

**CABANA RESTAURANTS LIMITED**  
**REPORTS AND**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**



## **CABANA RESTAURANTS LIMITED**

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## **CABANA RESTAURANTS LIMITED**

### **COMPANY INFORMATION**

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**DIRECTORS**

Clare Barber  
James Barber  
David Ponte  
Jonathan Lander

**REGISTERED NUMBER**

07627429

**REGISTERED OFFICE**

8 Lancashire Court  
London  
W1S 1EY

**INDEPENDENT AUDITORS**

Lewis Golden LLP  
40 Queen Anne Street  
London  
W1G 9EL

## **CABANA RESTAURANTS LIMITED**

### **CHIEF EXECUTIVE'S STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2015**

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I am pleased to be reporting on the Company's results for the 12 months ended 31 December 2015.

#### **Results**

Revenue for the year was up 35% at £10,358,857 (2014 - £7,674,691). EBITDA before pre-opening expenses was a loss of £562,703 (2014 profit - £1,029).

#### **Openings**

Two new Cabana restaurants opened during the year - Brixton, in September, and the Corn Exchange in Manchester in October.

Since the year end, we have opened a new restaurant in Newcastle and have committed to a further two Cabana units. Southampton is scheduled to open in Q4 2016 and Watford is scheduled to open in Q1 2018.

#### **Cash flows**

Net cash outflow for the year before financing was £3,085,420 (2014 - £3,109,472). The majority of this outflow relates to capital expenditure and opening costs in relation to new units. Cash outflow from operating activities was £321,138 (2014 - £344,625).

During the year, cash inflows from newly secured loans were £1,490,000 (2014 - £250,000) and at the year end the Company's loans totalled £1,564,913 (2014 - £329,347). The Company also raised £5 million from the issue of new shares during the year (2014 - £3.2 million).

#### **Review of the business**

The Company delivered a satisfactory performance in 2015. Turnover of the five established sites which have traded for at least two years increased by £146,677 on the prior year. A full year of trading at Leeds, Trinity Centre and the O2 Arena, London contributed £1,988,112 to revenue growth.

The Company continued its expansion during the year, adding two new sites to the estate which brings the number of sites open to nine at 31 December 2015.

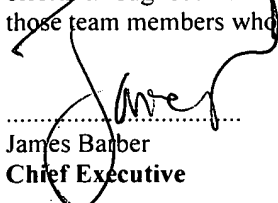
#### **Pre-opening expenses and accounting adjustments**

Pre-opening expenses have been highlighted in the Statement of Comprehensive Income as these costs represent rent, rates and training costs which are necessarily incurred in the period before the new units are open but are non-recurring.

The Company recognises a number of charges in the accounts which arise under accounting rules which have no transactional cash impact. For example, the Company recognises rent expenditure in the Statement of Comprehensive Income during rent free periods, in line with the applicable accounting standard.

#### **Staff**

We are dependent on our staff for the continued delivery of excellent service to our customers. I am very grateful for their efforts throughout 2015. Our "familia" continues to be a strong focus of attention and we strive to support and develop those team members who exhibit the ambition and personalities to grow as we grow.



James Barber  
Chief Executive

Date: 28/09/16

## CABANA RESTAURANTS LIMITED

### STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

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

#### BUSINESS REVIEW

Cabana has continued its planned growth this year. The five sites which traded during the whole of the current year and the prior year at Westfield Stratford, Westfield London, Central St. Giles, Wembley and Islington have collectively increased turnover.

In September and in October we opened units at Brixton and the Corn Exchange in Manchester, respectively.

In June, July and August 2015, the Company successfully raised £5 million in equity from shareholders for further expansion and we expect to open a unit in Southampton by the close of 2016, with Newcastle having commenced trade in the post balance sheet period.

Sales for the year were £10.36m, up 35% on the prior year as a result of the new openings and sales growth at most of the existing sites.

We believe that Cabana continues to emerge to be an important part of the premium casual dining sector and we look forward to further growth in the year to come.

#### KEY PERFORMANCE INDICATORS

The following table summarises the Company's Key Performance Indicators for the current year and prior year:

	2015	2014	Difference
Turnover of 5 sites (trading during all of 2015 and 2014)	£7,070,983	£6,924,306	+2.1%
Number of covers - all sites	624,023	440,397	+41.7%
Food and beverage margin - all sites	28.2%	27.8%	+0.4%

Like for like turnover at established sites has increased on the prior year. Additionally, total covers for the year has increased in line with new sites opened during the current year and a full year of trading at those sites opened in the prior year.

## CABANA RESTAURANTS LIMITED

### STRATEGIC REPORT (continued)

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#### PRINCIPAL RISKS AND UNCERTAINTIES

##### **Economic climate**

Changes in consumer confidence can affect the restaurant sector. The Cabana price point is positioned affordably and is well placed to mitigate change in economic climate although the outlook following the UK's decision to leave the European Union is unclear.

##### **Site acquisition**

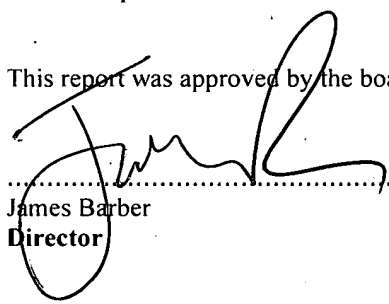
The Company's expansion plans depend upon the availability of suitable premises at affordable rents which is challenging. The Company has close links with property owners and agents and is actively seeking opportunities although since the UK's decision to leave the European Union, the Company has decided to take a more cautious approach to expansion until the economic outlook is clearer.

##### **Liquidity**

The Company's activities expose it to financial risks including liquidity risk and interest rate risk. The Company has liquidity management procedures in place appropriate to the size and complexity of the business.

The Company has bank borrowings, the interest on which is linked to the Bank of England base rate. The Company therefore has exposure to interest rate risk. The Company has not entered into any complex financial instruments or derivative products.

This report was approved by the board on 28/09/16 and signed on its behalf by:

  
.....  
James Barber  
Director

## **CABANA RESTAURANTS LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015**

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

#### **DIRECTORS**

The directors who served during the year were:

Clare Barber  
James Barber  
David Ponte  
Jonathan Lander

#### **FUTURE DEVELOPMENTS AND POST BALANCE SHEET EVENTS**

The Company opened a new site in Newcastle in the post balance sheet period. Additionally, the Company is committed to a further two sites which are expected to commence trading in the next 12 months. It is expected that the estate will comprise 11 operating sites at 31 December 2016. There have been no other significant events affecting the Company since the year end.

#### **EMPLOYEE INVOLVEMENT**

The Company actively strives to support and develop employees and involve employees in the development of the business. On a site level, regular team meetings are held to direct the operations of the business and to discuss new developments such as new menu launches. These meetings provide a forum for management to share information and for employees to raise issues relevant to them.

#### **EQUALITY ACT (2010)**

The Company complies with all aspects of the Equality Act (2010) in its employment practices. The directors are mindful of their duty of care to employees who become temporarily or permanently sick or disabled during employment and make every effort to support those employees. A dedicated Training and Development manager is employed to assess and implement the appropriate, necessary adjustments that may be required in such circumstances.

#### **FINANCIAL INSTRUMENTS**

Please refer to the Strategic Report for an assessment of the risks associated with the Company's basic financial instruments. Please also refer to Note 1 to the Financial Statements for the Company's Financial Instruments accounting policy.

#### **DIRECTORS' LIABILITIES**

The Company held third party indemnity insurance on behalf of the directors during the current and prior year.

**CABANA RESTAURANTS LIMITED**

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2015**

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**DISCLOSURE OF INFORMATION TO AUDITORS**

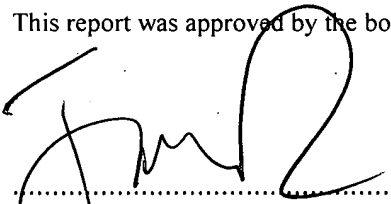
Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information (as defined by section 418(3) of the Companies Act 2006) 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 relevant audit information and to establish that the Company's auditors are aware of that information.

**AUDITORS**

The auditors, Lewis Golden LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 28/09/16 and signed on its behalf by:

  
.....  
James Barber  
Director



## **CABANA RESTAURANTS LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 DECEMBER 2015**

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The directors are responsible for preparing the Strategic Report, 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 judgments and accounting 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.

## **CABANA RESTAURANTS LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CABANA RESTAURANTS LIMITED FOR THE YEAR ENDED 31 DECEMBER 2015**

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We have audited the financial statements of Cabana Restaurants Limited for the year ended 31 December 2015, set out on pages 10 to 27. The financial reporting framework that has been applied in their preparation is applicable law including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in 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 AUDITORS**

As explained more fully in the Statement of Directors' Responsibilities (set out on page 7), 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 Reports 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; 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.

**CABANA RESTAURANTS LIMITED**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CABANA RESTAURANTS LIMITED  
FOR THE YEAR ENDED 31 DECEMBER 2015**

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**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.



**Andrew Moss (Senior Statutory Auditor)  
For and on behalf of Lewis Golden LLP**

**Chartered Accountants and Statutory Auditors**

40 Queen Anne Street  
London  
W1G 9EL

Date:

*28 September 2016*

# CABANA RESTAURANTS LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 £	2014 £
Turnover		10,358,857	7,674,691
Cost of sales		(6,426,516)	(4,598,182)
<b>Gross profit</b>		<u>3,932,341</u>	<u>3,076,509</u>
Administrative expenses		(5,304,074)	(3,705,642)
Pre-opening expenses		(232,440)	(173,162)
Other operating income		69,422	69,777
<b>Operating loss</b>		<u>(1,534,751)</u>	<u>(732,518)</u>
Other interest receivable and similar income		122	185
Interest payable and similar charges		(60,560)	(42,283)
<b>Loss on ordinary activities before taxation</b>		<u>(1,595,189)</u>	<u>(774,616)</u>
Tax on loss on ordinary activities	9	-	-
<b>Loss for the financial year</b>		<u>(1,595,189)</u>	<u>(774,616)</u>
<b>Other comprehensive income for the year</b>		-	-
<b>Total comprehensive income for the year</b>		<u><u>(1,595,189)</u></u>	<u><u>(774,616)</u></u>

Turnover and operating loss derive wholly from continuing operations.

There were no recognised gains and losses for 2015 or 2014 other than those included in the Statement of Comprehensive Income.

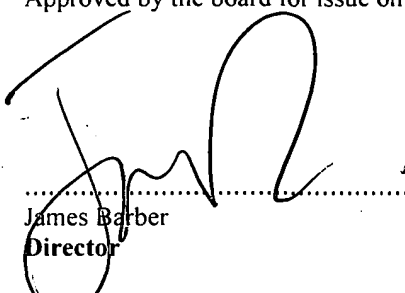
# CABANA RESTAURANTS LIMITED

## BALANCE SHEET AS AT 31 DECEMBER 2015

	Note	2015 £	2014 £
<b>Fixed assets</b>			
Tangible assets	10	9,111,284	7,086,488
		<u>9,111,284</u>	<u>7,086,488</u>
<b>Current assets</b>			
Stocks	11	266,071	205,816
Debtors	12	748,784	592,848
Cash at bank and in hand		3,369,230	366,808
		<u>4,384,085</u>	<u>1,165,472</u>
Creditors: amounts falling due within one year	13	(2,081,315)	(1,513,151)
<b>Net current assets/(liabilities)</b>		<u>2,302,770</u>	<u>(347,679)</u>
<b>Total assets less current liabilities</b>		<u>11,414,054</u>	<u>6,738,809</u>
Creditors: amounts falling due after more than one year	14	(1,785,748)	(515,315)
<b>Net assets</b>		<u><u>9,628,306</u></u>	<u><u>6,223,494</u></u>
<b>Capital and reserves</b>			
Called up share capital	17	883,097	679,015
Share premium account	18	12,817,319	8,021,400
Profit and loss account	18	(4,072,110)	(2,476,921)
		<u><u>9,628,306</u></u>	<u><u>6,223,494</u></u>

Under section 454 of the Companies Act 2006, on a voluntary basis, the directors can amend these financial statements if they subsequently prove to be defective.

Approved by the board for issue on 28/09/16 and signed on its behalf by:

  
James Barber  
Director

(Company number: 07627429)

**CABANA RESTAURANTS LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
AS AT 31 DECEMBER 2015**

	Share capital £	Share premium £	Profit and loss account £	Total equity £
At 1 January 2015	679,015	8,021,400	(2,476,921)	6,223,494
Loss for the year	-	-	(1,595,189)	(1,595,189)
Shares issued during the year	204,082	4,795,919	-	5,000,001
<b>At 31 December 2015</b>	<b>883,097</b>	<b>12,817,319</b>	<b>(4,072,110)</b>	<b>9,628,306</b>

**AS AT 31 DECEMBER 2014**

	Share capital £	Share premium £	Profit and loss account £	Total equity £
At 1 January 2014	503,127	4,981,357	(1,702,305)	3,782,179
Loss for the year	-	-	(774,616)	(774,616)
Shares issued during the year	175,888	3,040,043	-	3,215,931
<b>At 31 December 2014</b>	<b>679,015</b>	<b>8,021,400</b>	<b>(2,476,921)</b>	<b>6,223,494</b>

**CABANA RESTAURANTS LIMITED**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

	2015 £	2014 £
<b>Cash flows from operating activities</b>		
Loss for the financial year	(1,595,189)	(774,616)
<b>Adjustments for:</b>		
Depreciation of tangible fixed assets	739,608	560,385
Increase in stocks	(60,255)	(66,854)
Interest paid	60,560	42,283
Interest received	(122)	(185)
Increase in debtors	(155,936)	(75,669)
Increase / (decrease) in creditors	690,196	(29,969)
<b>Net cash outflow from operating activities</b>	<u>(321,138)</u>	<u>(344,625)</u>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(2,764,404)	(2,765,032)
Interest received	122	185
<b>Net cash outflow from investing activities</b>	<u>(2,764,282)</u>	<u>(2,764,847)</u>
<b>Cash flows from financing activities</b>		
Issue of ordinary shares	5,000,001	3,215,931
Value of new bank loans obtained during the year	1,490,000	250,000
Repayment of bank loans	(254,434)	(131,869)
Repayment of capital element of finance leases and hire purchase contracts	(87,165)	(98,852)
Interest paid on finance leases and hire purchase contracts	(28,988)	(26,147)
Interest paid on bank loans	(31,572)	(16,136)
<b>Net cash generated from financing activities</b>	<u>6,087,842</u>	<u>3,192,927</u>
<b>Net increase in cash and cash equivalents</b>	3,002,422	83,455
Cash and cash equivalents at the beginning of the year	366,808	283,353
<b>Cash and cash equivalents at the end of the year</b>	<u><u>3,369,230</u></u>	<u><u>366,808</u></u>
<b>Cash and cash equivalents at the end of the year comprise:</b>		
Cash at bank and in hand	3,369,230	366,808
	<u><u>3,369,230</u></u>	<u><u>366,808</u></u>

## **CABANA RESTAURANTS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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#### **1. ACCOUNTING POLICIES**

##### **1.1 Basis of preparation of financial statements**

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The Company has adopted FRS 102 for the first time in preparing these financial statements. The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and as such the comparative information presented in the financial statements has not been restated. Any changes in the Company's accounting policies arising from the adoption of FRS 102 are outlined below.

The financial statements are presented in Sterling (£).

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

##### **1.2 Going concern**

The financial statements have been prepared on a going concern basis. In assessing going concern the directors have considered the forecast working capital requirements and future financing activities of the Company for a period of twelve months from the date of approval of the financial statements. The directors have concluded that the Company will continue to meet its liabilities as and when they fall due and accordingly believe that the financial statements should be prepared on the going concern basis.

##### **1.3 Turnover**

Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes. All turnover is derived from the rendering of services.

Turnover is recognised upon the completion of restaurant services having been provided to customers.



## CABANA RESTAURANTS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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#### 1. ACCOUNTING POLICIES (continued)

##### 1.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to the Company and the cost can be measured reliably.

The carrying amount of any replaced component is derecognised. Major components are treated as a separate asset where they have significantly different patterns of consumption of economic benefits and are depreciated separately over their useful lives.

Repairs and maintenance costs are expensed as normal.

Depreciation is charged so as to allocate cost of assets less their residual value over their estimated useful lives, using the straight line method. The estimated useful lives range as follows:

Short leasehold land and buildings	- straight line over the lease term
Plant and machinery	- straight line over 15 years or the lease term if shorter
Fixtures, fittings and equipment	- straight line at 20% per annum
Kitchen equipment	- straight line at 15% per annum

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'administrative expenses' in the Statement of Comprehensive Income.

Tangible fixed assets are derecognised on disposal or when no future economic benefits are expected.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

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**1. ACCOUNTING POLICIES (continued)**

**1.5 Hire purchase and leasing**

Rentals paid under operating leases, net of any lease incentives, are charged to the Statement of Comprehensive Income on a straight line basis over the period of the lease.

This is a change in the accounting policy that was followed before the adoption of FRS 102. Under the former accounting policy, any lease incentives included in operating leases, were recognised as a reduction in the rent expense charged to the Statement of Comprehensive Income on a straight line basis to the date from which the prevailing market rental became payable.

Under the transition arrangements prescribed in Section 35 of FRS 102, 'Transition to this FRS', the Company continues to account for lease incentives included in operating leases which commenced before the date of transition to FRS 102, under the former accounting policy.

In the comparative period the policy applied under the entity's previous accounting framework is not materially different to FRS 102 and as such the comparative information presented in the financial statements has not been restated.

The change in the accounting policy has resulted in an additional charge to the Statement of Comprehensive Income in the current year of £94,826 than would have been necessary under the previous accounting policy.

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the Company and assets held under hire purchase agreements, are capitalised in the balance sheet as tangible fixed assets and are depreciated over the shorter of the lease term and their useful lives. The capital elements of future obligations under the leases are included as liabilities in the balance sheet. The interest element of the rental obligation is charged to the Statement of Comprehensive Income over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

**1.6 Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Stocks are recognised as an expense in the period in which the related revenue is recognised. Cost is determined on a first in, first out basis. Cost includes the purchase price and all other expenditure directly attributable to bring the stock to its present location and condition.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell and an impairment charge is recognised immediately in the Statement of Comprehensive Income. Where a reversal of the impairment is recognised, the impairment charge is reversed up to the original impairment loss and is recognised as a credit in the Statement of Comprehensive Income.

**1.7 Debtors**

Debtors are measured at transaction price, less any impairment.

**1.8 Cash at bank and in hand**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

**1.9 Creditors**

Creditors are measured at transaction price.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

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**1. ACCOUNTING POLICIES (continued)**

**1.10 Financial instruments**

**(i) Financial assets**

Basic financial assets, including trade and other debtors and cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at present value of future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period, financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the Statement of Comprehensive Income.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the Statement of Comprehensive Income.

Financial assets are derecognised when:

- (a) The contractual rights to the cash flows from the asset expire or are settled; or
- (b) Substantially all the risks and rewards of the ownership of the asset are transferred to another party; or
- (c) Control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

**(ii) Financial liabilities**

Basic financial liabilities, including trade and other creditors, bank loans and obligations under finance lease and hire purchase contracts that are classified as debt are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, this is when the contractual obligation is discharged, cancelled or expires.

**(iii) Offsetting**

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

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**1. ACCOUNTING POLICIES (continued)**

**1.11 Deferred tax**

A deferred tax asset is recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

**1.12 Share-based payments**

The Company has equity settled share-based payment arrangements. Equity settled share-based payments are measured at fair value at the date of the grant, with any expense charged to the Statement of Comprehensive Income on a straight line basis over the vesting period. Where share-based payments vest immediately any expenses are charged to the Statement of Comprehensive Income at the date of grant.

**1.13 Pre-opening expenses**

Pre-opening expenses are those costs charged to the Statement of Comprehensive Income before new restaurant sites commence trading. In the opinion of the directors it is necessary to present these costs on the face of the Statement of Comprehensive Income as they are relevant to understanding the Company's overall financial performance.

**1.14 Related party transactions**

Related party transactions have been disclosed in line with Section 33 of FRS 102, 'Related Party Disclosures'. The directors oversee and are engaged with the operational activities of the Company and therefore have a detailed knowledge of which related entities or individuals have entered into transactions with the Company during the year.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

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**2. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION  
UNCERTAINTY**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

**(i) Useful economic lives of tangible assets**

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 9 for the carrying amount of the tangible assets and note 1.5 for the useful economic lives for each class of assets.

**(ii) Fair value of share options**

The fair value of share options is measured at grant with reference to the three-tier measurement hierarchy outlined in Section 26 of FRS 102, 'Share-based Payment'. To date the most appropriate measure of the fair value of equity instruments granted has been recent transactions in the Company's shares - the issue of share options having coincided with the issue of new shares in the Company. In the event of new share options being granted in the future, the directors will consider the most appropriate measure of fair value, as stipulated by the three-tier measurement hierarchy. Depending on the timing of the grant of share options and the current circumstances of the Company at that time, this may differ from the measurement basis previously utilised. See note 18 for details of share-based payments.

**3. COMPANY INFORMATION**

Cabana Restaurants Limited is a private company limited by shares and is incorporated and domiciled in England. The address of the Company's registered office is 8 Lancashire Court, London, W1S 1EY.

The principal activity of the Company is owning and operating a chain of Brazilian barbecue restaurants.

**4. ANALYSIS OF REVENUE**

All turnover is attributable to income from the rendering of services, and all other operating income is rent receivable.

All turnover arose within the United Kingdom.

# CABANA RESTAURANTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

### 5. PRE-OPENING EXPENSES

	2015 £	2014 £
Pre-opening expenses	232,440	173,162
	<u>232,440</u>	<u>173,162</u>

Pre-opening expenses are costs incurred before new restaurant sites can commence trade. These comprise: rent, rates and service charges; staff costs; light, heat and power; and other expenses which are ordinarily classified as administrative expenses.

In the current year, Brixton and Manchester opened in September and October respectively. In the prior year, The O2 London and Trinity Leeds opened in August and November respectively.

### 6. OPERATING LOSS

The operating loss is stated after charging:

	2015 £	2014 £
Depreciation of tangible fixed assets	739,608	560,385
Operating lease payments	1,223,682	1,033,771
Auditor's remuneration - The audit of the Company's financial statements	18,000	11,750
	<u>1,981,290</u>	<u>1,605,906</u>

### 7. EMPLOYEES

Staff costs, including directors' remuneration, were as follows:

	2015 £	2014 £
Wages and salaries	3,979,961	2,707,658
Social security costs	277,684	178,557
	<u>4,257,645</u>	<u>2,886,215</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2015 No.	2014 No.
Administration and support	13	8
Operational	250	194
	<u>263</u>	<u>202</u>

# CABANA RESTAURANTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

### 8. DIRECTORS' REMUNERATION

	2015 £	2014 £
Directors' emoluments	239,992	178,000
	<u>239,992</u>	<u>178,000</u>

The highest paid director received remuneration of £135,000 (2014 - £111,000).

### 9. TAXATION

	2015 £	2014 £
Total current tax	-	-

#### FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is higher than (2014 - higher than) the standard rate of corporation tax in the UK of 20.25% (2014 - 21.49%). The differences are reconciled below:

	2015 £	2014 £
Loss on ordinary activities before taxation	(1,595,189)	(774,616)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014 - 21.49%)	(323,026)	(166,465)
<b>EFFECTS OF:</b>		
Expenses not deductible for tax purposes	-	3,052
Depreciation in excess of / (less than) capital allowances	35,044	(105,229)
Other short term timing differences	(8,875)	(3,008)
Unrelieved tax losses carried forward	296,857	271,650
<b>TOTAL TAX CHARGE FOR THE YEAR</b>	<u>-</u>	<u>-</u>

#### FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

The Company has unrecognised deferred tax assets at the balance sheet date. These comprise the losses available for offset against future trading profits of the Company of £4,993,000 (2014 - £3,528,000) less accelerated capital allowances of £1,421,000 (2014 - £1,391,000).

The net deferred tax asset not recognised at the balance sheet date was £642,000 (2014 - £427,000).

# CABANA RESTAURANTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

### 10. TANGIBLE FIXED ASSETS

	Short leasehold land and buildings £	Plant and machinery £	Fixtures, fittings & equipment £	Total £
<b>Cost or valuation</b>				
At 1 January 2015	6,386,857	247,955	1,529,998	8,164,810
Additions	2,204,805	66,777	492,822	2,764,404
<b>At 31 December 2015</b>	<b>8,591,662</b>	<b>314,732</b>	<b>2,022,820</b>	<b>10,929,214</b>
<b>Depreciation</b>				
At 1 January 2015	629,810	50,805	397,707	1,078,322
Charge for the year	432,496	35,599	271,513	739,608
<b>At 31 December 2015</b>	<b>1,062,306</b>	<b>86,404</b>	<b>669,220</b>	<b>1,817,930</b>
<b>Net book value</b>				
<b>At 31 December 2015</b>	<b>7,529,356</b>	<b>228,328</b>	<b>1,353,600</b>	<b>9,111,284</b>
At 31 December 2014	5,757,047	197,150	1,132,291	7,086,488

#### Leased assets

Included within the net book value of Fixtures, fittings and equipment are £76,568 (2014 - £102,832) of assets held under finance leases and hire purchase contracts. The net book value of Plant and machinery includes £50,228 (2014 - £63,064) of assets held under finance leases and hire purchase contracts.

### 11. STOCKS

	2015 £	2014 £
Finished goods and goods for resale	133,346	105,899
Consumables	132,725	99,917
	<b>266,071</b>	<b>205,816</b>

Stock recognised during the year as an expense was £3,104,222 (2014 - £2,286,581).



## CABANA RESTAURANTS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

#### 12. DEBTORS

	2015 £	2014 £
Trade debtors	122,512	26,141
Other debtors	267,640	210,734
Prepayments and accrued income	358,632	355,973
	<u>748,784</u>	<u>592,848</u>

Other debtors includes £98,500 (2014 - £98,500) receivable after more than one year.

#### 13. CREDITORS: Amounts falling due within one year

	2015 £	2014 £
Bank loans	440,901	140,261
Trade creditors	627,973	545,879
Taxation and social security	399,278	238,768
Obligations under finance leases and hire purchase contracts	55,449	87,165
Other creditors	145,250	109,338
Accruals and deferred income	412,464	391,740
	<u>2,081,315</u>	<u>1,513,151</u>

##### Security

The Company's bank loans of £440,901 (2014 - £140,261) are secured by fixed and floating charges over the assets of the Company.

Obligations under finance leases and hire purchase contracts of £55,449 (2014 - £87,165) are secured by fixed charges on the leased assets.

##### Government assistance

Bank loans falling due within one year includes £145,833 (2014 - £62,499) of loans obtained under the Enterprise Finance Guarantee scheme under which the government provides guarantees to the lender.

## CABANA RESTAURANTS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

#### 14. CREDITORS: Amounts falling due after more than one year

	2015 £	2014 £
Bank loans	1,124,012	189,086
Obligations under finance leases and hire purchase contracts	-	55,449
Accruals and deferred income	661,736	270,780
	<u>1,785,748</u>	<u>515,315</u>

#### Security

The Company's bank loans of £1,124,012 (2014 - £189,086) are secured by fixed and floating charges over the assets of the Company.

In the prior year, obligations under finance leases and hire purchase contracts of £55,449 were secured by fixed charges on the leased assets.

#### Government assistance

Bank loans falling due after more than one year includes £407,986 (2014 - £130,209) of loans obtained under the Enterprise Finance Guarantee scheme under which the government provides guarantees to the lender.

#### 15. HIRE PURCHASE & FINANCE LEASES

Minimum lease payments under finance leases and hire purchase contracts fall due as follows:

	2015 £	2014 £
Within one year	55,449	87,165
Between 1-5 years	-	55,449
	<u>55,449</u>	<u>142,614</u>

# CABANA RESTAURANTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

### 16. FINANCIAL INSTRUMENTS

	2015 £	2014 £
<b>Financial assets</b>		
Financial assets that are debt instruments measured at amortised cost	390,152	236,875
	<u>390,152</u>	<u>236,875</u>
	2015 £	2014 £
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	2,393,585	1,127,178
	<u>2,393,585</u>	<u>1,127,178</u>

Financial assets measured at amortised cost comprise trade debtors and other debtors.

Financial liabilities measured at amortised cost comprise bank loans, trade creditors, obligations under finance leases and hire purchase contracts and other creditors.

The interest rate on bank loans is 3% plus the Bank of England base rate.

### 17. SHARE CAPITAL

	2015 £	2014 £
<b>Allotted, issued, called up and fully paid</b>		
8,830,940 (2014 - 6,790,116) 'A' Ordinary shares of £0.10 each	883,094	679,012
30 (2014 - 30) 'B' Ordinary shares of £0.10 each	3	3
	<u>883,097</u>	<u>679,015</u>

During the year 2,040,824 'A' Ordinary shares having an aggregate nominal value of £204,082 were allotted for an aggregate consideration of £5,000,001.

The different classes of shares rank pari passu except for in the event of the sale of the whole of the issued equity share capital of the Company.

In the event of a sale, the 'B' Ordinary shares receive sale proceeds subject to a target investment return being delivered on the 'A' Ordinary shares as prescribed in the Company's Articles of Association. Where target investment return conditions are not met, all sales proceeds are allocated to the 'A' Ordinary shares.

## CABANA RESTAURANTS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

#### 18. RESERVES

##### Share premium account

The share premium account represents the consideration received in excess of the nominal value of shares that have been issued.

##### Profit and loss account

The profit and loss account represents accumulated comprehensive income for the year and prior periods.

#### 19. SHARE BASED PAYMENTS

The Company has entered into equity settled share based payment arrangements with three employees and one director under the Enterprise Management Incentives scheme (EMI).

At the year end there are five (2014 - two) EMI agreements in place.

Four of the agreements have no vesting conditions and expire between four and ten years from the date of grant.

The share options subject to the remaining agreement vest in equal instalments annually from the first anniversary of the date of grant over a period of five years. The share options under this agreement expire on the tenth anniversary of the date of grant.

The fair value of the share options was measured with reference to recent transactions in the Company's shares at the date of grant in accordance with the three-tier measurement hierarchy outlined in Section 26 of Financial Reporting Standard 102. Under this measurement basis the fair value of all share options at the date of grant is £nil and as such there has been no expense recognised in the Statement of Comprehensive Income during the current year in respect of new share options granted.

At the year end the total carrying amount of liabilities arising from share-based payment transactions is £nil (2014 - £nil).

The Company's share options are summarised as follows:

	Weighted average exercise price (pence) 2015	Number 2015	Weighted average exercise price (pence) 2014	Number 2014
Outstanding at the beginning of the year	120	78,333	120	78,333
Granted during the year	245	140,835	-	-
Outstanding at the end of the year	200	219,168	120	78,333
Exercisable at the end of the year	163	119,168	120	78,333

## CABANA RESTAURANTS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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#### 20. CAPITAL COMMITMENTS

At 31 December 2015 the Company had capital commitments as follows:

	2015 £	2014 £
Contracted for but not provided in these financial statements	41,736	30,212

#### 21. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2015 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2015 £	2014 £
Not later than 1 year	1,528,750	1,218,750
Later than 1 year and not later than 5 years	6,115,000	4,875,000
Later than 5 years	17,293,750	11,375,000
<b>Total</b>	<b>24,937,500</b>	<b>17,468,750</b>

The total operating lease payments recognised during the year as an expense were £1,223,682 (2014 - £1,033,771).

#### 22. RELATED PARTY TRANSACTIONS

During the year the Company was charged management fees in relation to human resources, finance and marketing services totalling £170,218 (2014 - £157,424) by companies under common influence. The Company was recharged costs totalling £3,009 (2014 - £9,431) by these companies for expenses incurred on the Company's behalf and in turn recharged expenses to companies under common influence totalling £1,001 (2014 - £nil). At the balance sheet date the amount due to companies under common influence was £6,000 (2014 - £5,185).

The above transactions took place on an arm's length basis.

#### 23. CONTROLLING PARTY

There was no ultimate controlling party during the current or prior year.