

HERBEL LIMITED
GROUP FINANCIAL STATEMENTS
31 DECEMBER 2013

MANEELY Mc CANN
Chartered Accountants & Statutory Auditor
Aisling House
50 Stranmillis Embankment
Belfast
BT9 5FL

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HERBEL LIMITED
GROUP FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2013

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HERBEL LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

The director	Mr M A Herbert
Company secretary	Mr M A Herbert
Registered office	Aisling House 50 Stranmillis Embankment Belfast BT9 5FL
Auditor	Maneely Mc Cann Chartered Accountants & Statutory Auditor Aisling House 50 Stranmillis Embankment Belfast BT9 5FL

HERBEL LIMITED

OFFICERS AND PROFESSIONAL ADVISERS *(continued)*

Bankers

Danske Bank
Donegall Square West
Belfast
BT1 6JS

First Trust Bank
322 Antrim Road
Glengormley
Newtownabbey
BT36 5EQ

Ulster Bank Limited
11-16 Donegall Square East
Belfast
BT1 5UB

Allied Irish Bank
40-41 Westmoreland Street
Dublin 2

Bank of Ireland
1 Donegall Square South
Belfast
BT1 5LR

Isle of Man Bank
East Region
Douglas
Isle of Man
IM99 1AN

Royal Bank of Scotland plc
29 Harbour Road
Inverness
IV1 1NU

Aviva Commercial Finance
Sentinel House
Surrey Street
Norwich
NR1 3NJ

HERBEL LIMITED

OFFICERS AND PROFESSIONAL ADVISERS *(continued)*

Solicitors

Maclay Murray & Spens LLP
1 George Square
Glasgow
G2 1AL

Mills Selig
21 Arthur Street
Belfast
BT1 4GA

Carson Mc Dowell
Murray House
Murray Street
Belfast
BT1 6DN

O'Hare Solicitors
St George's Buildings
37 - 41 High Street
Belfast
BT1 2AB

McCann Fitzgerald
Riverside One
Sir John Rogerson's Quay
Dublin 2

Eugene F Collins
Temple Chambers
3 Burlington Road
Dublin 4

HERBEL LIMITED

STRATEGIC REPORT

YEAR ENDED 31 DECEMBER 2013

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year continued to be property investment for rental return and property development.

The principal activities of the Herbel Limited Group are retail fast food operations through the medium of the "Kentucky Fried Chicken" (KFC) franchise and property investment and development. The group's revenues are generated by fast food sales, rental income from investment properties and the sale of trading properties.

The group operates throughout Republic of Ireland, Northern Ireland, Scotland and South West England.

The turnover of the group analysed by activity was as follows:

	2013 £	2012 £
KFC Trading	43,875,962	56,805,677
Rental	5,530,750	5,816,589
	<u>49,406,712</u>	<u>62,622,266</u>

The KFC franchise business continues to trade strongly despite the economic downturn.

The group holds a substantial investment property portfolio throughout the United Kingdom and Republic of Ireland. At the balance sheet date the group held investment properties totalling £133.5 million (2012: £134 million). A significant number of its properties are occupied by leading retail chains and are situated in prime locations. The portfolio includes shopping centres, industrial estate, office accommodation, and other well located properties. The group continues to achieve good rental yields.

The group also holds several properties and sites with development potential.

The director has taken the view to write down the value of investment properties in light of the current economic climate and property market and this is reflected in the financial statements. Had it not been for the write down of these properties, in addition to the provision for a Revenue & Customs enquiry settlement sum, the group would have achieved an operating profit of £1.8 million (2012: £6 million).

The group's result for the year is an operating loss of £368k (2012: £2.1m operating profit) and a loss on ordinary activities before tax of £5.9 million (2012: £2.9 million). At the year end net assets of the group were £33 million (2012: £39 million).

Overall the director is satisfied with the group's results for the year. The group is well placed to deal with any uncertainties that may arise due to the current economic downturn and in response to this the director is involved in prudent business planning and working closely with the group's key stakeholders.

FUTURE DEVELOPMENTS

The director continues to seek opportunities for retail fast food operations and property investment and development that fit with the group's strategic objectives.

PRINCIPAL RISKS AND UNCERTAINTIES

The group's property business is sensitive to changes in property values, occupancy, rental

HERBEL LIMITED

STRATEGIC REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2013

returns, inflation and interest rates. The KFC business is sensitive to consumer spending habits, inflation and increased costs (e.g. wages, energy costs and direct costs). The director is aware that any plans for 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.

FINANCIAL RISK MANAGEMENT

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

Given the size of the group, 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 group's finance team. The main risks are summarised below:

Foreign exchange risk

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

Liquidity risk

The group 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 group 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 group's operations change in size or nature.

Signed by order of the director



MR M A HERBERT
Company Secretary

Approved by the director on 22 December 2014

HERBEL LIMITED

DIRECTOR'S REPORT

YEAR ENDED 31 DECEMBER 2013

The director presents his report and the group financial statements of the group for the year ended 31 December 2013.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £5,983,747. Particulars of dividends paid are detailed in note 12 to the group financial statements.

DIRECTORS

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

Mrs L E Herbert

Mr M A Herbert

Mrs L E Herbert resigned as a director on 1 April 2013.

DIRECTOR'S RESPONSIBILITIES

The director is responsible for preparing the Strategic Report, Director's Report and the group financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare group financial statements for each financial year. Under that law the director has elected to prepare the group financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the group financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that year.

In preparing these group financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the group financial statements;
- prepare the group financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and enable him to ensure that the group financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

HERBEL LIMITED

DIRECTOR'S REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2013

DISABLED EMPLOYEES

The group gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person.

Where existing employees become disabled, it is the group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training, career development and promotion wherever appropriate.

EMPLOYEE INVOLVEMENT

It is the policy of the group to provide employees with information on matters of concern to them through the normal management channels. The involvement of the employees in the group's performance is encouraged by the provision of relevant information aimed at achieving employee awareness of the various factors affecting the group.

AUDITOR

Maneely Mc Cann are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

The director at the date of the approval of this report confirms that:

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

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

Signed by order of the director



MR M A HERBERT
Company Secretary

Approved by the director on 22 December 2014

HERBEL LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
HERBEL LIMITED
YEAR ENDED 31 DECEMBER 2013

We have audited the group and parent company group financial statements ("the group financial statements") of Herbel Limited for the year ended 31 December 2013 which comprise the Group Profit and Loss Account, Group Statement of Total Recognised Gains and Losses, Group Balance Sheet and Company Balance Sheet, Group Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTOR AND AUDITOR

As explained more fully in the Director's Responsibilities Statement set out on page 6, the director is responsible for the preparation of the group 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 group 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 GROUP FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the group financial statements sufficient to give reasonable assurance that the group financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the director; and the overall presentation of the group financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited group financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

HERBEL LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
HERBEL LIMITED *(continued)*
YEAR ENDED 31 DECEMBER 2013

BASIS FOR QUALIFIED OPINION ON FINANCIAL STATEMENTS

With respect to land and buildings having a carrying amount of £15.5 million, the evidence available to us was limited because, although the director has fully complied with the requirements of FRS 15 - Tangible Fixed Assets, and has valued the land and buildings to the best of his ability, there is no active market from which we could make an assessment of its market value. Owing to the unstable nature of the current property environment we were unable to obtain sufficient appropriate audit evidence regarding the valuation of land and buildings by using other audit procedures.

In addition, with respect to the group's investment property having a carrying value of £133.5 million, the evidence available to us was limited. The director has complied fully with the requirements of accounting standards in respect of these properties and has valued the investment property to the best of his ability, at open market value as required by SSAP 19 'Accounting for Investment Properties'. However, in the current market conditions, we were unable to make an assessment of the accuracy of this valuation. Owing to the unstable nature of the current property environment we were unable to obtain sufficient appropriate audit evidence regarding the valuation of investment property by using other audit procedures.

Furthermore, with respect to the group's stock of trading property having a carrying amount of £3.65 million, the evidence available to us was limited because, although the director has valued the trading property to the best of his ability, there is no active market from which we could make an assessment of its net realisable value. Owing to the unstable nature of the current property environment we were unable to obtain sufficient appropriate audit evidence regarding the valuation of trading property by using other audit procedures.

QUALIFIED OPINION ON FINANCIAL STATEMENTS

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements:

- give a true and fair view of the state of the group's and parent company's affairs as at 31 December 2013 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Strategic Report and Director's Report for the financial year for which the group financial statements are prepared is consistent with the group financial statements.

HERBEL LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
HERBEL LIMITED *(continued)*

YEAR ENDED 31 DECEMBER 2013

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 third party 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.

EMPHASIS OF MATTER - GOING CONCERN

In forming our opinion on the financial statements, which is not modified in relation to going concern, we have considered the adequacy of the disclosures made in note 1 to the financial statements in relation to the renewal of bank facilities. The financial statements have been prepared on a going concern basis, the validity of which depends on the continued support of the group's bankers, and the ability of the group to deal with the market and commercial uncertainties outside of its control. The financial statements do not include any adjustments which would result if this continued support was not secured. In view of the uncertainty on the validity of the going concern basis, we consider that it should be brought to your attention.



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

22 December 2014

HERBEL LIMITED
GROUP PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2013

	Note	2013 £	2012 £
GROUP TURNOVER (including share of joint venture)	2	49,867,252	62,901,434
Less: share of joint venture turnover		<u>(460,540)</u>	<u>(279,168)</u>
Group Turnover		49,406,712	62,622,266
Cost of sales		<u>28,261,745</u>	<u>34,578,210</u>
GROSS PROFIT		21,144,967	28,044,056
Administrative expenses		21,869,729	26,178,596
Other operating income	3	<u>(356,333)</u>	<u>(253,481)</u>
OPERATING (LOSS)/PROFIT	4	(368,429)	2,118,941
Attributable to:			
Operating profit before exceptional items		1,817,148	5,804,958
Exceptional items	4	<u>(2,185,577)</u>	<u>(3,686,017)</u>
		(368,429)	2,118,941
Share of joint venture operating loss		<u>(1,368,209)</u>	<u>(111,264)</u>
TOTAL OPERATING LOSS/PROFIT: GROUP AND SHARE OF JOINT VENTURES		(1,736,638)	2,007,677
Loss on disposal of fixed assets	7	<u>(8,017)</u>	<u>(253,712)</u>
		(1,744,655)	1,753,965
Interest receivable		420,050	317,612
Interest payable and similar charges	9	<u>(4,336,752)</u>	<u>(4,617,205)</u>
Share of interest payable, joint venture		<u>(299,490)</u>	<u>(355,613)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(5,960,847)	(2,901,241)
Tax on loss on ordinary activities	10	22,900	207,274
LOSS FOR THE FINANCIAL YEAR	11	<u>(5,983,747)</u>	<u>(3,108,515)</u>

All of the activities of the group are classed as continuing.

The company has taken advantage of section 408 of the Companies Act 2006
not to publish its own Profit and Loss Account.

The notes on pages 16 to 42 form part of these group financial statements.

HERBEL LIMITED

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

YEAR ENDED 31 DECEMBER 2013


	2013 £	2012 £
Loss for the financial year excluding share of (loss) of joint venture	(4,316,048)	(2,641,638)
Share of joint venture loss for the year	<u>(1,667,699)</u>	<u>(466,877)</u>
Loss attributable to shareholders of the parent company	(5,983,747)	(3,108,515)
Unrealised loss on revaluation of certain fixed assets	<u>(243,558)</u>	<u>(2,135,885)</u>
Group revaluation surpluses	<u>(6,227,305)</u>	<u>(5,244,400)</u>
Total gains and losses recognised since the last annual report	<u><u>(6,227,305)</u></u>	<u><u>(5,244,400)</u></u>

The notes on pages 16 to 42 form part of these group financial statements.

HERBEL LIMITED
GROUP BALANCE SHEET
31 DECEMBER 2013

	Note	2013 £	2012 £
FIXED ASSETS			
Intangible assets	13	1,851,846	3,556,013
Tangible assets	14	159,302,189	164,171,987
Investments	15		
Investments in joint ventures:			
Share of gross assets		4,648,282	6,424,770
Share of gross liabilities		(14,440,610)	(14,549,398)
		(9,792,328)	(8,124,628)
Other investments		—	—
		<u>(9,792,328)</u>	<u>(8,124,628)</u>
		151,361,707	159,603,372
CURRENT ASSETS			
Stocks	16	4,028,347	6,698,133
Debtors	17	28,640,024	18,052,050
Cash at bank and in hand		5,486,480	6,913,905
		<u>38,154,851</u>	<u>31,664,088</u>
CREDITORS: Amounts falling due within one year	18	<u>145,003,775</u>	<u>140,883,613</u>
NET CURRENT LIABILITIES		(106,848,924)	(109,219,525)
TOTAL ASSETS LESS CURRENT LIABILITIES		44,512,783	50,383,847
CREDITORS: Amounts falling due after more than one year	19	10,356,357	10,313,252
PROVISIONS FOR LIABILITIES			
Deferred taxation	21	1,012,475	1,076,370
		<u>33,143,951</u>	<u>38,994,225</u>
CAPITAL AND RESERVES			
Called-up equity share capital	26	177,500	177,500
Revaluation reserve	27	3,906,071	3,891,510
Other reserves	28	28,439,854	28,144,163
Profit and loss account	29	620,526	6,781,052
SHAREHOLDERS' FUNDS	30	<u>33,143,951</u>	<u>38,994,225</u>

These accounts were approved and signed by the director and authorised for issue on 22 December 2014.


MR M A HERBERT
Director

The notes on pages 16 to 42 form part of these group financial statements.

HERBEL LIMITED
COMPANY BALANCE SHEET
31 DECEMBER 2013

	Note	2013 £	2012 £
FIXED ASSETS			
Tangible assets	14	425,120	668,678
Investments	15	177,500	177,500
		<u>602,620</u>	<u>846,178</u>
CURRENT ASSETS			
Stocks	16	1,560,000	3,446,350
Debtors	17	11,947,217	600,591
Cash at bank		3,310,808	2,809,052
		<u>16,818,025</u>	<u>6,855,993</u>
CREDITORS: Amounts falling due within one year	18	<u>16,253,199</u>	<u>6,918,862</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>564,826</u>	<u>(62,869)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,167,446</u>	<u>783,309</u>
CREDITORS: Amounts falling due after more than one year	19	<u>420,534</u>	<u>408,084</u>
		<u>746,912</u>	<u>375,225</u>
CAPITAL AND RESERVES			
Called-up equity share capital	26	177,500	177,500
Profit and loss account	29	569,412	197,725
SHAREHOLDERS' FUNDS		<u>746,912</u>	<u>375,225</u>

These accounts were approved and signed by the director and authorised for issue on 22 December 2014.



MR M A HERBERT
Director

Company Registration Number: NI605214

The notes on pages 16 to 42 form part of these group financial statements.

HERBEL LIMITED
GROUP CASH FLOW STATEMENT
YEAR ENDED 31 DECEMBER 2013

	Note	2013 £	2012 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	31	10,013,945	12,539,590
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		420,050	317,612
Interest paid		(4,311,158)	(4,598,965)
Interest element of hire purchase		(25,594)	(18,240)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(3,916,702)	(4,299,593)
TAXATION		(363,053)	(9,646)
CAPITAL EXPENDITURE			
Payments to acquire intangible fixed assets		(23,099)	(20,000)
Payments to acquire tangible fixed assets		(546,495)	(1,989,618)
Receipts from sale of fixed assets		3,773,433	906,417
NET CASH INFLOW/(OUTFLOW) FROM CAPITAL EXPENDITURE		3,203,839	(1,103,201)
EQUITY DIVIDENDS PAID		(264,000)	(528,000)
CASH INFLOW BEFORE FINANCING		8,674,029	6,599,150
FINANCING			
Repayment of other loans		(290,400)	(452,647)
Repayment of bank loans		(976,884)	(3,444,111)
Repayment of long-term amounts due to related parties		(8,977,290)	(2,863,917)
Capital element of hire purchase		98,505	(80,741)
Repayment of director's long-term loans		44,615	172,319
NET CASH OUTFLOW FROM FINANCING		(10,101,454)	(6,669,097)
DECREASE IN CASH	31	(1,427,425)	(69,947)

The notes on pages 16 to 42 form part of these group financial statements.

HERBEL LIMITED
NOTES TO THE GROUP FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2013

1. ACCOUNTING POLICIES

Basis of accounting

The group financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets and in accordance with applicable accounting standards.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all group undertakings. The accounting policies of group undertakings are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over its estimated useful economic life from the year of acquisition. The results of the companies acquired or disposed of are included in the profit and loss account after or up to the date that control passes respectively. As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006.

The group's share of joint venture operations is included under the gross equity method of accounting, whereby the group's share of joint venture net assets and liabilities are reflected in the consolidated financial statements.

Turnover

Turnover represents the total amounts derived from sales in the course of the group'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.

Goodwill

Positive purchased goodwill is capitalised, classified as an asset on the balance sheet and amortised over its estimated useful life which is estimated to be 20 years. Goodwill is reviewed for impairment at the end of the first full financial year following each acquisition and subsequently as and when necessary if circumstances emerge that indicate that the carrying value may not be recoverable.

Amortisation

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

Goodwill	- 5% per annum straight line
Franchise licences	- over the duration of the licence agreement

Fixed assets

All fixed assets are initially recorded at cost.

HERBEL LIMITED
NOTES TO THE GROUP FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2013

1. ACCOUNTING POLICIES *(continued)*

Depreciation

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

Short leasehold Property	- over the duration of the lease
Fixtures, fittings & equipment	- over 5, 10, 12 and 15 years
Motor Vehicles	- 20% per annum reducing balance

Land and buildings

Land and buildings other than investment properties are revalued in accordance with FRS 15 - Tangible Fixed Assets. Any surpluses or deficits thereon are credited/debited to a revaluation reserve. Deficits arising are charged to the profit and loss account if not exceeded by previous revaluation surpluses.

The annual depreciation charge which would be necessary to write 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 15 - Tangible Fixed Assets.

Professional costs - inception of leases

Professional costs which relate directly to negotiating new leases of the group's properties are treated as prepayments and charged to the profit and loss account on a systematic and rational basis over the lease term.

Investment properties

Investment properties are revalued annually in accordance with Statement of Standard Accounting Practice No 19 - Accounting for Investment Properties. Any surpluses arising thereon are credited to an investment revaluation reserve. Deficits arising are charged to the profit and loss account if not exceeded by previous revaluation surpluses and they are considered to be permanent.

No depreciation is charged on investment properties. This constitutes a departure from the statutory rules requiring fixed assets to be depreciated over their useful economic lives and is necessary to enable the financial statements to give a true and fair view, in accordance with Statement of Standard Accounting Practice No 19 - Accounting for Investment Properties.

HERBEL LIMITED
NOTES TO THE GROUP FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2013

1. 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 or disposal.

Work in progress

Trading property & work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of trading property & work in progress.

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the group profit and loss account on a straight line basis.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pension costs

The group 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 group. The group 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.

HERBEL LIMITED
NOTES TO THE GROUP FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2013

1. ACCOUNTING POLICIES *(continued)*

Taxation

Corporation tax is calculated on the results for the year.

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. Such provision or recognition is made at the taxation rates at which the 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 losses are surrendered between group companies for no consideration.

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

Group

The financial statements of foreign subsidiary undertakings are translated at the rate ruling at the balance sheet date. The exchange difference arising on the retranslation of the opening net assets is taken directly to reserves.

Company

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 the transaction. Exchange differences are taken into account in arriving at the operating profit.

Derivative instruments

Amounts payable or receivable under interest rate derivatives are matched with the interest payable on the debt which the derivatives hedge.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual agreement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Exclusivity agreement

Where the company has received a lump sum payment from an exclusivity agreement, in relation to the purchase and supply of specific goods, the income is treated as deferred income and released to the profit and loss account over the term of the agreement.

HERBEL LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

1. ACCOUNTING POLICIES *(continued)*

Operating lease incentives

The cost of incentives used in negotiating new or existing operating leases are accounted for as follows:

(i) Rent free periods

The cost of the rent free period is charged on a straight line basis to the profit and loss account over the shorter of either the period ending at the first rent review date or the period ending on the date of the tenant-only break option.

(ii) Cash incentives

Cash incentives are charged on a straight line basis to the profit and loss account over the shorter of either the period ending at the first rent review date or the period ending on the date of the tenant-only break option.

Going concern

Within the group certain loan facilities have expired. Although the director expects to be able to renew the facilities on similar terms and the banks have continued to support the group to date, the group has no binding agreement with the banks involved. The director is currently in discussions to extend the terms of the bank facilities and is confident of signing such terms and hence it is appropriate for the financial statements to be prepared on the going concern basis. However, the ability of the group to continue as a going concern depends on the successful conclusion of the financing offers under discussion and the negotiation of appropriate financing as required thereafter.

2. TURNOVER

(a) Class of business

Turnover

	2013	2012
	£	£
Retail sales	43,875,962	56,805,677
Gross rental income	5,530,750	5,816,589
Total	<u>49,406,712</u>	<u>62,622,266</u>

(b) Geographical Markets

All of the group's turnover is derived within United Kingdom, Republic of Ireland and Isle of Man.

HERBEL LIMITED
NOTES TO THE GROUP FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2013

3. OTHER OPERATING INCOME

	2013	2012
	£	£
Management charges receivable	288,000	200,000
Other operating income	68,333	53,481
	<u>356,333</u>	<u>253,481</u>

4. OPERATING (LOSS)/PROFIT

Operating (loss)/profit is stated after charging/(crediting):

	2013	2012
	£	£
Amortisation of intangible assets	262,872	445,755
Depreciation of owned fixed assets	2,335,736	2,490,955
Depreciation of assets held under hire purchase agreements	19,900	15,154
Loss on disposal of fixed assets	1,570,930	294,127
Operating lease costs:		
- Plant and equipment	209	33,702
- Other	2,277,327	2,894,350
Net (profit)/loss on foreign currency translation	(125,094)	123,089
Auditor's remuneration - audit of the group financial statements	63,019	65,204
Auditor's remuneration - other fees	3,500	3,500
Provision for write off of loan due from related party	-	566,735
Revenue & Customs enquiry settlement	1,942,019	-
Impairment of investment properties	243,558	3,119,282
	<u> </u>	<u> </u>

	2013	2012
	£	£
Auditor's remuneration - audit of the group financial statements	<u>63,019</u>	<u>65,204</u>
Auditor's remuneration - other fees:		
- Taxation services	<u>3,500</u>	<u>3,500</u>

HERBEL LIMITED
NOTES TO THE GROUP FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2013

5. PARTICULARS OF EMPLOYEES

The average number of staff employed by the group during the financial year amounted to:

	2013	2012
	No	No
Number of administrative staff	26	24
Number of sales staff	958	1,203
	<u>984</u>	<u>1,227</u>

The aggregate payroll costs of the above were:

	2013	2012
	£	£
Wages and salaries	10,624,854	13,600,733
Social security costs	767,599	851,197
	<u>11,392,453</u>	<u>14,451,930</u>

6. DIRECTOR'S REMUNERATION

The director's aggregate remuneration in respect of qualifying services were:

	2013	2012
	£	£
Remuneration receivable	<u>51,143</u>	<u>80,757</u>

The number of directors who accrued benefits under company pension schemes was as follows:

	2013	2012
	No	No
Money purchase schemes	<u>1</u>	<u>2</u>

No contributions were made during the year.

7. LOSS ON DISPOSAL OF FIXED ASSETS

	2013	2012
	£	£
Loss on disposal of fixed assets	<u>(8,017)</u>	<u>(253,712)</u>

During the year the group disposed of investment properties resulting in the above loss.

HERBEL LIMITED
NOTES TO THE GROUP FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2013

8. EXCEPTIONAL ITEMS

	2013 £	2012 £
Recognised in arriving at operating profit:		
Exceptional direct costs	<u>3,046,439</u>	<u>2,751,291</u>

Cost of sales includes the exceptional write down of the group's property development sites held as trading stock by £3,046,439 (2012: £2,751,291). The write down was to reflect the decline in the property market having regard to future intentions and projections of the group.

9. INTEREST PAYABLE AND SIMILAR CHARGES

	2013 £	2012 £
Interest payable on bank borrowing	3,926,162	4,181,026
Finance charges	25,594	18,240
Other similar charges payable	384,996	417,939
	<u>4,336,752</u>	<u>4,617,205</u>

10. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2013 £	2012 £
Current tax:		
UK Taxation		
In respect of the year:		
UK Corporation tax based on the results for the year at 23% (2012 - 24%)	95,279	195,557
(Over)/under provision in prior year	1,140	16,483
	<u>96,419</u>	<u>212,040</u>
Double taxation relief	<u>(95,279)</u>	<u>(195,557)</u>
	1,140	16,483
Foreign tax		
Current tax on income for the year	95,279	195,557
Total current tax	96,419	212,040
Deferred tax:		
Origination and reversal of timing differences	(73,519)	(4,766)
Tax on loss on ordinary activities	<u>22,900</u>	<u>207,274</u>

HERBEL LIMITED
NOTES TO THE GROUP FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2013

10. TAXATION ON ORDINARY ACTIVITIES *(continued)*

(b) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 23% (2012 - 24%).

	2013 £	2012 £
Loss on ordinary activities before taxation	<u>(5,960,847)</u>	<u>(2,901,241)</u>
Loss on ordinary activities by rate of tax	(1,370,995)	(696,297)
Expenses not deductible for tax purposes	537,380	639,913
Capital allowances for period in excess of depreciation	541,567	137,512
Utilisation of tax losses	-	(1,600)
Tax chargeable at higher / (lower) rates	940	3,932
Adjustments to tax charge in respect of previous periods	1,140	16,483
Consolidation adjustments	385,837	108,001
Unutilised tax losses	550	4,096
Total current tax (note 10(a))	<u>96,419</u>	<u>212,040</u>

11. PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The profit dealt with in the group financial statements of the parent company was £635,687 (2012 - £395,722 loss).

12. DIVIDENDS

Equity dividends

	2013 £	2012 £
Paid during the year		
Equity dividends on ordinary shares	<u>264,000</u>	<u>528,000</u>

HERBEL LIMITED
NOTES TO THE GROUP FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2013

13. INTANGIBLE FIXED ASSETS

Group	Goodwill £	Franchise licences £	Total £
COST			
At 1 January 2013	6,133,685	1,153,590	7,287,275
Additions	–	23,099	23,099
Disposals	(3,042,009)	(239,183)	(3,281,192)
Exchange difference	–	5,253	5,253
At 31 December 2013	3,091,676	942,759	4,034,435
AMORTISATION			
At 1 January 2013	3,069,971	661,291	3,731,262
Charge for the year	154,695	108,177	262,872
On disposals	(1,643,217)	(171,726)	(1,814,943)
Exchange difference	–	3,398	3,398
At 31 December 2013	1,581,449	601,140	2,182,589
NET BOOK VALUE			
At 31 December 2013	1,510,227	341,619	1,851,846
At 31 December 2012	3,063,714	492,299	3,556,013

HERBEL LIMITED
NOTES TO THE GROUP FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2013

14. TANGIBLE FIXED ASSETS

Group	Land & Buildings £	Short Leasehold Property £	Investment property £	Fixtures, Fittings & Equipment £	Motor Vehicles £	Total £
COST OR VALUATION						
At 1 Jan 2013	15,475,623	964,574	134,178,895	27,003,032	175,362	177,797,486
Additions	—	—	—	546,495	—	546,495
Disposals	—	(677,638)	(1,325,000)	(4,621,766)	—	(6,624,404)
Impairment	—	—	(243,558)	—	—	(243,558)
Exchange difference	90,000	10,905	911,519	109,502	—	1,121,926
At 31 Dec 2013	15,565,623	297,841	133,521,856	23,037,263	175,362	172,597,945
DEPRECIATION						
At 1 Jan 2013	—	448,169	—	13,086,392	90,938	13,625,499
Charge for the year	—	140,652	—	2,175,388	39,596	2,355,636
On disposals	—	(304,494)	—	(2,433,779)	—	(2,738,273)
Exchange difference	—	4,608	—	48,286	—	52,894
At 31 Dec 2013	—	288,935	—	12,876,287	130,534	13,295,756
NET BOOK VALUE						
At 31 Dec 2013	15,565,623	8,906	133,521,856	10,160,976	44,828	159,302,189
At 31 Dec 2012	15,475,623	516,405	134,178,895	13,916,640	84,424	164,171,987

Hire purchase agreements

Included within the net book value of £159,302,189 is £188,604 (2012 - £151,544) relating to assets held under hire purchase agreements. The depreciation charged to the group financial statements in the year in respect of such assets amounted to £19,900 (2012 - £15,154).

HERBEL LIMITED
NOTES TO THE GROUP FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2013

14. TANGIBLE FIXED ASSETS *(continued)*

Company	Investment property £
COST OR VALUATION	
At 1 January 2013	668,678
Impairment	<u>(243,558)</u>
At 31 December 2013	<u>425,120</u>
DEPRECIATION	
At 1 January 2013 and 31 December 2013	<u>-</u>
NET BOOK VALUE	
At 31 December 2013	<u>425,120</u>
At 31 December 2012	<u>668,678</u>

Revaluation of fixed assets (Group and Company)

Investment properties are valued by the director on an open market value for existing use basis, having regard to any recent professional valuations and marketing material provided by external agents in respect of the sale of properties. The director is of the opinion that the market valuations of the investment properties are not materially different from that shown in the accounts.

The historical cost of investment properties at 31 December 2013 was £118,983,425 (2012: £121,897,790) for the group and £668,678 (2012: £668,678) for the company.

The historical cost of land and buildings at 31 December 2013 was £13,563,940 (2012: restated £13,563,940) for the group and £nil (2012: £nil) for the company.

15. INVESTMENTS

Group	£
NET BOOK VALUE	
At 31 December 2013 and 31 December 2012	<u>-</u>

HERBEL LIMITED
NOTES TO THE GROUP FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2013

Company	Group Companies
	£
COST	
At 1 January 2013 and 31 December 2013	<u>177,500</u>
NET BOOK VALUE	
At 31 December 2013 and 31 December 2012	<u>177,500</u>

HERBEL LIMITED
NOTES TO THE GROUP FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2013

15. INVESTMENTS *(continued)*

	Country of incorporation	Holding	Proportion of voting rights and shares held	Nature of business
The investment in group undertakings comprises:				
Herbel Restaurants Limited	Northern Ireland	Ordinary shares	100%	Fast food retailers & property investment
L Herbert & Son Limited	Northern Ireland	Ordinary shares	100%	Dormant
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%	Fast food retailers & property investment
Loreburne Centre Limited	Northern Ireland	Ordinary shares	100%	Property investment
Herbel (Northern) Limited	Scotland	Ordinary shares	100%	Fast food retailers
Herbel (Western) Limited	Scotland	Ordinary shares	100%	Fast food retailers & property investment
Green Lanes Centre Limited	Scotland	Ordinary shares	100%	Property investment
Green Lanes (GP) Jersey Limited	Jersey	Ordinary shares	100%	Dormant
Green Lanes Partnership	Jersey	Partnership	100%	Property investment
Lemon (Quay) One Limited	Scotland	Ordinary shares	100%	Property investment
Lemon (Quay) Two Limited	Scotland	Ordinary shares	100%	Dormant
Flagship Centre Limited	Scotland	Ordinary shares	100%	Property investment
Lesley Retail Limited	Scotland	Ordinary shares	100%	Property investment
Lesley Balmoral Limited	Northern Ireland	Ordinary shares	100%	Property investment
Craven Court Centre Limited	Scotland	Ordinary shares	100%	Property investment
Haudagain Retail Limited	Scotland	Ordinary shares	100%	Property investment
Hillocks (Armagh) Limited	Northern Ireland	Ordinary shares	100%	Property investment

The group's shareholding in Herbel Properties Limited comprises 998 ordinary shares of £1 each, the remaining two shares in Herbel Properties Limited are held in trust for

HERBEL LIMITED
NOTES TO THE GROUP FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2013

15. INVESTMENTS *(continued)*

Herbel Restaurants Limited. Following the acquisition of these shares in 1983, the subsidiary's activities were merged with the activities of the parent undertaking, so that the subsidiary's continuing function is as nominee for the parent undertaking in the holding of certain properties and in arrangements concerning certain secured loans.

Investment in Joint Venture Company - Artemis Developments Limited

Herbel Restaurants Limited holds 1 ordinary £1 share representing a 50% joint venture interest in the issued share capital of Artemis Developments Limited. Artemis Developments Limited is a company incorporated in Northern Ireland which is involved in property trading and development.

16. STOCKS

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Trading property & work in progress	3,650,000	6,225,465	1,560,000	3,446,350
Goods for resale	378,347	472,668	—	—
	<u>4,028,347</u>	<u>6,698,133</u>	<u>1,560,000</u>	<u>3,446,350</u>

17. DEBTORS

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Trade debtors	429,304	324,523	—	—
Amounts owed by related parties	25,713,171	16,633,839	11,931,040	596,060
Other debtors	1,885,604	262,581	15,422	—
Directors current accounts	—	22,588	—	—
Prepayments and accrued income	611,945	808,519	755	4,531
	<u>28,640,024</u>	<u>18,052,050</u>	<u>11,947,217</u>	<u>600,591</u>

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

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Amounts owed by related parties	10,039,814	9,492,148	890,613	596,060
Other debtors	1,287,500	—	—	—
Prepayments and accrued income	14,060	124,745	—	—
	<u>11,341,374</u>	<u>9,616,893</u>	<u>890,613</u>	<u>596,060</u>

HERBEL LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

18. CREDITORS: Amounts falling due within one year

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Other loans	580,800	871,200	580,800	871,200
Bank loans	105,438,461	105,798,937	—	—
Trade creditors	4,406,495	4,405,959	—	—
Amounts owed to group undertakings	—	—	15,591,388	5,984,371
Amounts owed to related parties	16,502,904	16,430,781	—	—
Hire purchase agreements	163,469	80,740	—	—
Director's loan account	22,027	—	—	—
Other creditors including taxation and social security:				
Corporation tax	104,120	367,111	—	—
Other taxation and social security	991,618	1,327,478	—	—
Other creditors	458,619	431,085	15,825	16,799
Accruals and deferred income	16,335,262	11,170,322	65,186	46,492
	<u>145,003,775</u>	<u>140,883,613</u>	<u>16,253,199</u>	<u>6,918,862</u>

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Bank loans	105,438,461	105,798,937	—	—
Hire purchase agreements	163,469	80,740	—	—
	<u>105,601,930</u>	<u>105,879,677</u>	<u>—</u>	<u>—</u>

19. CREDITORS: Amounts falling due after more than one year

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Amounts owed to related parties	8,222,671	8,190,832	420,534	408,084
Hire purchase agreements	123,431	107,655	—	—
Other creditors including:				
Other loans	2,010,255	2,010,255	—	—
Accruals and deferred income	—	4,510	—	—
	<u>10,356,357</u>	<u>10,313,252</u>	<u>420,534</u>	<u>408,084</u>

HERBEL LIMITED
NOTES TO THE GROUP FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2013

19. CREDITORS: Amounts falling due after more than one year *(continued)*

The following liabilities disclosed under creditors falling due after more than one year are secured by the company:

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Hire purchase agreements	<u>123,431</u>	<u>107,655</u>	<u>-</u>	<u>-</u>

Secured bank loans and overdrafts are secured by way of fixed charges on the group's property assets, by floating charges on the group's assets and undertakings, and inter-company guarantees between group companies and related party companies.

The group's hire purchase liabilities are secured on the assets acquired.

The following aggregate liabilities disclosed under creditors falling due after more than one year are due for repayment after more than five years from the balance sheet date:

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Other loans	<u>1,670,255</u>	<u>1,670,255</u>	<u>-</u>	<u>-</u>

Other loans falling due for repayment after more than 5 years are repayable in 2018 and are subject to fixed interest rates.

20. COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows:

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Amounts payable within 1 year	163,469	80,740	-	-
Amounts payable between 1 and 2 years	109,643	80,741	-	-
Amounts payable between 2 and 5 years	<u>13,788</u>	<u>26,914</u>	<u>-</u>	<u>-</u>
	<u>286,900</u>	<u>188,395</u>	<u>-</u>	<u>-</u>

21. DEFERRED TAXATION

The movement in the deferred taxation provision during the year was:

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Provision brought forward	1,076,370	1,101,904	-	-
Decrease in provision	<u>(63,895)</u>	<u>(25,534)</u>	<u>-</u>	<u>-</u>
Provision carried forward	<u>1,012,475</u>	<u>1,076,370</u>	<u>-</u>	<u>-</u>

HERBEL LIMITED
NOTES TO THE GROUP FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2013

21. DEFERRED TAXATION *(continued)*

The group's provision for deferred taxation consists of the tax effect of timing differences in respect of:

Group	2013		2012	
	Provided £	Unprovided £	Provided £	Unprovided £
Excess of taxation allowances over depreciation on fixed assets	550,689	-	599,390	-
UK investment property capital allowances	455,124	-	470,011	-
Roll over relief	-	655,648	-	655,648
Other timing differences	6,662	3,052,956	6,969	2,869,410
	<u>1,012,475</u>	<u>3,708,604</u>	<u>1,076,370</u>	<u>3,525,058</u>

Capital allowances are claimed on eligible plant and machinery within investment property. The deferred tax provision for such capital allowances is expected to be released on sale of the relevant investment property.

Deferred tax is calculated at a rate of 23%. In accordance with Financial Reporting Standard No 19, Deferred Tax, no provision has been made for deferred taxation on gains recognised in revaluing properties to their market value.

At the balance sheet date there exists deferred tax assets of £900,000 (2012: £550,000) and £37,053 (2012: £9,977) at the corporation tax rate of 23%. The deferred tax assets arise in respect of unutilised capital losses and excess taxation allowance over depreciation on fixed assets respectively, and in accordance with Financial Reporting Standard No 19, Deferred Tax, are not recognised in the financial statements.

22. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2013 the group had annual commitments under non-cancellable operating leases as set out below.

Group	2013		2012	
	Land and buildings £	Other items £	Land and buildings £	Other items £
Operating leases which expire:				
Within 1 year	190,955	20,635	-	48,851
Within 2 to 5 years	192,835	43,042	28,000	76,072
After more than 5 years	1,676,467	-	2,590,218	-
	<u>2,060,257</u>	<u>63,677</u>	<u>2,618,218</u>	<u>124,923</u>

HERBEL LIMITED
NOTES TO THE GROUP FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2013

23. CONTINGENCIES

Herbel Restaurants Limited has provided various guarantees in respect of its subsidiary companies' bank borrowings. Herbel (Northern) Limited, Herbel (Western) Limited and Treetops Securities Limited have provided letters of guarantee as security for certain bank borrowings of Herbel Restaurants Limited.

Herbel Limited has provided security for some of the borrowings of Scotco (Eastern) Limited, a related party.

Certain bank borrowings of Lebreh Limited, a related party, are secured by certain properties of Herbel Restaurants Limited and Treetops Securities Limited. Herbel Restaurants Limited and some of the other subsidiaries have also provided guarantees in relation to certain bank borrowings of Lebreh Limited, Herbel Estates (Ireland) Limited and Lesley Estates Limited.

There is a cross guarantee in relation to certain bank borrowings between Lemon Quay (One) Limited, Flagship Centre Limited, Lesley Retail Limited and Haudagain Retail Limited.

24. TRANSACTIONS WITH THE DIRECTOR

The amount due to the director at 31 December 2013 was £22,027 (2012: £22,588 due from director to the company).

HERBEL LIMITED
NOTES TO THE GROUP FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2013

25. RELATED PARTY TRANSACTIONS

Control

Mrs L E Herbert is the sole shareholder of Herbel Limited and as such is considered to be the ultimate controlling party of the group and the company.

Transactions

Lebreh Limited

The director, Mr M A Herbert, is also a director of Lebreh Limited, a company incorporated in Northern Ireland. Mrs L E Herbert is the shareholder of Lebreh Limited. Lebreh Limited has two wholly owned subsidiary undertakings, Lesley Estates Limited and Herbel Estates (Ireland) Limited.

(a) Amounts due

At the year end included within creditors due within more than one year is a balance of £420,534 (2012: £408,084) owing from Herbel Limited to Lebreh Limited. This has arisen as a result of advances from Lebreh Limited to Herbel Limited.

At 31 December 2013 Herbel Restaurants Limited owed Lebreh Limited £14,403,364 (2012: £14,560,046). This balance has arisen as a result of cash transfers between companies and the payment of expenses by and on behalf of Lebreh Limited.

Included within debtors is a balance of £2,123 (2012: £2,123) owing from Lesley Estates Limited to Herbel Restaurants Limited.

Included within creditors is a balance of £1,571,897 (2012: £1,362,464) payable to Lebreh Limited from Herbel Restaurants (Ireland) Limited. This balance has arisen as a result of cash transfers between companies and the payment of expenses by and on behalf of Herbel Restaurants (Ireland) Limited.

At 31 December 2013 £523,110 (2012: £500,570) was due to Lebreh Limited from Treetops Securities Limited. This balance has arisen as a result of interest payments on the unsecured loan, cash transfers between the companies and the payment of expenses by and on behalf of Lebreh Limited.

Included within creditors, amounts due greater than one year is £6,009,519 (2012: £5,982,718) and £1,792,617 (2012: £1,774,901) due to Lebreh Limited from Lemon Quay (One) Limited and Flagship Centre Limited respectively.

(b) Other loans

Included within other loans falling due after more than one year is an amount of £1,760,015 (2012: £1,760,015) advanced to Herbel Restaurants Limited by Lebreh Limited.

Included within creditors falling due after more than one year is an unsecured loan balance of £250,240 (2012: £250,240) which was advanced by Lebreh Limited to Treetops Securities Limited.

(c) Shop rentals payable

Lebreh Limited owns certain properties which are occupied by Herbel Restaurants Limited

HERBEL LIMITED
NOTES TO THE GROUP FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2013

25. RELATED PARTY TRANSACTIONS *(continued)*

and are used as retail outlets. The rentals paid to Lebreh Limited during the year ended 31 December 2013 were £469,531 (2012: £499,764).

Herbel Estates (Ireland) Limited, a subsidiary company of Lebreh Limited, owns a property that is occupied by Herbel Restaurants (Ireland) Limited and used as a retail outlet. The rental paid in respect of this property during the year ended 31 December 2013 was €38,092 (2012 €38,092). At 31 December 2013 a balance of £81,670 (2012: £106,201) remained payable to Herbel Estates (Ireland) Limited. This balance has arisen due to rental transactions, payment of expenses and payments made by and on behalf of Herbel Restaurants (Ireland) Limited.

The director has obtained advice from chartered surveyors and valuers to ensure that the amounts payable regarding the rentals disclosed above reflect open market values.

(d) Management charge

During the year management charges of £30,000 (2012: £30,000) were payable by Lebreh Limited to Herbel Restaurants Limited.

(e) Security provided

Certain bank borrowings of Lebreh Limited are secured by properties owned by Herbel Restaurants Limited and Treetops Securities Limited.

(f) Inter-company guarantees

Lebreh Limited has provided guarantees in relation to certain borrowings of Herbel Restaurants Limited and Herbel Restaurants (Ireland) Limited.

Herbel Pension Scheme

Mr M A Herbert, director of the company, and Mrs L E Herbert are trustees of the Herbel Pension Scheme.

(a) Rentals payable

The Herbel Pension Scheme owns certain properties which are occupied by Herbel Restaurants Limited and are used as retail outlets. The rentals paid to the Herbel Pension Scheme during the year were £164,023 (2012: £233,280).

The Herbel Pension Scheme also owns the building which Herbel Restaurants Limited uses as its head office. The associated rentals paid in the year were £8,922 (2012: £13,200).

The director has obtained advice from chartered surveyors and valuers to ensure that the amounts payable regarding rentals reflect open market values.

(b) Amounts due

There were no amounts due by Herbel Restaurants Limited to the Herbel Pension Scheme at the year end.

At 31 December 2013 Treetops Securities Limited owed £4,073 (2012: £4,073) to the Herbel Pension Scheme.

Lesley Place Partnership

HERBEL LIMITED
NOTES TO THE GROUP FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2013

25. RELATED PARTY TRANSACTIONS *(continued)*

Mr M A Herbert and Mrs L E Herbert are also partners in Lesley Place Partnership.

At 31 December 2013 Lesley Place Partnership was owed £904 (2012: £nil) from Herbel Restaurants Limited, and Lesley Place Partnership owed £nil (2012: £147,938) to Herbel Restaurants Limited.

Lesley Place Partnership owns a property which is occupied by Herbel Restaurants Limited and used as a retail outlet. The rental paid in respect of this property during the year was £72,285 (2012: £59,827).

The director has obtained advice from chartered surveyors and valuers to ensure that the amounts payable regarding rentals reflect open market values.

Donegall Place Investments Limited

The director, Mr M A Herbert, is also a director of Donegall Place Investments Limited, a company incorporated in Northern Ireland. Donegall Place Investments Limited is a joint venture between Lebreh Limited and a third party. Donegall Place Investments Limited has 100% subsidiary undertakings, Bow Street Mall Limited and Sarcon (No.197) Limited, both companies incorporated in Northern Ireland.

(a) Amounts due

At 31 December 2013 Herbel Restaurants Limited was owed £11,427 (2012: £10,546) from Donegall Place Investments Limited. At 31 December 2013 Herbel Restaurants Limited owed an amount of £3,628 (2012: £3,628) to Bow Street Mall Limited. In addition, Herbel Restaurants Limited paid for expenses on behalf of Sarcon (No.197) Limited which were provided for in full at the year end. At 31 December 2013, a balance of £nil (2012: £nil) was due from Sarcon (No.197) Limited.

At 31 December 2013 Flagship Centre Limited owed £48,475 (2012: £48,475) to Donegall Place Investments Limited for payments made on its behalf. This amount is included in accruals.

(b) Rentals payable

Bow Street Mall Limited rents a retail outlet to Herbel Restaurants Limited. The rentals payable to Bow Street Mall Limited during the year were £30,480 (2012: £37,901).

The director has obtained advice from chartered surveyors and valuers to ensure that the amounts payable regarding rentals reflect open market values.

(c) Management charge

During the year management charges of £210,000 for the period ended 30 September 2013 and £30,000 for the period ended 31 December 2013 totalling £240,000 (2012: £170,000) were payable to Herbel Restaurants Limited by Donegall Place Investments Limited.

Artemis Developments Limited

Artemis Developments Limited is a 50% joint venture of Herbel Restaurants Limited in which the director Mr M A Herbert is also a director.

Herbel Restaurants Limited paid for expenses on behalf of Artemis Developments Limited

HERBEL LIMITED
NOTES TO THE GROUP FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2013

25. RELATED PARTY TRANSACTIONS *(continued)*

which were provided in full at the year end. At 31 December 2013, a balance of £nil (2012: £nil) was owed from Artemis Developments Limited.

Scotco (Eastern) Limited

Mrs L E Herbert is a director and shareholder of Scotco (Eastern) Limited, a company incorporated in Scotland. Scotco (Eastern) Limited has a 100% subsidiary undertaking, Scotco Eastern Ireland Limited, a company incorporated in Republic of Ireland. In addition, Scotco (Eastern) Limited owns 100% of JRC Holdings Limited which has a 100% subsidiary, Scotco Restaurants Limited, both companies being incorporated in England & Wales.

(a) Amounts due

At the year end included within debtors due after more than one year is a balance of £11,931,040 (2012: £596,060) owing from Scotco (Eastern) Limited to Herbel Limited. This has arisen as a result of transactions between the companies.

At 31 December 2013, included within debtors is a balance of £13,766,357 (2012: £10,440,665) owing from Scotco (Eastern) Limited to Herbel Restaurants Limited. This balance has arisen as a result of advances made by Herbel Restaurants Limited to Scotco (Eastern) Limited.

At 31 December 2013, included within debtors due within one year is £nil (2012: £52,212) and £nil (2012: £2,678,506) and £nil (2012: £801,127) due from Scotco (Eastern) Limited to Herbel (Western) Limited, Herbel (Northern) Limited and Herbel Restaurants (Ireland) Limited respectively.

At 31 December 2013, included within debtors due within one year is a balance of £nil (2012: £151,573) owing from Scotco Eastern Ireland Limited to Herbel Restaurants Limited.

At the year end, included within debtors due within one year is a balance of £nil (2012: £1,452,131) owing from Scotco Eastern Ireland Limited to Herbel Restaurants (Ireland) Limited.

At 31 December 2013, included within debtors is a balance of £nil (2012: £298,733) owing from Scotco Restaurants Limited to Herbel (Northern) Limited.

(b) Rentals payable

During the year, Herbel Limited rented a property to Scotco (Eastern) Limited. The rent receivable in the year was £60,000 (2012: £60,000). A debtor balance of £6,000 was due from Scotco (Eastern) Limited at 31 December 2013 in relation to the rent payable.

Scotco (Eastern) Limited rents a retail outlet to Herbel Restaurants Limited. The rentals payable to Scotco (Eastern) Limited during the year were £31,250 (2013: £nil).

Scotco (Eastern) Limited owns property that is occupied by Herbel (Northern) Limited. The rental paid to Scotco (Eastern) Limited during the year is £108,000 (2011: £108,000).

Beechdale Properties Limited

The director, Mr M A Herbert, is also a director of Beechdale Properties Limited, a

HERBEL LIMITED
NOTES TO THE GROUP FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2013

25. RELATED PARTY TRANSACTIONS *(continued)*

company incorporated in Northern Ireland. At 31 December 2013 a balance of £2,225 (2012: £2,225) was owed from Beechdale Properties Limited to Herbel Restaurants Limited.

LP Promotions Limited

Mrs L E Herbert is a shareholder of LP Promotions Limited, a company incorporated in Northern Ireland. During the year management charges of £18,000 (2012: £nil) were payable to Herbel Restaurants Limited by LP Promotions Limited.

Mr M A Herbert

Mr M A Herbert, a director of Herbel Limited, has provided guarantees as security for certain bank borrowings of the group.

26. SHARE CAPITAL

Allotted, called up and fully paid:

	2013		2012	
	No	£	No	£
Ordinary shares of £1 each	<u>177,500</u>	<u>177,500</u>	<u>177,500</u>	<u>177,500</u>

27. REVALUATION RESERVE

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Balance brought forward	3,891,510	4,068,581	—	—
Revaluation of fixed assets	—	(147,949)	—	—
Foreign currency translation	<u>14,561</u>	<u>(29,122)</u>	—	—
Balance carried forward	<u>3,906,071</u>	<u>3,891,510</u>	—	—

28. OTHER RESERVES

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Capital redemption reserve:				
Balance brought forward	<u>322,500</u>	<u>322,500</u>	—	—

There was no movement on the capital redemption reserve during the financial year.

HERBEL LIMITED
NOTES TO THE GROUP FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2013

25. RELATED PARTY TRANSACTIONS *(continued)*

and are used as retail outlets. The rentals paid to Lebreh Limited during the year ended 31 December 2013 were £469,531 (2012: £499,764).

Herbel Estates (Ireland) Limited, a subsidiary company of Lebreh Limited, owns a property that is occupied by Herbel Restaurants (Ireland) Limited and used as a retail outlet. The rental paid in respect of this property during the year ended 31 December 2013 was €38,092 (2012 €38,092). At 31 December 2013 a balance of £81,670 (2012: £106,201) remained payable to Herbel Estates (Ireland) Limited. This balance has arisen due to rental transactions, payment of expenses and payments made by and on behalf of Herbel Restaurants (Ireland) Limited.

The director has obtained advice from chartered surveyors and valuers to ensure that the amounts payable regarding the rentals disclosed above reflect open market values.

(d) Management charge

During the year management charges of £30,000 (2012: £30,000) were payable by Lebreh Limited to Herbel Restaurants Limited.

(e) Security provided

Certain bank borrowings of Lebreh Limited are secured by properties owned by Herbel Restaurants Limited and Treetops Securities Limited.

(f) Inter-company guarantees

Lebreh Limited has provided guarantees in relation to certain borrowings of Herbel Restaurants Limited and Herbel Restaurants (Ireland) Limited.

Herbel Pension Scheme

Mr M A Herbert, director of the company, and Mrs L E Herbert are trustees of the Herbel Pension Scheme.

(a) Rentals payable

The Herbel Pension Scheme owns certain properties which are occupied by Herbel Restaurants Limited and are used as retail outlets. The rentals paid to the Herbel Pension Scheme during the year were £164,023 (2012: £233,280).

The Herbel Pension Scheme also owns the building which Herbel Restaurants Limited uses as its head office. The associated rentals paid in the year were £8,922 (2012: £13,200).

The director has obtained advice from chartered surveyors and valuers to ensure that the amounts payable regarding rentals reflect open market values.

(b) Amounts due

There were no amounts due by Herbel Restaurants Limited to the Herbel Pension Scheme at the year end.

At 31 December 2013 Treetops Securities Limited owed £4,073 (2012: £4,073) to the Herbel Pension Scheme.

Lesley Place Partnership

HERBEL LIMITED
NOTES TO THE GROUP FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2013

25. RELATED PARTY TRANSACTIONS *(continued)*

Mr M A Herbert and Mrs L E Herbert are also partners in Lesley Place Partnership.

At 31 December 2013 Lesley Place Partnership was owed £904 (2012: £nil) from Herbel Restaurants Limited, and Lesley Place Partnership owed £nil (2012: £147,938) to Herbel Restaurants Limited.

Lesley Place Partnership owns a property which is occupied by Herbel Restaurants Limited and used as a retail outlet. The rental paid in respect of this property during the year was £72,285 (2012: £59,827).

The director has obtained advice from chartered surveyors and valuers to ensure that the amounts payable regarding rentals reflect open market values.

Donegall Place Investments Limited

The director, Mr M A Herbert, is also a director of Donegall Place Investments Limited, a company incorporated in Northern Ireland. Donegall Place Investments Limited is a joint venture between Lebreh Limited and a third party. Donegall Place Investments Limited has 100% subsidiary undertakings, Bow Street Mall Limited and Sarcon (No.197) Limited, both companies incorporated in Northern Ireland.

(a) Amounts due

At 31 December 2013 Herbel Restaurants Limited was owed £11,427 (2012: £10,546) from Donegall Place Investments Limited. At 31 December 2013 Herbel Restaurants Limited owed an amount of £3,628 (2012: £3,628) to Bow Street Mall Limited. In addition, Herbel Restaurants Limited paid for expenses on behalf of Sarcon (No.197) Limited which were provided for in full at the year end. At 31 December 2013, a balance of £nil (2012: £nil) was due from Sarcon (No.197) Limited.

At 31 December 2013 Flagship Centre Limited owed £48,475 (2012: £48,475) to Donegall Place Investments Limited for payments made on its behalf. This amount is included in accruals.

(b) Rentals payable

Bow Street Mall Limited rents a retail outlet to Herbel Restaurants Limited. The rentals payable to Bow Street Mall Limited during the year were £30,480 (2012: £37,901).

The director has obtained advice from chartered surveyors and valuers to ensure that the amounts payable regarding rentals reflect open market values.

(c) Management charge

During the year management charges of £210,000 for the period ended 30 September 2013 and £30,000 for the period ended 31 December 2013 totalling £240,000 (2012: £170,000) were payable to Herbel Restaurants Limited by Donegall Place Investments Limited.

Artemis Developments Limited

Artemis Developments Limited is a 50% joint venture of Herbel Restaurants Limited in which the director Mr M A Herbert is also a director.

Herbel Restaurants Limited paid for expenses on behalf of Artemis Developments Limited

HERBEL LIMITED
NOTES TO THE GROUP FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2013

25. RELATED PARTY TRANSACTIONS *(continued)*

which were provided for in full at the year end. At 31 December 2013, a balance of £nil (2012: £nil) was owed from Artemis Developments Limited.

Scotco (Eastern) Limited

Mrs L E Herbert is a director and shareholder of Scotco (Eastern) Limited, a company incorporated in Scotland. Scotco (Eastern) Limited has a 100% subsidiary undertaking, Scotco Eastern Ireland Limited, a company incorporated in Republic of Ireland. In addition, Scotco (Eastern) Limited owns 100% of JRC Holdings Limited which has a 100% subsidiary, Scotco Restaurants Limited, both companies being incorporated in England & Wales.

(a) Amounts due

At the year end included within debtors due after more than one year is a balance of £11,931,040 (2012: £596,060) owing from Scotco (Eastern) Limited to Herbel Limited. This has arisen as a result of transactions between the companies.

At 31 December 2013, included within debtors is a balance of £13,766,357 (2012: £10,440,665) owing from Scotco (Eastern) Limited to Herbel Restaurants Limited. This balance has arisen as a result of advances made by Herbel Restaurants Limited to Scotco (Eastern) Limited.

At 31 December 2013, included within debtors due within one year is £nil (2012: £52,212) and £nil (2012: £2,678,506) and £nil (2012: £801,127) due from Scotco (Eastern) Limited to Herbel (Western) Limited, Herbel (Northern) Limited and Herbel Restaurants (Ireland) Limited respectively.

At 31 December 2013, included within debtors due within one year is a balance of £nil (2012: £151,573) owing from Scotco Eastern Ireland Limited to Herbel Restaurants Limited.

At the year end, included within debtors due within one year is a balance of £nil (2012: £1,452,131) owing from Scotco Eastern Ireland Limited to Herbel Restaurants (Ireland) Limited.

At 31 December 2013, included within debtors is a balance of £nil (2012: £298,733) owing from Scotco Restaurants Limited to Herbel (Northern) Limited.

(b) Rentals payable

During the year, Herbel Limited rented a property to Scotco (Eastern) Limited. The rent receivable in the year was £60,000 (2012: £60,000). A debtor balance of £6,000 was due from Scotco (Eastern) Limited at 31 December 2013 in relation to the rent payable.

Scotco (Eastern) Limited rents a retail outlet to Herbel Restaurants Limited. The rentals payable to Scotco (Eastern) Limited during the year were £31,250 (2013: £nil).

Scotco (Eastern) Limited owns property that is occupied by Herbel (Northern) Limited. The rental paid to Scotco (Eastern) Limited during the year is £108,000 (2011: £108,000).

Beechdale Properties Limited

The director, Mr M A Herbert, is also a director of Beechdale Properties Limited, a

HERBEL LIMITED
NOTES TO THE GROUP FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2013

25. RELATED PARTY TRANSACTIONS *(continued)*

company incorporated in Northern Ireland. At 31 December 2013 a balance of £2,225 (2012: £2,225) was owed from Beechdale Properties Limited to Herbel Restaurants Limited.

LP Promotions Limited

Mrs L E Herbert is a shareholder of LP Promotions Limited, a company incorporated in Northern Ireland. During the year management charges of £18,000 (2012: £nil) were payable to Herbel Restaurants Limited by LP Promotions Limited.

Mr M A Herbert

Mr M A Herbert, a director of Herbel Limited, has provided guarantees as security for certain bank borrowings of the group.

26. SHARE CAPITAL

Allotted, called up and fully paid:

	2013		2012	
	No	£	No	£
Ordinary shares of £1 each	<u>177,500</u>	<u>177,500</u>	<u>177,500</u>	<u>177,500</u>

27. REVALUATION RESERVE

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Balance brought forward	3,891,510	4,068,581	—	—
Revaluation of fixed assets	—	(147,949)	—	—
Foreign currency translation	<u>14,561</u>	<u>(29,122)</u>	—	—
Balance carried forward	<u>3,906,071</u>	<u>3,891,510</u>	—	—

28. OTHER RESERVES

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Capital redemption reserve:				
Balance brought forward	<u>322,500</u>	<u>322,500</u>	—	—

There was no movement on the capital redemption reserve during the financial year.

HERBEL LIMITED
NOTES TO THE GROUP FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2013

28. OTHER RESERVES *(continued)*

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Investment property revaluation reserve:				
Balance brought forward	27,251,679	28,153,969	—	—
Transfer to other reserves	—	(300,023)	—	—
Foreign currency translation	295,691	(591,381)	—	—
Revaluation in year	—	(10,886)	—	—
	<u>27,547,370</u>	<u>27,251,679</u>	<u>—</u>	<u>—</u>

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Consolidation reserve:				
Balance brought forward	569,984	569,984	—	—
	<u>569,984</u>	<u>569,984</u>	<u>—</u>	<u>—</u>

There was no movement on the reserve during the financial year.

29. GROUP PROFIT AND LOSS ACCOUNT

	2013	2012
	£	£
Balance brought forward	6,781,052	10,263,942
Loss for the financial year	(5,983,747)	(3,108,515)
Equity dividends	(264,000)	(528,000)
Transfer from revaluation reserve	—	300,023
Foreign currency translation	87,221	(146,398)
Balance carried forward	<u>620,526</u>	<u>6,781,052</u>

30. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2013	2012
	£	£
Loss for the financial year	(5,983,747)	(3,108,515)
Other net recognised gains and losses	—	(147,949)
Equity dividends	(264,000)	(528,000)
Foreign currency translation	397,473	(766,901)
Revaluation in year	—	(10,886)
Net reduction to shareholders' funds	<u>(5,850,274)</u>	<u>(4,562,251)</u>
Opening shareholders' funds	38,994,225	43,556,476
Closing shareholders' funds	<u>33,143,951</u>	<u>38,994,225</u>

HERBEL LIMITED
NOTES TO THE GROUP FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2013

31. NOTES TO THE CASH FLOW STATEMENT

RECONCILIATION OF OPERATING (LOSS)/PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2013 £	2012 £
Operating (loss)/profit	(368,429)	2,118,941
Amortisation	262,872	445,755
Depreciation	2,355,636	2,506,109
Loss on disposal of fixed assets	1,570,930	294,127
Decrease in stocks	2,671,296	2,179,186
(Increase)/decrease in debtors	(1,531,231)	204,812
Increase in creditors	4,809,313	1,671,378
Impairment	243,558	3,119,282
Net cash inflow from operating activities	<u>10,013,945</u>	<u>12,539,590</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2013 £	2012 £
Decrease in cash in the period	(1,427,425)	(69,947)
Net cash outflow from other loans	290,400	452,647
Net cash outflow from bank loans	976,884	3,444,111
Cash outflow in respect of hire purchase	<u>(98,505)</u>	<u>80,741</u>
Change in net debt resulting from cash flows	(258,646)	3,907,552
Translation differences	(616,408)	1,262,768
Other differences	—	9
Movement in net debt in the period	<u>(875,054)</u>	<u>5,170,329</u>
Net debt at 1 January 2013	<u>(101,954,882)</u>	<u>(107,125,211)</u>
Net debt at 31 December 2013	<u>(102,829,936)</u>	<u>(101,954,882)</u>

HERBEL LIMITED
NOTES TO THE GROUP FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2013

31. NOTES TO THE CASH FLOW STATEMENT *(continued)*

ANALYSIS OF CHANGES IN NET DEBT

	At 1 Jan 2013 £	Cash flows £	Exchange difference £	At 31 Dec 2013 £
Net cash:				
Cash in hand and at bank	<u>6,913,905</u>	<u>(1,437,588)</u>	<u>10,163</u>	<u>5,486,480</u>
Debt:				
Debt due within 1 year	(106,670,137)	1,277,447	(626,571)	(106,019,261)
Debt due after 1 year	(2,010,255)	–	–	(2,010,255)
Hire purchase agreements	<u>(188,395)</u>	<u>(98,505)</u>	<u>–</u>	<u>(286,900)</u>
	<u>(108,868,787)</u>	<u>1,178,942</u>	<u>(626,571)</u>	<u>(108,316,416)</u>
Net debt	<u>(101,954,882)</u>	<u>(258,646)</u>	<u>(616,408)</u>	<u>(102,829,936)</u>