BKUK Devco Limited

Annual report and financial statements

For the 15 month period ended 31 December 2018

Registered number 10980858

Contents

Strategic Report

The directors present their strategic report on the Company for the 15 month period from 25 September 2017 to 31 December 2018 ("the period").

Review of the business
The Company was incorporated on 25 September 2017. The results of the Company for the period are set out on page 7 and show a loss before taxation of £1,053,833. The net assets of the Company as at 31 December 2018 is £17,696,385. The Company opened 8 new sites during the period and acquired 3 existing sites for a total consideration of £823,491 during October 2018.

Key performance indicators
The key performance indicators used by the directors in monitoring the performance of the Company are Adjusted EBITDA and like-for-like sales growth.

Adjusted EBITDA

Adjusted EBITDA, which is the profit before tax, interest, depreciation, amortisation, and any one off or non-recurring items, of the Company, was nil. The operating loss is a result of the development of new restaurants during the Company's initial operating period, and which are expected to generate profits in the future. The directors are working on initiatives to improve the profitability of the business including in areas such as procurement of goods and also through the opening or remodelling of new and existing restaurants.

The reconciliation between the operating loss and Adjusted EBITDA is detailed below:

	£'000
Operating loss	(794)
add: depreciation of tangible fixed assets	41
add: amortisation of intangible fixed assets	8
add: new site pre-opening costs	745
Adjusted EBITDA	-

Like-for-like sales growth

The Company measures the year-on-year underlying performance of the existing estate. Company like-for-like sales growth is defined as comparing the performance of all mature sites in the current period with the same sites in the comparable period in the previous year. There is no comparative period for the current financial period, therefore this will be monitored closely from the next financial period.

Future developments
See the Directors' report for further information.

Market
The UK Fast Food market, in which the Burger King restaurants operate, has been resilient in 2018 despite a slowdown in growth from previous years. The restaurants operated by the Company performed well during the period and this performance has continued in to the new financial period.

Risks
The main risks to our business are:

- Prevailing economic conditions including foreign exchange
- The availability of quality food ingredients in the UK
- The recruitment and retention of employees
- Competition from other food outlets
- Consumer sentiment and willingness to spend in the eating out and take away markets
- The impact of adverse weather conditions.
- Liquidity and credit risk

Many of these risks are mitigated by Burger King's strong product range, and ongoing product development. The Company manages its exposure to liquidity risk by maintaining significant cash reserves and entering into long term loan note agreements which will not be settled until the agreed repayment date in 2027.

Credit risk arises as a result of the Company's intercompany debtors balance with BKUK Group Limited. Having reviewed budgets and forecasts for BKUK Group Limited, which is supported by the cashflows from its subsidiary undertakings, the directors are satisfied that the risk associated with this balance is appropriately managed.

On behalf of the board

AD Murdoch
Director
24 June 2019

Directors' report

The directors present their annual report and the audited financial statements of BKUK Devco Limited ("the Company") for the period ended 31 December 2018. The Company was incorporated on 25 September 2017 under the name Royale Devco Limited, which changed to BKUK Devco Limited on 17 April 2018.

Principal activities and future developments
The principal activity of the Company is the franchise and operation of Burger King restaurants, completed through a combination of opening new restaurants and targeted acquisitions. The directors expect this to continue for the foreseeable future. The directors have considered the financial position of the Company and concluded that it is appropriate to prepare the financial statements on a going concern basis.

The Company is continuing to look for opportunities for expansion through opening new restaurants and improving the performance of our existing business.

Dividend
No dividends were paid during the period.

Directors
The directors who held office during the period, and up to the date of the financial statements, unless otherwise stated, were as follows:

DC Shear	Appointed 25 September 2017, resigned on 16 November 2017
VML Gwilliam	Appointed 9 November 2017, resigned on 18 April 2018
TJ Doubleday	Appointed 9 November 2017
AD Murdoch	Appointed 18 April 2018

Directors' indemnity
Royale Midco Limited, a group company, maintains liability insurance for directors and officers of BKUK Devco Limited. This is a qualifying third-party indemnity provision for the purpose of the Companies Act 2006.

Statement of directors' responsibilities
The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements 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.

The directors 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 auditors
In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Employees
It is Company policy that there shall be no discrimination in respect of sex, colour, race, religion or nationality and that equal opportunity shall be given to all employees.

The policy of giving full and fair consideration to applications for employment from disabled persons and where practical to continue the employment of anyone who may become disabled during their employment has continued. Where 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).

Every effort is made to ensure good communication. In particular, the Company recognises the crucial roles that its managers and supervisors play in ensuring that employees are made aware of developments within the Company.

Directors' report (continued)

Financial instruments

The directors consider that the Company's key financial instruments are shareholder loan notes and amounts due to group companies. Interest on shareholder loans is fixed at 11 per cent per annum and is therefore not exposed to movements in interest rates. The directors will revisit the appropriateness of this policy should the Company's operations change in size or nature.

The Company has trade creditors on normal terms and finances working capital requirements from its trading performance and a revolving credit facility. All transactions are in sterling. The Company does not use any other financial instruments as part of its risk management.

The Company's exposure to the price risk of financial instruments is therefore minimal. The directors do not consider any other risks in regard to the use of financial instruments to be material to an assessment of its financial position or trading results.

Risk Management

The Company is conscious of the importance of providing a safe working environment for both its employees and its customers, of ensuring compliance with all statutory and mandatory requirements and of minimising the environmental impact of its operations whenever possible. Careful attention is given to the promotion of risk management procedures.

Donations

The Company did not make any political donations or incur any political expenditure during the period.

Post balance sheet events

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

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have been appointed by the directors. PricewaterhouseCoopers LLP have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Audit Committee meeting following the signing of these financial statements.

On behalf of the board

AD Murdoch
Director
24 June 2019

Independent auditors' report

to the members of BKUK Devco Limited

Report on the audit of the financial statements

Opinion

In our opinion, BKUK Devco Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the 15 month period (the "period") then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2018; the statement of comprehensive income and the statement of changes in equity for the 15 month period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Independent auditors' report

to the members of BKUK Devco Limited

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the period ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Simon Bailey

Simon Bailey (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Gatwick

25 June 2019

Statement of comprehensive income
for the period ended 31 December 2018

	Note	31 December 2018 £'000
Turnover	5	1,313
Cost of sales		(1,896)
Gross profit		(583)
Administrative expenses		(211)
Operating loss	6	(794)
Interest payable and similar expenses	9	(260)
Loss before taxation		(1,054)
Tax on loss	10	-
Loss for the financial period		(1,054)

All results arise from continuing activities.

There was no other comprehensive income for the period ended 31 December 2018.

The notes on pages 10 to 18 form part of the financial statements.

Balance sheet
as at 31 December 2018

	Notes	31 December 2018 £'000
Fixed assets		
Intangible assets	11	750
Tangible assets	12	6,038
		6,788
Current assets		
Inventories	13	102
Debtors	14	19,383
Cash and cash equivalents	15	19,754
		39,239
Creditors: amounts falling due within one year	16	(9,321)
Net current assets		29,918
Total assets less current liabilities		36,706
Creditors: amounts falling due after more than one year	17	(19,010)
Net assets		17,696
Capital and reserves		
Called-up share capital	20	-
Share premium account	20	18,750
Accumulated losses		(1,054)
Total equity		17,696

The notes on pages 10 to 18 form part of the financial statements.

The financial statements were approved by the board of directors on 24 June 2019 and were signed on its behalf by:

TJ Doubleday
Director
24 June 2019

BKUK Devco Limited
Registered no. 10980858

Statement of changes in equity

for the period ended 31 December 2018

	Called-up share capital £'000	Share premium £'000	Accumulated losses £'000	Total equity £'000
At 25 September 2017	-	-	-	-
Loss for the financial period	-	-	(1,054)	(1,054)
Total comprehensive expense for the period	-	-	(1,054)	(1,054)
Share issue	-	18,750	-	18,750
At 31 December 2018	-	18,750	(1,054)	17,696

The notes on pages 10 to 18 form part of the financial statements.

Notes to the financial statements

Period ended 31 December 2018

1 General information

BKUK Devco Limited (the "Company") operates a number of Burger King franchises in England and Scotland.

The Company is a private company limited by shares and incorporated and domiciled in the UK. The company registered number is 10980858 and the registered address is 5 New Street Square, London, EC4A 3TW.

2 Statement of compliance

These financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (*"FRS 102"*) and the Companies Act 2006.

3 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These have been applied consistently in the period ended 31 December 2018.

3.1 *Basis of preparation*

These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value. The preparation of financial statements 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 4.

The financial statements have been prepared for the period from the incorporation of the Company on 25 September 2017 to 31 December 2018.

3.2 *Going concern*

The Company has cash reserves of £19,753,888 and is in a net asset position of £17,696,385, of which £19,009,932 included in creditors relate to shareholder loan notes. These loans do not mature until 2027. These financial statements have been prepared on a going concern basis as the Directors have a reasonable expectation that the Company has adequate resources to continue its operational existence for the foreseeable future having assessed the business risks, financial position and resources of the Company.

3.3 *Exemptions for qualifying entities under FRS 102*

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions. The Company has taken advantage of the following exemptions in its financial statements:

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d); and
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

The information is included in the consolidated financial statements of Royale JVC Limited as at 31 December 2018 and these financial statements may be obtained from UK Companies House.

3.4 *Foreign currency*

The financial statements are presented in pound sterling and rounded to thousands. The Company's functional and presentation currency is the pound sterling.

3.5 *Revenue recognition*

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Company's activities. Revenue is shown net of VAT, refunds and discounts.

The Company recognises revenue when:

- the amount of revenue can be reliably measured; and
- it is probable that the future economic benefits will flow to the entity.

3.6 *Employee benefits*

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

Notes to the financial statements

Period ended 31 December 2018

3 Summary of significant accounting policies (continued)

3.7 *Taxation*

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

i. Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the period or prior periods. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end. Current or deferred taxation assets and liabilities are not discounted.

ii. Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

3.8 *Intangible assets*

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives, as follows:

- Franchise agreements — Over the life of the agreement
- Goodwill — 10 years

Amortisation is included in administrative expenses in the profit and loss account.

Where factors indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances. The assets are reviewed for impairment if factors indicate that the carrying amount may be impaired.

3.9 *Tangible assets*

Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

- Short leasehold land and buildings — Over the unexpired lease of the term
- Plant and machinery — 3 - 10 years

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

Assets in the course of construction are stated at cost. These assets are not depreciated until they are available for use.

3.10 *Borrowing costs*

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.11 *Operating leased assets*

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payment under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

3.12 *Inventories*

Raw materials and consumables are valued at the lower of cost and net realisable value. Cost is based on the purchase cost on a first-in, first-out basis. Cost for small ware inventories is determined by reference to the standard quantity in issue to each restaurant.

Notes to the financial statements

Period ended 31 December 2018

3 Summary of significant accounting policies (continued)

3.13 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and cash in transit.

3.14 Financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

3.15 Dividends

Dividends and other distributions to the Company's shareholders are recognised in the period in which the dividends and other distributions are approved by the shareholders. These amounts are recognised in the statement of changes in equity.

4 Key accounting estimates and assumptions

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 the potential to cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

i. Recoverability of intercompany debtors

The directors have considered the financial position and three year forecast for BKUK Group Limited, which include the cashflows of its trading subsidiaries BKUK Devco Limited, Caspian Food Retailers Limited, Caspian Food Services Limited and Westside Express Limited. Based upon the forecast profitability and high cashflows generated, the directors are satisfied that the intercompany debtors are recoverable.

ii. Impairment of goodwill

The Company considers whether the goodwill arising on the acquisition of restaurants is impaired by considering the profitability of the individual restaurants. The directors have concluded that no impairment is required as at the balance date and will reassess the goodwill impairment model periodically.

5 Turnover

Turnover is derived from the operation of Burger King restaurants and is carried out wholly within the UK. The directors regard the operation of the restaurants as a single activity and therefore no further segmental analysis is required.

6 Operating loss

Operating loss is stated after charging the following:

	31 December 2018 £'000
Depreciation of tangible fixed assets	41
Amortisation of intangible fixed assets	8
Operating lease charges	164
Fees payable to the Company's auditors:	
– Audit of these financial statements	15
– Tax compliance services	8
	23

Notes to the financial statements

Period ended 31 December 2018

7 Employees and directors

	31 December 2018 £'000
Wages and salaries	337
Social security costs	33
	370

The average number of employees during the period, all employed in Store Operations, amounted to 61.

8 Directors' remuneration

The directors' remuneration is borne by Royale Midco Limited and details are disclosed in the financial statements of that company. The directors consider that it is not possible to accurately apportion these costs to the Company, and therefore no recharge has been incurred by the Company. No retirement benefits are accruing for any of the directors.

9 Interest payable and similar expenses

	31 December 2018 £'000
Interest payable on shareholder loans	260
	260

10 Tax on loss

	31 December 2018 £'000
Total tax expense recognised in the profit and loss account and other comprehensive income	
Current tax:	
Current tax on loss for the period	-
Total current tax	-
Deferred tax:	
Origination and reversal of timing differences	-
Effect of changes in tax rate	-
Total deferred tax	-
Tax credit loss and other comprehensive income	-

Notes to the financial statements

Period ended 31 December 2018

10 Tax on loss (continued)

Reconciliation of effective tax rate

The charge for the period can be reconciled to the profit per the income statement as follows:

	31 December 2018 £'000
Loss before taxation	(1,054)
Tax using the UK corporation tax rate of 19.00%	(200)
Expenses not deductible for tax purposes	28
Effects of group relief	172
Total tax credit included in profit or loss	-

Expenses not deductible for tax purposes mainly represents interest on shareholder loans.

Factors affecting future tax changes

Reductions in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015. A further reduction to the UK corporation tax rate was announced in the 2016 Budget to further reduce the tax rate to 17% (to be effective from 1 April 2020). This will reduce the company's future current tax charge accordingly. The deferred tax liability at the balance sheet date has been calculated based on the rate of 17% substantively enacted at the balance sheet date.

11 Intangible assets

	Goodwill £'000	Franchise fees £'000	Total £'000
Cost			
At 25 September 2017	-	-	-
Additions	735	23	758
At 31 December 2018	735	23	758
Accumulated amortisation			
At 25 September 2017	-	-	-
Charge for the period	(7)	(1)	(8)
At 31 December 2018	(7)	(1)	(8)
Net book value			
At 31 December 2018	728	22	750
At 25 September 2017	-	-	-

During October 2018, the Company acquired 3 existing restaurants with net assets of £88,533 for a total consideration of £823,491, generating goodwill of 734,958. No fair value adjustments were applied to the net assets acquired.

Notes to the financial statements

Period ended 31 December 2018

12 Tangible assets

	Short leasehold land and buildings £'000	Plant and machinery £'000	Total £'000
Cost			
At 25 September 2017	-	-	-
Additions	1,751	4,328	6,079
At 31 December 2018	1,751	4,328	6,079
Accumulated depreciation			
At 25 September 2017	-	-	-
Charge for the period	(7)	(34)	(41)
At 31 December 2018	(7)	(34)	(41)
Net book value			
At 31 December 2018	1,744	4,294	6,038
At 25 September 2017	-	-	-

All assets are stated at cost.

13 Inventories

	31 December 2018 £'000
Raw materials and consumables	102

Raw materials and consumables recognised as cost of sales in the Company in the period amounted to £386,572.

There is no material difference between the replacement cost and book value of inventory.

14 Debtors

	31 December 2018 £'000
Amounts owed by group undertakings	18,746
Other debtors	381
Prepayments and accrued income	256
	19,383

Amounts owed to group undertakings relate to balances incurred in the course of normal trading activity. Balances are unsecured, interest-free and repayable on demand.

All debtors are due within one year.

Notes to the financial statements

Period ended 31 December 2018

15 Cash and cash equivalents

	31 December 2018 £'000
Cash at bank and in hand	19,117
Cash in transit	637
	19,754

16 Creditors: amounts falling due within one year

	31 December 2018 £'000
Amounts owed to group undertakings	8,221
Other taxation and social security	270
Accruals and deferred income	830
	9,321

Amounts owed to group undertakings relate to balances incurred in the course of normal trading activity. Balances are unsecured, interest-free and repayable on demand.

17 Creditors: amounts falling due after more than one year

	31 December 2018 £'000
Amounts owed to group undertakings	19,010
	19,010

On 16 November 2018, the Company entered into a £18,750,000 unsecured redeemable series A loan note with its shareholder, BKUK Group Limited. The maturity date of the loan note is 30 September 2027. The loan note accrues interest at a compound rate of 11% per annum. Interest has been capitalised into the principal of the loan notes at 31 December 2018 of £259,932.

Notes to the financial statements

Period ended 31 December 2018

18 Financial instruments

The carrying amounts of the financial assets and liabilities include:

	31 December 2018 £'000
Financial assets measured at amortised cost	
Cash and cash equivalents	19,754
Amounts owed by group undertakings	18,746
Other debtors	381
Total financial assets	38,881
Financial liabilities measured at amortised cost	
Amounts owed to group undertakings	(8,221)
Shareholder loan notes	(19,010)
Accruals	(830)
Total financial liabilities	(28,061)
Net financial assets	10,820

19 Operating leases

The Company's future minimum lease payments under non-cancellable operating leases are as follows:

	31 December 2018 £'000
Less than one year	1,011
Between one and five years	4,046
More than five years	13,561
	18,618

During the period £164,072 was recognised as an expense in the Company profit and loss account in respect of operating leases.

Notes to the financial statements

Period ended 31 December 2018

20 Share capital and other reserves

	Number 31 December 2018	£ 31 December 2018
Allotted, called up and fully paid:		
Ordinary shares of £1.00 each	3	3
	3	3

On 26 July 2017, the Company was incorporated by BKUK Group Limited and held an initial shareholding of 2 Ordinary shares for a nominal value of £1.00 each.

On 16 November 2018, the Company issued 1 Ordinary share for a subscription price of £1.00 per share for a premium of £18,749,999.

Share premium account

	31 December 2018 £'000
Opening share premium account	-
Movements	18,750
Closing share premium account	18,750

Dividends
No dividends were paid for the period ended 31 December 2018.

21 Contingent liabilities

There were no contingent liabilities at period-end.

22 Related party transactions

Transactions and balances between companies wholly owned by Royale JVC Limited have not been disclosed as is permitted by FRS 102 Section 33.1A *Related Party Disclosures*. There are no additional related party transactions outside of the group which require disclosure.

23 Controlling party

The immediate parent company of BKUK Devco Limited is BKUK Group Limited. BKUK Group Limited is a limited company incorporated in England and Wales and the smallest group for which consolidated financial statements are prepared. Royale Topco Limited is a limited company incorporated in England and Wales and the largest group for which consolidated financial statements are prepared. The financial statements of BKUK Group Limited and Royale Topco Limited are available from the Company Secretary, 5 New Street Square, London, United Kingdom, EC4A 3TW.

Shares in Royale Topco Limited are held in the name of a nominee company, BEV Nominees II Limited, which holds the shares as nominee for the 12 limited partnerships that comprise the Bridgepoint Europe V Fund being Bridgepoint Europe V 'A1' LP, Bridgepoint Europe V 'A2' LP, Bridgepoint Europe V 'A3' LP, Bridgepoint Europe V 'B1' LP, Bridgepoint Europe V 'B2' LP, Bridgepoint Europe V 'B3' LP, Bridgepoint Europe V 'B4' LP, Bridgepoint Europe V 'B5' LP, Bridgepoint Europe V 'C' LP, Bridgepoint Europe V 'D' LP, Bridgepoint Europe V 'E' LP and Wigmore Street Co-Investments No.1 LP (the "Partnerships"). The Partnerships each act by their FCA authorised fund manager, Bridgepoint Advisers Limited.

BEV Nominees II Limited's and Bridgepoint Advisers Limited's ultimate parent company is Bridgepoint Group Limited. Accordingly, at 31 December 2018, the Directors consider the Company's ultimate controlling party to be Bridgepoint Group Limited.

24 Events after the reporting period

There were no significant events which occurred after the reporting period.