

Financial Statements

Gusto Restaurants Limited

For the year ended 31 March 2017

SATURDAY



A6E3890Y

A22

02/09/2017

#247

COMPANIES HOUSE

Registered number: 02177931

Gusto Restaurants Limited

Company Information

Directors	J K Roberts A P Haigh S J Crimes A J Griffin G M Peel
Company secretary	A P Haigh
Registered number	02177931
Registered office	98 King Street Knutsford Cheshire WA16 6HQ
Independent auditor	Grant Thornton UK LLP Chartered Accountants Statutory Auditor 4 Hardman Square Spinningfields Manchester M3 3EB
Bankers	Barclays Bank Plc 3 Hardman Street Manchester M3 3HF
Solicitors	Pinsent Masons LLP 3 Colmore Circus Birmingham B4 6BH

Gusto Restaurants Limited

Contents

	Page
Strategic report	1 - 2
Directors' report	3 - 4
Independent auditor's report	5 - 6
Statement of income and retained earnings	7
Statement of financial position	8
Notes to the financial statements	9 - 22

Strategic Report

For the year ended 31 March 2016

Business review and future developments

Trading in the year has been very positive, with like for like sales increasing by 3% and total sales increasing by over 24% to £28.4m. EBITDA (before preopening costs) has increased by 24% to over £2.6m. During the year the company opened four new restaurants in Lytham, Leamington, Birmingham city centre and West Bridgford.

In February 2017, Gusto Restaurants Group Limited secured a £9m loan facility with Santander UK PLC, which will enable the company's roll out plan to continue for the next 3 years.

Subsequent to the year end, one further restaurant has opened in York city centre. An additional two openings are confirmed for 2017/18. The first is in Chislehurst, an affluent town in Kent, and demonstrates the company's desire to expand into different geographical regions. The second is in Mere Green, an affluent town close to Birmingham.

In future years it is anticipated that the roll out of new restaurants will continue at this level with a number of optimal sites already identified.

The restaurant sector is facing challenges in the year ahead due to the volume of competition and cost pressures arising from the Living Wage, food cost inflation and increased business rates. In addition, economic uncertainty surrounding the implications of Brexit is likely to impact consumer confidence. The company is well placed to deal with these challenges due to the strength of the Gusto brand, the consistent delivery of high food and service levels and tight operational control.

Principal risks and uncertainties

Financial Risk

The company uses various financial instruments to finance the company's operations and roll out plan. These include cash, bank overdraft, the support of a bank loan within Gusto Group Restaurants Limited, trade debtors and trade creditors that arise directly from the company's operations.

Market Risk

Market risk encompasses two types of risk being currency risk and fair value interest rate risk. The company's policies for managing fair value interest rate risk are considered along with those for managing cash flow interest rate risk and are set in the "interest rate" subsection below.

Interest rate risk

The company finances its operations and roll out plan through retained profits and with the support of a bank loan in Gusto Restaurants Group Limited. The company's exposure to interest rate fluctuations is monitored and evaluated by the Board on a regular basis. The Directors consider the interest rate risk to be low.

Liquidity risk

The company seeks to manage liquidity risk by ensuring sufficient headroom in cash balances to meet foreseeable needs and to invest cash assets safely and profitably. Short term flexibility is achieved through an overdraft facility.

Other risk

Management regularly monitor and discuss other risks and uncertainties within the business including restaurant performance, competition, economic uncertainty and rising costs.

Gusto Restaurants Limited

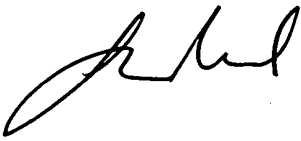
Strategic Report

For the Year Ended 31 March 2017

Key performance indicators

The company uses a number of key performance indicators when assessing and driving performance. The main financial key performance indicators are sales performance compared to last year & budget, food and liquor margin variances, wages as a percentage of sales and restaurant EBITDA. The non key performance indicators include monthly Health Check scores, Service Scan results and a review of Trip Advisor ratings.

This report was approved by the board and signed on its behalf



G M Peel

Director

Date: 28/7/17

Directors' Report

For the Year Ended 31 March 2017

The directors present their report and the financial statements for the year ended 31 March 2017.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard' applicable in the UK and Republic of Ireland. 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 for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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.

Results and dividends

The profit for the year, after taxation, amounted to £613,000 (2016 - £455,000)

The directors have not recommended a payment of a dividend in either year.

Directors

The directors who served during the year were:

T A Bacon (passed away 30 April 2016)
J K Roberts
A P Haigh
S J Crimes
A J Griffin
G M Peel (appointed 6 December 2016)

Directors' Report (continued)

For the Year Ended 31 March 2017

Employee involvement

Communication with staff is accorded a high priority and employees are kept informed of the company's performance and activities through regular briefings and updates. They are also given the opportunity to communicate their ideas to all levels of management.

The company is committed to ensuring genuine equality of opportunity for all employees, regardless of age, sex, colour, race, religion, ethnic origin or disability. All our recruitment, training and development policies reflect this commitment.

The company provides employee pension benefits for full time employees.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



G M Peel

Director

Date: 28/7/17



Independent Auditor's Report to the Members of Gusto Restaurants Limited

We have audited the financial statements of Gusto Restaurants Limited for the year ended 31 March 2017, which comprise the Statement of income and retained earnings, the Statement of financial position and the related notes. The financial reporting framework that has been applied in their preparation is the applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in 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 on page 3, 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 Financial Reporting Council'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 Company's affairs as at 31 March 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.



Independent Auditor's Report to the Members of Gusto Restaurants Limited (continued)

Opinion on other matters 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 those financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic report and the Directors' report.

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.

Grant Thornton UK LLP

Carl Williams (Senior statutory auditor)
for and on behalf of
Grant Thornton UK LLP
Chartered Accountants
Statutory Auditor

Manchester

Date: 28/7/17

Statement of Income and Retained Earnings

For the year ended 31 March 2017

	Note	2017 £000	2016 £000
Turnover	3	28,392	22,860
Cost of sales		(6,280)	(5,097)
Gross profit		22,112	17,763
Administrative expenses		(21,297)	(17,121)
Operating profit	4	815	642
Interest payable and expenses	7	(146)	(103)
Profit on ordinary activities before tax		669	539
Tax on profit on ordinary activities	8	(56)	(84)
Profit after tax		613	455
Retained earnings at the beginning of the year		1,453	998
Profit for the year		613	455
Retained earnings at the end of the year		2,066	1,453

There were no recognised gains and losses for 2017 or 2016 other than those included in the statement of income and retained earnings.

The notes on pages 9 to 22 form part of these financial statements.

Statement of Financial Position

As at 31 March 2017

	Note	2017 £000	2016 £000
Fixed assets			
Intangible assets	9	342	405
Tangible assets	10	11,590	9,491
		<u>11,932</u>	<u>9,896</u>
Current assets			
Stocks	11	263	216
Debtors: amounts falling due within one year	12	819	843
Cash at bank and in hand	13	3,017	1,495
		<u>4,099</u>	<u>2,554</u>
Creditors: amounts falling due within one year	14	(13,286)	(10,374)
Net current liabilities		<u>(9,187)</u>	<u>(7,820)</u>
Total assets less current liabilities		<u>2,745</u>	<u>2,076</u>
Creditors: amounts falling due after more than one year	15	(215)	(215)
Provisions for liabilities			
Deferred tax	17	(464)	(408)
		<u>(464)</u>	<u>(408)</u>
Net assets		<u>2,066</u>	<u>1,453</u>
Capital and reserves			
Called up share capital	18	-	-
Profit and loss account	19	2,066	1,453
Shareholders' funds		<u>2,066</u>	<u>1,453</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



G M Peel
Director

Date: 28/7/17

The notes on pages 9 to 22 form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 31 March 2017

1. Accounting policies

1.1 Company information

Gusto Restaurants Limited is a company incorporated in the United Kingdom under the Companies Act 2006 and its registered office is 98 King Street, Knutsford, Cheshire, WA16 6HQ. The company's principal activity is that of restaurateurs.

1.2 Basis of preparation of financial statements

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' (FRS 102) and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgements in applying the company's accounting policies (see note 2 below).

The financial statements are presented in Sterling (£).

The individual accounts of Gusto Restaurants Limited have also adopted the disclosure exemption in the requirement to present a statement of cash flows and related notes on the basis that they are consolidated within Gusto Restaurants Group Limited, which are available from Companies House.

The following accounting policies have been applied:

1.3 Going concern

After taking into account the current economic uncertainty, as well as reviewing the company's forecasts and projections, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

1.4 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and turnover can be readily measured. Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added tax. Turnover relates to revenue from the sale of goods.

Sale of goods

Turnover relates to income received from customers who eat and drink in the bars and restaurants and is recognised on the day the event occurs. Customer deposits received in advance are held as a liability on the statement of financial position until the customer eats or drinks in the bars and restaurants. Function deposits and gift vouchers are recognised as turnover when the function occurs or the voucher is tendered.

Notes to the Financial Statements

For the Year Ended 31 March 2017

1. Accounting policies (continued)

1.5 Intangible assets and amortisation

Goodwill and intangible assets

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquire at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of income and retained earnings over its useful economic life.

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

The intangible assets are amortised over the following useful economic lives:

- | | |
|--------------|----------------------|
| - Trademarks | - Over 9 years |
| - Goodwill | - Between 9-20 years |

1.6 Tangible fixed assets

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

- | | |
|---------------------|-----------------|
| Leasehold Property | - Over 25 years |
| Fixtures & fittings | - Over 10 years |
| Computer equipment | - Over 4 years |

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of income and retained earnings.

1.7 Operating leases

Rentals paid under operating leases are charged to the Statement of income and retained earnings on a straight line basis over the period of the lease, unless the rental payments are structured to increase in line with expected general inflation, in which case the company recognises annual rent expense equal to amounts owed to lessor.

The aggregate benefit of lease incentives are recognised as a reduction to the expense recognised over the lease term on a straight line basis.

Notes to the Financial Statements

For the Year Ended 31 March 2017

1. Accounting policies (continued)

1.8 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price. Cost is based on the cost of purchase on a first in, first out basis after making due allowance for obsolete stock.

1.9 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.10 Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an outright short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the statement of income and retained earnings.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the statement of financial position date.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

1.11 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Notes to the Financial Statements

For the Year Ended 31 March 2017

1. Accounting policies (continued)

1.12 Finance costs

Finance costs are charged to the Statement of income and retained earnings over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

1.13 Pensions

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payments obligations.

The contributions are recognised as an expense in the Statement of income and retained earnings when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the company in independently administered funds.

1.14 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of income and retained earnings, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Notes to the Financial Statements

For the Year Ended 31 March 2017

1. Accounting policies (continued)

1.15 Pre-opening costs

Pre- opening costs are recognised in advance of the opening of bars and restaurants and include expenditure incurred up to the statement of financial position date.

2. Judgements in applying accounting policies and key sources of estimation uncertainty

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

Depreciation charged to tangible fixed assets in respect of useful economic lives and amortisation charged to intangible fixed assets in respect of useful economic lives. Both are assessed by management on an annual basis.

3. Turnover

An analysis of turnover by class of business is as follows:

	2017 £000	2016 £000
Food and drinks	28,392	22,860

All turnover arose within the United Kingdom.

4. Operating profit

The operating profit is stated after charging:

	2017 £000	2016 £000
Depreciation of tangible fixed assets	1,234	1,153
Amortisation of intangible assets	63	77
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	22	22
Fees payable to the Company's auditor for other services	7	6
Pre-opening costs	502	152
Operating lease costs:		
- Land and buildings	1,459	1,204
- Other	23	45
Defined contribution pension cost	97	77

Notes to the Financial Statements

For the Year Ended 31 March 2017

5. Employees

Staff costs, including directors' remuneration, were as follows:

	2017 £000	2016 £000
Wages and salaries	10,070	7,828
Social security costs	780	631
Cost of defined contribution scheme	97	77
	<u>10,947</u>	<u>8,536</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2017 No.	2016 No.
Restaurant staff (including part time employees)	523	435
Management and administration	108	99
	<u>631</u>	<u>534</u>

6. Directors' remuneration

	2017 £000	2016 £000
Directors' emoluments	<u>305</u>	<u>285</u>

During the current and previous year retirement benefits were accruing to no directors in respect of defined contribution pension schemes.

The highest paid director received remuneration of £112,000 (2016 - £128,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £NIL (2016 - £NIL).

7. Interest payable and similar charges

	2017 £000	2016 £000
Bank interest payable	<u>146</u>	<u>103</u>

Notes to the Financial Statements

For the Year Ended 31 March 2017

8. Taxation on profit on ordinary activities

	2017 £000	2016 £000
Deferred tax		
Origination and reversal of timing differences	95	104
Adjustments in respect of prior periods	(17)	14
Effect of tax rate change on opening balance	(22)	(34)
Total deferred tax	56	84
Taxation on profit on ordinary activities	56	84

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2016 - lower than) the standard rate of corporation tax in the UK of 20% (2016 - 20%). The differences are explained below:

	2017 £000	2016 £000
Profit on ordinary activities before tax	669	539
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2016 - 20%)	134	108
Effects of:		
Expenses not deductible for tax purposes	8	8
Capital allowances for year in excess of depreciation	71	66
Adjustments to tax charge in respect of prior periods	(17)	14
Adjust opening deferred tax to average rate	45	-
Adjust closing deferred tax to average rate	(82)	(45)
Group relief claimed	(103)	(67)
Total tax charge for the year	56	84

Factors that may affect future tax charges

During the year the UK corporation tax rate was decreased. There will be a further reduction in the main corporation tax from 1 April 2017 to 19% and following the Budget announcements the rate will fall to 17% in 2020.

Notes to the Financial Statements

For the Year Ended 31 March 2017

9. Intangible assets

	Trademarks £000	Goodwill £000	Total £000
Cost			
At 1 April 2016	91	806	897
At 31 March 2017	91	806	897
Amortisation			
At 1 April 2016	64	428	492
Charge for the year	9	54	63
At 31 March 2017	73	482	555
Net book value			
At 31 March 2017	18	324	342
At 31 March 2016	27	378	405

10. Tangible fixed assets

	Leasehold Property £000	Fixtures & fittings £000	Computer equipment £000	Total £000
Cost				
At 1 April 2016	9,394	10,124	276	19,794
Additions	2,028	1,204	101	3,333
At 31 March 2017	11,422	11,328	377	23,127
Depreciation				
At 1 April 2016	4,459	5,765	79	10,303
Charge for the period on owned assets	449	701	84	1,234
At 31 March 2017	4,908	6,466	163	11,537
Net book value				
At 31 March 2017	6,514	4,862	214	11,590
At 31 March 2016	4,935	4,359	197	9,491

Notes to the Financial Statements

For the Year Ended 31 March 2017

11. Stocks

	2017 £000	2016 £000
Restaurant and bar stocks	263	216

Stock recognised in cost of sales during the year as an expense was £6,280,000 (2016: £5,097,000).

No impairment loss was recognised in cost of sales against stock during 2017 or 2016 due to slow-moving and obsolete stock.

The total carrying amount of stock is pledged as security for the group's bank loans.

12. Debtors

	2017 £000	2016 £000
Trade debtors	79	201
Amounts owed by related parties	28	32
Other debtors	110	8
Prepayments and accrued income	602	506
Tax recoverable	-	96
	<u>819</u>	<u>843</u>

13. Cash and cash equivalents

	2017 £000	2016 £000
Cash at bank and in hand	3,017	1,495

14. Creditors: Amounts falling due within one year

	2017 £000	2016 £000
Trade creditors	1,699	1,273
Amounts owed to group undertakings	7,760	6,046
Amounts owed to other participating interests	-	16
Other taxation and social security	1,039	833
Other creditors	301	399
Accruals and deferred income	2,487	1,807
	<u>13,286</u>	<u>10,374</u>

Notes to the Financial Statements

For the Year Ended 31 March 2017

15. Creditors: Amounts falling due after more than one year

	2017 £000	2016 £000
Share capital treated as debt	215	215

Disclosure of the terms and conditions attached to the non-equity shares is made in note 18 to the financial statements.

16. Financial instruments

	2017 £000	2016 £000
Financial assets		
Financial assets measured at amortised cost	3,234	1,735
	<u>3,234</u>	<u>1,735</u>
Financial liabilities		
Financial liabilities measured at amortised cost	(12,464)	(9,737)
	<u>(12,464)</u>	<u>(9,737)</u>

Financial assets measured at amortised cost comprise cash at bank and in hand, trade debtors, other debtors and amounts owed by related parties.

Financial liabilities measured at amortised cost comprise trade creditors, accruals and deferred income, other creditors, amounts owed to group undertakings, amounts owed to related parties and share capital treated as debt.

Notes to the Financial Statements

For the Year Ended 31 March 2017

17. Deferred taxation

Deferred taxation provided at 17% (2016: 18%) in the financial statements is set out below:

	2017 £000
At beginning of year	(408)
Charged to the statement of income	(56)
At end of year	(464)

The provision for deferred taxation is made up as follows:

	2017 £000	2016 £000
Accelerated capital allowances	(470)	(413)
Short term timing differences	6	5
	(464)	(408)

18. Share capital

	2017 £000	2016 £000
Shares classified as equity		
Allotted, called up and fully paid		
32,598 Ordinary shares of £0.01 per share	-	-
	2017 £000	2016 £000
Shares classified as debt		
Allotted, called up and fully paid		
7,551 Preferred ordinary shares of £1 per share	8	8
207,000 Preference shares of £1 per share	207	207
	215	215

Notes to the Financial Statements

For the Year Ended 31 March 2017

18. Share capital (continued)

Ordinary shares

The Ordinary shareholders have a right to a dividend if confirmed by the Directors, from the distributable profits remaining after making provision for payment of the Preferred Dividend or the Participating Dividend. The holders of Ordinary Shares shall be entitled to receive notice of, and to attend and vote at, general meetings of the company; with one share equal to one vote.

Preferred ordinary shares

The Preferred ordinary shareholders are entitled to a fixed cumulative preferential participating dividend of 15% per annum and a cumulative cash dividend calculated as 15% of the profit after tax, both taking priority over any dividend payable to ordinary shareholders. The dividends shall become payable no later than six months immediately following the end of the accounting period to which they relate. Any unpaid amounts after this date accrue interest at 2.5% above the base rate of the Governor and company of Bank of Scotland (whichever is greater).

Holders of preferred ordinary shares shall be entitled to receive notice of, to attend and to vote at, general meetings of the company; with one share equal to one vote. The rights and obligations of the holders under the Memorandum and Articles of Association of the company may be altered only with the written consent of a 75% majority of the issued preference ordinary shares.

Preference shares

The company shall, in priority over the payment of any dividend to holders of Ordinary Shares, pay a fixed cumulative preferential dividend of 12% of the subscription price per annum. The dividends shall become payable no later than six months immediately following the end of the accounting period to which they relate. Any unpaid amounts after this date accrue interest at 2.5% above the base rate of the Governor and company of Bank of Scotland (whichever is greater).

The holders of the Preference Shares shall be entitled to receive notice of but not to attend or vote at general meetings of the company.

19. Reserves

Called up share capital

Represents the nominal value of shares that have been issued.

Profit and loss account

Includes all current and prior year retained profits and losses.

20. Contingent liabilities

As at 31 March 2017 and 31 March 2016, the directors have confirmed that the company had no contingent liabilities.

21. Capital commitments

As at 31 March 2017, the company was committed to capital expenditure of £1,172,000 in relation to various sites (2016: £855,132).

Notes to the Financial Statements

For the Year Ended 31 March 2017

22. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administrated fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £97,000 (2016: £77,000). There are outstanding contributions due to the fund at 31 March 2017 of £13,000 (2016 - £10,000).

23. Commitments under operating leases

At 31 March 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £000	2016 £000
Land and buildings		
Not later than 1 year	1,662	1,279
Later than 1 year and not later than 5 years	6,761	4,131
Later than 5 years	21,963	14,798
Total	30,386	20,208
	2017 £000	2016 £000
Other		
Not later than 1 year	11	9
Later than 1 year and not later than 5 years	12	16
Total	23	25

Notes to the Financial Statements

For the Year Ended 31 March 2017

24. Related party transactions

The below companies have common director relationships:

	Sales	Purchases	Debtor/ (Creditor) 2017	Debtor/ (Creditor) 2016
	£000	£000	£000	£000
3rd Place Limited	5	-	6	1
Australasia Limited	6	-	2	1
LiveRES Limited	-	-	-	-
Newgate Restaurants Limited	6	5	1	4
The Alchemist Bar & Restaurants Limited	60	41	5	5
New World Trading Company (UK) Limited	85	24	1	13
Artisan Manchester Limited	5	1	1	2
Manchester House Bar & Restaurant Limited	3	-	1	-
Living Ventures Procurement Limited	73	1,132	1	(16)
Spinningfields Events Limited	-	-	-	-
Blackhouse Restaurants Limited	70	9	10	6

Sales relate to head office service charges. Purchase from LivRES Limited relate to the principal activity of that company, being that of online reservations. Purchases from other companies relate to the transfer of stock at cost price and recharges for staff working between the different company restaurants.

During the year, the company incurred a management charge from Living Ventures Procurement Limited of £925,000 (2016: £794,000).

Key management personnel remuneration for the year totalled £338,000 (2016: £373,000).

The Company has taken advantage of the exemption in FRS 102 (section 33) "Related Party Disclosure" and has not disclosed transactions with group undertakings.

25. Ultimate parent undertaking and controlling party

The immediate parent undertaking of the Company is Gusto Restaurants UK Limited. The directors consider the ultimate parent undertaking of this Company to be Gusto Restaurants Group Limited by virtue of its shareholding.

The smallest and largest group of undertakings for which Group accounts have been drawn up is that headed by Gusto Restaurants Group Limited. Copies of the Group financial statements can be obtained from Companies House.