

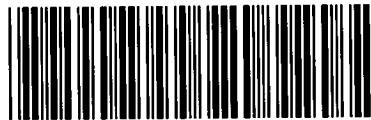
Registration number: SC287991

AG Restaurants Ltd

Annual Report and Financial Statements

for the Year Ended 31 December 2015

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Alexander Sloan
Chartered Accountants
38 Cadogan Street
Glasgow
G2 7HF

AG Restaurants Ltd

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AG Restaurants Ltd

Company Information

Directors Mr A.S. Gibson

Company secretary Mrs A. Gibson

Registered office 38 Cadogan Street
Glasgow
G2 7HF

Solicitors Blackadders
Standard Buildings
94 Hope Street
Glasgow
G2 6QB

Bankers The Royal Bank of Scotland
Glasgow City Branch
5th Floor
Bath Street
Glasgow
G2 4RS

Auditors Alexander Sloan
Chartered Accountants
38 Cadogan Street
Glasgow
G2 7HF

AG Restaurants Ltd

Strategic Report for the Year Ended 31 December 2015

The Director presents his strategic report for the year ended 31 December 2015.

Principal activity

The principal activity of the company is the provision of fast food restaurant services.

Business model

The Company seeks to enhance value and earnings through ensuring that its premises are maintained to a high standard of both infrastructure and cleanliness. By making the buildings inviting, it believes that people will be more inclined to visit the premises and purchase its goods.

Fair review of the business

The profit for the year after taxation for the Company amounted to £1,355,833. No dividends were paid during the year.

Key financial and other performance indicators

	Unit	2015	2014
Cash flow	£000	632	72
Administration expenses	£000	10,947	9,436

The Company also monitors wastage and customer numbers.

Future developments

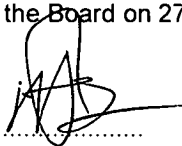
After the year end, the company added a further store to its portfolio and will look to take advantage of further opportunities for expansion as they arise.

The company has also paid a dividend of £1,500,000 to its shareholders following the year end.

Principal risks and uncertainties

The board considers the major risks to the company to be any matters arising that may adversely impact the good standing of the McDonald's brand.

Approved by the Board on 27 July 2016 and signed on its behalf by:



Mr A.S. Gibson
Director

AG Restaurants Ltd

Director's Report for the Year Ended 31 December 2015

The Director presents his report and the financial statements for the year ended 31 December 2015.

Directors of the Company

The director who held office during the year was as follows:

Mr A.S. Gibson - Director

Employment of disabled persons

Company policy for training and career development is to promote full and fair consideration for all vacancies and opportunities to any suitable person, including those who may be disabled.

Employee involvement

Information is disseminated to all levels of staff about matters which affect the progress of the Company and are of interest and concern to them as employees. Regular meetings are held with employees to discuss matters affecting them.

Disclosure of information to the auditors

The Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information. The Director confirms that there is no relevant information that he knows of and of which he knows the auditors are unaware.

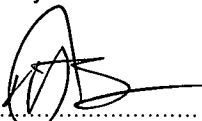
Reappointment of auditors

The auditors Alexander Sloan are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Strategic Report

In accordance with section 414C(11) of the Companies Act 2016 (Strategic Report and Directors' Report) Regulations 2013 the company has set out in the company's Strategic Report the information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

Approved by the Board on 27 July 2016 and signed on its behalf by:



.....
Mr A.S. Gibson
Director

AG Restaurants Ltd

Statement of Directors' Responsibilities

The Director is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Director to prepare financial statements for each financial year. Under that law the Director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Director must not approve the financial statements unless he is 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 Director is required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards has 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 Director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AG Restaurants Ltd

Independent Auditor's Report

We have audited the financial statements of AG Restaurants Ltd for the year ended 31 December 2015, set out on pages 7 to 21. 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 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 Statement of Directors' Responsibilities (set out on page 4), the Director is 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 (APB's) Ethical Standards for Auditors to the financial statements.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the 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 Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited 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.

Opinion on the 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 profit 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 the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

AG Restaurants Ltd

Independent Auditor's Report

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



Kevin Booth (Senior Statutory Auditor)

For and on behalf of Alexander Sloan , Chartered Accountant and Registered Statutory Auditor

38 Cadogan Street
Glasgow
G2 7HF

Date: 27 July 2016

AG Restaurants Ltd

Profit and Loss Account for the Year Ended 31 December 2015

	Note	2015 £	2014 £
Turnover	2	33,479,062	28,344,528
Cost of sales		<u>(20,680,278)</u>	<u>(17,752,441)</u>
Gross profit		12,798,784	10,592,087
Administrative expenses		<u>(10,947,405)</u>	<u>(9,436,245)</u>
Operating profit	3	1,851,379	1,155,842
Interest payable and similar charges		<u>(101,883)</u>	<u>(104,797)</u>
Profit before tax		1,749,496	1,051,045
Taxation	7	<u>(393,663)</u>	<u>(347,987)</u>
Profit for the financial year		<u><u>1,355,833</u></u>	<u><u>703,058</u></u>

The above results were derived from continuing operations.

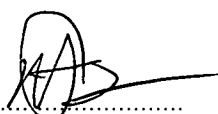
There are no other recognised gains and losses in the current or previous year.

The notes on pages 11 to 21 form an integral part of these financial statements.

AG Restaurants Ltd
(Registration number: SC287991)
Balance Sheet as at 31 December 2015

	Note	2015 £	2014 As Restated £
Fixed assets			
Intangible assets	8	6,996,541	7,674,367
Tangible assets	9	3,573,624	3,377,685
Investments	10	17,500	16,250
		<u>10,587,665</u>	<u>11,068,302</u>
Current assets			
Stocks	11	126,019	134,506
Debtors	12	41,118	95,965
Cash at bank and in hand	13	3,085,105	2,452,798
		<u>3,252,242</u>	<u>2,683,269</u>
Creditors: Amounts falling due within one year	20	<u>(6,880,490)</u>	<u>(7,076,893)</u>
Net current liabilities		<u>(3,628,248)</u>	<u>(4,393,624)</u>
Total assets less current liabilities		6,959,417	6,674,678
Creditors: Amounts falling due after more than one year	20	(3,362,101)	(4,418,092)
Provisions for liabilities	18	<u>(241,634)</u>	<u>(256,737)</u>
Net assets		<u>3,355,682</u>	<u>1,999,849</u>
Capital and reserves			
Called up share capital	14	1	1
Retained earnings	15	<u>3,355,681</u>	<u>1,999,848</u>
Total equity		<u>3,355,682</u>	<u>1,999,849</u>

Approved and authorised by the director on 27 July 2016


.....
Mr A.S. Gibson
Director

The notes on pages 11 to 21 form an integral part of these financial statements.

AG Restaurants Ltd

Statement of Changes in Equity for the Year Ended 31 December 2015

	Share capital £	Retained earnings £	Total £
At 1 January 2015	1	1,999,848	1,999,849
Profit for the year	-	1,355,833	1,355,833
Total comprehensive income	-	1,355,833	1,355,833
At 31 December 2015	1	3,355,681	3,355,682
	Share capital £	Retained earnings £	Total £
At 1 January 2014	1	1,296,790	1,296,791
Profit for the year	-	703,058	703,058
Total comprehensive income	-	703,058	703,058
At 31 December 2014	1	1,999,848	1,999,849

The notes on pages 11 to 21 form an integral part of these financial statements.

AG Restaurants Ltd

Statement of Cash Flows for the Year Ended 31 December 2015

	Note	2015 £	2014 £
Cash flows from operating activities			
Profit for the year		1,355,833	703,058
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	3	1,549,827	1,418,768
Corporation Tax expense	7	393,663	347,987
		<u>3,299,323</u>	<u>2,469,813</u>
Working capital adjustments			
Decrease/(increase) in inventories	11	8,487	(37,654)
Decrease/(increase) in trade and other receivables	12	54,847	(55,762)
Increase in trade and other payables	20	560,373	524,050
Cash generated from operations		3,923,030	2,900,447
Income taxes paid	7	(276,415)	(74,331)
Net cash flow from operating activities		<u>3,646,615</u>	<u>2,826,116</u>
Cash flows from investing activities			
Acquisitions of property plant and equipment		(906,613)	(1,556,667)
Proceeds from sale of property plant and equipment		5,315	-
Acquisition of intangible assets	8	(166,643)	(1,898,308)
Acquisition of investments	10	(1,250)	(3,750)
Net cash flows from investing activities		<u>(1,069,191)</u>	<u>(3,458,725)</u>
Cash flows from financing activities			
Proceeds from bank borrowing draw downs		-	2,754,000
Repayment of bank borrowing		(1,092,003)	(1,208,000)
Proceeds from other borrowing draw downs		-	106,000
Repayment of other borrowing		(853,114)	(947,042)
Net cash flows from financing activities		<u>(1,945,117)</u>	<u>704,958</u>
Net increase in cash and cash equivalents		632,307	72,349
Cash and cash equivalents at 1 January		<u>2,452,798</u>	<u>2,380,449</u>
Cash and cash equivalents at 31 December		<u>3,085,105</u>	<u>2,452,798</u>

The notes on pages 11 to 21 form an integral part of these financial statements.

AG Restaurants Ltd

Notes to the Financial Statements for the Year Ended 31 December 2015

1 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

The financial statements are presented in British Pounds Sterling which is the functional currency. Figures are shown to the nearest whole pound.

Key Judgements made in the application of Accounting Policies

The Company has considered and taken advantage of the following exemptions in its first time adoption of FRS 102:

- The Company has not revisited previous accounting estimates,
- The Company has not revisited the accounting for previous business acquisitions.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods at its restaurants in the ordinary course of the Company's activities. Turnover is shown net of value added tax, returns, rebates and discounts.

The Company recognises revenue when:

The amount of revenue can be reliably measured;
it is probable that future economic benefits will flow to the entity;
and specific criteria have been met for each of the Company's activities.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss account, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current Corporation Tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

AG Restaurants Ltd

Notes to the Financial Statements for the Year Ended 31 December 2015

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the Company. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Goodwill

Goodwill is amortised on a straight line basis over its useful life, which is taken as the shorter of the Franchise Agreement or the lease term ranging from 3 to 20 years.

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Franchise rights

Franchise rights are initially recognised at cost and are subsequently measured at cost less accumulated amortisation and impairment losses. Franchise rights are amortised over their useful lives which is taken as the period remaining under the Franchise Agreements which range from 3 to 20 years.

Tangible assets

Tangible assets is stated in the Balance Sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, as follows:

Asset class

Plant and machinery

Fixtures, fittings and equipment

Motor vehicles

Depreciation method and rate

Straight line over a range of useful lives ranging from 3 to 20 years

Straight line over a range of useful lives ranging from 3 to 20 years

25% straight line

Investments

Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

AG Restaurants Ltd

Notes to the Financial Statements for the Year Ended 31 December 2015

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the profit and loss account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Leases

Payments made under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the Company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

AG Restaurants Ltd

Notes to the Financial Statements for the Year Ended 31 December 2015

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the Company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Financial instruments

Classification

The company believes all financial instruments are classified as Basic Financial Instruments. The company recognises basic financial instruments in accordance with Section 11 of the Financial Reporting Standard.

Recognition and measurement

The company's debt instruments are measured at amortised cost using the effective interest rate method.

Impairment

Financial Instruments are reviewed annually for impairment.

2 Turnover

The analysis of the company's turnover for the year from continuing operations is as follows:

	2015	2014
	£	£
Sale of goods	<u>33,479,062</u>	<u>28,344,528</u>

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the UK.

3 Operating profit

Arrived at after charging/(crediting)

	2015	2014
	£	£
Depreciation expense	705,358	597,407
Amortisation expense	<u>844,469</u>	<u>821,361</u>

AG Restaurants Ltd

Notes to the Financial Statements for the Year Ended 31 December 2015

4 Staff costs

The aggregate payroll costs (including director's remuneration) were as follows:

	2015 £	2014 £
Wages and salaries	8,543,511	7,272,003
Social security costs	329,398	306,141
Pension costs, defined contribution scheme	65,920	42,675
	<u>8,938,829</u>	<u>7,620,819</u>

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

	2015 No.	2014 No.
Administration and support	6	4
Sales	1,129	940
	<u>1,135</u>	<u>944</u>

5 Director remuneration

The director received no remuneration or other benefits during the current or previous year.

6 Auditors' remuneration

	2015 £	2014 £
Estimated money value of benefits in kind for audit services	9,450	9,150
Estimated money value of benefits in kind for non-audit services	3,150	2,850
	<u>12,600</u>	<u>12,000</u>

AG Restaurants Ltd

Notes to the Financial Statements for the Year Ended 31 December 2015

7 Income tax

Tax charged/(credited) in the profit and loss account

	2015 £	2014 £
Current taxation		
UK corporation tax	408,766	276,416
Deferred taxation		
Arising from origination and reversal of timing differences	(15,103)	71,571
Tax expense in the profit and loss account	<u>393,663</u>	<u>347,987</u>

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2014 - higher than the standard rate of corporation tax in the UK) of 20.24% (2014 - 21.5%).

The differences are reconciled below:

	2015 £	2014 £
Profit before tax	<u>1,749,496</u>	<u>1,051,045</u>
Corporation tax at standard rate	354,098	225,975
Effect of expense not deductible in determining taxable profit	56,616	96,839
Deferred tax expense (credit) from unrecognised tax loss or credit	15,103	71,571
Tax increase (decrease) from effect of capital allowances and depreciation	(32,154)	(45,613)
Marginal tax relief	-	(785)
Total tax charge	<u>393,663</u>	<u>347,987</u>

During the year the UK Corporation Tax rate was decreased. Following the budget, announcements, there will be a further reduction to 19% from 1 April 2017, and 18% from 1 April 2020.

AG Restaurants Ltd

Notes to the Financial Statements for the Year Ended 31 December 2015

8 Intangible assets

	Goodwill £	Franchise rights £	Total £
Cost or valuation			
At 1 January 2015	8,295,000	538,242	8,833,242
Additions acquired separately	-	166,643	166,643
At 31 December 2015	8,295,000	704,885	8,999,885
Amortisation			
At 1 January 2015	1,070,357	88,518	1,158,875
Amortisation charge	793,914	50,555	844,469
At 31 December 2015	1,864,271	139,073	2,003,344
Carrying amount			
At 31 December 2015	6,430,729	565,812	6,996,541
At 31 December 2014	7,224,643	449,724	7,674,367

9 Tangible assets

	Furniture, fittings and equipment £	Motor vehicles £	Plant and machinery £	Total £
Cost or valuation				
At 1 January 2015	2,979,266	2,376	1,794,881	4,776,523
Additions	630,990	-	275,623	906,613
Disposals	(11,347)	(2,376)	-	(13,723)
At 31 December 2015	3,598,909	-	2,070,504	5,669,413
Depreciation				
At 1 January 2015	895,501	-	503,337	1,398,838
Charge for the year	434,673	-	270,686	705,359
Eliminated on disposal	(8,408)	-	-	(8,408)
At 31 December 2015	1,321,766	-	774,023	2,095,789
Carrying amount				
At 31 December 2015	2,277,143	-	1,296,481	3,573,624
At 31 December 2014	2,083,765	2,376	1,291,544	3,377,685

AG Restaurants Ltd

Notes to the Financial Statements for the Year Ended 31 December 2015

10 Investments

	2015 £	2014 £
Unlisted investments	<u>17,500</u>	<u>16,250</u>
		£
Cost		
At 1 January 2015		16,250
Additions		<u>1,250</u>
At 31 December 2015		<u>17,500</u>
Carrying amount		
At 31 December 2015		<u>17,500</u>
At 31 December 2014		<u>16,250</u>

11 Stocks

	2015 £	2014 £
Raw materials and consumables	<u>126,019</u>	<u>134,506</u>

The cost of stocks recognised as an expense in the year amounted to £9,822,276 (2014 - £8,486,616).

12 Debtors

	2015 £	2014 £
Trade debtors	5,811	135
Other receivables	450	57,885
Prepayments	<u>34,857</u>	<u>37,945</u>
Total current trade and other receivables	<u>41,118</u>	<u>95,965</u>

13 Cash and cash equivalents

	2015 £	2014 £
Cash on hand	93,110	76,110
Cash at bank	633,464	78,440
Short-term deposits	<u>2,358,531</u>	<u>2,298,248</u>
	<u>3,085,105</u>	<u>2,452,798</u>

AG Restaurants Ltd

Notes to the Financial Statements for the Year Ended 31 December 2015

14 Share capital

Allotted, called up and fully paid shares

	2015		2014	
	No.	£	No.	£
Ordinary shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

15 Reserves

Called-up share capital

Represents the nominal value of shares that have been issued.

Retained earnings

Includes all current and prior period retained profits and losses.

16 Loans and borrowings

	2015 £	2014 £
Non-current loans and borrowings		
Bank borrowings	<u>3,137,101</u>	<u>4,193,092</u>
	2015	2014
	£	£
Current loans and borrowings		
Bank borrowings	1,185,023	1,221,036
Director's account	<u>2,658,082</u>	<u>3,511,196</u>
	<u>3,843,105</u>	<u>4,732,232</u>

Bank loans are repayable over periods ranging from 1 to 5 years. The interest rates applied to the loans are based on LIBOR or Base Rate plus a margin varying from 1.4% to 1.7%.

17 Obligations under leases and hire purchase contracts

Operating leases

The total of future minimum lease payments is as follows:

	2015 £	2014 £
Later than one year and not later than five years	606,816	969,559
Later than five years	<u>15,330,716</u>	<u>19,268,214</u>
	<u>15,937,532</u>	<u>20,237,773</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £4,300,241 (2014 - £3,643,603).

AG Restaurants Ltd

Notes to the Financial Statements for the Year Ended 31 December 2015

18 Provisions

	Deferred taxation £	Total £
At 1 January 2015	(256,737)	(256,737)
Increase (decrease) in existing provisions	15,103	15,103
At 31 December 2015	<u>(241,634)</u>	<u>(241,634)</u>

Deferred taxation has been provided at 18% (2014: 20%) in the financial statements as set out above.

19 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £65,921 (2014 - £42,675).

20 Creditors

	Note	2015 £	2014 As restated £
Due within one year			
Loans and borrowings	16	3,843,105	4,732,232
Trade creditors		1,151,022	897,684
Social security and other taxes		793,527	598,605
Other payables		684,070	571,957
Corporation Tax liability	7	<u>408,766</u>	<u>276,415</u>
		<u>6,880,490</u>	<u>7,076,893</u>
Due after one year			
Loans and borrowings	16	3,137,101	4,193,092
Retentions		<u>225,000</u>	<u>225,000</u>
		<u>3,362,101</u>	<u>4,418,092</u>

AG Restaurants Ltd

Notes to the Financial Statements for the Year Ended 31 December 2015

21 Commitments

Capital commitments

During the year, the Director signed contracts for the refurbishment of two stores. The works in these stores were carried out in early 2016.

The total amount contracted for but not provided in the financial statements was £825,544 (2014 - £Nil).

22 Related party transactions

During the year, the director advanced £nil (2014 - £106,000) to the company and the company repaid £853,114 (2014 - £947,044). At the balance sheet date the amount due to the director was £2,658,082 (2014 - £3,511,196). The loan is interest free and repayable on demand.

23 Financial risk management

The company has exposure to two main areas of risk - liquidity risk and interest rate risk.

Liquidity risk

The objective of the Company in managing liquidity risk is to ensure that it can meet its financial obligations through operating cash flows. Cash flow is regularly reviewed as part of the Company's monthly reporting process to ensure that this is achieved. Based on the obligations set out in these financial statements, and the maturity of the bank loans, the company is in position to meet its commitments and obligations as they come due.

Interest rate risk

The Company borrows from its bankers using term loans with fixed rates of interest. The interest rates are agreed in advance and fixed for the duration of the loans.

24 Controlling Interest

The ultimate controlling party is Andrew Gibson, director and sole shareholder.

25 Transition to FRS 102

There has been no impact on the capital and reserves, or retained earnings from the implementation of FRS 102.