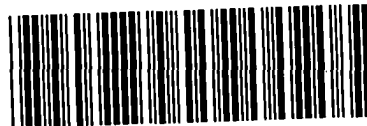

MUCHO MAS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE 52 WEEK PERIOD ENDED 25 MARCH 2018

FRIDAY



LD4 *L7CK2RDE* #91
17/08/2018
COMPANIES HOUSE

MUCHO MAS LIMITED

COMPANY INFORMATION

Directors	M L V Esiri D Houghton E Partaker
Company secretary	D Houghton
Registered number	05944758
Registered office	Chilango Head Office 27 Upper Street London N1 0PN
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Senior Statutory Auditor Victoria House 199 Avebury Boulevard Milton Keynes MK9 1AU

MUCHO MAS LIMITED

CONTENTS

	Page
Group strategic report	1 - 2
Directors' report	3 - 4
Independent auditor's report	5 - 7
Consolidated statement of comprehensive income	8
Consolidated statement of financial position	9
Company statement of financial position	10
Consolidated statement of changes in equity	11
Company statement of changes in equity	11
Consolidated Statement of cash flows	12 - 13
Notes to the financial statements	14 - 29

MUCHO MAS LIMITED

GROUP STRATEGIC REPORT FOR THE PERIOD ENDED 25 MARCH 2018

Introduction

The directors present their strategic report for the 52 week period from 28 March 2017 to 25 March 2018.

The principal activity of the group and company during the period was the further development of a chain of restaurants specialising in Mexican cuisine.

Business review

During the 12 months to 25 March 2018 the company experienced considerable momentum in both sales and underlying EBITDA growth. Across the restaurant estate, sales grew strongly at 6.2% compared to the previous financial period. A particularly strong performance was seen via the delivery market channel.

Food and labour costs were optimised significantly, while also increasing the quality of food and service. The improvements have strengthened the gross profit margin from 63.5% to 66.7%.

Group underlying EBITDA for the period to 25 March 2018 came in at a profit of £0.4m compared to a loss of £1.2m for the same period in 2017.

The Company is pleased with the current trading performance of its restaurants with like for like growth from both the walk in and delivery channels. The core improvements in the management of direct costs made in the 12 month period to 25 March 2018 have allowed the continued improvement to the gross margins and the directors are confident that the company will deliver a significantly higher company underlying EBITDA in the forthcoming financial year.

Underlying EBITDA is EBITDA excluding costs in relation to closed site and other termination costs. Please refer to note 6.

Principal risks and uncertainties

Financial risks and policies

The key financial risks to the company, aside from the basis of preparation further detailed in note 2.3 and mitigating activities include:

- Liquidity risk

Prudent liquidity management includes maintaining sufficient cash resources and adequate committed finance facilities in order to meet operating and investing requirements. Active management of cash position is undertaken with future cash flows reviewed in order to ensure that sufficient liquid resources are available to the Company. Regular reporting is made to the board on any significant events and their impact on expected cash flows.

Other principal risks and policies

- Competition and Current Economic Climate

The risk is mitigated by a continued focus on world-class food and service for our guests, and creating value through the strength of the overall brand proposition.

- Employee Retention

The risk is mitigated by our incentive structure for management and staff, and our ongoing training and development system that is constantly being reviewed and improved.

MUCHO MAS LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 25 MARCH 2018**

Financial key performance indicators

Compared to the previous financial year company revenues increased by 6.2% from £9.7m to £10.3m in the 12 months to 25 March 2018. Gross profits increased by 11.3% in the same period to £6.9m from £6.2m.

As discussed in the business review, group underlying EBITDA for the period to 25 March 2018 came in at a profit of £0.4m compared to a loss of £1.2m for the same period in 2017.

The operating loss for the year of £1.1m versus £2.9m in the comparative 12 month period is partly a result of the stronger performance seen at gross profit margin level and partly due to exit costs borne in the prior year relating to fixed asset impairment for the Camden site.

This report was approved by the board on 15 August 2018 and signed on its behalf.

D Houghton
Director



MUCHO MAS LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 25 MARCH 2018

The directors present their report and the financial statements for the period ended 25 March 2018.

Results and dividends

The loss for the period, after taxation, amounted to £1,412,310 (2017 : loss £3,195,322).

Directors

The directors who served during the period were:

M L V Esiri
D Houghton
E Partaker

Directors' responsibilities statement

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, 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 and 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Matters covered in the strategic report

As permitted by paragraph 1A of Schedule 7 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 certain matters which are required to be disclosed in the directors' report have been omitted as they are included in the strategic report on page 2. These matters relate to a description of principal risks and uncertainties.

MUCHO MAS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 25 MARCH 2018**

Disclosure of information to auditor

The directors confirm that:

- so far as the director is aware, there is no relevant audit information of which the company and the group's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company and the group's auditor is aware of that information.

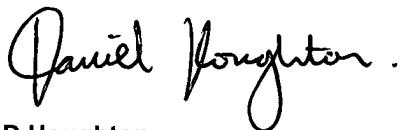
Post balance sheet events

Post year end a further £28,994 was raised through selling 483,334 shares. Please refer to note 26 for further details.

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 15 August 2018 and signed on its behalf.



D Houghton
Director



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MUCHO MAS LIMITED

Opinion

We have audited the financial statements of Mucho Mas Limited (the 'parent company') and its subsidiaries (the 'group') for the 52 week period ended 25 March 2018, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 25 March 2018 and of the group's loss for the 52 week 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Who we are reporting to

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.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MUCHO MAS LIMITED (CONTINUED)

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Group strategic report and the Directors' report for the financial 52 week period for which the financial statements are prepared is consistent with the financial statements; and
- the Group strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MUCHO MAS LIMITED (CONTINUED)

Matter on which we are required to report by the Companies Act 2006

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group strategic report or the Directors' report.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Responsibilities of directors for the financial statements

As explained more fully in the Directors' responsibilities statement 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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent 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 the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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 an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

Grant Thornton UK LLP

Jeremy Read
Senior Statutory Auditor
for and on behalf of Grant Thornton LLP
Statutory Auditor, Chartered Accountants
Milton Keynes

15 August 2018

MUCHO MAS LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 25 MARCH 2018

	Note	2018 £	2017 £
Turnover	4	10,282,141	9,720,583
Cost of sales		(3,424,204)	(3,551,014)
Gross profit		6,857,937	6,169,569
Administrative expenses		(8,058,632)	(9,173,397)
Other operating income	5	66,000	66,000
Operating loss	7	(1,134,695)	(2,937,828)
Interest receivable and similar income	11	-	2,689
Interest payable and expenses	12	(277,615)	(260,183)
Loss before taxation		(1,412,310)	(3,195,322)
Tax on loss	13	-	-
Loss for the financial period		(1,412,310)	(3,195,322)
Other comprehensive income for the year		-	-
Total comprehensive income for the period		(1,412,310)	(3,195,322)
Loss for the period attributable to:			
Owners of the parent company		(1,412,310)	(3,195,322)
		(1,412,310)	(3,195,322)

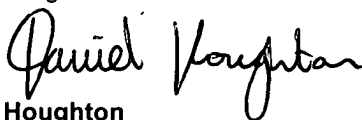
The notes on pages 14 to 29 form part of these financial statements.

MUCHO MAS LIMITED
REGISTERED NUMBER:05944758

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 25 MARCH 2018

	Note	25 March 2018 £	26 March 2017 £
Fixed assets			
Intangible assets	14	223,123	105,432
Tangible assets	15	4,547,355	5,101,628
		<u>4,770,478</u>	<u>5,207,060</u>
Current assets			
Stocks	17	29,230	31,619
Debtors: amounts falling due after more than one year	18	307,149	273,949
Debtors: amounts falling due within one year	18	1,424,979	1,045,382
Cash at bank and in hand	19	762,254	839,498
		<u>2,523,612</u>	<u>2,190,448</u>
Creditors: amounts falling due within one year	20	(3,600,937)	(4,530,656)
Net current liabilities		<u>(1,077,325)</u>	<u>(2,340,208)</u>
Total assets less current liabilities		<u>3,693,153</u>	<u>2,866,852</u>
Creditors: amounts falling due after more than one year	21	(3,360,170)	(2,121,112)
Provisions for liabilities			
Net assets		<u><u>332,983</u></u>	<u><u>745,740</u></u>
Capital and reserves			
Called up share capital	23	6,739	6,572
Share premium account	24	14,681,013	13,681,627
Profit and loss account	24	(14,354,769)	(12,942,459)
Equity attributable to owners of the parent company		<u><u>332,983</u></u>	<u><u>745,740</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 15 August 2018.



D Houghton
Director

The notes on pages 14 to 29 form part of these financial statements.

MUCHO MAS LIMITED
REGISTERED NUMBER:05944758

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 25 MARCH 2018

	Note	25 March 2018 £	26 March 2017 £
Fixed assets			
Intangible assets	14	223,123	105,432
Tangible assets	15	4,547,356	5,101,628
Investments	16	50,000	50,000
		<u>4,820,479</u>	<u>5,257,060</u>
Current assets			
Stocks	17	29,230	31,619
Debtors: amounts falling due after more than one year	18	307,149	273,949
Debtors: amounts falling due within one year	18	1,424,979	1,045,382
Cash at bank and in hand	19	737,596	814,841
Creditors: amounts falling due within one year	20	(3,626,280)	(4,555,999)
Net current liabilities		<u>(1,127,326)</u>	<u>(2,390,208)</u>
Total assets less current liabilities		<u>3,693,153</u>	<u>2,866,852</u>
Creditors: amounts falling due after more than one year	21	(3,360,170)	(2,121,112)
Net assets		<u><u>332,983</u></u>	<u><u>745,740</u></u>
Capital and reserves			
Called up share capital	23	6,739	6,572
Share premium account	24	14,681,013	13,681,627
Profit and loss account brought forward		(12,942,459)	(9,747,137)
Loss for the period		(1,412,310)	(3,195,322)
Profit and loss account carried forward		<u>(14,354,769)</u>	<u>(12,942,459)</u>
		<u><u>332,983</u></u>	<u><u>745,740</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 15 August 2018

D Houghton
Director



The notes on pages 14 to 29 form part of these financial statements.

MUCHO MAS LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 25 MARCH 2018**

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 March 2016	6,530	13,527,149	(9,747,137)	3,786,542
Loss for the period	-	-	(3,195,322)	(3,195,322)
Shares issued during the period	42	249,958	-	250,000
Share issue costs	-	(95,480)	-	(95,480)
At 27 March 2017	6,572	13,681,627	(12,942,459)	745,740
Loss for the period	-	-	(1,412,310)	(1,412,310)
Shares issued during the period	167	1,004,686	-	1,004,853
Share issue costs	-	(5,300)	-	(5,300)
At 25 March 2018	6,739	14,681,013	(14,354,769)	332,983

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 25 MARCH 2018**

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 March 2016	6,530	13,527,149	(9,747,137)	3,786,542
Loss for the period	-	-	(3,195,322)	(3,195,322)
Shares issued during the period	42	249,958	-	250,000
Share issue costs	-	(95,480)	-	(95,480)
At 27 March 2017	6,572	13,681,627	(12,942,459)	745,740
Loss for the period	-	-	(1,412,309)	(1,412,309)
Shares issued during the period	167	1,004,686	-	1,004,853
Share issue costs	-	(5,300)	-	(5,300)
At 25 March 2018	6,739	14,681,013	(14,354,768)	332,984

MUCHO MAS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 25 MARCH 2018

	25 March 2018 £	26 March 2017 £
Cash flows from operating activities		
Loss for the financial period	(1,412,310)	(3,195,322)
Adjustments for:		
Amortisation of intangible assets	21,295	17,241
Depreciation of tangible assets	616,875	623,617
Impairments of fixed assets	-	967,851
Loss on disposal of tangible assets	107,569	-
Interest paid	277,615	260,183
Interest received	-	(2,689)
Decrease in stocks	2,389	79,032
(Increase) in debtors	(412,796)	(787,641)
(Decrease)/increase in creditors	(599,128)	1,489,242
Other tax paid	(1,414,087)	-
Net cash outflow from operating activities	(2,812,578)	(548,486)
Cash flows from investing activities		
Purchase of intangible fixed assets	(138,986)	(89,115)
Purchase of tangible fixed assets	(170,172)	(1,198,898)
Interest received	-	2,689
Net cash outflow from investing activities	(309,158)	(1,285,324)

MUCHO MAS LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE PERIOD ENDED 25 MARCH 2018**

	25 March 2018 £	26 March 2017 £
Cash flows from financing activities		
Issue of ordinary shares	1,004,853	250,000
Expenses paid in connection with share issue	(5,300)	(95,480)
Proceeds of new loans from shareholders	2,428,065	-
Net of new/ (repayment of) finance leases	(105,511)	71,654
Interest paid	(277,615)	(178,983)
Net cash generated from financing activities	3,044,492	47,191
Net (decrease) in cash and cash equivalents	(77,244)	(1,786,619)
Cash and cash equivalents at beginning of period	839,498	2,626,117
Cash and cash equivalents at the end of period	762,254	839,498
Cash and cash equivalents at the end of period comprise:		
Cash at bank and in hand	762,254	839,498
	762,254	839,498

The notes on pages 14 to 29 form part of these financial statements.

MUCHO MAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 25 MARCH 2018

1. General information

Mucho Mas Limited is a private company limited by shares and incorporated in England and Wales. Its registered head office is located at Chilango Head Office, 27 Upper Street, London, N1 0PN.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires group management to exercise judgment in applying the group's accounting policies (see note 3).

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiary ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own Statement of comprehensive income in these financial statements.

2.3 Going concern

These financial statement have been prepared on the going concern basis.

The group has shareholder loans repayable in November 2018 of £773k. The holders of these loans have granted a written undertaking to the company that over 85% of the amount of these loans can be deferred by 13 months or even beyond. The company are in advanced stages of issuing a second 'Burrito Bond' to fund the continued development of the business. The directors expect the Burrito Bond to raise sufficient funds in advance of the repayment of the shareholder loans which will enable the company to repay all or part of the shareholders loan which fall due and to develop further new sites.

The flexibility of these loan repayments enables the company to choose the best option dependant on the amount raised from the Burrito Bond fundraise. The directors consider that the repayment of the remaining 15% element of the shareholders loans can be done without any further fund raise. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

MUCHO MAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 25 MARCH 2018

2. Accounting policies (continued)

2.4 Revenue

Turnover represents amounts receivable for goods net of Value Added Tax. Turnover is recognised at the point of sale of food and beverages to a customer.

2.5 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

Amortisation is provided on the following bases:

Patents & licences	-	10 % straight line
Website development	-	10 % straight line

2.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold property improvements	-	over remaining term of lease
Fixtures and fittings	-	10% straight line
Computer equipment	-	10% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated statement of comprehensive income.

MUCHO MAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 25 MARCH 2018

2. Accounting policies (continued)

2.7 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.9 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.10 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.11 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.12 Financial instruments

The group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market

MUCHO MAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 25 MARCH 2018

2. Accounting policies (continued)

2.12 Financial instruments (continued)

rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.13 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.14 Finance costs

Finance costs are charged to the Consolidated statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.15 Pensions

Defined contribution pension plan

The group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. Once the contributions have been paid the group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the group in independently administered funds.

MUCHO MAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 25 MARCH 2018

2. Accounting policies (continued)

2.16 Interest income

Interest income is recognised in the Consolidated statement of comprehensive income using the effective interest method.

2.17 Borrowing costs

All borrowing costs are recognised in the Consolidated statement of comprehensive income in the period in which they are incurred.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In applying the Company's accounting policies, the directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The directors' judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Critical judgements in applying the Company's accounting policies

The critical judgements that the directors have made in the process of applying the Company's accounting policies that have the most significant effect on the amounts recognised in the statutory financial statements are discussed below:

(i) Going concern basis

This is discussed in note 2.3.

(ii) Impairment of fixed assets (associated with closed restaurants)

Management has assessed the recoverability of fixed assets, in particular those associated with closed restaurants, to determine if the net book value is in excess of the higher of value in use and recoverable amount. Where an impairment is identified this is expensed through the Statement of comprehensive income.

(iii) Lease obligations

Management has assessed the amounts to be incurred without offsetting revenue on leases related to closed restaurants to consider potential onerous lease costs.

(iv) Recognition of deferred tax assets

The recognition of deferred tax assets is based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences can be deducted. To determine the future taxable profits, reference is made to the latest available profit forecasts. Where the temporary differences are related to losses, relevant tax law is considered to determine the availability of the losses to offset against the future taxable profits. At this stage the company has not demonstrated a track record of profitability sufficient to recognise a deferred tax asset in respect of losses.

MUCHO MAS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 25 MARCH 2018**

4. Turnover

An analysis of turnover by class of business is as follows:

	2018 £	2017 £
Sale of food and beverages	<u>10,282,141</u>	<u>9,720,583</u>

All turnover arose within the United Kingdom.

5. Other operating income

	2018 £	2017 £
Other operating income	<u>66,000</u>	<u>66,000</u>

6. Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)

	2018 £	2017 £
Loss before tax	(1,412,310)	(3,195,122)
Net interest payable	277,615	257,494
Depreciation of tangible assets (including impairment)	616,875	1,591,468
Amortisation of intangible assets	21,295	17,241
EBITDA	<u>(496,525)</u>	<u>(1,328,919)</u>

	2018 £	2017 £
EBITDA	(496,525)	(1,328,919)
Costs in relation to closed sites	520,564	105,000
Pre occupancy costs	175,634	13,941
Loss on disposal of fixed assets	107,569	-
Other termination costs	66,529	38,515
Underlying EBITDA	<u>373,771</u>	<u>(1,171,463)</u>

MUCHO MAS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 25 MARCH 2018**

7. Operating loss

The operating loss is stated after charging:

	2018 £	2017 £
Depreciation - owned assets	616,875	623,617
Amortisation of intangible assets	21,295	17,241
Impairment of tangible fixed assets	-	967,851
	<u>638,170</u>	<u>1,608,710</u>

8. Auditor's remuneration

	2018 £	2017 £
Fees payable to the group's auditor and its associates for the audit of the group's annual financial statements	23,000	24,250
Fees payable to the group's auditor and its associates in respect of:		
Taxation compliance services	-	3,750
All other services	1,750	1,250
	<u>1,750</u>	<u>5,000</u>

9. Employee remuneration

	2018 £	2017 £
Wages and salaries	3,022,408	3,563,127
Social security costs	223,113	270,381
Cost of defined contribution scheme	41,992	18,857
	<u>3,287,513</u>	<u>3,852,365</u>

The average monthly number of employees, including the directors, during the period was as follows:

	2018	2017
Employees	<u>165</u>	<u>183</u>

MUCHO MAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 25 MARCH 2018

10. Directors' remuneration

	2018 £	2017 £
Directors' emoluments	254,237	240,998
Company contributions to defined contribution pension schemes	11,495	667
	<u>265,732</u>	<u>241,665</u>

The highest paid director received remuneration of £134,500 (2017: £123,825).

11. Interest receivable

	2018 £	2017 £
Bank interest receivable	-	2,689
	<u>-</u>	<u>2,689</u>

12. Interest payable and similar charges

	2018 £	2017 £
Bank interest payable	-	670
Other loan interest payable	257,890	243,160
Finance leases and hire purchase contracts	19,725	16,353
	<u>277,615</u>	<u>260,183</u>

MUCHO MAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 25 MARCH 2018

13. Taxation

Factors affecting tax charge for the period

The tax assessed for the period is higher than (2017 - *higher than*) the standard rate of corporation tax in the UK of 19.00% (2017: 20.00%). The differences are explained below:

	2018 £	2017 £
Loss on ordinary activities before tax	(1,412,310)	(3,195,322)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2017 - 20.00%)	(268,339)	(639,064)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	54,232	119,926
Non-taxable income	(12,540)	(13,200)
Unrecognised deferred tax asset	226,647	532,338
Total tax charge for the period	-	-

MUCHO MAS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 25 MARCH 2018**

14. Intangible assets

Group and Company

	Patents £	Website develop- ment £	Total £
Cost			
At 27 March 2017	99,906	65,897	165,803
Additions	5,215	133,771	138,986
At 25 March 2018	<u>105,121</u>	<u>199,668</u>	<u>304,789</u>
Amortisation			
At 27 March 2017	52,505	7,866	60,371
Charge for the year	10,242	11,053	21,295
At 25 March 2018	<u>62,747</u>	<u>18,919</u>	<u>81,666</u>
Net book value			
At 25 March 2018	<u>42,374</u>	<u>180,749</u>	<u>223,123</u>
At 26 March 2017	<u>47,401</u>	<u>58,031</u>	<u>105,432</u>

MUCHO MAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 25 MARCH 2018

15. Tangible fixed assets

Group and Company

	Leasehold property improve- ments £	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation				
At 27 March 2017	4,982,980	1,823,373	260,115	7,066,468
Additions	80,842	78,813	10,517	170,172
Disposals	-	-	(124,189)	(124,189)
At 25 March 2018	5,063,822	1,902,186	146,443	7,112,451
Depreciation				
At 27 March 2017	1,366,320	534,165	64,355	1,964,840
Charge for the period on owned assets	395,906	191,559	29,410	616,875
Disposals	-	-	(16,620)	(16,620)
At 25 March 2018	1,762,226	725,724	77,145	2,565,095
Net book value				
At 25 March 2018	3,301,596	1,176,462	69,298	4,547,356
At 26 March 2017	3,616,660	1,289,208	195,760	5,101,628

MUCHO MAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 25 MARCH 2018

16. Fixed asset investments

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding	Principal activity
Chilango Bonds Plc	Ordinary	100 %	Providing funding to the group

The aggregate of the share capital and reserves as at 31 March 2018 and of the result for the year ended on that date for the subsidiary undertakings were as follows:

	Aggregate of share capital and reserves
	£
Chilango Bonds Plc	50,000
	<u>50,000</u>

Chilango Bonds plc's result for the year is £nil.

17. Stocks

	Group 25 March 2018 £	Group 26 March 2017 £	Company 25 March 2018 £	Company 26 March 2017 £
Raw materials and consumables	29,230	31,619	29,230	31,619

The difference between purchase price of stocks and their replacement cost is not material.

MUCHO MAS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 25 MARCH 2018**

18. Debtors

	Group 25 March 2018 £	<i>Group 26 March 2017 £</i>	Company 25 March 2018 £	<i>Company 26 March 2017 £</i>
Due after more than one year				
Other debtors	307,149	273,949	307,149	273,949

Included within other debtors are lease deposits of £307,149 (2017: £273,949) which is due for repayment on expiry of the leases. All other debtor balances are due within one year.

	Group 25 March 2018 £	<i>Group 26 March 2017 £</i>	Company 25 March 2018 £	<i>Company 26 March 2017 £</i>
Due within one year				
Trade debtors	184,459	131,502	184,459	131,502
Other debtors	369,856	289,061	369,856	289,061
Prepayments and accrued income	870,664	624,819	870,664	624,819
	1,424,979	1,045,382	1,424,979	1,045,382

19. Cash and cash equivalents

	Group 25 March 2018 £	<i>Group 26 March 2017 £</i>	Company 25 March 2018 £	<i>Company 26 March 2017 £</i>
Cash at bank and in hand	762,254	839,498	737,596	814,841

MUCHO MAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 25 MARCH 2018

20. Creditors: Amounts falling due within one year

	Group 25 March 2018 £	Group 26 March 2017 £	Company 25 March 2018 £	Company 26 March 2017 £
Other loans	1,118,564	-	773,064	-
Payments received on account	3,999	565,000	3,999	565,000
Trade creditors	1,193,746	1,231,520	1,193,746	1,231,520
Amounts owed to group undertakings	-	-	467,534	106,543
Other taxation and social security	312,307	1,919,515	312,307	1,838,315
Obligations under finance lease and hire purchase contracts	69,317	104,385	69,317	104,385
Other creditors	305,955	340,139	305,955	340,139
Accruals and deferred income	597,049	370,097	500,358	370,097
	3,600,937	4,530,656	3,626,280	4,555,999

21. Creditors: Amounts falling due after more than one year

	Group 25 March 2018 £	Group 26 March 2017 £	Company 25 March 2018 £	Company 26 March 2017 £
Other loans	3,339,501	2,030,000	1,655,001	-
Net obligations under finance leases and hire purchase contracts	20,669	91,112	20,669	91,112
Amounts owed to group undertakings	-	-	1,684,500	2,030,000
	3,360,170	2,121,112	3,360,170	2,121,112

MUCHO MAS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 25 MARCH 2018**

22. Loans

	Group 25 March 2018 £	<i>Group 26 March 2017 £</i>	Company 25 March 2018 £	<i>Company 26 March 2017 £</i>
Amounts falling due within one year				
Other loans	1,118,564	-	773,064	-
Amounts falling due 1-2 years				
Other loans	1,684,500	2,030,000	-	-
Amounts falling due 2-5 years				
Other loans	1,655,001	-	1,655,001	-
	<u>4,458,065</u>	<u>2,030,000</u>	<u>2,428,065</u>	<u>-</u>

Other loans relate to the 'Burrito Bond' as issued by Chilango Bonds plc (and disclosed within the financial statements of that entity) and loans from the shareholders. The interest rates are 8% for the Burrito Bond and between 8%-15% on shareholder loans. The total liability for the Burrito Bond is £2,030,000, the remainder of the total above is in respect of shareholder loans.

23. Share capital

	25 March 2018 £	<i>26 March 2017 £</i>
Allotted, called up and fully paid		
615,638,865 (2017 - 598,891,293) Ordinary shares of £0.00001 each	6,156	5,989
58,300,000 (2017 - 58,300,000) Preference shares of £0.00001 each	583	583
	<u>6,739</u>	<u>6,572</u>

On the 31 March 2017, the company issued 8,583,337 Ordinary £0.00001 shares at £0.06 per share.

On the 5 April 2017, the company issued 2,816,683 Ordinary £0.00001 shares at £0.06 per share.

On the 20 April 2017, the company issued 1,008,336 Ordinary £0.00001 shares at £0.06 per share.

On the 28 June 2017, the company issued 828,835 Ordinary £0.00001 shares for at £0.06 per share.

On 14 March 2018, 3,510,421 Ordinary £0.00001 shares were issued at £0.06 per share.

MUCHO MAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 25 MARCH 2018

24. Reserves

Share premium account

Includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Profit and loss account

Includes all current and prior periods retained profits and losses.

25. Commitments under operating leases

At 25 March 2018 the group and the company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 25 March 2018 £	<i>Group</i> <i>26 March</i> <i>2017</i> £	Company 25 March 2018 £	<i>Company</i> <i>26 March</i> <i>2017</i> £
Not later than 1 year	1,027,601	2,659,284	1,027,601	2,659,284
Later than 1 year and not later than 5 years	8,371,035	7,938,136	8,371,035	7,938,136
Later than 5 years	3,191,453	979,200	3,191,453	979,200
	12,590,089	11,576,620	12,590,089	11,576,620

26. Related party transactions

Included within Creditors: amounts falling due after more than one year within Chilango Bonds plc, is a balance of £10,000 (2017: £10,000) representing a Burrito Bond due to D Houghton, a Director.

Included within Creditors: amounts falling due within one year within Mucho Mas Limited, is a balance of £20,000 (2017: £nil) representing a shareholder loan due to a close family member of D Houghton, a Director.

The company incurred costs of £36,000 (2017: £36,000) payable to Venrex Investment Management LLP, a company owned and controlled by M L V Esiri, a Director. £43,000 was owed from Mucho Mas Limited at the year end (2017: £nil).

Included within Creditors: amounts falling due within one year within Mucho Mas Limited, is a balance of £100,000 (2017: £nil) representing a shareholder loan due to M L V Esiri, a Director.

27. Post balance sheet events

Post year end a further £28,994 was raised through selling 483,334 shares.

28. Controlling party

The directors do not consider there to be a single controlling party.