

14

Aspire Katara UK Limited
Annual Report and Consolidated Financial Statements
Registered Number 07968402
For the year ended 31 December 2018



Content	Page (s)
Strategic Report	1-2
Directors' Report and Statement of Directors' Responsibilities	3-4
Independent auditor's report to the members of Aspire Katara UK Limited	5-7
Consolidated Statement of Comprehensive Income	8
Consolidated Statement of Financial Position	9
Consolidated Statement of Changes in Equity	10
Consolidated Cash Flow Statement	11
Notes	12-28

Strategic report

The directors present their strategic report together with the audited financial statement for the year ended December 31, 2018.

Principal Activity

The principal activity of the company in the period under review was that of the operation and management of restaurants.

Business Review

Turnover increased in the prior period by £180 K from £3.7 m to £3.9 m (4.9%) where the Burgeri outlet contributed greatly to the overall AKUK performance.

During 2018, both central London outlets were fully operation during the 12 months period.

Gross profit increased by £42 K from £2.89 m to £2.93m, which is increased by 1.5 percentage point compare to previous year due to increase in turnover.

EBITDA increased from £517K to £639K. Central overheads increased in the period mainly due to revised rent at both outlets (BLUK as of April 2019, CKUK as of September 2019).

The company is expecting to open further restaurants within the UK with potential areas currently under review.

During 2018 Financial year, the group impaired its non-current assets by £945,293 as a result of an impairment review carried out during the year. This contributed to the group's net asset position falling to £2,458,756 (2017: £3,615,872).

Key Performance Indicators

Management utilize a number of qualitative and quantitative indicators to monitor and improve the company's performance. The company consider turnover, gross profit margin and adjusted EBITDA to be key financial performance indicators.

	2017 £	2018 £
Turnover	3,709,328	3,890,015
Gross Profit Margin	78%	75%
EBITDA	516,644	638,922

Risks & uncertainties

- Competition

As the name suggest Chapati & Karak offers exactly that, Chapati's and karak's. The fast food market is becoming competitive in the UK through the introduction of new entrants as well as expansion of established players. Some new outlets tried to copy our concept but did not manage to match our product & service offering as per guest feedback.

Strategic report (continued)

Burgeri UK: Whilst the concept of a Burger restaurant is not unique to London, we feel that the use of our quality ingredients which are halal and the fact that the food is prepared to order sets Burgeri far apart from other restaurants that could be considered Burgeri competitors. Whilst Burgeri was established just over two years ago, we continue to see good revenue growth, which again speaks for our product.

- Food Safety

DDS is our contracted supplier for Health & Safety and Risk Assessment. Safety checks are done weekly by the Managers and is recorded into a software system (Pyramid) and the hard copy is filed. Once the Risk Assessment is done and the report is released, we go through the points covered and all measures are taken to implement any changes that may be required. Risk Assessment is also updated on the supplier software and is revised on a regular basis as required.

- Property

A key element of the Company's strategy is to expand the brands under the umbrella of Aspire Katara in UK. The competitive nature of the UK property market has an impact on the availability and cost of suitable site locations. However, the directors believe that the strength of the Aspire Katara brands and the robust financial position of the company puts us in a strong position to capitalize on opportunities to secure only the best available restaurant space.

- Employer Recruitment and Retention

One of Company's core strengths is the quality and individuality of our people. A key component of our expansion strategy is to continue to recruit the very best staff. The directors have established a process to maximize the success of our recruitment program. It is equally important that the company retains its people. This risk of staff turnover is mitigated through an effective talent management program, including comprehensive training, appraisal, development and promotional prospects at all levels of the business. That being set the uncertainty of impending Brexit has impacted some of our existing personnel who choose to return to their home countries.

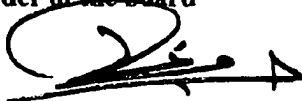
- Supply Chain

The directors are proud of the quality of food and drink that is served in our outlets. The company works closely with suppliers and has numerous measures in place to ensure that this quality is maintained. Supply chain solutions are regularly reviewed to ensure that they are sufficient to support the growth plans of the company. Main focus of supply chain review in 2019 is to overcome any potential import challenges brought about by the process of the UK leaving the European Union.

- Future Developments

The directors will follow their passion and continue the journey to open new restaurants across the UK offering quality halal food and excellent customer service at prime locations.

By order of the board



Kholoud Mohammed Al- Mahmoud

Date: 24/07/2019

Directors' report

The directors present their report and consolidated financial statements for the period ended 31 December 2018.

Principal Activities

The principal activity of the group is the running of a food and beverage business.

Results and Dividends

The results for the year are set out in detail on page 8 to 28. The directors have not recommended a dividend in the current or previous year.

Financial Instruments and Risk Management

Information about the use of financial instruments and its subsidiaries is given in note 4 to the financial statements.

Directors list

The directors who served during the period were:

Helal Jeham Abdulaziz Ali Al Kuwari
Sheikh Nasser A. Rahman N J Al-Thani
Kholoud Mohammed Al- Mahmoud

Statement of directors' responsibilities in respect of the directors' report and the consolidated financial statements

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

Company law requires the directors to prepare group and parent company financial statements for each financial year. Under that law they have elected to prepare both the group and the parent company financial statements in accordance with IFRSs as adopted by the EU and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss for that year. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the group and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

Directors' report *(continued)*

Disclosure of information to auditors

The directors who are members of the board at the time of approving the directors report are listed above, confirm that, there is no relevant information of which the group's auditors are unaware and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Strategic Report

Certain matters required by regulation to be dealt with in the annual report have been dealt with in the strategic report which follows, rather than in the Directors' Report. These include future developments.

By order of the board



Kholoud Mohammed Al- Mahmoud

Date: 

24/07/2019

Independent Auditor's Report to the shareholders of Aspire Katara UK Limited

Opinion

We have audited the financial statements of Aspire Katara UK Limited for the year ended 31 December 2018, set out on pages 8 to 28. The financial reporting framework that has been applied in their preparation is applicable law International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company 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.

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 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 Auditors' 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.

Independent Auditor's Report to the shareholders of Aspire Katara UK Limited
(continued)

Opinion 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

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, 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; or

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on pages 3 to 4, 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 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 Company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 Auditors' 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.

Use of our report

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 Auditors' 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 shareholders of Aspire Katara UK Limited
(continued)

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. The description forms part of our Auditors' Report.

Menzies LLP

Ralph Mitchison FCA (Senior statutory auditor)
For and on behalf of
Menzies LLP
Chartered Accountants
Statutory Auditor
Lynton House
7-12 Tavistock Square
London
WC1H 9LT

Date: - *3/8/2019*

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2018

		Year Ended 2018	Year Ended 2017
	Note	GBP	GBP
Turnover	5	3,888,132	3,709,329
Cost of Sales		<u>(959,672)</u>	<u>(822,917)</u>
Gross Profit		2,928,460	2,886,412
Other operating income	6	1,884	1,844
Administrative expenses	13	<u>(3,894,063)</u>	<u>(3,044,740)</u>
Operating profit/(loss)		(963,719)	(156,484)
Interest receivable	6	<u>22,741</u>	<u>11,943</u>
Profit/(loss) before taxation		(940,978)	(144,541)
Taxation	16	<u>(169,485)</u>	<u>(38,461)</u>
Total comprehensive profit/(loss) for the year		<u>(1,110,463)</u>	<u>(183,002)</u>

The loss attributable to Aspire Katara UK Limited (the company) for the year is £8,534 (2017: £13,638).


**Consolidated Statement of Financial Position
As at 31 December 2018**

	Note	Group Year End 2018 GBP	Group Year End 2017 GBP	Company Year End 2018 GBP	Company Year End 2017 GBP
Non-current assets					
Property, plant & equipment	7	658,774	1,468,836	-	-
Investments	8	-	4,161	3,448,475	3,448,475
Operating lease premium	9	779,925	1,435,423	-	-
		<u>1,438,699</u>	<u>2,908,420</u>	<u>3,448,475</u>	<u>3,448,475</u>
Current assets					
Inventory		109,016	101,486	-	-
Trade receivables	10	164,968	150,370	-	-
Other receivables	10	294,201	265,790	-	-
Operating lease	9	179,065	281,231	-	-
Cash and cash equivalents		3,841,175	3,305,609	162,345	162,450
Due from related parties	12	-	21,195	1,998,470	2,006,677
		<u>4,588,425</u>	<u>4,125,681</u>	<u>2,160,815</u>	<u>2,169,127</u>
Deferred Tax Asset	17	51,279	134,403	6,516	6,516
Total assets		<u>6,078,403</u>	<u>7,168,504</u>	<u>5,615,806</u>	<u>5,624,118</u>
Current liabilities					
Due to related parties	12	3,173,967	3,120,784	2,212,089	2,212,089
Trade and other payables	11	445,680	431,848	6,594	6,372
Total liabilities		<u>3,619,647</u>	<u>3,552,632</u>	<u>2,218,683</u>	<u>2,218,461</u>
Net (liabilities)/assets		<u>2,458,756</u>	<u>3,615,872</u>	<u>3,397,123</u>	<u>3,405,657</u>
Equity attributable to equity holders of the parent					
Share capital	19	100	100	100	100
Capital contribution	22	5,002,710	5,002,710	3,448,263	3,448,263
Retained earnings	20	(2,544,054)	(1,386,938)	(51,240)	(42,706)
Total equity		<u>2,458,756</u>	<u>3,615,872</u>	<u>3,397,123</u>	<u>3,405,657</u>

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



Helal Jeham Abdulaziz Ali Al Kuwari
Director



Kholoud Mohammed Al-Mahmoud
Director

Company registration number: 07968402

Date: - 24/07/2019



Consolidated Statement of Changes in Equity
As at 31 December 2018

Group	Share capital GBP	Capital contribution GBP	Retained earnings GBP	Total GBP
As at 31 December 2016	100	5,002,710	(1,203,936)	3,798,874
Total comprehensive profit for the year	-	-	(183,002)	(183,002)
As at 31 December 2017	100	5,002,710	(1,386,938)	3,615,872
Total comprehensive loss for the year	-	-	(1,110,463)	(1,110,463)
Capital contribution during the year	-	-	(46,653)	(46,653)
As at 31 December 2018	100	5,002,710	(2,544,054)	2,458,756
Company				
	Share capital GBP	Capital contribution GBP	Retained earnings GBP	Total GBP
As at 31 December 2016	100	3,448,263	(29,068)	3,419,295
Total comprehensive loss for the year	-	-	(13,638)	(13,638)
As at 31 December 2017	100	3,448,263	(42,706)	3,405,657
Total comprehensive loss for the year	-	-	(8,534)	(8,534)
As at 31 December 2018	100	3,448,263	(51,240)	3,397,123

Consolidated Cash Flow Statement
For the year ended 31 December 2018

	Group	Group	Company	Company
	Year End	Year End	Year End	Year End
	2018	2017	2018	2017
	GBP	GBP	GBP	GBP
Cash flows from operating activities				
Profit/(loss) for the year	(1,110,463)	(183,002)	(8,534)	(13,638)
<i>Adjustment for :</i>				
Taxation	140,201	38,461	-	383
Interest receivable	(22,741)	(11,943)	-	-
Depreciation	376,219	392,728	-	-
Impairment of investments	4,161			
Impairment charge	945,293			
Operating lease expensed	280,401	280,400	-	-
Loss on disposal of fixed assets	-	6,072	-	-
	<u>613,071</u>	<u>522,716</u>	<u>(8,534)</u>	<u>(13,255)</u>
<i>Changes in :</i>				
- trade and other receivables	(43,008)	102,256	-	-
- Inventories	(7,531)	112,433	-	-
- trade and other payables	(43,243)	173,792	222	(525)
- net changes in related parties	74,377	31,910	8,207	16,249
Net cash (used in)/ from operating activities	<u>593,666</u>	<u>943,107</u>	<u>(105)</u>	<u>2,469</u>
Cash flows from investing activities				
Acquisition of property and equipment	(34,187)	(158,907)	-	-
Acquisition of property under operating lease premium	-	-	-	-
Acquisition of net liabilities of C&K France Investments	(46,654)	-	-	-
-Amounts advanced to/from related parties	-	-	-	-
Interest receivable	22,741	11,943	-	-
Net cash used in investing activities	<u>(58,100)</u>	<u>(146,964)</u>	<u>-</u>	<u>-</u>
Net (decrease)/increase in cash and cash equivalents during the year	535,566	796,143	(105)	2,469
Cash and cash equivalents at the beginning of the year	3,305,609	2,509,466	162,450	159,981
Cash and cash equivalents at 31 December	<u>3,841,175</u>	<u>3,305,609</u>	<u>162,345</u>	<u>162,450</u>

1. Accounting Policies

Aspire Katara UK Limited (the “Company”) is a private company limited by shares, incorporated and domiciled in the UK under the Companies House Act 2006 and is registered in England and Wales.

The group financial statements consolidate those of the Company and its subsidiaries (together referred to as the “Group”). The parent company financial statements present information about the Company as a separate entity and not about its group.

Both the parent company financial statements and the group financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU (“Adopted IFRSs”). On publishing the parent company financial statements here together with the group financial statements, the Company is taking advantage of the exemption in s408 of the Companies Act 2006 not to present its individual income statement and related notes that form a part of these approved financial statements.

Going concern

The financial statements have been prepared on a going concern basis, which assumes that the group and company will be able to meet working capital requirements for a period of no less than 12 months from the date of signing these financial statements. The directors consider this to be appropriate on the basis of future profit and cash flow forecasts for the company for the foreseeable future.

The company has considerable financial resources and believes it will continue to generate sufficient resources to meet liabilities as they fall due.

The directors have assessed the above and 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.

2. Basis of preparation

Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention.

Functional and presentation currency

These consolidated financial statements are presented in British Pound Sterling (GBP), which is the Group’s functional currency. All financial information presented in GBP has been rounded to the nearest GBP.

Use of estimates and judgements

The preparation of consolidated financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Basis of preparation (continued)

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The Group assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Impact of application of IFRS 15 Revenue from Contracts with Customers

In the current year, the group has applied IFRS15 Revenue from Contracts with Customers (as amended in April 2016) which is effective for an annual period that begins on or after 1 January 2018. IFRS 15 introduced a 5-step approach to revenue recognition.

The Group's accounting policies for its revenue streams are disclosed in detail in note 3 below. Apart from providing more extensive disclosures for the company's revenue transactions, the application of IFRS15 has not had a significant impact on the financial position and/or financial performance of the company. No adjustments were required on transition to the standard.

Impact of application of IFRS 9 Financial Instruments

In the current year, the Group has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after 1 January 2018.

IFRS 9 introduced new requirements for:

- 1) The classification and measurement of financial assets and financial liabilities,
- 2) Impairment of financial assets

New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

No adjustments were required on transition to the standard.

The Group's accounting policies for its financial instruments are disclosed in note 3 below.

3. Significant accounting policies

a) Revenue recognition

The group sells food and beverages through its restaurant outlet. Revenue is measured at the consideration the group expects to be entitled to for food, beverages and services provided in the normal course of business. The group recognises revenue at the point at which food and beverages have been provided to the customer at the restaurant outlet.

b) Basis of consolidation

Subsidiary

Subsidiaries are those entities including special purpose entities controlled by the Group. Control is presumed to exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity and has power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are consolidated from the date on which control is transferred to the Group and de-consolidated from the date that control ceases.

The accounting policies of subsidiaries have been changed where necessary to align them with the Group.

c) Foreign currencies

Transactions in foreign exchange currencies are translated into GBP at the exchange rate ruling at the dates of the transactions. All monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to GBP at the exchange rates prevailing on the reporting date. Exchange differences are taken to the profit or loss.

d) Financial instruments

Financial Assets

Financial assets, other than investments in associates, are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

Significant accounting policies (continued)

Trade and other receivables

Trade receivables consist of cash and credit card payments received from customers that have not yet cleared the group's bank account. Trade receivables are not subject to credit risk as customers pay with cash on receipt of goods. Accordingly expected credit losses have not been recognised. On trade receivables.

Other receivables including intercompany loans are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. The company has no financial assets that are measured at fair value through profit and loss.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which are intended to be held for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition. The group has no financial assets that are measured at fair value through other comprehensive income.

f) Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Significant accounting policies (continued)

g) Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is recognised so as to write the cost of an asset, less its estimated residual values over their useful lives, using the straight line method on the following basis:

Leasehold Improvements	20-30% straight line
Plant, equipment and fittings	20-30% straight line

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

h) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises of direct materials only. Cost is calculated using the weighted average cost method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in selling the goods.

i) Leases

Rental payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefit from the leased asset are consumed.

j) Investments

Fixed asset investments are stated at cost less provision for diminution in value.

Significant accounting policies (continued)

k) New standards, amendments and interpretations issued and but not yet effective

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2019, and have not been applied in preparing these financial statements. Those which are relevant to the Company are set out below. The Company does not plan to early adopt these standards.

IFRS 3 Business Combinations: 1 January 2019

IFRS 11 Joint Arrangements: 1 January 2019

IFRS 16 Leases: 1 January 2019

IFRS 17 Insurance Contracts: 1 January 2021

IAS 12 Income Taxes: 1 January 2019

IAS 23 Borrowing Costs: 1 January 2019

IAS 28 Investments in Associates and Joint Ventures (Amendments regarding long-term interests in associates and joint ventures): 1 January 2019

IAS 39 Financial instruments: IFRS 9 effective date

The impact of the initial application of IFRS 16 is disclosed in note 23 to the financial statements. Other new IFRS standards set out above are not expected to have a significant effect on the entity's financial statements.

4. Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

Quantitative disclosures are included throughout these consolidated financial statements. The management have overall responsibility for the establishment and oversight of the Group's risk management framework.

(i) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's other receivables. The Group does not have any financial instruments subject to credit risk as all customers pay immediately by cash or card, there are no account customers.

Bank balances

The balances with banks do not represent any major credit risk for the Group, as they are placed in reputed banks in United Kingdom.

(ii) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. This is managed with support from group companies.

Financial risk management (continued)

(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments.

Currency risk

Currency risk is the risk that the value of financial liabilities will fluctuate due to changes on foreign exchange rates.

Interest rate risk

Interest rate risk reflects the risk of a change in interest rates, which might affect future earnings.

Capital management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

5. Turnover

An analysis of the group's revenue is as follows:

	Year Ended	Year Ended
	2018	2017
	GBP	GBP
Sales of food and beverages	3,845,034	3,605,827
Sponsorship income from Ooredoo Q.S.C Qatar	43,098	103,502
	<u>3,888,132</u>	<u>3,709,329</u>

6. Other operating income

	Year ended	Year ended
	2018	2017
	GBP	GBP
Interest received	22,741	11,943
Other income	1,884	1,844
	<u>24,625</u>	<u>13,787</u>

7. Property Plant & Equipment

GROUP	Leasehold Property GBP	Leasehold Improve- ments GBP	Plant & Machinery GBP	Fixtures & Fittings GBP	Total GBP
COST					
At 31 December 2016	317,888	1,786,071	70,186	165,166	2,339,311
Additions	-	105,661	31,473	21,773	158,907
Disposals	-	-	-	(6,624)	(6,624)
At 31 December 2017	317,888	1,891,732	101,659	180,315	2,491,594
Additions	-	26,087	1,592	6,509	34,188
Disposals	-	-	-	-	-
At 31 December 2018	317,888	1,917,819	103,251	186,824	2,525,782
DEPRECIATION					
At 31 December 2016	42,833	512,771	8,163	66,815	630,582
Charge for year	43,546	293,091	20,373	35,718	392,728
Disposals	-	-	-	(552)	(552)
At 31 December 2017	86,379	805,862	28,536	101,981	1,022,758
Charge for year	43,546	268,907	25,225	38,541	376,219
Impairment charge	87,025	381,005	-	-	468,030
Disposals	-	-	-	-	-
At 31 December 2018	216,950	1,455,774	53,761	140,522	1,867,007
NET BOOK VALUE					
At 31 December 2018	100,938	462,045	49,490	46,302	658,774
At 31 December 2017	231,509	1,085,870	73,123	78,334	1,468,836
At 31 December 2016	275,055	1,273,300	62,023	98,351	1,708,729

8. Investments

Group	Investments in subsidiaries GBP
Cost	
As at 31 December 2016	4,161
As at 31 December 2017	4,161
Impairment	(4,161)
As at 31 December 2018	-
Net book value	
As at 31 December 2016	4,161
As at 31 December 2017	4,161
As at 31 December 2018	-
 Company	
Investments in subsidiaries GBP	
Cost	
As at 31 December 2016	3,448,475
As at 31 December 2017	3,448,475
As at 31 December 2018	3,448,475
Net book value	
As at 31 December 2016	3,448,475
As at 31 December 2017	3,448,475
As at 31 December 2018	3,448,475

Holdings of more than 20%

The company directly holds more than 20% of the controlling interest of the following companies:

Company held	Country of Incorporation	Class	Interest
Chapati & Karak Limited	England and Wales	Ordinary	100%
Burgeri Limited	England and Wales	Ordinary	100%

The registered office of Chapati & Karak Limited and Burgeri Limited is located at Suite 1, 3rd Floor, 11-12 St. James' Square, London, United Kingdom, SW1Y 4LB.

During the year, Chapati & Karak Limited acquired the net liabilities of its subsidiary Chapati & Karak France, which has been dissolved. The business combination has been shown as a movement in retained earnings of £46,654. The investment in Chapati & Karak France was also impaired. The results of Chapati & Karak France are not material to the group and therefore not included within the consolidated accounts.

9. Prepayment of operating lease

The Group paid an amount of £622,570 to obtain an operating lease in 2013, relating to Chapati & Karak Limited, from the previous tenant, and this amount is expensed over the lease term of 15 years. £40,674 (2017: £40,674) was expensed during the year.

The Group also paid an amount of £1,750,000 to obtain an operating lease in 2016, relating to Burgeri Limited, from the previous tenant, and this amount is expensed over the lease term of 7 years. £239,727 (2017: £239,726) was expensed during the year. At the balance sheet date the asset was impaired by £477,263 as a result of an impairment review carried out on non-current leasehold assets.

Presented in the financial statement as follows:

	Group Year Ended 2018 GBP	Group Year Ended 2017 GBP	Company Year Ended 2018 GBP	Company Year Ended 2017 GBP
Current	179,065	281,231	-	-
Non-current	779,925	1,435,423	-	-
	<u>958,990</u>	<u>1,716,654</u>	<u>-</u>	<u>-</u>

10. Trade and other receivables

	Group Year Ended 2018 GBP	Group Year Ended 2017 GBP	Company Year Ended 2018 GBP	Company Year Ended 2017 GBP
Trade receivables	164,968	150,370	-	-
Prepaid expenses	153,619	125,594	-	-
Other debtors	140,582	140,196	-	-
	<u>459,169</u>	<u>416,160</u>	<u>-</u>	<u>-</u>

11. Trade and other payables

	Group Year Ended 2018 GBP	Group Year Ended 2017 GBP	Company Year Ended 2018 GBP	Company Year Ended 2017 GBP
Trade payables	113,590	98,905	-	-
Accruals and deferred income	95,194	167,783	6,594	6,372
Other taxation and social security	236,896	165,160	-	-
	<u>445,680</u>	<u>431,848</u>	<u>6,594</u>	<u>6,372</u>

12. Related parties transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

The group enters into transactions with companies and entities that fall within the definition of a related party as contained in International Accounting Standard (IAS) No. 24 Related Party Disclosures. Related parties comprise companies under common ownership and/or common management and control, key management personnel, entities in which the shareholders have controlling interest affiliates, and other related parties.

The details of balances as at reporting date and transactions with the related parties during the year are as follows:

a) Transactions with related parties

Transactions with related party represent monies received from group companies for start up and developments costs plus trading transactions between group entities.

b) Due to related parties

	Group Year Ended 2018 GBP	Group Year Ended 2017 GBP	Company Year Ended 2018 GBP	Company Year Ended 2017 GBP
Aspire Katara Investments S.P.C.	2,213,055	2,213,055	2,212,089	2,212,089
Aspire Katara Hospitality W.L.L	859,205	806,022	-	-
Aspire Zone Foundation	101,707	101,707	-	-
Burgeri Limited	-	-	-	-
Chapati and Karak Limited	-	-	-	-
	<u>3,173,967</u>	<u>3,120,784</u>	<u>2,212,089</u>	<u>2,212,089</u>

c) Due from related parties

	Group Year Ended 2018 GBP	Group Year Ended 2017 GBP	Company Year Ended 2018 GBP	Company Year Ended 2017 GBP
Burgeri Limited	-	-	9,900	9,900
Chapati and Karak Limited	-	-	1,988,570	1,996,777
Chapati and Karak France	-	21,195	-	-
	<u>-</u>	<u>21,195</u>	<u>1,998,470</u>	<u>2,006,677</u>

13. Administrative expenses and auditor remuneration

a) General and administrative expenses

	Year Ended	Year Ended
	2018	2017
	GBP	GBP
Travel expenses	70,324	83,894
Staff costs	1,335,699	1,272,360
Professional fees	37,641	54,543
Establishment	560,085	580,625
Advertisement	2,719	33,825
Insurance	12,283	8,832
Depreciation & operating lease premium	657,342	673,128
Impairment charge	945,293	-
Audit and accountancy fees	20,595	19,470
Foreign exchange gains/losses	(123)	(10,652)
Others	252,205	328,715
	<u>3,894,063</u>	<u>3,044,740</u>

b) Auditor remuneration

	Year Ended	Year Ended
	2018	2017
	GBP	GBP
Fees payable for audit services	20,595	19,470
Fees payable for taxation compliance services	2,650	2,575
Fees payable for other non-audit services	3,800	31,841
	<u>27,045</u>	<u>53,886</u>

14. Staff numbers and directors' remuneration

There were no director's remunerations charged during the year. The directors' did not receive any remuneration for their services to the company.

The wages and salaries cost incurred for employees during the year is £1,335,699 (2017: £1,272,360), of which £83,126 (2017: £73,841) relates to national insurance contributions for 58 restaurant staff members (2017: 53).

15. Operating lease commitments

Total of future minimum operating lease payments under non-cancellable operating lease commitments:

Group

Land and Buildings	Year Ended 2018 GBP	Year Ended 2017 GBP
Due within one year	313,300	240,000
Longer than one year but no more than five years	1,140,700	960,000
More than five years	<u>762,067</u>	<u>764,167</u>
	<u><u>2,216,067</u></u>	<u><u>1,964,167</u></u>

Land and buildings operating leases relate to a retail property with lease terms of up to 15 years. The group does not have any options to purchase the leased asset at the expiry of the lease period.

16. Taxation

(i) Recognised in the income statement

	Group Year Ended 2018 GBP	Group Year Ended 2017 GBP	Company Year Ended 2018 GBP	Company Year Ended 2017 GBP
Current year	<u>86,361</u>	<u>29,287</u>	-	-
Current tax expense	<u>86,361</u>	<u>29,287</u>	-	-
Deferred tax expense/(credit)				
Fixed asset timing differences	(24,961)	8,791	-	-
Losses and other deductions	-	383	-	383
Adjustment to prior period	<u>108,085</u>	-	-	-
Deferred tax expense/(credit)	<u>83,124</u>	<u>9,174</u>	-	383
Total tax expense/(credit)	<u>169,485</u>	<u>38,461</u>	-	383

Taxation (continued)

(ii) Reconciliation of effective tax rate

	Group Period Ended 2018 GBP	Group Year Ended 2017 GBP	Company Period Ended 2018 GBP	Company Year Ended 2017 GBP
Profit/(loss) for the year	(940,977)	(144,542)	(8,534)	(13,256)
Tax using the UK corporation tax standard CT rate of 19% (2017: 19.25%)	(178,785)	(27,819)	(1,622)	(2,551)
Fixed asset differences	4,367	12,568	-	-
Expenses not deductible	232,882	54,492	-	-
Group relief	-	-	1,622	-
Tax losses	-	-	-	2,551
Adjust closing deferred tax to average rate	18,750	17,761	767	861
Adjust opening deferred tax to average rate	(15,813)	(18,540)	(767)	(478)
Adjustment to prior period	108,085	-	-	-
Current tax expense/(credit)	<u>169,485</u>	<u>38,461</u>	<u>-</u>	<u>383</u>

17. Provision for deferred tax

	Group Year Ended 2018 GBP	Group Year Ended 2017 GBP	Company Year Ended 2018 GBP	Company Year Ended 2017 GBP
<i>Movement in provision:</i>				
Provision at the start of year	134,403	143,577	6,516	6,895
Deferred tax credited in the profit and loss account for the year	(83,124)	(9,174)	-	(383)
Deferred tax asset/(liability) at the end of the year	<u>51,279</u>	<u>134,403</u>	<u>6,516</u>	<u>6,516</u>

18. Financial instruments risk management

The financial assets of the Group include bank balances and other accounts receivable. The financial liabilities of the Group include other payables.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's financial assets. The Group does not have any financial instruments subject to credit risk as customers pay with cash on receipt of the goods.

Liquidity risk

The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements:

Group 31 December 2018 GBP	Carrying amount	Contractual cash flows	12 months or less	More than 12 months
Trade and other accounts payable	445,681	(445,681)	(445,681)	-
Due to related parties	3,173,967	(3,173,967)	(3,173,967)	-
	3,619,648	(3,619,648)	(3,619,648)	-

Group 31 December 2017 GBP	Carrying amount	Contractual cash flows	12 months or less	More than 12 months
Trade and other accounts payable	431,848	(431,848)	(431,848)	-
Due to related parties	3,120,784	(3,120,784)	(3,120,784)	-
	3,552,632	(3,552,632)	(3,552,632)	-

Company 31 December 2018 GBP	Carrying amount	Contractual cash flows	12 months or less	More than 12 months
Other accounts payable	6,594	(6,594)	(6,594)	-
Due to related parties	2,212,089	(2,212,089)	(2,212,089)	-
	2,218,683	(2,218,683)	(2,218,683)	-

Company 31 December 2017 GBP	Carrying amount	Contractual cash flows	12 months or less	More than 12 months
Other accounts payable	6,372	(6,372)	(6,372)	-
Due to related parties	2,212,089	(2,212,089)	(2,212,089)	-
	2,218,461	(2,218,461)	(2,218,461)	-

Interest rate risk

Interest rate risk reflects the risk of change in interest rates, which might affect future earnings. The Group's financial assets and liabilities are not interest rate sensitive hence there is no interest rate risk.

19. Share capital

Allotted, called up and fully paid:

	Year Ended 2018	Year Ended 2017
	GBP	GBP
100 ordinary shares of £1 each	100	100
	100	100

All shares are of equal class and voting rights.

20. Reserves

Retained earnings – This reserve records retained earnings and accumulated losses.

21. Ultimate parent company

The immediate and ultimate parent company is Aspire Katara Hospitality W.L.L., incorporated in Qatar. The directors do not consider there to be a single ultimate controlling party.

The smallest and largest group in which the results of the company are consolidated is that headed by Aspire Katara Hospitality W.L.L.

22. Capital Contribution

A Group company, Aspire Zone Foundation, has made a capital contribution £1,554,447 to provide funding to the Group. A loan of £3,448,263 from Aspire Zone Foundation has been treated as a capital contribution as at the balance sheet date.

23. IFRS 16 Leases

IFRS 16 will supersede the current lease guidance including IAS 17 Leases and the related interpretations when it becomes effective for accounting periods beginning on or after 1 January 2019. The group currently expects to adopt IFRS 16 for the year ending 31 December 2019. No decision has been made about whether to use any of the transitional options in IFRS 16.

IFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases (off balance sheet) and finance leases (on balance sheet) are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees (i.e. all on balance sheet) except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any re-measurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. Furthermore, the classification of cash flows will also be affected because operating lease payments under IAS 17 are presented as operating cash flows; whereas under the IFRS 16 model, the lease payments will be split into a principal and an interest portion which will be presented as financing and operating cash flows respectively.

Furthermore, extensive disclosures are required by IFRS 16.

As at 31 December 2018, the Group has non-cancellable operating lease commitments of £2,216,067 (2017: £1,964,167). IAS 17 does not require the recognition of any right-of-use asset or liability for future payments for these leases; instead, certain information is disclosed as operating lease commitments in note 15. A preliminary assessment indicates that these arrangements will meet the definition of a lease under IFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of IFRS 16. The new requirement to recognise a right-of-use asset and a related lease liability is expected to have a significant impact on the amounts recognised in the Group's financial statements. Upon application of IFRS 16 the group would recognise a finance lease liability of £1,919,031 (2017: £1,667,866) and a related right of use asset of £1,629,062 (2017: £1,565,285). The group would incur depreciation charges of £235,033 (2017: £194,775) and interest charges of £76,245 (2017: £65,731). Operating lease rentals of £313,300 would not be recorded in the income statement and therefore the net effect on the income statement would be to decrease the loss for the year by £2,022 (2017: £20,506). Due to an impairment charge recognised during the year on leasehold assets, it is expected that the further impairment provisions would be recognised against the right of use asset to its recoverable amount.