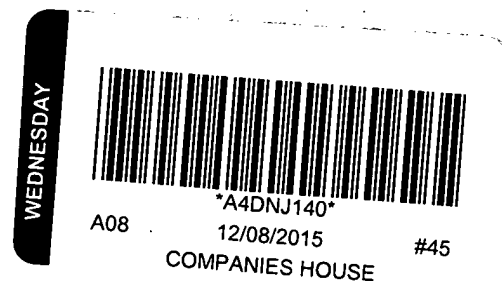


COMPANY REGISTRATION NUMBER 03427721

KINGSTON RESTAURANTS LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2014



KINGSTON RESTAURANTS LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2014

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KINGSTON RESTAURANTS LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

The board of directors	G V Michniewicz P A Michniewicz Mr T Kelly Mr J Park
Company secretary	G V Michniewicz
Registered office	39/41 Jameson Street Hull East Riding of Yorkshire
Auditor	Townends Accountants LLP Chartered Accountants & Statutory Auditor Carlisle Street Goole East Riding of Yorkshire DN14 5DX
Bankers	Royal Bank of Scotland 10 Silver Street Hull HU1 1JE
Solicitors	Rollits Rowntree Wharf Navigation Road York YO1 9WE

KINGSTON RESTAURANTS LIMITED

STRATEGIC REPORT

YEAR ENDED 31 DECEMBER 2014

BUSINESS REVIEW

We aim to present a review of the development and performance of our business during the year and its position at the year-end. Our review is consistent with the size and nature of our business and is written in the context of risks and uncertainties we face.

The principal activity of the company during the year was the operation of quick service restaurants.

We consider that our key financial performance indicators are those that communicate the financial performance and strength of the company as a whole, these including turnover, gross profit and operating profit.

During 2014 the company has continued to deliver sound results in a difficult business climate. Gross profit has increased by £1,706,720 (7.46%) and operating profit has increased by £262,564.

Turnover comprises sales from company franchised restaurants. Thanks to strong sales growth from all restaurants, during the year total company turnover has increased by £2,134,585 to £36,736,247. The ongoing restaurants' strategy has had a positive impact on sales growth, which is in line with the directors' expectations and objectives.

An integral part of our re-imaging strategy is through the evolution of the culture and development of our people. This ongoing process will help us overcome the challenges we face within the changing environment and circumstances.

In the year, we continued our policy of significant capital re-investment to improve and enhance our customers experience in our restaurants and this will continue in 2015 and beyond when we aim to modernise our restaurants to create the 'Experience of the Future' to improve the experience of both our customers and people by enabling an easy, enjoyable and personalised experience.

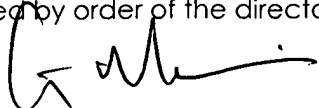
PRINCIPAL RISKS AND UNCERTAINTIES

The company operates in a highly competitive market. High street consumer behaviour impacts the company's turnover and variability of commodity prices impacts profitability.

The company is continually assessing all risks with an aim to mitigate any future threats this may have on the business.

With these risks and uncertainties in mind, we are aware that any plans for the future development of the business may be subject to unforeseen future events outside our control, hence we are constantly assessing our plans in line with the current environment.

Signed by order of the directors



G V MICHNIEWICZ
Company Secretary

Approved by the directors on

19.06.2015

KINGSTON RESTAURANTS LIMITED

DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2014

The directors present their report and the financial statements of the company for the year ended 31 December 2014.

FUTURE DEVELOPMENTS

The level of business and the period end financial position remain satisfactory for the company and the directors are confident to be able to develop the business further in the future.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £1,020,588. The directors have not recommended a dividend.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company's principal financial instruments comprise bank balances, trade creditors and loans to the company. The main purpose of these instruments is to raise funds for the company's operations.

Due to the nature of the financial instruments used by the company there is no exposure to price risk. The company's approach to managing other risks applicable to the financial statements is shown below.

In respect of bank balances, the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of overdraft facilities at floating rates of interest.

In respect of loans these comprise of a bank loan. The interest rate on the loan is variable but the monthly repayments are fixed. The company manages the liquidity risk by ensuring there are sufficient funds to meet the payments.

Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

GOING CONCERN

The company is in a net current liabilities position at the balance sheet date. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

RESEARCH AND DEVELOPMENT

The company does not carry out any independent or specific research and development. However, McDonalds Restaurants Limited carries out its own research and development on behalf of all franchisees. The company makes a contribution towards this through its existing payments to McDonalds Restaurants Limited.

KINGSTON RESTAURANTS LIMITED

DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2014

DIRECTORS

The directors who served the company during the year were as follows:

G V Michniewicz

P A Michniewicz

Mr T Kelly

Mr J Park

Mrs L Cody

(Appointed 8 September 2014)

(Resigned 19 June 2014)

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, 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 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). 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 year.

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 will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DISABLED EMPLOYEES

The company operates an equal opportunities policy with regard to recruitment and seeks to offer suitable work and training wherever practicable to persons with disabilities. The policy of the company is to ensure that disabled applicants for employment are given full and fair consideration having regard for their particular aptitudes and abilities. Existing disabled employees are given equal access to training, career development and promotion opportunities within the company. In the event of employees becoming disabled whilst in the employment of the company, all reasonable means are explored to achieve retention in employment in the same or an alternative capacity.

KINGSTON RESTAURANTS LIMITED**DIRECTORS' REPORT** *(continued)***YEAR ENDED 31 DECEMBER 2014****EMPLOYEE INVOLVEMENT**

An open management policy is operated whereby all members of staff (including part-time and casual staff) are briefed regularly on matters affecting the company by means of regular store meetings and communications, together with staff appraisals and feedback sessions. In addition, there is a bulletin board in each restaurant where memoranda relating to company policy are displayed.

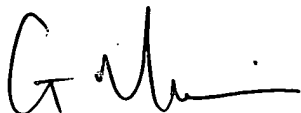
STRATEGIC REPORT

The company has in accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 set out in the company's strategic report information required by Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

Each of the persons who is a director at the date of approval of this report confirm that:

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

Signed by order of the directors



G V MICHNIEWICZ
Company Secretary

Approved by the directors on

19.26.2015

KINGSTON RESTAURANTS LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
KINGSTON RESTAURANTS LIMITED
YEAR ENDED 31 DECEMBER 2014

We have audited the financial statements of Kingston Restaurants Limited for the year ended 31 December 2014 on pages 8 to 20. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

KINGSTON RESTAURANTS LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
KINGSTON RESTAURANTS LIMITED (continued)**

YEAR ENDED 31 DECEMBER 2014

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



ADRIAN CARROLL (Senior Statutory Auditor)

For and on behalf of
TOWNENDS ACCOUNTANTS LLP
Chartered Accountants
& Statutory Auditor

Carlisle Street
Goole
East Riding of Yorkshire
DN14 5DX

22.06.2015

KINGSTON RESTAURANTS LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2014

	Note	2014 £	2013 £
TURNOVER	2	36,736,247	34,601,662
Cost of sales		<u>12,157,786</u>	<u>11,729,921</u>
GROSS PROFIT		24,578,461	22,871,741
Administrative expenses		<u>23,131,362</u>	<u>21,687,206</u>
OPERATING PROFIT	3	1,447,099	1,184,535
Interest receivable		1,407	–
Interest payable and similar charges	5	<u>(150,766)</u>	<u>(161,785)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,297,740	1,022,750
Tax on profit on ordinary activities	6	<u>277,152</u>	249,044
PROFIT FOR THE FINANCIAL YEAR		<u>1,020,588</u>	<u>773,706</u>

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

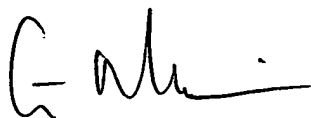
KINGSTON RESTAURANTS LIMITED

BALANCE SHEET

31 DECEMBER 2014

	Note	2014 £	2013 £
FIXED ASSETS			
Intangible assets	8	1,801,736	1,831,541
Tangible assets	9	<u>3,171,021</u>	<u>3,119,480</u>
		4,972,757	4,951,021
CURRENT ASSETS			
Stocks	10	158,928	128,260
Debtors	11	416,000	389,723
Cash in hand		<u>2,300,099</u>	<u>2,033,593</u>
		2,875,027	2,551,576
CREDITORS: Amounts falling due within one year	12	<u>3,302,068</u>	<u>3,659,801</u>
NET CURRENT LIABILITIES		(427,041)	(1,108,225)
TOTAL ASSETS LESS CURRENT LIABILITIES		4,545,716	3,842,796
CREDITORS: Amounts falling due after more than one year	13	324,594	625,390
PROVISIONS FOR LIABILITIES			
Deferred taxation	14	<u>182,559</u>	<u>199,431</u>
		4,038,563	3,017,975
CAPITAL AND RESERVES			
Called-up equity share capital	17	860,000	860,000
Profit and loss account	18	<u>3,178,563</u>	<u>2,157,975</u>
SHAREHOLDERS' FUNDS	19	<u>4,038,563</u>	<u>3,017,975</u>

These accounts were approved by the directors and authorised for issue on 19.06.2015 and are signed on their behalf by:



G V MICHNIEWICZ
Director

Company Registration Number: 03427721

KINGSTON RESTAURANTS LIMITED

CASH FLOW STATEMENT

YEAR ENDED 31 DECEMBER 2014

	Note	2014 £	£	2013 £	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	20		2,151,936		2,207,135
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	20		(149,359)		(161,785)
TAXATION	20		(272,655)		(221,500)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	20		(724,624)		(855,961)
CASH INFLOW BEFORE FINANCING			1,005,298		967,889
FINANCING	20		(738,792)		(740,808)
INCREASE IN CASH	20		<u>266,506</u>		<u>227,081</u>

KINGSTON RESTAURANTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2014

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

True and fair override provisions of the Companies Act 2006 have been invoked, as described in 'goodwill' below and also in note 8.

Turnover

The turnover shown in the profit and loss account represents sales during the year, exclusive of Value Added Tax.

Goodwill

In view of the perceived durability of the 'McDonald's' brand name, the directors believe that systematic amortisation is not appropriate in the company's circumstances and that, to enable the accounts to show a true and fair view, a policy of annual impairment reviews is most appropriate.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Franchise Fees & SDLT

- calculated by reference to the terms of the franchise agreement subject to a maximum of 20 years

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Plant & Machinery

- Plant and Machinery - 5 - 20 years straight line

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

KINGSTON RESTAURANTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2014

1. ACCOUNTING POLICIES *(continued)*

Pension costs

The company operates a defined contribution pension scheme on behalf of its employees. The assets of the scheme are held separately from those of the company in an independently administered fund. The annual contributions payable are charged to the profit and loss account.

Deferred taxation

Deferred tax is provided on the liability method to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes.

Tax deferred is accounted for in respect of all material timing differences to the extent that it is considered that a net liability may crystallise.

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	2014 £	2013 £
United Kingdom	<u>36,736,247</u>	<u>34,601,662</u>

3. OPERATING PROFIT

Operating profit is stated after charging:

	2014 £	2013 £
Directors' remuneration	–	–
Amortisation of intangible assets	29,805	29,407
Depreciation of owned fixed assets	672,662	599,831
Loss on disposal of fixed assets	421	23,671
Auditor's remuneration		
- as auditor	7,150	7,150
- for other services	10,075	9,625
Operating lease costs:		
- Other	<u>5,090,087</u>	<u>4,764,094</u>

KINGSTON RESTAURANTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2014

4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	2014 No	2013 No
Restaurant staff	1,148	1,139
Office and management	49	46
	<u>1,197</u>	<u>1,185</u>

The aggregate payroll costs of the above were:

	2014 £	2013 £
Wages and salaries	9,678,530	8,910,335
Social security costs	434,879	405,099
Other pension costs	42,932	16,200
	<u>10,156,341</u>	<u>9,331,634</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2014 £	2013 £
Interest payable on bank borrowing	<u>150,766</u>	<u>161,785</u>

6. TAXATION ON ORDINARY ACTIVITIES**(a) Analysis of charge in the year**

	2014 £	2013 £
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 21.50% (2013 - 23.25%)	294,024	276,690
Over/under provision in prior year	-	306
Total current tax	<u>294,024</u>	<u>276,996</u>
Deferred tax:		
Origination and reversal of timing differences	<u>(16,872)</u>	<u>(27,952)</u>
Tax on profit on ordinary activities	<u>277,152</u>	<u>249,044</u>

KINGSTON RESTAURANTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2014

6. TAXATION ON ORDINARY ACTIVITIES *(continued)*

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 21.50% (2013 - 23.25%).

	2014 £	2013 £
Profit on ordinary activities before taxation	<u>1,297,740</u>	<u>1,022,750</u>
Profit on ordinary activities by rate of tax	279,014	237,789
Expenses not deductible for corporation tax	6,408	6,837
Capital allowances for the year in excess of depreciation	8,696	32,103
Other short term timing differences	(94)	(39)
Adjustment to tax charge in respect of prior years	-	306
Total current tax (note 6(a))	<u>294,024</u>	<u>276,996</u>

7. DIVIDENDS

Equity dividends

	2014 £	2013 £
Proposed after the year end (not recognised as a liability)		
Equity dividends on 'A' ordinary shares	100,000	-
Equity dividends on 'B' ordinary shares	100,000	-
	<u>200,000</u>	<u>-</u>

KINGSTON RESTAURANTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2014

8. INTANGIBLE FIXED ASSETS

	Goodwill £	Franchise Fees & SDLT £	Total £
COST			
At 1 January 2014 and 31 December 2014	<u>1,500,468</u>	<u>530,970</u>	<u>2,031,438</u>
AMORTISATION			
At 1 January 2014	-	199,897	199,897
Charge for the year	<u>-</u>	<u>29,805</u>	<u>29,805</u>
At 31 December 2014	<u>-</u>	<u>229,702</u>	<u>229,702</u>
NET BOOK VALUE			
At 31 December 2014	<u>1,500,468</u>	<u>301,268</u>	<u>1,801,736</u>
At 31 December 2013	<u>1,500,468</u>	<u>331,073</u>	<u>1,831,541</u>

As stated in the accounting policy note for goodwill, the directors have adopted a policy of carrying out an annual impairment review on the carrying value of goodwill in the accounts.

McDonald's goodwill valuation model has been applied to those restaurants operated by the company on which goodwill was paid as part of the initial purchase price. The calculated value in accordance with the McDonald's model as at 31 December 2014 was in excess of original cost. Goodwill is therefore stated at original cost, compared to a net book value of £373,428 if the previous amortisation policy had continued in 2014.

9. TANGIBLE FIXED ASSETS

	Plant & Machinery £
COST	
At 1 January 2014	5,991,770
Additions	724,624
Disposals	<u>(1,408)</u>
At 31 December 2014	<u>6,714,986</u>
DEPRECIATION	
At 1 January 2014	2,872,290
Charge for the year	672,662
On disposals	<u>(987)</u>
At 31 December 2014	<u>3,543,965</u>
NET BOOK VALUE	
At 31 December 2014	<u>3,171,021</u>
At 31 December 2013	<u>3,119,480</u>

KINGSTON RESTAURANTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2014

9. TANGIBLE FIXED ASSETS *(continued)***Capital commitments**

	2014 £	2013 £
Contracted but not provided for in the financial statements	-	<u>620,000</u>

10. STOCKS

	2014 £	2013 £
Consumables	<u>158,928</u>	<u>128,260</u>

Stocks consist of foodstuffs and packaging materials.

11. DEBTORS

	2014 £	2013 £
Other debtors	282,524	269,682
Prepayments and accrued income	<u>133,476</u>	<u>120,041</u>
	<u>416,000</u>	<u>389,723</u>

The debtors above include the following amounts falling due after more than one year:

	2014 £	2013 £
Other debtors	<u>222,768</u>	<u>197,646</u>

12. CREDITORS: Amounts falling due within one year

	2014 £	2013 £
Bank loans	301,580	739,576
Trade creditors	1,196,441	1,262,455
Other creditors including taxation and social security:		
Corporation tax	153,025	131,656
Other taxation and social security	<u>791,340</u>	<u>772,513</u>
	<u>2,442,386</u>	2,906,200
Accruals	<u>859,682</u>	<u>753,601</u>
	<u>3,302,068</u>	<u>3,659,801</u>

13. CREDITORS: Amounts falling due after more than one year

	2014 £	2013 £
Bank loans	<u>324,594</u>	<u>625,390</u>

All of the bank loans are unsecured and carry interest at rates of either 1.95% over bank base rate or 1.35% over LIBOR. Loan repayments are made in equal monthly or quarterly installments and at 31 December 2014 all loans are repayable within 5 years.

KINGSTON RESTAURANTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2014

14. DEFERRED TAXATION

The movement in the deferred taxation provision during the year was:

	2014 £	2013 £
Provision brought forward	199,431	227,383
Profit and loss account movement arising during the year	<u>(16,872)</u>	<u>(27,952)</u>
Provision carried forward	<u>182,559</u>	<u>199,431</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2014 £	2013 £
Excess of taxation allowances over depreciation on fixed assets	<u>182,559</u>	<u>199,431</u>
	<u>182,559</u>	<u>199,431</u>

15. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2014 the company had annual commitments under non-cancellable operating leases as set out below.

	Land and buildings 2014 £	2013 £
Operating leases which expire: After more than 5 years	<u>5,325,000</u>	<u>5,115,000</u>

The company's restaurant premises are leased from McDonalds Restaurants Limited on operating leases expiring after more than five years. Rentals are substantially based on annual sales income generated and the above figure represents an estimate of the expected cost for 2015.

KINGSTON RESTAURANTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2014

16. RELATED PARTY TRANSACTIONS

During the year the company purchased services from McDonalds Restaurants Limited, which owns 430,000 'A' ordinary shares of £1 each in the company. The purchases were made on a normal commercial trading basis and were made up as follows:-

Rent - £5,090,087 (2013 - £4,764,094), advertising - £1,678,337 (2013 - £1,582,592) and service charges - £1,797,696 (2013 - £1,693,010).

At 31 December 2014, the company owed McDonalds Restaurants Limited £829,227 (2013 - £756,847) in respect of the provision of these services.

During the year the company paid Wicz Limited, a company in which G V and P A Michniewicz are shareholders and directors, £573,365 (2013 - £562,826) for various services. At the balance sheet date £1,234 was due from Wicz Limited (2013 - £168,848 due to Wicz Limited).

All transactions were conducted on normal commercial terms.

There is no ultimate controlling party.

17. SHARE CAPITAL

Allotted, called up and fully paid:

	2014		2013	
	No	£	No	£
'A' Ordinary shares of £1 each	430,000	430,000	430,000	430,000
'B' Ordinary shares of £1 each	430,000	430,000	430,000	430,000
	<u>860,000</u>	<u>860,000</u>	<u>860,000</u>	<u>860,000</u>

18. PROFIT AND LOSS ACCOUNT

	2014	2013
	£	£
Balance brought forward	2,157,975	1,384,269
Profit for the financial year	<u>1,020,588</u>	<u>773,706</u>
Balance carried forward	<u>3,178,563</u>	<u>2,157,975</u>

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2014	2013
	£	£
Profit for the financial year	1,020,588	773,706
Opening shareholders' funds	<u>3,017,975</u>	<u>2,244,269</u>
Closing shareholders' funds	<u>4,038,563</u>	<u>3,017,975</u>

KINGSTON RESTAURANTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2014

20. NOTES TO THE CASH FLOW STATEMENT

RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2014 £	2013 £
Operating profit	1,447,099	1,184,535
Amortisation	29,805	29,407
Depreciation	672,662	599,831
Loss on disposal of fixed assets	421	23,671
(Increase)/decrease in stocks	(30,668)	22,275
Increase in debtors	(26,277)	(4,503)
Increase in creditors	58,894	351,919
Net cash inflow from operating activities	<u>2,151,936</u>	<u>2,207,135</u>

RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2014 £	2013 £
Interest received	1,407	-
Interest paid	(150,766)	(161,785)
Net cash outflow from returns on investments and servicing of finance	<u>(149,359)</u>	<u>(161,785)</u>

TAXATION

	2014 £	2013 £
Taxation	<u>(272,655)</u>	<u>(221,500)</u>

CAPITAL EXPENDITURE

	2014 £	2013 £
Payments to acquire intangible fixed assets	-	(30,000)
Payments to acquire tangible fixed assets	(724,624)	(825,961)
Net cash outflow from capital expenditure	<u>(724,624)</u>	<u>(855,961)</u>

FINANCING

	2014 £	2013 £
Repayment of bank loans	(738,792)	(740,808)
Net cash outflow from financing	<u>(738,792)</u>	<u>(740,808)</u>

KINGSTON RESTAURANTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2014

20. NOTES TO THE CASH FLOW STATEMENT *(continued)*

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2014		2013	
	£	£	£	£
Increase in cash in the period	266,506		227,081	
Net cash outflow from bank loans	<u>738,792</u>		<u>740,808</u>	
	1,005,298		967,889	
Change in net funds	1,005,298		967,889	
Net funds at 1 January 2014	<u>668,627</u>		<u>(299,262)</u>	
Net funds at 31 December 2014	<u>1,673,925</u>		<u>668,627</u>	

ANALYSIS OF CHANGES IN NET FUNDS

	At 1 Jan 2014 £	Cash flows £	At 31 Dec 2014 £
Net cash:			
Cash in hand and at bank	<u>2,033,593</u>	<u>266,506</u>	<u>2,300,099</u>
Debt:			
Debt due within 1 year	(739,576)	437,996	(301,580)
Debt due after 1 year	<u>(625,390)</u>	<u>300,796</u>	<u>(324,594)</u>
	<u>(1,364,966)</u>	<u>738,792</u>	<u>(626,174)</u>
Net funds	<u>668,627</u>	<u>1,005,298</u>	<u>1,673,925</u>