

QUEENSWAY HOSPITALITY LIMITED
FINANCIAL STATEMENTS
1 APRIL 2012

FRIDAY



LD4 *L109GE2X* #306
21/12/2012
COMPANIES HOUSE

FERGUSON MAIDMENT & CO.
Chartered Accountants & Statutory Auditor
Sardinia House
52 Lincoln's Inn Fields
London
WC2A 3LZ

QUEENSWAY HOSPITALITY LIMITED

FINANCIAL STATEMENTS

PERIOD FROM 28 MARCH 2011 TO 1 APRIL 2012

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QUEENSWAY HOSPITALITY LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

Nurdin Jivraj
Naushad Jivraj

Company secretary

Barkat Ladhani

Registered office

2nd Floor
Tower House
226 Cromwell Road
London
SW5 0SW

Auditor

Ferguson Maidment & Co
Chartered Accountants
& Statutory Auditor
Sardinia House
52 Lincoln's Inn Fields
London
WC2A 3LZ

Bankers

Habib Allied International Bank Plc
63 Mark Lane
London
EC3R 7NQ

QUEENSWAY HOSPITALITY LIMITED

THE DIRECTORS' REPORT

PERIOD FROM 28 MARCH 2011 TO 1 APRIL 2012

The directors have pleasure in presenting their report and the financial statements of the company for the period from 28 March 2011 to 1 April 2012

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the period was that of operating franchised fast food restaurants

The directors have reviewed the performance of the company during the period and are satisfied that it is in line with expectations

FUTURE OUTLOOK

The external commercial environment is expected to remain competitive despite current economic uncertainties. However, we remain confident that we will maintain our current level of performance in the future

RESULTS AND DIVIDENDS

The profit for the period amounted to £11,520. The directors have not recommended a dividend

FINANCIAL INSTRUMENTS

Details of the company's financial risk management objectives and policies are included in note 13 to the accounts

DIRECTORS

The directors who served the company during the period and up to the date of this report are listed on page 1

GOING CONCERN

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements

DISABLED EMPLOYEES

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where the existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate

EMPLOYEE INVOLVEMENT

During the period, the policy of providing employees with information about the company has been continued through internal media methods in which employees have also been encouraged to present their suggestions and views on the company's performance

QUEENSWAY HOSPITALITY LIMITED

THE DIRECTORS' REPORT *(continued)*

PERIOD FROM 28 MARCH 2011 TO 1 APRIL 2012

AUDITOR

Ferguson Maidment & Co are deemed to be re-appointed under section 487(2) of the Companies Act 2006

Registered office
2nd Floor
Tower House
226 Cromwell Road
London
SW5 0SW

Signed by order of the directors


BARKAT LADHANI
Company Secretary

Approved by the directors on 20 December 2012

QUEENSWAY HOSPITALITY LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES
PERIOD FROM 28 MARCH 2011 TO 1 APRIL 2012

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 those financial statements, the directors are required to

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

In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

QUEENSWAY HOSPITALITY LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
QUEENSWAY HOSPITALITY LIMITED
PERIOD FROM 28 MARCH 2011 TO 1 APRIL 2012

We have audited the financial statements of Queensway Hospitality Limited for the period from 28 March 2011 to 1 April 2012. 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 shareholders, 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 shareholders 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 shareholders 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 (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 , and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. 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 1 April 2012 and of its profit for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

QUEENSWAY HOSPITALITY LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
QUEENSWAY HOSPITALITY LIMITED *(continued)*
PERIOD FROM 28 MARCH 2011 TO 1 APRIL 2012

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



VIVEK KAPOOR (Senior Statutory Auditor)

For and on behalf of
FERGUSON MAIDMENT & CO
Chartered Accountants
& Statutory Auditor

Sardinia House
52 Lincoln's Inn Fields
London
WC2A 3LZ

20 December 2012

QUEENSWAY HOSPITALITY LIMITED

PROFIT AND LOSS ACCOUNT

PERIOD FROM 28 MARCH 2011 TO 1 APRIL 2012

		Period from 28 Mar 11 to 1 Apr 12 £	Period from 29 Mar 10 to 27 Mar 11 £
	Note		
TURNOVER	2	17,197,529	11,787,381
Cost of sales		<u>10,612,499</u>	<u>7,063,678</u>
GROSS PROFIT		6,585,030	4,723,703
Administrative expenses		<u>6,176,184</u>	<u>4,327,697</u>
OPERATING PROFIT	3	408,846	396,006
Interest payable and similar charges	5	397,326	327,231
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>11,520</u>	<u>68,775</u>
Tax on profit on ordinary activities	6	—	—
PROFIT FOR THE FINANCIAL PERIOD		<u>11,520</u>	<u>68,775</u>

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the period as set out above

The notes on pages 9 to 15 form part of these financial statements

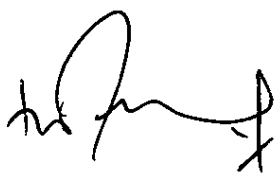
QUEENSWAY HOSPITALITY LIMITED

BALANCE SHEET

1 APRIL 2012

	Note	1 Apr 12 £	27 Mar 11 £
FIXED ASSETS			
Intangible assets	7	5,507,625	6,119,583
Tangible assets	8	7,073,089	6,183,733
		<u>12,580,714</u>	<u>12,303,316</u>
CURRENT ASSETS			
Stocks	9	115,560	110,741
Debtors	10	1,122,505	702,644
Cash at bank		437,542	548,298
		<u>1,675,607</u>	<u>1,361,683</u>
CREDITORS: Amounts falling due within one year	11	<u>2,924,933</u>	<u>2,269,728</u>
NET CURRENT LIABILITIES		<u>(1,249,326)</u>	<u>(908,045)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>11,331,388</u>	<u>11,395,271</u>
CREDITORS: Amounts falling due after more than one year	12	<u>11,217,847</u>	<u>11,293,250</u>
		<u>113,541</u>	<u>102,021</u>
CAPITAL AND RESERVES			
Called-up equity share capital	16	100	100
Profit and loss account	17	113,441	101,921
SHAREHOLDERS' FUNDS	18	<u>113,541</u>	<u>102,021</u>

These financial statements were approved by the directors and authorised for issue on 20 December 2012, and are signed on their behalf by



NAUSHAD JIVRAJ
Director

Company Registration Number 06436061

The notes on pages 9 to 15 form part of these financial statements

QUEENSWAY HOSPITALITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 28 MARCH 2011 TO 1 APRIL 2012

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of financial instruments and in accordance with applicable accounting standards

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the period, exclusive of Value Added Tax

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Goodwill - 10% straight line
Licence fees and Other Intangibles - 10% straight line

Fixed assets

All fixed assets are initially recorded at cost

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Fixtures, Fittings & Equipment - 5% reducing balance

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease

QUEENSWAY HOSPITALITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 28 MARCH 2011 TO 1 APRIL 2012

1. ACCOUNTING POLICIES *(continued)*

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Trade and other debtors

Trade and other debtors are recognised and carried forward at invoiced amounts less provisions for any doubtful debts. Bad debts are written off when identified.

Cash and cash equivalents

Cash and cash equivalents are included in the balance sheet at cost. Cash and cash equivalents comprise cash at bank and in hand and short term deposits with an original maturity of three months or less.

Trade and other creditors

Trade and other creditors are recognised and carried forward at invoiced amounts and relate to obligations existing at the year end.

2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company. An analysis of turnover is given below.

	Period from 28 Mar 11 to 1 Apr 12 £	Period from 29 Mar 10 to 27 Mar 11 £
United Kingdom	<u>17,197,529</u>	<u>11,787,381</u>

3. OPERATING PROFIT

Operating profit is stated after charging

	Period from 28 Mar 11 to 1 Apr 12 £	Period from 29 Mar 10 to 27 Mar 11 £
Directors' remuneration	—	—
Amortisation of intangible assets	611,958	528,967
Depreciation of owned fixed assets	251,690	164,129
Auditor's remuneration		
- as auditor	<u>11,000</u>	<u>11,000</u>

QUEENSWAY HOSPITALITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 28 MARCH 2011 TO 1 APRIL 2012

4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial period amounted to

	Period from 28 Mar 11 to 1 Apr 12	Period from 29 Mar 10 to 27 Mar 11
	No	No
Number of administrative staff	3	3
Number of restaurant staff	448	471
	<u>451</u>	<u>474</u>

The aggregate payroll costs of the above were

	Period from 28 Mar 11 to 1 Apr 12	Period from 29 Mar 10 to 27 Mar 11
	£	£
Wages and salaries	4,467,441	2,992,031
Social security costs	266,751	179,318
	<u>4,734,192</u>	<u>3,171,349</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	Period from 28 Mar 11 to 1 Apr 12	Period from 29 Mar 10 to 27 Mar 11
	£	£
Interest payable on bank borrowing	<u>397,326</u>	<u>327,231</u>

6. TAXATION ON ORDINARY ACTIVITIES

Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the period is lower than the standard rate of corporation tax in the UK of 20% (2011 - 21%)

	Period from 28 Mar 11 to 1 Apr 12	Period from 29 Mar 10 to 27 Mar 11
	£	£
Profit on ordinary activities before taxation	<u>11,520</u>	<u>68,775</u>
Profit on ordinary activities by rate of tax	2,304	14,443
Effect of depreciation and capital allowances	-	(75,967)
Group relief	(2,304)	-
Current year losses carried forward	-	61,524
Total current tax	<u>-</u>	<u>-</u>

QUEENSWAY HOSPITALITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 28 MARCH 2011 TO 1 APRIL 2012

7. INTANGIBLE FIXED ASSETS

	Goodwill £	Licence fees and Other Intangibles £	Total £
COST			
At 28 March 2011 and 1 April 2012	<u>6,139,759</u>	<u>703,463</u>	<u>6,843,222</u>
AMORTISATION			
At 28 March 2011	669,998	53,641	723,639
Charge for the period	<u>546,976</u>	<u>64,982</u>	<u>611,958</u>
At 1 April 2012	<u>1,216,974</u>	<u>118,623</u>	<u>1,335,597</u>
NET BOOK VALUE			
At 1 April 2012	<u>4,922,785</u>	<u>584,840</u>	<u>5,507,625</u>
At 27 March 2011	<u>5,469,761</u>	<u>649,822</u>	<u>6,119,583</u>

8. TANGIBLE FIXED ASSETS

	Freehold Property £	Fixtures, Fittings & Equipment £	Total £
COST			
At 28 March 2011	1,149,926	5,245,648	6,395,574
Additions	–	<u>1,141,046</u>	<u>1,141,046</u>
At 1 April 2012	<u>1,149,926</u>	<u>6,386,694</u>	<u>7,536,620</u>
DEPRECIATION			
At 28 March 2011	–	211,841	211,841
Charge for the period	–	<u>251,690</u>	<u>251,690</u>
At 1 April 2012	–	<u>463,531</u>	<u>463,531</u>
NET BOOK VALUE			
At 1 April 2012	<u>1,149,926</u>	<u>5,923,163</u>	<u>7,073,089</u>
At 27 March 2011	<u>1,149,926</u>	<u>5,033,807</u>	<u>6,183,733</u>

9. STOCKS

	1 Apr 12 £	27 Mar 11 £
Stock	<u>115,560</u>	<u>110,741</u>

QUEENSWAY HOSPITALITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 28 MARCH 2011 TO 1 APRIL 2012

10. DEBTORS

	1 Apr 12 £	27 Mar 11 £
Other debtors	436,045	463,049
Prepayments and accrued income	686,460	239,595
	<u>1,122,505</u>	<u>702,644</u>

11. CREDITORS: Amounts falling due within one year

	1 Apr 12 £	27 Mar 11 £
Bank loans	720,000	450,000
Trade creditors	1,069,950	1,051,819
Other creditors including taxation and social security PAYE and social security	68,035	72,742
VAT	541,678	297,868
Other creditors	218,302	126,992
	<u>2,617,965</u>	<u>1,999,421</u>
Accruals and deferred income	306,968	270,307
	<u>2,924,933</u>	<u>2,269,728</u>

The following liabilities disclosed under creditors falling due within one year are secured by the company

	1 Apr 12 £	27 Mar 11 £
Bank loans	<u>720,000</u>	<u>450,000</u>

12. CREDITORS: Amounts falling due after more than one year

	1 Apr 12 £	27 Mar 11 £
Bank loans and overdrafts	6,830,503	7,560,000
Amounts owed to group undertakings	4,387,344	3,733,250
	<u>11,217,847</u>	<u>11,293,250</u>

The following liabilities disclosed under creditors falling due after more than one year are secured by the company

	1 Apr 12 £	27 Mar 11 £
Bank loans and overdrafts	<u>6,830,503</u>	<u>7,560,000</u>

QUEENSWAY HOSPITALITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 28 MARCH 2011 TO 1 APRIL 2012

13. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company holds or issues financial instruments in order to achieve three main objectives, being

(a) to finance its operations,

(b) to manage its exposure to interest and currency risks arising from its operations and from its sources of finance, and

(c) for trading purposes

In addition, various financial instruments (e.g. trade debtors, trade creditors, accruals and prepayments) arise directly from the company's operations

Transactions in financial instruments result in the company assuming or transferring to another party one or more of the financial risks described below

Interest rate risk

The company mitigates its exposure to adverse movements in interest rate risk by maintaining a minimum level of borrowing

Credit risk

The company monitors credit risk closely and considers that its current policies of credit checks meets its objectives of managing exposure to credit risk

The company has no significant concentrations of credit risk. Amounts shown in the balance sheet best represent the maximum credit risk exposure in the event other parties fail to perform their obligations under financial instruments

Liquidity risk

The company has adequate cash balances to cover any risks related to liquidity

14. COMMITMENTS UNDER OPERATING LEASES

At 1 April 2012 the company had annual commitments under non-cancellable operating leases as set out below

	Land and buildings	
	1 Apr 12	27 Mar 11
	£	£
Operating leases which expire		
Within 1 year	-	46,550
Within 2 to 5 years	213,000	213,000
After more than 5 years	680,550	660,550
	<u>893,550</u>	<u>920,100</u>

QUEENSWAY HOSPITALITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 28 MARCH 2011 TO 1 APRIL 2012

15. RELATED PARTY TRANSACTIONS

The company is a wholly owned subsidiary of Queensway One Limited

Transactions with group companies have not been disclosed as the company is entitled to the exemptions provided by FRS 8, as a wholly owned subsidiary whose results are included within consolidated financial statements prepared by the parent company

No other transactions with related parties were undertaken, such as are required to be disclosed under FRS 8

16. SHARE CAPITAL

Authorised share capital:

	1 Apr 12	27 Mar 11
	£	£
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

Allotted, called up and fully paid:

	1 Apr 12		27 Mar 11	
	No	£	No	£
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

17. PROFIT AND LOSS ACCOUNT

	Period from 28 Mar 11 to 1 Apr 12	Period from 29 Mar 10 to 27 Mar 11
	£	£
Balance brought forward	101,921	33,146
Profit for the financial period	<u>11,520</u>	<u>68,775</u>
Balance carried forward	<u>113,441</u>	<u>101,921</u>

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1 Apr 12	27 Mar 11
	£	£
Profit for the financial period	11,520	68,775
Opening shareholders' funds	<u>102,021</u>	<u>33,246</u>
Closing shareholders' funds	<u>113,541</u>	<u>102,021</u>

19. ULTIMATE PARENT COMPANY

The company is a wholly owned subsidiary of Queensway One Limited, a company registered in England and Wales. The directors regard Naaz Holdings Limited, a company registered in the British Virgin Islands, as the ultimate holding company