

Gaicho Acquisitions Limited

Report and Financial Statements

31 December 2016

TUESDAY



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COMPANIES HOUSE

Directors

Z Godik

G Mann (resigned 3rd March 2017)

F Bandura (appointed 24th February 2017)

Secretary

G Mann (resigned 3rd March 2017)

F Bandura (appointed 24th February 2017)

Auditors

Ernst & Young LLP

Bedford House

16 Bedford Street

Northern Ireland

Belfast BT2 7DT

Bankers

Royal Bank of Scotland

62 - 63 Threadneedle Street

London EC2R 8LA

Lloyds TSB Plc

25 Gresham Street

London EC2V 7HN

Solicitors

Travers Smith

10 Snow Hill

London EC1A 2AL

Registered Office

Fourth Floor

7-9 Swallow Street

London W1B 4DE

Strategic report

The directors present their strategic report for the year ended 31 December 2016.

Principal activity and review of the business

The principal activity of the company is as an intermediate holding company.

The company's key performance indicators are as follows:

	2016	2015
	£	£
Profit/(loss) for the year	1,067,764	(1,829,783)
Shareholders' funds/(deficit)	60,622,475	(7,192,318)

During the year, the company received a capital contribution from its parent company Gaucha Group Limited of £35,482,532.

During the year, Gaucha Acquisitions Limited entered into an irrevocable and unconditional deed of release with Gioma (UK) Limited for £25,023,060 and Gaucha Holdings Limited for £6,241,437.

Principal risks and uncertainties

The company's strategy is to follow an appropriate risk policy, which effectively manages exposures related to the achievement of business objectives. The key risks which management face are detailed as follows:

Liquidity risk and credit risk

The company's liquidity and credit risks are managed through monthly cash flow forecasts that capture all future cash flows for the next 12 months. Financial covenants are monitored internally on a monthly basis and quarterly with the bank. Management reviews available facilities and cash headroom to mitigate these risks.

Foreign currency risk

The company's costs are in Sterling with no material currency risk. The company does not currently have a policy to mitigate foreign exchange movements as management do not believe the impact would be significant.

On behalf of the Board



Frank Bandura

Director

Date 21 April 2017

Registered No. 05869370

Directors' report

The directors present their report the year ended 31 December 2016.

Results and dividends

Profit for the year after taxation amounted to £1,067,764 (2015 – loss of £1,829,783). The directors do not recommend a final dividend (2015 – £nil).

Future developments

The directors wish to maintain the shareholder value in the business.

Directors

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

Z Godik

G Mann (resigned 3rd March 2017)

F Bandura (appointed 24th February 2017)

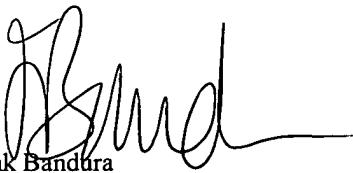
Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

On behalf of the Board



Frank Bandura
Director

Date 21 April 2017

Director's Responsibilities Statement

The directors are responsible for preparing the Strategic Report, Director's 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, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (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 period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; and
- 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.

Independent auditors' report

to the members of Gaucho Acquisitions Limited

We have audited the financial statements of Gaucho Acquisitions Limited for the year ended 31 December 2016 which comprise the Profit and Loss account, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Balance Sheet and the related notes 1 to 12. 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), including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland'.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the 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 Strategic Report and Directors' 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 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, 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.

Independent auditors' report

Opinion on other matter 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic Report or Directors' Report.

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.



Michael Kidd (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Belfast
Date: 26 April 2017

Profit and loss account

for the year ended 31 December 2016

	<i>Notes</i>	2016 £	2015 £
Administrative expenses		–	(4,050)
Other interest income	2	1,870,225	259,667
Interest payable and similar charges	3	<u>(1,136,016)</u>	<u>(2,085,400)</u>
Profit/(loss) before taxation		734,209	(1,829,783)
Tax credit	4	<u>333,555</u>	–
Profit/(loss) after taxation		<u>1,067,764</u>	<u>(1,829,783)</u>

All amounts relate to continuing activities.

Statement of comprehensive income

for the year ended 31 December 2016

There is no comprehensive income or loss other than the profit attributed to shareholders of the company of £1,067,764 in the year ended 31 December 2016 (2015 – loss of £1,829,783).

Statement of changes in equity

for the year ended 31 December 2016


	<i>Called up share capital</i>	<i>Other reserves</i>	<i>Capital contributi on reserve</i>	<i>Profit and loss account</i>	<i>Total Equity</i>
	£	£	£	£	£
At 1 January 2015	14,699,702	2,767,602	–	(22,829,839)	(5,362,535)
Loss for the year	–	–	–	(1,829,783)	(1,829,783)
At 1 January 2016	14,699,702	2,767,602	–	(24,659,622)	(7,192,318)
Capital Contribution	–	–	35,482,532	–	35,482,532
Intercompany loan waiver	–	–	–	31,264,497	31,264,497
Profit for the year	–	–	–	1,067,764	1,067,764
At 31 December 2016	<u>14,699,702</u>	<u>2,767,602</u>	<u>35,482,532</u>	<u>7,672,639</u>	<u>60,622,475</u>

Registered No. 05869370

Balance sheet

at 31 December 2016

	Notes	2016 £	2015 £
Fixed assets			
Investments	5	36,270,150	34,374,634
Current assets			
Debtors	6	24,523,877	22,787,271
Creditors: amounts falling due within one year	7	(171,552)	(34,527,534)
Net current assets/(liabilities)		24,352,325	(11,740,263)
Total assets less current liabilities		60,622,475	22,634,371
Creditors: amounts falling due after more than one year	8	–	(29,826,689)
Net assets/(liabilities)		60,622,475	(7,192,318)
Capital and reserves			
Called up share capital	9	14,699,702	14,699,702
Other reserves		2,767,602	2,767,602
Capital contribution reserve		35,482,532	–
Profit and loss account		7,672,639	(24,659,622)
Shareholders' funds/(deficit)		60,622,475	(7,192,318)



Frank Bandura
Director

Date: 21 April 2017

Notes to the financial statements

at 31 December 2016

1. Accounting policies

Statement of compliance

Gaucha Acquisitions Limited is a company limited by shares and incorporated in England and Wales. The registered office is Fourth Floor, 7-9 Swallow Street, London, W1B 4DE.

The company's financial statements have been prepared in compliance with FRS 102 as it applies to the financial statements of the company for the year ended 31 December 2016.

Basis of preparation

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

The financial statements are prepared in Sterling which is the functional currency of the company and no rounding has been applied.

Going Concern

The directors have prepared the financial statements on the going concern basis as the intercompany loans will not be sought for repayment in the immediate future and the company is supported by its ultimate parent undertaking, Malbec Topco Limited.

Group Financial Statements

The company is exempt from preparing group financial statements under section 400 of the Companies Act 2006. On the grounds that it is a wholly owned subsidiary and its parent undertaking provides a set of publicly available group financial statements.

Reduced disclosure framework

The company has taken advantage of the following disclosure exemptions under FRS 102:

- (a) the requirements of section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- (b) the requirements of section 7 Statement of Cash Flows and section 3 Financial Statement Presentation paragraph 3.17(d);
- (c) the requirements of section 11 Basic Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c) and section 12 paragraph 12.26; and
- (d) section 33 Related Party Disclosures paragraph 33.7.

The ultimate parent undertaking and controlling entity is Malbec Topco Limited, a company incorporated in England and Wales, which is the parent undertaking of the largest group to consolidate these financial statements. Malbec Topco Limited's group financial statements are available from the company's registered office, Fourth Floor 7-9 Swallow Street, London, W1B 4DE.

Investments

The carrying value of fixed asset investments are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Notes to the financial statements

at 31 December 2016

1. Accounting policies (continued)

Judgements and key sources of estimation

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the period. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant impact on amounts recognised in the financial statements.

The following are the group's key sources of judgement:

Recoverability of amounts due from group undertakings

The company has receivables due from its subsidiaries, Gaucho Grill Holdings Limited of £22,346,381, Gioma of £31,580 and a receivable from its parent company Malbec Bidco Limited of £512,361 (note 6). The recoverability of these receivables is ultimately dependent on the trading performance of the group. The directors have considered cash flow forecasts of those indirect subsidiaries, which include estimates of future revenues and costs and determined that there is no objective evidence of impairment of the intercompany receivable.

Financial Instruments

The company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial instruments, including intergroup receivables and loans to fellow subsidiary companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including intergroup payables and loans from fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

The company does not hold or issue any other financial liabilities for trading purposes.

2. Interest receivable and similar charges

	2016	2015
	£	£
Interest receivable on bank balances	798	–
Interest receivable on shareholder loan	7,746	–
Interest receivable from group undertaking	1,861,681	259,667
	<u>1,870,225</u>	<u>259,667</u>

Notes to the financial statements

at 31 December 2016

3. Interest payable and similar charges

	2016	2015
	£	£
Amounts owed to group undertakings	13,947	-
Bank loans and overdrafts	89,417	1,803,575
Release of deferred finance costs	1,032,652	281,825
	<u>1,136,016</u>	<u>2,085,400</u>

4. Tax

(a) Tax on profit

	2016	2015
	£	£
Current tax		
Corporation tax on profit for the period	-	-
Adjustment in respect of prior period	-	-
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	(392,418)	-
Impact in change of tax rates	58,863	-
Total deferred tax (note 9(c))	<u>(333,555)</u>	-
Tax credit (note 9(b))	<u>(333,555)</u>	-

(b) Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 20% (2015 – 20.25%). The differences are explained below:

	2016	2015
	£	£
Profit/(loss) before tax	734,209	(1,829,783)
Profit multiplied by standard rate of corporation tax in the UK of 20% (2015 – 20.25%)	146,842	(370,531)
<i>Effects of:</i>		
Group relief surrendered for no payment	-	370,531
Tax rate changes	58,863	-
Movement in unrecognised deferred tax asset	<u>(539,260)</u>	-
Total tax for the year	<u>(333,555)</u>	-

Notes to the financial statements

at 31 December 2016

4. Tax

(c) Deferred tax

	£
At 1 January 2016	-
Release for the year	(333,555)
At 31 December 2016	<u>(333,555)</u>

The provision for deferred taxation is made up as follows:

	2016	2015
	£	£
Losses	<u>(333,555)</u>	<u>-</u>

5. Investments

	<i>Investments in subsidiary companies</i>
	£
<i>Cost:</i>	
At 1 January 2016	34,374,634
Additions	1,895,516
At 31 December 2016	<u>36,270,150</u>
At 1 January 2016	<u>34,374,634</u>
At 31 December 2016	<u>36,270,150</u>

During the year, Gaicho Acquisitions Limited made an additional investment in Gaicho Grill Holdings Limited of £1,895,517.

Principal subsidiaries and joint ventures

Principal subsidiaries

<i>Company name</i>	<i>Country</i>	<i>Percentage shareholding</i>	<i>Description</i>
Gaicho Grill Holdings Limited	England	100%	Parent undertaking
Inhoco 4065 Limited*	England	100%	Parent undertaking
Pan European Restaurants Limited*	England	100%	Parent undertaking

All companies are registered at the same address 7 - 9 Swallow Street, London, England, W1B 4DE

* held by a subsidiary undertaking

Notes to the financial statements

at 31 December 2016

6. Debtors

	2016	2015
	£	£
Shareholder loan (note 11)	1,000,000	1,459,667
Current corporation tax receivable	300,000	300,000
Prepayments	–	242,198
Deferred tax credit	333,555	–
Amounts owed by group undertakings	22,890,322	20,785,406
	<u>24,523,877</u>	<u>22,787,271</u>

Amounts owed by group undertakings are repayable on demand with an annual interest rate of 10%.

7. Creditors: amounts falling due within one year

	2016	2015
	£	£
Amounts owed to group undertakings	171,552	32,023,525
Bank loans	–	2,790,000
<i>Less: Issue costs deferred</i>	–	(285,991)
	<u>171,552</u>	<u>34,527,534</u>

Amounts owed to group undertakings are repayable on demand with an annual interest rate of 10%.

8. Creditors: amounts falling due after more than one year

	2016	2015
	£	£
Bank loans	–	29,826,689

Due to a group reorganisation in the year, all bank borrowings were repaid and as a result no bank debt remains in this entity.

9. Issued share capital

	2016		2015	
<i>Allotted, called up and fully paid</i>	<i>No.</i>	<i>£</i>	<i>No.</i>	<i>£</i>
Ordinary shares of £1 each	14,699,702	<u>14,699,702</u>	14,699,702	<u>14,699,702</u>

Notes to the financial statements

at 31 December 2016

10. Reserves

The nature and purpose of each reserve is explained below:

Share capital – represents the nominal value of shares issued.

Other reserves – This reserve records a historic reserve received from Gaicho Group Limited.

Capital contribution reserve - This reserve records the cash value of the donation made by the parent company in the year.

Retained earnings – the cumulative income and expenses recognised in the income statement together with cumulative items, other than the proceeds of share issues recognised in equity.

11. Related party transactions

The company has taken advantage of the exemption granted by FRS102.33 “Related party disclosures” to disclose related party transactions with other wholly owned group companies.

At the year end, a loan of £1,000,000 (2015: £1,200,000 plus interest of £259,667) was outstanding to Zeev Godik, a director of the company. This was settled in full on 2 February 2017.

12. Ultimate parent undertaking and controlling party

The immediate parent undertaking is Gaicho Group Limited, a company incorporated in England and Wales.

The company’s ultimate parent undertaking is Malbec Topco Limited, a company incorporated in England and Wales, which is the parent undertaking of the largest group to consolidate these financial statements. Malbec Topco Limited’s group financial statements are available from the company’s registered office, Fourth Floor 7-9 Swallow Street, London, W1B 4DE.

The company’s controlling party is Equistone General Partner V LLP.