

**Herbel Restaurants Limited**  
**Financial Statements**  
**24 December 2017**



**MANEELY Mc CANN**  
Chartered accountant & statutory auditor  
Aisling House  
50 Stranmillis Embankment  
Belfast  
BT9 5FL

# **Herbel Restaurants Limited**

## **Financial Statements**

**Period from 5 December 2016 to 24 December 2017**

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# **Herbel Restaurants Limited**

## **Officers and Professional Advisers**

<b>The board of directors</b>	Mr M A Herbert Mrs L E Herbert
<b>Company secretary</b>	Mr M A Herbert
<b>Registered office</b>	Aisling House 50 Stranmillis Embankment Belfast BT9 5FL
<b>Auditor</b>	Maneely Mc Cann Chartered Accountants & Statutory Auditor Aisling House 50 Stranmillis Embankment Belfast BT9 5FL
<b>Bankers</b>	Bank of Ireland 1 Donegall Square South Belfast BT1 5LR  Danske Bank Donegall Square West Belfast BT1 6JS
<b>Solicitors</b>	Carson McDowell Murray House Murray Street Belfast BT1 6DN  DWF (Northern Ireland) LLP Jefferson House 42 Queen Street Belfast BT1 6HL  Mills Selig 21 Arthur Street Belfast BT1 4GA  O' Hare Solicitors St George's Buildings 37 - 41 High Street Belfast BT1 2AB

# **Herbel Restaurants Limited**

## **Strategic Report**

### **Period from 5 December 2016 to 24 December 2017**

The principal activity of the company during the period was property investment and development.

The company's revenues are rental income from investment properties and the sale of trading properties.

The company's actual result for the period is an operating loss of £9.47 million (4 December 2016: profit £8.87 million) and a loss on ordinary activities before tax of £9.87 million (4 December 2016: profit £8.62 million). At the period end net assets of the company were £2.14 million (4 December 2016: £21.65 million).

#### **Future developments**

The Directors continue to search for property investment and development opportunities.

The company's property business is sensitive to changes in property values, occupancy, rental returns, inflation and interest rates. The director is aware that any plans for the future development of the business may be subject to unforeseen future events outside his control. The director however focuses strongly on managing and mitigating these risks as well as exploring new opportunities for the business.

The company's operations expose it to a variety of financial risks that include liquidity risk and interest rate risk.

Given the size of the company, the director has not delegated the responsibility of monitoring financial risk management to a sub committee. The policies are set and reviewed by the director, and are implemented by the company's finance team. The main risks are summarised below:

#### **Foreign exchange risk**

While the greater part of the company's revenues and expenses are denominated in sterling, the company is exposed to some foreign exchange risk in the normal course of business. While the company has not used financial instruments to hedge foreign exchange exposure, this position is under constant review.

#### **Liquidity risk**

The company actively maintains a mixture of long-term and short-term finance to ensure sufficient liquidity available for operations and any planned expansions.

#### **Interest rate risk**

The company finances its operations through a combination of bank overdrafts, bank loans and loans from related parties, and has a policy of maintaining debt at competitive rates to ensure a reasonable degree of certainty over future interest cash flows. The director will revisit the appropriateness of this policy should the company's operations change in size or nature.

# **Herbel Restaurants Limited**

## **Strategic Report** *(continued)*

**Period from 5 December 2016 to 24 December 2017**

This report was approved by the board of directors on 27 July 2018 and signed on behalf of the board by:

A handwritten signature in black ink, consisting of a series of loops and a large circular flourish at the end.

Mr M A Herbert  
Director

Registered office:  
Aisling House  
50 Stranmillis Embankment  
Belfast  
BT9 5FL

# **Herbel Restaurants Limited**

## **Directors' Report**

### **Period from 5 December 2016 to 24 December 2017**

The directors present their report and the financial statements of the company for the period ended 24 December 2017.

#### **Directors**

The directors who served the company during the period were as follows:

Mr M A Herbert  
Mrs L E Herbert

#### **Dividends**

Particulars of recommended dividends are detailed in note 13 to the financial statements.

#### **Directors' responsibilities statement**

The directors are responsible for preparing the strategic report, 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 period. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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;
- 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.

#### **Auditor**

Each of the persons who is a director at the date of approval of this report confirms that:

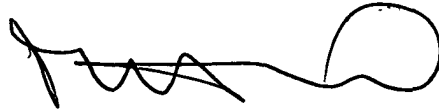
- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of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

# **Herbel Restaurants Limited**

## **Directors' Report** *(continued)*

### **Period from 5 December 2016 to 24 December 2017**

This report was approved by the board of directors on 27 July 2018 and signed on behalf of the board by:

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke, followed by a large circular flourish.

Mr M A Herbert  
Director

Registered office:  
Aisling House  
50 Stranmillis Embankment  
Belfast  
BT9 5FL

# **Herbel Restaurants Limited**

## **Independent Auditor's Report to the Members of Herbel Restaurants Limited**

**Period from 5 December 2016 to 24 December 2017**

### **Opinion**

We have audited the financial statements of Herbel Restaurants Limited (the 'company') for the period ended 24 December 2017 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 24 December 2017 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- 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.



# **Herbel Restaurants Limited**

## **Independent Auditor's Report to the Members of Herbel Restaurants Limited** (continued)

**Period from 5 December 2016 to 24 December 2017**

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

### **Opinions 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 period for which the financial statements are prepared is consistent with the 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 by exception**

Arising from the limitation of our work referred to above:

- we have not received all the information and explanations we require for our audit.

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.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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.

# **Herbel Restaurants Limited**

## **Independent Auditor's Report to the Members of Herbel Restaurants Limited** (continued)

**Period from 5 December 2016 to 24 December 2017**

### **Auditor's 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 auditor's 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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

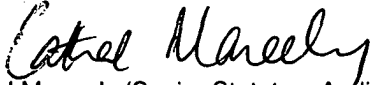
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

## **Herbel Restaurants Limited**

### **Independent Auditor's Report to the Members of Herbel Restaurants Limited** *(continued)*

#### **Period from 5 December 2016 to 24 December 2017**

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Cathal Maneely (Senior Statutory Auditor)

For and on behalf of  
Maneely Mc Cann  
Chartered Accountants & Statutory Auditor  
Aisling House  
50 Stranmillis Embankment  
Belfast  
BT9 5FL

27 July 2018

## Herbel Restaurants Limited

### Statement of Comprehensive Income

Period from 5 December 2016 to 24 December 2017

		24 Dec 17			4 Dec 16		
	Note	Continuing operations £	Discont'd operations £	Total £	Continuing operations £	Discont'd operations £	Total £
<b>Turnover</b>	<b>4</b>	526,358	–	<b>526,358</b>	124,200	13,593,684	13,717,884
Cost of sales		1,094,304	–	<b>1,094,304</b>	67,993	7,042,425	7,110,418
<b>Gross (loss)/profit</b>		(567,946)	–	<b>(567,946)</b>	56,207	6,551,259	6,607,466
Administrative expenses		8,902,571	–	<b>8,902,571</b>	4,573,649	(6,846,873)	(2,273,224)
Other operating income	<b>5</b>	–	–	–	–	(9,000)	(9,000)
<b>Operating (loss)/profit</b>	<b>6</b>	(9,470,517)	–	<b>(9,470,517)</b>	(4,517,442)	13,389,132	8,871,690
Income from shares in group undertakings	<b>9</b>	(402,409)	–	<b>(402,409)</b>	–	–	–
Other interest receivable and similar income	<b>10</b>	–	–	–	–	24,000	24,000
Interest payable and similar expenses	<b>11</b>	1,101	–	<b>1,101</b>	–	277,393	277,393
<b>(Loss)/profit before taxation</b>		(9,874,027)	–	<b>(9,874,027)</b>	(4,517,442)	13,135,739	8,618,297
Tax on (loss)/profit	<b>12</b>	1,360,445	–	<b>1,360,445</b>	(27,088)	30,661	3,573
<b>(Loss)/profit for the financial period and total comprehensive income</b>		<u>(11,234,472)</u>	<u>–</u>	<u><b>(11,234,472)</b></u>	<u>(4,490,354)</u>	<u>13,105,078</u>	<u>8,614,724</u>

The notes on pages 13 to 25 form part of these financial statements.

# Herbel Restaurants Limited

## Statement of Financial Position

24 December 2017

	Note	24 Dec 17 £	£	4 Dec 16 £
<b>Fixed assets</b>				
Tangible assets	14		–	2,671,000
Investments	15		<u>106,146</u>	<u>508,555</u>
			<b>106,146</b>	<b>3,179,555</b>
<b>Current assets</b>				
Stocks	16	–		950,000
Debtors	17	<u>6,586,280</u>		<u>24,769,087</u>
Cash at bank and in hand		<u>88,695</u>		<u>303,633</u>
		<b>6,674,975</b>		<b>26,022,720</b>
<b>Creditors: amounts falling due within one year</b>	18	<u>954,679</u>		<u>7,552,648</u>
<b>Net current assets</b>			<b>5,720,296</b>	<b>18,470,072</b>
<b>Total assets less current liabilities</b>			<b>5,826,442</b>	<b>21,649,627</b>
<b>Creditors: amounts falling due after more than one year</b>	19		<u>3,687,040</u>	<u>–</u>
<b>Net assets</b>			<u><b>2,139,402</b></u>	<u><b>21,649,627</b></u>
<b>Capital and reserves</b>				
Called up share capital	23		<u>177,500</u>	<u>177,500</u>
Capital redemption reserve	24		<u>322,500</u>	<u>322,500</u>
Profit and loss account	24		<u>1,639,402</u>	<u>21,149,627</u>
<b>Shareholders funds</b>			<u><b>2,139,402</b></u>	<u><b>21,649,627</b></u>

These financial statements were approved by the board of directors and authorised for issue on 27 July 2018, and are signed on behalf of the board by:



Mr M A Herbert  
Director

Company registration number: NI014639

The notes on pages 13 to 25 form part of these financial statements.

# Herbel Restaurants Limited

## Statement of Changes in Equity

Period from 5 December 2016 to 24 December 2017

	Called up share capital £	Revaluation reserve £	Capital redemption reserve £	Profit and loss account £	Total £
<b>At 30 November 2015</b>	177,500	2,666,039	322,500	9,868,864	13,034,903
Profit for the period				8,614,724	8,614,724
Other comprehensive income for the period:					
Reclassification from revaluation reserve to profit and loss account	—	(2,666,039)	—	2,666,039	—
<b>Total comprehensive income for the period</b>	—	(2,666,039)	—	11,280,763	8,614,724
<b>At 4 December 2016</b>	177,500	—	322,500	21,149,627	<b>21,649,627</b>
Loss for the period				(11,234,472)	(11,234,472)
<b>Total comprehensive income for the period</b>	—	—	—	(11,234,472)	(11,234,472)
Dividends paid and payable	13	—	—	(8,275,753)	(8,275,753)
<b>Total investments by and distributions to owners</b>	—	—	—	(8,275,753)	(8,275,753)
<b>At 24 December 2017</b>	<u>177,500</u>	<u>—</u>	<u>322,500</u>	<u>1,639,402</u>	<u><b>2,139,402</b></u>

The notes on pages 13 to 25 form part of these financial statements.

# **Herbel Restaurants Limited**

## **Notes to the Financial Statements**

**Period from 5 December 2016 to 24 December 2017**

### **1. General information**

The company is a private company limited by shares, registered in Northern Ireland. The address of the registered office is Aisling House, 50 Stranmillis Embankment, Belfast, BT9 5FL.

### **2. Statement of compliance**

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

### **3. Accounting policies**

#### **Basis of preparation**

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

#### **Disclosure exemptions**

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the financial statements of Banner Dell Limited which can be obtained from Marina Buildings, Harleyford Estate, Henley Road, Marlow, Buckinghamshire, SL7 2DX. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

(a) No cash flow statement has been presented for the company.

#### **Judgements and key sources of estimation uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### **Group accounts**

The company is entitled to the exemption under Section 400 of the Companies Act 2006 from the obligation to prepare group accounts.

#### **Turnover**

Turnover represents the total amounts derived from sales in the course of the company's retail activities, from rentals receivable on lettings to third party tenants and from the sale of trading property. Turnover from retail activities is recognised on the date of supply; turnover from rentals accrues on a time basis by reference to the agreements entered; turnover from property sales is recognised on the date of completion.

#### **Exceptional items**

Exceptional items are disclosed separately in the financial statements in order to provide further understanding of the financial performance of the entity. They are material items of income or expense that have been shown separately because of their nature or amount.

# **Herbel Restaurants Limited**

## **Notes to the Financial Statements** *(continued)*

**Period from 5 December 2016 to 24 December 2017**

### **3. Accounting policies** *(continued)*

#### **Income tax**

Corporation tax is calculated on the results for the period.

Tax deferred as a result of timing differences between accounting and taxation profits is provided for in full in respect of deferred tax liabilities with the exception of differences arising from the revaluation of fixed assets, where there is no binding agreement to sell the asset at the balance sheet date and where the gain or loss on such a sale has not been recognised in the financial statements. The provision is made at the taxation rates at which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised to the extent that they are regarded as recoverable.

Tax arising on the sale of revalued assets is allocated on a pro rata basis between any gain reported in the profit and loss account and the revaluation gains reported previously in the statement of total recognised gains and losses.

#### **Foreign currencies**

Assets and liabilities in foreign currency are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating profit.

#### **Operating leases**

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Lease income is recognised in profit or loss on a straight line basis over the lease term. The aggregate cost of lease incentives are recognised as a reduction to income over the lease term on a straight-line basis. Costs, including depreciation, incurred in earning the lease income are recognised as an expense. Any initial direct costs incurred in negotiating and arranging the operating lease are added to the carrying amount of the lease and recognised as an expense over the lease term on the same basis as the lease income.

#### **Intangible assets**

Intangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses. Any intangible assets carried at revalued amounts, are recorded at the fair value at the date of revaluation, as determined by reference to an active market, less any subsequent accumulated amortisation and subsequent accumulated impairment losses.

Intangible assets acquired as part of a business combination are recorded at the fair value at the acquisition date.



# **Herbel Restaurants Limited**

## **Notes to the Financial Statements** *(continued)*

**Period from 5 December 2016 to 24 December 2017**

### **3. Accounting policies** *(continued)*

#### **Tangible assets**

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

#### **Investment properties**

Investment property is initially recorded at cost, which includes purchase price and any directly attributable expenditure.

Investment property is revalued to its fair value at each reporting date and any changes in fair value are recognised in profit or loss.

If a reliable measure of fair value is no longer available without undue cost or effort for an item of investment property, it shall be transferred to tangible assets and treated as such until it is expected that fair value will be reliably measurable on an on-going basis.

#### **Land & buildings**

Land and buildings, other than investment property, are revalued in accordance with FRS 102, and any surplus or deficits thereon are credited to a revaluation reserve. Deficits arising are charged to the income statement if not exceeded by previous revaluation surpluses and if the deficit is not considered to be temporary.

The annual depreciation charge which would be necessary to write down the book value of the assets to residual value is considered to be immaterial and is therefore not provided for.

An impairment review is carried out at each balance sheet date and any impairment in value is recognised in accordance with FRS 102.

#### **Depreciation**

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

Leasehold property	-	Over the duration of the lease
Fixtures and fittings	-	Over 5, 10, 12 and 15 years
Motor vehicles	-	20% reducing balance

# **Herbel Restaurants Limited**

## **Notes to the Financial Statements** *(continued)*

**Period from 5 December 2016 to 24 December 2017**

### **3. Accounting policies** *(continued)*

#### **Investments**

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Listed investments are measured at fair value with changes in fair value being recognised in profit or loss.

#### **Investments in joint ventures**

Investments in jointly controlled entities accounted for in accordance with the cost model are recorded at cost less any accumulated impairment losses.

Investments in jointly controlled entities accounted for in accordance with the fair value model are initially recorded at the transaction price. At each reporting date, the investments are measured at fair value, with changes in fair value recognised in other comprehensive income/profit or loss. Where it is impracticable to measure fair value reliably without undue cost or effort, the cost model will be adopted.

Dividends and other distributions received from the investment are recognised as income without regard to whether the distributions are from accumulated profits of the joint venture arising before or after the date of acquisition.

#### **Impairment of fixed assets**

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

# **Herbel Restaurants Limited**

## **Notes to the Financial Statements *(continued)***

**Period from 5 December 2016 to 24 December 2017**

### **3. Accounting policies *(continued)***

#### **Stocks**

##### **Retail stock**

Retail stocks are stated at the lower of cost incurred in bringing the product to its present location and condition, and net realisable value. Cost is based on the purchase price of food and wrapping stocks, including directly attributable costs. Net realisable value is the price at which the stock can be realised in the normal course of business. Provision is made where necessary for obsolete and slow moving items.

##### **Trading property stock**

Trading property stock is stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each property or site to its present location and condition. Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

#### **Finance leases and hire purchase contracts**

Assets held under finance leases and hire purchase contracts are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

#### **Financial instruments**

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

# Herbel Restaurants Limited

## Notes to the Financial Statements *(continued)*

### Period from 5 December 2016 to 24 December 2017

#### 3. Accounting policies *(continued)*

##### Defined contribution plans

The company contributes to a money purchase scheme, the Herbel Pension Scheme, which is a self administered scheme for the benefit of certain executive employees. The assets of the scheme are held separately from those of the company. The company contributions are accounted for by charging costs against profits as payments accrue.

Retirement benefits to other employees in the group are provided by another money purchase scheme, the Herbel Restaurants Retirement Benefits Scheme, whereby the assets of the scheme are held separately from those of the group in an independently administered fund. Contributions are accounted for by charging costs against profits as payments accrue.

#### 4. Turnover

Turnover arises from:

	Period from 5 Dec 16 to 24 Dec 17 £	Period from 30 Nov 15 to 4 Dec 16 £
Sale of goods	–	9,758,199
Property trading income	390,000	3,275,000
Gross rental income	136,358	684,685
	<u>526,358</u>	<u>13,717,884</u>

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

#### 5. Other operating income

	Period from 5 Dec 16 to 24 Dec 17 £	Period from 30 Nov 15 to 4 Dec 16 £
Management charges receivable	–	(9,000)
	<u>–</u>	<u>(9,000)</u>

# Herbel Restaurants Limited

## Notes to the Financial Statements *(continued)*

**Period from 5 December 2016 to 24 December 2017**

### 6. Operating profit

Operating profit or loss is stated after charging/crediting:

	<b>Period from 5 Dec 16 to 24 Dec 17</b>	<b>Period from 30 Nov 15 to 4 Dec 16</b>
	<b>£</b>	<b>£</b>
Amortisation of intangible assets	–	18,903
Depreciation of tangible assets	–	443,584
Loss/(gains) on disposal of investment property	<b>73,902</b>	(1,085,410)
Loss/(gains) on disposal of tangible assets	–	(8,708,831)
Fair value adjustments to investment property	–	4,573,649
Operating lease rentals	–	610,105
Foreign exchange differences	<b>(223,678)</b>	<b>3,109</b>

### 7. Staff costs

The average number of persons employed by the company during the period, including the directors, amounted to:

	<b>24 Dec 17 No.</b>	<b>4 Dec 16 No.</b>
Administrative staff	–	23
Number of sales staff	–	154
	<b>–</b>	<b>177</b>

The aggregate payroll costs incurred during the period, relating to the above, were:

	<b>Period from 5 Dec 16 to 24 Dec 17</b>	<b>Period from 30 Nov 15 to 4 Dec 16</b>
	<b>£</b>	<b>£</b>
Wages and salaries	–	3,056,550
Social security costs	–	205,505
Other pension costs	–	20,277
	<b>–</b>	<b>3,282,332</b>

### 8. Exceptional items

	<b>Period from 5 Dec 16 to 24 Dec 17</b>	<b>Period from 30 Nov 15 to 4 Dec 16</b>
	<b>£</b>	<b>£</b>
Fair value adjustment in respect of investment properties	–	4,573,649
Write off of intercompany loans	<b>9,326,440</b>	–
Gain on transfer of investments	–	(1,874,946)
Gain on transfer of KFC trade and assets	–	(8,708,831)
	<b>(9,326,440)</b>	<b>(6,010,128)</b>

Group intercompany loans of £9,326,440 were written off in the period.

There was no tax effect arising from this transaction.

# Herbel Restaurants Limited

## Notes to the Financial Statements *(continued)*

Period from 5 December 2016 to 24 December 2017

### 9. Income from shares in group undertakings

	Period from 5 Dec 16 to 24 Dec 17 £	Period from 30 Nov 15 to 4 Dec 16 £
Gain/(loss) on disposal of shares in group	(4)	—
Gain/(loss) on fair value adjustment to shares in group	(402,405)	—
	<u>(402,409)</u>	<u>—</u>

### 10. Other interest receivable and similar income

	Period from 5 Dec 16 to 24 Dec 17 £	Period from 30 Nov 15 to 4 Dec 16 £
Interest on loans and receivables	—	24,000
	<u>—</u>	<u>24,000</u>

### 11. Interest payable and similar expenses

	Period from 5 Dec 16 to 24 Dec 17 £	Period from 30 Nov 15 to 4 Dec 16 £
Interest on debenture loans	—	(149,410)
Interest on banks loans and overdrafts	1,101	408,300
Interest on obligations under finance leases and hire purchase contracts	—	18,503
	<u>1,101</u>	<u>277,393</u>

### 12. Tax on (loss)/profit

#### Major components of tax expense

	Period from 5 Dec 16 to 24 Dec 17 £	Period from 30 Nov 15 to 4 Dec 16 £
<b>Current tax:</b>		
Adjustments in respect of prior periods	5,094	30,661
<b>Deferred tax:</b>		
Origination and reversal of timing differences	1,355,351	(27,088)
<b>Tax on (loss)/profit</b>	<u>1,360,445</u>	<u>3,573</u>

# Herbel Restaurants Limited

## Notes to the Financial Statements *(continued)*

Period from 5 December 2016 to 24 December 2017

### 12. Tax on (loss)/profit *(continued)*

#### Reconciliation of tax expense

The tax assessed on the (loss)/profit on ordinary activities for the period is higher than (2016: lower than) the standard rate of corporation tax in the UK of 19% (2016: 20%).

	Period from 5 Dec 16 to 24 Dec 17 £	Period from 30 Nov 15 to 4 Dec 16 £
(Loss)/profit on ordinary activities before taxation	<b>(9,874,027)</b>	8,618,297
(Loss)/profit on ordinary activities by rate of tax	–	1,723,660
Adjustment to tax charge in respect of prior periods	<b>5,094</b>	30,661
Effect of expenses not deductible for tax purposes	–	(1,432,560)
Effect of capital allowances and depreciation	–	32,100
Group relief	–	(323,200)
Origination and reversal of timing differences	<b>1,355,351</b>	(27,088)
Tax on (loss)/profit	<b><u>1,360,445</u></b>	<u>3,573</u>

### 13. Dividends

	24 Dec 17 £	4 Dec 16 £
Dividends paid during the period (excluding those for which a liability existed at the end of the prior period )	<b><u>8,275,753</u></b>	–

### 14. Tangible assets

	Investment property £
<b>Cost</b>	
At 5 December 2016	2,671,000
Disposals	<b>(2,671,000)</b>
<b>At 24 December 2017</b>	<u>–</u>
<b>Depreciation</b>	
At 5 December 2016 and 24 December 2017	<u>–</u>
<b>Carrying amount</b>	
At 24 December 2017	<u>–</u>
At 4 December 2016	<u>2,671,000</u>

# Herbel Restaurants Limited

## Notes to the Financial Statements *(continued)*

Period from 5 December 2016 to 24 December 2017

### 15. Investments

	Shares in group undertakings £
<b>Cost</b>	
At 5 December 2016	4,568,572
Disposals	(4)
<b>At 24 December 2017</b>	<b>4,568,568</b>
<b>Impairment</b>	
At 5 December 2016	4,060,017
Impairment losses	402,405
<b>At 24 December 2017</b>	<b>4,462,422</b>
<b>Carrying amount</b>	
<b>At 24 December 2017</b>	<b>106,146</b>
At 4 December 2016	508,555

### Subsidiaries, associates and other investments

	Country of incorporation	Holding	Proportion of voting rights and shares held	Nature of business
Treetops Securities Limited	Northern Ireland	Ordinary shares	100%	Property investment
Herbel Properties Limited	Northern Ireland	Ordinary shares	100%	Dormant
Herbel Restaurants (Ireland) Limited	Republic of Ireland	Ordinary shares	100%	Property investment
Loreburne Centre Limited	Northern Ireland	Ordinary shares	100%	Property investment
Green Lanes Centre Limited	Scotland	Ordinary shares	100%	Dormant
Lemon Quay (One) Limited	Scotland	Ordinary shares	100%	Dormant
Lemon Quay (Two) Limited	Scotland	Ordinary shares	100%	Dormant
Lesley Balmoral Limited	Northern Ireland	Ordinary shares	100%	Property investment
Craven Court Limited	Scotland	Ordinary shares	100%	Property investment
Haudagain Retail Limited	Scotland	Ordinary shares	100%	Property investment



# Herbel Restaurants Limited

## Notes to the Financial Statements *(continued)*

Period from 5 December 2016 to 24 December 2017

### 16. Stocks

	24 Dec 17	4 Dec 16
	£	£
Work in progress	<u>—</u>	<u>950,000</u>

### 17. Debtors

	24 Dec 17	4 Dec 16
	£	£
Amounts owed by group undertakings	6,586,280	22,465,856
Amounts owed by undertakings in which the company has a participating interest	—	13,006
Deferred tax asset	—	1,355,351
Corporation tax repayable	—	5,057
Other debtors	—	929,817
	<u>6,586,280</u>	<u>24,769,087</u>

The debtors above include the following amounts falling due after more than one year:

	24 Dec 17	4 Dec 16
	£	£
Amounts owed by group undertakings	<u>6,586,280</u>	<u>22,465,856</u>

### 18. Creditors: amounts falling due within one year

	24 Dec 17	4 Dec 16
	£	£
Bank loans and overdrafts	—	6,452,213
Accruals and deferred income	—	634,225
Social security and other taxes	—	357,666
Director loan accounts	20,195	—
Other creditors	934,484	108,544
	<u>954,679</u>	<u>7,552,648</u>

### 19. Creditors: amounts falling due after more than one year

	24 Dec 17	4 Dec 16
	£	£
Amounts owed to group undertakings	<u>3,687,040</u>	<u>—</u>

# Herbel Restaurants Limited

## Notes to the Financial Statements *(continued)*

Period from 5 December 2016 to 24 December 2017

### 20. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	24 Dec 17	4 Dec 16
	£	£
Included in debtors (note 17)	–	1,355,351

The deferred tax account consists of the tax effect of timing differences in respect of:

	24 Dec 17	4 Dec 16
	£	£
Revaluation of tangible assets	–	(1,355,351)

### 21. Employee benefits

#### Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £Nil (2016: £20,277).

### 22. Financial instruments

The carrying amount for each category of financial instrument is as follows:

	24 Dec 17	4 Dec 16
	£	£
<b>Financial assets that are debt instruments measured at amortised cost</b>		
Financial assets that are debt instruments measured at amortised cost	6,674,975	25,072,720
<b>Financial liabilities measured at amortised cost</b>		
Financial liabilities measured at amortised cost	4,641,719	6,918,423

### 23. Called up share capital

#### Issued, called up and fully paid

	24 Dec 17		4 Dec 16	
	No.	£	No.	£
Ordinary shares of £1 each	177,500	177,500	177,500	177,500

### 24. Reserves

Revaluation reserve - This reserve records the value of asset revaluations and fair value movements on assets recognised in other comprehensive income.

Capital redemption reserve - This reserve records the nominal value of shares repurchased by the company.

Profit and loss account - This reserve records retained earnings and accumulated losses.

# Herbel Restaurants Limited

## Notes to the Financial Statements *(continued)*

Period from 5 December 2016 to 24 December 2017

25.

During the period the directors entered into the following advances and credits with the company:

		24 Dec 17	
	Balance brought forward £	Advances/ (credits) to the directors £	Balance outstanding £
Mr M A Herbert	—	(20,195)	(20,195)

		4 Dec 16	
	Balance brought forward £	Advances/ (credits) to the directors £	Balance outstanding £
Mr M A Herbert	—	—	—

## 26. Related party transactions

### Control

The company is a wholly owned subsidiary of Herbel Limited, a company incorporated in Northern Ireland, which is a wholly owned subsidiary of Banner Dell Limited, a company incorporated in England and Wales. Mrs L E Herbert is the shareholder of Banner Dell Limited and as such is considered to be the company's ultimate controlling party.

### Transactions

The company has taken advantage of the exemption from disclosing related party transactions with group companies, in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, Section 33, Related Party Disclosures.

## 27. Controlling party

Banner Dell Limited is the company's ultimate parent company. Copies of consolidated financial statements may be obtained from Marina Buildings, Harleyford Estate, Henley Road, Marlow, Buckinghamshire, SL7 2DX.