

Company Registration No. 05018441 (England and Wales)

LEON RESTAURANTS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR
THE 52 WEEK PERIOD ENDED 27 DECEMBER 2015

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LEON RESTAURANTS LIMITED

DIRECTORS AND ADVISERS

Directors

H R M Dimbleby
J A Vincent
T J Smalley
S J B Skinner
J Fragis
N D Evans
B D Blum
A W Perring

Secretary

C Burford

Company number

05018441

Registered office

4th Floor St Margaret's House
18-20 Southwark Street
London
SE1 1TJ

Independent auditors

PricewaterhouseCoopers LLP
1 Embankment Place
London
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18-20 Southwark Street
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SE1 1TJ

LEON RESTAURANTS LIMITED

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LEON RESTAURANTS LIMITED

STRATEGIC REPORT

FOR THE 52 WEEK PERIOD ENDED 27 DECEMBER 2015

The directors present the strategic report and financial statements for the 52 week period ended 27 December 2015.

Review of the business

Leon is a pioneer in the rapidly evolving contemporary fast food market. We continue to be the leader of our subset in this sector which we refer to as "naturally fast food".

The group comprises Leon Restaurants Limited the principal operating company, Leon Restaurants Franchising Limited, and Leon Naturally Fast Food Plc, the issuer of a consumer bond which provides financing to the group. The business has continued to trade extremely well in its established sites, achieving 45 consecutive months with positive like-for-like sales by the period end. The strong underlying trade combined with a significant increase in the rate of new site openings has resulted in the impressive revenue and EBITDA Key performance indicators (KPI's) set out in the table below.

During the period the business incurred exceptional administrative expenses principally comprising of costs in relation to the changes in senior management team and costs arising from abortive sites.

Key performance indicator	2015	2014	Change
Revenue from All Leon Sites	£36.9m	£24.9m	£12.0m
Owned Sites	26	15	+11
Like-for-Like Sales	7.8%	23.4%	
Franchise Sites	7	6	+1
Total Sites	33	21	+12
Total Revenue	£26.6m	£18.9m	+£7.7m
Operating EBITDA before exceptional	£2.26m	£1.55m	+£0.7m

Key risks and uncertainties

As with any business in the sector it is vulnerable to economic factors which impact on costs or consumer confidence.

Inflationary pressures exist in particular in wage costs and property rental value. The group is able to mitigate this by adjustments to overall costs and pricing strategies. The group does not expect to see further significant inflationary pressures on other input prices in 2016.

The group has borrowings in order to ensure sufficient funding for its growth plans. The borrowings are secured by charges over the groups assets. Cash forecasts are produced frequently and regularly reviewed to manage day to day liquidity.

The board is expecting interest rates to remain unchanged in 2016, although the base rate is predicted to increase in subsequent periods. The group borrows at variable rates and will consider using interest rate hedges where a material risk is perceived.

Notes:

Revenue from all Leon sites represents the total sales from both owned and franchise sites.

Like-for-like sales % is calculated by comparing year-on-year owned sites revenue performance, excluding the first two months from opening.

Total revenue represents total revenue from owned sites plus franchise royalty and licence income ("Turnover" as per Profit & loss account on page 7).

LEON RESTAURANTS LIMITED

STRATEGIC REPORT

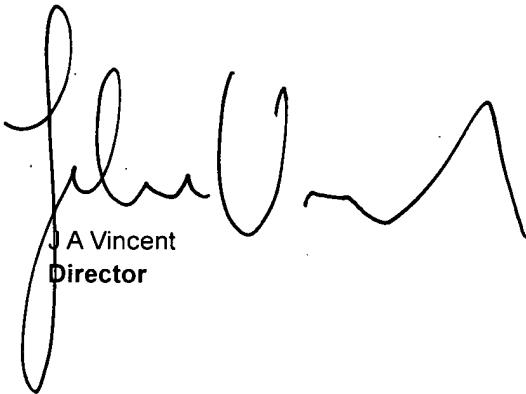
FOR THE 52 WEEK PERIOD ENDED 27 DECEMBER 2015

Future developments

It is the Board's intention to continue development of the business and new site openings, with a view to achieving the following:

- Continued innovation in our naturally fast food and wider customer experience
- Continued focus on profitability in the face of challenging cost pressures
- Continued focus on the wellbeing and development of our family members (Leon's employees)

On behalf of the board



J A Vincent
Director

LEON RESTAURANTS LIMITED

DIRECTORS' REPORT

FOR THE 52 WEEK PERIOD ENDED 27 DECEMBER 2015

The directors present their report and audited consolidated financial statements for the 52 week period ended 27 December 2015.

Results and dividends

The consolidated profit and loss account for the 52 week period is set out on page 7.

The directors do not recommend payment of a dividend (2014: nil).

Directors

The directors of the company, who were in office during the period and up to the date of signing of the financial statements were:

H R M Dimbleby
J A Vincent
T J Smalley
S J B Skinner
J Morris (Resigned 31.03.2015)
J Fragis
N D Evans
B D Blum
A W Perring (Appointed 31.03.2015)

Employee involvement

The group's policy is to consult and discuss with employees matters likely to affect their interests and their day-to-day wellbeing.

Information on matters of concern to employees is given through bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

The directors are considering the introduction of an employee share scheme as a means of further encouraging the involvement of key employees in the group's performance.

Disabled persons

The group's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

Independent auditors

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

LEON RESTAURANTS LIMITED

DIRECTORS' REPORT

FOR THE 52 WEEK PERIOD ENDED 27 DECEMBER 2015

Statement of directors' responsibilities

The directors are responsible for preparing the Annual 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 prepared the group and parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group 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 accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and the group 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 the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the group's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the group's auditors are aware of that information.

On behalf of the board



J A Vincent
Director
13 April 2016

LEON RESTAURANTS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LEON RESTAURANTS LIMITED

Report on the financial statements

Our opinion

In our opinion, Leon Restaurants Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 27 December 2015 and of the group's profit and cash flows for the 52 week period (the "period") 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.

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the balance sheets as at 27 December 2015;
- the consolidated profit and loss account for the period then ended;
- the consolidated cash flow statement for the period then ended;
- the notes to the consolidated cash flow statement; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

LEON RESTAURANTS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LEON RESTAURANTS LIMITED

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in Statement of Directors' Responsibilities 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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 group's and 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

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.



Rachel Savage (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
13 April 2016

LEON RESTAURANTS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE 52 WEEK PERIOD ENDED 27 DECEMBER 2015

	Note	27 December 2015 £	28 December 2014 £
Turnover	2	26,614,059	18,872,790
Cost of sales		(7,774,541)	(5,098,355)
Gross profit		18,839,518	13,774,435
Administrative expenses before exceptional items		(17,744,624)	(13,064,346)
Exceptional administrative expenses	3	(264,529)	-
Administrative expenses		(18,009,153)	(13,064,346)
Operating profit	3	830,365	710,089
Gain on disposal of leasehold property		-	198,595
Profit on ordinary activities before interest and taxation		830,365	906,684
Interest receivable and similar income		-	4,926
Interest payable and similar charges	4	(452,975)	(149,860)
Profit on ordinary activities before taxation		377,390	763,750
Tax on profit on ordinary activities	5	400,000	-
Profit on ordinary activities after taxation		777,390	763,750

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

There is no material difference between the profit on ordinary activities before taxation and the profit for the financial period stated above and their historical cost equivalents.

LEON RESTAURANTS LIMITED

BALANCE SHEETS

AS AT 27 December 2015

	Note	Group 2015 £	2014 £	Company 2015 £	2014 £
Non-current assets					
Intangible assets	7	3,422	-	3,422	-
Tangible assets	7	9,964,558	4,606,907	9,964,558	4,606,907
Deferred tax asset	8	400,000	-	400,000	-
Investments	9	-	-	50,100	50,100
		10,367,980	4,606,907	10,418,080	4,657,007
Current assets					
Stocks	10	206,525	146,040	206,525	146,040
Debtors	11	2,545,944	1,251,810	2,353,245	1,201,720
Cash at bank and in hand		1,220,627	533,724	1,220,627	533,724
		3,973,096	1,931,574	3,780,397	1,881,484
Creditors: amounts falling due within one year	12	(8,014,109)	(3,695,620)	(8,064,108)	(3,888,228)
Net current liabilities		(4,041,013)	(1,764,046)	(4,283,711)	(2,006,744)
Total assets less current liabilities		6,326,967	2,842,861	6,134,369	2,650,263
Creditors: amounts falling due after more than one year	13	(3,896,411)	(1,205,024)	(3,896,411)	(1,205,024)
Net assets		2,430,556	1,637,837	2,237,958	1,445,239
Capital and reserves					
Called up share capital	15	261,312	245,983	261,312	245,983
Share premium account	16	10,627,169	10,627,169	10,627,169	10,627,169
Profit and loss account	16	(8,457,925)	(9,235,315)	(8,650,523)	(9,427,913)
Total shareholders' funds	17	2,430,556	1,637,837	2,237,958	1,445,239

The financial statements on pages 6 to 22 were approved by the Board and authorised for issue on 13 April 2016.



A W Perring
Director

Company Registration No. 05018441

LEON RESTAURANTS LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE 52 WEEK PERIOD ENDED 27 DECEMBER 2015

	Period ended 27 December 2015 £	Period ended 28 December 2014 £
Net cash inflow from operating activities	2,577,844	1,372,457
Returns on investments and servicing of finance		
Interest received	-	4,926
Interest paid	(222,289)	(149,860)
Net cash outflow for returns on investments and servicing of finance	(222,289)	(144,934)
Capital expenditure and financial investment		
Payments to acquire tangible assets	(6,015,604)	(2,206,350)
Payments to acquire intangible assets	(3,422)	-
Proceeds from disposal of tangible assets	-	415,838
Net cash (outflow) for capital expenditure	(6,019,026)	(1,790,512)
Net cash (outflow) before management of liquid resources and financing	(3,663,471)	(562,989)
Financing		
Issue of ordinary share capital	-	99,997
Proceeds from bank loan	6,228,836	953,699
Proceeds from other loan	1,500,000	-
Repurchase of debenture loan	(113)	-
Repayment of bank loans	(3,089,439)	-
Repayment of other short term loans	(64,000)	(151,500)
Expenses paid in connection with issue of debt	(224,910)	-
Capital element of hire purchase contracts	-	(16,402)
Net cash inflow from financing	4,350,374	885,794
Increase in cash in the 52 week period	686,903	322,805
Cash at the beginning of the period	533,724	210,919
Cash at the end of the period	1,220,627	533,724

LEON RESTAURANTS LIMITED

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT FOR THE 52 WEEK PERIOD ENDED 27 DECEMBER 2015

a Reconciliation of operating profit to net cash inflow from operating activities

	2015 £	2014 £
Operating profit	830,365	710,089
Depreciation of tangible assets	1,163,563	836,630
Increase in stocks	(60,485)	(15,280)
(Increase) / decrease in debtors	(1,353,352)	143,264
Increase / (decrease) in creditors within one year	1,982,424	(302,246)
Share based payment	15,329	-
Net cash inflow from operating activities	2,577,844	1,372,457

b Analysis of net debt

	28 December 2014 £	Cash flow £	Other non- cash changes £	27 December 2015 £
Net cash:				
Cash at bank and in hand	533,724	686,903	-	1,220,627
Debts falling due within one year	(548,787)	(1,826,712)	16,131	(2,359,368)
Debts falling due after one year	(1,205,024)	(2,748,572)	57,185	(3,896,411)
	(1,753,811)	(4,575,284)	73,316	(6,255,779)
Net debt	(1,220,087)	(3,888,381)	73,316	(5,035,152)

c Reconciliation of net cash flow to movement in net debt

	2015 £	2014 £
Increase in cash in the 52 week period	686,903	322,805
Cash (inflow) from (increase) in debt	(4,501,968)	(785,797)
Movement in net debt	(3,815,065)	(462,992)
Opening net debt	(1,220,087)	(757,095)
Net debt at 27 December 2015	(5,035,152)	(1,220,087)

LEON RESTAURANTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 27 DECEMBER 2015

1 Accounting policies

Basis of preparation

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the period, are set out below.

Based on the company's forecasts and projections and taking into account the significant improvement in trading performance since the period end together with a renewed five year bank loan, the directors are satisfied that the business has sufficient funds to continue on a going concern basis for the foreseeable future.

Basis of consolidation

The financial statements consolidate the financial statements of Leon Restaurants Limited and all its subsidiary undertakings ('subsidiaries') detailed in Note 20.

Turnover

Turnover shown in the profit and loss account represents the value of goods and services provided net of discounts during the period, stated net of value added tax.

Intangible fixed assets and amortisation

Intangible assets are comprised of trademarks and are stated at historic cost and amortised over the useful economic life of that asset as follows:

Trademarks	up to 20 years
------------	----------------

Tangible fixed assets and depreciation

Tangible fixed assets are stated at historic cost less any provision for impairment, less accumulated depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Leasehold property	over the period of the lease
Restaurant and office equipment	over 5 years

During the financial period the company reviewed its depreciation policy on leasehold property and changed it from depreciating over 10 years to over the period the lease. The impact of this change is in note 7.

The depreciation charge for the period is included within administrative expenses.

Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

Investments

Investments in subsidiaries are stated at cost less provision for impairment.

LEON RESTAURANTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 27 DECEMBER 2015

1 Accounting policies

(Continued)

Stock

Stocks are valued at the lower of cost and net releasable value after making allowance for obsolete and slow-moving stocks.

Pensions

The Group operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the 52 week period they are payable.

Exceptional gain on disposal of leasehold property

Gains on disposals of leasehold property are treated as exceptional income in the consolidated profit and loss account, on the basis that they fall outside of the group's principal trading activities.

Management Fee

Following a review by senior management of the accounting treatment of Leon Restaurants Franchising Limited, the board has agreed to their proposal that, going forward, a management charge equivalent to the total revenue be levied such that the income is transferred to the group company. This is consistent with the remit of the entity whose sole purpose is collect franchise income on behalf of the group.

Deferred taxation

Deferred taxation is recognised, without discounting, in respect of all timing differences. Deferred tax assets is recognised to the extent that it is regarded as recoverable. Deferred tax assets and liabilities are calculated using the taxation rates that have been enacted or substantively enacted by the balance sheet date.

Share-based payments

Employees of the company receive part of their remuneration in the form of share-based payment transactions, whereby employee, render services in exchange for shares. These are accounted for as equity settled share-based payment. The cost of equity settled transaction is measured by reference to the fair value at the grant date and is recognised as an expense over the vesting period.

Exceptional administrative expenses

The company classifies items of expenses as exceptional items, where the nature of the item, or its size, is likely to material, non-recurring and unrelated to normal trading activities, so as to assist the user of the financial statements to better understand the company's underlying trading position.

2 Turnover

The total turnover of the group for the 52 week period has been derived from its principal activity wholly undertaken in the United Kingdom.

LEON RESTAURANTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE 52 WEEK PERIOD ENDED 27 DECEMBER 2015

3 Operating profit

Operating profit is stated after charging:

	2015 £	2014 £
Depreciation of tangible assets	1,163,563	836,630
Operating lease rentals	2,425,751	1,823,995
Exceptional administration expenses	264,529	-
Auditors' remuneration - as auditors	30,000	27,513
- for taxation services	6,000	6,000
- for other services	28,500	4,000

For the period ended 27 December 2015, the exceptional administrative expenses incurred principally comprise of costs in relation to the changes in the senior management team (£162,500) and costs arising from abortive sites (£102,529).

Audit fees for the subsidiaries are borne by the parent company.

4 Interest payable and similar charges

	2015 £	2014 £
Interest payable on bank borrowing	153,257	81,668
On other loans wholly repayable within five years	157,045	67,627
Hire purchase interest	-	565
Amortisation of loan fees	61,295	-
Accelerated amortisation of loan fees	81,378	-
	452,975	149,860

The issue costs associated with the bank loans and other loans are amortised over the life of the instruments in accordance with FRS 4. During 2015, £81,378 of capitalised loan fees were expensed as exceptional amortisation after the early repayment of the bank loan.

LEON RESTAURANTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE 52 WEEK PERIOD ENDED 27 DECEMBER 2015

5	Tax on profit on ordinary activities	2015 £	2014 £
	Total current tax	-	-
	Deferred tax		
	Origination and reversal of timing differences (Note 8)	(400,000)	-
	Tax on profit on ordinary activities	(400,000)	-

Factors affecting the tax charge for the 52 week period

	2015 £	2014 £
Profit on ordinary activities before taxation	377,390	763,750
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20.25% (2014: 22.5%)	76,421	171,844
Effects of:		
Expenses not deductible for tax purposes	6,075	6,750
Timing differences on fixed assets	(77,541)	(25,260)
Losses brought forward	(4,955)	(153,334)
Current tax charge for the period	-	-

The tax rate for the current period is lower than the prior period due to changes in the UK corporation tax rate which decreased from 21% to 20% from 1 April 2015.

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 on 26 October 2015. These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 18% from 1 April 2020.

There is an unrecognized deferred tax asset of £0.65m (2014: £1.47m) arising from losses carried forward. Management have agreed to review the recognition of this in the 2016 accounts.

6 Profit for the financial period

As permitted by section 408 Companies Act 2006, the holding company's profit and loss account has not been included in these financial statements. The profit for the financial period is made up as follows:

	2015 £	2014 £
Company's profit for the financial period	777,390	740,500

LEON RESTAURANTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE 52 WEEK PERIOD ENDED 27 DECEMBER 2015

7 Tangible assets

Group and Company

	Leasehold property £	Restaurant and office equipment £	Total £
Cost			
At 28 December 2014	6,948,427	2,912,488	9,860,915
Additions	3,502,391	3,018,823	6,521,214
At 27 December 2015	10,450,818	5,931,311	16,382,129
Accumulated depreciation			
At 28 December 2014	3,455,112	1,798,896	5,254,008
Charge for the period	504,960	658,603	1,163,563
At 27 December 2015	3,960,072	2,457,499	6,417,571
Net book value			
At 27 December 2015	6,490,746	3,473,812	9,964,558
At 28 December 2014	3,493,315	1,113,592	4,606,907

Included within fixed asset additions is £172,900 (2014: £109,000) of assets under construction, representing fit out of unopened sites. No depreciation charge is made until assets are completed and brought in to use.

During the financial period the company changed the depreciation policy on leasehold property. This change resulted in a £167,837 credit to the profit and loss account.

At the end of the financial period, the company acquired trademarks totalling £3,422. These have been capitalised as intangible assets and amortisation will commence in the following financial period.

8 Deferred tax asset

The deferred tax asset is made up as follows:

Group and Company

	2015 £	2014 £
Deferred tax asset brought forward	-	-
Unrelieved tax losses	400,000	-
Deferred tax asset carried forward	400,000	-

LEON RESTAURANTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE 52 WEEK PERIOD ENDED 27 DECEMBER 2015

9 Investments

Company	Shares in group undertaking £
Cost	
At 27 December 2015 & at 28 December 2014	50,100
Net book value	
At 27 December 2015 & at 28 December 2014	50,100

In the opinion of the directors, the carrying value of the investments is supported by their underlying net assets.

10 Stocks

	Group 2015 £	2014 £	Company 2015 £	2014 £
Raw materials and consumables	206,525	146,040	206,525	146,040

11 Debtors

	Group 2015 £	2014 £	Company 2015 £	2014 £
Trade debtors	318,544	47,876	18,544	17,708
Amounts owed by group undertakings	-	-	161,127	-
Other debtors	1,290,398	609,729	1,236,572	609,729
Prepayments and accrued income	937,002	594,205	937,002	574,283
	2,545,944	1,251,810	2,353,245	1,201,720

Within the Group and the Company, other debtors includes rental deposits of £1,213,000 (2014: £481,000) which are receivable in more than one year.

LEON RESTAURANTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE 52 WEEK PERIOD ENDED 27 DECEMBER 2015

12 Creditors: amounts falling due within one year

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Debenture Loans	-	113	-	113
Bank loans and overdrafts	738,755	354,675	738,755	354,675
Other loans	1,620,613	193,999	1,490,613	-
Trade creditors	2,729,836	1,341,094	2,729,836	1,341,094
Amounts owed to group undertakings	-	-	188,607	386,608
Taxation and social security	580,131	612,399	580,131	612,399
Other creditors	267,792	157,959	267,792	157,959
Accruals and deferred income	2,076,982	1,035,381	2,068,374	1,035,380
	8,014,109	3,695,620	8,064,108	3,888,228

Bank loans are shown net of unamortised issue costs of £11,245 (2014: £4,500). The other loans are shown net of unamortised loan issue costs of £9,387 (2014: nil).

13 Creditors: amounts falling due after more than one year

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Bank loans	3,896,411	1,205,024	3,896,411	1,205,024

Bank loans are shown net of unamortised issue costs of £149,152 (2014: £13,125).

14 Creditors – capital instruments

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Amounts repayable:				
In one year or less	2,380,000	553,287	2,250,000	359,288
In more than two years but not more than five years	4,045,563	1,222,647	4,045,563	1,222,649
	6,425,563	1,775,936	6,295,563	1,581,937
Unamortised loan issue expenses	(169,784)	(22,125)	(169,784)	(22,125)
	6,255,779	1,753,811	6,125,779	1,559,812

The issue costs associated with the loans are amortised over the life of the loans in accordance with FRS4.

Interest on the bank loans is 5.0% above LIBOR or bank base rate. The bank loans are secured by a fixed and floating charge over the assets of the Company.

LEON RESTAURANTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE 52 WEEK PERIOD ENDED 27 DECEMBER 2015

15 Called up share capital

	2015 £	2014 £
Allotted, called-up and fully paid		
233,971 (2014: 233,971) Ordinary of £1 each	233,971	233,971
12,012 (2014: 12,012) Option shares £1 each	12,012	12,012
5,200 Ordinary A of £1 each	5,200	-
10,129 Ordinary B of £1 each	10,129	-
	261,312	245,983

During the period the company issued 5,200 Ordinary A Shares and 10,129 Ordinary B shares to management of the company as a non-cash share based payment.

The Ordinary A shares carry full equity and dividend participation, with no voting rights. The equity participation is subject to forfeiture or partial forfeiture if EBITDA targets in December 2017 and December 2019 are not met. The Ordinary B shares carry equity and dividend participation above a threshold of £25 million equity value, and are subject to time based vesting provisions.

As equity settled incentives, an assessment of fair value at grant date has been made for the Ordinary A and B shares. £15,329 has been charged to the Profit and Loss account in respect of these shares.

During 2014 the company issued 3,597 Ordinary Shares for £99,997 being £27.80 per share.

Ordinary shares carry full voting, dividend participation and winding – up rights. They are not redeemable. Option shares carry no voting rights. In all other respects the classes rank pari passu.

LEON RESTAURANTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE 52 WEEK PERIOD ENDED 27 DECEMBER 2015

16 Statement of movements on reserves Group

	Share premium account	Profit and loss account
	£	£
Balance at 28 December 2014	10,627,169	(9,235,315)
Profit for the financial period	-	777,390
Balance at 27 December 2015	10,627,169	(8,457,925)

Company

	Share premium account	Profit and loss account
	£	£
Balance at 28 December 2014	10,627,169	(9,427,913)
Profit for the financial period	-	777,390
Balance at 27 December 2015	10,627,169	(8,650,523)

LEON RESTAURANTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE 52 WEEK PERIOD ENDED 27 DECEMBER 2015

17 Reconciliation of movements in shareholders' funds	2015	2014
Group	£	£
Profit for the financial period	777,390	763,750
Issue of shares	15,329	99,997
Net increase to shareholders' funds	792,719	863,747
Opening shareholders' funds	1,637,837	774,090
Closing shareholders' funds	2,430,556	1,637,837

Company	2015	2014
	£	£
Profit for the financial period	777,390	740,500
Issue of shares	15,329	99,997
Net increase to shareholders' funds	792,719	840,497
Opening shareholders' funds	1,445,239	604,742
Closing shareholders' funds	2,237,958	1,445,239

18 Financial commitments

At 27 December 2015 the group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2015	2014
Expiry date:	£	£
Within one year	-	80,000
Between two and five years	351,000	286,577
Over five years	3,531,857	1,811,361
	3,882,857	2,177,938

LEON RESTAURANTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE 52 WEEK PERIOD ENDED 27 DECEMBER 2015

19 Directors' remuneration	2015	2014
	£	£

Remuneration for qualifying services	395,784	639,288
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Remuneration disclosed above include the following amounts paid to the highest paid director:

Remuneration for qualifying services	232,824	217,658
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During the period £25,000 (2014: £30,000) was paid to Henry Dimbleby in recognition of his services as a Brand Ambassador for Leon.

20 Employees

Number of employees

The average monthly number of employees (including directors) during the 52 week period was:

	2015 Number	2014 Number
Management staff	86	80
Kitchen and restaurant staff	347	254
	433	334

Employment costs

	2015 £	2014 £
Wages and salaries	7,883,887	6,022,979
Social security costs	600,403	478,413
Other pension costs	39,709	23,522
	8,523,999	6,524,914

21 Control

In the opinion of the directors, there is no single controlling party.

LEON RESTAURANTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE 52 WEEK PERIOD ENDED 27 DECEMBER 2015

22 Principal Subsidiaries

Company Name	Country	Holding
Leon Restaurants Franchising Limited	United Kingdom	100%
Leon Naturally Fast Food Plc	United Kingdom	100%

23 Related party relationships and transactions

Group

During the period, Leon Restaurants Limited acted on behalf of the Leon Foundation (a company with directors in common) including the provision of temporary financial support which helped cover a cash-flow deficit associated with the timings of donations. As at 28th December 2014, the Leon Foundation owed Leon Restaurants Limited £33,724, this was settled during the period.

Also during the period, Active Private Equity Advisory LLP, the largest shareholder and a company in which N Evans and S Skinner are designated members, invoiced Leon Restaurants Limited £57,500 (2014: £35,000) for monitoring fees. At the period end, £16,250 (2014: £nil) was outstanding.

During the period the company entered into a number of transactions with Peanut & Crumb Limited, a related party, for the provision of marketing films for the Leon Brand. The total invoiced during the period was £16,200 (2014: £nil) and at period end there was no outstanding amount.

During 2014, Henry Dimbleby and John Vincent each invoiced Leon Restaurants Limited £3,131 for their share of book royalties paid to Leon Restaurants Limited. These invoices were all settled in 2014.

The company has taken advantage of the exemption available in FRS 8 "Related party disclosures" whereby it has not disclosed transactions with any wholly owned subsidiary undertaking.