

# **Inhoco 4065 Limited**

## **Report and Financial Statements**

31 December 2016

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COMPANIES HOUSE

**Directors**

Z Godik

G Mann (resigned 3<sup>rd</sup> March 2017)

F Bandura (appointed 24<sup>th</sup> February 2017)

**Secretary**

G Mann (resigned 3<sup>rd</sup> March 2017)

F Bandura (appointed 24<sup>th</sup> February 2017)

**Auditors**

Ernst & Young LLP

Bedford House

16 Bedford Street

Belfast

Northern Ireland, BT2 7DT

**Solicitors**

Travers Smith

10 Snow Hill

London, EC1A 4DE

**Registered Office**

Fourth Floor

7-9 Swallow Street

London, W1B 4DE

Registered No. 05233337

## Strategic report

The directors present their strategic report for the year ended 31 December 2016.

### Principal activity and review of the business

The principal activity of the company is that of an intermediate holding company.

The company's key performance indicators are as follows:

	2016	2015
	£	£
Loss for the year	(1,315,144)	–
Shareholders' funds	1,344,344	763,971

During the year, a capital contribution of £1,895,517 was received from Gaucho Grill Holdings Ltd.

### Principal risks and uncertainties

The company's strategy is to follow an appropriate risk policy, which effectively manages exposures related to the achievement of business objectives. The key risk which management face is detailed as follows and are further detailed in the financial statements of the ultimate parent company Malbec Topco Limited.

### Foreign currency risk

The company's costs are in GBP with no material currency risk. The company does not currently have a policy to mitigate foreign exchange movements as management do not believe the impact would be significant.

By order of the Board



Frank Bandura (Director)

Date: 21 April 2017

Registered No. 05233337

## Directors' report

The directors present their report for the year ended 31 December 2016.

### Results and dividends

The result for the year after taxation amounted to a loss of £1,315,144 (2015 – profit of £nil). The directors do not recommend a final dividend (2015 – £nil).

### Directors

The directors who served the company during the year were as follows:

Z Godik

G Mann (resigned 3<sup>rd</sup> March 2017)

F Bandura (appointed 24<sup>th</sup> February 2017)

### Future developments

The directors wish to maintain the shareholder value in the business.


### Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

### Re-appointment of auditors

In accordance with s485 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for reappointment of Ernst & Young LLP as auditor of the company.

By order of the Board



Frank Bandura (Director)

Date: 21 April 2017

## Directors' Responsibilities Statement

The directors are responsible for preparing the Strategic Report, 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 including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland (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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare 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.

# **Independent auditors' report**

## **to the members of Inhoco 4065 Limited**

We have audited the financial statements of Inhoco 4065 Limited for the year ended 31 December 2016 which comprise the Profit and Loss account, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Balance Sheet and the related notes 1 to 12. 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), including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland'.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement (set out on page 4), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

# Independent auditors' report

to the members of Inhoco 4065 Limited

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

In our opinion, based on the work undertaken in the course of the audit:

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

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

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic Report or Directors' Report.

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.



Michael Kidd (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Belfast

Date: 26 April 2017

## Profit and loss account

for the year ended 31 December 2016

	Notes	2016 £	2015 £
Other interest income	2	697,546	–
Interest payable	3	(2,012,690)	–
<b>Loss before taxation</b>		<b>(1,315,144)</b>	<b>–</b>
Tax charge	4	–	–
<b>Loss after taxation</b>		<b>(1,315,144)</b>	<b>–</b>

## Statement of Comprehensive Income

for the year ended 31 December 2016

There are no comprehensive income or loss other than the loss attributed to shareholders of the company of £1,315,144 in the year ended 31 December 2016 (2015 – £nil).



Registered Number: 05233337

## Statement of changes in equity

for the year ended 31 December 2016

	<i>Called up share capital</i>	<i>Capital contribution reserve</i>	<i>Profit and loss account</i>	<i>Total Equity</i>
	£	£	£	£
At 1 January 2015	3,010,000	–	(2,246,029)	763,971
Result for the year	–	–	–	–
At 31 December 2015	3,010,000	–	(2,246,029)	763,971
Loss for the year	–	–	(1,315,144)	(1,315,144)
Capital contribution	–	1,895,517	–	1,895,517
At 31 December 2016	3,010,000	1,895,517	(3,561,173)	1,344,344

Registered Number: 05233337

## Balance sheet

at 31 December 2016

	Notes	2016 £	2015 £
<b>Fixed assets</b>			
Investments	5	17,521,026	15,625,509
<b>Current assets</b>			
Debtors	6	8,580,032	7,882,486
<b>Creditors:</b> amounts falling due within one year	7	(24,756,714)	(22,744,024)
<b>Net current liabilities</b>		(16,176,682)	(14,861,538)
<b>Net assets</b>		<u>1,344,344</u>	<u>763,971</u>
<b>Capital and reserves</b>			
Called up share capital	8	3,010,000	3,010,000
Capital reserve		1,895,517	0
Profit and loss account		(3,561,173)	(2,246,029)
<b>Shareholders' funds</b>		<u>1,344,344</u>	<u>763,971</u>



F Bandura (Director)

Date: 21 April 2017

## **Notes to the financial statements**

**at 31 December 2016**

### **1. Accounting policies**

#### ***Statement of compliance***

Inhoco 4065 Limited is company limited by shares and is incorporated in England and Wales. The registered office is Fourth Floor, 7-9 Swallow Street, London, W1B 4DE.

The company's financial statements have been prepared in compliance with FRS 102 as it applies to the financial statements of the company for the year ended 31 December 2016.

#### ***Basis of preparation***

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

The financial statements are prepared in Sterling which is the functional currency of the company and no rounding has been applied.

#### ***Going Concern***

The company's balance sheet indicates an excess of net current liabilities over net current assets.

The directors have prepared the financial statements on the going concern basis as the amounts payable to group undertakings will not be sought for repayment in the immediate future and the company is supported by its ultimate parent company, Malbec Topco Limited.

#### ***Reduced disclosure framework***

The company has taken advantage of the following disclosure exemptions under FRS 102:

- (a) The requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- (b) The requirements of Section 7 Statement of Cash Flows and Section 3 Financial Statement Presentation paragraph 3.17(d);
- (c) The requirements of Section 11 Basic Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c) and Section 12 paragraph 12.26; and
- (d) Section 33 Related Party Disclosures paragraph 33.7.

The ultimate parent undertaking and controlling entity is Malbec Topco Limited, a company incorporated in England and Wales, which is the parent undertaking of the largest group to consolidate these financial statements. Malbec Topco Limited's group financial statements are available from the company's registered office, Fourth Floor 7-9 Swallow Street, London, W1B 4DE.

#### ***Turnover***

Turnover comprises revenue recognised by the company in respect of interest receivable during the period.

#### ***Group financial statements***

The company is exempt from preparing group financial statements under section 400 of the Companies Act 2006.

#### ***Investments***

Investments held as fixed assets are shown at cost less provision for impairment.

# Notes to the financial statements

at 31 December 2016

## 1. Accounting policies (continued)

### *Judgements and key sources of estimation*

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the period. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant impact on amounts recognised in the financial statements.

### *Recoverability of amounts due from group undertakings*

The company has receivables due from its subsidiary undertakings, Gaucho Grill Ltd and Pan European Restaurants Ltd, of £8,580,032 (note 5), arising from the pass down of externally obtained funding. The recoverability of this receivable is ultimately dependent on the trading performance of the company's indirect subsidiaries. The directors have considered cash flow forecasts of those indirect subsidiaries, which include estimates of future revenues and costs, including the effect of certain cost saving strategies.

### *Financial Instruments*

The company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

#### *(i) Financial assets*

Basic financial instruments, including intergroup receivables and loans to fellow subsidiary companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

The company does not hold or issue any other financial assets.

#### *(ii) Financial liabilities*

Basic financial liabilities, including intergroup payables and loans from fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

The company does not hold or issue any other financial liabilities for trading purposes.

## 2. Interest receivable and similar charges

	2016 £	2015 £
Interest receivable from group undertaking	697,546	—
	<u>697,546</u>	<u>—</u>

## Notes to the financial statements

at 31 December 2016

### 3. Interest payable and similar charges

	2016 £	2015 £
Interest due to group undertaking	2,012,690	–
	<u>2,012,690</u>	<u>–</u>

### 4. Tax

Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 20% (2015 – non-trading). The differences are explained below:

	2016 £	2015 £
Loss on ordinary activities before tax	(1,315,144)	–
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 – 20.25%)	(263,029)	–
<i>Effects of:</i>		
Group relief claimed for no payment	263,029	–
Total tax for the year	<u>–</u>	<u>–</u>

### 5. Investments

	<i>Investments in subsidiary companies £</i>
<b>Cost or valuation:</b>	
At 1 January 2016	15,625,509
Additions*	<u>1,895,517</u>
At 31 December 2016	<u>17,521,026</u>
<b>Net book value:</b>	
At 31 December 2016	<u>17,521,026</u>
At 31 December 2015	<u>15,625,509</u>

\*During the year, the company invested an additional £1,895,517 in Pan European Restaurants Limited.

## Notes to the financial statements

at 31 December 2016

### 5. Investments (continued)

#### Principal subsidiaries

<i>Name</i>	<i>Country of incorporation</i>	<i>Holding</i>	<i>Principal activity</i>
Pan European Restaurants Limited	England	100%	Intermediate holding co

The company's registered office is at 7-9 Swallow Street, London, W1B 4DE.

### 6. Debtors

	<i>2016</i>	<i>2015</i>
	<i>£</i>	<i>£</i>
Amounts owed from group undertakings	<u>8,580,032</u>	<u>7,882,486</u>

Amounts owed by group undertakings are repayable on demand with an interest rate of 10%.

### 7. Creditors: amounts falling due within one year

	<i>2016</i>	<i>2015</i>
	<i>£</i>	<i>£</i>
Amounts owed to group undertakings	<u>24,756,714</u>	<u>22,744,024</u>

Amounts owed to group undertakings are repayable on demand with an interest rate of 10%.

### 8. Issued share capital

		<i>2016</i>		<i>2015</i>
<i>Allotted, called up and fully paid</i>	<i>No.</i>	<i>£</i>	<i>No.</i>	<i>£</i>
Ordinary shares of £1 each	3,010,000	<u>3,010,000</u>	3,010,000	<u>3,010,000</u>

### 9. Reserves

The nature and purpose of each reserve is explained below:

*Share capital* – represents the nominal value of shares in issues.

*Capital contribution reserves* – this reserve records the cash value of the contribution made by Gaucho Grill Holdings Limited.

*Profit and loss account* – the cumulative profits and losses recognised in the profit and loss account together with cumulative items, other than the proceeds of share issues recognised in equity.

## Notes to the financial statements

at 31 December 2016

### 10. Related party transactions

All year end balances and transactions between the company and other wholly owned members of the same group are related parties as defined by FRS 102.33.

The company has taken advantage of the exemption granted by FRS 102.33 "Related party disclosures" to disclose related party transactions with other wholly owned group companies.

### 11. Guarantees

The company has provided to Lloyds TSB Bank Plc and Royal Bank of Scotland Plc a debenture and guarantee for bank borrowings advanced to Malbec Bidco Limited.

### 12. Ultimate parent undertaking and controlling party

The immediate parent undertaking is Gaucho Grill Holdings Limited, a company incorporated in England and Wales.

The company's ultimate parent undertaking is Malbec Topco Limited, a company incorporated in England and Wales, which is the parent undertaking of the largest group to consolidate these financial statements.

Malbec Topco Ltd's group financial statements are available from the company's registered office, Fourth Floor 7-9 Swallow Street, London, W1B 4DE.

The company's controlling party is Equistone General Partner V LLP.