Burger King (United Kingdom) Limited
(limited by guarantee)
Directors' report and financial statements
Registered number 05811453
31 December 2019

Contents

Directors' report

Risks
The Company participates in the Final Salary Section of the Burger King UK Pension Plan. The funding position is dependent on market conditions whereby the liabilities are linked to yields on AA-rated corporate bonds, while assets are measured at their mid-market value and the majority of the Plan's assets are invested in equities. If the value of the scheme assets were to decline relative to its liabilities due to the impact of the global crisis resulting from the spread of the coronavirus (COVID-19), the Company might need to make an additional contribution to cover any shortfall. This could have an adverse impact on cash flow. The companies in the scheme and pension scheme trustees meet regularly and receive advice from external actuaries with the objective of mitigating this risk through the scheme's investment strategy.

The consequences for the Company of the UK's decision to leave the European Union should be seen in the context of the limited activity as described above. Because the Company is currently expected to just hold accumulated pension benefits for previous employees, we do not expect the separation of the UK from the EU or any other potential changes in regulations to materially impact the financial position or performance of the Company.

Proposed dividend
The directors do not recommend the payment of a dividend.

Directors
The directors who held office during the year and the period to date of this report were as follows:

L Muniz (appointed 1 April 2019)
G Leandro (resigned 2 September 2019)
S Dean (appointed 2 September 2019)
T T Santelmo (resigned 1 April 2019)

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

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

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 expenditures 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 they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has

taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Going Concern

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, including the impact of the global crisis resulting from the spread of coronavirus (COVID-19), the company will have sufficient funds, through funding from its ultimate parent company, RBI, to meet its liabilities as they fall due for that period. For more details, refer to section *1.2 Going Concern* in the accounting policies section of the Notes to the financial statements.

Auditor

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

By order of the board

L Muniz
Director
10 December 2020

Eversheds House
70 Great Bridgewater Street
Manchester
M1 5ES

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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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 BURGER KING (UNITED KINGDOM) LIMITED

Opinion

We have audited the financial statements of Burger King (United Kingdom) Limited ("the company") for the year ended 31 December 2019 which comprise the profit and loss account, balance sheet and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 3, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

Jeremy Hall (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
10 December 2020

Profit and loss account

For the year ended 31 December 2019

	Note	2019 £000	2018 £000
Turnover		**303**	210
Administrative expenses		**(691)**	(1,144)
Other operating (expenses) / income		**8**	(9)
Operating Loss		**(380)**	(943)
Loss on ordinary activities before taxation		**(380)**	(943)
Tax on loss on ordinary activities	5	**21**	430
Loss for the year		**(359)**	(513)

Other comprehensive income

For the year ended 31 December 2019

		2019 £000	2018 £000
Loss for the year		**(359)**	(513)
Movement on deferred tax related to pension surplus	9	**(19)**	(420)
Adjustment for restrictions on the asset recognized	12	**(2,495)**	-
Actuarial gain on pension scheme	12	**2,607**	1,422
Total comprehensive (loss) /income for the year		**(266)**	489

The notes on pages 8 to 18 form part of these financial statements.

Balance sheet
As at 31 December 2019

	Note	2019 £000	2018 £000
Fixed assets			
Tangible assets	6	-	21
Current assets			
Debtors	7	2,152	3,893
Cash at bank and in hand		515	293
		2,667	4,186
Creditors: amounts due within one year	8	(756)	(2,030)
Net current assets		1,911	2,156
Total assets less net current assets		1,911	2,177
Pension deficit		-	-
Net assets		1,911	2,177
Capital and reserves			
Equity		-	-
Profit and loss account	10	1,911	2,177
Shareholders' equity		1,911	2,177

These financial statements were approved by the board of directors on 10 December 2020 and were signed on its behalf by:

L Muniz
Director

Registered number 05811453

The notes on pages 8 to 18 form part of these financial statements.

Notes

(Forming part of the financial statements)

1 Accounting policies

Burger King (United Kingdom) Limited is a Company incorporated in the UK and limited by guarantee.

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.

The Company's ultimate parent undertaking, Restaurant Brands International Inc. ("RBI") includes the Company in its consolidated financial statements. The consolidated financial statements of RBI are prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and are available to the public and may be obtained free of charge on or through the Investor Relations section of RBI's internet website at www.rbi.com. In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash flow statement and related notes; and
- Key management personnel compensation.

1.1 Measurement convention

The financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with applicable UK accounting standards.

1.2 Going concern

Notwithstanding a net asset of £1,911 thousand as at 31 December 2019 and loss for the year then ended of £359 thousand, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, including the impact of the global crisis resulting from the spread of coronavirus (COVID-19), the company will have sufficient funds, through funding from its ultimate parent company, RBI, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on RBI not seeking repayment of the amounts currently due to the group, which at 31 December 2019 amounted to £606 thousand, and providing additional financial support during that period. RBI has indicated its intention to continue to make available such funds as are needed by the company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts. The directors have considered the intent, ability and economic rationale for RBI to provide the support to the company and are satisfied that RBI will continue to provide the necessary support. 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.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

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

Notes (continued)

1 Accounting policies (continued)

currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date.

1.4 Basic financial instruments

Classification of financial instruments issued by the Company
In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Trade and other debtors / creditors
Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Cash and cash equivalents
Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

1.5 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Tangible fixed assets include investment property whose fair value cannot be measured reliably without undue cost or effort.

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. The useful lives of the Company's fixed assets are estimated at between 2 and 16 years. The Company assesses at each reporting date whether tangible fixed assets are impaired.

1.6 Turnover

Revenue is recognised based on the amount receivable in respect of services provided, net of discounts and excluding VAT. The primary activity of the Company is to supply services in relation to the management and operation of franchise activities. Turnover will be recognised once services have been supplied and the Company has fulfilled its obligations.

1.7 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

Notes (continued)

1 Accounting policies (continued)

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.

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.

1.9 Employee Benefits

The Company operates one pension scheme in the UK (herein, the "Plan"), which is of both a defined benefit type and a defined contribution type.

Defined contribution plans
A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Defined benefit plans
The Company's net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit liability (asset) taking account of changes arising as a result of contributions and benefit payments.

The discount rate is the yield at the balance sheet date on AA credit rated bonds denominated in the currency of, and having maturity dates approximating to the terms of the Company's obligations. Full valuations of the defined benefits scheme are performed every three years, using the projected unit method. The Company recognises net defined benefit plan assets to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Changes in the net defined benefit liability arising from employee service rendered during the period, net interest on net defined benefit liability, and the cost of plan introductions, benefit changes, curtailments and settlements during the period are recognised in profit or loss.

Notes (continued)

1 Accounting policies (continued)

Remeasurement of the net defined benefit liability or asset is recognised in other comprehensive income in the period in which it occurs.

Rule 15.8 of the Plan contains an obligation on the trustees of the Plan to return surplus to the Company (and any other participating employers in the Plan) on a wind up of the Plan, subject to compliance with statutory requirements and after the exercise of their discretion under Rule 15.7. There is, however, no obligation on the trustees to exercise that discretion, and it may be reasonable for them to decide not to augment members' benefits, particularly if they conclude that any surplus is attributable to employer contributions to the Plan as a result of a generous approach to funding negotiations.

Management believes such provision results in the Plan trustees having unilateral power to trigger a wind up of the Plan and do not require the consent of the Company to do so. While the trustees could conclude there is no reasonable purpose to continuing the Plan while it still has members and exercise their power to trigger a wind up under Rule 15.1.4, the Company has not recognised a benefit for the surplus on the Plan at 31 December 2019.

2 Expenses and auditor's remuneration

Included in profit/loss are the following:

	2019	2018
	£000	£000
Auditor's remuneration:		
Audit of these financial statements	26	26
Depreciation	6	7

Amounts receivable by the Company's auditor and its associates in respect of services to the Company and its associates, other than 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 ultimate parent, RBI.

3 Directors' remuneration

Directors are employees of Burger King Europe GmbH, and receive no remuneration for serving as directors of the Company.

No directors exercised share options during the financial year.

4 Staff numbers and costs

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

	Number of employees	
	2019	2018
Administration	1	2
	1	2

Notes (continued)

4 Staff numbers and costs (continued)

The aggregate payroll costs of these persons were as follows:

	2019	2018
	£000	£000
Wages and salaries	-	69
Social security costs	-	7
Expenses related to defined benefit plans	381	369
Contributions to defined contribution plans	-	1
	381	446

5 Taxation

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

	2019	2018
	£000	£000
Corporation tax		
Adjustments in respect of previous period	-	(12)
Total current tax	-	(12)
Deferred tax		
Origination and reversal of timing difference	(23)	(467)
Impact of change in tax rate	2	49
Total deferred tax	(21)	(418)
Total tax per profit and loss account	(21)	(430)
Total deferred tax in other comprehensive income	19	420

	2019	2018
	£000	£000
(Loss) profit on ordinary activities before taxation	(380)	(943)
Tax on profit at standard UK rate of 19.00% (for both years presented)	(72)	(179)
Effects of:		
Expenses not deductible for tax purposes	16	-
Income not taxable		(3)
Adjustment from previous periods		(12)
Tax rate changes	2	49
Deferred tax not recognized	33	(285)
Current tax charge (benefit) for the financial year	(21)	(430)

Notes (continued)

5 Taxation (continued)

	2019 £000	2018 £000
Corporation tax	**(21)**	(430)
Total current tax recognised in profit and loss	**(21)**	(430)

The standard rate of Corporation Tax in the UK changed from 20% to 19% with effect from 1 April 2017 and remained in effect through 31 December 2018.

Additional changes to the UK Corporation Tax rates were substantially enacted as part of Finance Bill 2016 on 6 September 2016. These include reductions to the main rate to reduce the rate to 17% from 1 April 2020. The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates.

6 Tangible fixed assets

	Land and buildings £000	Plant and Machinery £000	Total £000
Cost			
At beginning of and end of financial year	29	126	155
Additions	-	-	-
Disposals	(29)	(37)	(66)
At end of financial year	-	89	89
Depreciation			
At beginning of financial year	(14)	(120)	(134)
Charge for the year	(4)	(2)	(6)
Disposals	18	33	51
At end of financial year	-	(89)	(89)
Net book value			
At 31 December 2018	15	6	21
At 31 December 2019	-	-	-

Notes (continued)

7 Debtors

	2019	2018
	£000	£000
Trade debtors	494	694
Prepayments and accrued income	-	147
Corporation tax receivable	7	7
VAT receivable	2	101
Amounts owed by group undertakings	1,649	2,944
	2,152	3,893

Prepayments and accrued income is due after more than one year.

8 Creditors: Amounts falling due within one year

	2019	2018
	£000	£000
Trade creditors	6	247
Amounts owed to group undertakings	606	1,334
Taxation and social security	37	62
Accruals and deferred income	107	387
	756	2,030

9 Deferred taxation

	2019	2018
	£000	£000
Current Liability		
Corporation tax	(6)	(6)
Total provision for current tax	(6)	(6)
Deferred tax asset		
Asset at start of the period	2	-
Deferrred tax charge to income statement for the period	(21)	(418)
Deferred tax charge in OCI for the period	19	420
Asset at end of the period	-	2
Deferred tax liability relating to pension surplus	-	-
Deferred tax asset	-	2

Notes (continued)

10 Equity

The Company is limited by guarantee with no share capital. The member of the Company is Burger King (Luxemburg) S.a. r.l., which contributed £2 as guarantee. In the event of a winding up, the member is liable to make a maximum contribution of £2 to the Company and is entitled to the net assets of the Company.

Reconciliation of movements in reserves

	2019	2018
	£000	£000
Reserves at beginning of year	**2,177**	1,688
Loss for the financial year	**(359)**	(513)
Movement on deferred tax related to pension	**(19)**	(420)
Effect of restriction on the recoverability of plan surplus	**(2,495)**	-
Actuarial gain on pension scheme	**2,607**	1,422
Reserves at end of financial year	**1,911**	2,177

11 Commitments

There were no annual commitments under non-cancellable operating leases (31 December 2018: nil).

12 Pensions

The Plan provides pensions in retirement and death benefits to members. Pension benefits are linked to a member's final salary at retirement and their length of service. The Plan is a registered scheme under UK legislation and is subject to the scheme funding requirements. The Plan was established on 31 March 2003 and is now governed by a Trust Deed and Rules dated 17 February 2009 as amended. The Trustees are responsible for the operation and the governance of the Plan, including making decisions regarding the Plan's funding and investment strategy. The Plan closed to new members on 1 July 2006. A formal actuarial valuation of the Plan is carried out every three years. The most recent valuation took place as at 30 June 2019 which was signed on 6 October 2020.

In line with the Signed schedule of contribution dated 29 September 2020, the Company will pay contributions of £36,000 pa to the Plan in respect of future accrual for the active member along with contributions in respect of administration expenses of £190,000 pa and the annual Pension Protection Fund (PPF) levy of £100,000 pa.

The pension plan holds an insurance policy that secures pensions payable to one member, with Canada Life Limited with an estimated valuation at the triennial valuation as at 30 June 2019 to be £55 thousand. The insurance policy held exactly matches the value and timing of the benefits payable to individual member and the fair value is deemed to be the present value of the related obligations. This asset has been valued by the Scheme Actuary based on the assumptions as at 30 June 2019. This asset is considered to be Level 3 asset under the fair value hierarchy. However, this asset does not form a part of the defined benefit assets & defined benefit obligations as disclosed in this note.

Notes (continued)

12 Pensions (continued)

Net pension (liability)/asset

	2019	2018
	£000s	£000s
Defined benefit obligation	(25,103)	(23,944)
Fair value of plan assets	28,101	24,447
Net defined benefit (liability)/asset	2,998	503
Restriction on asset recognized	(2,998)	(503)
Net amount recognized at year end	-	-

As explained in note 1, the Company has not recognized a benefit for the surplus on the Plan at 31 December 2019, and thus, have restricted the asset recognized at 31 December 2019.

The amounts recognised in comprehensive income are

	2019	2018
	£000s	£000s
Service cost:		
Current service cost (net of employee contributions)	36	37
Administration expenses	357	241
Loss on plan introductions, charges, curtailments and settlements - GMP equalisation	-	72
Restriction on asset recognized		503
Net interest expense (credit)	(12)	19
Charge recognized in profit or loss	381	872
Remeasurements of the net liability:		
Return on plan assets (excluding amount included in net interest expense)	(3,744)	1,846
Actuarial losses	1,136	(3,268)
Adjustment for restrictions on the asset recognized	2,495	-
Charge recorded in other comprehensive income	(113)	(1,422)
Total defined benefit cost	268	(550)

Notes (continued)

12 Pensions (continued)

Principal actuarial assumptions used were

	2019	2018
Liability discount rate	**2.00%**	2.70%
Inflation assumption - RPI	**3.05%**	3.40%
Inflation assumption - CPI	**2.05%**	2.40%
Rate of increase in salaries	**3.05%**	3.40%
Revaluation of deferred pensions:		
Pre 6/4/2009 - CPI capped at 5%	**2.05%**	2.40%
Post 6/4/2009 - CPI capped at 2.5%	**2.05%**	2.40%
Increases for pensions in payment:		
Pre 6 April 1997 Excess	**3.00%**	3.30%
Post 5 April 1988 GMP	**1.85%**	2.10%
Post 5 April 1997 Pension	**3.00%**	3.30%
Proportion of maximum cash taken through commutation	**75.00%**	75.00%
Expected age at death of current pensioner at age 65:		
Male aged 65 at year end:	**86.3**	86.8
Female aged 65 at year end:	**88.2**	88.7
Expected age at death of future pensioner at age 65:		
Male aged 45 at year end:	**87.3**	87.9
Female aged 45 at year end:	**89.4**	89.9

The FRS 102 calculations use the SAPS S2 mortality tables with CMI 2018 projections and a long term improvement rate of 1.0% pa.

At 31 December 2019, the methodology for calculating the discount rate assumption has changed since the prior year end. This year, the management has moved to 'single equivalent discount rate' approach. The impact of change in this methodology has reduced the Defined Benefit Obligation valuation at 31 December 2019 by £300 thousand.

The return on plan assets was

	2019	2018
	£000s	£000s
Interest income	**650**	**613**
Return on plan assets (excluding amount included in net interest expense)	**3,744**	**(1,846)**
Total return on plan assets	**4,394**	**(1,233)**

The major categories of scheme assets are as follows

	2019	2018
	£000s	£000s
UK Equities	**2,245**	**8,464**
Overseas Equities	**9,105**	**8,741**
Corporates	**9,811**	**3,581**
Gilts	**1,022**	**2,383**
Index Linked	**4,269**	**1,216**
Cash	**1649**	**62**
Total market value of assets	**28,101**	**24,447**

Notes (continued)

12 Pensions (continued)

At the year-end, the Plan further decided to invest £1,620k in property and equity category which is in line with Statement of Investment principle. The Scheme has no investments in the Company or in property occupied by the Company.

Defined contribution plans

The Company operates a defined contribution pension plan. The total expense relating to these plans in the current year was £(31) thousand (2018: £76 thousand).

13 Ultimate parent company and parent undertaking of larger group of which the Company is a member

At the year end, the immediate parent undertaking was Burger King (Luxembourg) S.a. r.l. which is incorporated in Luxembourg.

The largest group in which the results of the Company are consolidated is that headed by RBI, incorporated in Canada. No other group of financial statements include the results of the Company.

The consolidated financial statements of RBI can be obtained from:

130 King Street West
Suite 300
Toronto, Ontario, Canada
M5X 1E1

14 Subsequent events

On 11 March 2020, the World Health Organisation declared the Coronavirus (COVID-19) outbreak to be a pandemic in recognition of its rapid spread across the globe, with over 180 countries now affected. During the last months, many governments have taken stringent steps to help contain or delay the spread of the virus. Countries that have reached or passed the peak in this wave of the pandemic are starting to gradually ease the measures in place. Currently, there is a significant increase in economic uncertainty which is, for example, evidenced by more volatile asset prices and currency exchange rates.

The funding position of the Plan is dependent on market conditions whereby the liabilities are linked to yields on AA-rated corporate bonds, while assets are measured at their mid-market value and the majority of the Plan's assets are invested in equities. If the value of the scheme assets were to decline relative to its liabilities due to the impact of the global crisis resulting from the spread of the coronavirus (COVID-19), the Company might need to make an additional contribution to cover any shortfall. This could have an adverse impact on cash flow. The companies in the scheme and pension scheme trustees meet regularly and receive advice from external actuaries with the objective of mitigating this risk through the scheme's investment strategy. In addition, there were no material adjusting and non-adjusting post balance sheet events