

Financial Statements

Gusto Restaurants UK Limited

For the year ended 31 March 2017

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COMPANIES HOUSE

Registered number: 08722603

Gusto Restaurants UK Limited

Company Information

Directors	S J Crimes A J Griffin J K Roberts G M Peel
Registered number	08722603
Registered office	98 King Street Knutsford Cheshire WA16 6HQ
Independent auditor	Grant Thornton UK LLP Chartered Accountants Statutory Auditor 4 Hardman Square Spinningfields Manchester M3 3EB
Solicitors	Pinsent Masons LLP 3 Colmore Circus Birmingham B4 6BH

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Strategic Report

For the Year Ended 31 March 2017

Business review

The company is an intermediate holding company for Gusto Restaurants Limited and has not traded as such in the current year or previous period.

Principal risks and uncertainties

Financial risk

The company uses various financial instruments which include loan notes and funding from group companies. The following risks have been identified within the company.

Interest rate risk

The company finances its operations through loan notes. The directors therefore consider the company's exposure to interest rate fluctuation to be minimal.

Liquidity risk

The company seeks to manage liquidity risk by ensuring sufficient headroom in cash balances to meet foreseeable needs and to invest cash assets safely and profitably. Short term flexibility is achieved through an overdraft facility.

Other risk

Management regularly monitor and discuss other risks and uncertainties within the business including restaurant performance, competition, economic uncertainty and rising costs.

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



G M Peel

Director

Date: 28/7/17

Directors' Report

For the Year Ended 31 March 2017

The directors present their report and the financial statements for the year ended 31 March 2017.

Directors

The directors who served during the year were:

S J Crimes
A J Griffin
J K Roberts
G M Peel (appointed 6 December 2016)

Results and dividends

The loss for the year, after taxation, amounted to £1,651 thousand (2016 - loss £1,520 thousand).

The directors have not recommended payment of a dividend in either the current year or previous period.

Directors' responsibilities statement

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 for the Company's financial statements and then apply them consistently;
- make judgments 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.

Disclosure of information to auditor

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

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the 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 auditor is aware of that information.

Gusto Restaurants UK Limited

Directors' Report (continued)

For the Year Ended 31 March 2017

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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



G M Peel

Director

Date: 28/7/17



Independent Auditor's Report to the Members of Gusto Restaurants UK Limited

We have audited the financial statements of Gusto Restaurants UK Limited for the year ended 31 March 2017, which comprise the Statement of income and retained earnings, the Statement of financial position and the related notes. The financial reporting framework that has been applied in their preparation is the applicable law and the 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.

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 on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 March 2017 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.



Independent Auditor's Report to the Members of Gusto Restaurants UK Limited (continued)

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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 those financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic report and the Directors' report.

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.

Grant Thornton UK LLP

Carl Williams (Senior statutory auditor)
for and on behalf of
Grant Thornton UK LLP
Chartered Accountants
Statutory Auditor
Manchester

Date: 28/7/17

Statement of Income and Retained Earnings

For the year ended 31 March 2017

	Note	2017 £000	2016 £000
Administrative expenses		-	(2)
Operating profit/(loss)	3	-	(2)
Interest payable and expenses	4	(1,619)	(1,565)
Loss before tax		(1,619)	(1,567)
Tax on loss	5	(32)	47
Loss after tax		(1,651)	(1,520)
Retained earnings at the beginning of the year		(2,977)	(1,457)
		(2,977)	(1,457)
Loss for the year		(1,651)	(1,520)
Retained earnings at the end of the year		(4,628)	(2,977)

There were no recognised gains and losses for 2017 or 2016 other than those included in the statement of income and retained earnings.

The notes on pages 8-14 form part of these financial statements.

Statement of Financial Position

As at 31 March 2017

	Note	2017 £000	2016 £000
Fixed assets			
Investments	6	9,163	9,163
		<u>9,163</u>	<u>9,163</u>
Current assets			
Debtors: amounts falling due within one year	7	3,411	3,695
		<u>3,411</u>	<u>3,695</u>
Total assets less current liabilities		<u>12,574</u>	<u>12,858</u>
Creditors: amounts falling due after more than one year	8	(16,719)	(15,352)
Net liabilities		<u>(4,145)</u>	<u>(2,494)</u>
Capital and reserves			
Called up share capital	12	483	483
Profit and loss account	13	(4,628)	(2,977)
Shareholders' deficit		<u>(4,145)</u>	<u>(2,494)</u>

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



G M Peel

Director

Date: 28/7/17

The notes on pages 8 to 14 form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 31 March 2017

1. Accounting policies

1.1 Company information

Gusto Restaurants UK Limited is a company incorporated in the United Kingdom under the Companies Act 2006 and its registered office is 98 King Street, Knutsford, Cheshire, WA16 6HQ. The principal activity of the company during the year was the management activities of a holding company.

1.2 Basis of preparation of financial statements

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

The financial statements are presented in Sterling (£).

The individual accounts of Gusto Restaurants UK Limited have also adopted the disclosure exemption in the requirement to present a statement of cash flows and related notes on the basis that they are consolidated with Gusto Restaurants Group Limited, which are available from Companies House.

The following principal accounting policies have been applied:

1.3 Going concern

Notwithstanding the loss for the year and net liabilities position and after making enquiries, the directors have a reasonable expectation that the company is reliant on the continued support from Group undertakings and ultimate shareholders. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

1.4 Investments

Investments in subsidiaries are measured at cost less any accumulated impairment.

1.5 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Notes to the Financial Statements

For the Year Ended 31 March 2017

1. Accounting policies (continued)

1.6 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the statement of income and retained earnings..

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an 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.

1.7 Finance costs

Finance costs are charged to the statement of income and retained earnings over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Notes to the Financial Statements

For the Year Ended 31 March 2017

1. Accounting policies (continued)

1.8 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of income and retained earnings, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and

- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2. Judgements in applying accounting policies and key sources of estimation uncertainty

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

The amortisation of debt issue costs, which have been allocated against debt and amortised over the period of the loan facility.

3. Operating profit/(loss)

During the year, no director received any emoluments (2016 - £NIL)

4. Interest payable and similar charges

	31 March 2017 £000	31 March 2016 £000
Interest payable on loan notes	1,333	1,279
Amortisation of debt issue costs	286	286
	<u>1,619</u>	<u>1,565</u>

Notes to the Financial Statements

For the Year Ended 31 March 2017

5. Taxation

	31 March 2017 £000	31 March 2016 £000
Deferred tax		
Origination and reversal of timing differences	(37)	(53)
Adjustments to tax charge in respect of prior periods	67	-
Effect of tax rate change on opening balance	2	6
Total deferred tax	<u>32</u>	<u>(47)</u>
Taxation on profit/(loss) on ordinary activities	<u>32</u>	<u>(47)</u>

Factors that may affect future tax charges

During the year the UK corporation tax rate was decreased. There will be a further reduction in the main corporation tax from 1 April 2017 to 19% and following the Budget announcements the rate will fall to 17% in 2020.

6. Fixed asset investments

	Investments in subsidiary companies £000
Cost or valuation	
At 1 April 2016	9,163
At 31 March 2017	<u>9,163</u>
Net book value	
At 31 March 2017	<u>9,163</u>
At 31 March 2016	<u>9,163</u>

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Gusto Restaurants Limited	Ordinary	100 %	Restauranteurs

Notes to the Financial Statements

For the Year Ended 31 March 2017

7. Debtors

	2017 £000	2016 £000
Amounts owed by group undertakings	3,336	3,588
Deferred taxation	74	106
	<u>3,410</u>	<u>3,694</u>

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

	2017 £000	2016 £000
Loan notes	13,549	13,263
Accruals and deferred income	3,170	2,089
	<u>16,719</u>	<u>15,352</u>

The 8.5% loan notes were issued on 17 April 2014 by Palatine Equity LLP totalling £8,823,000 and are redeemable in 2022. The loan notes are secured by a debenture from the company over all of its assets, undertakings and a charge of the shares in each of its subsidiaries.

The 11% loan notes were issued on 17 April 2014 by Beechbrook Capital LLP totalling £3,300,000 and are redeemable in 2022. The loan notes are secured by a debenture from the company over all of its assets, undertakings and a charge over the shares in each of its subsidiaries.

The 8% loan notes were issued on 17 April 2014 by the management of the company totalling £1,997,000 and are redeemable in 2022. The loan notes are secured by a debenture from the company over all of its assets, undertakings and a charge over the shares in each of its subsidiaries.

Loan interest for the three types of loan notes has been included totalling £3,169,823 at 31 March 2017 (2016: £2,089,000).

Total debt issue costs totalling £1,430,000 have been offset against the loan notes and are amortised over the period of the loan note facilities.

9. Loans

Analysis of the maturity of loans is given below:

	2017 £000	2016 £000
Amounts falling due 2-5 years		
Loan notes	<u>13,549</u>	<u>13,263</u>

Notes to the Financial Statements

For the Year Ended 31 March 2017

10. Financial instruments

	2017 £000	2016 £000
Financial assets		
Financial assets measured at amortised cost	3,336	3,588
	<u>3,336</u>	<u>3,588</u>
Financial liabilities		
Financial liabilities measured at amortised cost	(16,719)	(15,352)
	<u>(16,719)</u>	<u>(15,352)</u>

Financial assets measured at amortised cost comprise amounts due to group undertakings.

Financial liabilities measured at amortised cost comprise loan notes and accruals and deferred income.

11. Deferred taxation

	Deferred tax £000	
At 1 April 2016		106
Charged to statement of income		(32)
At end of year		<u>74</u>
	2017 £000	2016 £000
Short term timing differences	74	106
	<u>74</u>	<u>106</u>

Notes to the Financial Statements

For the Year Ended 31 March 2017

12. Share capital

	2017 £000	2016 £000
Shares classified as equity		
Allotted, called up and fully paid		
482,981 Ordinary shares of £1 each	483	483

13. Reserves

Called up share capital - represents the nominal value of shares that have been issued.

Profit and loss account - the profit and loss account includes all current and prior period retained losses.

14. Contingent liabilities

As at 31 March 2017 and 31 March 2016, the directors have confirmed that the company had no contingent liabilities.

15. Capital commitments

As at 31 March 2017 and 31 March 2016, the directors have confirmed that the company had no capital commitments.

16. Related party transactions

The company has taken advantage of the exemption in FRS 102 (section 33) "Related Party Disclosure" and has not disclosed transactions with group undertakings where the company is a 100% subsidiary.

17. Controlling party

The immediate parent undertaking of the company is Gusto Restaurants Group Limited.

The smallest and largest group of undertakings for which Group accounts have been drawn up is that headed by Gusto Restaurants Group Limited. Copies of the Group financial statements can be obtained from Companies House