BurgerKing Limited

Directors' report and financial statements

Registered number SC31456

30 June 2009

Contents

Directors' report

The directors have pleasure in submitting their directors' report, together with the audited financial statements for the year ended 30 June 2009.

Principal activities

The company trades as a restaurateur under the Burger King franchise and has 64 restaurants (2008:66). The business is classified as a Fast Food Hamburger Restaurant chain and products include the Whopper and Angus burgers.

Review of developments

The company continues its activities of operating and developing new company restaurants and acting on behalf of its parent company to develop the Burger King franchise system in the United Kingdom.

Business Review and key performance indicators

The directors use a number of key performance indicators which they consider assist in the management of the business, including monitoring individual store performance on sales, margins and costs. Additionally management focus on increased net restaurant count and sales comparables to define growth of the business.

During the year ended 30 June 2009 the company continued to trade within a challenging business environment. The level of competition has impacted the company's results in addition to the macro economic impacts on the retail sector.

Turnover for the company decreased by 3.54 % to £58.7m because the number of restaurants decreased compared to the prior year, and gross profit margin in the year has decreased from 71.2% to 70.5% primarily due to food cost pressures.

The operating loss margin has decreased from 17.3% to 11% mainly due to strong comparable sales growth. The year's loss after tax is £7.5m (2008: £10.5m). The number of restaurants decreased from 66 to 64.

Risks

The principal risk to the company is that its product offering declines in popularity, leading to reduced revenues and margins. The company manages this risk by investing in new products which will improve consumer choice.

Occupancy costs represent a significant fixed cost base and adverse rent reviews can materially impact the financial performance. The company operates an Estates function in partnership with external advisors to mitigate this risk.

Exchange rate risks are evident as the majority of product is sourced from Euro denominated markets and equipment from the USA. Any hedging is performed by the parent company in Miami to mitigate this risk on behalf of the group.

At the year end the company has net current liabilities of £26.8m (2008: £13.4m) and net liabilities of £17.1m (2008: net liabilities of £8.5m). The company is dependent on the continued support provided by its parent company to enable it to continue trading as a going concern. As with any company placing reliance on other Group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Directors' report *(continued)*

The defined benefit section of the pension scheme is currently showing a deficit. If the value of the scheme assets were to decline relative to its liabilities, the Company might need to make an additional contribution to cover any shortfall. This could have an adverse impact on cashflow.

Future developments

The directors do not foresee any changes in the principal activities of the company. There continues to be an evaluation of the portfolio to identify opportunities that will reduce any existing financial exposure to rising occupancy costs.

Results and dividends

The company's loss for the financial year is £7.5m (2008: £10.5m).

The directors do not recommend the payment of a dividend on the ordinary shares (2008: £nil).

Directors and directors' interests

The directors who served during the year were as follows:

K Frost	(appointed 21 September 2007)
A Trounce	(appointed 8 November 2007)
A Currie	(appointed 15 April 2008, resigned 4 November 2008)
T Channing	(appointed 4 November 2008)
S Nunn	(appointed 9 December 2009)
S Stroh	(Company Secretary, appointed 6 September 2004)

No directors had any interest beneficial or non-beneficial in the share capital of the company or had a material interest during the year in any significant contract with the company or any subsidiary.

According to the register of directors' interests, no rights to subscribe for shares in or debentures of the company were granted to any of the directors or their immediate families, or exercised by them, during the financial year.

Political and charitable contributions

The company made no political contributions during the year (2008: £nil). The company made no charitable contributions during the year (2008: £nil).

Employee involvement

The company is committed to the development of employee consultation and, thereby, to their greater involvement in the company's operations. The directors continue to place a high priority on good communication practices at all levels. Responsibility for ensuring that company employees are informed of and, where appropriate, consulted upon matters of concern affecting their immediate jobs rests with departmental managers with support from the personnel function. On-site group discussions between managers and employees are encouraged.

On a wider basis, the company provides more general information to and for its employees concerning its performance and on economic and other matters affecting it. The methods used to disseminate such information are bulletins and related publications, including a monthly house journal. In addition, a twice yearly video presentation for employees sets out world-wide developments of the company, its products and its people. Information is also communicated when employees participate in induction or training courses, or by the circulation of information personally to all employees. The company has continued to maintain these practices during the year.

Directors' report *(continued)*

Employment policies

Depending on their skills and abilities, disabled people are given the same consideration as others when applying for jobs and have the same opportunities for promotion, career development and training as other employees. Employees who become disabled and unable to continue in their existing jobs are given the opportunity to be retrained for suitable alternative employment.

It is recognised that the company's continuing success depends upon the quality of its employees and its policies are designed to attract, retain and motivate the best staff. This is achieved by offering equal opportunities regardless of sex, race, religion or disability.

Supplier payment policies

The company agrees terms and conditions for its business transactions when orders for goods and services are placed, ensuring that suppliers are aware of the terms of payment and including the relevant terms in contracts where appropriate. These arrangements are adhered to when making payments, subject to the terms and conditions being met by the supplier.

The number of days' purchases included in creditors at 30 June 2009, in respect of the company is 41 days (2008: 31).

Statement as to disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board

S Nunn
Director

120 Bothwell Street
Glasgow
G2 7JL

Statement of directors' responsibilities in respect of the Directors' Report and the Financial Statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and 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 financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

KPMG

Independent auditors' report to the members of BurgerKing Limited

We have audited the financial statements of Burger King Limited for the year ended 30 June 2009 set out on pages 7 to 25. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

The report is made solely to the company's members, as a body, in accordance with section 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/UKNP.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2009 and of its profit for the year then ended;
- have been properly prepared in accordance with UK 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Helen Dickinson (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
8 Salisbury Square
London
EC4Y 8BB

29th March 2010

Profit and loss account

for the year ended 30 June 2009

	Note	2009 £000	2008 £000
Turnover	1	**58,691**	60,843
Cost of sales		**(17,318)**	(17,493)
Gross profit		**41,373**	43,350
Administrative expenses		**(62,411)**	(70,515)
Other operating income		**14,237**	16,861
Impairment reversal/(charge) of fixed assets		**340**	(133)
Operating loss		**(6,461)**	(10,437)
(Loss)/Gain on disposal of fixed assets		**(214)**	307
Loss on ordinary activities before interest	2	**(6,675)**	(10,130)
Interest receivable	5	**91**	198
Interest payable	5	**(902)**	(598)
Loss on ordinary activities before taxation		**(7,486)**	(10,530)
Tax on result on ordinary activities	6	**-**	-
Loss attributable to equity shareholders on ordinary activities after taxation and retained loss for the financial year		**(7,486)**	(10,530)

The profit and loss account relates wholly to continuing operations.

A statement of movements on reserves is given in note 15.

Balance sheet

at 30 June 2009

	Note		2009		2008
		£000	£000	£000	£000
Fixed assets					
Tangible assets	7		**14,134**		10,250
Intangible assets			**221**		240
Investments	8		-		-
Current assets					
Stocks	9	**330**		455	
Debtors	10	**9,423**		9,519	
Cash at bank and in hand		**817**		1,531	
		10,570		11,505	
Creditors: amounts falling due within one year	11	**(37,363)**		(24,898)	
Net current liabilities			**(26,793)**		(13,393)
Total assets less net current liabilities			**(12,438)**		(2,903)
Creditors: amounts falling due after more than one year	11		**(350)**		(453)
Provision for liabilities and charges	12		**(2,708)**		(4,798)
Net liabilities excluding pension deficit			**(15,496)**		(8,154)
Pension deficit	19		**(1,645)**		(309)
Net liabilities including pension deficit			**(17,141)**		(8,463)
Capital and reserves					
Called up share capital	13		**95,672**		95,672
Share premium account	15		**36,518**		36,518
Profit and loss account	15		**(149,331)**		(140,653)
Total equity shareholders' deficit	16		**(17,141)**		(8,463)

These financial statements were approved by the board of directors on 29th March 2010 and were signed on its behalf by:

S Nunn
Director

Statement of total recognised gains and losses
for the year ended 30 June 2009

	Note	**2009**	2008
		£000	£000
Loss on ordinary activities after taxation		**(7,486)**	(10,530)
Actuarial loss recognised in the pension scheme	19	**(1,063)**	(2,395)
Movement on deferred tax relating to pension liability	14	**(129)**	682
Total recognised losses relating to the year		**(8,678)**	(12,243)

Notes

(Forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation

The financial statements have been prepared on the going concern basis which the directors believe to be appropriate. The company is dependent for its working capital on its parent undertaking. Burger King Corporation, the parent company of BurgerKing Limited, has provided the company with an undertaking that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the company to enable the company to continue in operational existence for the foreseeable future. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that the support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Turnover

Turnover represents amounts received from the sale of food (excluding VAT), in the United Kingdom.

Fixed assets and depreciation

Fixed assets are stated at cost less depreciation.

Leasehold building includes an element of capitalised developmental costs.

Depreciation is provided to write off the cost less estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Freehold buildings	-	40 years
Short leasehold	-	Normal lives are deemed to be between 2 years and the outstanding period of the lease. Where major leasehold improvements are carried out within 5 years of the expiry of the lease and renewal of the lease is anticipated, the asset will be written off over the useful lives even where this exceeds the remainder of the lease.
Plant, machinery and fittings	-	between 2 and 16 years

No depreciation is provided on freehold land.

Reviews are carried out if there is some indication that impairment may have occurred, to ensure that fixed assets are not carried at above their recoverable amounts. Provisions for impairment are made in accordance with FRS 11.

Intangible fixed assets and amortisation

Intangible fixed assets purchased separately from a business are capitalised at their cost.

Intangible assets acquired as part of an acquisition are capitalised at their fair value where this can be measured reliably.

Intangibles are amortised to nil by equal annual instalments over their useful economic lives.

Notes *(continued)*

1 Accounting policies *(continued)*

Reversals of impairment

An impairment loss is reversed on intangible assets only if subsequent external events reverse the effect of the original event which caused the recognition of the impairment or the loss arose on an intangible asset with a readily ascertainable market value and that market value has increased above the impaired carrying amount. For other fixed assets where the recoverable amount increases as a result of a change in economic conditions or in the expected use of the asset then the resultant reversal of the impairment loss should be recognised in the current period.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Share based payments

Where the Company's parent grants rights to its equity instruments to the Company's employees, which are accounted for as equity-settled in the consolidated accounts of the parent, the Company accounts for these share-based payments as equity-settled. If the amount is recharged and it is linked clearly to the share based payments, then the recharge is a transaction with the parent in its capacity as a shareholder and is accounted for by the Company and the parent as an adjustment to the capital contribution recognised in respect of the share-based payments.

Consolidated financial statements

These financial statements contain information about BurgerKing Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under section 228 of the Companies Act 1985 from the requirement to prepare consolidated financial statements as the directors consider that the amounts involved are not material.

Investments in subsidiary undertakings

The company accounts for investments in subsidiaries at cost less any necessary provision for impairment in these amounts.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at period end exchange rates. All unrealised exchange differences are taken to the profit and loss account.

Transactions in foreign currencies are recorded at the rates of exchange at the date of the transactions and crystallised exchange gains or losses are taken to the profit and loss account.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. An asset is not recognised to the extent that the transfer of economic benefits in future is uncertain. Deferred tax assets and liabilities recognised have not been discounted. Deferred tax is recorded at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date, except as otherwise required by FRS 19.

Notes *(continued)*

1 Accounting policies *(continued)*

Stocks

Stocks are stated at the lower of cost and net realisable value and comprise the ingredients for preparation of the company's range of food as well as marketing stocks and small tools stock.

Post retirement benefits

Post retirement benefits are accounted for in accordance with FRS 17 'Retirement Benefits'.

The company operates one pension scheme in the UK, which is of both a defined benefit type and a defined contribution type. Full valuations of the defined benefits scheme are performed every three years, using the projected unit method.

The pension expense for the defined contribution scheme represents amounts payable in the year. Under the defined benefit scheme any current and past service costs are charged to operating profit and interest costs and expected returns on assets to financing costs or income. Actuarial gains and losses arising from new valuations and from updating the latest actuarial valuation to reflect the conditions at the balance sheet date are recognised in the statement of total recognised gains and losses.

Further information is provided in note 19.

Goodwill eliminated against reserves

Purchased goodwill (both positive and negative) arising on business combination in respect of acquisitions before 1 January 1998, when FRS 10 'Goodwill and intangible assets' was adopted, was written off to reserves in the year of acquisition. When a subsequent disposal occurs any related goodwill previously written off to reserves is written back through the profit and loss account as part of the profit or loss on disposal.

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on business combinations in respect of acquisitions since 1 January 1998 is capitalised. Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life

Provisions

Provision is made for onerous lease costs where it is possible to estimate the liability with sufficient reliability. This provision is discounted from the period of the expiry of the lease to the balance sheet date. The unwinding of the discount is charged to the profit and loss account.

Notes *(continued)*

1 Accounting policies *(continued)*

Leases

As lessee

Operating lease rentals payable are taken to the profit and loss account on a straight-line basis over the period of the lease. Any lease incentives received from lessors to sign or renew an operating lease is recognised as a reduction in rental expense and allocated to the profit and loss account on a straight-line basis over the shorter of the term of the lease and the first rent review.

As lessor

Rental income from operating leases is recognised in the profit and loss account on a straight-line basis over the period of the lease. Any lease incentives given for the benefit of the lessees to sign or renew an operating lease is recognised as a reduction in rental income and allocated to the profit and loss account on a straight-line basis over the shorter of the term of the lease and the first rent review.

Cash flow statement

The company is a wholly-owned subsidiary of Burger King Corporation and is included in the consolidated financial statements of Burger King Corporation, which are publicly available. Consequently the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (revised 1996).

Related party transactions

The company is also exempt under the terms of FRS 8 from disclosing related party transactions with entities that are part of the Burger King Corporation group or investors of the Burger King Corporation group.

Notes *(continued)*

2 Loss on ordinary activities before interest

	2009 £000	2008 £000
Operating loss is stated after charging/(crediting)		
Auditors' remuneration:		
Audit fees	**90**	128
Other Services	**-**	-
Depreciation	**2,209**	2,258
Amortisation of intangible assets	**19**	57
Impairment of tangible fixed assets	**(340)**	133
Rentals payable on property held under operating leases	**19,829**	22,253
Hire of plant and machinery - rentals payable under operating leases	**83**	77
Hire of other assets - operating leases	**55**	97

Following an impairment review of the company's property portfolio, a credit of £340,389 (2008: £132,915) was recorded within the operating loss.

3 Directors' emoluments

	2009 £000	2008 £000
Directors emoluments:		
Remuneration as executives	**117**	195

No directors (2008: two) exercised share options during the year.

No directors (2008: three) are accruing retirement benefits under the company defined benefit pension scheme.

The emoluments of the highest paid director were £69,433 (2008: £80,354).

Notes *(continued)*

4 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2009	2008
Sales	**2,020**	2,109
Administration	**317**	340
	2,337	2,449

The aggregate payroll costs of these persons were as follows:

	2009	2008
	£000	£000
Gross wages and salaries, holidays and sick pay	**19,089**	20,769
Employer's social security costs	**1,025**	1,317
Pension costs (See Note 19)		
- Defined Benefit Plan	**636**	418
- Defined Contribution Plan	**100**	90
Share based payments (See Note 20)	**212**	75
	21,062	22,669

5 Interest

	2009	2008
	£000	£000
Interest receivable:		
Other interest receivable	**91**	198
	91	198
Interest payable:		
Payable to group undertakings	**(902)**	(598)
	(902)	(598)

Notes *(continued)*

6 Taxation

	2009 £000	2008 £000
Corporation tax		
Current tax	-	-
Deferred tax		
Origination of timing differences	-	-
Tax on loss on ordinary activities	-	-

Factors affecting the tax charge for the current period

The current tax credit for the period is lower (2008: lower) than the standard rate of corporation tax in the UK 28.0% (2008: 29.5%). The differences are explained below.

	2009 £000	2008 £000
Loss on ordinary activities before tax	(7,486)	(10,530)
Current tax credit at 28.0% (2008: 29.5%)	(2,096)	(3,107)
Effects of:		
Expenses not deductible for tax purposes	416	478
Depreciation in excess of capital allowances	443	(1,170)
Addition of tax losses	1,775	3,521
Short term timing differences	(538)	690
Capital transactions		242
Movement in respect of revaluations or assets becoming non qualifying	-	53
Other movement in unprovided deferred tax assets	-	(707)
Current tax credit for the period	-	-

Factors that may affect future tax charges

In accordance with FRS 19 a deferred tax asset of £18.1m (2008: £15.7m) has not been recognised on the basis that the recoverability of the deferred tax asset is uncertain.

If circumstances change in the future resulting in the recoverability of the deferred tax asset becoming more certain, the asset will be recognised. This will only be the case if there is persuasive and reliable evidence suggesting that suitable taxable profits will be generated in the future.

The UK corporation tax rate has fallen from 30% to 28% with effect from 1 April 2008.

Notes *(continued)*

7 Tangible fixed assets

	Land and buildings £000	Plant and Machinery £000	Total £000
Cost			
At beginning of year	30,620	12,891	43,511
Additions	4,469	1,498	5,967
Disposals	(1,255)	(1,840)	(3,095)
At end of year	33,834	12,549	46,383
Depreciation			
At beginning of year	(21,736)	(11,525)	(33,261)
Charge for the year	(930)	(1,279)	(2,209)
Impairment (charge)/credit	(109)	449	340
Disposals	1,204	1,677	2,881
At end of year	(21,571)	(10,678)	(32,249)
Net book value			
At 30 June 2009	**12,263**	**1,871**	**14,134**
At 30 June 2008	8,884	1,366	10,250

The net book value of land and buildings includes £8,439,273 (2008: £6,764,973) in respect of freehold land which is not depreciable.

The net book value of land and buildings includes £1,161,294 (2008: £841,648) in respect of freehold buildings.

The net book value of land and buildings includes £1,405,426 (2008: £444,475) in respect of leasehold properties held under leases with less than fifty years to run at 30 June 2009.

The estimates of recoverable amounts of the company's assets were based on their value in use, determined using a discount rate of 10 per cent.

Notes *(continued)*

8 Investments

	£
Cost and NBV	
At 1 July 2006 and 30 June 2009	825

The company holds the following investments in subsidiary undertakings, all of which were dormant at the year end.

	Country of incorporation	**Type of shares held**	**Ownership**
Empire Catering Company Limited	UK	£1 ordinary shares	100%
Empire International Restaurants Limited	UK	£1 ordinary shares	100%
Golden Egg Franchises Limited	UK	£1 ordinary shares	100%
Hayescrest Limited	UK	£1 ordinary shares	100%
Huckleberry's Limited	UK	£1 ordinary shares	100%
JC Baker & Herbert Bale Limited	UK	£1 ordinary shares	100%
Mini Meals Limited	UK	£1 ordinary shares	100%
Montrass Limited	UK	£1 ordinary shares	100%
Montrap Limited	UK	£1 ordinary shares	100%
Burger King UK Pension Plan Trustee Company Limited	UK	£1 ordinary shares	100%

9 Stocks

	2009	2008
	£000	£000
Raw materials and consumables	**302**	300
Goods for resale	**28**	155
	330	455

10 Debtors

	2009	2008
	£000	£000
Trade debtors	**1,033**	978
Amounts owed by parent and fellow subsidiary undertakings	**3,035**	3,268
Other debtors	**764**	316
Prepayments and accrued income	**4,591**	4,957
	9,423	9,519

Notes *(continued)*

11 Creditors: amounts falling due within one year

	2009 £000	2008 £000
Trade creditors	**2,527**	2,129
Amounts owed to parent and fellow subsidiary undertakings	**27,779**	14,972
Other taxes and social security	**106**	950
Other creditors	**803**	316
Accruals and deferred income	**6,148**	6,531
	37,363	24,898

Creditors: amounts falling due after more than one year

Deferred consideration	**350**	453

12 Provision for liabilities and charges

	Vacant property costs £000	Legal £000	Other Provisions £000	Total £000
At 1 July 2008	4,579	2	217	4,798
Charged/(released) to the profit and loss account	217	20	(96)	141
Utilisation	(2,229)	(2)	-	(2,231)
At 30 June 2009	**2,567**	**20**	**121**	**2,708**

The vacant property provision relates to the company's commitment to lease rentals and associated property costs payable in relation to vacant properties. It is anticipated that most of these costs will be incurred over the duration of the remaining lease terms and as such the provision reflects the present day value of the total estimated costs.

13 Called up share capital

	2009 £000	2008 £000
Authorised		
95,672,000 ordinary shares of £1 each	**95,672**	95,672
(2008: 95,672,000 ordinary shares at £1 each)		
Allotted and fully paid:		
95,672,000 ordinary shares of £1 each	**95,672**	95,672
(2008: 95,672,000 ordinary shares at £1 each)		

Notes *(continued)*

On 16 February 2010, resolution was passed to increase the authorised share capital by £14,000,000 to an aggregate nominal amount of £109,672,000. On the same day, an allotment of new ordinary shares of £1 each for the amount of £14,000,000 was made, and subscribed fully by the parent company, Burger King Corporation, satisfied by the capitalisation of £14,000,000 intercompany debt owed by the company.

14 Deferred taxation

	2009 £000	2008 £000
Provision for deferred tax		
Other timing differences	-	-
Deferred tax excluding that relating to pension	-	-
Deferred tax relating to pension liability (note 19)	-	129
Total provision for deferred tax	-	129
At start of financial year	129	(553)
Deferred tax (charged)/credited to the statement of total recognised gains and losses	(129)	682
Deferred tax credited to profit and loss	-	-
At end of financial year	-	129

In accordance with FRS 19, deferred tax assets have not been recognised on the basis that the recoverability of the deferred tax asset is uncertain. The unrecognised deferred tax asset comprise:

	2009 £000	2008 £000
Differences between accumulated depreciation and capital allowances	6,725	3,794
Tax losses	10.274	10,265
Short term timing differences	1,067	1,604
	18,066	15,663

15 Reserves

	Share Premium £000	Profit and Loss reserve £000
At 1 July 2008	36,518	(140,653)
Loss for the financial year	-	(7,486)
Actuarial loss on pension scheme	-	(1,063)
Movement on deferred tax relating to the pension deficit	-	(129)
	36,518	(149,331)

Notes *(continued)*

16 Reconciliation of movements in shareholders' funds

	2009 £000	2008 £000
Shareholders' (deficit)/funds at beginning of year	**(8,463)**	3,780
Loss for the financial year	**(7,486)**	(10,530)
Actuarial loss on pension scheme	**(1,063)**	(2,395)
Movement on deferred tax relating to pension scheme	**(129)**	682
Shareholders' deficit	**(17,141)**	(8,463)

17 Commitments

Annual capital commitments under non-cancellable operating leases are as follows:

	2009		2008	
	Land and buildings £000	**Other £000**	Land and buildings £000	Other £000
Operating leases which expire:				
Within one year	**419**	-	1,177	-
In the second to fifth years inclusive	**5,765**	-	5,856	-
Over five years	**10,612**	-	12,076	-
	16,796	-	19,109	-

Capital expenditure commitments not provided for in these financial statements are estimated at £7,579 (2008: £399,313).

18 Contingent liabilities

The company has assigned property leases in the normal course of business. Should the assignees fail to fulfil any obligation in respect of those leases, the company may be liable for those defaults. The directors are not aware of any instances where such defaults have taken place and hence it is not practicable to estimate the financial effect of these assignments.

19 Pensions

Defined contribution pension scheme

The Company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the Company to the scheme and amounted to £100,000 (2008 :£90,000).

There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

Define benefit pension scheme

The Burger King UK Pension Plan is primarily Defined Benefit, but is closed to new entrants. As the Final Salary section of the Plan is closed to new entrants, it should therefore be noted that under the projected unit method that is required under FRS 17 the current service cost will increase as the numbers of the Final Salary section approach retirement.

Notes *(continued)*

19 Pensions (continued)

The Company is contributing 20.6% of pensionable pay into the final salary section of the Burger King UK Pension Plan. On 1 July 2006, Burger King UK Limited commenced participating in the Plan. Burger King UK Limited accounts for the final salary section on a Defined Contribution basis and the service cost for BurgerKing Limited is calculated as the total service cost less the contribution paid by BurgerKing Limited. Over 2008/09, Burger King UK Limited contributed £106k in respect of the final salary section.

It has been agreed that an employer contribution rate of 27.3% of pensionable pay will apply in future years.

The latest full actuarial valuation was carried out at 23rd July 2009 and for FRS 17 purposes to 30 June 2009 by a qualified independent actuary.

The principal assumptions used by the independent qualified actuaries in updating the latest valuations of each of the plans for FRS17 purposes were:

Main Financial Assumptions

	2009 % pa	2008 % pa	2007 % pa
Inflation	**3.2**	4.1	3.2
Rate of general long-term increase in salaries:			
Gold and Silver level members	**4.2**	5.1	4.2
Executive level members	**4.2**	5.1	4.2
Rate of increase to pensions in payment	**3.2**	4.1	3.2
Discount rate for scheme liabilities	**6.2**	6.5	5.8

Expected Return on Assets

	Long-term rate of return expected at 30 June 2009	**Value at 30 June 2009**	Long-term rate of return expected at 30 June 2008	Value at 30 June 2008	Long-term rate of return expected at 30 June 2007	Value at 30 June 2007
	(%p.a)	**(£000)**	(%p.a)	(£000)	(%p.a)	(£000)
Equities	7.6	6,123	7.5	6,516	8.1	6,671
Government bonds	4.1	1,417	5.2	1,439	5.1	1,409
Corporate bonds	6.2	1,424	6.5	1,429	5.6	1,407
Cash	0.5	70	5.25	19	6.0	38
Other*	-	-	6.5	756	5.8	703
Total market value of assets		9,034		10,159		10,228

** Other relates to the value of the annuities secured with Canada Life through the insurance of Death-in-Service Pensions, which were assumed to return in line with the discount rate.*

Notes *(continued)*

19 Pensions (continued)

Reconciliation to Balance Sheet

	2009 £000	2008 £000	2007 £000
Total market value of assets	**9,034**	10,159	10,228
Present value of scheme liabilities	**(10,679)**	(10,597)	(8,384)
Deficit in scheme	**(1,645)**	(438)	1,844
Related deferred tax asset/(liabilities)	**-**	129	(553)
Net pension liability	**(1,645)**	(309)	1,291

Analysis of amount charged to operating profit

	2009 £000	2008 £000
Current service cost	**742**	560
Less contributions in respect of Burger King (UK) Ltd employees	**(106)**	(142)
Total operating charge	**636**	418

Analysis of amount credited/(debited) to other finance income

	2009 £000	2008 £000
Expected return on pension scheme assets	**807**	756
Interest on pension scheme liabilities	**(716)**	(504)
Net return	**91**	252

Notes *(continued)*

19 Pensions (continued)

Analysis of amount recognised in Statement of Total Recognised Gains and Losses

	2009 £000	2008 £000
Actual return less expected return on pension scheme assets	**(2,432)**	(1,082)
Experience gains and losses arising on the scheme liabilities	**2,169**	(209)
Changes in assumptions underlying the present value of the scheme liabilities	**(800)**	(1,104)
Actuarial loss recognised in STRGL	**(1,063)**	(2,395)

Analysis of movement in surplus/(deficit) during the year

	2009 £000	2008 £000
(Deficit) / Surplus in scheme at beginning of the year	**(438)**	1,844
Current service cost	**(636)**	(418)
Contributions	**401**	279
Curtailments/settlements	**–**	–
Other finance income	**91**	252
Actuarial loss	**(1,063)**	(2,395)
Deficit in scheme at end of year	**(1,645)**	(438)

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Notes *(continued)*

19 Pensions (continued)

History of experience gains and losses

	2009 £000	2008 £000	2007 £000	2006 £000	2005 £000
Difference between expected and actual return on scheme assets	**(2,432)**	(1,082)	265	311	504
Percentage of scheme assets	**(27%)**	(11%)	2.6%	3.6%	7.1%
Experience gains (losses) on scheme liabilities	**2,169**	(209)	144	(22)	(2)
Percentage of the present value of the scheme liabilities	**22%**	(2%)	1.7%	(0.2%)	0.0%
Total amount recognised in STRGL	**(263)**	(2,395)	2,391	276	(679)
Percentage of the present value of the scheme liabilities	**(2%)**	(23%)	28.5%	3.0%	(8.8%)

20 Share based payments

The share option programme allows employees to acquire shares of the ultimate parent company Burger King Corporation.

The fair value of the equity-settled instruments granted during the period were determined using the Black-Scholes Model.

Share options granted to the Company's employees are accounted for as equity-settled share-based payments. The share-based payments charge was fully recharged by Burger King Corporation and was linked clearly to the share based payments. This is accounted by the Company as an adjustment to the capital contribution recognised in respect of the share-based payments.

The effect of the share-based payment transaction on the company's profit or loss for the period was £212,000 *(2008: £75,000)*.

21 Ultimate parent undertaking

At the year end the immediate parent undertaking and the smallest and largest group to consolidate these financial statements was Burger King Corporation, a company incorporated and registered in the United States of America.

The consolidated financial statements of Burger King Corporation can be obtained from

5505 Blue Lagoon Drive,
Miami,
Florida 33126.