

31 December 2015



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Directors' report

The directors have pleasure in submitting their directors' report, together with the audited financial statements for the 12 months period ended 31 December 2015.

Principal activities

The Company operates in the quick service restaurant industry. The sole source of income is generated by leasing and subleasing properties to Burger King Franchisees.

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.

During the 12 months ended 31 December 2015 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.

The operating loss margin decreased to 5.6% from prior period, (2014: 31.7%). The period's loss after tax is £1.7m (2014: £4.3m loss).

At the period end the Company has net current liabilities of £2.0m (2014: £28.5m) and net liabilities of £0.8m (2014: £28.5m). 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.

Restaurant Brand International, Inc.'s ('RBI') goal is to transition to a nearly 100% franchised business model. RBI Inc believes that a franchise-dominated business model will increase its profitability and cash flow since the capital required to expand its restaurant portfolio and re-image and maintain existing Burger King restaurants will principally be provided by its franchisees. Furthermore, RBI believes that a shift away from significant restaurant ownership will permit BKW to focus on narrowing the average restaurant sales gap with peers, through menu innovation, franchisee operational support and brand development. As a result, the Company's turnover from the sale of food has declined significantly period on period.

Directors' report (continued)

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.

Results and dividends

The Company's loss for the financial period is £1.7m (2014:£4.3m).

The directors do not recommend the payment of a dividend on the ordinary shares.

Directors

The directors who held office during the year were as follows:

J Cil (resigned 2 April 2015)
R Varman (resigned 2 April 2015)
V S Siqueira
C E Baron
B H Dorado
B De Souza

In addition, the following directors resigned post the year ended 31 December 2015:

V S Siqueira (resigned 31 August 2016)
B H Dorado (resigned 31 August 2016)

No directors had any interest beneficial or non-beneficial in the share capital of the Company or had a material interest during the period 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 period.

Employees

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.

Directors' report (continued)

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 period.

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.

Political contributions

The Company made no political donations or incurred any political expenditure during the year.

Disclosure of information to auditor

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.

Auditor

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


C E Baron
Director
26 September, 2016

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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

- select suitable accounting policies and then apply them consistently;
- make judgements 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 the 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.

Independent auditor's report to the members of BurgerKing Limited

We have audited the financial statements of BurgerKing Limited for the year ended 31 December 2015 set out on pages 8 to 16. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement 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, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its loss 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.

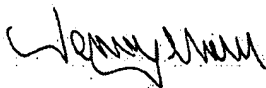
Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.



Jeremy Hall (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
27 September 2016

Profit and loss account
for the year ended 31 December 2015

	Note	<u>Total</u> 2015 £000	<u>Total</u> 2014 £000
Turnover		-	-
Cost of sales		-	-
Gross profit			
Administrative expenses	2	£ (10,992)	£ (13,898)
Other operating income		£ 10,408	£ 10,557
Operating loss		£ (584)	£ (3,341)
Loss on disposal of operations		-	£ (54)
Other interest receivable and similar income	4	£ 1	£ 5
Interest payable and similar charges	4	£ (896)	£ (895)
Loss on ordinary activities before taxation		£ (1,479)	£ (4,285)
Tax on loss on ordinary activities	5	£ (177)	£ (18)
Loss for the financial year		<u>£ (1,656)</u>	<u>£ (4,303)</u>

The profit and loss account relates to both continuing and discontinued operations.

The notes on pages 8 to 16 form part of these financial statements.

Balance sheet

at 31 December 2015

	Note	2015 £000	2014 £000
Fixed assets			
Tangible assets	6	£ 4,222	£ 4,368
Current assets			
Debtors	7	£ 2,893	£ 2,888
Cash at bank and in hand		£ 1,361	£ 1,535
		<u>£ 4,254</u>	<u>£ 4,423</u>
Creditors: amounts falling due within one year	8	<u>£ (6,234)</u>	<u>£ (32,878)</u>
Net current liabilities		<u>£ (1,980)</u>	<u>£ (28,455)</u>
Total assets less net current liabilities		<u>£ 2,242</u>	<u>£ (24,088)</u>
Provision for liabilities	9		
Other provisions	9	£ (2,981)	£ (4,386)
Net liabilities		<u>£ (739)</u>	<u>£ (28,474)</u>
Capital and reserves			
Called up share capital	11	£ 109,672	£ 109,672
Share premium account	12	£ 65,909	£ 36,518
Profit and loss account	12	£ (176,320)	£ (174,665)
Shareholders' deficit	13	<u>£ (739)</u>	<u>£ (28,474)</u>

These financial statements were approved by the board of directors on 26 September, 2016 and were signed on its behalf by:

C E Baron
Director

Registered number SC31456

The notes on pages 8 to 16 form part of these financial statements.

Notes

(Forming part of the financial statements)

1 Accounting policies

These financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

In the transition to FRS 102 from old UK GAAP, the Company has made no measurement and recognition adjustments.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Going concern

The Company is dependent for its working capital on its parent undertaking. Burger King Holdings, Inc., 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.

1.3 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date.

1.4 Tangible fixed assets

Fixed assets are stated at cost less accumulated depreciation.

Leasehold building includes an element of capitalised developmental costs.

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

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

The company assesses at each reporting date whether tangible fixed assets are impaired.

Notes (continued)

1.5 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

1.6 Expenses

Operating Lease

As lessee

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

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.

1.7 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

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

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Notes (continued)

2 Expenses and auditor's remuneration

	2015	2014
<i>Included in profit/loss are the following</i>	£000	£000
Auditor's remuneration:		
Audit of these financial statements	19	19
Depreciation	146	165
Rentals payable on property held under operating leases	9,875	10,508
Hire of plant and machinery - rentals payable under operating leases	-	379

Amounts receivable by the Company's auditor and its associates in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's parent, RBI.

3 Staff numbers and costs

There were no employees during the current or preceding year.

4 Interest

	2015	2014
	£000	£000
Payable to group undertakings	(891)	(895)
Interest on late corporation tax payments	(5)	-
	<u>(896)</u>	<u>(895)</u>

Notes (continued)

5 Taxation

Total tax expense recognised in the profit and loss account, other comprehensive income and equity

	2015 £000	2014 £000
<i>Corporation tax</i>		
Current tax charge in respect of previous periods	177	18
<i>Deferred tax</i>		
Origination of timing differences	-	-
Tax on loss on ordinary activities	<u>177</u>	<u>18</u>

Factors affecting the tax charge for the current period

The current tax charge (credit) for the period is higher (2015: higher) than the standard rate of corporation tax in the UK of 20.25% (2014: 21.5%). The differences are explained below.

	2015 £000	2014 £000
Gain (Loss) on ordinary activities before tax	(1,479)	(4,285)
Current tax charge (credit) at 20.25% (2014: 21.5%)	(299)	(921)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	215	321
Capital allowances for period in excess of depreciation	-	-
Tax losses recognised	84	600
Tax changes in respect of previous periods	177	18
Movement in short term timing differences	-	-
Current tax charge (credit) for the period	<u>177</u>	<u>18</u>

Analysis of current tax recognized in profit and loss

	2015 £000	2014 £000
UK Corporation tax	177	18
Double taxation relief	-	-
Foreign tax	-	-
Total current tax recognised in profit and loss	<u>177</u>	<u>18</u>

Notes (continued)

Factors that may affect future tax charges

The standard rate of Corporation Tax in the UK changed from 21% with effect from 1 April 2014 and to 20% with effect from 1 April 2015.

This change was substantially enacted by the balance sheet date and, therefore, the expected rate of 20% has been used within these financial statements in the calculation of any assets and liabilities arising from deferred tax.

6 Fixed assets

Tangible Fixed Assets

	Land and buildings £000	Plant and Machinery £000	Total £000
<i>Cost</i>			
At beginning of financial year	5,017	1,406	6,423
Additions	-	-	-
At end of financial year	<u>5,017</u>	<u>1,406</u>	<u>6,423</u>
<i>Depreciation</i>			
At beginning of financial year	(996)	(1,059)	(2,055)
Charge for the year	<u>(108)</u>	<u>(38)</u>	<u>(146)</u>
At end of financial year	<u>(1,104)</u>	<u>(1,097)</u>	<u>(2,201)</u>
<i>Net book value</i>			
At 31 December 2014	<u>4,021</u>	<u>347</u>	<u>4,368</u>
At 31 December 2015	<u>3,913</u>	<u>309</u>	<u>4,222</u>

Land and Buildings

The net book value of land and buildings comprises:

	2015 £000	2014 £000
Freehold	3,677	3,934
Long leasehold	-	-
Short leasehold	<u>236</u>	<u>87</u>
	<u>3,913</u>	<u>4,021</u>

Notes (continued)

7 Debtors

	2015 £000	2014 £000
Trade debtors	1,073	416
Amounts owed by parent and fellow subsidiary undertakings	29	25
Other debtors	154	198
Prepayments and accrued income	<u>1,637</u>	<u>2,249</u>
	<u>2,893</u>	<u>2,888</u>

8 Creditors: amounts falling due within one year

	2015 £000	2014 £000
Trade creditors	-	-
Amounts owed to parent and fellow subsidiary undertakings	3,416	29,474
Other taxes and social security	189	214
Other creditors	-	-
Accruals and deferred income	<u>2,629</u>	<u>3,190</u>
	<u>6,234</u>	<u>32,878</u>

9 Provision for liabilities and charges

	Vacant property costs £000	Store closure provision £000	Total £000
At 31 December 2014	4,172	214	4,386
Charged to the profit and loss account	471	-	471
Utilisation	<u>(1,875)</u>	<u>(0)</u>	<u>(1,875)</u>
At 31 December 2015	<u>2,768</u>	<u>214</u>	<u>2,981</u>

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.

The store closure provision relates to the Company's obligations for stores which are closed at the balance sheet date. Costs included comprise all reasonably known and quantifiable costs that will be incurred as part of exiting a site and fulfilling any resulting contractual obligations.

Notes (continued)

10 Deferred taxation

	2015 £000	2014 £000
Current Liability		
Corporation Tax	177	18
Provision for deferred tax		
At the start and end of financial period	-	-
At end of financial year	<u>177</u>	<u>18</u>
<i>Deferred tax has not been recognised for following items:</i>		
	2015 £000	2014 £000
Differences between accumulated depreciation and capital allowances	(24)	(68)
Tax losses	(644)	-
Short term timing differences	-	-
	<u>(668)</u>	<u>(68)</u>

11 Called up share capital

	2015 £000	2014 £000
109,672,000 ordinary shares of £1 each		
(2014: 109,672,000 ordinary shares of £1 each)	<u>109,672</u>	<u>109,672</u>

Notes (continued)

12 Reserves

	Share Premium £000	Profit and Loss reserve £000
At 31 December 2014	36,518	(174,665)
Paid in surplus	29,391	-
Loss for the financial year	-	(1,656)
At 31 December 2015	<u>65,909</u>	<u>(176,320)</u>

13 Reconciliation of movements in shareholders' funds

	2015 £000	2014 £000
Shareholders' (deficit) at beginning of period	(28,474)	(24,171)
Capitalization of Intercompany Loan	29,391	-
Loss for the financial period	(1,656)	(4,303)
Shareholders' deficit	<u>(739)</u>	<u>(28,474)</u>

In November of 2015 the intercompany loan between Burger King Corporation ("BKC") and Burger King Limited ("BKL") in the amount of £29,391,098 was capitalized under the new RBI legal/tax structure.

14 Commitments

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

	2015 Land and buildings £000	2014 Land and buildings £000
<i>Operating leases which expire:</i>		
Within one year	7,106	9,701
In the second to fifth years inclusive	22,405	31,922
Over five years	<u>20,332</u>	<u>30,242</u>
	<u>49,843</u>	<u>71,865</u>

15 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.

Notes (continued)

16 Ultimate parent undertaking

At the period end the immediate parent undertaking and the smallest and largest group to consolidate these financial statements was Restaurant Brands International, Inc., a company incorporated and registered in Canada.

The consolidated financial statements of Restaurant Brands International, Inc. can be obtained from:

226 Wyecroft Road
Oakville
Ontario, ON L6K 3X7
Canada

17 Subsequent events

No subsequent events were identified.