Burger King (United Kingdom) Limited
(limited by guarantee)
Directors' report and financial statements
Registered number 05811453
31 December 2021

Contents

Directors' report

The directors present their report and the financial statements for the year ended 31 December 2021.

Principal activity
The principal activity of the company is to supply services in relation to management and operation of franchise activities.

Risks
The Company participates in the Final Salary Section of the Burger King UK Pension Plan. The funding position is dependent on market conditions whereby the liabilities are linked to yields on AA-rated corporate bonds, while assets are measured at their mid-market value and the majority of the Plan's assets are invested in equities. If the value of the scheme assets were to decline relative to its liabilities, the Company might need to make an additional contribution to cover any shortfall. This could have an adverse impact on cash flow. The companies in the scheme and pension scheme trustees meet regularly and receive advice from external actuaries with the objective of mitigating this risk through the scheme's investment strategy.

Proposed dividend
The directors do not recommend the payment of a dividend.

Directors
The directors who held office during the year and the period to date of this report were as follows:

L Muniz
S Dean

Political contributions
The Company made no political donations or incurred any political expenditures during the year.

Disclosure of information to auditor
The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Going Concern

Notwithstanding the loss for the year then ended of £492,000, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have performed a going concern assessment which indicates that, taking account of reasonably possible downsides, the Company will have sufficient funds, through funding from its ultimate parent company, Restaurant Brands International Inc., to meet its liabilities as they fall due during the going concern assessment period.

This assessment is dependent on Restaurant Brands International Inc. providing additional financial support during the going concern assessment period. Restaurant Brands International Inc. has indicated its intention to continue to make available such funds as are needed by the Company during the going concern assessment period. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board

L Muniz
Director
16 November 2022

2 New Bailey
6 Stanley Street
Salford, Greater Manchester
M3 5GS

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland.*

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BURGER KING (UNITED KINGDOM) LIMITED

Opinion

We have audited the financial statements of Burger King (United Kingdom) Limited ("the Company") for the year ended 31 December 2021 which comprise the profit and loss account, statement of comprehensive income, balance sheet, statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of management whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

As required by auditing standards, and taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as pension assumptions. On this audit we do not believe there is a fraud risk related to revenue recognition because revenue is simple by nature and based on recharge arrangements with related parties.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual account pairings, those posted to accounts and all material post-closing journal entries.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards), and from inspection of the Company's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

As the Company is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Company's license to operate. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law, data protection laws and certain aspects of company legislation recognising the nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;

- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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 take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 2, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

George Awusu
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
16 November 2022

Profit and loss account

For the year ended 31 December 2021

	Note	**2021**	2020
		£000	£000
Turnover	2	**558**	-
Administrative expenses	3	**(1,050)**	(456)
Other operating expenses		**-**	(15)
Operating loss		**(492)**	(471)
Loss on ordinary activities before taxation		**(492)**	(471)
Tax on loss on ordinary activities	6	**-**	(354)
Loss for the year		**(492)**	(825)

Other comprehensive income

For the year ended 31 December 2021

		2021	2020
		£000	£000
Loss for the year		**(492)**	(825)
Movement on deferred tax related to pension surplus	9	**-**	354
Adjustment for restrictions on the asset recognized	12	**(275)**	2,999
Actuarial gain/(loss) on pension scheme	12	**2,131**	(4,773)
Total comprehensive income/(loss) for the year		**1,364**	(2,245)

The notes on pages 10 to 22 form part of these financial statements.

Balance sheet
As at 31 December 2021

	Note	2021	2020
		£000	£000
Current assets			
Debtors	6	**1,243**	961
Cash at bank and in hand		**809**	1,311
		2,052	2,272
Creditors: amounts due within one year	7	**(1,022)**	(805)
Net current assets		**1,030**	1,467
Total assets less net current assets		**1,030**	1,467
Pension deficit		**-**	(1,801)
Net assets / (liabilities)		**1,030**	(334)
Capital and reserves			
Equity		**-**	-
Profit and loss account	9	**1,030**	(334)
Shareholders' equity		**1,030**	(334)

These financial statements were approved by the board of directors on 16 November 2022 and were signed on its behalf by:

L Muniz
Director

The notes on pages 10 to 22 form part of these financial statements.

Statement of changes in equity

As at 31 December 2021

	Note	**Called up Share capital £000**	**Profit and loss account £000**	**Total equity £000**
Balance at 1 January 2020		-	1,911	1,911
Total comprehensive income for the year				
Loss for the year	10	-	(825)	(825)
Other comprehensive income	10	-	(1,420)	(1,420)
Total comprehensive income for the year		-	(2,245)	(2,245)
Balance at 31 December 2020		-	(334)	(334)
Balance at 1 January 2021		-	(334)	(334)
Total comprehensive income for the year				
Loss for the year	10	-	(492)	(492)
Other comprehensive income	10	-	1,856	1,856
Total comprehensive income for the year		-	1,364	1,364
Balance at 31 December 2021		-	1,030	1,030

The notes on pages 10 to 22 form part of these financial statements.

Notes

(Forming part of the financial statements)

1 Accounting policies

Burger King (United Kingdom) Limited is a Company incorporated in the UK and limited by guarantee.

These financial statements were prepared in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company's ultimate parent undertaking, Restaurant Brands International Inc. ("RBI") includes the Company in its consolidated financial statements. The consolidated financial statements of RBI are prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and are available to the public and may be obtained free of charge on or through the Investor Relations section of RBI's internet website at www.rbi.com. In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash flow statement and related notes; and
- Key management personnel compensation.

1.1 Measurement convention

The financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with applicable UK accounting standards.

1.2 Going concern

Notwithstanding the loss for the year then ended of £492,000, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have performed a going concern assessment which indicates that, taking account of reasonably possible downsides, the Company will have sufficient funds, through funding from its ultimate parent company, Restaurant Brands International Inc., to meet its liabilities as they fall due during the going concern assessment period.

This assessment is dependent on Restaurant Brands International Inc. providing additional financial support during the going concern assessment period. Restaurant Brands International Inc. has indicated its intention to continue to make available such funds as are needed by the Company during the going concern assessment period. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.
Consequently, the directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

1.3 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign

Notes (continued)

1 Accounting policies (continued)

currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date.

1.4 Basic financial instruments

Classification of financial instruments issued by the Company
In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Trade and other debtors / creditors
Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Cash and cash equivalents
Cash and cash equivalents comprise cash balances. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

1.5 Turnover

Revenue is recognised based on the amount receivable in respect of services provided, net of discounts and excluding VAT. The primary activity of the Company is to supply services in relation to the management and operation of franchise activities. Turnover will be recognised once services have been supplied and the Company has fulfilled its obligations.

1.6 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

1.7 Taxation

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference.

Notes (continued)

1 Accounting policies (continued)

Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

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

1.8 Impairment of financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

1.9 Employee benefits

The Company operates one pension scheme in the UK (herein, the "Plan"), which is of both a defined benefit type and a defined contribution type.

Defined contribution plans
A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Defined benefit plans
The Company's net obligation in respect of the defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit liability (asset) taking account of changes arising as a result of contributions and benefit payments.

The discount rate is the yield at the balance sheet date on AA credit rated bonds denominated in the currency of, and having maturity dates approximating to, the terms of the Company's obligations. Full valuations of the defined benefits scheme are performed every three years, using the projected unit method. The Company recognises net defined benefit plan assets to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Notes (continued)

1 Accounting policies (continued)

Changes in the net defined benefit liability arising from employee service rendered during the period, net interest on net defined benefit liability, and the cost of plan introductions, benefit changes, curtailments and settlements during the period are recognised in profit or loss.

Remeasurement of the net defined benefit liability or asset is recognised in other comprehensive income in the period in which it occurs.

Rule 15.8 of the Plan contains an obligation on the trustees of the Plan to return surplus to the Company (and any other participating employers in the Plan) on a wind up of the Plan, subject to compliance with statutory requirements and after the exercise of their discretion under Rule 15.7. There is, however, no obligation on the trustees to exercise that discretion, and it may be reasonable for them to decide not to augment members' benefits, particularly if they conclude that any surplus is attributable to employer contributions to the Plan as a result of a generous approach to funding negotiations.

Management believes such provision results in the Plan trustees having unilateral power to trigger a wind up of the Plan and do not require the consent of the Company to do so. While the trustees could conclude there is no reasonable purpose to continuing the Plan while it still has members and exercise their power to trigger a wind up under Rule 15.1.4, the Company will not recognise a benefit for any surplus that may arise on the Plan. As the scheme was in deficit as at 31 December 2020, no adjustment to derecognise the surplus was required to be made in the current year.

1.10 Share based payments

The share option programmes allow employees to acquire shares of the ultimate Parent Company. The fair value of options granted is recognised as an employee expense with a corresponding entry to amounts owed to group undertakings. The fair value is measured at grant date and spread over the year during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using an option pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to share prices not achieving the threshold for vesting.

2 Turnover

	2021	2020
	£000	£000
Rendering of services	**558**	-
Total turnover	**558**	-

The entire turnover amount is derived from the principal activities of the company. The entire turnover amount is derived from within Europe.

Notes (continued)

3 Expenses and auditor's remuneration

Included in profit/loss are the following:

	2021 £000	2020 £000
Auditor's remuneration:		
Audit of these financial statements	41	28

Amounts receivable by the Company's auditor and its associates in respect of services to the Company and its associates, other than audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's ultimate parent, RBI.

4 Directors' remuneration

Directors are employees of Burger King Europe GmbH, and receive no remuneration for serving as directors of the Company.

No directors exercised share options during the financial year.

5 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	Number of employees 2021	2020
Administration	2	1
	2	1

The aggregate payroll costs of these persons were as follows:

	2021 £000	2020 £000
Wages and salaries	206	46
Social security costs	21	1
Expenses related to defined benefit plans	381	318
	608	365

Notes (continued)

6 Taxation

Total tax expense recognised in the profit and loss account, other comprehensive income and equity

	2021 £000	2020 £000
Deferred tax		
Origination and reversal of timing difference	-	395
Impact of change in tax rate	-	(42)
Total deferred tax	-	354
Total tax per profit and loss account	-	354
Total deferred tax in other comprehensive income	-	(354)

	2021 £000	2020 £000
Loss on ordinary activities before taxation	(492)	(471)
Tax on loss at standard UK rate of 19.00% (for both years presented)	(93)	(89)
Effects of:		
Expenses not deductible for tax purposes	72	-
Tax rate changes	21	(42)
Deferred tax not recognized	-	485
Current tax charge for the financial year	-	354

The current tax charge in respect of previous periods was nil for 2021 (nil for 2020).

Notes (continued)

6 Taxation (continued)

	2021 £000	2020 £000
Corporation tax	-	354
Total current tax recognised in profit and loss	-	354

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2021) was substantively enacted on 6 September 2016. The March 2021 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2021, and this change was substantively enacted on 17 March 2021.

An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the company's future current tax charge accordingly.

7 Debtors

	2021 £000	2020 £000
Trade debtors	1	220
Corporation tax receivable	-	-
VAT receivable	3	8
Amounts owed by group undertakings	1,239	733
	1,243	961

8 Creditors: Amounts falling due within one year

	2021 £000	2020 £000
Trade creditors	21	71
Amounts owed to group undertakings	454	563
Taxation and social security	356	86
Accruals and deferred income	191	85
	1,022	805

Notes (continued)

9 Deferred taxation

There was no change to the deferred tax provision in 2021. The deferred tax provision was nil for 2021.

Deferred tax asset

Asset at start of the period	-	-
Deferrred tax charge to income statement for the period	-	354
Deferred tax charge in OCI for the period	-	(354)
Asset at end of the period	-	-
Deferred tax liability relating to pension surplus	-	-
Deferred tax asset	-	-

10 Equity

The Company is limited by guarantee with no share capital. The member of the Company is Burger King (Luxemburg) S.a. r.l., which contributed £2 as guarantee. In the event of a winding up, the member is liable to make a maximum contribution of £2 to the Company and is entitled to the net assets of the Company.

Reconciliation of movements in reserves

	2021	2020
	£000	£000
Reserves at beginning of year	**(334)**	1,911
Loss for the financial year	**(492)**	(825)
Movement on deferred tax related to pension	-	354
Effect of restriction on the recoverability of plan surplus	**(275)**	2,999
Actuarial gain on pension scheme	**2,131**	(4,773)
Reserves at end of financial year	**1,030**	**(334)**

11 Commitments

There were no annual commitments under non-cancellable operating leases (31 December 2020: nil).

Notes (continued)

12 Pensions

The Plan provides pensions in retirement and death benefits to members. Pension benefits are linked to a member's final salary at retirement and their length of service. The Plan is a registered scheme under UK legislation and is subject to the scheme funding requirements. The Plan was established on 31 March 2003 and is now governed by a Trust Deed and Rules dated 17 February 2009 as amended. The Trustees are responsible for the operation and the governance of the Plan, including making decisions regarding the Plan's funding and investment strategy. The Plan closed to new members on 1 July 2006. A formal actuarial valuation of the Plan is carried out every three years. The most recent valuation took place as at 30 June 2019 which was signed on 6 October 2020.

In line with the Signed schedule of contribution dated 6 October 2020, the Company will pay contributions of £36,000 pa to the Plan in respect of future accrual for the active member along with contributions in respect of administration expenses of £190,000 pa and the annual Pension Protection Fund (PPF) levy of £100,000 pa.

The pension plan holds an insurance policy that secures pensions payable to one member, with Canada Life Limited with an estimated valuation as at 31 December 2021 to be £65,000. The insurance policy held exactly matches the value and timing of the benefits payable to an individual member and the fair value is deemed to be the present value of the related obligations. This asset has been valued by the Scheme Actuary based on the assumptions as at 31 December 2021. This asset is considered to be Level 3 asset under the fair value hierarchy. This asset does not form a part of the defined benefit assets & defined benefit obligations as disclosed in this note.

Net pension (liability)/asset

	2021	2020
	£000s	£000s
Defined benefit obligation	**(32,822)**	**(31,691)**
Fair value of plan assets	**33,097**	**29,890**
Net defined benefit asset/(liability)	**275**	**(1,801)**
Restriction on asset recognized	**(275)**	**-**
Net amount recognized at year end	**-**	**(1,801)**

As explained in note 1, the Company did not recognise a benefit for the surplus on the Plan at 31 December 2021, and thus, have restricted the asset recognized at 31 December 2021.

Notes (continued)

12 Pensions (continued)

The amounts recognised in comprehensive income are

	2021	2020
	£000s	£000s
Service cost:		
Current service cost (net of employee contributions)	44	37
Administration expenses	313	340
Loss on plan introductions, charges, curtailments and settlements - GMP equalisation	-	-
Restriction on asset recognized		
Net interest expense (credit)	24	(59)
Charge recognized in profit or loss	381	318
Remeasurements of the net liability:		
Return on plan assets (excluding amount included in net interest expense)	(3,202)	(1,339)
Actuarial losses	1,071	6,112
Adjustment for restrictions on the asset recognized	275	-
Charge recorded in other comprehensive income	(1,856)	4,773
Total defined benefit cost	(1,475)	5,091

Principal actuarial assumptions used were

	2021	2020
Liability discount rate	1.80%	1.30%
Inflation assumption - RPI	3.30%	3.10%
Inflation assumption - CPI	2.80%	2.20%
Rate of increase in salaries	3.30%	3.10%
Revaluation of deferred pensions:		
Pre 6/4/2009 - CPI capped at 5%	2.80%	2.20%
Post 6/4/2009 - CPI capped at 2.5%	2.50%	2.20%
Increases for pensions in payment:		
Pre 6 April 1997 Excess	n/a	3.00%
Post 5 April 1988 GMP	2.35%	2.05%
Post 5 April 1997 Pension	3.25%	3.05%
Proportion of maximum cash taken through commutation	75.00%	75.00%
Expected age at death of current pensioner at age 65:		
Male aged 65 at year end:	87.1	87
Female aged 65 at year end:	89.4	89.2
Expected age at death of future pensioner at age 65:		
Male aged 45 at year end:	88.1	88.1
Female aged 45 at year end:	90.5	90.3

The FRS 102 calculations use the SAPS S3 mortality tables with CMI 2018 projections and a long term improvement rate of 1.0% pa.

Notes (continued)

12 Pensions (continued)

The reconciliation of scheme assets and liabilities is as follows

	Assets	Liabilities	Total
	£000s	£000s	**£000s**
As at 31 December 2020	29,890	(31,691)	**(1,801)**
Benefits paid	(399)	399	**-**
Administration expenses	(313)	-	**(313)**
Current service cost	-	(44)	**(44)**
Contributions from the employer	326	-	**326**
Contributions from employees	5	(5)	**-**
Interest income/(expense)	386	(410)	**(24)**
Return on assets (excluding amount included in net interest expense)	3,202	-	**3,202**
Actuarial gains/(losses)	-	(1,071)	**(1,071)**
Gain/(loss) on plan introductions and changes	-	-	-
Gain/(loss) on curtailments	-	-	-
As sets distributed /liabilities extinguished on settlements - GMP equalisation	-	-	-
Assets acquired /liabilities assumed in a business combination	-	-	-
As at 31 December 2021	33,097	(32,822)	275

The return on plan assets was

	2021	2020
	£000s	£000s
Interest income	**386**	**561**
Return on plan assets (excluding amount included in net interest expense)	**3,202**	**1,339**
Total return on plan assets	**3,588**	**1,900**

The major categories of scheme assets are as follows

	2021	2020
	£000s	£000s
Equities	**10,663**	**12,531**
Corporates	**11,250**	**10,147**
Gilts	**7,493**	**6,358**
Property	**2,066**	**781**
Cash	**1625**	**73**
Total market value of assets	**33,097**	**29,890**

The Scheme has no investments in the Company or in property occupied by the Company.

Change in inflation assumption

On 25 November 2020, the Government and UK Statistics Authority's joint consultation response on RPI reform was published. This confirmed their intention to amend the RPI calculation methodology to be aligned to that already in use for the calculation of CPI (including housing) with effect from 2030. For the year ended 31 December 2020, the methodology the Company used to derive the RPI inflation assumption was a swap curve. However, for the year ended 31 December 2021, the Company used the gilt implied inflation curve. The majority of the impact of this change results from the re-introduction of the 20 basis point Inflation Risk Premium, which acts to reduce the Defined Benefit Obligation by c. £1.2m at 31 December 2021.

Notes (continued)

12 Pensions (continued)

Change in Discount rate assumption

For the year ended 31 December 2021, the Company has changed the methodology for calculating the discount rate, from Merrill Lynch AA Corporate bond yield curve to an iBoxx AA rated corporate bond spot yield curve with gilt extrapolation from 25 years. There is no impact on the Company's gross or net pension assets or obligations for this change in estimate.

13 Share-based payments

Certain of the Company's former employees participate in a share-based compensation plan sponsored by its ultimate holding company, Restaurant Brands International, Inc. ("RBI"), which adopted the Restaurant Brands International, Inc. 2014 Omnibus Incentive Plan (the "Omnibus Plan").

The Omnibus Plan permits the grant of several types of awards with respect to RBI common shares, including share options, time-vested restricted share units ("RSUs"), and performance-based RSUs, which may include RBI and/or individual performance based-vesting conditions. Under the terms of the Omnibus Plan, RSUs are entitled to dividend equivalents, unless otherwise noted. Dividend equivalents are not distributed unless the related awards vest. Upon vesting, the amount of the dividend equivalent, which is distributed in additional RSUs, is equal to the equivalent of the aggregate dividends declared on common shares during the period from the date of grant of the award compounded until the date the shares underlying the awards are delivered.

Share option
Share option awards are granted with an exercise price or market value equal to the closing price of RBI common shares on the trading day preceding the date of grant. RBI satisfies share option exercises through the issuance of authorized but previously unissued RBI common shares. New share option grants generally cliff vest five years from the original grant date, provided the employee is continuously employed by RBI or its subsidiaries and the share options expire ten years following the grant date. Additionally, if the employment of an option holder is terminated without cause prior to the vesting date, or if the employee retires, or becomes disabled, the employee will become vested in the number of options as if the options vested 20% on each anniversary of the grant date. If the employee dies, the employee will become vested in the number of stock options as if the stock options vested 20% on the first anniversary of the grant date, 40% on the second anniversary of the grant date and 100% on the third anniversary of the grant date. If an employee is terminated with cause or resigns before vesting, all share options are forfeited.

Measurement of fair values
The fair value of each option granted was measured based on the Black-Scholes option pricing model. The estimated fair value of share options, less estimated forfeitures, is amortised over the vesting period on a straight-line basis.

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the services received was measured based on the Black-Scholes model.

No stock options were outstanding as at 31 December 2021.

The amount of the expense allocated to and recognised by the Company in relation to the above incentive plan is £361,478. This represents the incremental fair value of the options exercised in the year.

Notes (continued)

14 Ultimate parent company and parent undertaking of larger group of which the Company is a member

At the year end, the immediate parent undertaking was Burger King (Luxembourg) S.a. r.l. which is incorporated in Luxembourg.

The largest group in which the results of the Company are consolidated is that headed by RBI, incorporated in Canada. No other group of financial statements include the results of the Company.

The consolidated financial statements of RBI can be obtained from:

130 King Street West
Suite 300
Toronto, Ontario, Canada
M5X 1E1

15 Subsequent events

No subsequent events were identified.