting exchange differences are recognised in equity in the translation reserve.

1.5 Classification of financial instruments issued by the Group

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

Interest paid is classified as expenses or as distributions of profit consistent with the balance sheet classification of the related debt or equity instruments or component parts of compound instruments.

1.6 Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

1 **Accounting policies** *(continued)*

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

1.7 Derivative financial instruments

The Group and Company do not utilise derivative financial instruments.

1.8 Intra-group financial instruments

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

1.9 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Leases in which the Group assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Where land and buildings are held under leases the accounting treatment of the land is considered separately from that of the buildings. Leased assets 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 less accumulated impairment losses.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

Buildings	40 years
Plant and equipment	3-10 years
Fixtures and fittings	3-10 years
Motor vehicles	4 years

Improvements to leasehold property are depreciated over lease term. Capitalised pre-opening and other start-up costs are depreciated over 5 years.

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

1.10 Business combinations

All business combinations are accounted for by applying the acquisition method. Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- the fair value of the existing equity interest in the acquiree; less
- the net recognised amount of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred.

Notes *(continued)*

1 Accounting policies *(continued)*

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

1.11 Acquisitions and disposals of non-controlling interests

Acquisitions and disposals of non-controlling interests that do not result in a change of control are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. Any difference between the price paid or received and the amount by which non-controlling interests are adjusted is recognised directly in equity and attributed to the owners of the parent.

Investments in jointly controlled entities, associates and subsidiaries are carried at cost less impairment.

1.12 Intangible assets and goodwill

Goodwill

Goodwill post the IFRS transition date, 24 February 2013, is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment in the investee.

The Group has taken advantage of the optional exemption upon first time adoption of IFRS, not to restate goodwill. This means that the carrying value of goodwill at transition was carried forward subject to an initial and annual impairment test.

Intellectual Property

The Nando's Intellectual Property (IP), as described in note 10, is a separately identifiable intangible asset. The IP asset is amortised over 20 years.

Research and development

Expenditure on research activities is recognised in the income statement as an expense as incurred.

Other intangible assets

Expenditure on internally generated goodwill and brands is recognised in the income statement as an expense as incurred.

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and less accumulated impairment losses.

Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Reacquired franchise rights over the term of the franchise agreement, currently 1 to 23 years

IT development and software over 4 years.

Intellectual Property over 20 years

1.13 Inventories

Inventories are stated at the lower of cost and net realisable value after making allowance for obsolete or slow moving items. Cost is based on costs in bringing them to their existing location and condition. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Notes *(continued)*

1 Accounting policies *(continued)*

1.14 Impairment

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised immediately in profit and loss, if the recoverable amount is estimated to be less than the carrying amount of an asset (or it's CGU).

Where an impairment loss for an intangible asset (other than goodwill) subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of recoverable amount to the extent that no impairment loss had been recognised for the asset (or CGU). A reversal of an impairment loss is recognised immediately in profit and loss.

An impairment loss in respect of goodwill is not reversed.

1.15 Employee benefits

Defined contribution plans

The Group operates defined contribution pension schemes. The assets of the schemes are held separately from those of the Group in an independently administered fund. The amount expensed in the income statement represents the contributions payable to the schemes in the accounting period in respect of services rendered by employees.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Share-based payment transactions

The employee benefit programme operated by the Employee Benefit Trust allows employees to acquire shares of Nando's Chickenland Limited. The Employee Benefit Trust is funded and controlled by the ultimate controlling party, L Perlman SECS.

As the scheme is deemed equity settled, the fair value of amounts payable to the employees is recognised as an expense in the employing company with a corresponding increase in equity to represent the contribution received from the ultimate parent.

The fair value is initially measured at grant date and spread over the period during which the employees become unconditionally entitled to payment.

The fair value of shares granted is measured utilising an EBITDA market ratio which has been adjusted to reflect marketability restrictions.

Further information regarding the share based payments is disclosed in note 19.

1.16 Provisions

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, that can be reliably measured 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 reporting date, taking into account the risks and uncertainties surrounding the obligation. Where provisions are measured using expected future cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Notes *(continued)*

1 Accounting policies *(continued)*

1.17 Revenue

Revenue arises from the Group's principal activity, the operation of fast casual dining restaurants and the sale of goods to customers, the sale of grocery products, royalties and franchise fees.

Revenue recognised excludes sales taxes (such as VAT and similar). Revenue is recognised at the point where the risks and rewards of ownership are transferred to the customer or fees are contractually due. The Group operates customer loyalty schemes and recognises the deferred liability arising through the operation of such loyalty schemes by deferring a proportion of restaurant revenue based on estimates of fair value and historical customer redemption records. Revenue is deferred until the loyalty programme rewards are redeemed. Royalty and franchise fees revenue is recognised on an accruals basis in accordance with the substance of the relevant Master Franchise Agreement.

1.18 Expenses

Cost of good sales

Cost of sales represents variable expenses (excluding VAT and similar taxes) incurred from revenue generating activity. Costs attributable to the operation of restaurants are the principal expenses included under this category. Prior year cost of good sales have been restated to align with Group policy.

Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense and are recognised over the life of the lease to which they relate.

Finance lease payments

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.

Financing income and expenses

Financing expenses comprise interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the income statement (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Financing income comprise interest receivable on funds invested, dividend income, and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

1.19 Taxation

Tax on the profit or loss for the year 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 year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Notes *(continued)*

1 Accounting policies *(continued)*

1.20 New standards and interpretations not yet applied

The following new standards have been issued by IASB (International Accounting Standards Board), for accounting period beginning on or after 1 July 2014:

- Defined Benefits Plans: Employee Contributions – Amendments to IAS 19
- Annual Improvements to IFRSs – 2010-2012 Cycle
- Annual improvements to IFRSs – 2011-2013 Cycle

Their adoption did not have a material effect on the financial statements

IFRS 16 'Leases', is expected to have a material impact on the Group's financial statements. It is anticipated that this will require many of the Group's leases to be accounted for 'on balance sheet' and will result in significant changes to the presentation of the Group's financial statements. The impact of the standard has not yet been quantified.

The following new standards have been issued by the IASB (International Accounting Standards Board) but have not been applied by the Group in these financial statements as they are not yet effective and are not yet adopted by the EU. Other than noted below, the adoption of these standards are not expected to have a material effect on the financial statements.

Standard – effective for annual periods beginning on or after 1 Jan 2016	**EU Endorsement**
IFRS 14 Regulatory Deferral Accounts	Not yet endorsed IASB effective date 1 Jan 2016
Accounting for Acquisitions of Interests in Joint Operations – Amendments to IFRS 11	Endorsed (24 Nov 2015) IASB effective date 1 Jan 2016
Clarification of Acceptable Methods of Depreciation and Amortisation – Amendments to IAS 16 and IAS 38	Endorsed (2 Dec 2015) IASB effective date 1 Jan 2016
Agriculture: Bearer Plants – Amendments to IAS 16 and IAS 41	Endorsed (23 November 2015) IASB effective date 1 Jan 2016
Equity Method in Separate Financial Statements – Amendments to IAS 27	Endorsed (18 Dec 2015) IASB effective date 1 Jan 2016
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28	Not yet endorsed IASB effective date 1 Jan 2016
Annual improvements to IFRSs – 2012-2014 Cycle	Endorsed (15 Dec 2015) IASB effective date 1 Jan 2016
Investment entities: Applying the Consolidation Exception – Amendments to IFRS 10, IFRS 12 and IAS 28	Not yet endorsed IASB effective date 1 Jan 2016
Disclosure Initiative – Amendments to IAS 1	Endorsed (18 Dec 2015) IASB effective date 1 Jan 2016

Notes *(continued)*

1 Accounting policies *(continued)*

1.20 New standards and interpretations not yet applied

Standard – effective for annual periods beginning on or after 1 Jan 2017	**EU Endorsement**
Recognition of Deferred Tax Assets for Unrealised Losses – Amendments to IAS 12	Not yet endorsed IASB effective date 1 Jan 2017
Disclosure Initiative – Amendments to IAS 7	Not yet endorsed IASB effective date 1 Jan 2017
Standard – effective for annual periods beginning on or after 1 Jan 2018	**EU Endorsement**
IFRS 9 Financial Instruments	Not yet endorsed IASB effective date 1 Jan 2018
IFRs 15 Revenue from Contracts with Customers	Not yet endorsed IASB effective date 1 Jan 2018
Effective date of IFRS 15 – amendment to IFRS 15	Not yet endorsed IASB effective date 1 Jan 2018
Standard – effective for annual periods beginning on or after 1 Jan 2019	**EU Endorsement**
IFRS 16 Leases	Not yet endorsed IASB effective date 1 Jan 2019

Notes *(continued)*

2 Revenue

	2016 £'000s	2015 £'000s
Sale of goods	**795,529**	586,897
Royalties and franchise fees	**13,107**	435
Total revenues	**808,636**	587,332

Geographical Analysis of Revenue
All revenue for the period was derived from sales in the UK, Ireland, Australia, USA, Canada, New Zealand, and India, while sales for the comparative period are derived from the UK and Ireland. Royalty revenue was derived from Canada, Australia, New Zealand, Fiji, Malaysia, Singapore, India, United Arab Emirates, Qatar, Oman, Bahrain, Zimbabwe, Mauritius, Zambia, Pakistan, and Bangladesh.

3 Other operating income

	2016 £'000s	2015 £'000s
Other – rental income	**245**	237
Release of unused provisions	**-**	19
Gain on disposal of PP&E	**7**	-
Total operating income	**252**	256

4 Expenses and auditor's remuneration

Included in profit are the following:

	Group 2016 £'000s	Group 2015 £'000s	Company 2016 £'000s	Company 2015 £'000s
Operating lease rental expense	**56,170**	40,183	**-**	-
Amortisation of intangible assets	**25,783**	3	**-**	-
Impairment loss on trade receivables	**200**	137	**-**	-
Impairment provision	**49**	14	**-**	-
Loss on disposal of PP&E	**3**	-	**-**	-

Auditor's remuneration:

	2016 £'000s	2015 £'000s
Audit of these financial statements	**54**	44
Amounts receivable by the company's auditor and its associates in respect of:		
Audit of the financial statements of subsidiaries of the company	**136**	62
Taxation compliance services	**49**	31
Other tax advisory services	**168**	453
Other accountancy advisory services	**3**	121
	410	711

Amounts paid to the Company's auditor and its associates in respect of services to the Company, 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.

Notes *(continued)*

5 Staff numbers and costs

The average number of persons employed by the Group (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2016	2015
Average number of persons employed by category (headcount)		
Directors	**2**	2
Store operatives and management	**15,564**	11,860
Administration	**535**	264
	16,101	12,126

The aggregate payroll costs of these persons (including directors) were as follows:

	2016	2015
	£'000s	£'000s
Wages and salaries	**245,764**	168,872
Social security costs	**13,759**	10,004
Share based payments	**1**	150
Contributions to defined contribution pension	**2,493**	553
	262,017	179,579

6 Directors' remuneration

	2016	2015
	£'000s	£'000s
Directors' remuneration	**316**	241

The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid director was £253k *(2015: £211k)*, and pension contributions of £Nil *(2015:£Nil)* were made.

7 Finance income and expense

Recognised in profit

	2016	2015
	£'000s	£'000s
Interest income	**185**	395
Net foreign exchange gain	**772**	-
Total Finance Income	**957**	395
Interest expense	**(48,576)**	(24,312)
Net foreign exchange loss	**(569)**	(677)
Total Finance Expense	**(49,145)**	(24,989)

The foreign exchange gains and losses relates to overseas entities and movements in the Sterling, Euro, USD, CAD, AUD, INR and NZD exchange rates in the year.

Notes *(continued)*

8 Taxation

Recognised in the income statement

	2016 £'000s	2015 £'000s
Current tax expense		
Current year	**(14,031)**	(10,888)
Adjustments for prior years	**(240)**	723
Withholding tax	**(504)**	-
Current tax expense	**(14,775)**	(10,165)
Deferred tax expense		
Origination and reversal of temporary differences	**(2,396)**	176
Reduction in tax rate	**(40)**	8
Adjustments in respect of prior year	**(1,000)**	(252)
Deferred tax expense	**(3,436)**	(68)
Total tax expense	**(18,211)**	(10,233)

Reconciliation of effective tax rate

	2016 £'000s	2015 £'000s
Profit for the year	**3,055**	34,391
Total tax expense	**18,211**	10,233
Profit before tax	**21,266**	44,624
Tax using the UK corporation tax rate of 20.1% (2015:21.2%)	**(4,274)**	(9,460)
Adjustments in respect of prior periods	**(1,240)**	471
Reduction in tax rate on deferred tax balances	**(40)**	(8)
Non-deductible expenses	**(1,052)**	(1,234)
Share based payment	**-**	(32)
Short lease premium relief	**29**	30
Ineligible depreciation	**(953)**	-
Movement in unrecognised deferred tax	**(5,420)**	-
Goodwill amortisation	**(4,818)**	-
Withholding tax	**(504)**	-
Difference in overseas tax rate	**382**	-
Other	**(321)**	-
Total tax expense	**(18,211)**	(10,233)

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. The deferred tax assets and liabilities at 28 February 2016 have been calculated based on these rates.

An additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly.

Notes *(continued)*

9 Property, plant and equipment – Group

	Freehold Land and Buildings £'000s	Short Leasehold Property £'000s	Plant and Equipment £'000s	Fixtures & Fittings £'000s	Leased Fixtures & Fittings £'000s	Motor Vehicles £'000s	Construction in Progress £'000s	Total £'000s
Costs - 2015								
Balance beginning of current year	-	151,990	104,573	-	114,789	286	-	371,638
Additions	-	23,599	14,718	4,409	19,158	41	1,380	63,305
Acquisitions through subsidiaries acquired	83	26,966	8,303	4,010	-	44	2,250	41,656
Transfers	-	132,270	-	-	(132,270)	-	-	-
Disposals	-	(4,865)	(2,402)	(97)	(1,675)	(36)	-	(9,075)
Balance at end of current year	**83**	**329,960**	**125,192**	**8,322**	**2**	**335**	**3,630**	**467,524**
Costs - 2016								
Balance beginning of year	83	329,960	125,192	8,322	2	335	3,630	467,524
Additions	-	61,615	26,208	11,540	-	16	4,708	104,087
Transfers	-	-	-	2	(2)	-	-	-
Disposals	(83)	(8,038)	(3,265)	(33)	-	-	-	(11,419)
Effects in movements of foreign exchange	-	2,658	783	175	-	6	166	3,788
Balance at end of current year	**-**	**386,195**	**148,918**	**20,006**	**-**	**357**	**8,504**	**563,980**
Accumulated dep'n and impairment - 2015								
Balance beginning of comparative year	-	(47,277)	(52,785)	-	(63,069)	(156)	-	(163,287)
Depreciation charge in the year	-	(11,075)	(11,778)	(496)	(13,159)	(55)	-	(36,563)
Transfers	-	(75,282)	-	-	75,282	-	-	-
Impairment losses	-	(2)	(5)	(6)	-	-	-	(13)
Disposals	-	3,247	1,816	97	944	2	-	6,106
Balance at end of comparative year	-	(130,389)	(62,752)	(405)	(2)	(209)	-	(193,757)
Accumulated dep'n and impairment - 2016								
Balance beginning of current year	-	(130,389)	(62,752)	(405)	(2)	(209)	-	(193,757)
Depreciation charge in the year	(4)	(30,410)	(15,681)	(2,613)	-	(63)	-	(48,771)
Transfers	-	-	-	(2)	2	-	-	-
Impairment losses	-	64	64	-	-	-	-	128
Disposals	4	3,546	2,699	12	-	-	-	6,261
Effects in movement of foreign exchange	-	(1,080)	(466)	(189)	-	(2)	-	(1,737)
Balance at end of current year	-	(158,269)	(76,136)	(3,197)	-	(274)	-	(237,876)
Net book value comparative year 2015	83	199,571	62,440	7,917	-	126	3,630	273,767
Net book value current year 2016	**-**	**227,926**	**72,782**	**16,809**	**-**	**83**	**8,504**	**326,104**

Notes *(continued)*

9 Property, plant and equipment – Group

Leased plant and machinery
At year end the net carrying amount of plant and machinery and fixtures and fittings held under finance leases was £Nil *(2015: £Nil)*.

All finance lease liabilities were settled in full during the prior period. This has resulted in no change in the carrying values or estimated useful lives but does result in transfers between categories.

9 Property, plant and equipment – Company

The Company is a holding company and does not hold any property, plant and equipment assets.

Notes (continued)

10 Intangible assets – Group

	Goodwill	Intellectual Property Patents and trade-marks	Development costs	Software	Total
	£'000s	£'000s	£'000s	£'000s	£'000s
Costs - 2015					
Balance beginning of comparative year	352,788*	-	-	-	352,788
Additions	72,446	480,016	-	-	552,462
Acquisitions through subsidiaries acquired	-	5,623	3	209	5,835
Balance at end of comparative year	425,234	485,639	3	209	911,085
Costs - 2016					
Balance beginning of current year	425,234	485,639	3	209	911,085
Additions	396	1,575	4	367	2,342
Adjustment to goodwill acquired in prior year	(4,343)	-	-	-	(4,343)
FX translation reserve	1,926	752	5	8	2,691
Balance at end of current year	**423,213**	**487,966**	**12**	**584**	**911,775**
Accumulated amortisation – 2015					
Balance beginning of comparative year	(81,481)	-	-	-	(81,481)
Amortisation charge in the year	-	(3)	-	-	(3)
Balance at end of comparative year	(81,481)	(3)	-	-	(81,484)
Accumulated amortisation - 2016					
Balance beginning of current year	(81,481)	(3)	-	-	(81,484)
Amortisation charge in the year	-	(25,647)	(8)	(128)	(25,783)
Impairment losses	(180)	-	-	-	(180)
FX Translation Reserve	-	(154)	(4)	(9)	(167)
Balance at end of current year	(81,661)	(25,804)	(12)	(137)	(107,614)
Net book value comparative year 2015	343,753	485,636	3	209	829,601
Net book value current year 2016	**341,552**	**462,162**	**-**	**447**	**804,161**

In 2015:

a. The Group acquired the Nando's Intellectual Property (IP) comprising the Name, Trademarks and the System. The Nando's IP was acquired from another company under common control for £480m. The IP is amortised over a period of 20 years, of which there is 19 years remaining. Other additions to IP, patents and trademarks, include reacquired franchise rights. Acquisitions through subsidiaries acquired have been brought in at net book value into cost.

   The recoverable amount of the IP acquisition was calculated in the range of £455m to £520m based on the excess of earnings method. The consideration paid was settled at £480m which is slightly lower than the mid-point of this range.

b. The Company acquired overseas entities, as part of a wider group restructuring. These entities were formerly part of the wider Nando's group and as such were under common control. Business combinations under common control can be accounted for using book value accounting or by the application of the principles of acquisition accounting as set out in IFRS 3 Business Combinations. The Company has chosen to apply the acquisition accounting methodology of IFRS 3 and this involved identifying and measuring the fair value of consideration transferred and assets and liabilities acquired, and recognising goodwill as the difference between these values.

Notes *(continued)*

10 Intangible assets Group – (continued)

Goodwill aggregating £72,446k has arisen on the acquisition because the fair value of the consideration £75,235k is greater than the value of the net assets acquired and represents the additional value based on a discounted forecast cash flow valuation basis £2,789k. Consideration was in the form of short-term loans which were settled in the current year.

During the year management have adjusted the fair values attributable to certain assets and liabilities acquired during the prior year. This included the identification and recognition of a historic agreement between Nando's Chickenland Canada Inc. and Nando's Holdings Limited/Nando's Isle of Man to forgive debt payable by Nando's Chickenland Canada Inc. which at the time were related parties.

Amortisation and impairment charge

Annual impairment testing is carried out on Goodwill and Intellectual Property.

Impairment testing – Goodwill

Goodwill and intangible assets are considered significant in comparison to the Group's total carrying amount of such assets have been allocated to cash generating units or groups of cash generating units as follows:

	Goodwill		Intellectual Property	
	2016	2015	**2016**	2015
	£'000s	£'000s	**£'000s**	£'000s
UK & Ireland – Nando's Chickenland Limited/NGHL	271,307	271,307	**342,616**	360,000
Overseas – Nando's Limited & overseas subsidiaries	70,245	72,446	**119,546**	120,000
Total	**341,552**	343,753	**462,162**	480,000

An impairment assessment has been carried out in respect of the goodwill assigned to Nando's Chickenland Limited (in respect of the UK and Ireland) and to Nando's Limited and overseas subsidiaries. Goodwill allocated to overseas groups of cash generating units (CGU's) at the end of the period was North America £34.8m, which predominately includes operations in the United states of America, and Australasia £21.6m, which predominately includes operations in Australia. Goodwill allocated to other groups of CGU's total £13.8m.

The recoverable amount of these CGU's units has been calculated with reference to its value in use. The key assumptions of this calculation (depending on jurisdiction) are shown below:

	UK & Ireland	North America	Australasia	Other
Discount ranges	10.5%	11.5%	12.5% to 13%	10.5% to 13.5%
Tax rates	12.5% to 20 %	28% to 39.5 %	28% to 30%	17% to 28%
Long term growth rates *(in line with historical growth rates for the industry)*	2 %	2% – 2.5%6 %	2.5%	2% – 6 %

This assessment was based on discounting forecast future 5-year cash flows to which a growth forecast based on experience of an average percentage per annum on revenue was applied with EBITDA cash flow estimates being adjusted for forecast capital expenditure and tax forecasts. The discount rate applied was specific to each market reflecting the risk and conditions associated with each market. Extending cash flows beyond the 5 year horizon into perpetuity would demonstrate further significant goodwill above the carrying value.

Management are satisfied that there is no impairment in respect of these entities. The assessed value of goodwill exceeds the carrying value in the Financial Statements. Management consider that there is no reasonable possibility that a change in key assumptions would result in the UK CGU carrying value exceeding its recoverable amount. For all overseas groups of CGU's the recoverable amount is dependent on the future restaurant roll out plans in each market. A significant change in the strategic direction in any of these markets may result in a decrease in the recoverable amount of the CGU. However management do not consider that an impairment is likely to result as the group is committed to maintaining the current strategic plans for each market.

Notes *(continued)*

Impairment testing – Intellectual Property

Intellectual property is amortised over 20 years and it is managements assertion that there are no indications of impairment to this asset as of 28 February 2016. The amortisation charge on intellectual property for the period was £25,647k (2015: £3k).

10 Intangible assets - Company

The Company is a holding company and has no intangible assets.

11 Investments in group companies

	Group 2016 £'000s	Group 2015 £'000s	**Company 2016 £'000s**	Company 2015 £'000s
Balance as at the beginning of the year	**-**	-	**116,273**	72,994
Acquisitions	**-**	-	**67,105**	43,279
Balance at the end of the year	**-**	-	**183,378**	116,273

Investments in group companies are carried at cost less impairment, of which there is none.

Notes *(continued)*

12 Investments in subsidiaries and associates

The Group and Company have the following investments in subsidiaries and associates:

Subsidiary undertaking	Country of Incorporation	Class of Shares Held	Ownership 2016	Ownership 2015	Principal activity
Nando's Group Limited	UK	Ordinary	100%	100%	Holding company
Nando's Finance Limited*	UK	Ordinary	100%	100%	Holding company
Nando's Chickenland Limited*	UK	Ordinary	97%	95%	Casual Dining Restaurants
Nando's Chicken Limited*	UK	Ordinary	95%	95%	Holding company for lease
Vicar Lane Bradford Ltd*	UK	Ordinary	95%	95%	Holding company for lease
Broomco Chando's Ltd*	UK	Ordinary	95%	95%	Holding company for lease
Broomco (4061) Ltd*	UK	Ordinary	95%	95%	Holding company
Nando's Chickenland Ireland Ltd*	Republic of Ireland	Ordinary	95%	95%	Casual Dining Restaurants
GBK Restaurants Limited	UK	Ordinary	73%	73%	Holding company
GBK Franchise Limited**	UK	Ordinary	73%	73%	Franchising
Gourmet Burger Kitchen Limited**	UK	Ordinary	73%	73%	Casual Dining Restaurants
Gourmet Burger Kitchen (Ireland) Limited**	Republic of Ireland	Ordinary	73%	73%	Dormant
GBK Retail Limited**	UK	Ordinary	73%	73%	Retail food products
Nando's Limited	UK	Ordinary	100%	100%	Management & IP company
Nando's Restaurant Group Holdings Limited***	UK	Ordinary	100%	100%	Holding company
Hackremco (no.2639) Limited	UK	Ordinary	100%	100%	Holding company
Nando's Sub Continent Holdings Limited****	UK	Ordinary	100%	100%	Holding company
Nando's Brand JVCO Limited*****	UK	Ordinary	66.66%	66.66%	Management company
Nando's Restaurants Group Inc.	USA	Ordinary	100%	100%	Casual Dining Restaurants
Nando's Chickenland Canada Inc.	Canada	Ordinary	100%	100%	Holding company
Nando's PERI PERI Canada Inc .	Canada	Ordinary	100%	100%	Casual Dining Restaurants
Nando' Chickenland Central Ltd	Canada	Ordinary	100%	100%	Casual Dining Restaurants
Nando's Chickenland West Ltd	Canada	Ordinary	100%	100%	Casual Dining Restaurants
8489963 Canada Inc	Canada	Ordinary	100%	100%	Casual Dining Restaurants
2418836 Ontario Inc	Canada	Ordinary	100%	100%	Casual Dining Restaurants
Nando's Services (Pty) Ltd	South Africa	Ordinary	100%	100%	Management company
Nando's Australia Pty Ltd	Australia	Ordinary	95%	95%	Casual Dining Restaurants
Windeacon Pty Ltd	Australia	Ordinary	95%	95%	Real Estate
Nando's New Zealand Limited	New Zealand	Ordinary	100%	100%	Casual Dining Restaurants
Nando's New Zealand Restaurants Limited	New Zealand	Ordinary	100%	100%	Casual Dining Restaurants
Nando's Services India Private Limited****	India	Ordinary	100%	100%	Casual Dining Restaurants
Nando's Karnataka Restaurants Private Ltd****	India	Ordinary	100%	100%	Casual Dining Restaurants
Associate undertakings					
Delhi NCR JV (Janpath Restaurants Private Limited)****	India	Ordinary	26%	26%	Casual Dining Restaurants
Nando's Chickenland Malaysia SDN.BHD	Malaysia	Ordinary	30%	30%	Casual Dining Restaurants
Nando's Singapore PTE. Ltd	Singapore	Ordinary	30%	30%	Casual Dining Restaurants

* Owned by a subsidiary, Nando's Group Limited.
** Owned by a subsidiary, GBK Restaurants Limited.
*** Owned by a subsidiary Hackremco (no.2638) Limited renamed to Nando's Restaurants Group Holdings Limited.
**** Owned by a subsidiary Hackremco (no. 2640) Limited renamed to Nando's Sub Continent Holdings Limited.
***** Owned by a subsidiary Hackremco (no. 2641) Limited renamed to Nando's Brand JVCO Limited.

Notes *(continued)*

12 Investments in subsidiaries, associates and joint arrangements *(continued)*

Associates

	Group	Group	Company	Company
	2016	2015	**2016**	2015
	£'000s	£'000s	**£'000s**	£'000s
Carrying amount of individually immaterial associates	**12,769**	12,593	**12,032**	12,023
Total carrying amount for equity accounted investees in these financial statements	**12,769**	12,593	**12,032**	12,023

NGHL has three individually immaterial associates based in Malaysia, Singapore and India. The joint ventures have different period ends to the Group due to local compliance reasons. India's year end is 31 March 2016, Malaysia and Singapore are the 31 December 2015.

There are no restrictions on the ability of associates to transfer funds to the Group in the form of cash dividends, or to repay loans or advances made by the entity.

The Group's interests in individually immaterial associates is analysed, in aggregate, in the below table.

	2016	2015
	£000	£000
Carrying amount of interests in individually immaterial associates		
Share of:		
- Profit/(Loss) from continuing operations	**(255)**	-

Associates were acquired on the last day of the prior financial year and therefore profit/(loss) of these associates was not included 2015.

Non-Controlling Interests

There are non-controlling interests:

Name of Subsidiary	% of ownership held by non-controlling interest	% of voting rights held by non-controlling interest	Principal place of business
Nando's Chickenland Limited	3%	3%	UK
GBK Restaurants Limited	27%	27%	UK

Nando's Chickenland Limited

The profit allocated to non-controlling interests in Nando's Chickenland Limited in the period was £3,004k (2015: £2,522k). Accumulated profit allocated to non-controlling interest is £9,778k (2015: £13,368k). During the year there was a £6,594k reduction in non-controlling interest due the repurchase of shares.

GBK Restaurants Limited

The profit allocated to non-controlling interests in GBK Restaurants Limited in the period was £580k (2015: Loss £220k). Accumulated profit allocated to non-controlling interest is £1,149k (£569k).

Notes *(continued)*

12 Investments in subsidiaries, associates and joint arrangements *(continued)*

Summarised Financial Information

	Nando's Chickenland		GBK Restaurants	
	2016	**2015**	**2016**	**2015**
	£'000s	**£'000s**	**£'000s**	**£'000s**
Revenue	602,031	517,489	67,939	56,242
Profit/(loss) after tax	60,072	50,415	1,158	(813)
Non-current assets	533,010	533,649	57,644	52,050
Current assets	35,732	90,674	34,789	34,432
Current liabilities	(420,735)	(534,247)	(46,967)	(49,209)
Non-current liabilities	(1,431)	(1,855)	(29,379)	(22,338)
Net assets	146,576	88,221	16,087	14,935

13 Deferred tax assets and liabilities – Group

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities	
	2016	2015	**2016**	2015
	£'000s	£'000s	**£'000s**	£'000s
Property, plant and equipment	**-**	76	**(4,595)**	(4,511)
Intangible assets	**378**	1,919	**-**	(54)
Inventories	**53**	5	**-**	-
Provisions	**2,154**	338	**-**	-
Tax value of loss carry-forwards	**-**	3,447	**-**	-
Other	**177**	290	**1,452**	1,545
Tax assets/(liabilities)	**2,762**	6,075	**(3,143)**	(3,020)

The tax losses relate to the recently acquired overseas entities in Australia, Canada, United States India, and New Zealand which are developing markets for the group. It is considered that these losses will be recoverable in line with management forecasts and expectations.

Notes *(continued)*

13 Deferred tax assets and liabilities – Group *(continued)*

Movement in deferred tax

	2014 £'000s	Charged to income £'000s	Acquired business combinations £'000s	2015 £'000s	Charged to income £'000s	2016 £'000s
Property, plant and equipment	(2,421)	(1,579)	(1,924)	**(5,924)**	1,329	**(4,595)**
Intangible assets	-	-	1,865	**1,865**	(1,487)	**378**
Inventories	-	-	5	**5**	48	**53**
Provisions	-	-	338	**338**	1,816	**2,154**
Tax value of loss carry-forwards	-	-	4,935	**4,935**	(4,935)	**-**
Other	(289)	1,836	289	**1,836**	(207)	**1,629**
	(2,710)	257	5,508	**3,055**	(3,436)	**(381)**

In addition to these deferred tax assets, the Group has an unrecognised deferred tax asset of £23,935. This relates to tax losses carried forward in certain overseas territories and the difference between the carrying value of the IP and the tax base, which considers the acquisition price in respect of any future disposal of the asset. As the asset amortises below the purchase price a deferred tax asset arises but is not recognised, as based on the strength of the business performance and the integrity of the IP to this performance, the directors currently believe the business will be operated utilising this IP for the foreseeable future.

13 Deferred tax assets and liabilities - Company

Recognised deferred tax assets and liabilities

The Company has no deferred tax assets or liabilities.

14 Inventories

	Group 20616 £'000s	2015 £'000s	Company 2016 £'000s	2015 £'000s
Raw materials and consumables	**4,139**	3,431	-	-
Finished goods	**515**	358	-	-
Inventories (net of any provisions)	**4,654**	3,789	-	-

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £495,348k *(2015: £105,264k)*. The write-down of inventories to net realisable value amounted to £Nil *(2015: £57k)*. There was no reversal of write-downs *(2015: £Nil)*. The write-down and reversal are included in cost of sales.

Notes *(continued)*

15 Trade and other receivables

	Group 2016 £'000s	2015 £'000s	Company 2016 £'000s	2015 £'000s
Current				
Amounts due from related undertakings	**1,513**	3,429	**174,080**	35,058
Trade receivables due from third parties	**8,125**	3,924	**572**	697
Other debtors	**5,529**	5,717	**-**	-
Interest receivable	**-**	1	**-**	-
Current tax receivable	**280**	51	**-**	-
Prepayments	**13,162**	10,882	**-**	-
Total current	**28,609**	24,004	**174,652**	35,755
Non-current				
Trade receivables due from third parties	**19**	23	**-**	-
Other debtors	**196**	116	**-**	-
Pre-payments	**2,156**	1,887	**-**	-
Total non-current	**2,371**	2,026	**-**	-

Included within trade and other receivables is £2,371k *(2015: £2,026k)* for the Group and £Nil *(2015: £Nil)* for the Company expected to be recovered in more than 12 months.

Related party details are provided in note 26.

16 Cash and cash equivalents/ bank overdrafts

	Group 2016 £'000s	2015 £'000s	Company 2016 £'000s	2015 £'000s
Cash and cash equivalents per balance sheet	**34,939**	52,833	**9,943**	10,059
Bank overdrafts	**(759)**	(1,536)	**-**	-
Cash and cash equivalents per cash flow statements	**34,180**	51,297	**9,943**	10,059

Notes *(continued)*

17 Other interest-bearing, non-interest bearing loans and borrowings

This note provides information about the contractual terms of the Group and Company's interest-bearing loans non-interest bearing loans and borrowings, which are measured at amortised cost. For more information about the Group and Company's exposure to interest rate and foreign currency risk, see note 22.

	Group		Company	
	2016	2015	**2016**	2015
	£'000s	£'000s	**£'000s**	£'000s
Non-current liabilities				
Secured bank loans	**(405,383)**	(234,627)	-	-
Other loans	**(10,241)**	(30)	-	-
Loans due to related parties	**(567,199)**	(45,597)	**(302,055)**	-
	(982,823)	(280,254)	**(302,055)**	-
Current liabilities				
Current portion of secured bank loans	**(15,928)**	(15,169)	-	-
Other loans	-	-	-	-
Loans due to related parties	**(465)**	(555,001)	**(18,263)**	-
	(16,393)	(570,170)	**(18,263)**	-
Total liabilities				
Secured bank loans	**(421,311)**	(249,796)	-	-
Other loans	**(10,241)**	(30)	-	-
Loans due to related parties	**(567,664)**	(600,598)	**(320,318)**	-
	(999,216)	(850,424)	**(320,318)**	-

Notes *(continued)*

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	Face value 2016	Carrying amount 2016	Face value 2015	Carrying amount 2015
				£'000s	**£'000s**	£'000s	£'000s
Bank loan - term loan A	GBP	LIBOR +2.25%	2021	(150,000)	**(147,659)**	(125,000)	(123,349)
Bank loan - revolving facility	GBP	LIBOR +2.75%	Revolving	-	-	(105,000)	(103,845)
Bank loan - term loan B	GBP	LIBOR +2.75%	2022	(250,000)	**(244,145)**	-	-
Related party loan - Yellowwoods Treasury	GBP	8.5%	2026	(51,000)	**(54,480)**	-	-
Related party loan - Yellowwoods Treasury	GBP	8.4%	2025	(104,250)	**(111,238)**	-	-
Bank loan	GBP	LIBOR +2.75%	Revolving	(15,400)	**(15,400)**	(12,500)	(12,500)
Bank loan	AUD	6.6%	2017	(14,107)	**(14,107)**	(10,001)	(10,001)
Related party loan - L Perlman (SECS)	GBP	Nil	Current	-	-	(74,000)	(74,000)
Related party loan - Yellowwoods Treasury	GBP	8.3%	2024	(93,250)	**(99,426)**	-	-
Related party loan - Yellowwoods Treasury*	GBP	7.5%	2019	(95,615)	**(101,372)**	-	-
Related party loan - Yellowwoods Treasury*	GBP	8.0%	2022	(120,000)	**(127,706)**	-	-
Related party loan - Yellowwoods Treasury*	GBP	8.3%	2024	(46,106)	**(46,618)**	-	-
Related party short term loan – Yellowwoods*	GBP	6.8%	2017	(25,000)	**(26,359)**	-	-
Related party loan - Nando's Malta Holdings Limited	GBP	Nil	Current	-	-	(480,000)	(480,000)
Related party loan - Hackremco (2640)	GBP	Nil	Current	-	-	(1,001)	(1,001)
Related party loan - Nando's Resources Group Holdings BV	GBP	Nil	Current	-	-	(31,460)	(31,460)
Related party loan - Nando's Malta Holdings Limited	CAD	Nil	Current	-	-	(1,026)	(1,026)
Related party loan - Nando's Isle of Man Limited	CAD	Nil	Current	-	-	(3,349)	(3,349)
Related party loan - Nando's Malta Trading Ltd	ZAR	Nil	Current	(465)	**(465)**	(580)	(580)
Loan - Capricorn Ventures International	GBP	Nil	Current	-	-	(9,283)	(9,283)
Zero Coupon Loan Stock – Capricorn Ventures Limited	GBP	Nil	2016	(10,488)	**(10,207)**	-	-
Other loans	GBP			(34)	**(34)**	(30)	(30)
				(975,715)	**(999,216)**	(853,230)	(850,424)

Yellowwoods DDB carrying amount includes interest.

*These amounts are related party loans for The Company NGHL. NGHL also has 18,263k of current related party loans with intergroup companies.

Notes *(continued)*

17 Other interest-bearing loans, non-interest bearing loans and borrowings *(continued)*

Third party liabilities

The bank loans and other loans included in other interest-bearing loans, non-interest bearing loans and borrowings are summarised in the table of terms and conditions above.

The two bank loans related to Nando's Finance Limited bear interest at LIBOR plus 2.25% and 2.75% and are repayable in monthly instalments. The fixed term loans continue to be available to the Group and extend until 2022. The loans are secured by debentures and unlimited inter-company guarantees between Nando's Chickenland Limited and Nando's Finance Limited, and a first legal charge over certain assets owned by the group.

Included in bank loans is a loan relating to the GBK group of companies. This was £15,400k at period end. This loan has a revolving facility secured by a mortgage debenture in favour of the bank representing fixed or floating charges over assets of the GBK group. The interest rate applicable on the revolving facility is 2.75% above one month LIBOR (2015: 2.75% above one month LIBOR).

Nando's Australia has a fixed term £14,107k bank facility which continues to be available to the group until November 2016 where it will rollover into a new period. It bears interest at a rate of BBR (for the period) + 1% margin (approximately 4.0%) and £4,873k is secured by a guarantee from NGHL and the remaining is repaid in monthly instalments.

Related party liabilities

Further details on the related party loans included in other interest-bearing loans, non-interest bearing loans and borrowings can be found in note 26.

Finance lease liabilities

The Group has no finance lease liabilities.**Company**

The Company has no finance lease liabilities.

18 Trade and other payables

	Group		Company	
	2016	2015	**2016**	2015
	£'000s	£'000s	**£'000s**	£'000s
Current				
Trade payables due to third parties	**(39,186)**	(31,219)	**(119)**	(424)
Amounts due to related parties	**(231)**	(86,047)	**(200)**	(106,056)
Other-trade payables	**(420)**	(451)	**-**	-
Non-trade payables and accrued expenses	**(115,979)**	(161,612)	**(333)**	(958)
	(155,816)	(279,329)	**(652)**	(107,438)
Non-current				
Other payables	**(5,173)**	(4,362)	**-**	
	(160,989)	(283,691)	**(652)**	(107,438)

Included within trade and other payables is £5,173k *(2015: £4,362k)* for the Group and £Nil *(2015: £Nil)* for the Company expected to be settled in more than 12 months.

Related party details are provided in note 26.

Notes *(continued)*

19 Employee benefits

Defined contribution plans

The Group operates a number of defined contribution pension plans.

The total expense relating to these plans in the current year was £896k *(2015: £637k)*

Share-based payments – Group

The terms and conditions of the grants are as follows:

The Group operates an employee share scheme, where shares are issued to employees and directors of Nando's Chickenland Limited under the terms of an employee share scheme. The Nando's Chickenland Partnership Scheme V has a designated compulsory holding period running from February 2012 to February 2015, during which employees and directors waive their voting and dividend rights in respect of their shares and may not transfer, charge or otherwise dispose of their shares without consent of the company (this also applies to any shares issued in previous partnership schemes). The shares granted to employees under Partnership V shall vest under a ratcheted performance related criteria, whereby below a minimum level of EBITDA no vesting shall occur. The consideration of vested shares shall be based on a defined EBITDA multiple valuation methodology.

The Nando's Chickenland Partnership VI has a designated compulsory holding period running from March 2015 to February 2018. All rights of the employees, directors and company are the same as Scheme V, as is the basis of the vesting period.

These share based payments schemes have been calculated as set out in the accounting policy described in note 1.15.

At the beginning of the period 157,895 ordinary shares were in issue to the employees and directors of Nando's Chickenland Limited under the terms of an employee share scheme, the 'Nando's Chickenland Partnership Plan V'. Previously these shares had been issued on 8 August 2008 at market value by the Nando's Chickenland Employee Benefit Trust 2003. The employee benefit trust is controlled and funded by L Perlman SECS.

During the year Nando's Chickenland's parent, Nando's Finance Limited, purchased 52,480 of these ordinary shares from the trust. They also repurchased all 256,500 B shares.

The Group retains the beneficial rights of the shares required to settle rewards granted under equity-settled share based payment plans, details of which can be seen below. A related undertaking, Yellowwoods SARL, will acquire the shares required to settle the awards under the terms of a put and call arrangement with employees.

Shares in issue to the employees and directors of Nando's Chickenland Limited:

	Shares
Ordinary shares at beginning of the period	157,895
B shares at beginning of the period	356,500
Total shares at beginning of the period	514,395
Ordinary shares purchased by Nando's Finance Limited	(52,480)
B Shares purchased by Nando's Finance Limited	(356,500)
Shares at the end of the period	105,415

These share based payment schemes have been recognised in accordance with IFRS 2 and the accounting policy described in 1.16.

The total charge to the profit and loss account in the current period in respect of share based payments was £1k (2015: £150k). The Group recognises no year-end liability in relation to this share based payment scheme as it is funded by the ultimate parent company of Nando's Group Holdings Limited.

Further details are provided under note 21, Capital and reserves.

Notes *(continued)*

20 Provisions

Group

	Onerous Lease £'000s	Long Service Incentive £'000s	Franchise Marketing £'000s	Other £'000s	Total £'000s
Current b/f	(392)	(109)	(1,281)	(123)	(1,905)
Non-current b/f	(547)	(203)	-	-	(750)
Balance brought forward	**(939)**	**(312)**	**(1,281)**	**(123)**	**(2,655)**
Provisions made during the year	(332)	(161)	(669)	(15)	(1,177)
Provisions used during the year	221	50	1,151	75	1,497
Provisions reversed during the year	-	-	-	-	-
Amounts arising from acquisitions	-	-	-	-	-
Unwinding of discounted amount	-	-	-	-	-
FX translation reserve	(14)	(4)	(10)	(3)	(31)
Balance carry forward	**(1,064)**	**(427)**	**(809)**	**(66)**	**(2,366)**
Current c/f	(395)	(145)	(809)	(66)	(1,415)
Non-current c/f	(669)	(282)	-	-	(951)
	(1,064)	**(427)**	**(809)**	**(66)**	**(2,366)**

Provisions primarily relate to onerous lease obligations, long term incentives and marketing obligations in respect of franchisee agreements.

Company

The Company has no provisions.

Notes *(continued)*

21 Capital and reserves

Share capital

	Ordinary shares	
In thousands of shares	**2016**	2015
	No. 000s	No. 000s
On issue at 22 February 2015	**50,000**	50,000
On issue at 28 February 2016 – fully paid	**50,000**	50,000

	2016	2015
	£'000s	£'000s
Allotted, called up and fully paid		
Ordinary shares of £1 each	**50,000**	50,000
Shares classified in shareholders' funds	**50,000**	50,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Own share reserve

The group operates a long term employee benefit plan in which it issues shares to employees of L Perlman SECS and certain subsidiaries. The schemes in place are detailed in Note 19. The company retains the beneficial rights of the shares required to settle rewards granted under equity-settled share-based payment plans. A related undertaking, Yellowwoods SARL, will acquire the shares required to settle the awards under the terms of a put and call arrangement with employees.

Other reserves

Capital contribution reserve

The Capital Contribution Reserve arises from deemed contributions received in Nando's Chickenland Limited in relation to share based payment schemes with a corresponding charge to employee costs. Further details are disclosed under Employee benefits, note 19.

Foreign exchange reserve

Movements are shown in the Statement of Changes in Equity on page 11.

Retained earnings

Movements are shown in the Statement of Changes in Equity on page 11.

Non-controlling interests

Movements are shown in the Statement of Changes in Equity on page 11.

Dividends

The following dividends were recognised during the period:

	2016	2015
	£'000s	£'000s
£0.0p *(2015 £8.7p)* per qualifying ordinary share	-	(4,347)

Notes *(continued)*

22 Financial Instruments

Credit Risk

Credit risk is not a significant risk for the Group given the nature of the business activities with most sales transactions being completed without the granting of credit. This is reflected in the relatively small amount of receivables.

Liquidity Risk

The Group's funding strategy includes use of overdraft facilities, detailed cash flow forecasting and monitoring the maturity of financial liabilities to avoid the risk of a shortage of funds.

The Group has access to sufficient funding and banking facilities.

Excess cash used in managing liquidity is placed on overnight interest-bearing deposit thereby allowing short term flexibility of funding. The Group had cash of £34.2m as at the period end *(2015: £51.3m)* and the Company £9.9m *(2015: £10.1m)*.

The majority of the secured bank loans relate to borrowing within the principal UK market that in the current period accounts for the majority of trade. Secured bank loans total £421.3m (*2015: £249.8m*) of which £391.8m (*2015: £227.3m*) relates to the UK Nando's market, and £14.1m (*2015: £10.0m*) to Australia and £15.4m (*£12.5m*) to the subsidiary Gourmet Burger Kitchen.

The following are the contractual maturities of financial liabilities:

Group 2016

	Carrying Amount	Contractual Cash flow	0 to <1yr	1 to 2 yrs	2 to 5 yrs	Over 5 years
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Secured bank loans	(421,311)	(421,309)	(31,327)	(21,062)	(118,920)	(250,000)
Related party loans	(567,664)	(567,664)	(26,824)	-	(101,372)	(439,468)
Trade payables and other payables	(160,989)	(160,989)	(155,816)	(5,173)	-	-
Bank overdrafts	(759)	(759)	(759)	-	-	-
Other loans	(10,241)	(10,241)	(10,241)	-	-	-
	(1,160,964)	(1,160,962)	(224,967)	(26,235)	(220,292)	(689,468)

Group 2015

	Carrying Amount	Contractual Cash flow	0 to <1yr	1 to 2 yrs	2 to 5 yrs	Over 5 years
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Secured bank loans	(249,796)	(249,796)	(15,169)	(29,579)	(50,521)	(154,527)
Related party loans	(600,598)	(600,598)	(555,001)	(45,597)		
Trade payables and other payables	(282,734)	(282,734)	(278,372)	(4,362)	-	-
Bank overdrafts	(1,536)	(1,536)	(1,536)	-	-	-
Other loans	(30)	(30)	(30)	-	-	-
	(1,134,694)	(1,134,694)	(850,108)	(79,538)	(50,521)	(154,527)

The Company is a holding company and does not have any significant trading or liquidity risk.

Notes *(continued)*

22 Financial Instruments (continued)

Market Risk

Foreign currency risk

Foreign exchange exposure exists on net investments in foreign subsidiaries. There are no hedging arrangements in place to mitigate this exposure.

Foreign currency sensitivity analysis

A 10% weakening of the following currencies against the pound sterling at 28 February 2016 would have increased (decreased) equity and profit or loss by the amounts shown below. This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date.

This analysis assumes that all other variables, in particular other exchange rates and interest rates, remain constant.

	Equity Group 2016 £'000s	Profit or loss Group 2016 £000's
AUD	(474)	594
USD	(2,560)	671
CAD	(1,070)	24
Other	(2,316)	2
Total	(6,420)	1,291

A 10% percent strengthening of the above currencies against the pound sterling at 28 February 2016 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Interest rate risk

The Group has limited exposure to interest rate fluctuations with, previous loans being either fixed rate or LIBOR + 2.00% - 2.75%. A 1% increase in the LIBOR rate would result in a charge to the income statement of £4.2m.

During the period, Nando's Finance Limited entered into a 5 year hedging agreement, that covers £250m of their £400m (balance at period end) bank debt, which has a cap interest LIBOR rate of 2.5%, and a floor of 0.75%, to help mitigate any significant exposure to interest rate risk. The amount of bank debt not covered by the hedging agreement, will be repaid in advance of that which is covered by the agreement.

Company

The Company is not exposed to foreign currency risk.

Notes *(continued)*

23 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	Group		Company	
	2016	2015	**2016**	2015
	£'000s	£'000s	**£'000s**	£'000s
Less than one year	**61,198**	43,531	**-**	-
Between one and five years	**224,369**	156,698	**-**	-
More than five years	**377,952**	275,834	**-**	-
	663,519	476,063	**-**	-

In addition contingent lease rentals are payable dependent on future revenues derived from certain leased premises.

Group

During the year £56,170k was recognised as an expense in the income statement in respect of operating leases *(2015: £40,183k).*

Company

During the year £Nil was recognised as an expense in the income statement in respect of operating leases *(2015: £Nil).*

24 Commitments

Capital commitments

Group

At the year end the Group has outstanding capital commitments in respect of capital expenditure contracted but not provided for in the financial statements for £1,312k *(2015: £1,895k).*

Company

At the year end the Company has no outstanding capital commitments *(2015: £Nil).*

25 Contingencies

Group and Company

Neither the Group nor the Company have any contingent liabilities.

Notes *(continued)*

26 Related parties

Group

Transactions with key management personnel

The compensation of key management personnel including the directors is as follows:

	Group		Company	
	2016	2015	**2016**	2015
	£'000s	£'000s	**£'000s**	£'000s
Key management remuneration including social security costs	**5,418**	1,791	-	-
Company contributions to money purchase pension plans	**3**	3	-	-
Share related awards	**-**	149	-	-
	5,421	1,943	-	-

Interest bearing, non-interest bearing loans and borrowings

A summary of the terms of related party loans and borrowings is contained within note 17. Further information is provided here as to the nature of these transactions.

Group and Company

Yellowoods Deep Discounted Bonds and loans and borrowings
During the period the Company, Nando's Group Holdings Limited issued £302,055k (*2015: £Nil*), Nando's Finance Limited issued £166,000k (2015: £Nil), and Nando's Group Limited issued £99,426k (*2015: £Nil*) deep discounted bonds owned by Yellowwoods. At period end the balance of such loans was £567,199k (*2015: £Nil*).

Nando's Services also has borrowings from Nando's Malta Trading Limited of £465k (*2015: 580k*).

The Company had borrowings from intergroup entities Nando's Group Limited and Nando's Chickenland Limited of £18,263k (2015: £Nil).

Related party receivables

Nando's Services (Pty) Limited, a subsidiary, has an outstanding receivable balance at year end of £1,251k (*2015: £Nil*) with All About Food Limited (AAF), a related undertaking, in relation to AAF purchases of Nando's grocery products to sell in the UK. Nando's Services (Pty) Limited.

A subsidiary, GBK Restaurants Limited recharged £190k (*2015: £Nil*) of employment costs to Yellowwoods Associates UK Limited. The balance receivable outstanding at 28 February 2016 of £228k (*2015: £Nil*) was paid in March 2016.

GBK Retail Limited receives income from All About Food Ltd, a related undertaking, in relation to retail products sold on the Company's behalf. A fee is also paid to All About Food for this service. An amount of £63k (*2015: £38k*) was invoiced to All About Food in the period, and an amount receivable of £18k (*2015: £7k*) was outstanding at period end.

Nando's Limited, a subsidiary, has an outstanding receivable balance at year end of £17k with Nando's Sub Continent Holdings BV.

The Company had outstanding receivable balances from various intergroup entities of £174,080k (2015: £35.1k).

Notes *(continued)*

26 Related parties *(continued)*

Group and Company *(continued)*Professional fees and other related party payables

The Company incurred professional fees in the period from Yellowwoods Associates UK Limited, a related undertaking of £982k *(2015: £953k)*. There were amounts outstanding at year end of £200k *(2015: £252k)*, this was paid back in the period following year end. Nando's Chickenland, a subsidiary undertaking, also incurred professional fees in the period from Yellowwoods Associates UK Limited of £66k *(2015: £170k)*. There were amounts outstanding at year end of £Nil *(2015: £7k)*.

Expenses of £3k *(2015: £5k)* were recharged to Yellowwoods Associates UK Limited by Gourmet Burger Kitchen Limited, a company in which CF Luykcx is a director.

Nando's New Zealand Limited, a subsidiary, has an outstanding payable balance at year end of £31k with Nando's Resources BV Limited, a related undertaking.

27 Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of Yellowwoods Holdings Sarl, which is the ultimate parent company incorporated in Luxembourg. The ultimate controlling party is L Perlman SECS, incorporated in Luxembourg and conducting business from 39 Avenue Monterey, L-2163, 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 the Company. No other group financial statements include the results of the Company.

28 Subsequent events

New Dehli Joint Venture

On 24 May 2016, Nando's Sub Continent Holdings Limited, 100% owned by Nando's Group Holdings Limited, increased it's shareholding in Janpath Restaurants Private Limited from 26% to 100%. This entity owns and operates restaurants in New Dehli, India.

Sale of GBK Restaurants Limited

On 7 October 2016 the company received £69m following the sale by the company of a 75.53% shareholding in GBK Restaurants Limited to Famous Brands Limited. The carrying amount of GBK assets held by the Company as at 28 February 2016 was £16.1m. Nando's Group Holdings Limited is now focused on the global expansion of the Nando's business and brand and is committed to substantial investment in the brand over the next five years.

Britain's Departure from the European Union

On 23 June 2016, the British public voted in a referendum to leave the European Union. The future consequences, financial and operational, of this decision on the Nando's Group Holdings Limited company and its subsidiaries are being assessed by management.

Malaysia Joint Venture

On 30 November 2016, Nando's Group Holdings Limited increased it's shareholding in Nando's Chickenland Malaysia Sdn. Bhd from 30% to 49%. This entity owns and operates restaurants in Malaysia.

Singapre Joint Venture

On 30 November 2016, Nando's Group Holdings Limited increased it's shareholding in Nando's Chickenland Singapore Pte. Ltd from 30% to 49%. This entity owns and operates restaurants in Singapore.

29 Accounting estimates and judgements

The preparation of financial statements requires management to exercise judgement in applying the Group's accounting policies. It also requires the use of estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In this regard, asset impairment testing and the recognition of deferred tax assets involve a higher degree of judgement or complexity. This is explained in more detail in the related notes 10 and 13 respectively.