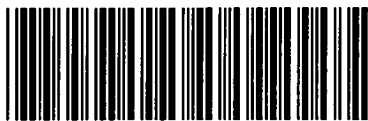


K&G RESTAURANTS LIMITED
GROUP STRATEGIC REPORT,
REPORT OF THE DIRECTORS AND
AUDITED
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

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FOR THE YEAR ENDED 31 DECEMBER 2017**

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K&G RESTAURANTS LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2017**

DIRECTORS:

K J Jansen
G A Jansen

SECRETARY:

G A Jansen

REGISTERED OFFICE:

C/O The Accounting Centre
First Floor
736 High Road
North Finchley
London
N12 9QD

REGISTERED NUMBER:

03900766 (England and Wales)

SENIOR STATUTORY AUDITOR:

Andrew Green LLB FCA

AUDITORS:

THP Limited
Chartered Accountants
and Statutory Auditors
34-40 High Street
Wanstead
London
E11 2RJ

**GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017**

The directors present their strategic report of the company and the group for the year ended 31 December 2017.

REVIEW OF BUSINESS

The directors are pleased to report another successful year for the business, both in terms of underlying trading performance and the financial position as at the balance sheet date.

On 5 February 2017 the group closed the restaurant in Wealdstone, London and as such the results for the year reflect trading at 5 restaurants as opposed to 6 in the previous year. On 11 June 2018 the group made the significant purchase of 3 restaurants in the area of High Wycombe, Bucks, increasing its portfolio to 8.

During the year the group spent over £2.6m in capital improvements and £264k in repairs refurbishing and redeveloping the remaining 5 restaurants. This significant investment resulted in a pre-tax loss for the year but the Directors are confident that the group will see a return on this investment in the forthcoming year.

The group's key performance indicators are as follows:

	31 December 2017	31 December 2016	Increase/(decrease)
	£	£	£
Turnover	13,016,090	13,310,745	(294,655)
Gross profit	9,088,133	9,367,296	(279,163)
Gross profit %	69.82%	70.37%	(0.55)%
Operating profit	35,934	770,608	(734,674)

The net assets of the group were £200k at the balance sheet date, reflecting the solid position of the group from a solvency and liquidity point of view, and this strong balance sheet is the foundation on which the group can continue to grow and prosper.

PRINCIPAL RISKS AND UNCERTAINTIES

The primary risks to which the Group is exposed are common to all major operators of restaurants and are:

- Risk of major damage to the restaurants, caused by fire, flood or other disaster;
- Food cost inflation;
- Wage cost inflation and general pressures within the labour market;
- Reduction in customer footfall arising from a change in the make-up of the local environment and increasing competition within the market place; and
- General economic uncertainty following the UK Brexit vote in June 2016.

ON BEHALF OF THE BOARD:



.....
K J Jansen - Director

Date:

21/18/18

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2017**

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2017.

PRINCIPAL ACTIVITY

The principal activity of the group in the year under review was that of operating quick service restaurants.

The principal activity of the subsidiary entity is disclosed in note 13.

DIVIDENDS

Interim dividends of £240,468 (2016: £295,730) were paid during the year. The Directors do not recommend payment of a final dividend.

FUTURE DEVELOPMENTS

The directors are confident that continued focus on the key management policies will strengthen the financial position of the group during the ensuing year.

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2017 to the date of this report.

K J Jansen
G A Jansen

EMPLOYMENT POLICIES

The group does not discriminate between employees or potential employees on grounds of colour, race, ethnic or national origin, sex, disability, age, marital status or religious beliefs. Full consideration is given to applications for employment from disabled persons who are able to demonstrate that they have the necessary abilities.

The importance of staff training, equal opportunity, health and safety, environmental matters and the avoidance of sexual harassment is recognised at all levels and is monitored on a regular basis by committees chaired by a director or senior manager reporting directly to the Board.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Group Strategic Report, the Report of the Directors 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 (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 the group and of the profit or loss of the group 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 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 and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

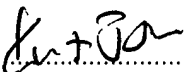
K&G RESTAURANTS LIMITED (REGISTERED NUMBER: 03900766)

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2017**

AUDITORS

The auditors, THP Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:


.....
K J Jansen - Director

Date: 26/8/17.....

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
K&G RESTAURANTS LIMITED**

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page three, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Use of our report

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 a Report of the Auditors 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.



Andrew Green LLB FCA (Senior Statutory Auditor)
for and on behalf of THP Limited
Chartered Accountants
and Statutory Auditors
34-40 High Street
Wanstead
London
E11 2RJ

Date: 24/8/18

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF K&G RESTAURANTS LIMITED

Opinion

We have audited the financial statements of K&G Restaurants Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2017 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company affairs as at 31 December 2017 and of the group's 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Report of the Directors.

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

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

K&G RESTAURANTS LIMITED (REGISTERED NUMBER: 03900766)**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017**


		2017	2016
		£	as restated £
	Notes		
TURNOVER		13,016,090	13,310,745
Cost of sales		3,927,957	3,943,449
GROSS PROFIT		9,088,133	9,367,296
Administrative expenses		9,052,199	8,596,688
OPERATING PROFIT	5	35,934	770,608
Interest payable and similar expenses	6	53,720	57,848
(LOSS)/PROFIT BEFORE TAXATION		(17,786)	712,760
Tax on (loss)/profit	7	(219,493)	178,269
PROFIT FOR THE FINANCIAL YEAR		201,707	534,491
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR			534,491
Prior year adjustment	10	(7,376)	
TOTAL COMPREHENSIVE INCOME SINCE LAST ANNUAL REPORT		194,331	
Profit attributable to: Owners of the parent		201,707	534,491
Total comprehensive income attributable to: Owners of the parent		194,331	534,491

The notes form part of these financial statements

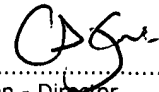
CONSOLIDATED BALANCE SHEET
31 DECEMBER 2017

		2017		2016 as restated	
	Notes	£	£	£	£
FIXED ASSETS					
Intangible assets	11		433,499		473,196
Tangible assets	12		4,898,831		3,018,390
Investments	13		6,250		7,500
			<u>5,338,580</u>		<u>3,499,086</u>
CURRENT ASSETS					
Stocks	14	56,090		55,171	
Debtors	15	1,438,661		470,230	
Cash at bank		202,854		39,769	
		<u>1,697,605</u>		<u>565,170</u>	
CREDITORS					
Amounts falling due within one year	16	4,637,871		2,344,101	
NET CURRENT LIABILITIES			<u>(2,940,266)</u>		<u>(1,778,931)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>2,398,314</u>		<u>1,720,155</u>
CREDITORS					
Amounts falling due after more than one year	17		(2,080,385)		(1,158,237)
PROVISIONS FOR LIABILITIES	20		<u>(117,752)</u>		<u>(322,980)</u>
NET ASSETS			<u><u>200,177</u></u>		<u><u>238,938</u></u>
CAPITAL AND RESERVES					
Called up share capital	21	100		100	
Retained earnings		200,077		238,838	
SHAREHOLDERS' FUNDS			<u><u>200,177</u></u>		<u><u>238,938</u></u>

The financial statements were approved by the Board of Directors on 21/8/18 and were signed on its behalf by:



 K J Jansen - Director



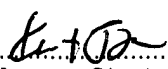
 G A Jansen - Director


The notes form part of these financial statements

COMPANY BALANCE SHEET
31 DECEMBER 2017

		2017		2016 as restated	
	Notes	£	£	£	£
FIXED ASSETS					
Intangible assets	11		433,499		473,196
Tangible assets	12		4,898,831		3,018,390
Investments	13		427,250		407,500
			<u>5,759,580</u>		<u>3,899,086</u>
CURRENT ASSETS					
Stocks	14	56,090		55,171	
Debtors	15	1,038,661		70,230	
Cash at bank		182,104		39,769	
		<u>1,276,855</u>		<u>165,170</u>	
CREDITORS					
Amounts falling due within one year	16	4,637,871		2,344,101	
NET CURRENT LIABILITIES			<u>(3,361,016)</u>		<u>(2,178,931)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>2,398,564</u>		<u>1,720,155</u>
CREDITORS					
Amounts falling due after more than one year	17		(2,080,385)		(1,158,237)
PROVISIONS FOR LIABILITIES	20		<u>(117,752)</u>		<u>(322,980)</u>
NET ASSETS			<u>200,427</u>		<u>238,938</u>
CAPITAL AND RESERVES					
Called up share capital	21		100		100
Retained earnings			200,327		238,838
SHAREHOLDERS' FUNDS			<u>200,427</u>		<u>238,938</u>
Company's profit for the financial year			<u>201,957</u>		<u>534,491</u>

The financial statements were approved by the Board of Directors on 21/8/18 and were signed on its behalf by:


K J Jansen - Director


G A Jansen - Director

The notes form part of these financial statements

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2016	100	77	177
Changes in equity			
Dividends	-	(295,730)	(295,730)
Total comprehensive income	-	541,867	541,867
Balance at 31 December 2016	100	246,214	246,314
Prior year adjustment	-	(7,376)	(7,376)
As restated	100	238,838	238,938
Changes in equity			
Dividends	-	(240,468)	(240,468)
Total comprehensive income	-	201,707	201,707
Balance at 31 December 2017	100	200,077	200,177

The notes form part of these financial statements

K&G RESTAURANTS LIMITED (REGISTERED NUMBER: 03900766)**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2016	100	77	177
Changes in equity			
Dividends	-	(295,730)	(295,730)
Total comprehensive income	-	534,491	534,491
Balance at 31 December 2016	<u>100</u>	<u>238,838</u>	<u>238,938</u>
Changes in equity			
Dividends	-	(240,468)	(240,468)
Total comprehensive income	-	201,957	201,957
Balance at 31 December 2017	<u>100</u>	<u>200,327</u>	<u>200,427</u>

The notes form part of these financial statements

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2017**

		2017	2016
		£	as restated £
Cash flows from operating activities	Notes		
Cash generated from operations	26	3,454,486	944,722
Interest paid		(53,720)	(57,848)
Tax paid		(180,682)	(2,794)
Net cash from operating activities		3,220,084	884,080
Cash flows from investing activities			
Purchase of tangible fixed assets		(2,668,948)	(349,614)
Sale of tangible fixed assets		128,999	-
Sale of fixed asset investments		1,250	-
Net cash from investing activities		(2,538,699)	(349,614)
Cash flows from financing activities			
New loans in year		3,037,453	-
Loan repayments in year		(2,082,108)	(588,057)
Amount introduced by directors		-	378,505
Amount withdrawn by directors		(1,213,544)	-
Equity dividends paid		(240,468)	(295,730)
Net cash from financing activities		(498,667)	(505,282)
Increase in cash and cash equivalents		182,718	29,184
Cash and cash equivalents at beginning of year	27	20,136	(9,048)
Cash and cash equivalents at end of year	27	202,854	20,136

The notes form part of these financial statements

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

1. STATUTORY INFORMATION

K&G Restaurants Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006.

3. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared under the historical cost convention.

Basis of consolidation

The Group consolidated financial statements include the financial statements of the Company and its subsidiaries, all of whom are 100% owned, made up to 31 December 2017. All accounting policies as detailed below are applied consistently across the Group.

Significant judgements and estimates

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

a) Critical judgements in applying the entity's accounting policies

There are no specific judgements, apart from those involving estimates as detailed below, that management has made in the process of applying the entity's accounting policies that have a significant effect on the amounts recognised in the financial statements.

b) Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates can differ from the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next financial year are addressed below.

(i) Depreciation and residual values

The Directors have reviewed the asset lives and associated residual values of all fixed asset classes, and have concluded that asset lives and residual values are appropriate.

(ii) Impairment of intangible assets

The company assess the impairment of intangible assets subject to amortisation whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors considered important that could indicate impairment include the following:

Significant underperformance relative to historical or projected future operating results.

Significant changes in the manner or the use of the acquired assets or the strategy for the overall business.

Significant negative industry or economic trends.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied, net of returns, discounts and value added taxes.

Sales of goods are recognised on sale to the customer, which is considered to be the point of sale and when the significant risks and rewards of the goods have been passed to the customer.

Goodwill and other intangibles

Goodwill in relation to the purchase of franchises is amortised over its useful lives of 20 years, this being the period of the franchise agreement.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2017**

3. ACCOUNTING POLICIES - continued

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Property Improvements - Straight line over 7-10 years
Plant and machinery - Straight line over 7-10 years
Fixtures and fittings - Straight line over 10 years

Motor Vehicles - Straight line over 5 years
Computer Equipment - Straight line over 5 years

Stocks

Stocks are valued at the lower of cost and selling price, after making due allowance for impairment of obsolete or slow moving items. Stocks are recognised as an expense in the period in which the related revenue is recognised..

Cost is determined on the first-in, first-out (FIFO) method. Cost includes the purchase price, including taxes and duties, transport and handling directly attributable to bringing the stock to its present location and condition.

Financial instruments

A financial asset held as an equity instrument is recognised initially at the transaction price (including transaction costs).

At the end of each reporting period, unlisted equity investments are recorded at fair value, where appropriate, or at cost less impairment if their fair value cannot be reliably measured. Objective evidence of the impairment of financial assets is assessed at each period end and any impairment loss recognised in the profit or loss immediately. Impairment loss is calculated as the difference between the carrying amount of the instrument and the best estimate of the cash flows expected to be derived from the asset (including sales proceeds if sold) at the balance sheet date.

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

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 of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were sold at the balance sheet date.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet represents cash in hand and deposits with financial institutions without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in profit or loss under operating expenses.

Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

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.

Finance Costs

Finance costs are charged to the Profit and Loss Account 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2017

3. ACCOUNTING POLICIES - continued

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

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

Pension costs and other post-retirement benefits

The group provides a range of benefits to employees, including paid holiday arrangements and a defined contribution pension plan.

(i) Short Term Benefits

Short term benefits, including holiday pay (where material) and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

(ii) Pension Scheme

The group operates a defined contribution pension scheme for its employees. The contributions are recognised as an expense when they are due. Amounts not paid are shown as a creditor on the balance sheet. The assets of the scheme are held separately from the group in independently administered funds.

4. EMPLOYEES AND DIRECTORS

	2017	2016 as restated
	£	£
Wages and salaries	3,861,890	3,622,488
Social security costs	190,472	178,848
Other pension costs	24,182	25,717
	<u>4,076,544</u>	<u>3,827,053</u>

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

	2017	2016 as restated
Crew	483	378
Management	23	21
	<u>506</u>	<u>399</u>

The average number of employees by undertakings that were proportionately consolidated during the year was 506 (2016 - 399).

	2017	2016 as restated
	£	£
Directors' remuneration	37,571	37,000
Directors' pension contributions to money purchase schemes	253	253

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2017

4. EMPLOYEES AND DIRECTORS - continued

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>2</u>	<u>2</u>
------------------------	----------	----------

The Directors are considered to be the key management for the purposes of disclosure under FRS102.

5. OPERATING PROFIT

The operating profit is stated after charging:

	2017	2016 as restated
	£	£
Depreciation - owned assets	523,749	582,622
Loss on disposal of fixed assets	45,759	-
Goodwill amortisation	33,697	33,697
Franchise fees amortisation	6,000	6,000
Auditors' remuneration	<u>4,250</u>	<u>4,750</u>

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2017	2016 as restated
	£	£
Bank interest	<u>53,720</u>	<u>57,848</u>

7. TAXATION

Analysis of the tax (credit)/charge

The tax (credit)/charge on the loss for the year was as follows:

	2017	2016 as restated
	£	£
Current tax:		
UK corporation tax	(14,265)	180,682
Deferred tax	(205,228)	(2,413)
Tax on (loss)/profit	<u>(219,493)</u>	<u>178,269</u>

Reconciliation of total tax (credit)/charge included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2017	2016 as restated
	£	£
(Loss)/profit before tax	<u>(17,786)</u>	<u>712,760</u>
(Loss)/profit multiplied by the standard rate of corporation tax in the UK of 19.250% (2016 - 20%)	(3,424)	142,552
Effects of:		
Expenses not deductible for tax purposes	3,243	7,955
Capital allowances in excess of depreciation	(13,549)	-
Depreciation in excess of capital allowances	-	30,175
Deferred tax	(205,228)	(2,413)
Tax Rates	<u>(535)</u>	<u>-</u>
Total tax (credit)/charge	<u>(219,493)</u>	<u>178,269</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2017

8. INDIVIDUAL STATEMENT OF COMPREHENSIVE INCOME

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

9. DIVIDENDS

	2017	2016 as restated
	£	£
Ordinary shares of £1 each		
Interim	<u>240,468</u>	<u>295,730</u>

10. PRIOR YEAR ADJUSTMENT

The prior year figures have been adjusted for interest received of £7,376 that was incorrectly shown as income in 2016.

11. INTANGIBLE FIXED ASSETS

Group

	Goodwill £	Franchise fees £	Totals £
COST			
At 1 January 2017 and 31 December 2017	<u>673,943</u>	<u>120,000</u>	<u>793,943</u>
AMORTISATION			
At 1 January 2017	269,122	51,625	320,747
Amortisation for year	<u>33,697</u>	<u>6,000</u>	<u>39,697</u>
At 31 December 2017	<u>302,819</u>	<u>57,625</u>	<u>360,444</u>
NET BOOK VALUE			
At 31 December 2017	<u>371,124</u>	<u>62,375</u>	<u>433,499</u>
At 31 December 2016	<u>404,821</u>	<u>68,375</u>	<u>473,196</u>

Company

	Goodwill £	Franchise fees £	Totals £
COST			
At 1 January 2017 and 31 December 2017	<u>673,943</u>	<u>120,000</u>	<u>793,943</u>
AMORTISATION			
At 1 January 2017	269,122	51,625	320,747
Amortisation for year	<u>33,697</u>	<u>6,000</u>	<u>39,697</u>
At 31 December 2017	<u>302,819</u>	<u>57,625</u>	<u>360,444</u>
NET BOOK VALUE			
At 31 December 2017	<u>371,124</u>	<u>62,375</u>	<u>433,499</u>
At 31 December 2016	<u>404,821</u>	<u>68,375</u>	<u>473,196</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2017

12. TANGIBLE FIXED ASSETS

Group

	Improvements to property £	Plant, machinery and fixtures £	Motor vehicles £	Computer equipment £	Totals £
COST					
At 1 January 2017	3,006,133	2,864,599	120,189	9,913	6,000,834
Additions	-	2,657,448	-	11,500	2,668,948
Disposals	(236,408)	(312,934)	(90,000)	-	(639,342)
At 31 December 2017	2,769,725	5,209,113	30,189	21,413	8,030,440
DEPRECIATION					
At 1 January 2017	1,366,107	1,579,243	27,841	9,253	2,982,444
Charge for year	209,623	336,536	(23,452)	1,042	523,749
Eliminated on disposal	(226,927)	(147,657)	-	-	(374,584)
At 31 December 2017	1,348,803	1,768,122	4,389	10,295	3,131,609
NET BOOK VALUE					
At 31 December 2017	1,420,922	3,440,991	25,800	11,118	4,898,831
At 31 December 2016	1,640,026	1,285,356	92,348	660	3,018,390

Company

	Improvements to property £	Plant, machinery and fixtures £	Motor vehicles £	Computer equipment £	Totals £
COST					
At 1 January 2017	3,006,133	2,864,599	120,189	9,913	6,000,834
Additions	-	2,657,448	-	11,500	2,668,948
Disposals	(236,408)	(312,934)	(90,000)	-	(639,342)
At 31 December 2017	2,769,725	5,209,113	30,189	21,413	8,030,440
DEPRECIATION					
At 1 January 2017	1,366,107	1,579,243	27,841	9,253	2,982,444
Charge for year	209,623	336,536	(23,452)	1,042	523,749
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At 31 December 2017	1,348,803	1,768,122	4,389	10,295	3,131,609
NET BOOK VALUE					
At 31 December 2017	1,420,922	3,440,991	25,800	11,118	4,898,831
At 31 December 2016	1,640,026	1,285,356	92,348	660	3,018,390

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2017**

13. FIXED ASSET INVESTMENTS

Group

	Unlisted investments £
COST	
At 1 January 2017	7,500
Disposals	<u>(1,250)</u>
At 31 December 2017	<u>6,250</u>
NET BOOK VALUE	
At 31 December 2017	<u>6,250</u>
At 31 December 2016	<u>7,500</u>

Company

	Equity instruments £	Unlisted investments £	Totals £
COST			
At 1 January 2017	400,000	7,500	407,500
Additions	21,000	-	21,000
Disposals	-	<u>(1,250)</u>	<u>(1,250)</u>
At 31 December 2017	<u>421,000</u>	<u>6,250</u>	<u>427,250</u>
NET BOOK VALUE			
At 31 December 2017	<u>421,000</u>	<u>6,250</u>	<u>427,250</u>
At 31 December 2016	<u>400,000</u>	<u>7,500</u>	<u>407,500</u>

The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

Subsidiary

K&G Restaurants (KGR) LLP

Registered office: C/O The Accounting Centre, First Floor, 736 High Road, North Finchley, London, N12 9QD

Nature of business: Investment holding

Class of shares:	%
Ownership and profit share	holding 99.50

14. STOCKS

	Group		Company	
	2017	2016 as restated	2017	2016 as restated
	£	£	£	£
Stocks	<u>56,090</u>	<u>55,171</u>	<u>56,090</u>	<u>55,171</u>

Stock recognised in cost of sales as an expense in the year was £3,927,957 (2016: £3,943,449).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2017

15. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2017	2016	2017	2016
	£	as restated £	£	as restated £
Other debtors	400,000	400,000	-	-
Directors' current accounts	925,039	-	925,039	-
Corporation tax recoverable	14,265	-	14,265	-
Prepayments and accrued income	99,357	70,230	99,357	70,230
	<u>1,438,661</u>	<u>470,230</u>	<u>1,038,661</u>	<u>70,230</u>

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2017	2016	2017	2016
	£	as restated £	£	as restated £
Bank loans and overdrafts (see note 18)	609,067	595,503	609,067	595,503
Trade creditors	3,494,491	375,360	3,494,491	375,360
Corporation tax	-	180,682	-	180,682
Social security and other taxes	85,360	66,772	85,360	66,772
VAT	222,873	512,950	222,873	512,950
Other creditors	1,194	697	1,194	697
Directors' current accounts	-	378,505	-	378,505
Accrued expenses	224,886	233,632	224,886	233,632
	<u>4,637,871</u>	<u>2,344,101</u>	<u>4,637,871</u>	<u>2,344,101</u>

17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2017	2016	2017	2016
	£	as restated £	£	as restated £
Bank loans (see note 18)	<u>2,080,385</u>	<u>1,158,237</u>	<u>2,080,385</u>	<u>1,158,237</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2017

18. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	2017	2016	2017	2016
	£	as restated £	£	as restated £
Amounts falling due within one year or on demand:				
Bank overdrafts	-	19,633	-	19,633
Bank loans - less than 1 year	609,067	575,870	609,067	575,870
	609,067	595,503	609,067	595,503
Amounts falling due between one and two years:				
Bank loans	609,067	296,906	609,067	296,906
Amounts falling due between two and five years:				
Bank loans - 2-5 years	1,471,318	729,082	1,471,318	729,082
Amounts falling due in more than five years:				
Repayable by instalments				
Bank loans >5 years payable by instalments	-	132,249	-	132,249
	-	132,249	-	132,249

The bank loans are unsecured for a term of 5 years from inception and carry a rate of 1.20%.

19. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Group

	Non-cancellable operating leases	
	2017	2016
	£	as restated £
Within one year	298,620	308,820
Between one and five years	1,194,480	1,235,280
In more than five years	1,556,183	1,837,139
	3,049,283	3,381,239

Company

	Non-cancellable operating leases	
	2017	2016
	£	as restated £
Within one year	298,620	308,820
Between one and five years	1,194,480	1,235,280
In more than five years	1,556,183	1,837,139
	3,049,283	3,381,239

The above commitments relate to the restaurant premises.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2017

20. PROVISIONS FOR LIABILITIES

	Group		Company	
	2017	2016	2017	2016
	£	as restated £	£	as restated £
Deferred tax				
Accelerated capital allowances	<u>117,752</u>	<u>322,980</u>	<u>117,752</u>	<u>322,980</u>
Group				
				Deferred tax
				£
Balance at 1 January 2017				322,980
Credit to Statement of Comprehensive Income during year				(205,228)
Balance at 31 December 2017				<u>117,752</u>
Company				
				Deferred tax
				£
Balance at 1 January 2017				322,980
Credit to Income Statement during year				(205,228)
Balance at 31 December 2017				<u>117,752</u>

21. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2017	2016
			£	as restated £
100	Ordinary	£1	<u>100</u>	<u>100</u>

22. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

The following advances and credits to directors subsisted during the years ended 31 December 2017 and 31 December 2016:

	2017	2016
	£	as restated £
G A Jansen and K J Jansen		
Balance outstanding at start of year	(378,505)	-
Amounts advanced	1,303,544	(378,505)
Amounts repaid	-	-
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>925,039</u>	<u>(378,505)</u>

No interest is charged on this balance as it is repayable on demand. It is the Directors' intention to repay the above balance during September 2018.

23. RELATED PARTY DISCLOSURES

During the year, total dividends of £240,468 (2016 - £295,730) were paid to the directors.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2017**

23. RELATED PARTY DISCLOSURES - continued

On 26 February 2016 the parent company acquired an interest in K&G Restaurants (KGR) LLP from a third party, Tashira Limited. As part of the consideration, Tashira Limited novated an outstanding loan due to the Mobola 2013 Settlement No 9 ("the settlement") to the parent company. As a result, the parent company owed £400,000 to the settlement, the primary interest in which is held by K&G Restaurants (KGR) LLP. The loan accrued interest at a rate of 4%.

On 15 March 2016, the parent company novated the loan such that it assumed liability to the Directors and Shareholders and they became indebted to the settlement as follows:

Mr K Jansen £200,000
Mrs G Jansen £200,000

These amounts are shown within other debtors in the group financial statements. Interest is accrued at the lower of 5% and 4% above Bank of England base rate. During the year interest of £17,695 (2016: £7,376) was accrued on these loans.

24. POST BALANCE SHEET EVENTS

On 11 June 2018 the group purchased 3 additional restaurants for a total price of £4,100,000.

25. ULTIMATE CONTROLLING PARTY

The group is under the ultimate control of Mr K Jansen, the Director and Shareholder who with his wife owns 100% of the issued share capital of the parent company.

26. RECONCILIATION OF (LOSS)/PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2017	2016 as restated
	£	£
(Loss)/profit before taxation	(17,786)	712,760
Depreciation charges	563,446	622,321
Loss on disposal of fixed assets	45,759	-
Finance costs	53,720	57,848
	<u>645,139</u>	<u>1,392,929</u>
Increase in stocks	(919)	(4,503)
Increase in trade and other debtors	(29,127)	(381,434)
Increase/(decrease) in trade and other creditors	<u>2,839,393</u>	<u>(62,270)</u>
Cash generated from operations	<u><u>3,454,486</u></u>	<u><u>944,722</u></u>

27. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 December 2017

	31.12.17	1.1.17
	£	£
Cash and cash equivalents	202,854	39,769
Bank overdrafts	-	(19,633)
	<u><u>202,854</u></u>	<u><u>20,136</u></u>

Year ended 31 December 2016

	31.12.16	1.1.16
	as restated	as restated
	£	£
Cash and cash equivalents	39,769	37,203
Bank overdrafts	(19,633)	(46,251)
	<u><u>20,136</u></u>	<u><u>(9,048)</u></u>