

## **Barburrito Limited**

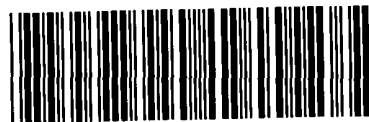
Annual Report and Financial Statements

Year Ended

25 March 2018

Company Number 04565665

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# Barburrito Limited

## Company Information

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<b>Directors</b>	M Davies S G Herring G Turner B J Barker
<b>Registered number</b>	04565665
<b>Registered office</b>	65 Deansgate Manchester M3 2BW
<b>Independent auditor</b>	BDO LLP 3 Hardman Street Manchester M3 3AT

# Barburrito Limited

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# **Barburrito Limited**

## **Group Strategic Report For the Year Ended 25 March 2018**

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The directors present their strategic report together with the audited financial statements for the year ended 25 March 2018.

### **Business review**

The financial year to 25 March 2018 has been a solid year of progression for the Barburrito business.

Overall turnover has grown by 19% compared to the prior financial year, driven by continuing like for like growth from established restaurants and new sites opened in the current financial year, as well as the full year impact of restaurants opened part way through the prior year.

The twenty-first Barburrito site was opened at the Meadowhall shopping centre in Sheffield in May 2017 and has traded strongly since opening, as has the site at Paddington station which opened in March 2017, in the last week of the previous financial year.

During the year, the company entered into an exclusive franchise agreement with TRG Concessions to operate Barburrito in UK airports, and the first such site opened at Edinburgh Airport in January 2018. The restaurant has traded ahead of expectations in the opening period. Further airport opportunities will be explored in the coming year.

As anticipated, the company exercised a lease break clause in February 2018 to exit the kiosk unit at Gordon Street, Glasgow which joined the group as part of the Pinto Restaurants acquisition in November 2015. Customers from this restaurant have largely migrated to the other two Barburrito restaurants in Glasgow, and the acquired sites as a group have performed strongly in the year.

The company completed the two-year interior design and branding upgrade programme with the refurbishment of the last of its established sites in the year.

The restaurant sector as a whole has experienced well-publicised cost pressures over the last twelve months, including labour cost increases as a result of changes to National Minimum Wage and National Living Wage, food cost increases as a result of currency movements, property cost increases with rates revaluations and rent reviews, and the increasing prominence of the online delivery platforms with their associated commission cost. The company has taken decisive action to manage its cost base to mitigate these increases where possible, and this in combination with the growth in turnover noted above has maintained EBITDA before non-recurring costs at around the breakeven level in line with the prior year. Non-recurring costs of £249,000 in the year relate primarily to new site pre-opening costs and abortive costs relating to a potential further opening.

The company has cash reserves of approximately £0.6m at the year-end and has capitalised a proportion of its investor loan notes during the year to strengthen the balance sheet, as described in the notes to the accounts. There was a small operating cash outflow of £28,000 in the year. The company's primary investor has provided additional funding both in the year and after the year end to support the ongoing expansion plans.

### **Future developments**

The directors are confident that Barburrito is well placed to deliver continuing growth in future years.

The company is due to open its twenty-second site in the Arndale Centre in Manchester towards the end of 2018. The property market is expected to be challenging over the next twelve months, but the company will continue to explore other potential site acquisitions as well as developing the TRG franchise partnership described above, and exploring other growth opportunities.

Previous investments in the central team, infrastructure and systems leave the business well placed to support the planned growth without significant further costs, and as such EBITDA is expected to grow steadily in future years as the recent openings and new sites reach maturity.

# Barburrito Limited

## Group Strategic Report (continued) For the Year Ended 25 March 2018

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### Principal risks and uncertainties

The key uncertainty faced by the company relates to the forecasting of the future trading performance, where turnover and profitability at each restaurant can be impacted by local geographic factors as well as competition and wider economic developments. The company mitigates this risk by closely monitoring trading performance at each location and regularly re-forecasting the overall business performance.

The company's financing risk is considered to be very low. Cash flows are continuously monitored and re-forecast where appropriate. All sales are settled in person at the restaurants and as such the company bears no credit risk. The majority of the company's loan facilities carry fixed interest rates.

### Financial key performance indicators

The board utilises a number of key performance indicators to enable a consistent method of analysing performance, in addition to allowing the directors to benchmark performance against similar businesses. The key performance indicators utilised by the board are turnover, gross margin, labour costs, EBITDA and cash flow.

This report was approved by the board on 10 July 2018 and signed on its behalf.



**S G Herring**  
Director

# Barburrito Limited

## Directors' Report For the Year Ended 25 March 2018

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The directors present their report together with the audited financial statements for the year ended 25 March 2018.

### Principal activity

The principal activity of the group and company is the operation of Mexican fast casual restaurants. All trade is under the Barburrito brand.

### Business review

A review of the business and its principal risks and uncertainties is set out in the strategic report on page 1 to 2 of these financial statements.

### Results and dividends

The loss for the period, after taxation, amounted to £2,771,000 (2017 - loss £2,708,000).

The directors do not recommend payment of a dividend (2017 - £Nil).

### Directors

The directors who served during the period were:

M Davies  
S G Herring  
G Turner  
B J Barker

### Employee involvement

The company communicates regularly with its employees via a combination of formal newsletters and meetings and informal interactions with the directors and management. The company operates a number of schemes to reward and recognise its employees.

### Disabled employees

The company is an "equal opportunities" employer and takes all reasonable steps to accommodate the requirements of disabled 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 and the group'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 and the group's auditor is aware of that information.

# Barburrito Limited

## Directors' Report (continued) For the Year Ended 25 March 2018

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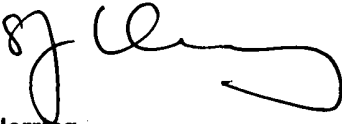
### Post balance sheet events

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

### Auditor

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

This report was approved by the board on 10 July 2018 and signed on its behalf.

  
**S G Herring**  
Director

# **Barburrito Limited**

## **Directors' Responsibilities Statement For the Year Ended 25 March 2018**

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The directors are responsible for preparing the group strategic report, the directors' report and the consolidated 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 group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company and 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.

# **Barburrito Limited**

## **Independent Auditor's Report to the Members of Barburrito Limited**

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### **Opinion**

We have audited the financial statements of Barburrito Limited ("the parent company") and its subsidiaries ("the group") for the year ended 25 March 2018 which comprise the consolidated statement of comprehensive income, the consolidated and company statement of financial position, the consolidated and company statement of changes in equity, the consolidated cash flows and related 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 and the parent company's affairs as at 25 March 2018 and of the group's 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.

### **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 auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company 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 or the parent company'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.

# Barburrito Limited

## Independent Auditor's Report to the Members of Barburrito Limited (continued)

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### Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, 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 we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

### Opinions 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 directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report 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 parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

# Barburrito Limited

## Independent Auditor's Report to the Members of Barburrito Limited (continued)

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### Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 is 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 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.

### Auditor's 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 an auditor's report 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 at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### 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 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.

BDO LLP

**Steven Roberts** (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
Manchester  
United Kingdom

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

# Barburrito Limited

## Consolidated Statement of Comprehensive Income For the Year Ended 25 March 2018

	Note	2018 £000	2017 £000
Turnover	4	15,180	12,764
Cost of sales		(10,049)	(8,928)
<b>Gross profit</b>		<b>5,131</b>	<b>3,836</b>
Administrative expenses			
- Normal		(5,127)	(3,828)
- Non recurring items	6	(249)	(371)
- Depreciation, and amortisation		(1,348)	(1,116)
- Loss on disposal of fixed assets		(6)	(35)
Total administrative expenses		(6,730)	(5,350)
<b>EBITDA before non recurring items*</b>		<b>4</b>	<b>8</b>
Depreciation and amortisation		(1,348)	(1,116)
Non recurring items	6	(249)	(371)
Loss on disposal of fixed assets		(6)	(35)
Operating loss	5	(1,599)	(1,514)
Interest payable and similar charges	10	(1,172)	(1,015)
<b>Loss before taxation</b>		<b>(2,771)</b>	<b>(2,529)</b>
Tax on loss	11	-	(179)
<b>Loss for the financial year</b>		<b>(2,771)</b>	<b>(2,708)</b>

There was no other comprehensive income for 2018 (2017: £NIL).

\*EBITDA is earnings before interest, tax, depreciation, amortisation and non-recurring items.


The notes on pages 17 to 39 form part of these financial statements.

**Barburrito Limited**  
Registered number: 04565665

**Consolidated Statement of Financial Position**  
**As at 25 March 2018**

	Note	25 March 2018 £000	25 March 2018 £000	26 March 2017 £000	26 March 2017 £000
<b>Fixed assets</b>					
Intangible assets	12		2,264		2,562
Tangible assets	13		3,955		4,551
			<u>6,219</u>		<u>7,113</u>
<b>Current assets</b>					
Stocks	15	126		118	
Debtors: amounts falling due within one year	16	807		699	
Cash at bank and in hand		644		798	
		<u>1,577</u>		<u>1,615</u>	
Creditors: amounts falling due within one year	17	(3,427)		(3,058)	
<b>Net current liabilities</b>			<u>(1,850)</u>		<u>(1,443)</u>
<b>Total assets less current liabilities</b>			<u>4,369</u>		<u>5,670</u>
Creditors: amounts falling due after more than one year	18		(8,541)		(13,210)
<b>Net liabilities</b>			<u>(4,172)</u>		<u>(7,540)</u>
<b>Capital and reserves</b>					
Called up share capital	22		645		644
Share premium account	23		7,504		1,387
Other reserves	23		(182)		(182)
Profit and loss account	23		(12,139)		(9,389)
<b>Equity attributable to owners of the parent company</b>			<u>(4,172)</u>		<u>(7,540)</u>

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

  
**S G Herring**  
Director

10 July 2018

The notes on pages 17 to 39 form part of these financial statements.

**Barburrito Limited**  
Registered number: 04565665

**Company Statement of Financial Position**  
**As at 25 March 2018**

	Note	25 March 2018 £000	25 March 2018 £000	26 March 2017 £000	26 March 2017 £000
<b>Fixed assets</b>					
Intangible assets	12		2,756		3,119
Tangible assets	13		3,955		4,551
Investments	14		745		745
			7,456		8,415
<b>Current assets</b>					
Stocks	15	126		118	
Debtors: amounts falling due within one year	16	807		699	
Cash at bank and in hand		644		798	
		1,577		1,615	
Creditors: amounts falling due within one year	17	(3,945)		(3,576)	
<b>Net current liabilities</b>			(2,368)		(1,961)
<b>Total assets less current liabilities</b>			5,088		6,454
Creditors: amounts falling due after more than one year	18		(8,541)		(13,210)
<b>Net liabilities</b>			(3,453)		(6,756)

**Barburrito Limited**  
Registered number: 04565665

**Company Statement of Financial Position (continued)**  
**As at 25 March 2018**

		25 March 2018 £000	26 March 2017 £000
	Note		
<b>Capital and reserves</b>			
Called up share capital	22	645	644
Share premium account	23	7,504	1,387
Other reserves	23	(182)	(182)
Profit and loss account	23	(11,420)	(8,605)
<b>Total equity</b>		<u>(3,453)</u>	<u>(6,756)</u>

The company has taken advantage of the exemption allowed under section 408 of the companies act 2006 and has not presented its own statement of comprehensive income in these financial statements. The loss after tax of the parent company for the year was £2,836,000 (2017 - £2,773,000).

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

10 July 2018.



**S G Herring**  
Director

The notes on pages 17 to 39 form part of these financial statements.

# Barburrito Limited

## Consolidated Statement of Changes in Equity For the Year Ended 25 March 2018

	Called up share capital	Share premium account	Other reserves	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 27 March 2017	644	1,387	(182)	(9,389)	(7,540)
<b>Comprehensive expense for the year</b>					
Loss for the year	-	-	-	(2,771)	(2,771)
<b>Total comprehensive expense for the year</b>	-	-	-	(2,771)	(2,771)
Shares issued during the year	1	6,117	-	-	6,118
Share based payment	-	-	-	21	21
<b>At 25 March 2018</b>	<b>645</b>	<b>7,504</b>	<b>(182)</b>	<b>(12,139)</b>	<b>(4,172)</b>

## Consolidated Statement of Changes in Equity For the Year Ended 26 March 2017

	Called up share capital	Share premium account	Other reserves	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 28 March 2016	644	1,387	(182)	(6,681)	(4,832)
<b>Comprehensive expense for the year</b>					
Loss for the year	-	-	-	(2,708)	(2,708)
<b>Total comprehensive expense for the year</b>	-	-	-	(2,708)	(2,708)
<b>At 26 March 2017</b>	<b>644</b>	<b>1,387</b>	<b>(182)</b>	<b>(9,389)</b>	<b>(7,540)</b>

The notes on pages 17 to 39 form part of these financial statements.

# Barburrito Limited

## Company Statement of Changes in Equity For the Year Ended 25 March 2018

	Called up share capital	Share premium account	Other reserves	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 27 March 2017	644	1,387	(182)	(8,605)	(6,756)
<b>Comprehensive expense for the year</b>					
Loss for the year	-	-	-	(2,836)	(2,836)
<b>Total comprehensive expense for the year</b>	-	-	-	(2,836)	(2,836)
Shares issued during the year	1	6,117	-	-	6,118
Share based payment	-	-	-	21	21
<b>At 25 March 2018</b>	<b>645</b>	<b>7,504</b>	<b>(182)</b>	<b>(11,420)</b>	<b>(3,453)</b>

## Company Statement of Changes in Equity For the Year Ended 26 March 2017

	Called up share capital	Share premium account	Other reserves	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 28 March 2016	644	1,387	(182)	(5,832)	(3,983)
<b>Comprehensive expense for the year</b>					
Loss for the year	-	-	-	(2,773)	(2,773)
<b>Total comprehensive expense for the year</b>	-	-	-	(2,773)	(2,773)
<b>At 26 March 2017</b>	<b>644</b>	<b>1,387</b>	<b>(182)</b>	<b>(8,605)</b>	<b>(6,756)</b>

The notes on pages 17 to 39 form part of these financial statements.

# Barburrito Limited

## Consolidated Statement of Cash Flows For the Year Ended 25 March 2018

	25 March 2018 £000	26 March 2017 £000
<b>Cash flows from operating activities</b>		
Loss for the financial year	(2,771)	(2,708)
<b>Adjustments for:</b>		
Amortisation of intangible assets	298	299
Depreciation of tangible assets	1,050	817
Loss on disposal of tangible assets	6	35
Taxation charge	-	179
(Increase) in stocks	(8)	(13)
(Increase) in debtors	(108)	(112)
Increase/(decrease) in creditors	311	(70)
Share based payments	22	-
Interest payable	1,172	1,015
<b>Net cash used in operating activities</b>	<b>(28)</b>	<b>(558)</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(194)	(1,541)
<b>Net cash from investing activities</b>	<b>(194)</b>	<b>(1,541)</b>

# Barburrito Limited

## Consolidated Statement of Cash Flows (continued) For the Year Ended 25 March 2018

	25 March 2018 £000	26 March 2017 £000
<b>Cash flows from financing activities</b>		
Repayment of loans	(13)	(15)
Other new loans	-	990
Repayment of finance leases	(222)	(98)
Interest paid	(149)	(185)
Proceeds from the issue of loan notes net of issue costs	452	1,470
<b>Net cash used in financing activities</b>	<b>68</b>	<b>2,162</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(154)</b>	<b>63</b>
Cash and cash equivalents at beginning of period	798	735
<b>Cash and cash equivalents at the end of period</b>	<b>644</b>	<b>798</b>
<b>Cash and cash equivalents at the end of period comprise:</b>		
Cash at bank and in hand	644	798
	<b>644</b>	<b>798</b>

The notes on pages 17 to 39 form part of these financial statements.

# Barburrito Limited

## Notes to the Financial Statements For the Year Ended 25 March 2018

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### 1. General information

Barburrito Limited is a private company limited by shares and incorporated in England and Wales under the Companies Act 2006. The registered address of the company is stated on the company information page. The nature of the group's operations and principal activity is set out in the strategic report.

### 2. Accounting policies

#### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires group management to exercise judgement in applying the group's accounting policies (see note 3).

The following principal accounting policies have been applied:

#### 2.2 Basis of consolidation

The consolidated financial statements present the results of the company and its subsidiaries ("the group") as though they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases, if applicable.

#### 2.3 Parent company disclosure exemptions

In preparing the financial statements of the company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- No cash flow statement has been presented;
- No disclosure has been given for the aggregate remuneration of the key management personnel of the company as their remuneration is included in the consolidated accounts;
- No disclosure has been given for related party transactions entered into between two or more members of the group; and
- One reconciliation of the number of shares outstanding at the beginning and end of the period has been presented as the reconciliation's for the group and the company would be identical;
- Disclosures in respect of the parent company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the group as a whole.

# **Barburrito Limited**

## **Notes to the Financial Statements For the Year Ended 25 March 2018**

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### **2. Accounting policies (continued)**

#### **2.4 Going concern**

The financial statements have been prepared on the going concern basis. The group and the company had net liabilities of £4,172,000 and £3,543,000 respectively at 25 March 2018 (2017 - £7,540,000 and £6,756,000). Having considered the financial results of the business, the directors are pleased with the year's trading and confident that the outlook remains strong. The directors consider that the group can continue in operation as a going concern for the foreseeable future.

#### **2.5 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

##### **Sale of goods**

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the group has transferred the significant risks and rewards of ownership to the buyer;
- the group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### **2.6 Intangible assets**

##### **Goodwill**

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the group's share of its identifiable assets and liabilities of the acquiree 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 consolidated statement of comprehensive income over its useful economic life, which is currently deemed to be 10 years.

#### **2.7 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

# Barburrito Limited

## Notes to the Financial Statements For the Year Ended 25 March 2018

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### 2. Accounting policies (continued)

#### 2.7 Tangible fixed assets (continued)

Depreciation is provided on the following basis:

Leasehold improvements	- over length of the lease
Plant and machinery	- 20% straight line
Fixtures and fittings	- 20% straight line
Computer equipment	- 33% straight line

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 consolidated statement of comprehensive income.

#### 2.8 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's or (CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGU's). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

#### 2.9 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

#### 2.10 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

#### 2.11 Debtors

Short term debtors are measured at transaction price, less any impairment.

#### 2.12 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable 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.

# Barburrito Limited

## Notes to the Financial Statements For the Year Ended 25 March 2018

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### 2. Accounting policies (continued)

#### 2.13 Financial instruments

The group 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 and loans from banks and other third 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 out-right 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 consolidated statement of comprehensive income.

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.

#### 2.14 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.

#### 2.15 Finance costs

Finance costs are charged to the consolidated statement of comprehensive income 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.

#### 2.16 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the consolidated statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each statement of financial position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

# **Barburrito Limited**

## **Notes to the Financial Statements For the Year Ended 25 March 2018**

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### **2. Accounting policies (continued)**

#### **2.17 Leased assets: the group as lessee**

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 profit or loss over the estimated useful economic life and the assets.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to profit or loss over the term 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.

The group has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard (31 March 2014) to continue to be charged over the period to the first market rent review rather than the term of the lease.

For leases entered into on or after the 31 March 2014, reverse premiums and similar incentives received to enter into operating lease agreements are released to the profit and loss over the term of the lease.

#### **2.18 Pensions**

##### **Defined contribution pension plan**

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

The contributions are recognised as an expense in the consolidated statement of comprehensive income 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 group in independently administered funds.

#### **2.19 Holiday pay accrual**

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the statement of financial position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the statement of financial position date.

#### **2.20 Onerous leases**

Where the unavoidable costs of a lease exceed the economic benefit expected to be received from it, a provision is made for the present value of the obligations under the lease.

#### **2.21 Borrowing costs**

All borrowing costs are recognised in the consolidated statement of comprehensive income in the period in which they are incurred.

# Barburrito Limited

## Notes to the Financial Statements For the Year Ended 25 March 2018

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### 2. Accounting policies (continued)

#### 2.22 Current and deferred taxation

Tax is recognised in the consolidated statement of comprehensive income, except that a charge 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 and the group operate and generate 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 reporting date.

#### 2.23 Employee benefit trust

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

#### 2.24 Non recurring items

Non recurring items are transactions that fall within the ordinary activities of the group but are presented separately due to their size or incidence.

# Barburrito Limited

## Notes to the Financial Statements For the Year Ended 25 March 2018

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

In preparing these financial statements, the directors have had to make the following judgements:

- Determine whether leases entered into by the group either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the group's tangible and intangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.
- Determine whether the Employee Benefit Trust (EBT) should be considered to be under the control or de facto control of the parent company. The judgement that the parent company does exert de facto control has resulted in the EBT's assets and liabilities being recognised on the parent company and consolidated statement of financial position.
- Tangible fixed assets (see note 13)  
Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on the number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.
- Onerous leases  
An assessment is made to determine whether the unavoidable costs associated with a lease exceed the economic benefit expected to be received from it. If this is the case, a provision is made for the present value of the obligations under the lease.

There are no other sources of estimation uncertainty.

### 4. Turnover

The whole of the turnover is attributable to the principal activity of the group.

All turnover arose within the United Kingdom.

# Barburrito Limited

## Notes to the Financial Statements For the Year Ended 25 March 2018

### 5. Operating loss

The operating loss is stated after charging:

	2018 £000	2017 £000
Depreciation of tangible fixed assets	1,050	817
Amortisation of intangible assets, including goodwill	298	299
Fees payable to the group's auditor and its associates for the audit of the group's annual financial statements (see note 7)	16	15
Loss on disposal of fixed assets	6	35
Operating lease charges	1,780	1,303
Defined contribution pension cost	52	41
Non recurring Items (see note 6)	249	371

### 6. Non recurring items

	25 March 2018 £000	26 March 2017 £000
New site pre-opening costs	91	224
Professional fees	10	-
Restructuring and integration costs	14	121
Share based payments	21	-
Abortive property costs	113	26
	249	371

### 7. Auditor's remuneration

	2018 £000	2017 £000
Fees payable to the group's and company's auditor and its associates for the audit of the group's and company's annual accounts	16	15
	16	15
<b>Fees payable to the group's auditor and its associates in respect of:</b>		
Other services relating to taxation	2	2
Other non-audit services	3	1

# Barburrito Limited

## Notes to the Financial Statements For the Year Ended 25 March 2018

### 8. Employees

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

	Group 25 March 2018 £000	Group 26 March 2017 £000	Company 25 March 2018 £000	Company 26 March 2017 £000
Wages and salaries	5,025	4,460	5,025	4,460
Social security costs	306	277	306	277
Cost of defined contribution scheme	52	41	52	41
	<u>5,383</u>	<u>4,778</u>	<u>5,383</u>	<u>4,778</u>

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

	Group 2018 No.	Group 2017 No.	Company 2018 No.	Company 2017 No.
Employees	<u>219</u>	<u>199</u>	<u>219</u>	<u>199</u>

The average monthly number of employees comprises a mix of full and part time employees, and is calculated on a full time equivalent basis.

### 9. Directors' remuneration

	2018 £000	2017 £000
Directors' emoluments	230	238
Company contributions to defined contribution pension schemes	21	21
	<u>251</u>	<u>259</u>

During the period retirement benefits were accruing to 2 directors (2017 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £116,000 (2017 - £120,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £16,000 (2017 - £16,000).

The number of directors who exercised share options was Nil (2017 - Nil).

# Barburrito Limited

## Notes to the Financial Statements For the Year Ended 25 March 2018

### 10. Interest payable and similar expenses

	2018 £000	2017 £000
Bank interest payable	88	16
Other interest payable and similar expenses	33	32
Loan note interest payable	707	896
Finance leases and hire purchase costs	41	18
Amortisation of loan issue costs	303	53
	<u>1,172</u>	<u>1,015</u>

### 11. Taxation

	2018 £000	2017 £000
<b>Corporation tax</b>		
Current tax credit on losses for the year	-	(2)
<b>Deferred tax</b>		
Release of deferred tax asset	-	181
<b>Taxation on losses on ordinary activities</b>	<u>-</u>	<u>179</u>

# Barburrito Limited

## Notes to the Financial Statements For the Year Ended 25 March 2018

### 11. Taxation (continued)

#### Factors affecting tax charge for the year

The tax assessed for the year is higher than (2017 - higher than) the standard rate of corporation tax in the UK of 19% (2017 - 20%). The differences are explained below:

	2018 £000	2017 £000
Loss on ordinary activities before tax	(2,771)	(2,529)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 20%)	(526)	(506)
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	3	1
Capital allowances for period in excess of depreciation	108	82
Adjustments to tax charge in respect of prior periods	-	(2)
Deferred tax not recognised	415	489
Adjust closing and opening deferred tax to average rate of 20.00%	-	115
<b>Total tax charge for the period</b>	<b>-</b>	<b>179</b>

#### Factors that may affect future tax charges

UK corporation tax was reduced from 21% to 20% with effect from 1 April 2015. Further reductions to 19% with effect from 1 April 2017 and 17% with effect from 1 April 2020 were substantively enacted on 8 July 2015. The effect of the rate reductions above creates a reduction in the net deferred tax asset.

The group has an unrecognised deferred tax asset of £1,534,604 (2017 - £1,216,660) in relation to unutilised tax losses.

# Barburrito Limited

## Notes to the Financial Statements For the Year Ended 25 March 2018

### 12. Intangible assets

#### Group

	<b>Goodwill £000</b>
<b>Cost</b>	
At 27 March 2017	2,985
At 25 March 2018	<u>2,985</u>
<b>Amortisation</b>	
At 27 March 2017	423
Charge for the year	298
At 25 March 2018	<u>721</u>
<b>Net book value</b>	
At 25 March 2018	<u><u>2,264</u></u>
At 26 March 2017	<u><u>2,562</u></u>

# Barburrito Limited

## Notes to the Financial Statements For the Year Ended 25 March 2018

### 12. Intangible assets (continued)

#### Company

	<b>Goodwill £000</b>
<b>Cost</b>	
At 27 March 2017	3,633
At 25 March 2018	<u>3,633</u>
<b>Amortisation</b>	
At 27 March 2017	514
Charge for the year	363
At 25 March 2018	<u>877</u>
<b>Net book value</b>	
At 25 March 2018	<u><u>2,756</u></u>
At 26 March 2017	<u><u>3,119</u></u>

# Barburrito Limited

## Notes to the Financial Statements For the Year Ended 25 March 2018

### 13. Tangible fixed assets

#### Group

	Leasehold improvements £000	Plant and machinery £000	Fixtures and fittings £000	Computer equipment £000	Total £000
<b>Cost or valuation</b>					
At 27 March 2017	3,859	1,683	2,408	402	8,352
Additions	165	116	140	39	460
Disposals	(360)	(77)	(101)	(12)	(550)
At 25 March 2018	3,664	1,722	2,447	429	8,262
<b>Depreciation</b>					
At 27 March 2017	1,777	780	979	265	3,801
Charge for the year	284	262	424	80	1,050
Disposals	(354)	(77)	(101)	(12)	(544)
At 25 March 2018	1,707	965	1,302	333	4,307
<b>Net book value</b>					
At 25 March 2018	1,957	757	1,145	96	3,955
At 26 March 2017	2,082	903	1,429	137	4,551

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	25 March 2018 £000	26 March 2017 £000
Plant and machinery	425	358
Fixtures and fittings	67	16
Computer equipment	10	1
	502	375

# Barburrito Limited

## Notes to the Financial Statements For the Year Ended 25 March 2018

### 13. Tangible fixed assets (continued)

#### Company

	Leasehold improvements £000	Plant and machinery £000	Fixtures and fittings £000	Computer equipment £000	Total £000
<b>Cost or valuation</b>					
At 27 March 2017	3,843	1,683	2,353	402	8,281
Additions	165	116	140	39	460
Disposals	(360)	(77)	(101)	(12)	(550)
At 25 March 2018	3,648	1,722	2,392	429	8,191
<b>Depreciation</b>					
At 27 March 2017	1,761	780	924	265	3,730
Charge for the year	284	262	424	80	1,050
Disposals	(354)	(77)	(101)	(12)	(544)
At 25 March 2018	1,691	965	1,247	333	4,236
<b>Net book value</b>					
At 25 March 2018	1,957	757	1,145	96	3,955
At 26 March 2017	2,082	903	1,429	137	4,551

# Barburrito Limited

## Notes to the Financial Statements For the Year Ended 25 March 2018

### 14. Fixed asset investments

#### Direct subsidiary undertakings

The following were direct subsidiary undertakings of the company:

Name	Class of shares	Holding	Principal activity
Pinto Restaurants (Holdings) Limited	Ordinary	100 %	Holding company

The registered address of Pinto Restaurants (Holdings) Limited is 140 West George Street, Glasgow, G2 2HG.

#### Indirect subsidiary undertakings

The following were indirect subsidiary undertakings held through Pinto Restaurants (Holdings) Limited

Name	Class of shares	Holding	Principal activity
Pinto Restaurants (Queen Street) Limited	Ordinary	100 %	Dormant
Pinto Restaurants (Bothwell Street) Limited	Ordinary	100 %	Dormant
Pinto Restaurants (Gordon Street) Limited	Ordinary	100 %	Dormant
Pinto Restaurants (Shandwick Street) Limited	Ordinary	100 %	Dormant
Pinto Restaurants (Lothian Street) Limited	Ordinary	100 %	Dormant

The registered address of all the above named companies is 140 West George Street, Glasgow, G2 2HG.

#### Company

	Investments in subsidiary companies £000
<b>Cost or valuation</b>	
At 27 March 2017	745
At 25 March 2018	745
<b>Net book value</b>	
At 25 March 2018	745
At 26 March 2017	745

# Barburrito Limited

## Notes to the Financial Statements For the Year Ended 25 March 2018

### 15. Stocks

	Group 25 March 2018 £000	Group 26 March 2017 £000	Company 25 March 2018 £000	Company 26 March 2017 £000
Raw materials and consumables	126	118	126	118

The difference between purchase price or production cost of stocks and their replacement cost is not material.

Stock recognised in cost of sales during the period as an expense was £4,773,000 (2017 - £4,066,000).

### 16. Debtors

	Group 25 March 2018 £000	Group 26 March 2017 £000	Company 25 March 2018 £000	Company 26 March 2017 £000
Other debtors	279	250	279	250
Prepayments and accrued income	524	446	524	446
Loans receivable	4	3	4	3
	807	699	807	699

### 17. Creditors: Amounts falling due within one year

	Group 25 March 2018 £000	Group 26 March 2017 £000	Company 25 March 2018 £000	Company 26 March 2017 £000
Bank loans (secured)	-	13	-	13
Trade creditors	1,408	1,078	1,408	1,078
Amounts owed to group undertakings	-	-	518	518
Other taxation and social security	706	624	706	624
Obligations under finance lease and hire purchase contracts	232	161	232	161
Accruals and deferred income	1,081	1,182	1,081	1,182
	3,427	3,058	3,945	3,576

Amounts owed to group undertakings are due on demand and interest free.

# Barburrito Limited

## Notes to the Financial Statements For the Year Ended 25 March 2018

### 18. Creditors: Amounts falling due after more than one year

	Group 25 March 2018 £000	Group 26 March 2017 £000	Company 25 March 2018 £000	Company 26 March 2017 £000
Bank loans (secured)	999	992	999	992
Loan notes (secured)	7,395	12,050	7,395	12,050
Net obligations under finance leases and hire purchase contracts	147	168	147	168
	<b>8,541</b>	<b>13,210</b>	<b>8,541</b>	<b>13,210</b>

### 19. Loans

	Group 25 March 2018 £000	Group 26 March 2017 £000	Company 25 March 2018 £000	Company 26 March 2017 £000
<b>Amounts falling due within one year</b>				
Bank loans	-	13	-	13
<b>Amounts falling due 2-5 years</b>				
Bank loans	999	-	999	-
Loan notes	7,395	7,161	7,395	7,161
<b>Amounts falling due after more than 5 years</b>				
Bank loans	-	992	-	992
Loan notes	-	4,889	-	4,889
	<b>8,394</b>	<b>13,055</b>	<b>8,394</b>	<b>13,055</b>

# Barburrito Limited

## Notes to the Financial Statements For the Year Ended 25 March 2018

### 19. Loans (continued)

	25 March 2018 £000	26 March 2017 £000
Nil (2017 - 2,700,000) A loan notes of £1 each plus accrued interest, net of issue costs	-	3,293
Nil (2017 - 3,600,000) A1 loan notes plus accrued interest, net of issue costs	-	3,858
Nil (2017 - 4,500,000) A2 loan notes plus accrued interest, net of issue costs	-	4,899
£1,020,000 (2017 - £1,020,000) term loan, net of issue costs	999	992
5,182,960 (2017 - Nil) A4 loan notes plus accrued interest, net of issue costs	5,456	-
Accrued interest on capitalised loan notes (2017 - Nil)	1,939	-
	<b>8,394</b>	<b>13,042</b>

On 15 January 2018, the company implemented a loan note capitalisation whereby a total of £6,117,000 of the outstanding A, A1 and A2 loan notes above were exchanged for A shares in the company issued to the loan note holders. At the same time, the balance of the principal of the A, A1 and A2 loan notes above, together with that of £500,000 A3 loan notes issued during the year, were exchanged for new A4 loan notes with a total value of £5,182,960. The new A4 loan notes are redeemable on the earlier of a sale or flotation of the business and 15 January 2021, and bear interest at 8% which is rolled up and payable on redemption of the loan notes. The outstanding interest on the A, A1, A2 and A3 loan notes at the point of exchange continues to be accrued on a 8% compound basis, and will also be payable on the redemption of the new A4 loan notes.

Costs totalling £33,000 relating to the loan note capitalisation exercise described above have been capitalised and are offset against the principal balance of the new A4 loan notes, to be amortised over the term of the loan notes. All costs relating to the original loan notes have been fully amortised in the year.

The £1,020,000 bank loan is repayable on 15 January 2020. Interest payments at LIBOR plus 7% per annum on the principal commenced from date of withdrawal. Issue costs of £36,000 have been deducted from the loan notes and amortised over the period of the loan.

### 20. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 25 March 2018 £000	Group 26 March 2017 £000	Company 25 March 2018 £000	Company 26 March 2017 £000
Within one year	232	161	232	161
Between 1-5 years	147	125	147	125
Over 5 years	-	43	-	43
	<b>379</b>	<b>329</b>	<b>379</b>	<b>329</b>

# Barburrito Limited

## Notes to the Financial Statements For the Year Ended 25 March 2018

### 21. Financial instruments

	Group 25 March 2018 £000	Group 26 March 2017 £000	Company 25 March 2018 £000	Company 26 March 2017 £000
<b>Financial assets</b>				
Financial assets measured at amortised cost	927	1,050	927	1,050
<b>Financial liabilities</b>				
Financial liabilities measured at amortised cost	(11,262)	(15,644)	(11,780)	(16,162)

Financial assets measured at amortised cost comprise cash balances, other debtors and loans to shareholders.

Financial liabilities measured at amortised cost comprise bank loans and overdrafts, trade and other creditors, accruals, loan notes, obligations under finance leases and amounts owed to group undertakings.

### 22. Share capital

	25 March 2018 £000	26 March 2017 £000
<b>Allotted, called up and fully paid</b>		
259,391 (2017 - 259,291) Ordinary A shares of £1 each	259	259
203,220 Ordinary B shares of £1 each	203	203
155,574 Ordinary C shares of £1 each	156	156
25,670 Ordinary D shares of £1 each	26	26
1 Ordinary E share of £1	-	-
750 Ordinary F shares of £1 each	1	-
	<b>645</b>	<b>644</b>

Further to a special resolution, the company's articles of association were amended on 15 January 2018 to provide for the creation of two new classes of share, being £1 E ordinary shares and £1 F ordinary shares. The E and F shares carry equal terms and voting rights to the existing A, B, C and D shares, except that the first £8m dividend payable or of equity value on a sale or flotation of the business will be allocated to these two classes of share.

On 15 January 2018, the company implemented a loan note capitalisation as described in note . In exchange for the loan notes capitalised, the following shares were issued on that date to the loan note holders:

- 100 £1 A ordinary shares in exchange for loan notes totalling £6,104,000
- 1 £1 E ordinary share in exchange for loan notes totalling £13,000

# Barburrito Limited

## Notes to the Financial Statements For the Year Ended 25 March 2018

### 22. Share capital (continued)

The difference between the nominal value of the shares issued and the consideration noted above, being a total of £6,117,000, has been credited to the share premium account.

On the same date, the company's chairman subscribed for 750 £1 F ordinary shares at par. Consideration of £1 has been paid for these shares, with the balance left outstanding as a loan from the company.

Further to the loan note capitalisation exercise, the company on the same date issued a number of new share options to existing shareholders / option holders over £1 E ordinary shares and £1 F ordinary shares. In addition, the company's EBT issued options over unallocated £1 B ordinary shares, £1 C ordinary shares and £1 D ordinary shares which it was previously holding on trust. The new options issued and associated terms are all shown in the table below, together with details of options issued previously.

All shares rank pari passu, other than as noted above.

All shares were fully paid at the statement of financial position date, with the exception of the outstanding loan of £749 noted above.

#### Share options

At 25 March 2018 the following options were outstanding in respect of ordinary shares:

Date of grant	Number of shares	Period of option	Price of grant
30 March 2012	27,787	10 years	£1
24 May 2014	96,619	10 years	£1
24 May 2014	9,662	10 years	£1
24 May 2015	322,430	Until sale, listing or winding up of company	£322,430
2 November 2015	107,740	Until sale, listing or winding up of company	£107,740
2 November 2015	19,378	10 years	£1
2 November 2015	3,221	10 years	£1
2 November 2015	1,074	10 years	£1
15 March 2016	10,726	10 years	£1
15 March 2016	1,000	10 years	£1
15 March 2016	1,000	10 years	£1
15 March 2016	1,000	10 years	£1
15 January 2018	2,192	Until sale or listing	£1
15 January 2018	4,382	Until sale or listing	£1
15 January 2018	8,980	Until sale or listing	£1
15 January 2018	5,775	Until sale or listing	£5,775
15 January 2018	731	Until sale or listing	£1
15 January 2018	1,460	Until sale or listing	£1
15 January 2018	2,994	Until sale or listing	£1
15 January 2018	1,922	Until sale or listing	£1,922
15 January 2018	413	Until sale or listing	£413
15 January 2018	38	Until sale or listing	£38
15 January 2018	38	Until sale or listing	£38
15 January 2018	38	Until sale or listing	£38
15 January 2018	500	Until sale or listing	£500

# Barburrito Limited

## Notes to the Financial Statements For the Year Ended 25 March 2018

### 22. Share capital (continued)

The 15 January 2018 options over £1 B, C, D and F ordinary shares shown above were all granted to employees. The fair value of these options has been calculated as £21,000 using the Black Scholes valuation methodology, and a charge for this amount is shown in the statement of comprehensive income.

### 23. Reserves

The company and group's capital and reserves are as follows:

#### Called up share capital

Called up share capital represents the nominal value of the shares issued.

#### Share premium account

The share premium account includes the premium on issue of equity shares, net of any issue costs.

#### Other reserves

The other reserve relates to the employee benefit trust (EBT). The cost of the company's shares held by the EBT is deducted from shareholders' funds in the statement of financial position. Any cash received by the EBT on disposal of the shares it holds is also recognised directly in shareholders' funds.

#### Profit and loss account

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

### 24. Pension commitments

The group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £52,000 (2017 - £41,000). Contributions totalling £5,000 (2017 - £4,000) were payable to the fund at the statement of financial position date.

### 25. Commitments under operating leases

At 25 March 2018 the group and the company had future minimum lease payments under non-cancellable operating leases as follows:

	Group	Group	Company	Company
	2018	2017	2018	2017
	£000	£000	£000	£000
Not later than 1 year	1,820	1,575	1,820	1,575
Later than 1 year and not later than 5 years	6,076	5,567	6,076	5,567
Later than 5 years	4,746	5,605	4,746	5,605
	<b>12,642</b>	<b>12,747</b>	<b>12,642</b>	<b>12,747</b>

# **Barburrito Limited**

## **Notes to the Financial Statements For the Year Ended 25 March 2018**

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### **26. Related party transactions**

On 30 March 2012, loans totalling £3,220 were made to two shareholders (N O'Malley and Sound Advertising Limited) to enable them to subscribe for new share capital. On 15 January 2018, a loan of £749 was issued to the company's chairman in relation to a further share subscription. These loans are included within debtors. These are repayable on demand by the company and do not attract interest.

The key management of the group and company are considered to be the statutory directors. Their emoluments are disclosed in note 9.

### **27. Subsequent events**

On 13 June 2018 the company completed the drawdown of a further £600,000 A4 loan notes from its main investor, to support the ongoing expansion of the business.

### **28. Controlling party**

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