

Barburrito Limited

Report and Financial Statements

Year Ended

31 March 2013

Company Number 04565665

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Barburrito Limited

Report and financial statements for the year ended 31 March 2013

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Directors

R W P Kilpatrick (resigned 30 November 2013)
M Davies
C Hughes
A Gregory

Secretary and registered office

R W P Kilpatrick, Suite 2A1, Quay House, Quay Street, Manchester, M3 3JE

Company number

04565665

Auditors

BDO LLP, 3 Hardman Street, Manchester, M3 3AT

Barburrito Limited

Report of the directors for the year ended 31 March 2013

The directors present their report together with the audited financial statements for the year ended 31 March 2013

Results

The profit and loss account is set out on page 5 and shows the loss for the year

The directors do not recommend the payment of a dividend (2012 none)

Principal activities, review of business and future developments

The principal activity of the company is the operation of Mexican fast-casual restaurants, all trading under the Barburrito brand. During the financial year, the company opened its seventh restaurant at Paddington station in London

The company's turnover grew by 16% compared to the previous financial year, driven primarily by sales growth in the established stores. The company continues to invest in its central infrastructure, building a strong support team across finance, IT, HR and marketing. While this has a short term impact on profitability, it leaves the company well positioned to manage the planned future growth.

Since the year end, the company has opened three further restaurants in Leeds, Nottingham, and Farringdon, London. The Barburrito brand is therefore developing a national footprint and recognition. The company is well supported by its investors with facilities in place to support further openings planned for early 2014.

The company has arrangements with key suppliers that are continually reviewed to enable the best quality products to be sourced and delivered at the most competitive prices. These arrangements reduce the risk associated with fluctuations in raw material prices.

Barburrito prides itself on the continual development of staff with an extensive training program. This is deemed a key factor in operations to deliver the highest customer service standards and ultimately drive the success of the business.

Qualifying third party indemnity provisions

The company has arranged qualifying third party indemnity for all of its directors.

Directors

The directors of the company during the year were

R W P Kilpatrick (resigned 30 November 2013)

M Davies

C Hughes

A Gregory

Barburrito Limited

Report of the directors for the year ended 31 March 2013 (continued)

Directors' responsibilities

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 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 of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and 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.

Auditors

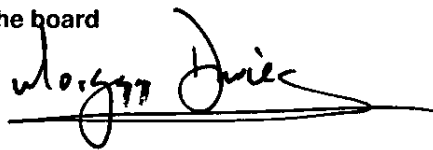
All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

In preparing this directors' report advantage has been taken of the small companies' exemption.

On behalf of the board

M Davies



19/12/2013

Director

Barburrito Limited

Independent auditor's report

To the members of Barburrito Limited

We have audited the financial statements of Barburrito Limited for the year ended 31 March 2013 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 auditors

As explained more fully in the statement of directors' responsibilities, 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 (FRC'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 2013 and of its loss 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Barburrito Limited

Independent auditor's report (*continued*)

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, or
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies' regime

BDO LLP

20/12/13

Philip Storey (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Manchester
United Kingdom

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Barburrito Limited

Profit and loss account for the year ended 31 March 2013

	Note	2013 £	2012 £
Turnover	2	4,637,812	3,989,300
Cost of sales		2,785,203	2,327,611
		<hr/>	<hr/>
Gross profit		1,852,609	1,661,689
Administrative expenses		2,069,191	1,918,851
		<hr/>	<hr/>
Operating loss	3	(216,582)	(257,162)
Other interest receivable and similar income	6	32,736	461,335
Interest payable and similar charges	7	(144,273)	(281,888)
		<hr/>	<hr/>
Loss on ordinary activities before taxation		(328,119)	(77,715)
Taxation on loss on ordinary activities	8	(7,797)	10,462
		<hr/>	<hr/>
Loss on ordinary activities after taxation		(335,916)	(67,253)
		<hr/>	<hr/>

All amounts relate to continuing activities

All recognised gains and losses in the current and prior year are included in the profit and loss account

The notes on pages 8 to 18 form part of these financial statements

Barburrito Limited

Balance sheet at 31 March 2013

<i>Company number 04565665</i>	Note	2013 £	2013 £	2012 £	2012 £
Called up share capital not paid			-		550,000
Fixed assets					
Tangible assets	9		1,562,884		1,190,888
			1,562,884		1,740,888
Current assets					
Stocks	10	50,223		39,985	
Debtors - due within one year	11	356,531		1,518,488	
Debtors - due after more than one year	11	281,480		289,277	
Total debtors		638,011		1,807,765	
Cash at bank and in hand		1,582,061		189,327	
		2,270,295		2,037,077	
Creditors amounts falling due within one year	12	1,263,480		978,153	
Net current assets			1,006,815		1,058,924
Total assets less current liabilities			2,569,699		2,799,812
Creditors amounts falling due after more than one year	13		2,297,166		2,191,363
			272,533		608,449

The notes on pages 8 to 18 form part of these financial statements

Barburrito Limited

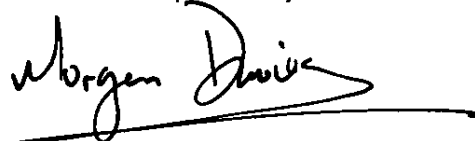
Balance sheet
at 31 March 2013 (continued)

	Note	2013 £	2013 £	2012 £	2012 £
Capital and reserves					
Called up share capital	14		643,755		643,755
Share premium account	15		1,386,959		1,386,959
Share scheme reserve	15		(70,548)		(70,548)
Profit and loss account	15		(1,687,633)		(1,351,717)
			<hr/>		<hr/>
Shareholders' funds	16		272,533		608,449
			<hr/>		<hr/>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime

The financial statements were approved by the board of directors and authorised for issue on

M Davies
Director



12/12/2013

The notes on pages 8 to 18 form part of these financial statements

Barburrito Limited

Notes forming part of the financial statements for the year ended 31 March 2013

1 Accounting policies

The financial statements have been prepared under the historical cost convention

The following principal accounting policies have been applied

Cash flow statement

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 'Cash Flow Statements (Revised 1996)' not to prepare a cash flow statement on the grounds that it is a 'small' company under the Companies Act 2006

Turnover

Turnover represents sales to external customers less value added tax

Fixed assets and depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, except for investment properties and freehold land, evenly over their expected useful lives. It is calculated at the following rates

Short leasehold buildings	- over length of lease
Plant and machinery	- 20% straight line
Fixtures and fittings	- 20% straight line
Computer equipment	- 33% straight line

Impairment of fixed assets

The need for any fixed asset impairment write-down is assessed by comparison of the carrying value of the asset against the higher of realisable value and value in use

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Net realisable value is based on estimated selling price less additional costs to completion and disposal

Finance costs

Finance costs are charged to profit over the term of the debt so that the amount charged is at a constant rate on the carrying amount. Finance costs include issue costs, which are initially recognised as a reduction in the proceeds of the associated capital instrument

Financial liability and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form

Barburrito Limited

Notes forming part of the financial statements for the year ended 31 March 2013 (*continued*)

1 Accounting policies (*continued*)

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences

Deferred tax balances are not discounted

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account over the shorter of estimated useful economic life and the period of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Reverse premiums and similar incentives received to enter into operating lease agreements are released to the profit and loss account over the period to the date on which the rent is first expected to be adjusted to the prevailing market rate.

Employee benefit trust

The cost of the company's shares held by the EBT is deducted from shareholders' funds in the balance sheet. Any cash received by the EBT on disposal of the shares it holds is also recognised directly in shareholders' funds.

Barburrito Limited

Notes forming part of the financial statements for the year ended 31 March 2013 (*continued*)

2 Turnover

Turnover arises solely within the United Kingdom

Turnover is wholly attributable to the principal activity of the company

3 Operating loss

	2013 £	2012 £
This is arrived at after charging		
Depreciation of tangible fixed assets	199,695	251,447
Loss on disposal of tangible fixed assets	-	5,107
Hire of other assets - operating leases	635,113	607,405
Share-based payment	-	25,766
Auditors' remuneration - fees payable to the company's auditor for the audit of the company's annual accounts	9,000	9,000
Auditors' remuneration - taxation	1,000	1,000
	<u>1,844,808</u>	<u>1,899,725</u>

4 Employees

Staff costs (including directors) consist of

	2013 £	2012 £
Wages and salaries	1,589,648	1,358,599
Social security costs	110,638	94,893
	<u>1,700,286</u>	<u>1,453,492</u>

The average number of employees (including directors) during the year was 111 (2012 - 105)

5 Directors' remuneration

	2013 £	2012 £
Aggregate emoluments, pension contributions and amounts receivable under long term incentive schemes	170,000	140,000

Barburrito Limited

Notes forming part of the financial statements
for the year ended 31 March 2013 *(continued)*

6 Other interest receivable and similar income

	2013 £	2012 £
Bank deposits	32,736	60
Write-back of interest on renegotiation of loan (see note 13)	-	461,275
	<u>32,736</u>	<u>461,335</u>

7 Interest payable and similar charges

	2013 £	2012 £
Bank loans and overdrafts	11,549	5,492
Interest payable on convertible loan	-	276,396
Interest payable on loan notes	132,724	-
	<u>144,273</u>	<u>281,888</u>

Barburrito Limited

Notes forming part of the financial statements
for the year ended 31 March 2013 (*continued*)

8 Taxation on loss on ordinary activities

	2013 £	2012 £
<i>Deferred tax</i>		
Origination and reversal of timing differences	19,297	(51,088)
Adjustment in respect of previous periods	27,732	40,626
Effect of tax rate change on opening balance	(39,232)	-
	<hr/>	<hr/>
Movement in deferred tax provision	7,797	(10,462)
	<hr/>	<hr/>

The tax assessed for the year is higher than the standard rate of corporation tax in the UK applied to loss before tax

	2013 £	2012 £
Loss on ordinary activities before tax	(328,119)	(77,715)
	<hr/>	<hr/>
Loss on ordinary activities at the standard rate of corporation tax in the UK of 24% (2012 - 20%)	(78,749)	(15,543)
Effect of		
Expenses not deductible for tax purposes	3,496	9,771
Capital allowances for period in (excess)/deficit of depreciation	(10,744)	1,523
Income not taxable for tax purposes	(9,120)	-
Fixed asset differences	9,934	-
Income not taxable for tax purposes	-	(40,163)
Unrelieved tax losses	51,577	44,412
Other short term timing differences	33,606	-
	<hr/>	<hr/>
Current tax charge for the year	-	-
	<hr/>	<hr/>

Barburrito Limited

Notes forming part of the financial statements
for the year ended 31 March 2013 (*continued*)

9 Tangible fixed assets

	Short leasehold buildings £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Total £
<i>Cost or valuation</i>					
At 1 April 2012	1,358,483	268,916	302,730	37,541	1,967,670
Additions	344,626	92,722	103,180	31,163	571,691
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 March 2013	1,703,109	361,638	405,910	68,704	2,539,361
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>Depreciation</i>					
At 1 April 2012	394,945	156,186	205,728	19,923	776,782
Provided for the year	97,169	44,429	46,891	11,206	199,695
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 March 2013	492,114	200,615	252,619	31,129	976,477
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>Net book value</i>					
At 31 March 2013	1,210,995	161,023	153,291	37,575	1,562,884
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 March 2012	963,538	112,730	97,002	17,618	1,190,888
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

10 Stocks

	2013 £	2012 £
Food, drink and consumables	50,223	39,985
	<u> </u>	<u> </u>

There is no material difference between the replacement cost of stocks and the amounts stated above

Barburrito Limited

Notes forming part of the financial statements for the year ended 31 March 2013 (*continued*)

11 Debtors

	2013 £	2012 £
Amounts receivable within one year		
Other debtors	68,601	72,582
Prepayments and accrued income	284,710	398,237
Loan proceeds receivable (see note 13)	-	1,044,449
Loans to shareholders (see note 18)	3,220	3,220
	356,531	1,518,488
Amounts receivable after more than one year		
Deferred taxation	281,480	289,277
Total debtors	638,011	1,807,765
		Deferred taxation £
At 1 April 2012		289,277
Charged to profit and loss account		(7,797)
At 31 March 2013		281,480
<i>Deferred taxation</i>		
	2013 £	2012 £
The amount of deferred tax provided for is as follows		
Accelerated capital allowances	(109,406)	(70,309)
Sundry timing differences	36,453	5,153
	(72,953)	(65,156)
Unutilised tax losses	354,433	354,433
	281,480	289,277

The directors are satisfied that the company will generate sufficient taxable profits in future years in order to justify recognition of the deferred tax asset shown above

The company has further unrecognised deferred tax losses of £88,955 (2012 £nil) which have not been recognised on the grounds of prudence

Barburrito Limited

Notes forming part of the financial statements for the year ended 31 March 2013 (*continued*)

12 Creditors: amounts falling due within one year

	2013 £	2012 £
Bank loans and overdrafts (secured)	27,525	47,020
Trade creditors	723,968	490,240
Other taxation and social security	130,303	137,093
Accruals and deferred income	381,684	303,800
	<u>1,263,480</u>	<u>978,153</u>

13 Creditors: amounts falling due after more than one year

	2013 £	2012 £
Bank loans (secured)	322,275	84,613
Loan notes (secured)	1,974,891	2,106,750
	<u>2,297,166</u>	<u>2,191,363</u>

Maturity of debt

	Loans and overdrafts 2013 £	Loans and overdrafts 2012 £
In one year or less, or on demand	<u>27,525</u>	<u>47,020</u>
In more than one year but not more than two years	15,385	26,921
In more than two years but not more than five years	306,890	46,154
In more than five years	1,974,891	2,118,288
	<u>2,297,166</u>	<u>2,191,363</u>

Barburrito Limited

Notes forming part of the financial statements for the year ended 31 March 2013 (continued)

13 Creditors: amounts falling due after more than one year (continued)

	2013 £	2012 £
Details of secured loan note creditors are as follows		
1,450,000 A loan notes of £1 each, net of issue costs	1,447,977	1,360,500
750,000 B loan notes of £1 each, net of issue costs	791,497	746,250
	<u>2,239,474</u>	<u>2,106,750</u>

In the prior year (30 March 2012) a £1m tranche of the convertible loan was converted into 150,000 Ordinary 'B' shares of £1 each at a premium of £850,000. Of the other £1m tranche, £250,000 was repaid and the remainder converted into 750,000 secured 'B' loan notes of £1 each, repayable between the 6th and 8th anniversary of the loan (or on an asset sale, liquidation, listing or share sale, if earlier), and secured by fixed and floating charges on the company's assets. Interest is payable at 6% per annum on the principal, with interest payments commencing in February 2016. Issue costs of £3,750 were deducted from the proceeds of the loan notes and are being amortised over the term of the debt. The previous convertible debt liability was extinguished in full and consequently accrued interest to date was written back to the profit and loss account (see note 6).

At the same time, the company issued 1,450,000 secured 'A' loan notes of £1 each, which are on the same terms as the 'B' loan notes, above. A further 1,250,000 secured 'A' loan notes of £1 each had not been called up or issued as at the balance sheet date by the company and so have not been recognised as a liability in the financial statements. Issue costs of £89,500 were deducted from the proceeds of the loan notes and are being amortised over the term of the debt.

Bank loans and loan notes are secured by way of fixed and floating charges over certain assets of the company.

14 Share capital

	2013 £	2012 £
<i>Allotted and called up</i>		
259,291 (2011: nil) A ordinary shares of £1 each	259,291	259,291
203,220 (2011: 150,000) B ordinary shares of £1 each	203,220	203,220
155,574 (2011: nil) C ordinary shares of £1 each	155,574	155,574
25,670 (2011: nil) D ordinary shares of £1 each	25,670	25,670
	<u>643,755</u>	<u>643,755</u>

All shares rank pari passu

All shares were fully paid at the balance sheet date

Barburrito Limited

Notes forming part of the financial statements for the year ended 31 March 2013 (continued)

14 Share capital (continued)

Share Option Scheme

At 31 March 2013 the following share options were outstanding in respect of the ordinary shares

Date of grant	Number of shares	Price per share
30 March 2012	60,047	£1

All shares in the Scheme are deemed to vest immediately and are exercisable for a period of 10 years from the date of grant. A charge of £nil (2012 £25,766) has been recognised in the profit and loss account (note 16)

15 Reserves

	Share premium account £	Share scheme reserve £	Profit and loss account £
At 1 April 2012	1,386,959	(70,548)	(1,351,717)
Loss for the year	-	-	(335,916)
At 31 March 2013	<u>1,386,959</u>	<u>(70,548)</u>	<u>(1,687,633)</u>

16 Reconciliation of movements in shareholders' funds

	2013 £	2012 £
Loss for the year	(335,916)	(67,253)
Issue of shares	-	493,755
Premium on shares issued during the year	-	1,086,959
Share-based payment	-	25,766
Shares held by the Employee Benefit Trust	-	(70,548)
Net (deductions from)/additions to shareholders' funds	<u>(335,916)</u>	<u>1,468,679</u>
Opening shareholders' funds/(deficit)	<u>608,449</u>	<u>(860,230)</u>
Closing shareholders' funds	<u>272,533</u>	<u>608,449</u>

Barburrito Limited

Notes forming part of the financial statements for the year ended 31 March 2013 (*continued*)

17 Commitments under operating leases

The company had annual commitments under non-cancellable operating leases as set out below

	Land and buildings 2013 £	Land and buildings 2012 £
Operating leases which expire		
After more than five years	679,500	632,887

18 Related party disclosures

The company paid £7,200 (2012 £1,500) for recruitment services from Tindall Perry Partnership Ltd during the year. M Davies is the spouse of a director in this company. There were no amounts owing to or from this company at the balance sheet date and no debts owing to or from this company were written off during the year.

On 30 March 2012, loans totalling £3,220 were made to two of the shareholders (N O'Malley and Sound Advertising Limited) to enable them to subscribe for new share capital. These are included within debtors. These are repayable on demand by the company and do not attract interest.

Controlling parties

The directors do not consider there to be one overall controlling party of the company.

Loans and transactions concerning directors and officers of the company

At the year end the company owed £2,281 to C Hughes. This was paid subsequent to the year end.