

CGN RESTAURANTS LIMITED
REPORT OF THE DIRECTORS AND
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

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FOR THE YEAR ENDED 30 JUNE 2014**

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DIRECTORS:

T M Newnes
C Newnes

REGISTERED OFFICE:

1 Archgate Business Centre
823-825 High Road
North Finchley
London
N12 8UB

REGISTERED NUMBER:

07469872 (England and Wales)

AUDITORS:

THP Limited
Chartered Accountants
and Registered Auditors
Shalford Court
95 Springfield Road
Chelmsford
Essex
CM2 6JL

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30 JUNE 2014**

The directors present their report with the financial statements of the company for the year ended 30 June 2014.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of operating quick service restaurants.

REVIEW OF BUSINESS

On 1 July 2013 the company acquired three quick service restaurant franchises for the sum of £3.1million and commenced to trade all three from that date.

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS

C Newnes has held office during the whole of the period from 1 July 2013 to the date of this report.

Other changes in directors holding office are as follows:

T M Newnes - appointed 1 July 2013

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors 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 judgements and accounting estimates that are reasonable and prudent;
- 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:



C Newnes - Director

26 March 2015

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
CGN RESTAURANTS LIMITED**

We have audited the financial statements of CGN Restaurants Limited for the year ended 30 June 2014 on pages four to nine. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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 a Report of the Auditors 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 auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page two, 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 Report of the Directors 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 30 June 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.


Other Matter

The comparative financial statements of CGN Restaurants Limited for the period ended 30 June 2013 were not audited.

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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Directors.



Andrew Green LLB FCA (Senior Statutory Auditor)
for and on behalf of THP Limited
Chartered Accountants
and Registered Auditors
Shalford Court
95 Springfield Road
Chelmsford
Essex
CM2 6JL

26 March 2015

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2014**

		year ended 30.6.14 £	period 1.4.13 to 30.6.13 £
	Notes		
TURNOVER		10,492,858	905,572
Cost of sales		3,262,771	286,564
GROSS PROFIT		7,230,087	619,008
Administrative expenses		7,066,976	593,695
		163,111	25,313
Other operating income		-	1,864,294
OPERATING PROFIT and PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	163,111	1,889,607
Tax on profit on ordinary activities	3	63,312	9,061
PROFIT FOR THE FINANCIAL YEAR		99,799	1,880,546

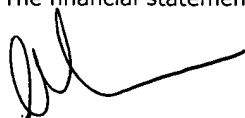
The notes form part of these financial statements

BALANCE SHEET
30 JUNE 2014

	Notes	2014 £	2013 £
FIXED ASSETS			
Intangible assets	4	2,747,095	-
Tangible assets	5	467,933	-
Investments	6	3,750	3,750
		<u>3,218,778</u>	<u>3,750</u>
CURRENT ASSETS			
Stocks		41,780	-
Debtors	7	163,003	3,176,500
Cash at bank		674,419	486,010
		<u>879,202</u>	<u>3,662,510</u>
CREDITORS			
Amounts falling due within one year	8	1,182,193	216,977
NET CURRENT (LIABILITIES)/ASSETS		<u>(302,991)</u>	<u>3,445,533</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,915,787</u>	<u>3,449,283</u>
CREDITORS			
Amounts falling due after more than one year	9	(1,157,962)	(1,600,000)
PROVISIONS FOR LIABILITIES	10	<u>(52,966)</u>	<u>-</u>
NET ASSETS		<u>1,704,859</u>	<u>1,849,283</u>
CAPITAL AND RESERVES			
Called up share capital	11	100	100
Profit and loss account	12	1,704,759	1,849,183
SHAREHOLDERS' FUNDS		<u>1,704,859</u>	<u>1,849,283</u>

The financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements were approved by the Board of Directors on 26 March 2015 and were signed on its behalf by:



C Newnes - Director

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**
1. ACCOUNTING POLICIES
Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

Goodwill

Goodwill, being the amount paid in connection with the acquisition of a business in 2013, is being amortised evenly over its estimated useful life of twenty years.

Franchise fees

Franchise fees are amortised on a straight line basis over a period of twenty years.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and equipment	-	Straight line over 5-7 years
Fixtures and fittings	-	Straight line over 5-7 years

Stocks

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

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate.

2. OPERATING PROFIT

The operating profit is stated after charging:

	year ended	period
	30.6.14	1.4.13
	£	to
		30.6.13
	£	£
Depreciation - owned assets	80,018	24,001
Goodwill amortisation	141,466	1,650
Franchise fees amortisation	750	626
Auditors' remuneration	7,350	-
Pension costs	23,955	993
	<u>61,918</u>	<u>6,563</u>
Directors' remuneration and other benefits etc	<u>61,918</u>	<u>6,563</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2014

3. TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows:

	year ended 30.6.14 £	period 1.4.13 to 30.6.13 £
Current tax:		
UK corporation tax	10,346	9,061
Deferred tax	52,966	-
Tax on profit on ordinary activities	<u>63,312</u>	<u>9,061</u>

4. INTANGIBLE FIXED ASSETS

	Goodwill £	Other intangible assets £	Totals £
COST			
Additions	2,829,311	60,000	2,889,311
At 30 June 2014	<u>2,829,311</u>	<u>60,000</u>	<u>2,889,311</u>
AMORTISATION			
Charge for year	141,466	750	142,216
At 30 June 2014	<u>141,466</u>	<u>750</u>	<u>142,216</u>
NET BOOK VALUE			
At 30 June 2014	<u>2,687,845</u>	<u>59,250</u>	<u>2,747,095</u>

5. TANGIBLE FIXED ASSETS

	Plant and machinery £	Fixtures and fittings £	Totals £
COST			
Additions	543,995	3,956	547,951
At 30 June 2014	<u>543,995</u>	<u>3,956</u>	<u>547,951</u>
DEPRECIATION			
Charge for year	79,522	496	80,018
At 30 June 2014	<u>79,522</u>	<u>496</u>	<u>80,018</u>
NET BOOK VALUE			
At 30 June 2014	<u>464,473</u>	<u>3,460</u>	<u>467,933</u>

6. FIXED ASSET INVESTMENTS

	Unlisted investments £
COST	
At 1 July 2013 and 30 June 2014	<u>3,750</u>
NET BOOK VALUE	
At 30 June 2014	<u>3,750</u>
At 30 June 2013	<u>3,750</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2014

7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014 £	2013 £
Other debtors	-	3,176,500
Prepayments	163,003	-
	<u>163,003</u>	<u>3,176,500</u>

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014 £	2013 £
Bank loans and overdrafts	231,592	-
Trade creditors	519,175	59,934
Corporation tax	10,346	61,231
Social security and other taxes	34,818	79,956
VAT	191,813	-
Accrued expenses	194,449	15,856
	<u>1,182,193</u>	<u>216,977</u>

9. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2014 £	2013 £
Bank loans	231,592	-
Bank loans - 2-5 years	694,777	-
Bank loans >5 years payable by instalments	231,593	1,600,000
	<u>1,157,962</u>	<u>1,600,000</u>

Amounts falling due in more than five years:

Repayable by instalments		
Bank loans >5 years payable by instalments	231,593	1,600,000
	<u>231,593</u>	<u>1,600,000</u>

10. OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year:

	2014 £	2013 £
Expiring:		
In more than five years	557,460	-

11. PROVISIONS FOR LIABILITIES

	2014 £	2013 £
Deferred tax		
Accelerated capital allowances	52,966	-
	<u>52,966</u>	<u>-</u>
		Deferred tax £
Provided during year		52,966
Balance at 30 June 2014		<u>52,966</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2014

12. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal value:	2014 £	2013 £
Number:	Class:			
100	Ordinary Shares	1	<u>100</u>	<u>100</u>

13. RESERVES

	Profit and loss account £
At 1 July 2013	1,849,183
Profit for the year	99,799
Dividends	(244,223)
At 30 June 2014	<u>1,704,759</u>

14. RELATED PARTY DISCLOSURES

During the year, total dividends of £244,223 (2013 - £147,939) were paid to the directors.

15. POST BALANCE SHEET EVENTS

On 19 September 2014 the company purchased a further quick service restaurant franchise from an unconnected third party for £791,176 excluding VAT.

16. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is C Newnes.