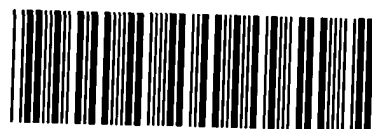


CAU Restaurants Limited

Report and Financial Statements

31 December 2016

TUESDAY



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COMPANIES HOUSE

CAU Restaurants Limited

Directors

Z Godik

G Mann (resigned 3rd March 2017)

F Bandura (appointed 24th February 2017)

Secretary

G Mann (resigned 3rd March 2017)

F Bandura (appointed 24th February 2017)

Auditors

Ernst & Young LLP

Bedford House

16 Bedford Street

Belfast

Northern Ireland BT2 7DT

Bankers

Royal Bank of Scotland

London EC2R 8LA

Solicitors

Travers Smith

10 Snow Hill

London EC1A 2AL

Registered Office

Fourth Floor

7-9 Swallow Street

London W1B 4DE

Strategic report

The directors present their strategic report for the year ended 31 December 2016.

Principal activity and review of the business

The principal activity of the company is the running of restaurants. As of 31 December 2016, the company operated 22 UK restaurants.

The company's key performance indicators are as follows:

	2016 £000	2015 £000
Turnover	25,508	16,869
Loss after tax	(2,185)	(1,004)
Equity shareholders' deficit	(4,595)	(2,410)

The company's continued growth was principally through increased revenue from the existing estate and the addition of new restaurants in the year, being (in order of opening): CAU Bath, CAU Birmingham, CAU Harrogate, CAU Edinburgh, CAU Leamington, CAU Leeds and CAU Southampton.

Loss after tax for the year was mainly driven by depreciation, head office costs invested ahead of expansion and pre-opening costs for new restaurants.

Principal risks and uncertainties

The company's strategy is to follow an appropriate risk policy, which effectively manages exposures related to the achievement of business objectives. The key risks which management face are detailed as follows:

Cash control

Effective control of restaurant level cash income is key to reducing the likelihood of internal fraud. The company has several elements to ensuring cash income is properly recorded and controlled. These begin with strict employee cash controls and continue through to the restaurant manager's procedures to track cash income – from employee receipt to the bank deposit. Further controls exist at the head office level to identify any missing cash quickly in order to take positive action should the need arise.

Business performance risk

A fall in restaurant revenues versus forecast might cause a de-leverage on costs and a fall in profits. The company manages this through tight variable cost controls – specifically employee costs – which effectively reduce employee hours in line with sales. Weekly reviews of sales and costs allow for a continuing re-adjustment of the balance between such sales and costs.

Business continuity risk

Operating from several sites, the company potentially faces the risk of these sites being closed for a period of time due to unforeseen events such as terrorism. The company protects itself through business interruption insurance that would compensate for a loss of income. This policy has been recently reviewed and management are confident that the level of cover is sufficient.

Strategic report

Principal risks and uncertainties (continued)

Health and safety risk

Appropriate health and safety training is a key component for all staff members, with particular emphasis on staff members working with food. The company takes its responsibilities very seriously and carries out audits of its restaurants to ensure compliance with standards.

Restaurant company operational risks

Any restaurant company faces potential issues with staff training, recruitment, standards, consistency, etc. as it opens new outlets. The company has sought to offset this by investing in a head office team that is highly operationally focused and staffed with management who have worked in the system for a number of years. These senior coaches work with the restaurant general managers and head chefs to ensure consistency of customer experience.

In addition, training and consistency of standards are a priority for the company and significant time and money is invested in this area to ensure staff are set up for success.

This structure and philosophy ensures that the company is set up for successful expansion with the usual development risks mitigated as far as possible.

Credit risk

Company income is derived from restaurant level cash and credit cards with only an immaterial amount of customers paying on account. The risk derived from credit is therefore minimal with almost all non-cash income being received through credit card companies.

Interest rate risk

The company does not have external borrowings and so does not face any interest rate risk.

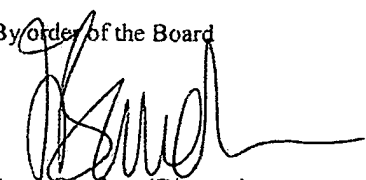
Liquidity risk

The company's liquidity risk is managed through monthly cash flow forecasts that capture all future cash flows for the next 12 months. Financial covenants are monitored internally on a monthly basis and quarterly with the bank. Management reviews available facilities and cash headroom to ensure sufficient liquidity is available.

Foreign currency risk

The majority of the company's costs are in GBP with no material currency risk. The company does not currently have a policy to mitigate foreign exchange movements as management do not believe the impact would be significant.

By order of the Board



Frank Bandura (Director)

Date: 25/9/17

Registered No. 07381319

Directors' report

The directors present their report for the year ended 31 December 2016.

Results and dividends

The loss for the year after taxation amounted to £2,185,036 (2015 – loss of £1,003,725). The directors do not recommend a final dividend (2015 – £nil).

The results for the year have been impacted by exceptional items, additional depreciation and pre-opening costs for new restaurants. Once the impact of these costs is removed, the underlying EBITDA result is £1,034,838 (2015 – EBITDA of £1,807,080).

Future developments

The directors wish to maintain the growth of turnover in the business through continued expansion of restaurants. The company will continue to evolve and grow the existing estate as well as expanding through new openings.

Directors

The directors who served the company during the year were as follows:

Z Godik

G Mann (resigned 3rd March 2017)

F Bandura (appointed 24th February 2017)

Disabled employees

The company's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible for retaining employees who become disabled, to enable them to work as appropriate to their aptitudes and abilities.

Employee involvement

The company's policy is to consult and discuss with employees, through unions, staff councils and at meetings all matters likely to affect employee interests.

Information on matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance.

Directors' report

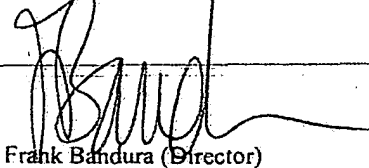
Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By order of the Board



Frank Bandura (Director)

Date:

25/9/17

Director's Responsibilities Statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ~~prepare financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.~~

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report

to the members of CAU Restaurants Limited

We have audited the financial statements of CAU Restaurants Limited for the year ended 31 December 2016 which comprise the Profit and Loss account, the Statement of Comprehensive income, the Statement of Changes in Equity, the Balance Sheet and the related notes 1 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland'.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Independent auditors' report

to the members of CAU Restaurants Limited

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

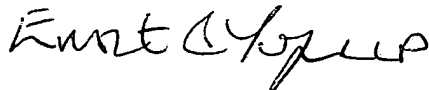
- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic Report or Directors' Report.

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

-
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
 - the financial statements are not in agreement with the accounting records and returns; or
 - certain disclosures of directors' remuneration specified by law are not made; or
 - we have not received all the information and explanations we require for our audit.



Michael Kidd (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Belfast

Date: 25 September 2017

Registered No. 07381319

Profit and loss account

for the year ended 31 December 2016

	Notes	2016 £	2015 £
Turnover	1,2	25,507,748	16,869,476
Cost of sales		<u>(15,589,703)</u>	<u>(9,635,491)</u>
Gross profit		9,918,045	7,233,985
Administrative expenses:			
Before exceptional items		(12,065,137)	(7,990,965)
Redundancy costs	4	(153,638)	(3,569)
Refurbishment costs	4	(6,376)	(4,687)
Other exceptional items	4	(112,295)	(118,802)
		<u>(12,337,446)</u>	<u>(8,118,023)</u>
Operating loss		(2,419,401)	(884,038)
Interest payable and similar charges	6	<u>(30,396)</u>	<u>(17,605)</u>
Loss before taxation		(2,449,797)	(901,643)
Tax credit/(charge)	7 (a)	264,761	(102,082)
Loss for the financial year		<u>(2,185,036)</u>	<u>(1,003,725)</u>

All amounts relate to continuing activities.

Statement of Comprehensive Income

for the year ended 31 December 2016

There is no comprehensive income or losses other than the loss attributable to the shareholders of the company of £2,185,036 in the year ended 31 December 2016 (2015 – loss of £1,003,725).

Statement of changes in equity

for the year ended 31 December 2016

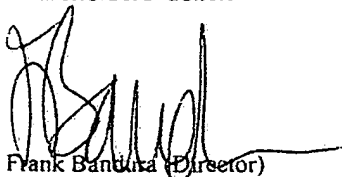
	Called up share capital £	Profit and loss account £	Total Equity £
At 1 January 2015	1	(1,405,857)	(1,405,856)
Loss for the year	–	(1,003,725)	(1,003,725)
At 1 January 2016	1	(2,409,582)	(2,409,581)
Loss for the year	–	(2,185,036)	(2,185,036)
At 31 December 2016	1	(4,594,618)	(4,594,617)

Registered No. 07381319

Balance sheet

at 31 December 2016

	Notes	2016 £	2015 £
Fixed assets			
Tangible assets	8	<u>23,007,901</u>	<u>18,952,416</u>
Current assets			
Stocks	9	466,635	317,788
Debtors	10	2,260,228	896,544
Cash at bank and in hand		<u>3,871,445</u>	<u>1,384,815</u>
		6,598,308	2,599,147
Creditors: amounts falling due within one year	11	<u>(34,200,826)</u>	<u>(23,872,508)</u>
Net current liabilities		<u>(27,602,518)</u>	<u>(21,273,361)</u>
Total assets less current liabilities		<u>(4,594,617)</u>	<u>(2,320,945)</u>
Provisions for liabilities		-	(88,636)
Net liabilities		<u>(4,594,617)</u>	<u>(2,409,581)</u>
Capital and reserves			
Called up share capital	12	1	1
Profit and loss account		<u>(4,594,618)</u>	<u>(2,409,582)</u>
Shareholders' deficit		<u>(4,594,617)</u>	<u>(2,409,581)</u>



Frank Bandura (Director)

Date:

25/9/17

Notes to the financial statements

at 31 December 2016

1. Accounting policies

Statement of compliance

CAU Restaurants Limited is a private company limited by shares and incorporated in England and Wales. The registered office is Fourth Floor, 7-9 Swallow Street, London, W1B 4DE.

The company's financial statements have been prepared in compliance with FRS 102 as it applies to the financial statements of the company for the year ended 31 December 2016.

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

The financial statements are prepared in Sterling which is the functional currency of the company and rounded to the nearest £.

Going concern

The company balance sheet indicates an excess of net current liabilities over net current assets and total net liabilities over total assets.

The parent undertaking has indicated its willingness to continue to support the company and in particular not to recall the amounts advanced to the company at the balance sheet date. Accordingly the directors believe it is appropriate to prepare the financial statements on the going concern basis.

Reduced disclosure framework

The company has taken advantage of the following disclosure exemptions under FRS 102:

- (a) the requirements of section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- (b) the requirements of section 7 Statement of Cash Flows and section 3 Financial Statement Presentation paragraph 3.17(d);
- (c) the requirements of section 11 Basic Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c) and section 12 paragraph 12.26; and
- (d) section 33 Related Party Disclosures paragraph 33.7.

The ultimate parent undertaking and controlling entity is Malbec Topco Limited, a company incorporated in England and Wales, which is the parent undertaking of the largest group to consolidate these financial statements. Malbec Topco Limited's group financial statements are available from the company's registered office, Fourth Floor 7-9 Swallow Street, London, W1B 4DE.

Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the period, exclusive of Value Added Tax and trade discounts.

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, the amount of revenue can be measured reliably, and it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Notes to the financial statements

at 31 December 2016

1. Accounting policies (continued)

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Long term leasehold property	–	over the remaining period of the lease
Plant and machinery	–	30% - 50% straight-line
Fixtures and fittings	–	10% straight-line
Computer equipment	–	12.5% straight-line
Assets in course of construction	–	not depreciated

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving stocks.

Deferred taxation

Deferred tax is recognised in respect of all timing differences which are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements, except that:

- unrelieved tax losses and other deferred tax assets are recognised only to the extent that the directors consider that it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Pre-opening expenses

In accordance with FRS 102.17 the company writes off pre-opening expenses as incurred.

Operating leases

Rentals under operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

The company have not applied paragraphs 20.15A or 20.25A to lease incentives where the lease commenced before the date of transition to FRS 102. It has continued to recognise any residual benefit or cost associated with these lease incentives on the same basis that applied prior to transition to FRS 102.

Notes to the financial statements

at 31 December 2016

1. Accounting policies (continued)

Financial Instruments

The company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial instruments, including cash at bank, trade receivables and intergroup receivables and loans to fellow subsidiary companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period, financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

Other financial assets are initially measured at fair value, which is normally the transaction price.

Such assets are subsequently carried at fair value and the changes in fair value are recognised in the profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including trade payables and intergroup payables and loans from fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method. The company does not hold or issue any other financial liabilities for trading purposes.

Judgements and key sources of estimation

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the period. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant impact on amounts recognised in the financial statements.

Notes to the financial statements

at 31 December 2016

1. Accounting policies (continued)

Judgements and key sources of estimation (continued)

The following are the company's key sources of judgement:

Operating lease commitments

The company has entered into commercial property leases as a lessee and as a lessee it obtains use of property, plant and equipment. The classification of such leases as operating or finance lease requires the company to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the statement of financial position.

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual assets are re-assessed annually. They are amended when necessary to reflect current estimates based on technological advancement, future investments, economic utilization and the physical condition of the asset.

Taxation

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in note 7.

Impairment of trade receivables

The management include impairment provisions for any potential unrecoverable trade receivables which are estimated based on the age of the trade receivables and provide fully against any known unrecoverable amounts.

2. Turnover

	2016	2015
	£	£
Sale of goods	25,024,514	16,869,476
Royalty income	483,234	–
	<u>25,507,748</u>	<u>16,869,476</u>

The whole of the turnover is attributable to the company's principal activity.

All turnover related to the sale of goods arose within the United Kingdom, with royalty income arising in the Netherlands.

Notes to the financial statements

at 31 December 2016

3. Operating loss

This is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets -- owned by the company	1,830,482	1,227,941
Loss on disposals of fixed assets	242,504	-
Pre-opening expenses	1,351,448	1,463,178
Operating lease rentals -- land and buildings	2,054,523	1,245,486

Auditors' remuneration is borne by another company within the group. The expense recognised as auditor's remuneration amounted to £18,300 (2015 - charge of £18,300).

Current year contributions to a defined contribution pension scheme were £6,759 (2015 - £nil) and there was no liability owing by the company in respect of pension contributions at the year end.

4. Exceptional items

	2016 £	2015 £
Redundancy costs	153,638	3,569
Refurbishment costs	6,376	4,687
Other exceptional items	112,295	118,802
	<u>272,309</u>	<u>127,058</u>

5. Staff costs

	2016 £	2015 £
Wages and salaries	9,899,584	6,308,659
Social security costs	757,050	547,206
Other pension costs	6,759	-
	<u>10,663,393</u>	<u>6,855,865</u>

The average monthly number of employees during the year was made up as follows:

	No.	No.
Restaurant	<u>651</u>	<u>422</u>

The directors are not remunerated from this company.

Notes to the financial statements

at 31 December 2016

6. Interest payable and similar charges

	2016	2015
	£	£
Bank charges	30,396	17,605

7. Tax

(a) Tax on loss

The tax credit is made up as follows:

	2016	2015
	£	£
Current tax		
Corporation tax on loss for the year	–	13,446
Deferred tax (note 7(c))		
Origination and reversal of timing differences	(335,155)	88,636
Adjustment in respect of prior periods	26,519	–
Effect of changes in tax rates	43,875	–
Tax on loss (note 7(b))	(264,761)	102,082

(b) Factors affecting the current tax credit for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 20% (2015 – 20.25%). The differences are explained below:

	2016	2015
	£	£
Loss before tax	(2,449,797)	(901,643)
Loss multiplied by standard rate of corporation tax in the UK of 20% (2015 – 20.25%)	(489,959)	(182,583)
Effects of:		
Expenses not deductible for tax purposes	154,804	126,665
Group relief surrendered for no payment	–	269,044
Adjustment from previous period	26,519	–
Deferred tax not recognised	–	(88,857)
Change in rate of deferred tax	43,875	(22,187)
Total tax for the year (note 7(a))	(264,761)	102,082

Notes to the financial statements

at 31 December 2016

7. Tax (continued)

(c) Deferred tax

	£
At 1 January 2016	88,636
Adjustments in respect of prior period	26,519
Charge for year	(291,280)
At 31 December 2016	<u>(176,125)</u>

The deferred tax (asset)/provision is made up as follows:

	2016 £	2015 £
Fixed asset timing differences	176,801	383,104
Tax losses carried forward	(352,926)	(294,468)
Deferred tax (credit)/provision	<u>(176,125)</u>	<u>88,636</u>

8. Tangible fixed assets

	Long-term leasehold property £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Assets in the Course of Construction £	Total £
<i>Cost :</i>						
At 1 January 2016	15,570,020	1,815,624	1,472,967	522,176	1,788,451	21,169,238
Additions	4,232,593	744,022	987,984	116,832	47,040	6,128,471
Transfers	1,378,114	146,028	89,093	15,151	(1,628,386)	–
Disposals	(22,270)	(33,663)	(29,609)	(4,514)	(207,105)	(297,161)
At 31 December 2016	<u>21,158,457</u>	<u>2,672,011</u>	<u>2,520,435</u>	<u>649,645</u>	<u>–</u>	<u>27,000,548</u>
<i>Depreciation:</i>						
At 1 January 2016	1,325,572	379,755	308,442	203,053	–	2,216,822
Charge for the year	971,071	309,809	368,740	180,862	–	1,830,482
Disposals	(6,783)	(18,068)	(25,292)	(4,514)	–	(54,657)
At 31 December 2016	<u>2,289,860</u>	<u>671,496</u>	<u>651,890</u>	<u>379,401</u>	<u>–</u>	<u>3,992,647</u>
<i>Net book value:</i>						
At 31 December 2016	<u>18,868,597</u>	<u>2,000,515</u>	<u>1,868,545</u>	<u>270,244</u>	<u>–</u>	<u>23,007,901</u>
At 1 January 2016	<u>14,244,448</u>	<u>1,435,869</u>	<u>1,164,525</u>	<u>319,123</u>	<u>1,788,451</u>	<u>18,952,416</u>

Notes to the financial statements

at 31 December 2016

9. Stocks

	2016	2015
	£	£
Raw materials and consumables	466,635	317,788

The amount of inventories recognised as an expense during the year was £7,040,326 (2015 – £4,514,129)
There is no material difference between the book value of stock and its replacement value.

10. Debtors

	2016	2015
	£	£
Trade debtors*	601,284	363,585
Other debtors	179,592	181,024
Prepayments and accrued income	819,993	351,935
Amounts owed from group undertaking	483,234	–
Deferred tax credit	176,125	–
	<u>2,260,228</u>	<u>896,544</u>

*Trade debtors relate to credit card receipts not yet received.

11. Creditors: amounts falling due within one year

	2016	2015
	£	£
Trade creditors	832,213	2,819,278
Other creditors	44,582	39,182
Amounts owed to group undertakings	28,553,469	18,575,913
Other taxes and social security costs	1,526,719	293,038
Accruals and deferred income	<u>3,243,843</u>	<u>2,145,097</u>
	<u>34,200,826</u>	<u>23,872,508</u>

12. Issued share capital

	No.	2016 £	No.	2015 £
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each	1	<u>1</u>	1	<u>1</u>

Notes to the financial statements

at 31 December 2016

13. Reserves

The nature and purpose of each reserve is explained below:

Share capital – represents the nominal value of shares issued.

Profit and loss account – the cumulative income and expenses recognised in the profit and loss account together with cumulative items, other than the proceeds of shares issued and recognised in equity.

14. Capital commitments

At 31 December 2016, CAU Restaurants Limited had £142,331 contracted capital commitments relating to the development and refurbishment of restaurants (2015 – £616,322).

15. Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £6,759 (2015 – £nil).

16. Other financial commitments

At 31 December 2016 the company had future minimum rentals payable under non-cancellable operating leases as set out below:

	<i>Land and buildings</i>	
	2016	2015
	£	£
<i>Future minimum rental payable:</i>		
Within one year	2,421,885	1,998,530
Between one and two years	2,514,180	2,016,030
Between two to five years	7,542,540	6,085,590
Over five years	<u>33,081,451</u>	<u>29,581,747</u>
	<u>45,560,056</u>	<u>39,681,897</u>

17. Related party transactions

All year end balances and transactions between the company and other wholly owned members of the same group are related parties as defined by FRS 102.33.

The company has taken advantage of the exemption granted by FRS102 section 33 "Related party disclosures" to disclose related party transactions with other wholly owned group companies.

18. Guarantee

The company has provided to Lloyds TSB Bank plc on behalf of Lloyds TSB Bank plc, Royal Bank of Scotland plc, Investec Bank plc, HSBC Bank plc and Santander UK plc, a debenture and guarantee for bank borrowings advanced to Malbec Bidco Limited.

Notes to the financial statements

at 31 December 2016

19. Ultimate parent undertaking and controlling party

The immediate parent undertaking is Gaucho Grill Limited, a company incorporated in England and Wales.

The Company's ultimate parent undertaking is Malbec Topco Limited, a company incorporated in England and Wales, which is the parent undertaking of the largest group to consolidate these financial statements.

Malbec Topco Limited's group financial statements are available from the company's registered office, Fourth Floor 7-9 Swallow Street, London, W1B 4DE.

The company's controlling party is Equistone General Partner V LLP.