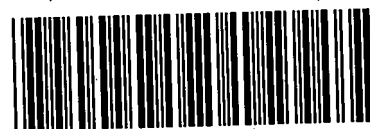


**BurgerKing Limited**  
**Directors' report and financial statements**  
Registered number SC31456  
31 December 2013

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28/01/2015

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**BurgerKing Limited**  
**Directors' report and financial statements**  
**31 December 2013**

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## Directors' report

The directors have pleasure in submitting their directors' report, together with the audited financial statements for the 12 months period ended 31 December 2013.

### Principal activities

The Company operates in the quick service restaurant industry. During 2012, we refranchised all of our Company restaurants by 30 October 2012. The results of this operation have been treated as discontinued. In 2013 the Company generated other operating income from two main sources: (1) service revenue, consisting primarily of services fees charged to Burger King Europe for service support provided by employees of Burger King Limited to Burger King Europe and (2) property income from properties that we lease or sublease to franchisees.

On 13 December 2010 the Board of Directors of Burger King Worldwide, Inc. ('BKW') approved a change in fiscal year end from 30 June, to 31 December. The fiscal year for BurgerKing Limited has also changed in accordance with the change in fiscal year of the parent company. These financial statements have been prepared for the 12 months period ended 31 December 2013 and the comparative period of 12 months period ended 31 December 2012.

### Business Review and key performance indicators

The directors use a number of key performance indicators which they consider assist in the management of the business, including monitoring individual store performance on sales, margins and costs.

During the 12 months ended 31 December 2013 the Company continued to trade within a challenging business environment. The level of competition has impacted the Company's results in addition to the macro economic impacts on the retail sector.

The operating loss margin decreased to 15.4% from prior period, (2012: 16.7%). The period's loss after tax is £3.0m (2012: £4.0m loss).

At the period end the Company has net current liabilities of £26.0m (2012: £22.5m) and net liabilities of £24.2m (2012: £21.2m). The Company is dependent on the continued support provided by its parent company to enable it to continue trading as a going concern. As with any company placing reliance on other Group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

BKW's goal is to transition to a nearly 100% franchised business model. BKW believes that a franchise-dominated business model will increase its profitability and cash flow since the capital required to expand its restaurant portfolio and re-image and maintain existing Burger King restaurants will principally be provided by its franchisees. Furthermore, BKW believes that a shift away from significant restaurant ownership will permit BKW to focus on narrowing the average restaurant sales gap with peers, through menu innovation, franchisee operational support and brand development. As a result, the Company's turnover from the sale of food has declined significantly period on period. During current year, the Company refranchised 100% for its restaurants resulting in discontinued operations from the Company restaurant business of the Company.

During the year, the Company operated a defined benefit pension scheme in the UK which is closed to new entrants. Following the refranchising of all Company restaurants, the responsibility for the assets and liabilities relating to the BurgerKing UK Pension Plan (the defined benefit pension scheme) transferred to BurgerKing (United Kingdom) Ltd on 30 October 2012. As a result, the position of the Company at the current year and prior year end shows no obligations or funds associated with the defined benefit pension scheme.

## **Directors' report (continued)**

### **Risks**

The principal risk to the Company is that its product offering declines in popularity, leading to reduced revenues and margins. The Company manages this risk by investing in new products which will improve consumer choice.

Occupancy costs represent a significant fixed cost base and adverse rent reviews can materially impact the financial performance. The Company operates an Estates function in partnership with external advisors to mitigate this risk.

Exchange rate risks are evident as the majority of product is sourced from Euro denominated markets and equipment from the USA. Any hedging is performed by the parent company in Miami to mitigate this risk on behalf of the group.

### **Results and dividends**

The Company's loss for the financial period is £3.0m (2012:£4.0m).

The directors do not recommend the payment of a dividend on the ordinary shares (2013: £nil).

### **Directors and directors' interests**

The directors who served during the period were as follows:

R Varman (appointed 28 March 2012)  
S Wilson (resigned 22 November 2013)  
P Barbosa (appointed 4 November 2013)  
J Cil (appointed 4 November 2013)  
B De Souza (appointed 4 November 2013)

No directors had any interest beneficial or non-beneficial in the share capital of the Company or had a material interest during the period in any significant contract with the Company or any subsidiary.

According to the register of directors' interests, no rights to subscribe for shares in or debentures of the Company were granted to any of the directors or their immediate families, or exercised by them, during the financial period.

### **Political and charitable contributions**

The Company made no political contributions during the period (2013: £nil). The Company made no charitable contributions during the period (2013: £nil).

### **Employee involvement**

The Company is committed to the development of employee consultation and, thereby, to their greater involvement in the Company's operations. The directors continue to place a high priority on good communication practices at all levels. Responsibility for ensuring that Company employees are informed of and, where appropriate, consulted upon matters of concern affecting their immediate jobs rests with departmental managers with support from the personnel function. On-site group discussions between managers and employees are encouraged.

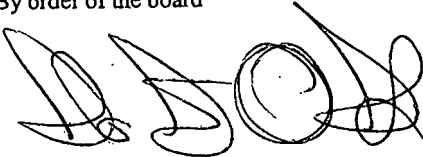
On a wider basis, the Company provides more general information to and for its employees concerning its performance and on economic and other matters affecting it. The methods used to disseminate such information are bulletins and related publications, including a monthly house journal. In addition, a twice yearly video presentation for employees sets out world-wide developments of the Company, its products and its people. Information is also communicated when employees participate in induction or training courses, or by the circulation of information personally to all employees. The Company has continued to maintain these practices during the period.

## Directors' report (continued)

### Supplier payment policies

The Company agrees terms and conditions for its business transactions when orders for goods and services are placed, ensuring that suppliers are aware of the terms of payment and including the relevant terms in contracts where appropriate. These arrangements are adhered to when making payments, subject to the terms and conditions being met by the supplier.

By order of the board

A handwritten signature in black ink, appearing to be 'P. Barbosa', written over a horizontal line.

Paulo Barbosa  
Director

15 Bath Road  
Slough  
SL1 3UF

23 January 2015

## **Statement of directors' responsibilities in respect of the Directors' Report and the Financial Statements**

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

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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

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

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

## **Independent auditor's report to the members of BurgerKing Limited**

We have audited the financial statements of BurgerKing Limited for the period ended 31 December 2013 set out on pages 6 to 23. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

The 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 4, 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 (APB'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](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2013 and of its loss for the period then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.


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

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

### **Matters on which we are required to report by exception**

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

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

 23/01/15

Jeremy Hall (Senior Statutory Auditor)  
for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
15 Canada Square  
London  
E14 5GL

23 January 2015

## Profit and loss account for the period ended 31 December 2013

		Continuing Operations	Discontinued Operations	Total	Continuing Operations	Discontinued Operations	Total
	Note	12 months ended 31/12/2013	12 months ended 31/12/2013	12 months ended 31/12/2013	12 months ended 31/12/2012	12 months ended 31/12/2012	12 months ended 31/12/2012
		£000	£000	£000	£000	£000	£000
Turnover		-	-	-	-	£ 19,369	£ 19,369
Cost of sales		-	-	-	-	£ (6,179)	£ (6,179)
Gross profit		-	-	-	-	£ 13,190	£ 13,190
Administrative expenses		£ (14,568)	-	£ (14,568)	£ (13,231)	£ (15,811)	£ (29,042)
Other operating income		£ 12,622	-	£ 12,622	£ 11,807	£ 61	£ 11,868
Operating loss		£ (1,946)	-	£ (1,946)	£ (1,424)	£ (2,560)	£ (3,984)
Exceptional Items		-	-	-	-	£ 603	£ 603
Gain on the sale or termination of an operation		-	-	-	-	-	-
Gain/(loss) on other disposal of fixed assets		£ (144)	-	£ (144)	£ 148	-	£ 148
Loss on ordinary activities before interest	2	£ (2,091)	-	£ (2,091)	£ (1,276)	£ (1,957)	£ (3,233)
Interest expense	5	£ (875)	-	£ (875)	£ (684)	-	£ (684)
Loss on ordinary activities before taxation		£ (2,966)	-	£ (2,966)	£ (1,960)	£ (1,957)	£ (3,917)
Tax on loss on ordinary activities	6	-	-	£ (3)	£ (62)	-	£ (62)
Loss for the financial period		£ (2,966)	-	£ (2,969)	£ (2,022)	£ (1,957)	£ (3,979)

The profit and loss account relates to both continuing and discontinued operations.

## Statement of total recognised gains and losses for the period ended 31 December 2013

		Continuing Operations	Discontinued Operations	Total	Continuing Operations	Discontinued Operations	Total
	Note	12 months ended 31/12/2013	12 months ended 31/12/2013	12 months ended 31/12/2013	12 months ended 31/12/2012	12 months ended 31/12/2012	12 months ended 31/12/2012
		£000	£000	£000	£000	£000	£000
Loss on ordinary activities after taxation		£ (2,966)	-	£ (2,969)	£ (2,022)	£ (1,957)	£ (3,536)
Actuarial gain/(loss) recognised in the pension scheme		-	-	-	-	£ (166)	£ (166)
Total recognised loss relating to the period		£ (2,966)	-	£ (2,969)	£ (2,022)	£ (3,802)	£ (4,145)

The notes on pages 8 to 19 form part of these financial statements.

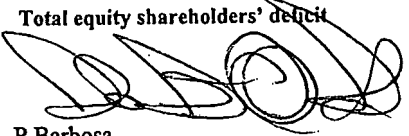


## Balance sheet

at 31 December 2013

These financial statements as well as the accompanying notes were approved by the board of directors on 23 January 2015 and were signed on its behalf by:

	Note	2013 £000	2012 £000
<b>Fixed assets</b>			
Tangible assets	7	£ 4,530	£ 4,892
<b>Current assets</b>			
Debtors	8	£ 1,751	£ 5,452
Cash at bank and in hand		<u>£ 2,326</u>	<u>£ 1,555</u>
		£ 4,077	£ 7,007
Creditors: amounts falling due within one year	9	<u>£ (30,069)</u>	<u>£ (29,473)</u>
<b>Net current liabilities</b>		<u>£ (25,995)</u>	<u>£ (22,466)</u>
<b>Total assets less net current liabilities</b>		£ (21,465)	£ (17,574)
<b>Provision for liabilities and charges</b>	10	<u>£ (2,707)</u>	<u>£ (3,628)</u>
<b>Net liabilities</b>		£ (24,172)	£ (21,202)
<b>Capital and reserves</b>			
Called up share capital	12	£ 109,672	£ 109,672
Share premium account	13	£ 36,518	£ 36,518
Profit and loss account	13	<u>£ (170,362)</u>	<u>£ (167,392)</u>
<b>Total equity shareholders' deficit</b>	14	<u>£ (24,172)</u>	<u>£ (21,202)</u>

  
P Barbosa  
Director

Registered number SC31456

The notes on pages 8 to 19 form part of these financial statements.

## Notes

(Forming part of the financial statements)

### 1 Accounting policies

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

#### *Basis of preparation*

The financial statements have been prepared on the going concern basis which the directors believe to be appropriate. The Company is dependent for its working capital on its parent undertaking. Burger King Holdings, Inc., the parent company of BurgerKing Limited, has provided the Company with an undertaking that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the Company to enable the Company to continue in operational existence for the foreseeable future. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that the support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

#### *Turnover*

Turnover represents one stream of turnover in the United Kingdom related to amounts received from the sale of food, recognised at the point of sale, net of VAT.. In addition turnover from other income encompasses other operating income from properties that we lease or sublease to franchisees.

#### *Fixed assets and depreciation*

Fixed assets are stated at cost less depreciation.

Leasehold building includes an element of capitalised developmental costs.

Depreciation is provided to write off the cost less estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Freehold buildings	40 years
Short leasehold	Normal lives are deemed to be between 2 years and the outstanding period of the lease. Where major leasehold improvements are carried out within 5 years of the expiry of the lease and renewal of the lease is anticipated, the asset will be written off over the useful lives even where this exceeds the remainder of the lease.
Plant, machinery and fittings	between 2 and 16 years

No depreciation is provided on freehold land.

Reviews are carried out if there is some indication that impairment may have occurred, to ensure that fixed assets are not carried at above their recoverable amounts. Provisions for impairment are made in accordance with FRS 11.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Cash*

Cash and cash equivalents include short-term, highly liquid investments with original maturities of three months or less and credit card receivables.

#### *Foreign currencies*

Assets and liabilities in foreign currencies are translated into sterling at period end exchange rates. All unrealised exchange differences are taken to the profit and loss account.

Transactions in foreign currencies are recorded at the rates of exchange at the date of the transactions and crystallised exchange gains or losses are taken to the profit and loss account.

#### *Taxation*

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. An asset is not recognised to the extent that the transfer of economic benefits in future is uncertain. Deferred tax assets and liabilities recognised have not been discounted. Deferred tax is recorded at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date, except as otherwise required by FRS 19.

#### *Stocks*

Stocks are stated at the lower of cost and net realisable value and comprise the ingredients for preparation of the Company's range of food as well as marketing stocks and small tools stock.

#### *Post retirement benefits*

Post retirement benefits are accounted for in accordance with FRS 17 'Retirement Benefits'. The Company operates one pension scheme in the UK, which is of both a defined benefit type and a defined contribution type. Full valuations of the defined benefits scheme are performed every three years, using the projected unit method.

The pension expense for the defined contribution scheme represents amounts payable in the period. Under the defined benefit scheme any current and past service costs are charged to operating profit and interest costs and expected returns on assets to financing costs or income. Actuarial gains and losses arising from new valuations and from updating the latest actuarial valuation to reflect the conditions at the balance sheet date are recognised in the statement of total recognised gains and losses.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Provisions*

Provision is made for onerous lease costs where it is possible to estimate the liability with sufficient reliability. This provision is discounted from the period of the expiry of the lease to the balance sheet date. The unwinding of the discount is charged to the profit and loss account.

#### *Leases*

##### *As lessee*

Operating lease rentals payable are taken to the profit and loss account on a straight-line basis over the period of the lease. Any lease incentives received from lessors to sign or renew an operating lease is recognised as a reduction in rental expense and allocated to the profit and loss account on a straight-line basis over the shorter of the term of the lease and the first rent review.

##### *As lessor*

Rental income from operating leases is recognised in the profit and loss account on a straight-line basis over the period of the lease. Any lease incentives given for the benefit of the lessees to sign or renew an operating lease is recognised as a reduction in rental income and allocated to the profit and loss account on a straight-line basis over the shorter of the term of the lease and the first rent review.

#### *Cash flow statement*

The Company is a wholly-owned subsidiary of Burger King Holdings, Inc., and is included in the consolidated financial statements of Burger King Worldwide, Inc., which are publicly available. Consequently the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (revised 1996).

#### *Related party transactions*

The Company is also exempt under the terms of FRS 8 from disclosing related party transactions with entities that are part of the Burger King Holdings, Inc. group or investors of the Burger King Holdings, Inc. group.

## Notes (continued)

### 2 Loss on ordinary activities before interest

	12 months ended 31/12/2013 £000	12 months ended 31/12/2012 £000
<i>Operating loss is stated after charging</i>		
Auditor's remuneration:		
Audit of these financial statements	19	85
Depreciation	172	704
Rentals payable on property held under operating leases	14,786	12,613
Hire of plant and machinery - rentals payable under operating leases	-	55
Hire of other assets - operating leases	-	78

### 3 Directors' emoluments

	12 months ended 31/12/2013 £000	12 months ended 31/12/2012 £000
Directors emoluments	-	143
Directors pension benefits	-	14
Remuneration as executives	<u>-</u>	<u>157</u>

No directors (2013: nil) exercised share options during the period.

The emoluments of the highest paid director were £nil (2012: £93,750). The pension benefits of the highest paid director were £nil (2012: £14,063).

## Notes (continued)

### 4 Staff numbers and costs

	12 months ended 31/12/2013	12 months ended 31/12/2012
Sales	-	451
Administration	-	78
	<u>-</u>	<u>529</u>

The aggregate payroll costs of these persons were as follows:

	12 months ended 31/12/2013 £000	12 months ended 31/12/2012 £000
Wages and salaries	-	5,757
Employer's social security costs	-	350
Pension costs	-	-
Defined Benefit Plan	-	171
Defined Contribution Plan	-	217
Share based payments	-	-
	<u>-</u>	<u>6,495</u>

### 5 Interest

	12 months ended 31/12/2013 £000	12 months ended 31/12/2012 £000
<i>Interest payable:</i>		
Payable to group undertakings	<u>(875)</u>	<u>(684)</u>
	<u>(875)</u>	<u>(684)</u>

## Notes (continued)

### 6 Taxation

	12 months ended 31/12/2013 £000	12 months ended 31/12/2012 £000
<i>Corporation tax</i>		
Current tax charge	3	62
<i>Deferred tax</i>		
Origination of timing differences	-	-
Tax on loss on ordinary activities	<u>3</u>	<u>62</u>

#### *Factors affecting the tax charge for the current period*

The current tax charge (credit) for the period is higher (2012: higher) than the standard rate of corporation tax in the UK of 23.25% (2012: 24.7%). The differences are explained below.

	12 months ended 31/12/2013 £000	12 months ended 31/12/2012 £000
Gain (Loss) on ordinary activities before tax	(2,966)	(3,917)
Current tax charge (credit) at 23.25% (2012: 24.7%)	(689)	(967)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	318	215
Capital allowances for period in excess of depreciation	(1)	(7,044)
Tax losses	419	8,035
Tax changes in respect of previous periods	(44)	
Movement in short term timing differences	-	(177)
Current tax charge (credit) for the period	<u>3</u>	<u>62</u>

#### *Factors that may affect future tax charges*

The Emergency Budget on 22 June 2010 announced that the UK corporation tax rate will reduce from 28% to 24% over a period of 4 years from 2011. The first reduction in the UK corporation tax rate from 28% to 27% was substantively enacted on 20 July 2010 and was effective from 1 April 2011. In line with this change, the rate applying to UK deferred tax assets and liabilities has also been reduced from 28% to 25% (30 June 2012: 27%), creating a rate adjustment at a rate of 20%.

In addition to the changes in rates of Corporation tax disclosed further changes to the UK Corporation tax rates were substantively enacted as part of the Finance Bill 2013 on 2 July 2013. These include reductions to the main rate to reduce the rate to 21% from 1 April 2014 and to 20% from 1 April 2015.

As the changes had not been substantively enacted at the balance sheet date their effects are not included in these financial statements. The overall effect of these changes, if they had applied to the deferred tax balance at the balance sheet date, would be to reduce the potential deferred tax asset.

## Notes (continued)

### 7 Fixed assets

#### *Tangible Fixed Assets*

	Land and buildings £000	Plant and Machinery £000	Total £000
<b>Cost</b>			
At beginning of financial year	5,405	1,457	6,862
Additions	-	-	-
Disposals	(391)	(51)	(442)
At end of financial year	5,014	1,406	6,420
<b>Depreciation</b>			
At beginning of financial year	(1,016)	(954)	(1,970)
Charge for the year	(88)	(84)	(172)
Disposals	221	31	252
At end of financial year	(883)	(1,007)	(1,890)
<b>Net book value</b>			
At 31 December 2013	4,131	399	4,530

The net book value of land and buildings includes £2,930,348 (2012: £2,930,348) in respect of freehold land which is not depreciable.

The net book value of land and buildings includes £164,000 (2012: £164,000) in respect of freehold buildings (i.e., building costs associated with freehold land).



## Notes (continued)

### 7 Fixed assets (continued)

The net book value of land and buildings includes £1,295,000 (2012: £1,295,000) in respect of leasehold properties held under leases with less than fifty years to run at 31 December 2012 (i.e., building costs associated with leased properties where the commitment lease is less than 50 years at 31 December 2012).

### 8 Debtors

	2013 £000	2012 £000
Trade debtors	249	873
Amounts owed by parent and fellow subsidiary undertakings	(973)	920
Other debtors	40	2
Prepayments and accrued income	<u>2,434</u>	<u>3,657</u>
	<u>1,751</u>	<u>5,452</u>

### 9 Creditors: amounts falling due within one year

	2013 £000	2012 £000
Trade creditors	15	20
Amounts owed to parent and fellow subsidiary undertakings	26,944	25,987
Other taxes and social security	783	381
Other creditors	(207)	88
Accruals and deferred income	<u>2,534</u>	<u>2,997</u>
	<u>30,069</u>	<u>29,473</u>

## Notes (continued)

### 10 Provision for liabilities and charges

	Vacant property costs £000	Store closure provision £000	Total £000
At 31 December 2012	3,058	570	3,628
Charged/(released) to the profit and loss account	230	61	291
Utilisation	<u>(980)</u>	<u>(232)</u>	<u>(1,212)</u>
At 31 December 2013	<u>2,308</u>	<u>399</u>	<u>2,707</u>

The vacant property provision relates to the Company's commitment to lease rentals and associated property costs payable in relation to vacant properties. It is anticipated that most of these costs will be incurred over the duration of the remaining lease terms and as such the provision reflects the present day value of the total estimated costs.

The store closure provision relates to the Company's obligations for stores which are closed at the balance sheet date. Costs included comprise all reasonably known and quantifiable costs that will be incurred as part of exiting a site and fulfilling any resulting contractual obligations.

### 11 Deferred taxation

In accordance with FRS 19, deferred tax assets have not been recognised on the basis that the recoverability of the deferred tax asset is uncertain. The unrecognised deferred tax assets comprise:

	2013 £000	2012 £000
Current Liability		
Corporation Tax	3	62
Provision for deferred tax		
At the start and end of financial period	<u>-</u>	<u>-</u>
<i>Deferred tax has not been recognised for following items:</i>		
	2012 £000	2011 £000
Differences between accumulated depreciation and capital allowances	(68)	(68)
Tax losses	-	-
Short term timing differences	<u>8</u>	<u>8</u>
	<u>(60)</u>	<u>(60)</u>

## Notes (continued)

### 12 Called up share capital

	2013 £000	2012 £000
109,672,000 ordinary shares of £1 each (2012: 109,672,000 ordinary shares of £1 each)	<u>109,672</u>	<u>109,672</u>

### 13 Reserves

	Share Premium £000	Profit and Loss reserve £000
At 31 December 2012	36,518	(167,392)
Loss for the financial year	-	(2,969)
At 31 December 2013	<u>36,518</u>	<u>(170,362)</u>

### 14 Reconciliation of movements in shareholders' funds

	2013 £000	2012 £000
Shareholders' (deficit) at beginning of period	(21,202)	(17,057)
Loss for the financial period	(2,969)	(3,979)
Actuarial gain/(loss) on pension scheme	-	(166)
Shareholders' deficit	<u>(24,172)</u>	<u>(21,202)</u>

### 15 Commitments

Annual capital commitments under non-cancellable operating leases are as follows:

	2013 Land and buildings £000	2012 Land and buildings £000
<i>Operating leases which expire:</i>		
Within one year	10,222	11,292
In the second to fifth years inclusive	35,311	37,732
Over five years	<u>36,641</u>	<u>43,995</u>
	<u>82,174</u>	<u>93,019</u>

## **Notes (continued)**

### **16 Contingent liabilities**

The Company has assigned property leases in the normal course of business. Should the assignees fail to fulfil any obligation in respect of those leases, the Company may be liable for those defaults. The directors are not aware of any instances where such defaults have taken place and hence it is not practicable to estimate the financial effect of these assignments.

### **17 Exceptional item**

BKW's goal is to transition to a nearly 100% franchised business model. BKW believes that a franchise-dominated business model will increase its profitability and cash flow since the capital required to expand its restaurant portfolio and re-image and maintain existing Burger King restaurants will principally be provided by its franchises. Furthermore, BKW believes that a shift away from significant restaurant ownership will permit BKW to focus on narrowing the average restaurant sales gap with peers, through menu innovation, franchisee operational support and brand development. As a result, the Company's turnover from the sale of food has declined significantly period on period. During current year, the Company refranchised 100% for its restaurants resulting in discontinued operations from the Company restaurant business of the Company.

## **Notes (continued)**

### **18 Ultimate parent undertaking**

At the period end the immediate parent undertaking and the smallest and largest group to consolidate these financial statements was Burger King Worldwide, Inc., a company incorporated and registered in the United States of America.

The consolidated financial statements of Burger King Worldwide, Inc. can be obtained from:

5505 Blue Lagoon Drive,  
Miami, Florida 33126  
United States of America

### **19 Subsequent events**

No subsequent events were identified.