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Gaucha Group Limited

Gaucha Group Limited

Report and Financial Statements

For the year ended 31 December 2011

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Gaucha Group Limited

Company Information

Directors	Zeev Godik Charlie McLean
Company secretary	C McLean
Company number	05866531
Registered office	Fourth Floor 7-9 Swallow Street London W1B 4DE
Auditors	Ernst & Young LLP Bedford House 16 Bedford Street Belfast Northern Ireland BT2 7DT
Bankers	Royal Bank of Scotland 62 - 63 Threadneedle Street London EC2R 8LA
Solicitors	Travers Smith 10 Snow Hill London EC1A 2AL

Gaucha Group Limited

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Gaucha Group Limited

Directors' report

for the period ended 31 December 2011

The directors present their report and the financial statements for the year ended 31 December 2011

Principal activities

The principal activity of the company during the year was that of an intermediate holding company and provider of services to its subsidiaries

Business review

The company performed as expected during the year

Results

The loss for the year, after taxation, amounted to £1,391,710 (2010 - loss £1,391,710)

Directors

The directors who served during the year were

Zeev Godik
Charlie McLean

Future developments

The directors wish to maintain the growth of turnover in the group through continued expansion of restaurants

Provision of information to auditors

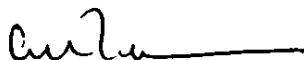
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information

Auditors

The auditors, Ernst & Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006

This report was approved by the board and signed on its behalf



Charlie McLean
Director

Date

2 April 2012

Directors' responsibilities statement
for the period ended 31 December 2011

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditors' report to the members of Gaucha Group Limited

We have audited the financial statements of Gaucha Group Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 13. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the 's members those matters we are required to state to them in an auditors' 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 's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities 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. Our responsibility is to audit the financial statements in accordance with the applicable law and International Standards in Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB'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.

Independent Auditors' report to the members of Gaucha Group Limited

Opinion

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom General Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

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

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

Ernst & Young LLP

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

13 April 2012

Gaucha Group Limited

Profit and loss account**for the year ended 31 December 2011**

	<i>Note</i>	<i>2011</i> <i>£</i>	<i>2010</i> <i>£</i>
Interest payable and similar charges		<u>(1,391,710)</u>	<u>(1,391,710)</u>
Loss on ordinary activities before taxation		(1,391,710)	(1,391,710)
Tax on loss on ordinary activities		<u>-</u>	<u>-</u>
Loss for the financial year	8	<u>(1,391,710)</u>	<u>(1,391,710)</u>

All amounts relate to continuing operations

There were no recognised gains and losses for 2011 or 2010 other than those included in the Profit and loss account

The notes on pages 7 to 10 form part of these financial statements

Balance sheet

as at 31 December 2011

	Note	£	2011 £	£	2010 £
Fixed assets					
Investments	3		14,699,702		14,699,702
Current assets					
Debtors	4	1,162,096		1,162,096	
Creditors: amounts falling due within one year	5	(1,131,032)		(1,131,032)	
Net current assets			31,064		31,064
Total assets less current liabilities			14,730,766		14,730,766
Creditors' amounts falling due after more than one year	6		(21,495,405)		(20,103,695)
Net liabilities			(6,764,639)		(5,372,929)
Capital and reserves					
Called up share capital	7		9,667		9,667
Share premium account	8		957,019		957,019
Profit and loss account	8		(7,731,325)		(6,339,615)
Shareholders' deficit	9		(6,764,639)		(5,372,929)

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



Charlie McLean
Director

Date 2 April 2012

The notes on pages 7 to 10 form part of these financial statements

Gaucha Group Limited

Notes to the financial statements for the period ended 31 December 2011

1. Accounting policies

1.1 Basis of preparation of financial statements

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

Gaucha Group Limited is a wholly owned subsidiary in the Gaucha Holdings Limited Group. As Gaucha Holdings Limited Group prepare consolidated financial statements which include the company, the company is exempt under s400 of the Companies Act 2006 and FRS 2 from the requirement to prepare and deliver consolidated financial statements. As a result the financial statements present information about the company as an individual undertaking and not about its group.

The parent company has indicated its willingness to continue to support the company and in particular not to recall the amounts advanced to the company at the balance sheet date. Accordingly the directors believe it is appropriate to prepare the financial statements on the going concern basis.

1.2 Cash flow

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

1.3 Investments

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

2. Staff costs

The company has no employees other than the directors, who did not receive any remuneration (2010 - £NIL)

3. Fixed asset investments

	<i>Investments in subsidiary companies £</i>
Cost or valuation	
At 1 January 2011 and 31 December 2011	14,699,702
Net book value	
At 31 December 2011	14,699,702
At 31 December 2010	14,699,702

Gaucha Group Limited

Notes to the financial statements
for the period ended 31 December 2011

4 Debtors

	<i>2011</i>	<i>2010</i>
	<i>£</i>	<i>£</i>
Amounts owed by group undertakings	1,162,096	1,162,096

5. Creditors
Amounts falling due within one year

	<i>2011</i>	<i>2010</i>
	<i>£</i>	<i>£</i>
Amounts owed to group undertakings	1,131,032	1,131,032

6. Creditors:
Amounts falling due after more than one year

	<i>2011</i>	<i>2010</i>
	<i>£</i>	<i>£</i>
Preference shares (Note7)	21,495,405	20,103,695

Disclosure of the terms and conditions attached to the non-equity shares is made in note 7

Creditors include amounts not wholly repayable within 5 years as follows

	<i>2011</i>	<i>2010</i>
	<i>£</i>	<i>£</i>
Repayable other than by instalments	21,495,405	20,103,695

The preference shares include interest rolled up of £4,175,130 (2010 – £2,783,420)

Gaucha Group Limited

Notes to the financial statements
for the period ended 31 December 2011

7. Share capital

	2011 £	2010 £
<i>Shares classified as capital</i>		
<i>Allotted, called up and fully paid</i>		
588,707 (2010 - 588,707) A ordinary shares of £0.01 each	5,887	5,887
378,000 (2010 - 378,000) B ordinary shares of £0.01 each	3,780	3,780
	<u>9,667</u>	<u>9,667</u>
<i>Shares classified as debt</i>		
<i>Allotted, called up and fully paid</i>		
13,917,100 Cumulative redeemable preference shares of £0.01 each	<u>139,171</u>	<u>139,171</u>

The balance sheet includes cumulative redeemable preference shares of £21,495,405 on which dividends of £1,391,710 (2010 - £1,391,710) have been accrued in the year. The directors do not anticipate that these preference shares, and the related accrued interest, will be paid out until the redeemable date. However, UK Generally Accepted Accounting Practice requires these preference shares be treated as debt finance in the company's balance sheet and that the interest should be accrued and treated as a finance expense in the company profit and loss account.

8 Reserves

	<i>Share premium account</i> £	<i>Profit and loss account</i> £
At 1 January 2011	957,019	(6,339,615)
Loss for the year		(1,391,710)
At 31 December 2011	<u>957,019</u>	<u>(7,731,325)</u>

9 Reconciliation of movement in shareholders' deficit

	2011 £	2010 £
Opening shareholders' deficit	(5,372,929)	(3,981,219)
Loss for the year	(1,391,710)	(1,391,710)
Closing shareholders' deficit	<u>(6,764,639)</u>	<u>(5,372,929)</u>

Gaucha Group Limited

Notes to the financial statements

for the period ended 31 December 2011

10 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 Gaucha Acquisitions Limited

11 Related party transactions

The company has taken advantage of the exemption granted by paragraph 3(c) of the Financial Reporting Standard No 8 not to disclose related party transactions with group companies

12 Principal subsidiaries

<i>Company name</i>	<i>Country</i>	<i>Percentage Shareholding</i>	<i>Description</i>
Gaucha Acquisitions Limited	England	100	Holding Company
Gaucha Grill Holdings Limited*	England	100	Holding Company
Inhoco 4065 Limited*	England	100	Holding Company
Pan European Restaurants Limited*	England	100	Holding Company
Gaucha Grill Limited*	England	100	Holding Company
Gaucha Nomco No 1 Limited*	England	100	Holding Company
Gaucha Nomco No 2 Limited*	England	100	Holding Company
Gaucha ME International Limited*	UAE	100	Holding Company
Gioma (UK) Limited*	England	100	Restaurateur
Lundi BV*	Netherlands	100	Restaurateur
Gaucha Lebanon SARL*	Lebanon	100	Restaurateur
CAU Restaurants Limited*	England	100	Restaurateur
Gaucha Dubai LLC*	UAE	100	Restaurateur

* - held by subsidiary undertaking

13 Ultimate parent undertaking and controlling party

The ultimate parent company and controlling entity is Gaucha Holdings Limited, a company incorporated in England and Wales

Copies of the financial statements of Gaucha Holdings Limited are available from the company's registered office, Fourth Floor 7-9 Swallow Street, London, W1B 4DE