

REGISTERED NUMBER: 02817653 (England and Wales)

Strategic Report, Report of the Directors and

Financial Statements

for the Year Ended 31 July 2017

for

Sheermans Limited

T/A Domino's Pizza



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for the Year Ended 31 July 2017

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Sheermans Limited
T/A Domino's Pizza

Company Information
for the Year Ended 31 July 2017

DIRECTORS:

S Wallis
R K N Caley
R M Smith

SECRETARY:

A J Bushnell

REGISTERED OFFICE:

1 Thornbury
West Ashland
Milton Keynes
Buckinghamshire
MK6 4BB

REGISTERED NUMBER:

02817653 (England and Wales)

AUDITORS:

McEwan Wallace Limited
Chartered Accountants
Statutory Auditor
68 Argyle Street
Birkenhead
CH41 6AF

Strategic Report
for the Year Ended 31 July 2017

The directors present their strategic report for the year ended 31 July 2017.

Sheermans Limited operates Domino's Pizza franchises around North West London.

REVIEW OF BUSINESS

It has been year of consolidation with turnover slightly decreasing from £17.8m in 2016 to £17.7m in the current year. The gross profit margin has decreased from 31.9% in the previous year to 28.0%, due to increasing costs on food prices, and the continual increase in wages.

Although the cash position remains strong, a new bank loan was advanced in the year. This was to help fund the expansion of branches in the relates companies.

Continual improvements to the stores have seen large expenditure in the refurbishment of Shepherd Bush, East Finchley, and Belmont branches; along with new vehicles for the management team.

In the opinion of the directors, the size of the business and the staffing levels are sufficient to deal with the forecast volume of business for the following financial year. Both the level of business and the period-end financial position were satisfactory, and the directors expect the present level of activity will remain.

The directors have considered the various risks facing the company, including increases in costs, pressure on margins and competition both globally for the franchised brand and locally for each individual unit and feel that they have adequate systems and review processes in place to mitigate these risks.

We believe that we are ready and able to face the future and look forward with confidence to another year of progress for Sheermans, and the relates parties.

PRINCIPAL RISKS AND UNCERTAINTIES

Economic and market risks

Changes in the general economic climate can have a detrimental effect on consumer expenditure and therefore company revenues and although economic growth has been seen in the past year this still poses a risk. However, the directors believe that a number of prevailing trends benefit the company's business, including a population with increasingly greater disposable incomes who are cash rich and time poor and an increased trend of busier and more hectic lifestyles leaving less time for home cooking. The company is exposed to fluctuations in food prices particularly.

Regulatory risks

The company's operations are subject to a broad range of regulatory requirements, particularly in relation to planning, health and safety, employment, advertising and licensing laws and in terms of regulations over the group's products and services. The directors monitor regulatory developments and have a strong compliance regime.

Consumer taste and perception of the brand

Food service businesses are affected by changes in consumer tastes, national, regional and local economic conditions, local and national competition and demographic trends. Any material change in market perception of the home delivery and convenience food industry, or the Domino's brand in particular, could adversely affect the business of the company. In addition, increasing government and media initiatives to create greater awareness of healthy eating could impact on the public's perception of the convenience food industry. The Domino's group recognise the link between a balanced diet, lifestyle and health and therefore provides nutritional information on its website to allow customers to make an informed choice and also offer a reduced fat mozzarella cheese. The Domino's group works relentlessly to reflect changes in consumer tastes and improve its offering by investing in price, quality and service in order to deliver the optimum home delivery pizza service to its customers.

Sheermans Limited (Registered number: 02817653)
T/A Domino's Pizza

Strategic Report
for the Year Ended 31 July 2017

KEY PERFORMANCE INDICATORS

Management accounts are prepared to assess the ongoing performance of the company compared with expectations and prior periods. From these accounts, specific key performance indicators, including turnover and net profitability, are used to assess the performance of the company, and its individual stores.

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, consisting of a series of loops and curves, positioned below the text 'ON BEHALF OF THE BOARD:'.

S Wallis - Director

6 April 2018

Report of the Directors
for the Year Ended 31 July 2017

The directors present their report with the financial statements of the company for the year ended 31 July 2017.

Sheermans Limited operates Domino's Pizza franchises around North West London.

DIVIDENDS

No dividends will be distributed for the year ended 31 July 2017.

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS

S Wallis , R K N Caley and R M Smith were appointed as directors after 31 July 2017 but prior to the date of this report.

S Shakarchi and Mrs N Shakarchi ceased to be directors after 31 July 2017 but prior to the date of this report.

EMPLOYMENT POLICY

The company places great emphasis on its employees and has continued its practice of keeping them informed on matters affecting their employment and the financial and economic factors affecting the performance of the company.

Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities. In the event of employees becoming disabled, every effort is made to retrain them in order that their employment with the company may continue.

It is the policy of the company that training, career development and promotion opportunities should be available to all employees.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors 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 period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Sheermans Limited (Registered number: 02817653)

T/A Domino's Pizza

Report of the Directors

for the Year Ended 31 July 2017

AUDITORS

The Company has adopted Articles which are compliant with provisions of the Companies Act 2006 and is therefore not required to hold annual general meetings to lay Financial Statements before the shareholders and to reappoint the Auditors annually.

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to be 'S Wallis', written over a horizontal line.

S Wallis - Director

6 April 2018

Opinion

We have audited the financial statements of Sheermans Limited (the 'company') for the year ended 31 July 2017 on pages eight to twenty four. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

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 a Report of the Auditors 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.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2017 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.

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 UK, including the FRC'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 in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and 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, 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.

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 Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Report of the Independent Auditors to the Members of
Sheermans Limited

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 Strategic Report or the Report of the Directors.

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.

Responsibilities of directors

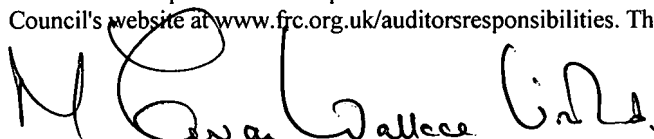
As explained more fully in the Statement of Directors' Responsibilities set out on page four, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to 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.

Our 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 a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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



Alastair Gould FCA (Senior Statutory Auditor)
for and on behalf of McEwan Wallace Limited
Chartered Accountants
Statutory Auditor
68 Argyle Street
Birkenhead
CH41 6AF

6 April 2018

Statement of Comprehensive Income
for the Year Ended 31 July 2017

	Notes	31.7.17 £	31.7.16 £
TURNOVER	3	17,740,692	17,798,094
Cost of sales		12,780,059	12,125,564
GROSS PROFIT		4,960,633	5,672,530
Administrative expenses		4,142,303	3,729,510
		818,330	1,943,020
Other operating income		377,356	236,738
OPERATING PROFIT	5	1,195,686	2,179,758
Interest receivable and similar income		25,207	17,142
		1,220,893	2,196,900
Gain/loss on revaluation of investment property		285,000	-
		1,505,893	2,196,900
Interest payable and similar expenses	6	16,510	1,851
PROFIT BEFORE TAXATION		1,489,383	2,195,049
Tax on profit	7	324,157	439,263
PROFIT FOR THE FINANCIAL YEAR		1,165,226	1,755,786
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,165,226	1,755,786

The notes form part of these financial statements

Sheermans Limited (Registered number: 02817653)
T/A Domino's Pizza

Balance Sheet
31 July 2017

	Notes	31.7.17 £	31.7.16 £
FIXED ASSETS			
Intangible assets	9	89,895	47,836
Tangible assets	10	674,069	457,848
Investment property	11	935,000	650,000
		<u>1,698,964</u>	<u>1,155,684</u>
CURRENT ASSETS			
Stocks	12	57,905	54,520
Debtors	13	9,174,760	8,176,353
Cash at bank		1,731,023	1,191,362
		<u>10,963,688</u>	<u>9,422,235</u>
CREDITORS			
Amounts falling due within one year	14	2,553,250	1,662,270
		<u>2,553,250</u>	<u>1,662,270</u>
NET CURRENT ASSETS		<u>8,410,438</u>	<u>7,759,965</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>10,109,402</u>	<u>8,915,649</u>
PROVISIONS FOR LIABILITIES	18	118,146	89,619
NET ASSETS		<u><u>9,991,256</u></u>	<u><u>8,826,030</u></u>
CAPITAL AND RESERVES			
Called up share capital	19	100	100
Retained earnings	20	9,991,156	8,825,930
SHAREHOLDERS' FUNDS		<u><u>9,991,256</u></u>	<u><u>8,826,030</u></u>

The financial statements were approved by the Board of Directors on 6 April 2018 and were signed on its behalf by:



S Wallis - Director

Statement of Changes in Equity
for the Year Ended 31 July 2017

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 August 2015	100	7,786,126	7,786,226
Changes in equity			
Dividends	-	(715,982)	(715,982)
Total comprehensive income	-	1,755,786	1,755,786
Balance at 31 July 2016	100	8,825,930	8,826,030
Changes in equity			
Total comprehensive income	-	1,165,226	1,165,226
Balance at 31 July 2017	100	9,991,156	9,991,256

Sheermans Limited (Registered number: 02817653)
T/A Domino's Pizza

Cash Flow Statement
for the Year Ended 31 July 2017

	Notes	31.7.17 £	31.7.16 £
Cash flows from operating activities			
Cash generated from operations	1	1,131,958	(953,814)
Interest paid		(15,342)	(1,550)
Interest element of hire purchase payments paid		(1,168)	(301)
Tax paid		(14,290)	(377,612)
Net cash from operating activities		<u>1,101,158</u>	<u>(1,333,277)</u>
Cash flows from investing activities			
Purchase of intangible fixed assets		(50,672)	-
Purchase of tangible fixed assets		(463,764)	(446,636)
Sale of tangible fixed assets		12,804	6,200
Interest received		25,207	17,142
Net cash from investing activities		<u>(476,425)</u>	<u>(423,294)</u>
Cash flows from financing activities			
New loans in year		600,000	-
Loan repayments in year		(40,927)	(43,163)
Capital repayments in year		(10,520)	(2,958)
Amount introduced by directors		-	78,265
Amount withdrawn by directors		(633,625)	123,368
Equity dividends paid		-	(715,982)
Net cash from financing activities		<u>(85,072)</u>	<u>(560,470)</u>
Increase/(decrease) in cash and cash equivalents		<u>539,661</u>	<u>(2,317,041)</u>
Cash and cash equivalents at beginning of year	2	<u>1,191,362</u>	<u>3,508,403</u>
Cash and cash equivalents at end of year	2	<u><u>1,731,023</u></u>	<u><u>1,191,362</u></u>

The notes form part of these financial statements

Notes to the Cash Flow Statement
for the Year Ended 31 July 2017

1. **RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	31.7.17	31.7.16
	£	£
Profit before taxation	1,489,383	2,195,049
Depreciation charges	273,042	145,826
Loss on disposal of fixed assets	7,131	338
Gain on revaluation of fixed assets	(285,000)	-
Finance costs	16,510	1,851
Finance income	(25,207)	(17,142)
	<hr/>	<hr/>
	1,475,859	2,325,922
Increase in stocks	(3,385)	(19,975)
Increase in trade and other debtors	(750,410)	(2,157,938)
Increase/(decrease) in trade and other creditors	409,894	(1,101,823)
	<hr/>	<hr/>
Cash generated from operations	1,131,958	(953,814)
	<hr/>	<hr/>

2. **CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 July 2017

	31.7.17	1.8.16
	£	£
Cash and cash equivalents	1,731,023	1,191,362
	<hr/>	<hr/>

Year ended 31 July 2016

	31.7.16	1.8.15
	£	£
Cash and cash equivalents	1,191,362	3,508,403
	<hr/>	<hr/>

Notes to the Financial Statements
for the Year Ended 31 July 2017

1. **STATUTORY INFORMATION**

Sheermans Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2. **ACCOUNTING POLICIES**

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The company makes estimates and assumptions concerning the future.

The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below;

When an asset is purchased it is categorised into an asset class, the depreciation policy of each class estimates the economic life of all assets within the class.

The depreciation policy of each asset class is determined by management and reviewed regularly for appropriateness. The depreciation policy adopted is based on historical experience as well as considering the future events which may impact the useful economic life of all assets within each class, such as changes in market demands.

In addition FRS 102 requires an entity to assess at each reporting date whether there is any indication that assets within a class may be impaired i.e. the recoverable amount of the asset is less than the carrying amount. If any such indication exists, management are required to estimate the recoverable amount of the individual assets concerned.

Management judgement is applied to determine if revenue and costs should be recognised in the current period.

Turnover

Turnover represents the amount derived from ordinary activities, and stated after trade discounts, VAT and any other sales taxes.

Turnover is recognised on the day the food was sold.

Goodwill

Goodwill was transferred to Sheermans Limited from Sheermans SS Limited. The original useful economic life for this goodwill was 20 years. At the date of transfer 17 years remained. Therefore, the goodwill capitalised in Sheermans Limited is being amortised over 17 years.

Franchise fees

Franchise fees, being the amount paid in order to acquire a franchise, are capitalised and amortised evenly over four years. Once the franchise fee has been fully amortised or the store the fees relate to is sold, the amount is disposed of.

Computer software

Computer software is amortised evenly over four years.

Notes to the Financial Statements - continued
for the Year Ended 31 July 2017

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Fixtures and fittings	- 25% on cost
Motor vehicles	- 50% on cost and 25% on cost

Investment property

Investment property is shown at most recent valuation. Any aggregate surplus or deficit arising from changes in fair value is recognised in profit or loss.

Stocks

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

Financial instruments

The following assets and liabilities are classified as financial instruments - trade debtors, trade creditors, bank loans and directors' loans.

Bank loans are initially measured at the present value of future payments, discounted at a market rate of interest, and subsequently at amortised cost using the effective interest method.

Directors' loans (being repayable on demand), trade debtors and trade creditors are measured at the undiscounted amount of the cash or other consideration expected to be paid or received.

Financial assets that are measured at amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Income and Retained Earnings.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Notes to the Financial Statements - continued
for the Year Ended 31 July 2017

2. **ACCOUNTING POLICIES - continued**

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

3. **TURNOVER**

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

An analysis of turnover by geographical market is given below:

	31.7.17 £	31.7.16 £
United Kingdom	17,740,692	17,798,094
	<u>17,740,692</u>	<u>17,798,094</u>

4. **EMPLOYEES AND DIRECTORS**

	31.7.17 £	31.7.16 £
Wages and salaries	6,177,336	5,537,415
Social security costs	403,630	335,545
Other pension costs	28,467	104,377
	<u>6,609,433</u>	<u>5,977,337</u>

The average monthly number of employees during the year was as follows:

	31.7.17	31.7.16
Office staff	15	12
Store staff	448	455
	<u>463</u>	<u>467</u>

	31.7.17 £	31.7.16 £
Directors' remuneration	40,000	40,769
Directors' pension contributions to money purchase schemes	342	-
	<u>40,342</u>	<u>40,769</u>

The number of directors to whom retirement benefits were accruing was as follows:

	1	2
Money purchase schemes	<u>1</u>	<u>2</u>

Notes to the Financial Statements - continued
for the Year Ended 31 July 2017

5. OPERATING PROFIT

The operating profit is stated after charging:

	31.7.17	31.7.16
	£	£
Hire of plant and machinery	261,982	103,993
Depreciation - owned assets	256,787	139,055
Depreciation - assets on hire purchase contracts	7,642	-
Loss on disposal of fixed assets	7,131	338
Goodwill amortisation	6,000	6,000
Franchise fees amortisation	-	771
Computer software amortisation	2,613	-
Auditors' remuneration	14,525	14,095
	<u>14,525</u>	<u>14,095</u>

The analysis of auditors remuneration is as follows:

	31.7.17	31.7.16
	£	£
Audit work	8,355	8,110
Taxation work	3,000	2,835
Other work	3,170	3,150
	<u>14,525</u>	<u>14,095</u>

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	31.7.17	31.7.16
	£	£
Bank loan interest	15,342	1,550
Hire purchase	1,168	301
	<u>16,510</u>	<u>1,851</u>

7. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	31.7.17	31.7.16
	£	£
Current tax:		
UK corporation tax	294,698	404,155
Underprovision	932	-
Adjustment for prior periods	-	(669)
Total current tax	<u>295,630</u>	<u>403,486</u>
Deferred tax	<u>28,527</u>	<u>35,777</u>
Tax on profit	<u>324,157</u>	<u>439,263</u>

UK corporation tax has been charged at 19.67% (2016 - 20%).

Notes to the Financial Statements - continued
for the Year Ended 31 July 2017

7. TAXATION - continued

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	31.7.17 £	31.7.16 £
Profit before tax	1,489,383	2,195,049
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2016 - 20%)	282,983	439,010
Effects of:		
Expenses not deductible for tax purposes	4,199	816
Capital allowances in excess of depreciation	(5,040)	(975)
Adjustments to tax charge in respect of previous periods	932	(669)
Profit on disposal of assets	1,355	68
Change to standard rate of tax	9,976	-
Recognition of deferred tax on revaluation of investment property	29,752	1,013
Total tax charge	324,157	439,263

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 6 September 2016). These included reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

8. DIVIDENDS

	31.7.17 £	31.7.16 £
Ordinary shares of £1 each		
Interim	-	715,982

No final dividends have been proposed by the directors in respect of the financial year ending 31 July 2017.

Notes to the Financial Statements - continued
for the Year Ended 31 July 2017

9. INTANGIBLE FIXED ASSETS

	Goodwill £	Franchise fees £	Computer software £	Totals £
COST				
At 1 August 2016	102,000	30,000	-	132,000
Additions	-	-	50,672	50,672
Disposals	-	(30,000)	-	(30,000)
At 31 July 2017	102,000	-	50,672	152,672
AMORTISATION				
At 1 August 2016	54,164	30,000	-	84,164
Amortisation for year	6,000	-	2,613	8,613
Eliminated on disposal	-	(30,000)	-	(30,000)
At 31 July 2017	60,164	-	2,613	62,777
NET BOOK VALUE				
At 31 July 2017	41,836	-	48,059	89,895
At 31 July 2016	47,836	-	-	47,836

10. TANGIBLE FIXED ASSETS

	Fixtures and fittings £	Motor vehicles £	Totals £
COST			
At 1 August 2016	999,384	264,534	1,263,918
Additions	383,584	117,001	500,585
Disposals	-	(75,641)	(75,641)
At 31 July 2017	1,382,968	305,894	1,688,862
DEPRECIATION			
At 1 August 2016	638,499	167,571	806,070
Charge for year	188,989	75,440	264,429
Eliminated on disposal	-	(55,706)	(55,706)
At 31 July 2017	827,488	187,305	1,014,793
NET BOOK VALUE			
At 31 July 2017	555,480	118,589	674,069
At 31 July 2016	360,885	96,963	457,848

Notes to the Financial Statements - continued
for the Year Ended 31 July 2017

10. **TANGIBLE FIXED ASSETS - continued**

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Motor vehicles £
COST	
Additions	36,821
At 31 July 2017	36,821
DEPRECIATION	
Charge for year	7,642
At 31 July 2017	7,642
NET BOOK VALUE	
At 31 July 2017	29,179

11. **INVESTMENT PROPERTY**

	Total £
FAIR VALUE	
At 1 August 2016	650,000
Revaluations	285,000
At 31 July 2017	935,000
NET BOOK VALUE	
At 31 July 2017	935,000
At 31 July 2016	650,000

Fair value at 31 July 2017 is represented by:

	£
Valuation in 2015	266,544
Valuation in 2017	285,000
Cost	383,456
	935,000

If investment properties had not been revalued they would have been included at the following historical cost:

	31.7.17 £	31.7.16 £
Cost	383,456	383,456

Investment properties were valued on the current market basis on 26 July 2017 by Arnold and Baldwin.

On 21 August 2017, the investment properties were sold at the revalued price to a related party.

Notes to the Financial Statements - continued
for the Year Ended 31 July 2017

12. **STOCKS**

	31.7.17	31.7.16
	£	£
Stocks	<u>57,905</u>	<u>54,520</u>

13. **DEBTORS**

	31.7.17	31.7.16
	£	£
Amounts falling due within one year:		
Other debtors	274,061	221,534
Amounts owed by parent	5,011,939	5,011,939
Amounts owed by related parties	3,150,381	1,803,770
Directors' loan accounts	510,257	-
Tax	-	262,260
Prepayments	<u>228,122</u>	<u>178,128</u>
	<u>9,174,760</u>	<u>7,477,631</u>

Amounts falling due after more than one year:

Amounts owed by related parties	-	698,722
	<u>-</u>	<u>698,722</u>

Aggregate amounts	<u>9,174,760</u>	<u>8,176,353</u>
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Directors' loan accounts and amounts owed by parent and related parties are unsecured. Included in 2017 was an amounts owed by related parties of £698,722 which is subject to interest (2016 - £768,767). The remaining amounts are interest free.

14. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31.7.17	31.7.16
	£	£
Bank loans and overdrafts (see note 15)	570,153	-
Other loans (see note 15)	-	11,080
Hire purchase contracts (see note 16)	26,301	-
Trade creditors	457,489	466,351
Tax	423,235	404,155
Social security and other taxes	94,518	87,239
VAT	263,641	219,787
Other creditors	9,404	4,376
Amounts due to related parties	184,140	228,260
Net wages	-	2,412
Directors' loan accounts	-	123,368
Accrued expenses	<u>524,369</u>	<u>115,242</u>
	<u>2,553,250</u>	<u>1,662,270</u>

Amounts due to related parties and directors' loan accounts are unsecured and interest free.

Notes to the Financial Statements - continued
for the Year Ended 31 July 2017

15. LOANS

An analysis of the maturity of loans is given below:

	31.7.17 £	31.7.16 £
Amounts falling due within one year or on demand:		
Bank loans	570,153	-
Other loans	-	11,080
	<u>570,153</u>	<u>11,080</u>

16. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	31.7.17 £	31.7.16 £
Gross obligations repayable:		
Within one year	<u>30,186</u>	<u>-</u>
Finance charges repayable:		
Within one year	<u>3,885</u>	<u>-</u>
Net obligations repayable:		
Within one year	<u>26,301</u>	<u>-</u>
	Non-cancellable operating leases	
	31.7.17 £	31.7.16 £
Within one year	628,468	483,653
Between one and five years	1,549,644	1,311,914
In more than five years	988,094	1,075,990
	<u>3,166,206</u>	<u>2,871,557</u>

Notes to the Financial Statements - continued
for the Year Ended 31 July 2017

17. SECURED DEBTS

The following secured debts are included within creditors:

	31.7.17	31.7.16
	£	£
Bank loans	570,153	-
Other loans	-	11,080
Hire purchase contracts	26,301	-
	<u>596,454</u>	<u>11,080</u>

Bank loans, other loans and overdrafts are secured by way of a legal mortgage over Flat 1 and Flat 2, 365a Uxbridge Road, Acton, W3 9RH and by way of fixed and floating charges over the other assets of the company.

The hire purchase liabilities are secured on the assets concerned.

A Cross Corporate Guarantee exists between Sheermans Limited and Sheermans SS Limited.

18. PROVISIONS FOR LIABILITIES

	31.7.17	31.7.16
	£	£
Deferred tax	<u>118,146</u>	<u>89,619</u>
		Deferred tax
		£
Balance at 1 August 2016		89,619
Provided during year		28,527
Balance at 31 July 2017		<u>118,146</u>

19. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			31.7.17	31.7.16
Number:	Class:	Nominal value:	£	£
100	Ordinary	£1	<u>100</u>	<u>100</u>

20. RESERVES

	Retained earnings
	£
At 1 August 2016	8,825,930
Profit for the year	1,165,226
At 31 July 2017	<u>9,991,156</u>

Included within retained earnings is £467,950 of non distributable reserves.

Notes to the Financial Statements - continued
for the Year Ended 31 July 2017

21. ULTIMATE PARENT COMPANY

Sheermans SS Limited is the immediate holding company and the ultimate parent company of Sheermans Limited. Sheermans SS Limited is ultimately owned by Capita Trustee Services Limited, of which Sarmad Shakarchi (the director of the company) is a beneficiary.

22. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

The following advances and credits to a director subsisted during the years ended 31 July 2017 and 31 July 2016:

	31.7.17 £	31.7.16 £
S Shakarchi		
Balance outstanding at start of year	(123,369)	78,265
Amounts advanced	633,626	519,525
Amounts repaid	-	(721,159)
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>510,257</u>	<u>(123,369)</u>

A breakdown of the directors advances in the year are as follows:

August	5,929
September	56,919
October	-
November	249
December	1,151
January	274,148
February	-
March	204,266
April	17,001
May	287
June	4,557
July	69,119

All advances are interest free and unsecured, with no formal repayment plan.

Notes to the Financial Statements - continued
for the Year Ended 31 July 2017

23. RELATED PARTY DISCLOSURES

Sheermans Limited is ultimately owned by Capita Trustee Services Limited, of which S Shakarchi, director, is a beneficiary.

Included in debtors are amounts due from Sheermans SS Limited, its parent, of £5,011,939 (2016 - £5,011,939).

WAP Partners Limited, a company S Shakarchi is a majority shareholder, owes Sheermans Limited £406,802 (2016 - £53,261). Sheermans Limited charged WAP Partners a management charge of £108,040 (2016 - £96,136).

Sheermans Limited Executive Pension Scheme, of which S Shakarchi is a beneficiary, owes Sheermans Limited £698,722 (2016 - £740,777).

Beder Limited, a company in which S Shakarchi has a majority share, owes Sheermans Limited £1,351,250 (2016 - 1,400,000).

SSI (ME) Limited, a company solely owned by S Shakarchi, owes Sheermans Limited £270,000 (2016 - £270,000).

Sheermans Central LLP, a partnership in which S Shakarchi has a majority share, are owed by Sheermans Limited £207,795 (2016 - £152,572).

Sheermans Harrow Limited, a company in which S Shakarchi has a majority shareholding, are owed by Sheermans Limited £406,758 (2016 - £37,234).

During the year £92,800 (2016: £116,821) was paid in rent to its pension scheme. There was no amounts outstanding at the current or proceeding year end date.

Included in other debtors are amounts due from T Curtis, the company secretary, of £5,280 (2016 - £5,280).

24. POST BALANCE SHEET EVENTS

On 5 October 2017, the shares of the parent company were purchased by Sell More Pizza Limited, an indirect subsidiary of Domino's Pizza plc.