

Edgar Filing: GRILL CONCEPTS INC - Form NT 10-K

PART II - RULE 12B-25(B) AND (C)

If the subject report could not be filed without unreasonable effort or expense and the registrant seeks relief pursuant to Rule 12b-25 (b), the following should be completed. (Check box if appropriate)

- (a) The reasons described in reasonable detail in Part III of this form could not be eliminated without unreasonable effort or expense;
- (b) The subject annual report, semi-annual report, transition report on Form 10-K, Form 20-F, Form 11-K, Form N-SAR or Form N-CSR, or portion thereof, will be filed on or before the fifteenth calendar day following the prescribed due date; or the subject quarterly report or transition report on Form 10-Q, or portion thereof, will be filed on or before the fifth calendar day following the prescribed due date; and
- (c) The accountant's statement or other exhibit required by Rule 12b-25(c) has been attached if applicable.

PART III - NARRATIVE

State below in reasonable detail the reasons why Forms 10-K, 20-F, 11-K, 10-Q, N-SAR, N-CSR, or the transition report or portion thereof, could not be filed within the prescribed time period. (Attach extra sheets if needed.)

Grill Concepts, Inc. (the "Company") is unable to file its Annual Report on Form 10-K for the fiscal year ended December 26, 2004 in a timely manner without unreasonable effort or expense in light of the circumstances described below:

On March 24, 2005, management of the Company discussed with the Audit Committee of the Board of Directors of the Company (the "Audit Committee") and representatives of the Company's current independent registered public accounting firm the views expressed by the Office of the Chief Accountant of the Securities and Exchange Commission (the "SEC") on February 7, 2005 regarding certain operating lease accounting issues and their application under generally accepted accounting principles ("GAAP") as they relate to the Company's current lease accounting practices. Based on those discussions, management of the Company and the Audit Committee made a determination that the Company's then-current method of lease accounting, including its then-current method of accounting for rent holidays and computation of minimum lease payments, were not in accordance with GAAP and that the impact of this difference was material to the Company's historical financial statements. The Company is in process of discussing the impact of the SEC guidance with respect to lease accounting on our historical financial statements with our former independent registered public accounting firm. At this point however, the Company has not had adequate time to provide said firm with sufficient information on which to base a conclusion as to the impact of this guidance, and no conclusions have been reached.

Historically, the Company recognized straight-line rents and amortized tenant improvement allowances using the initial non-cancelable term of the lease commencing on the date rent payments began. Under GAAP, as highlighted in the SEC guidance, the Company should have recognized rent expense (net of the related tenant improvement allowances) on a straight-line basis over the initial non-cancelable term of the lease and beginning on the later of when the Company has access to the site or the lease is executed. Further, the Company historically has not included consumer price index adjustments in its computation of minimum lease payments. GAAP requires that lease escalation based

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estimate of the results cannot be made.

As discussed in Part III above, the Company will restate its financial results for prior periods. As of the date of this filing, the Company is unable, without unreasonable effort and expense, to provide a quantitative assessment of the impact that the corrections to its lease accounting practices will have on the results of operations for fiscal 2004 and prior periods. The Company is working diligently to complete its review of these matters and to quantify the impact on each of the affected periods. The Company does not expect these adjustments to affect the amount of revenues, comparable store sales, or cash balances previously reported.

Grill Concepts, Inc.

(Name of Registrant as specified in charter)

has caused this notification to be signed on its behalf by the undersigned hereunto duly authorized.

Date March 29, 2005

By /s/ Philip Gay

Philip Gay, Chief Financial Officer