

Nando's Group Holdings Limited

**Annual report and consolidated
financial statements**

Registered number 06451677

22 February 2015

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Strategic report

The directors present the strategic report, directors' report and the audited financial statements for the 52 week period ending 22 February 2015.

Principal activities

The principal activity of the group in the period under review was that of operating fast casual dining restaurants. The Company acts as a holding company for the restaurant operating entities.

Financial Highlights and Key Performance Indicators

The results for the period and the financial position of the Group are disclosed on pages 7 and 8.

Revenue for the 52 week period was £587m (2014: £535m).

Gross profit at £187m represents a margin of 32% (2014: 29%), in line with management expectations.

Operating profit £69.2m (2014: £71.3m).

Profit before tax for the same period was £44.6m (2014: £47.2m). In a continuing, competitive trading environment, management are satisfied with the Group's financial performance.

On 22nd February 2015, the Company acquired a number of operating companies in various countries, all focused on operating restaurants and other business under the Nando's brand. As a result there was an impact on the balance sheets of the Company and Group in these financial statements. These acquisitions occurred just prior to the year end, so do not materially impact the profit and loss performance of the Company or Group in the current year and are reflected in the Group balance sheet as at 22 February 2015.

In the UK and Ireland, the restaurant expansion programme continued throughout the period with a net 31 new restaurants opened during the 52-week period, including 4 new GBK restaurants and one closure. The number of restaurants in operation rose from 370 at 23 February 2014 to 401 at 22 February 2015, excluding those restaurants represented in the acquired overseas entities during the year. If the restaurants operated by the acquired overseas entities are included, the total number of restaurants in operation at 22 February 2015 was 1,191. This total includes the 401 owned restaurants in UK and Ireland, a further 207 that are owned internationally and 583 that are run on a franchise basis internationally.

At the year end, the Group had Net Assets of £60.4m (2014: £30.8m).

The average number of employees during the year has grown from 10,993 in 2014 to 12,126 in 2015. This average excludes the employees in the newly acquired international entities.

Capital investment for the year has risen from £56.5m in 2014 to £63.3m.

Our Strategy

The Group and Company are committed to the development of the business through delivering quality products, superior customer service and through the development of new products and investment in existing and new restaurants.

Our opening programme is still progressing strongly. The number of restaurants in operation increased further and all are delivering favourable results. To ensure that we always deliver a high quality product and exemplary service to our customers we conduct regular operational audits at restaurant level. This is done by "mystery shoppers" visiting and rating the restaurants. The average result for the past 52 week period has been very satisfactory, a performance we will always aim to improve.

Details of the newly acquired entities are given in note 12 and the impact of the newly acquired overseas businesses on the balance sheet is shown in note 2.

These acquisitions reflect Management's continued intent to strengthen the global management of the Nando's brand and further development of the business.

Furthermore, at the year end the Group has acquired for £480m, the global Intellectual Property (IP) of the Nando's brand. The IP was acquired based upon an arm's length valuation using discounted cash flow methods and the Group is committed to maintaining the value through continuous investment in the name, trademarks and system. The IP comprised the Name, Trademarks and the System. The System includes distinctive styles, recipes, secret

Strategic report (continued)

Our Strategy (continued)

formulae, process and menu items; systems and methods for cooking, preparing, merchandising, presenting and serving grilled chicken and associated food products. The System also includes other methods, procedures and training materials.

Principal risks and uncertainties

Competition

The Company operates in a very competitive and fragmented market which is constantly bringing new concepts and products to the expanding customer base. We believe Nando's offers a unique product that gives us a competitive advantage. The restaurants offer superior quality products that separate them from their competitors. By continuously seeking to improve products, service and proactively meeting the needs of our customers, we will maintain and grow our market share.

Employees

Our employees' contributions are key to the Group's continued development in an industry which has high staff turnover.

Management recognise that staff retention, recruitment and development of suitable candidates for existing and new restaurants together with developing central support functions are key drivers for success.

Numerous training and development opportunities exist at all levels within restaurants and central support functions to motivate, develop and retain employees.

Product

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

The key arrangements that the Group has in place with several raw material suppliers are constantly reviewed and monitored.

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.

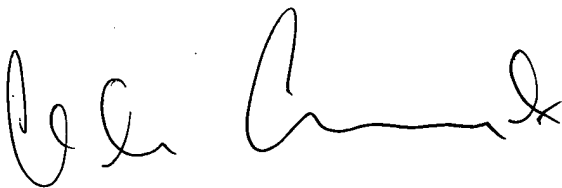
The Group has access to sufficient funding and banking facilities. Longer term financing arrangements were completed subsequent to the year end, as disclosed in note 28.

The Group does not have significant exposure to credit risk.

Going concern

Based on the financial forecasts of the Group which cover a period of more than 12 months from the date of these accounts, together with the long-term financing post year end, 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

17/4/2015

Directors' report

The directors present their annual report for the 52 weeks ended 22 February 2015.

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. The Group does not generally use derivative financial instruments to manage these risks but instead monitors risks on a case by case basis. Financial risks are disclosed in note 22.

Dividends

A dividend of 8.7p per share was paid during the year (2014: 12p per share) totalling £4,347k (2014: £6,000k).

Directors

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

RAG 't Hooft

C F Luyckx

Employees

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 £19,095 (2014:£19,110).

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

17/4/2015

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 22 February 2015 set out on pages 7 to 48. 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 5 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 22 February 2015 and of the group's profit 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.

W. Smith

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

30th November 2015

Consolidated Income Statement and Other Comprehensive Income
for the 52 week period ended 22 February 2015

	<i>Note</i>	2015 £'000s	Restated 2014 £'000s
Revenue	1,3	587,332	534,954
Cost of sales		(400,766)	(378,544)
Gross profit		186,566	156,410
Other operating income	4	256	213
Administrative expenses	1,6,7	(117,453)	(85,351)
Other operating expenses	5	(151)	-
Operating profit	1,6,7	69,218	71,272
Financial income	8	395	595
Financial expense	8	(24,989)	(24,708)
Net financing expense		(24,594)	(24,113)
Profit before tax		44,624	47,159
Taxation	9	(10,233)	(13,525)
Profit after tax		34,391	33,634
Non-controlling interest	12	(2,302)	(2,087)
Total profit for the financial period attributable to Nando's Group Holdings Limited's shareholders		32,089	31,547

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

The Group has no recognised gains or losses other than the profit for the current period and has therefore not prepared a statement of comprehensive income.

Consolidated Statement of Financial Position at 22 February 2015

Group

	Note	2015 £'000s	Restated 2014 £'000s	Restated 2013 £'000s
Non-current assets				
Property plant and equipment	10	273,767	208,351	192,506
Intangibles	11	829,601	271,307	271,082
Investments in associate companies	12	12,593	-	-
Trade and other receivables (excl. related party loans)	15	2,026	1,716	1,716
Deferred tax assets	13	6,075	-	-
		1,124,062	481,374	465,304
Current assets				
Inventories	14	3,789	2,420	2,442
Trade and other receivables (excl. related party loans)	15	23,555	16,498	65,487
Loans due from related parties	15	398	-	-
Cash and cash equivalents	16	52,833	24,431	29,029
Current tax receivable	15	51	-	-
		80,626	43,349	96,958
Total assets		1,204,688	524,723	562,262
Current liabilities				
Bank overdrafts	16	(1,536)	(867)	(28,876)
Other interest bearing loans and borrowings	17	(15,169)	(36,241)	(12,576)
Loans due to related parties	17	(555,001)	-	-
Trade and other payables (incl. related parties)	18	(279,329)	(103,564)	(143,954)
Tax payable		(3,010)	(5,546)	(6,574)
Provisions	20	(1,905)	-	-
		(855,950)	(146,218)	(191,980)
Non-current liabilities				
Other interest bearing loans and borrowings	17	(234,657)	(344,972)	(363,267)
Loans due to related parties	17	(45,597)	-	-
Other payables (incl. related parties)	18	(4,362)	-	(1,357)
Deferred tax liabilities	13	(3,020)	(2,710)	(2,618)
Provisions	20	(750)	-	-
		(288,386)	(347,682)	(367,242)
Total liabilities		(1,144,336)	(493,900)	(559,222)
Net assets	1	60,352	30,823	3,040
Equity				
Share capital	21	50,000	50,000	50,000
Capital contribution reserve	21	8,401	8,251	8,102
Own share reserve	21	1,604	1,604	1,604
Retained earnings	21	(13,590)	(41,332)	(66,879)
Ordinary shareholders funds		46,415	18,523	(7,173)
Non-controlling interest	21	13,937	12,300	10,213
Total equity		60,352	30,823	3,040

Statement of Financial Position at 22 February 2015

Company

No restatement has been necessary in the Company balance sheet as a result of adoption of IFRS.

		Company	
	Note	2015 £'000s	2014 £'000s
Assets			
Non-current assets			
Investment in group companies	12	116,273	72,994
Investments in associate companies	12	12,023	-
Total non-current assets		128,296	72,994
Current assets			
Trade and other accounts receivable (excl. related party loans)	15	697	806
Loans due from related parties	15	35,058	-
Cash and cash equivalents	16	10,059	4,636
Total current assets		45,814	5,442
Total assets		174,110	78,436
Current liabilities			
Trade and other payables (incl. related parties)	18	(107,438)	(17,658)
Total current liabilities		(107,438)	(17,658)
Net assets	1	66,672	60,778
Equity			
Share capital	21	50,000	50,000
Retained earnings	21	16,672	10,778
Ordinary shareholders funds		66,672	60,778
Total equity		66,672	60,778

These financial statements were approved by the board of directors on 17/11/2015 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	Retained earnings (Profit & loss reserve)	Total attributable to equity shareholders	Non- controlling interests	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Balance as at start of comparative year 2014 - Restated	50,000	8,102	1,604	(66,879)	(7,173)	10,213	3,040
Profit/(Loss) for the year	-	-	-	14,531	14,531	2,126	16,657
Restatement due to IFRS adoption	-	-	-	17,016	17,016	(39)	16,977
Dividends	-	-	-	(6,000)	(6,000)	-	(6,000)
Equity settled share based payments	-	149	-	-	149	-	149
Balance at end of comparative year 2014 - Restated	50,000	8,251	1,604	(41,332)	18,523	12,300	30,823
Profit/(Loss) for the year	-	-	-	32,089	32,089	2,302	34,391
Dividends	-	-	-	(4,347)	(4,347)	(665)	(5,012)
Equity settled share based payments	-	150	-	-	150	-	150
Balance at end of current year 2015	50,000	8,401	1,604	(13,590)	46,415	13,937	60,352

Comparative amounts have been restated as a result of transition to IFRS and the effects of transition are disclosed in note 30.

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 2014	50,000	6,898	56,898
Profit/(Loss) for the year	-	9,880	9,880
Other comprehensive income / (loss)	-	-	-
Issue of ordinary shares	-	-	-
Dividends	-	(6,000)	(6,000)
Equity settled share based payments	-	-	-
Other	-	-	-
Balance at end of comparative year 2014	50,000	10,778	60,778
Profit/(Loss) for the year	-	10,241	10,241
Other comprehensive income / (loss)	-	-	-
Issue of ordinary shares	-	-	-
Dividends	-	(4,347)	(4,347)
Equity settled share based payments	-	-	-
Other	-	-	-
Balance at end of current year 2015	50,000	16,672	66,672

Cash Flow Statements

for the 52 week period ended 22 February 2015

	Note	Group 2015 £'000s	2014 £'000s	Company 2015 £'000s	2014 £'000s
Cash flows from operating activities					
Profit for the year attributable to NGHL shareholders		32,089	31,547	10,241	9,880
Non-controlling interest		2,302	2,087	-	-
Profit for the year		34,391	33,634	10,241	9,880
<i>Adjustments for:-</i>					
Depreciation, impairment and amortisation of loan costs		36,800	39,345	-	-
Share based payment		150	149	-	-
Loss on sale of fixed assets		1,946	2,474	-	-
Financial income		(3,561)	(595)	(13,129)	(11,164)
Financial expense		27,916	24,708	488	-
Taxation		10,233	13,525	(519)	(384)
(Increase)/decrease in stocks		(329)	22	-	-
(Increase)/decrease in trade and other receivables		(214,762)	48,989	(34,950)	50,000
Increase/(decrease) in trade and other payables		282,687	(40,245)	89,781	(49,393)
Other including movement in related parties		2	129	-	-
Cash generated from operations		175,473	122,135	51,912	(1,061)
Tax paid		(12,888)	(14,370)	519	384
Net cash flows from operating activities		162,585	107,765	52,431	(677)
Cash flows from investing activities					
Dividends received		-	-	13,129	11,164
Acquisition of tangible fixed assets		(41,841)	(37,475)	-	-
Proceeds from sale of property plant and equipment		1,022	-	-	-
Acquisition of subsidiaries, net of cash acquired		(49,438)	(300)	(55,302)	-
Net cash from investing activities		(90,257)	(37,775)	(42,173)	11,164
Cash flows from financing activities					
Interest paid (net)		(24,892)	(23,948)	(488)	-
Repayment of finance leases		(16,090)	(16,560)	-	-
Repayment of loans		(310,000)	(32,500)	-	-
Proceeds of new loans		311,399	3,553	-	-
Dividends paid	21	(5,012)	(6,000)	(4,347)	(6,000)
Net cash out flow from financing activities		(44,595)	(75,455)	(4,835)	(6,000)
Net increase/(decrease) in cash and cash equivalents		27,733	(5,465)	5,423	4,487
Cash and cash equivalents at start of the period		23,564	29,029	4,636	149
Cash and cash equivalents at end of the period	16	51,297	23,564	10,059	4,636
Cash and cash equivalents per balance sheet		52,833	24,431	10,059	4,636
Bank overdrafts		(1,536)	(867)	-	-
Cash and cash equivalents at end of year per balance sheet note	16	51,297	23,564	10,059	4,636

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.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these consolidated financial statements and in preparing an opening IFRS balance sheet at 24 February 2014 for the purposes of the transition to Adopted IFRSs.

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 *Change in accounting policy*

In these financial statements the Group and Company has changed its accounting policies as a result of transitioning to IFRS. The impact of the transition to IFRS is explained below.

Transition to Adopted IFRSs

Both the Group and the Company are preparing their financial statements in accordance with Adopted IFRS for the first time and consequently both have applied IFRS 1. An explanation of how the transition to Adopted IFRSs has affected the reported financial position, financial performance and cash flows of the Group is provided in note 30.

IFRS 1 grants certain exemptions from the full requirements of Adopted IFRSs in the transition period. The following exemptions have been taken in these financial statements:

Subsidiaries

As a result of IFRS 10 (2011), the Group has changed its accounting policy for determining whether it has control over and consequently whether it consolidates its investees. IFRS 10 introduces a new control model that focuses on whether the Group has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns.

In accordance with the transitional provisions of IFRS 10, the Group reassessed the control conclusion for its investees at 24 February 2013. No modifications of previous conclusions about control regarding the Group's investees were required.

Joint Arrangements

As a result of IFRS 11, the Group has changed its accounting policy for its interests in joint arrangements. Under IFRS 11, the Group has classified its interests in joint arrangements as either joint operations (if the Group has rights to the assets, and obligations for the liabilities, relating to an arrangement) or joint ventures (if the Group has rights only to the net assets of an arrangement). When making this assessment, the Group considered the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements and other facts and circumstances. Previously, the structure of the arrangement was the sole focus of classification.

No modifications of previous conclusions about joint arrangements were required.

Business combinations – Business combinations that took place prior to 24 February 2014 have not been restated.

1.2 *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.

Notes (continued)

1 Accounting policies (continued)

1.3 Going concern

Based on the financial forecasts of the Group which cover a period of more than 12 months from the date of these accounts, together with the long-term financing post year end, 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.

1.4 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.

Acquisitions from entities under common control

The Company acquired overseas entities, effective at the end of the current reporting period, 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.

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.

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.

Notes (continued)

1 Accounting policies (continued)

1.5 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.

The Group has taken advantage of the relief available in IFRS 1 to deem the cumulative translation differences for all foreign operations to be zero at the date of transition to Adopted IFRSs 24 February 2013.

1.6 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.

1.7 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.

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.

1.8 Derivative financial instruments

The Group and Company do not utilise derivative financial instruments.

1.9 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.

Notes (continued)

1 Accounting policies (continued)

1.10 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.

1.11 Business combinations

For business combinations arising before the IFRS transition date of 24 February 2013, the goodwill previously recognised under UK GAAP has not been restated in accordance with the transitional relief available under IFRS 1 to not restate previous business combinations.

For acquisitions after the transition date of 24 February 2013, the acquisition accounting methodology under IFRS 3 has been applied. No restatement has been required since the only business combinations arising were those effective on the last day of the current period. IFRS 3 acquisition accounting methodology has been applied to these business combinations. The Group has chosen to account using the acquisition method.

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.

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.

Notes (continued)

1 Accounting policies (continued)

1.12 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.

1.13 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 11, 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:

IT development and software over 4 years.

Intellectual Property over 20 years

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

The fair value on acquisition of the Intellectual Property assets, described in note 11, was determined using generally recognised and accepted approaches to calculate the Net Present Value (NPV) using discounted cash flow methodology to determine the purchase price for the UK group. See note 29, Accounting estimates and Judgements, for further details.

1.14 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)

1.15 Impairment

Impairment of tangible and intangible assets including goodwill

The Group is required under IFRS to review annually for impairment. The carrying amounts of the Group's tangible and intangible assets including goodwill are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the Cash Generating Unit (CGU) to which the asset belongs.

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 its 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.

1.16 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.

Notes (continued)

1 Accounting policies (continued)

1.17 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.

1.18 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.

Revenue arising in these financial statements is from the Group's principal activity carried out within the United Kingdom and Republic of Ireland. A restructuring within the Group has brought overseas entities into the Group, however since this was not completed until the end of the current reporting year, no revenue from these overseas entities is included in the current year consolidated income statement.

1.19 Expenses

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.

Notes (continued)

1 Accounting policies (continued)

1.20 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.

1.21 New standards and interpretations not yet applied

The following relevant 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.

Their adoption is not expected to have a material effect on the financial statements unless otherwise indicated:

New Standards

- IFRS 9 Financial Instruments – Classification and Measurement – Issued on 24 July 2014 effective for annual reporting periods beginning on or after 1 January 2018. Not yet adopted by EU (at 11.5.2015).
- IFRS 15 Revenue from Contract with Customers effective for annual reporting periods beginning on or after 1 January 2017. Not yet adopted by EU (at 11.5.2015). No material impact expected since all revenue is earned from customers at the point of delivery of services and the Group already applied the guidance in IFRIC 13 in respect of customer loyalty schemes.

Amendments

- Accounting for Acquisitions of Interests in Joint Operations – Amendments to IFRS 11 effective for annual reporting periods beginning on or after 1 January 2016. Not yet adopted by EU (at 11.5.2015).
- Annual Improvements to IFRSs – 2010 – 2012 Cycle – Amendments to IFRS 2 *Share based payment*; IFRS 3 *Business combinations*; IFRS 8 *Operating segments*; IFRS 13 *Fair value measurement*; IAS 16 *Property, plant and equipment*; IAS 38 *Intangible assets*; IAS 24 *Related party disclosures*. These amendments have been endorsed by EU on 9 January 2015 and are effective for annual reporting periods beginning on or after 1 February 2015.
- Annual Improvements to IFRSs – 2011 – 2013 Cycle – Amendments to IFRS 1 *First-time adoption of International Financial Reporting Standards*; IFRS 3 *Business combinations*; IFRS 13 *Fair value measurement*; IAS 40 *Investment property*. These amendments have been endorsed on 18 December 2014. Not yet adopted by EU.

Notes (continued)

2 Acquisitions of subsidiaries

Acquisitions in the current period

On 22 February 2015, the Company acquired all or a significant majority of the ordinary shares in a number of overseas Nando's entities. Consideration for the entities acquired was initially funded through loans from related party entities from outside of the Group, and subsequent to year end by external funding arrangements as disclosed in note 28.

The companies acquired, percentage ownership and principal activities are disclosed in note 12. These acquisitions reflect Management's continued intent to strengthen the global management of the Nando's brand and further development of the business.

The acquired subsidiaries combined contributed net profit of nil to the consolidated net profit for the year, since the acquisitions were effective on the last day of the financial year.

If the acquisition had occurred on 24 February 2014 Group revenue would have been £678,911k and net profit after tax would have been £25,591k. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition occurred on 24 February 2014.

Effect of acquisition

The acquisition had the following effect on the Group's assets and liabilities.

	Recognised values on acquisition £'000s
Consideration paid:	
Consideration at fair value	75,235
Total consideration	75,235
 Net assets acquired at the acquisition date:	
Property, plant and equipment	41,656
Intangible assets	5,864
Investment in group companies	31,956
Investment in associates	570
Inventories	1,035
Trade and other receivables	14,064
Cash and cash equivalents	5,864
Interest-bearing loans and borrowings	(13,482)
Trade and other payables	(87,591)
Deferred tax (net asset)	5,508
Provisions	(2,655)
Net identifiable assets and liabilities	2,789
 Goodwill on acquisition	 72,446

Goodwill has arisen on the acquisition because the fair value of the consideration is greater than the value of the net assets acquired and represents the additional value based on a discounted forecast cash flow valuation basis. Consideration was in the form of short-term loans which were settled after the year end. There were no fair value adjustments arising.

Acquisition related costs

The group incurred acquisition related cost of £880,000 related to legal, tax and advisory services. These costs have been included in administrative expenses in the group's consolidated statement of comprehensive income.

Notes (continued)

3 Revenue

	2015 £'000s	2014 £'000s
Restaurant sales	586,897	534,515
Franchise fees	397	414
Royalty income	38	25
Total revenues	587,332	534,954

Geographical Analysis of Revenue

All revenue for the period and comparative period was derived from sales in the UK and Ireland.

4 Other operating income

	2015 £'000s	2014 £'000s
Release of unused provisions	19	-
Other – Rental Income	237	213
Total Operating Income	256	213

5 Expenses and auditor's remuneration

Included in profit are the following:

	Group 2015 £'000s	2014 £'000s	Company 2015 £'000s	2014 £'000s
Doubtful debt provision	137	-	-	-
Impairment provision	14	-	-	-
	-	-	-	-
	151	-	-	-

Auditor's remuneration:

	2015 £'000s	2014 £'000s
Audit of these financial statements	106	125
Amounts receivable by the company's auditor and its associates in respect of:		
Taxation compliance services	31	70
Other tax advisory services	453	33
Other accountancy advisory services	121	-
	711	228

Other tax and accountancy advisory services relate to the group restructuring and acquisitions disclosed in note 2.

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)

6 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	
	2015	2014
Average number of persons employed by category (headcount)		
Directors	2	2
Store operatives and management	11,860	10,765
Administration	264	226
	<u>12,126</u>	<u>10,993</u>

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

	2015 £'000s	2014 £'000s
Wages and salaries	168,871	148,439
Social security costs	10,004	8,674
Share based payments	151	151
Contributions to defined contribution pension	553	362
	<u>179,579</u>	<u>157,626</u>

7 Directors' remuneration

	2015 £'000s	2014 £'000s
Directors' remuneration	<u>241</u>	<u>302</u>

The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid director was £211,000 (2014:£238,000), and pension contributions of £Nil (2014:£Nil) were made.

8 Finance income and expense

Recognised in profit

	2015 £'000s	2014 £'000s
Interest income	395	595
Total Finance Income	<u>395</u>	<u>595</u>
Interest expense	(24,312)	(24,708)
Net foreign exchange loss	(677)	-
Total Finance Expense	<u>(24,989)</u>	<u>(24,708)</u>

The foreign exchange loss relates to Ireland and movements in the Euro/Sterling exchange rate in the year. The acquisition of overseas subsidiaries at period-end has not contributed to the net foreign exchange loss shown.

Notes (continued)

9 Taxation

Recognised in the income statement

	2015 £'000s	2014 £'000s
Current tax expense		
Current year	(10,888)	(13,710)
Adjustments for prior years	723	277
	<u>(10,165)</u>	<u>(13,433)</u>
Current tax expense	(10,165)	(13,433)
Deferred tax expense		
Origination and reversal of temporary differences	176	214
Reduction in tax rate	8	(26)
Adjustments in respect of prior year	(252)	(450)
	<u>(68)</u>	<u>(262)</u>
Deferred tax expense	(68)	(262)
IFRS transition adjustments	-	170
	<u>(10,233)</u>	<u>(13,525)</u>
Total tax expense	(10,233)	(13,525)

Reconciliation of effective tax rate

	2015 £'000s	Restated 2014 £'000s
Profit	44,624	47,159
Tax using the UK corporation tax rate of 21.2% (2014:23.1%)	(9,460)	(10,893)
Adjustments in respect of prior periods	471	(173)
Reduction in tax rate on deferred tax balances	(8)	(26)
Non-deductible expenses	(1,234)	(2,207)
Share based payment	(32)	(34)
Short lease premium relief	30	27
Unrelieved tax losses	-	(219)
	<u>(10,233)</u>	<u>(13,525)</u>
Total tax expense	(10,233)	(13,525)

A reduction in the UK corporation tax rate from 24% to 23% (effective 1 April 2013) was substantively enacted on 3 July 2012. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. In the Budget on 8 July 2015, the Chancellor announced additional planned reductions to 18% by 2020. This will reduce the company's future current tax charge accordingly. The deferred tax assets and liabilities at 22 February 2015 have been calculated based on the rate of 20% substantively enacted at the balance sheet date.

Notes (continued)

10 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 - 2014								
Balance beginning of comparative year	-	135,282	87,356	-	100,525	202	-	323,365
Additions	-	20,020	19,063	-	17,290	84	-	56,457
Disposals	-	(3,312)	(1,846)	-	(3,026)	-	-	(8,184)
Balance at end of comparative year	-	151,990	104,573	-	114,789	286	-	371,638
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
Accumulated dep'n and impairment - 2014								
Balance beginning of comparative year	-	(34,919)	(42,769)	-	(53,093)	(78)	-	(130,859)
Depreciation charge in the year	-	(12,503)	(11,245)	-	(12,271)	(78)	-	(36,097)
Impairment losses	-	(1,202)	(58)	-	-	-	-	(1,260)
Disposals	-	1,347	1,287	-	2,295	-	-	4,929
Balance at end of comparative year	-	(47,277)	(52,785)	-	(63,069)	(156)	-	(163,287)
Accumulated dep'n and impairment - 2015								
Balance beginning of current 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 current year	-	(130,389)	(62,752)	(405)	(2)	(209)	-	(193,757)
Net book value comparative year 2014	-	104,713	51,788	-	51,720	130	-	208,351
Net book value current year 2015	83	199,571	62,440	7,917	-	126	3,630	273,767

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 (2014: £51.8m).

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

Notes (continued)

10 Property, plant and equipment – Company

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

Notes (continued)

11 Intangible assets – Group

	Goodwill	Intellectual Property Patents and trade- marks	Development costs	Software	Total
	£'000s	£'000s	£'000s	£'000s	£'000s
<u>Costs – 2014 Restated</u>					
Balance beginning of comparative year	352,579	-	-	-	352,579
Additions	209	-	-	-	209
Balance at end of comparative year	352,788	-	-	-	352,788
<u>Costs - 2015</u>					
Balance beginning of current 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 current year	425,234	485,639	3	209	911,085
<u>Accumulated amortisation – 2014 Restated</u>					
Balance beginning of comparative year	(81,497)	-	-	-	(81,497)
Amortisation charge in the year	16	-	-	-	16
Balance at end of comparative year	(81,481)	-	-	-	(81,481)
<u>Accumulated amortisation - 2015</u>					
Balance beginning of current year	(81,481)	-	-	-	(81,481)
Amortisation charge in the year	-	(3)	-	-	(3)
Acquisitions through subsidiaries acquired	-	-	-	-	-
Balance at end of current year	(81,481)	(3)	-	-	(81,484)
Net book value comparative year 2014	271,307	-	-	-	271,307
Net book value current year 2015	343,753	485,636	3	209	829,601

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. 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.

Notes (continued)

11 Intangible assets Group – (continued)

Amortisation and impairment charge

There is no amortisation charge following the adoption of IFRS and restatement of comparatives. No charge is recognised in the income statement for the period or the comparative period.

Instead annual impairment testing is carried out on goodwill.

Impairment testing

No impairment testing has been carried out in respect of the goodwill on the acquisition of overseas subsidiaries in the period, since this acquisition was completed at the period end and based on an arm's length valuation of fair value at that time. Future impairment testing will be carried out on an annual basis.

Similarly, impairment testing has not been carried out on the Intellectual Property rights acquired in respect of the global Nando's brand. This transaction was also completed at period end, based on an arm's length valuation of the fair value using discounted cash flow methods.

An impairment assessment has been carried out in respect of the previous UK goodwill assigned to Nando's Chickenland Limited and management are satisfied that there is no impairment. The assessed value of goodwill exceeds the carrying value by £33m. This assessment was based on discounting forecast future 5 year cash flows to which a growth forecast based on experience of an average 10% 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 10.5%. Sensitivity analysis has shown that there is no impairment resulting from 1% +/- changes to the growth rate assumption or discount rate assumption. Extending cash flows beyond the 5 year horizon into perpetuity would demonstrate further significant goodwill above the carrying value.

Goodwill and intangible assets 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	
	2015	2014	2015	2014
	£'000s	£'000s	£'000s	£'000s
UK & Ireland – Nando's Chickenland Limited	271,307	271,307	360,000	-
Overseas – Nando's Limited & overseas subsidiaries	72,446	-	120,000	-
Total	343,753	271,307	480,000	-

Since the transaction occurred at the end of the current year, impairment testing is not appropriate in the current reporting period.

The recoverable amount has been assigned to cash generating units (CGUs) as shown above.

11 Intangible assets - Company

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

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 2015	Ownership 2014	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	95%	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%	-	Management & IP company
Hackremco (no.2638) Limited	UK	Ordinary	100%	-	Holding company
Hackremco (no.2639) Limited	UK	Ordinary	100%	-	Holding company
Hackremco (no.2640) Limited	UK	Ordinary	100%	-	Holding company
Hackremco (no.2641) Limited	UK	Ordinary	66.66%	-	Management company
Nando's Restaurants Group Inc.***	USA	Ordinary	100%	-	Casual Dining Restaurants
Nando's Chickenland Canada Inc.	Canada	Ordinary	100%	-	Holding company
Nando's PERI PERI Canada Inc	Canada	Ordinary	100%	-	Casual Dining Restaurants
Nando's Chickenland Central Ltd	Canada	Ordinary	100%	-	Casual Dining Restaurants
Nando's Chickenland West Ltd	Canada	Ordinary	100%	-	Casual Dining Restaurants
8489963 Canada Inc	Canada	Ordinary	100%	-	Casual Dining Restaurants
2418836 Ontario Inc	Canada	Ordinary	100%	-	Casual Dining Restaurants
Nando's Services (Pty) Ltd	South Africa	Ordinary	100%	-	Management company
Nando's Australia Pty Ltd	Australia	Ordinary	95%	-	Casual Dining Restaurants
Windeacon Pty Ltd	Australia	Ordinary	95%	-	Real Estate
Nando's New Zealand Limited	New Zealand	Ordinary	100%	-	Casual Dining Restaurants
Nando's New Zealand Restaurants Limited	New Zealand	Ordinary	100%	-	Casual Dining Restaurants
Nando's Services India Private Limited****	India	Ordinary	100%	-	Casual Dining Restaurants
Nando's Kamataka Restaurants Private Ltd****	India	Ordinary	100%	-	Casual Dining Restaurants
Associate undertakings					
Delhi NCR JV (Janpath Restaurants Private Limited)****	India	Ordinary	26%	-	Casual Dining Restaurants
Nando's Chickenland Malaysia SDN.BHD	Malaysia	Ordinary	30%	-	Casual Dining Restaurants
Nando's Singapore PTE. Ltd	Singapore	Ordinary	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 to be renamed Nando's Restaurants Group Holdings Limited.

**** Owned by a subsidiary Hackremco (no. 2640) Limited to be renamed Nando's Sub Continent Holdings Limited.

Notes (continued)

12 Investments in subsidiaries, associates and Joint arrangements (continued)

Associates and joint ventures

	2015 £'000s	2014 £'000s
Carrying amount of associates	12,593	-
Total carrying amount for equity accounted investees in these financial statements	12,593	-

Non-Controlling Interests

There are non-controlling interests in the following subsidiaries:-

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	5%	5%	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 £2,522m. Accumulated profit allocated to non-controlling interest is £13,368m.

GBK Restaurants Limited

The loss allocated to non-controlling interests in GBK Restaurants Limited in the period was £220k. Dividends paid to non-controlling interests were £665k. Accumulated profit allocated to non-controlling interest is £569k.

Summarised Financial Information

	Nando's Chickenland £'000s	GBK Restaurants £'000s
Revenue	517,849	56,242
Profit/(loss) after tax	50,415	(813)
Non-current assets	533,649	52,050
Current assets	90,674	34,432
Current liabilities	(534,247)	(49,209)
Non-current liabilities	(1,855)	(22,338)
Net assets	88,221	14,935

Notes (continued)

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	
	2015	Restated	2015	Restated
	£'000s	2014	£'000s	2014
		£'000s		£'000s
Property, plant and equipment	76	-	(4,511)	(2,421)
Intangible assets	1,919	-	(54)	-
Inventories	5	-	-	-
Provisions	338	-	-	-
Tax value of loss carry-forwards	3,447	-	-	-
Other	290	-	1,545	(289)
Tax assets/(liabilities)	6,075	-	(3,020)	(2,710)

The tax losses relate to the newly acquired overseas entities which are developing markets for the group. It is considered that these losses will be recoverable in line with management forecasts and expectations.

Movement in deferred tax

	Restated 2013 £'000s	Charged to income £'000s	Restated 2014 £'000s	Charged to income £'000s	Acquired in business combination £'000s	2015 £'000s
Property, plant and equipment	(5,069)	2,648	(2,421)	(1,579)	(1,924)	(5,924)
Intangible assets	-	-	-	-	1,865	1,865
Inventories	-	-	-	-	5	5
Provisions	-	-	-	-	338	338
Tax value of loss carry-forwards	-	-	-	-	4,935	4,935
Other	2,451	(2,740)	(289)	1,836	289	1,836
	(2,618)	(92)	(2,710)	257	5,508	3,055

13 Deferred tax assets and liabilities – Company

Recognised deferred tax assets and liabilities

The Company has no deferred tax assets or liabilities.

Notes (continued)

14 Inventories

	Group 2015 £'000s	2014 £'000s	Company 2015 £'000s	2014 £'000s
Raw materials and consumables	3,431	2,420	-	-
Finished goods	358	-	-	-
Inventories (net of any provisions)	3,789	2,420	-	-

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £105,264,000 (2014: £91,278,000). The write-down of inventories to net realisable value amounted to £57,000 (2014: £Nil). There was no reversal of write-downs (2014: £Nil). The write-down and reversal are included in cost of sales.

15 Trade and other receivables

	Group 2015 £'000s	2014 £'000s	Company 2015 £'000s	2014 £'000s
Trade receivables due from related undertakings	3,429	1,181	-	-
Other trade receivables due from third parties	3,946	1,478	697	806
Other debtors (incl. related party loans)	5,833	8,093	35,058	-
Interest receivable	1	-	-	-
Current tax receivable	51	-	-	-
Prepayments	12,770	7,462	-	-
	26,030	18,214	35,755	806
Non-current	2,026	1,716	-	-
Current	24,004	16,498	35,755	806
	26,030	18,214	35,755	806

Included within trade and other receivables is £2,026,000 (2014: £Nil) for the Group and £Nil (2014: £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 2015 £'000s	2014 £'000s	Company 2015 £'000s	2014 £'000s
Cash and cash equivalents per balance sheet	52,833	24,431	10,059	4,636
Bank overdrafts	(1,536)	(867)	-	-
Cash and cash equivalents per cash flow statements	51,297	23,564	10,059	4,636

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 2015 £'000s	2014 £'000s	Company 2015 £'000s	2014 £'000s
Non-current liabilities				
Secured bank loans	(234,627)	(47,502)	-	-
Other loans	(30)	(4,569)	-	-
Loans due to related parties	(45,597)	(250,000)	-	-
Finance lease liabilities	-	(42,901)	-	-
	(280,254)	(344,972)	-	-
Current liabilities				
Current portion of secured bank loans	(15,169)	(24,394)	-	-
Other loans	-	(1,920)	-	-
Loans due to related parties	(555,001)	-	-	-
Current portion of finance lease liabilities	-	(9,927)	-	-
	(570,170)	(36,241)	-	-
Total liabilities				
Secured bank loans	(249,796)	(71,896)	-	-
Other loans	(30)	(6,489)	-	-
Loans due to related parties	(600,598)	(250,000)	-	-
Finance lease liabilities	-	(52,828)	-	-
	(850,424)	(381,213)	-	-

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	Face value 2015 £'000s	Carrying amount 2015 £'000s	Face value 2014 £'000s	Carrying amount 2014 £'000s
Bank loan	GBP	LIBOR +1.75%	2018	-	-	(71,896)	(71,896)
Bank loan - term loan A	GBP	LIBOR +2.75%	2021	(125,000)	(123,349)	-	-
Bank loan - revolving facility	GBP	LIBOR +2.75%	Revolving	(105,000)	(103,845)	-	-
Bank loan	GBP	LIBOR +2.75%	Revolving	(12,500)	(12,500)	-	-
Bank loan	AUD	6.55%	2017	(10,001)	(10,001)	-	-
Finance leases	GBP	n/a	n/a	-	-	(52,828)	(52,828)
Related party loan - Lavigne Investments Limited	GBP	10%	2018	-	-	(150,000)	(150,000)
Related party loan - Lavigne Investments Limited	GBP	Nil	2018	-	-	(100,000)	(100,000)
Related party loan - L Perlman (SECS)	GBP	Nil	Current	(74,000)	(74,000)	-	-
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	(580)	(580)	-	-
Related party loan - Capricorn Ventures International	GBP	Nil	Current	(9,283)	(9,283)	(5,657)	(5,657)
Other loans	GBP			(30)	(30)	(832)	(832)
				(853,230)	(850,424)	(381,213)	(381,213)

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 bank loans related in Nando's Finance Limited bear interest at LIBOR plus 2.75% and are repayable in monthly instalments. The fixed term and revolving facility continue to be available to the Group and extends till 2021.

Included in bank loans is a bank loan relating to the GBK group of companies. This was £12,500,000 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 (2014: 2.75% above one month LIBOR).

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

Finance lease liabilities are payable as follows:

Group

	Future Min. lease payments 2015 £'000s	Interest 2015 £'000s	Principal 2015 £'000s	Future Min. lease payments 2014 £'000s	Interest 2014 £'000s	Principal 2014 £'000s
Less than one year	-	-	-	(9,927)	-	(9,927)
Between one and five years	-	-	-	(35,986)	-	(35,986)
More than five years	-	-	-	(6,915)	-	(6,915)
	-	-	-	(52,828)	-	(52,828)

All finance lease liabilities were settled in full during the period.

Company

The Company has no finance lease liabilities.

Notes *(continued)*

18 Trade and other payables

	Group		Company	
	2015	2014	2015	2014
	£'000s	£'000s	£'000s	£'000s
Current				
Trade payables due to third parties	(31,219)	(20,652)	(424)	-
Trade payables due to related parties	(86,047)	(995)	(106,056)	(17,741)
Other trade payables	(451)	(40,283)	-	-
Non-trade payables and accrued expenses	(161,612)	(41,634)	(958)	83
	(279,329)	(103,564)	(107,438)	(17,658)
Non-current				
Other payables	(4,362)	-	-	-
	(283,691)	(103,564)	(107,438)	(17,658)

Included within trade and other payables is £4,362,000 (2014: £Nil) for the Group and £Nil (2014: £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 £637,000 (2014: £396,000)

Share-based payments – Group

The terms and conditions of the grants are as follows:

The Group operates a number of employee share plans, where shares are issued to employees and directors of L Perlman SECS and certain subsidiaries.

Share plans have a designated compulsory holding period of a minimum of 3 years, 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 the consent of the Company (this also applies to any shares issued in previous employee share plans). The shares granted to employees 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 Group retains the beneficial rights of the shares acquired by the employees under the above-mentioned employee share plans, details of which can be seen below. A related undertaking, Yellowwoods SARL, will acquire the shares required 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 and end of the period	529,461

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

The shares subject to the employee share plan were valued at a fair market value, agreed by HMRC. In order for the shares to vest an EBITDA target is required to be met over a 3 year period. If this EBITDA target is met then the resulting value of the shares will be determined at that time at a fair value to be agreed with HMRC.

The total charge to the retained profit and loss account in the current period in respect of employee share plans was £150,000 (2014:£149,000). The Group recognises no year-end liability in relation to employee share plans as these plans are funded by the ultimate parent company.

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	-	-	-	-	-
Non-current b/f	-	-	-	-	-
Balance brought forward	-	-	-	-	-
Provisions made during the year	-	-	-	-	-
Provisions used during the year	-	-	-	-	-
Provisions reversed during the year	-	-	-	-	-
Amounts arising from acquisitions	(939)	(564)	(1,029)	(123)	(2,655)
Unwinding of discounted amount	-	-	-	-	-
Balance carry forward	(939)	(564)	(1,029)	(123)	(2,655)
Current c/f	(392)	(419)	(971)	(123)	(1,905)
Non-current c/f	(547)	(145)	(58)	-	(750)
	(939)	(564)	(1,029)	(123)	(2,655)

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

In thousands of shares	Ordinary shares	
	2015 No. 000s	2014 No. 000s
On issue at 24 February 2014	50,000	50,000
On issue at 22 February 2015 – fully paid	50,000	50,000
	<hr/>	<hr/>
	2015 £'000s	2014 £'000s
Allotted, called up and fully paid	50,000	50,000
Ordinary shares of £1 each	<hr/>	<hr/>
Shares classified in shareholders' funds	50,000	50,000
	<hr/>	<hr/>

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 own share reserve comprises the costs of shares in Nando's Chickenland Limited held by the employee benefit trust controlled and funded by L Perlman SECs, to the extent that they have not become realised losses. When they become realised losses, they are transferred to retained earnings. At 22 February 2015 the trust held 529,161 of the Nando's Chickenland Limited shares (2014: 529,161).

Other reserves

Capital contribution reserve

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

Retained earnings

Movements are shown in the Statement of Changes in Equity on page 10.

Non-controlling interests

Movements are shown in the Statement of Changes in Equity on page 10.

Dividends

The following dividends were recognised during the period:

	2015 £'000s	2014 £'000s
£8.7p (2014 £12p) per qualifying ordinary share	(4,347)	(6,000)
	<hr/>	<hr/>

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 and longer term financing arrangements were completed subsequent to the year end, as disclosed in note 28.

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 £52.8m as at the period end (2014: £24.4m) and the Company £10.1m (2014: £4.6m).

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 £249.8m of which £230m relates to the UK Nando's business and £12.5m to the subsidiary Gourmet Burger business.

Group 2015

	Carrying Amount £'000s	Contractual Cash flow £'000s	0 to < 1 year £'000s	1 to 2 years £'000s	2 to 5 years £'000s	Over 5 years £'000s
Secured bank loans	(249,796)	(249,796)	(15,169)	(29,579)	(50,521)	(154,527)
Finance lease liabilities	-	-	-	-	-	-
Bank overdrafts	(1,536)	(1,536)	(1,536)	-	-	-
Trade payables and other payables	(282,734)	(282,734)	(278,372)	(4,362)	-	-
	<u>(534,066)</u>	<u>(534,066)</u>	<u>(295,077)</u>	<u>(33,941)</u>	<u>(50,521)</u>	<u>(154,527)</u>

Group 2014

	Carrying Amount £'000s	Contractual Cash flow £'000s	0 to < 1 year £'000s	1 to 2 years £'000s	2 to 5 years £'000s	Over 5 years £'000s
Secured bank loans	(71,896)	(71,896)	(24,394)	(11,502)	(36,000)	-
Finance lease liabilities	(52,828)	(52,828)	(9,927)	(10,754)	(25,231)	(6,916)
Bank overdrafts	(867)	(867)	(867)	-	-	-
Trade payables and other payables	(103,564)	(103,564)	(103,564)	-	-	-
	<u>(229,155)</u>	<u>(229,155)</u>	<u>(138,752)</u>	<u>(22,256)</u>	<u>(61,231)</u>	<u>(6,916)</u>

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 is not currently significant to the Group as the majority of the group's trade occurs in the UK and overseas subsidiaries were acquired at the end of the current period.

Interest rate risk

The Group has limited exposure to interest rate fluctuations with, previous loans being either fixed rate or for one loan LIBOR + 1.75% New loans and borrowings taken out at year end are at LIBOR +2.75%. A 1% increase in the LIBOR rate would not be considered significant in terms of overall impact on the income statement, cash flow or impact the Group as a going concern.

Company

The Company is not exposed to foreign currency risk.

23 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	Group		Company	
	2015	2014	2015	2014
	£'000s	£'000s	£'000s	£'000s
Less than one year	43,531	26,999	-	-
Between one and five years	156,698	104,536	-	-
More than five years	275,834	252,973	-	-
	476,063	384,508	-	-

Group

During the year £40,183,000 was recognised as an expense in the income statement in respect of operating leases (2014: £36,243,000).

Company

During the year £Nil was recognised as an expense in the income statement in respect of operating leases (2014: £Nil).

Notes (continued)

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 £1,895k (2014: £3,643k).

Company

At the year end the Company has no outstanding capital commitments (2014: £Nil).

25 Contingencies

Group and Company

Neither the Group nor the Company have any contingent liabilities.

26 Related parties

Group

Transactions with key management personnel

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

	Group 2015 £'000s	2014 £'000s	Company 2015 £'000s	2014 £'000s
Key management remuneration including social security costs	1,791	2,135	-	-
Company contributions to money purchase pension plans	3	2	-	-
Share related awards	149	149	-	-
	<u>1,943</u>	<u>2,286</u>	<u>-</u>	<u>-</u>

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.

The Group acquired overseas subsidiaries and intellectual property rights to the global Nando's brand at the end of the current period. The short-term financing at the current period end has been replaced with longer-term financing arrangements subsequent to the period end. Details of the subsequent financing arrangements can be found in note 28.

Notes (continued)

26 Related parties (continued)

Group (continued)

Interest bearing, non-interest bearing loans and borrowings (continued)

Lavigne Investments Limited loans, details in note 17, were settled at period end.

The Group acquired, at the period end, the global Nando's intellectual property rights for £480m as described in note 11. The IP asset was acquired from Nando's International Holdings Ltd and results in a payable to Nando's International Holdings Ltd. The short-term financing of this acquisition means no interest is payable on this related party borrowing. Longer term financing has been put in place post-period end, see note 28, for details of subsequent events.

At period end £74m was borrowed by Nando's Group Limited, a subsidiary undertaking, on a short-term arrangement before longer term financing was completed post the end of the current period (see note 28, for details of subsequent events). No interest is payable.

Hackremco (no. 2638), a subsidiary undertaking, renamed Nando's Restaurants Group Holdings Ltd post period end, acquired 100% of the Nando's business in the United States of America at the period end. £31,460,000 was owing to Nando's Resources Group Holdings BV. No interest is payable due to the short term nature of this borrowing.

GBK Restaurants Limited, a subsidiary undertaking, has borrowed from Capricorn Ventures International Limited, a shareholder company, an amount of £9,283,000 (2014: £6,489,000) relating to the issue of zero coupon loan stock 2016. The average price paid for £100 nominal value was £81.02. All amounts in issue are redeemable on 28th May 2016.

Nando's Chickenland Canada Inc, a subsidiary undertaking, has borrowings from Nando's Malta Holdings Limited of £1,026,000 and from Nando's Isle of Man Limited £3,349,000.

Nando's Services (Pty) Ltd, a subsidiary undertaking has borrowings from Nando's Malta Trading Limited of £580,000.

Other related party transactions

Royalty payment to Tortolli BV, a related undertaking, in relation to 5% charge on net turnover for use of the Nando's global brand and concept £26.7m in the period (2014: £24.3m). There were amounts outstanding at period end of £2.2m (2014: £1.9m). Royalty payments in future will be nil as the Group has acquired the global Intellectual Property rights as disclosed in note 11.

Income is received from All About Food Ltd, a related undertaking, in relation to on-line gift card sales sold on behalf of Nando's. A commission is payable for the service. During the year All About Food were invoiced £Nil (2014: £62,643). There were amounts outstanding at year end of £Nil (2014: £Nil).

During the period, Gourmet Burger Kitchen Limited, a subsidiary of the Company, invoiced the Company £409,775 (2014: £365,000) under a cost reduction agreement. There were amounts outstanding at period end of £100,992 (2014: £Nil).

The Company incurred professional fees in the period from Yellowwoods Associates UK Limited, a related undertaking, of £953,449 (2014: £939,917). There were amounts outstanding at year end of £252,352 (2014: £322). Nando's Chickenland Ltd, a subsidiary undertaking, also incurred professional fees in the period from Yellowwoods Associates UK Limited of £170,486 (2014: £71,278). There were amounts outstanding at year end of £7,737 (2014: £Nil).

Included in other debtors is an amount of £Nil (2014: £1.7m) due from Nando's Holdings Limited. This amount excludes accrued interest of £Nil (2014: £3.0m). This loan has been settled. Interest was charged at a fixed rate of 7.6%. Interest charged in the period was £122,519 (2014: £130,052).

Notes (continued)

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.

Subsequent to the balance sheet date the following significant events arose:-

Banking facility

On 16 April 2015 the Group entered into a further bank facility agreement under which the Group drew-down £250m of funding. This loan was used in part to settle the related party payables in note 17 which arose due to the acquisition of overseas subsidiaries and group Intellectual Property before year end that is discussed in further detail in note 2 and note 11. The facility agreement requires that the loan is paid off in full after 7 years. There are no fixed term capital repayments. Interest will be paid on the loan based on a margin ratchet such that the annual interest will be calculated at LIBOR+3.25% reducing to LIBOR+2.75% on a sliding scale based on the net debt leverage ratio.

The draw-down of the further bank facility had an effect on the existing bank facility (Term Loan A – TLA, see note 17) such that it increases the facility interest rate to LIBOR+2.75% from LIBOR+2%. The interest on the revolving element of the TLA facility increases from 0.8% to 1.1% on amounts not drawn down.

Arrangement costs of £8.6m were incurred in connection with these facility agreements. £2.8m was capitalised as debt costs in relation to TLA and revolving facility before year end and £5.8m was incurred after year end in respect of the further banking facility. These costs will initially be recognised as a reduction to the net funds received and then released to the Statement of Income over the term of the loan.

As a result of the draw-down of the further banking facility, the financial covenants are limited to a Net Leverage Ratio test.

Issue of Bonds

On 11 May 2015 the Group issued bonds and received cash of £489m from Yellowwoods. The interest payments payable over periods from 1 yr to 11 yrs at the time of maturity of each bond have an effective rate of 8.01%.

Notes (continued)

29 Accounting estimates and judgements

Significant accounting estimates and judgements are considered below:-

Fair values

Valuation of Intellectual Property (IP)

Generally recognised and accepted approaches were used to calculate the Net Present Value (NPV) of the IP assets based on the excess earnings method. This approach is predicated on the basis that the value of an intangible asset is the present value of the earnings it generates, net of a reasonable return on other assets also contributing to the stream of earnings. The main steps involved the utilisation of management cash flow forecasts for five years to 2020, after which a terminal growth rate was applied based on long-term economic forecasts by the Economist Intelligence Unit (EIU), followed by the deduction of a tax charge based on marginal tax rates and deduction of an appropriate return on other assets used to generate the cash flow. An appropriate discount rate for the after-tax excess earnings was then applied. The discount rate or weighted average cost of capital was estimated using the Capital Asset Pricing Model (CAPM) and the after tax cost of debt.

Key assumptions were:-

- Discount rate 10.5%
- Tax rate 20%
- Long term growth rate 2.0%

A range of values was calculated for the IP assets from £455m to £520m and the consideration paid was settled at £480m which is slightly lower than the mid-point of this range.

Acquisition of wider Nando's group overseas entities and service companies

The fair value of consideration for investments in overseas entities acquired during the year was assessed using discounted cash flow methods and taking into account long-term growth and consumer price forecasts for each jurisdiction. A discount rate or weighted average cost of capital was calculated for each jurisdiction using the Capital Asset Pricing Model (CAPM) and the after tax cost of debt.

Key assumptions were:-

- Discount rates ranging from 10.5% - 17.5%
- Tax rates ranging from 17% - 39.5%
- Long term growth rates 2.0% - 6%

depending upon jurisdiction. An exit multiple of 10x EBITDA, based on observable market data, was then applied.

A range of net present values was calculated giving a valuation range of £98m to £136.2m. Consideration paid was settled at £75.2m net of intercompany receivable and payable balances.

30 Explanation of transition to Adopted IFRSs – Group

As stated in note 1, these are the Group's first consolidated financial statements prepared in accordance with Adopted IFRSs.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the 52 week period 22 February 2015, the comparative information presented in these financial statements for the 52 week period ended 23 February 2014 and in the preparation of an opening IFRS balance sheet at 25 February 2013 the Group's date of transition.

In preparing its opening IFRS balance sheet, the Group has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP). An explanation of how the transition from UK GAAP to Adopted IFRSs has affected the Group's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

Notes (continued)

30 Explanation of transition to Adopted IFRSs – Group (continued)

Reconciliation of equity

		25 February 2013			23 February 2014		
		UK GAAP	Effect of transition to Adopted IFRSs	Adopted IFRSs	UK GAAP	Effect of transition to Adopted IFRSs	Adopted IFRSs
	Note	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Non-current assets							
Property, plant and equipment		192,506	-	192,506	208,351	-	208,351
Intangible assets	a	271,082	-	271,082	253,620	17,687	271,307
Trade and other receivables		1,716	-	1,716	1,716	-	1,716
		<u>465,304</u>	<u>-</u>	<u>465,304</u>	<u>463,687</u>	<u>17,687</u>	<u>481,374</u>
Current assets							
Inventories		2,442	-	2,442	2,420	-	2,420
Trade and other receivables		65,487	-	65,487	16,498	-	16,498
Cash and cash equivalents		29,029	-	29,029	24,431	-	24,431
		<u>96,958</u>	<u>-</u>	<u>96,958</u>	<u>43,349</u>	<u>-</u>	<u>43,349</u>
Total assets		<u>562,262</u>	<u>-</u>	<u>562,262</u>	<u>507,036</u>	<u>17,687</u>	<u>524,723</u>
Current liabilities							
Bank overdraft		(28,876)	-	(28,876)	(25,261)	-	(25,261)
Other loans and borrowings		(12,576)	-	(12,576)	(11,847)	-	(11,847)
Trade and other payables	b	(138,502)	(5,452)	(143,954)	(97,232)	(6,332)	(103,564)
Tax payable		(6,574)	-	(6,574)	(5,546)	-	(5,546)
		<u>(186,528)</u>	<u>(5,452)</u>	<u>(191,980)</u>	<u>(139,886)</u>	<u>(6,332)</u>	<u>(146,218)</u>
Non-current liabilities		<u>(363,267)</u>	<u>-</u>	<u>(363,267)</u>	<u>(344,972)</u>	<u>-</u>	<u>(344,972)</u>
Other loans and borrowings		(363,267)	-	(363,267)	(344,972)	-	(344,972)
Trade and other payables		(1,357)	-	(1,357)	-	-	-
Deferred tax	b	(3,640)	1,022	(2,618)	(3,902)	1,192	(2,710)
		<u>(368,264)</u>	<u>1,022</u>	<u>(367,242)</u>	<u>(348,874)</u>	<u>1,192</u>	<u>(347,682)</u>
Total liabilities		<u>(554,792)</u>	<u>(4,430)</u>	<u>(559,222)</u>	<u>(488,760)</u>	<u>(5,140)</u>	<u>(493,900)</u>
Net assets		<u>7,470</u>	<u>(4,430)</u>	<u>3,040</u>	<u>18,276</u>	<u>12,547</u>	<u>30,823</u>
Equity attributable to equity holders of the parent							
Share capital		50,000	-	50,000	50,000	-	50,000
Capital contribution reserve		8,102	-	8,102	8,251	-	8,251
Own share reserve		1,604	-	1,604	1,604	-	1,604
Retained earnings		(62,939)	(3,940)	(66,879)	(54,408)	13,076	(41,332)
		<u>(3,233)</u>	<u>(3,940)</u>	<u>(7,173)</u>	<u>5,447</u>	<u>13,076</u>	<u>18,523</u>
Non-controlling interest		10,703	(490)	10,213	12,829	(529)	12,300
Total equity		<u>7,470</u>	<u>(4,430)</u>	<u>3,040</u>	<u>18,276</u>	<u>12,547</u>	<u>30,823</u>

Notes (continued)

30 Explanation of transition to Adopted IFRSs – Group (continued)

Notes to the reconciliation of equity and profit

a Adoption of IFRS 3

By adopting IFRS 3 the Group now carries out annual impairment reviews of goodwill. This differs from the previous policy under FRS 10 where the treatment allowed amortisation to be charged against the cost of the goodwill.

The impact on the balance sheet as at the end of the comparative year is an increase in intangible assets and an increase of profit and loss reserve of £17.7m. This all relates to the prior year.

b Adoption of IAS 17

By adopting IAS 17 the Group now recognises all lease incentives evenly over the term of the lease. This differs from the previous policy under SSAP 21 where the treatment allowed these incentives to be released on a straight line basis up to the first review date of the lease.

The impact on the balance sheet as at the end of the comparative year is an increase in creditors due within one year and a reduction of profit and loss reserve of £6.9m. Of this amount £0.9m relates to the comparative year and the remaining balance to prior years.

This adjustment created a deferred tax asset in prior years which increased retained earnings by £1.2m. Of this amount £0.2m related to the comparative year and the remaining balance to prior years.

Notes (continued)

30 Explanation of transition to Adopted IFRSs – Group (continued)

Reconciliation of profit for the 52 week period ended 23 February 2014

2014

	Note	UK GAAP £'000s	Effect of transition to Adopted IFRSs £'000s	Adopted IFRSs £'000s
Revenue		534,954	-	534,954
Cost of sales	b	(377,684)	(860)	(378,544)
Gross profit		157,270	(860)	156,410
Other operating income		213		213
Administrative expenses, excl. goodwill amortisation		(85,347)	(4)	(85,351)
Goodwill amortisation	a	(17,671)	17,671	-
Operating profit before net financing costs		54,465	16,807	71,272
Financial income		595	-	595
Financial expenses		(24,708)	-	(24,708)
Net financing expense		(24,113)	-	(24,113)
Profit before tax		30,352	16,807	47,159
Taxation	b	(13,695)	170	(13,525)
Profit for the year		16,657	16,977	33,634
Attributable to:				
Equity holders of the Nando's Group Holdings Ltd		14,531	17,016	31,547
Non-controlling interest		2,126	(39)	2,087
Profit for the year		16,657	16,977	33,634

Notes to the reconciliation of profit

See notes above on page 46.

Notes (continued)

30 Explanation of transition to Adopted IFRSs – Company

Reconciliation of equity

	Note	25 February 2013			23 February 2014		
		UK GAAP	Effect of transition to Adopted IFRSs	Adopted IFRSs	UK GAAP	Effect of transition to Adopted IFRSs	Adopted IFRSs
		£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Non-current assets							
Investments in group companies and associated undertakings		72,994	-	72,994	72,994	-	72,994
		<u>72,994</u>	<u>-</u>	<u>72,994</u>	<u>72,994</u>	<u>-</u>	<u>72,994</u>
Current assets							
Trade and other receivables		50,806	-	50,806	806	-	806
Cash and cash equivalents		149	-	149	4,636	-	4,636
		<u>50,955</u>	<u>-</u>	<u>50,955</u>	<u>5,442</u>	<u>-</u>	<u>5,442</u>
Total assets		<u>123,949</u>	<u>-</u>	<u>123,949</u>	<u>78,436</u>	<u>-</u>	<u>78,436</u>
Current liabilities							
Trade and other payables		(67,350)	-	(67,350)	(17,741)	-	(17,741)
Tax payable		299	-	299	83	-	83
		<u>(67,051)</u>	<u>-</u>	<u>(67,051)</u>	<u>(17,658)</u>	<u>-</u>	<u>(17,658)</u>
Total liabilities		<u>(67,051)</u>	<u>-</u>	<u>(67,051)</u>	<u>(17,658)</u>	<u>-</u>	<u>(17,658)</u>
Net assets		<u>56,898</u>	<u>-</u>	<u>56,898</u>	<u>60,778</u>	<u>-</u>	<u>60,778</u>
Equity attributable to equity holders of the parent							
Share capital		50,000	-	50,000	50,000	-	50,000
Retained earnings		6,898	-	6,898	10,778	-	10,778
Total equity		<u>56,898</u>	<u>-</u>	<u>56,898</u>	<u>60,778</u>	<u>-</u>	<u>60,778</u>

Notes to the reconciliation of Company equity and profit

There are no reconciling items as a result of transition to IFRS from UK GAAP at the Company level.

Cash flow statement

Under UK GAAP, the parent company was not required to, and did not, prepare a cash flow statement.