

Gaucha Acquisitions Limited

Report and Financial Statements

31 December 2015

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COMPANIES HOUSE

Directors

Z Godik

G Mann

Secretary

G Mann

Auditors

Ernst & Young LLP

Bedford House

16 Bedford Street

Northern Ireland

Belfast BT2 7DT

Bankers

Royal Bank of Scotland

62 - 63 Threadneedle Street

London EC2R 8LA

Lloyds TSB Plc

25 Gresham Street

London EC2V 7HN

Solicitors

Travers Smith

10 Snow Hill

London EC1A 2AL

Registered Office

Fourth Floor

7-9 Swallow Street

London W1B 4DE

Registered No. 5869370

Strategic report

The directors present their strategic report for the year ended 31 December 2015.

Principal activity and review of the business

The company's key performance indicators are as follows:

	2015	2014
	£	£
Loss for the year	(1,829,783)	(1,915,108)
Shareholders' deficit	(7,192,318)	(5,362,535)

The principal activity of the company is that of raising finance for use in the business of the Gaucha Holdings Limited Group.

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 risks which management face are detailed as follows:

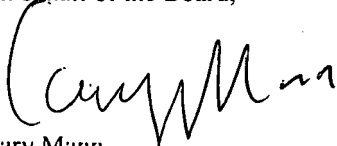
Liquidity risk and credit risk

The company's liquidity and credit risks are managed through monthly cash flow forecasts that capture all future cash flows for the next 12 months. Financial covenants are monitored internally on a monthly basis and quarterly with the bank. Management reviews available facilities and cash headroom to mitigate these risks.

Foreign currency risk

The company's costs are in Sterling 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.

On behalf of the Board,



Gary Mann
Director

Date:

Registered No. 5869370

Directors' report

The directors present their report for the year ended 31 December 2015.

Results and dividends

The loss for the year after taxation amounted to £1,829,783 (2014 – loss of £1,915,108). The directors do not recommend a final dividend (2014 – £nil).

Directors

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

Z Godik
G Mann

Events subsequent to the reporting date

On 15th January 2016, the company's ultimate parent undertaking and controlling entity Gaucho Holdings Limited was acquired by Malbec Bidco Ltd. The ultimate parent company of Malbec Bidco Ltd is Malbec Topco Ltd.

Future developments

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

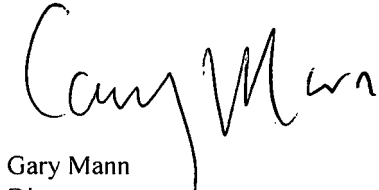
Disclosure of information to the auditors

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.

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. A resolution to reappoint as auditors will be put to the members at the Annual General Meeting.

On behalf of the Board



Gary Mann
Director

Date:

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 (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; and
- 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 Gaucho Acquisitions Limited

We have audited the financial statements of Gaucho Acquisitions Limited for the year ended 31 December 2015 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Statement of Changes in Equity, the Balance Sheet, and the related notes 1 to 14. 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 FRS102 '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 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 2015 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

Independent auditors' report

to the members of Gaucho Acquisitions Limited

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

Date: *27 April 2016*

Profit and loss account

for the year ended 31 December 2015

	Notes	2015 £	2014 £
Administrative expenses		(4,050)	(6,075)
Other interest income		259,667	–
Interest payable and similar charges	2	(2,085,400)	(1,909,033)
Loss on ordinary activities before taxation		(1,829,783)	(1,915,108)
Tax charge	4	–	–
Loss on ordinary activities after taxation	10	(1,829,783)	(1,915,108)
 Loss brought forward		 (22,829,839)	 (20,914,731)
Loss carried forward		(24,659,622)	(22,829,839)

All amounts relate to continuing activities.

Statement of total recognised gains and losses

for the year ended 31 December 2015

There are no recognised gains or losses other than the loss attributable to the shareholders of the company of £1,829,783 in the year ended 31 December 2015 (2014 – loss of £1,915,108).

Registered No. 5869370

Statement of changes in equity

for the year ended 31 December 2015


	<i>Called up share capital</i>	<i>Other reserves</i>	<i>Profit and loss account</i>	<i>Total Equity</i>
	£	£	£	£
At 1 January 2014	14,699,702	2,767,602	(20,914,731)	(3,447,427)
Loss for the year	—	—	(1,915,108)	(1,915,108)
At 31 December 2014	14,699,702	2,767,602	(22,829,839)	(5,362,535)
Loss for the year	—	—	(1,829,783)	(1,829,783)
At 31 December 2015	<u>14,699,702</u>	<u>2,767,602</u>	<u>(24,659,622)</u>	<u>(7,192,318)</u>

Registered No. 5869370

Balance sheet

at 31 December 2015

	Notes	2015 £	2014 £
Fixed assets			
Investments	5	34,374,634	34,374,634
Current assets			
Debtors	6	22,787,271	22,490,417
Creditors: amounts falling due within one year	7	(34,527,534)	(35,331,881)
Net current liabilities		(11,740,263)	(12,841,464)
Total assets less current liabilities		22,634,371	21,533,170
Creditors: amounts falling due after more than one year	8	(29,826,689)	(26,895,705)
Net liabilities		(7,192,318)	(5,362,535)
Capital and reserves			
Called up share capital	9	14,699,702	14,699,702
Other reserves		2,767,602	2,767,602
Profit and loss account		(24,659,622)	(22,829,839)
Shareholders' deficit	10	(7,192,318)	(5,362,535)



Gary Mann

Director

Date:

Notes to the financial statements

at 31 December 2015

1. Accounting policies

Statement of compliance

Gaucha Acquisitions Limited is a limited liability company incorporated in England. 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 2015.

The company transitioned from previously extant UK GAAP to FRS 102 as at 1 January 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 14.

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.

Going Concern

The Company's balance sheet indicates an excess of current and total liabilities over current and total assets.

The directors have prepared the financial statements on the going concern basis as the intercompany loans will not be sought for repayment in the immediate future and the company is supported by its ultimate parent company, Gaucha Holdings Limited.

Group Financial Statements

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

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 shareholders of the Company have been notified in writing about, and do not object to, the use of the disclosure exemptions. The ultimate parent undertaking and controlling entity is Gaucha Holdings Limited, a company incorporated in England and Wales, which is the parent undertaking of the largest group to consolidate these financial statements. Gaucha Holdings Limited's group financial statements are available from the company's registered office, Fourth Floor 7-9 Swallow Street, London, W1B 4DE.

Statement of cash flows

The company, being a wholly owned subsidiary controlled within the group whose group financial statements are publicly available, is exempt from the requirement to draw up a statement of cash flows in accordance with FRS 101.1.12 "Statement of Cashflows".

Investments

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

Notes to the financial statements

at 31 December 2015

1. Accounting policies (continued)

Interest bearing loans

All interest-bearing loans and borrowings are initially recognised at net proceeds. After initial recognition debt is increased by the finance cost in respect of the reporting period and reduced by payments made in respect of the debts of the period. Finance costs of debt are allocated over the term of the debt at a constant rate on the carrying amount.

2. Interest payable and similar charges

	2015 £	2014 £
Bank loans and overdrafts	1,803,575	1,389,034
Release of deferred finance costs	281,825	519,999
	<u>2,085,400</u>	<u>1,909,033</u>

3. Directors' remuneration

No directors are remunerated from this company and the cost attributable to this company is deemed negligible.

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 20.25% (2014 – 21.5%) The differences are explained below:

	2015 £	2014 £
Loss on ordinary activities before tax	<u>(1,829,783)</u>	<u>(1,915,108)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014 – 21.5%)	(370,531)	(411,748)
<i>Effects of:</i>		
Group relief surrendered for no payment	370,531	411,748
Surplus trading losses carried forward	–	–
Current tax for the year	<u>–</u>	<u>–</u>

5. Investments

	<i>Investments in subsidiary companies</i> £
Cost:	
At 31 December 2014 and 31 December 2015	<u>34,374,634</u>
Net book value:	
At 31 December 2014 and 31 December 2015	<u>34,374,634</u>

Notes to the financial statements

at 31 December 2015

5. Investments (continued)

Principal subsidiaries and joint ventures

Principal subsidiaries

<i>Company name</i>	<i>Country</i>	<i>Percentage shareholding</i>	<i>Description</i>
Gaucho Grill Holdings Limited	England	100%	Holding company
Inhoco 4065 Limited*	England	100%	Holding company
Pan European Restaurants Limited*	England	100%	Holding company
Gaucho Grill Limited*	England	100%	Holding company
Gaucho Nomco No. 1 Limited*	England	100%	Holding company
Gaucho Nomco No. 2 Limited*	England	100%	Holding company
Gaucho International ME Limited*	UAE	100%	Holding company
Gioma (UK) Limited*	England	100%	Restaurateur
Lundi Finance BV*	Netherlands	100%	Restaurateur
Gaucho Lebanon SARL*	Lebanon	100%	Restaurateur
CAU Restaurants Limited*	England	100%	Restaurateur
Gaucho Dubai LLC*	UAE	100%	Restaurateur
Thelonious SA*	Argentina	50%	Restaurateur

* held by a subsidiary undertaking

6. Debtors

	<i>2015</i>	<i>2014</i>
	<i>£</i>	<i>£</i>
Shareholder loan (note 11)	1,459,667	1,200,000
Corporation tax receivable	300,000	300,000
Prepayments	242,198	205,011
Amounts owed by group undertakings	20,785,406	20,785,406
	<u>22,787,271</u>	<u>22,490,417</u>

7. Creditors: amounts falling due within one year

	<i>2015</i>	<i>2014</i>
	<i>£</i>	<i>£</i>
Corporation tax payable	–	300,000
Amounts owed to group undertakings	32,023,525	33,967,880
Bank loans	2,790,000	1,350,000
Less: Issue costs deferred	(285,991)	(285,999)
	<u>34,527,534</u>	<u>35,331,881</u>

Notes to the financial statements

at 31 December 2015

8. Creditors: amounts falling due after more than one year

	2015	2014
	£	£
Bank loans	<u>29,826,689</u>	<u>26,895,705</u>

During the year the company renewed their banking facilities. The new facility has the following characteristics:

The bank loan due after 1 year is repayable as follows:

	2015	2014
	£	£
Within one to two years	2,300,000	2,205,000
In two to five years	28,200,000	25,650,000
Less: Issue costs deferred	<u>(673,311)</u>	<u>(959,295)</u>
	<u>29,826,689</u>	<u>26,895,705</u>

At the year end the group had total borrowings of £32,330,697 which have been advanced to Gaucho Acquisitions Limited, this is split between £2,504,009 due within 1 year and £29,826,689 due after 1 year. The loans are stated net of deferred finance costs of £959,303 which are netted against amounts due within 1 year and after 1 year respectively. The bank loan advanced by Lloyds TSB Bank PLC and the Royal Bank of Scotland PLC is secured by an unlimited debenture from the company and a letter of guarantee from all other companies in the group.

Interest is charged at LIBOR plus a margin. The margin is between 4.5% and 5% dependent on the facility.

Banking arrangements in this company were repaid on 15th January 2016.

9. Issued share capital

		2015		2014
	No.	£	No.	£
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each	14,699,702	<u>14,699,702</u>	14,699,702	<u>14,699,702</u>

10. Reconciliation of shareholders' funds and movements on reserves

	2015	2014
	£	£
At 1 January 2015	(5,362,535)	(3,447,427)
Loss for the year	<u>(1,829,783)</u>	<u>(1,915,108)</u>
At 31 December 2015	<u>(7,192,318)</u>	<u>(5,362,535)</u>

Notes to the financial statements

at 31 December 2015

11. Related party transactions

The company has taken advantage of the exemption granted by FRS102.33 "Related party disclosures" to disclose related party transactions with other wholly owned group companies.

During the prior year a loan of £1,200,000 was made to Zeev Godik, a director of the company. The loan is repayable at any time within the 3 year maximum loan term at which date the loan must be repaid in full. Interest is applied at 12.5% per annum.

12. Ultimate parent undertaking and controlling party

The immediate parent undertaking is Gaucha Group Limited, a company incorporated in England and Wales.

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

On 15th January 2016, the company's ultimate parent undertaking and controlling entity Gaucha Holdings Limited was acquired by Malbec Bidco Ltd. The ultimate parent company of Malbec Bidco Ltd is Malbec Topco Ltd.

13. Guarantees

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

14. Transition to FRS 102

The company transitioned to FRS 102 from previously extant UK GAAP as at 1 January 2014. There is no impact from the transition to FRS 102.

There were no changes in accounting policies arising from the transition to FRS 102.

Transitional relief

On transition to FRS 102 from previous UK GAAP, the company have taken advantage of transitional relief as follows:

Business combinations

The group has elected not to apply Section 19 Business Combinations and Goodwill to business combinations that were effected before the date of transition to FRS 102. No adjustment has been made to the carrying value of goodwill.

Investments in subsidiaries

The company has elected to treat the carrying amount of investments in subsidiaries under previous UK GAAP at the date of transition as deemed cost on transition to FRS 102.