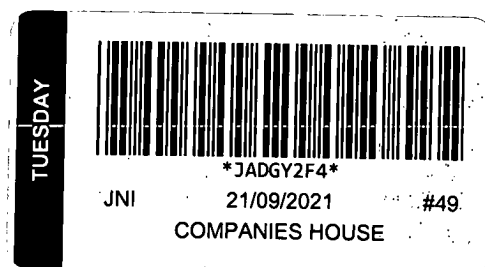
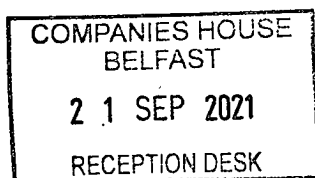


European Independent Purchasing Company Ltd

(A company limited by guarantee)

Annual report and financial statements

for the year ended 30 June 2020



European Independent Purchasing Company Ltd

(A company limited by guarantee)

Annual report and financial statements for the year ended 30 June 2020

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European Independent Purchasing Company Ltd

(A company limited by guarantee)

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Company information

Directors

N Black
B Griffiths
J Patel
V Patel
R Pancholi
M Piasecki (resigned 17 January 2021)
P Heikkila (resigned 30 June 2021)
F Petorin (resigned 30 September 2020)
S Hoerig (resigned 30 September 2020)
N Denny
D Willand (appointed 1 July 2019 and resigned 30 June 2021)
A Loffler (appointed 8 October 2020)
P Rety (appointed 1 October 2020)
C Gonzalez (appointed 20 April 2021)
T Eisenhardt (appointed 1 July 2021)
M Schaafsma (appointed 1 July 2021)

Company secretary

N Black

Registered office

Rapid House
40 Oxford Road
High Wycombe
Buckinghamshire
HP11 2EE

Solicitors

Nexus Solicitors
Carlton House
16 - 18 Albert Square
Lancashire
Manchester
M2 5PE

Bankers

HSBC plc
4 Hardman Square
Spinningfields
Manchester
M3 3EB

HSBC France
103, Avenue des Champs-Élysées
75419 Paris Cedex 08

Deutschebank
45/47 Königsallee
40212 Düsseldorf
Germany

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Merchant Square
20-22 Wellington Place
Belfast
BT1 6GE

European Independent Purchasing Company Ltd

(A company limited by guarantee)

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Strategic report for the year ended 30 June 2020

The directors' present their strategic report on the group for the year ended 30 June 2020.

Principal activities and review of business

The group's Members comprise of SUBWAY® Franchisees in the United Kingdom, Ireland, Germany, France, The Netherlands, Finland, Sweden, Spain, Poland, Austria, Switzerland and Norway.

The group's principal activity during the year was to oversee the procurement and supply chain activities for goods and services on behalf of its Members. The group manages SUBWAY® approved suppliers, seeking to achieve the best possible value and service levels for its Members.

The Group trades as IPC Europe Ltd.

Results, dividends and performance

The group operates on a Not for Profit basis as the arrangements between EIPC and its member franchisees are that EIPC will neither make nor retain any profit nor incur any loss except to reflect the timing difference in deferred taxation. EIPC recorded a profit for the financial year of £88,858 (2019: £289,829). The directors consider the results for the year and the position of the group to be satisfactory. No dividend was paid during the financial year (2019: £nil).

Business environment

Store numbers for the European region have decreased over the last financial year from 4,909 to 4,353 (2019: increased from 4,875 to 4,909). A number of our European market economies continue to be low growth, with household budgets under pressure. The SUBWAY® brand is well placed to operate in this challenging environment, and it makes the activities of the group more crucial than ever in securing the best food, equipment and services for the SUBWAY® Franchisees across Europe.

Future developments

In the following year we will continue to seek opportunities that allow us to deliver on the group's mission 'to make our members more profitable and competitive, today and for the future'. The directors have considered the impact of COVID-19 on the current and future operations of the business following the easing of lockdown restrictions caused by the global pandemic of COVID-19. The directors have considered a number of scenarios as part of the cash flow forecasts and to ensure that EIPC is well positioned for future years, the directors have continued to limit spending and have budgeted to ensure that the business is well placed to absorb a significant drop in rebate volumes should that occur. With respect to the strategic outlook, the company disposed of its subsidiary, Eat-Commerce Limited to Subway International B.V. subsequent to the reporting period on 31 July 2021, and effectively transferred its membership interests to allow the company focus on its core mandate.

Key performance indicators ('KPIs')

The Board monitors the progress of the group by reference to the following KPIs:

KPIs	2020	2019
Store numbers	4,353	4,909
Cases delivered to stores (total)	18,213,443	22,758,470
Number of service programmes (total)	66	63
Registered SUBCARD® customers* (UK & Ireland, Germany, Finland, Netherlands, Sweden and France)	4,758,181	3,662,717

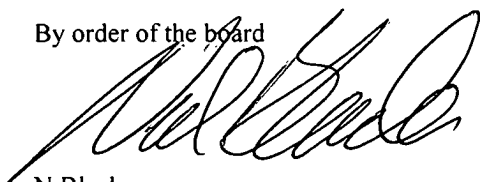
* France joined during the last quarter of year ended 30 June 2020

Strategic report for the year ended 30 June 2020 (continued)

Principal risks and uncertainties

The process of risk acceptance and risk management is addressed through a framework of policies, procedures and internal controls. New projects, proposals and business strategies are subject to Board approval. Policies and procedures are subject to ongoing review by management. Compliance with regulation, legal and ethical standards is a high priority for the group. The compliance team and group finance department take on an important oversight role in this regard. The Board is responsible for satisfying itself that a proper internal control framework exists to manage financial risks and that controls operate effectively.

By order of the board

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

N Black
Company secretary
15 September 2021

Directors' report for the year ended 30 June 2020

The directors present their annual report on the audited financial statements of the group and the parent company for the year ended 30 June 2020.

Basis of preparation

The group and company financial statements of European Independent Purchasing Company Ltd have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006, under the provision of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410).

Principal activities, results and dividends, and future developments

The group and the company's principal activities, results and dividends, and future developments are detailed within the Strategic report and is included in this report by cross reference.

Financial risk management

Overview

The group's operations expose it to a variety of financial risks that include credit risk, foreign exchange risk and liquidity risk. Interest rate risk is limited, however the group has operating lease commitments on which it pays interest. The group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the group by monitoring levels of debt finance and the related finance costs.

Given the size of the group, the directors have not delegated the responsibility of monitoring financial risk management to another party. The policies set by the directors are implemented by the group's finance department.

Credit risk

The group has implemented policies that require appropriate credit checks on potential Subway suppliers before rebates are generated. The amount of exposure to individual Subway suppliers is subject to a limit, which is reassessed regularly by the directors.

Foreign exchange risk

While the greater part of the group's finances are denominated in sterling, the group is exposed to foreign exchange risk in relation to Euro denominated supplier rebates.

Liquidity risk

There is no significant liquidity risk as the group has significant cash balances and does not utilise bank loans.

Environmental matters

The group will seek to minimise adverse impacts on the environment from its activities, whilst continuing to address health, safety and economic issues. The group has complied with all applicable legislation and regulations.

Health and safety

The group is committed to achieving the highest practicable standards in health and safety management and strives to make all offices safe environments for employees and customers alike.

Human resources

The group's most important resource is its people; their knowledge and experience is crucial to meeting customer requirements. Retention of key staff is critical and the group has invested increasingly in employment training and development and has introduced appropriate incentive and career progression arrangements.

Directors' report for the year ended 30 June 2020 (continued)

Employees

The group's performance depends largely on its staff. The registration of key individuals and the inability to recruit people with the right experience and skills could adversely impact the group's results.

To mitigate this risk the group have introduced a learning programme for all employees and have implemented a number of schemes linked to the group's results that are designed to retain key individuals.

Going concern

The financial statements have been prepared on the going concern basis, which assumes that the company and group will continue to be able to meet their liabilities as they fall due for the foreseeable future.

EIPC had strong levels of cash and franchisee reserves for the year ended 30 June 2020 and had generated surplus members' contributions in the months prior to the pandemic hitting in March 2020. This put EIPC in a strong position to absorb the initial losses as a result of the COVID-19 restrictions in March to June 2020. The directors sought to limit the impact of the drop in turnover whilst SUBWAY@ Franchisee stores were closed by ceasing all but essential expenditure and took advantage of government support where available.

In the financial year to 30 June 2021, the group has operated successfully during various government lockdowns and other COVID-19 restrictions. The group recorded an operating surplus for the year to 30 June 2021 and currently have similar cash levels to the 30 June 2020 position of approximately £3.5m.

The directors have considered the impact of COVID-19 on the current and future operations of the business. In doing so the directors focused on the group's and company's ability to continue as a going concern. They have produced cash flow forecasts which indicate that the group and company can continue as a going concern though this depends on the continuation of SUBWAY@ Franchisee activity at sufficient levels following the easing of lockdown restrictions caused by the global pandemic of COVID-19. The directors have considered a number of scenarios as part of the cash flow forecasts, including severe but plausible downside scenarios such as a reduced level of turnover for the year or store closures during potential further lockdowns. In the event that there is a reduced level of turnover or further lockdowns that lead to the closure of a number of SUBWAY@ Franchisees across Europe, the forecasts show that the group and company have sufficient cash reserves to continue operating for a period of at least twelve months from the date of signing of these financial statements.

To ensure that EIPC is well positioned for future years, the directors have continued to limit spending and have budgeted to ensure that the business is well placed to absorb a significant drop in turnover or rebate volumes should that occur. The forecasts reflect that the group can cope better with cost pressures of COVID-19 restrictions and also assume no further government support. As a result of the measures laid out above the board is confident of the group's ability to continue trading as a going concern.

The Directors are confident that the group and company has sufficient cash resources to meet its liabilities over the next twelve months from the date that these financial statements are signed. After making enquiries, the Directors have a reasonable expectation that the group and company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Directors' report for the year ended 30 June 2020 (continued)

Directors' indemnities

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The group also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

Directors

The Directors of the group, who were in office during the year and up to the date of signing these financial statements are shown on page 1.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 company and of the profit or loss of the group and company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Statement of disclosure of information to auditors

So far as each of the directors in office at the date of approval of these financial statements is aware:

- there is no relevant audit information of which the group and company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the group and company's auditors are aware of that information.

Post balance sheet events

On 31 July 2021, the company disposed of its subsidiary, Eat-Commerce Limited to Subway International B.V. a private company with limited liability incorporated under the laws of the Netherlands, for a consideration consisting of a cash payment of £60,963 and a reimbursement of costs and expenses incurred on the transaction. Following the sale, the company effectively transferred all membership interests held therein to Subway International B.V. subject to terms and conditions of the transfer agreement. A number of pre-completion and post-completion obligations have been undertaken in relation to the transfer, including but not limited to the declaration of a final dividend of £204,170 payable by Eat-Commerce Limited to the company, a part of which was used to offset amounts owed by the company to Eat-Commerce Limited at the transaction date.

European Independent Purchasing Company Ltd

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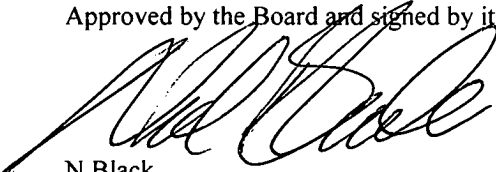
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Directors' report for the year ended 30 June 2020 (continued)

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution that they be re-appointed will be proposed at the Annual General Meeting.

Approved by the Board and signed by its order:

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

N Black
Company secretary
15 September 2021

Independent auditors' report to the members of European Independent Purchasing Company Ltd

Report on the audit of the financial statements

Opinion

In our opinion, European Independent Purchasing Company Ltd's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 30 June 2020 and of the group's profit and the group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the Consolidated and Company balance sheets as at 30 June 2020; the Consolidated statement of income and retained earnings, and the Consolidated cash flow statement for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which 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 group's and 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

Independent auditors' report to the members of European Independent Purchasing Company Ltd (continued)

Reporting on other information (continued)

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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 30 June 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 group's and 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 group or 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

European Independent Purchasing Company Ltd

(A company limited by guarantee)

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Independent auditors' report to the members of European Independent Purchasing Company Ltd (continued)

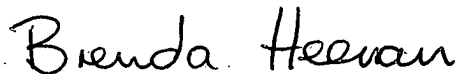
Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Brenda Heenan (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Belfast
20 September 2021

European Independent Purchasing Company Ltd

(A company limited by guarantee)

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Consolidated statement of income and retained earnings for the year ended 30 June 2020

	Note	2020 £	2019 (restated) £
Turnover	5	21,353,784	21,689,991
Administrative expenses		(21,439,860)	(21,088,994)
Other operating income	6	263,494	-
Operating profit	6	177,418	600,997
Interest payable and similar expenses	7	-	(22,199)
Profit before taxation		177,418	578,798
Tax on profit	12	(88,560)	(288,969)
Profit for the financial year		88,858	289,829
Retained earnings/(accumulated losses) as at 1 July		141,907	(147,922)
Retained earnings as at 30 June		230,765	141,907

The notes on pages 15 to 31 form part of these financial statements.

European Independent Purchasing Company Ltd

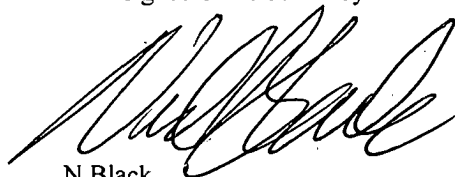
(A company limited by guarantee)

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Consolidated balance sheet as at 30 June 2020

	Note	£	2020 £	2019 £
Fixed assets				
Intangible assets	13		1,440,139	1,230,898
Tangible assets	14		331,831	461,843
			1,771,970	1,692,741
Current assets				
Debtors	16	7,774,787	6,831,572	
Cash at bank and in hand		3,464,927	3,880,590	
		11,239,714	10,712,162	
Creditors: amounts falling due within one year	17	(12,216,454)	(11,746,813)	
Net current liabilities			(976,740)	(1,034,651)
Total assets less current liabilities			795,230	658,090
Provisions for liabilities	19		164,465	116,183
Capital and reserves				
Capital contribution			400,000	400,000
Retained earnings			230,765	141,907
Total equity			630,765	541,907
			795,230	658,090

The financial statements on pages 11 to 31 were approved and authorised for issue by the Board on 15 September 2021 and were signed on its behalf by:



N Black
Director

The notes on pages 15 to 31 form part of these financial statements.

Registered number: 04267249

European Independent Purchasing Company Ltd

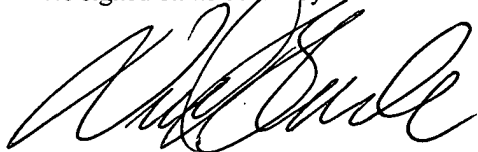
(A company limited by guarantee)

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Company balance sheet as at 30 June 2020

	Note	£	2020 £	2019 £
Fixed assets				
Intangible assets	13		1,123,354	992,821
Tangible assets	14		331,831	461,843
			1,455,185	1,454,664
Current assets				
Debtors	16	7,548,303		6,766,767
Cash at bank and in hand		3,347,849		3,867,613
		10,896,152		10,634,380
Creditors: amounts falling due within one year	17	(11,850,133)	(11,642,670)	
Net current liabilities			(953,981)	(1,008,290)
Total assets less current liabilities			501,204	446,374
Provisions for liabilities	19		107,395	79,113
Capital and reserves				
Capital contribution			400,000	400,000
Accumulated losses:				
Opening balance			(32,739)	(122,153)
Profit for the financial year			26,548	89,414
			(6,191)	(32,739)
Total equity			393,809	367,261
			501,204	446,374

The financial statements on pages 11 to 31 were approved and authorised for issue by the Board on 15 September 2021 and were signed on its behalf by:



N Black
Director

The notes on pages 15 to 31 form part of these financial statements.

Registered number: 04267249

European Independent Purchasing Company Ltd

(A company limited by guarantee)

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Consolidated cash flow statement for the year ended 30 June 2020

	Note	2020 £	2019 £
Net cash inflow from operating activities	20	408,392	2,407,498
Taxation paid		(111,420)	-
Net cash generated from operating activities		296,972	2,407,498
Cash flow from investing activities			
Purchase of tangible assets		(166,441)	(163,407)
Purchases of intangible assets		(546,194)	(569,972)
Proceeds on disposal of tangible assets		-	36,840
Net cash outflow from investing activities		(712,635)	(696,539)
Net (decrease)/increase in cash in the year		(415,663)	1,710,959
Cash and cash equivalents at the beginning of the year		3,880,590	2,169,631
Cash and cash equivalents at the end of the year		3,464,927	3,880,590
Cash and cash equivalents consists of:			
Cash at bank and in hand		3,464,927	3,880,590

The notes on pages 15 to 31 form part of these financial statements.

Notes to the financial statements for the year ended 30 June 2020

1 General information

European Independent Purchasing Company Ltd is a company limited by guarantee, incorporated in England, UK. The address of its registered office is Rapid House, 40 Oxford Road, High Wycombe, Buckinghamshire, HP11 2EE.

The principal activity of European Independent Purchasing Company Ltd ('the Company') and its subsidiary (together "the Group"), is the establishment of a purchasing infrastructure to manage the procurement of all food and paper products and supply chain activities for all goods and services on behalf of SUBWAY® Franchisees in the United Kingdom, Ireland, Germany, France, the Netherlands, Finland, Sweden, Spain, Poland, Switzerland and Norway.

2 Statement of compliance

The group and company financial statements of European Independent Purchasing Company Ltd have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3 Summary of significant accounting policies

Basis of preparation of financial statements

The financial statements have been prepared on the going concern basis under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year unless otherwise stated, are set out below.

The preparation of financial statements in conformity with FRS 102 requires the use of certain key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the financial year. It also requires the directors to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or areas where assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed in note 4.

The requirement exists that any rebates received from SUBWAY® suppliers will be passed back to the member franchisees. Essentially, these rebates belong to the member franchisees, with European Independent Purchasing Company Ltd (EIPC) acting as an agent in collecting them on behalf of the member franchisees and then passing them back to the members. In addition to this, EIPC has a cost base which it incurs in performing its functions. The arrangements between EIPC and its member franchisees are that EIPC will neither make nor retain any profit nor incur any loss (except to reflect the timing difference in deferred taxation). Accordingly the member franchisees make a contribution to cover EIPC's running costs. In practice this is netted off the rebate payable to the member. EIPC retain rebates in order to fund future growth and development of the group.

Basis of consolidation

The consolidated financial statements include the financial statements of the company and all of its subsidiary undertakings made up to 30 June 2020. A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Exemption for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions which have been complied with including notification, and no objection to, the use of exemption by the company's members.

The company has taken advantage of the exemption from preparing a cash flow statement, on the basis that it is a qualifying entity and the consolidated cash flow statement, included in these financial statements includes the company's cash flows.

Notes to the financial statements for the year ended 30 June 2020 (continued)

3 Summary of significant accounting policies (continued)

Going concern

The financial statements have been prepared on the going concern basis, which assumes that the company and group will continue to be able to meet their liabilities as they fall due for the foreseeable future.

EIPC had strong levels of cash and franchisee reserves for the year ended 30 June 2020 and had generated surplus members' contributions in the months prior to the pandemic hitting in March 2020. This put EIPC in a strong position to absorb the initial losses as a result of the COVID-19 restrictions in March to June 2020. The directors sought to limit the impact of the drop in turnover whilst SUBWAY@ Franchisee stores were closed by ceasing all but essential expenditure and took advantage of government support where available.

In the financial year to 30 June 2021, the group has operated successfully during various government lockdowns and other COVID-19 restrictions. The group recorded an operating surplus for the year to 30 June 2021 and currently have similar cash levels to the 30 June 2020 position of approximately £3.5m.

The directors have considered the impact of COVID-19 on the current and future operations of the business. In doing so the directors focused on the group's and company's ability to continue as a going concern. They have produced cash flow forecasts which indicate that the group and company can continue as a going concern though this depends on the continuation of SUBWAY@ Franchisee activity at sufficient levels following the easing of lockdown restrictions caused by the global pandemic of COVID-19. The directors have considered a number of scenarios as part of the cash flow forecasts, including severe but plausible downside scenarios such as a reduced level of turnover for the year or store closures during potential further lockdowns. In the event that there is a reduced level of turnover or further lockdowns that lead to the closure of a number of SUBWAY@ Franchisees across Europe, the forecasts show that the group and company have sufficient cash reserves to continue operating for a period of at least twelve months from the date of signing of these financial statements.

To ensure that EIPC is well positioned for future years, the directors have continued to limit spending and have budgeted to ensure that the business is well placed to absorb a significant drop in turnover or rebate volumes should that occur. The forecasts reflect that the group can cope better with cost pressures of COVID-19 restrictions and also assume no further government support. As a result of the measures laid out above the board is confident of the group's ability to continue trading as a going concern.

The Directors are confident that the group and company has sufficient cash resources to meet its liabilities over the next twelve months from the date that these financial statements are signed. After making enquiries, the Directors have a reasonable expectation that the group and company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Notes to the financial statements for the year ended 30 June 2020 (continued)

3 Summary of significant accounting policies (continued)

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably, and;
- the costs incurred and the costs to complete the contract can be measured reliably.

Under the agency arrangements between the group and its members, EIPC receives a contribution from the members to cover its running costs. Members' contributions are recognised as revenue and on the same basis as the expenses for which the contributions are received.

Foreign currencies

(i) Functional and presentation currency

The group financial statements are presented in pound sterling.

The company's functional and presentation currency is the pound sterling.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each year end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

The company enters into foreign exchange forward contracts and options to swap Euros for pound sterling as part of its standard operating procedures. These foreign currency derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in operating profit or loss in administrative expenses. The group does not apply hedge accounting in respect of forward foreign exchange contracts held to manage the cash flow exposures of forecast transactions denominated in foreign currencies.

Notes to the financial statements for the year ended 30 June 2020 (continued)

3 Summary of significant accounting policies (continued)

Tangible fixed assets and depreciation

Tangible assets are stated at cost (or deemed cost) less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs.

(i) Short-term leasehold improvements

Short-term leasehold improvements are amortised over the year of the lease.

(ii) Motor vehicles, offices equipment, fixtures and fittings and computer equipment

Plant and machinery are stated at cost less accumulated depreciation and accumulated impairment losses.

(iii) Depreciation and residual values

Depreciation is calculated, using the straight-line method, to allocate the depreciable amount to their residual values over the expected useful economic lives of the assets concerned.

The principal annual rates used are as follows:

Short-term leasehold improvements	- 10%	straight line
Office equipment, fixtures & fittings	- 20 - 33%	straight line
Computer equipment	- 33%	straight line

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

(iv) Subsequent additions and major components

Subsequent costs, including major inspections, are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to the group and the cost can be measured reliably.

The carrying amount of any replaced component is derecognised. Major components are treated as a separate asset where they have significantly different patterns of consumption of economic benefits and are depreciated separately over its useful life. Repairs, maintenance and minor inspection costs are expensed as incurred.

(v) Derecognition

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss and included in 'Administrative expenses'.

Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Consolidated statement of income and retained earnings at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income. Grants of a revenue nature are recognised in the Consolidated statement of income and retained earnings in the same period as the related expenditure.

Notes to the financial statements for the year ended 30 June 2020 (continued)

3 Summary of significant accounting policies (continued)

Intangible assets and amortisation

The costs of acquiring and bringing computer software in to use are capitalised and amortised on a straight-line basis over the estimated useful economic life of the software which is three years.

Capitalised software development costs include external direct costs of material and services together with direct labour costs relating to software development. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent year. Software costs, once in use, are amortised on a straight line basis over their useful life of 3 years,

Impairment of non-financial assets

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's (or asset's cash generating unit) continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the consolidated statement of income and retained earnings, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in profit or loss.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised in the consolidated statement of income and retained earnings.

Operating leases

Where the group enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a "finance lease". The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful economic life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

Rentals under operating leases are charged to the consolidated statement of income and retained earnings as incurred.

Notes to the financial statements for the year ended 30 June 2020 (continued)

3 Summary of significant accounting policies (continued)

Taxation

Taxation expense for the year comprises current and deferred tax recognised in the reporting year. Tax is recognised in the consolidated statement of income and retained earnings, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the year end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in years different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

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.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the years in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

Employee benefits

The group provides a range of benefits to employees, including paid holiday arrangements and defined contribution pension plans.

(i) Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the year in which the service is received.

(ii) Defined contribution pension plans

The group operates a defined contribution scheme for specific directors and employees. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. Once the contributions have been paid the group has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the group in independently administered funds.

Notes to the financial statements for the year ended 30 June 2020 (continued)

3 Summary of significant accounting policies (continued)

Financial instruments

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

(i) Financial assets

Basic financial assets, including rebates receivable, other debtors and accrued rebates are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method. At the end of each reporting year financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss. Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

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

(ii) Financial liabilities

Basic financial liabilities, including creditors falling due within one year and provisions for liabilities are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

(iii) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Notes to the financial statements for the year ended 30 June 2020 (continued)

4 Critical judgements and estimation uncertainty

In the application of the group's accounting policies, which are described in note 3, the directors are required to make judgements, estimates and assumptions about the amounts of assets, liabilities, revenue and expenses reported in the financial statements. Actual amounts and results may differ from those estimates. The directors regularly evaluate the estimates and judgements. Any revisions to accounting estimates are recognised in the period in which the estimates is revised if the revision affects only that period or prior periods, or in the period of the revision and future periods if the revision affects both current and future periods. The key accounting judgements and estimates included in the group's financial statements are discussed below.

(a) Critical judgements in applying the group's accounting policies

Capitalisation of intangible assets

The group capitalises development costs relating to the development of the group's software, where the costs meet the recognition criteria FRS 102. Judgement is required in applying the capitalisation criteria of FRS 102 and determining the point at which the qualifying criteria are met, differentiating between development and research, and in assessing an expected useful life of the resulting development expenditure including an assessment of when capitalised expenditure is impaired. These judgements have a significant impact on the recognition of intangible assets.

In establishing the principles on which the costs are capitalised, the directors have reviewed the nature of work being performed under the different phases of the project and the nature of the associated deliverables against the capitalisation criteria of FRS 102 and have identified the activities through the life of the project where the related costs should be expensed through the income statement.

(b) Key accounting estimates and assumptions

Intangible asset impairment

Intangible assets are amortised. The group's reviews their carrying amount at each balance sheet date or if events occur which call into question the carrying values of the assets. The assumption relating to future cash flows, estimated useful lives and discount rates are based on business forecasts and therefore inherently include an element of management judgement. Future events could cause the assumptions used in these impairments tests to change which may in turn mean future impairment charges to be recognised.

5 Turnover

All turnover of the group is derived from services provided to franchisees in the United Kingdom, the Republic of Ireland and Europe relating to the group's principal activities. Analysis of turnover by geography:

	2020	2019
	£	£
United Kingdom and Ireland	10,554,485	10,720,661
Mainland Europe	10,799,299	10,969,330
	21,353,784	21,689,991

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Notes to the financial statements for the year ended 30 June 2020 (continued)

6 Operating profit

Operating profit is stated after charging/(crediting):

	2020	2019
	£	£
Depreciation of tangible assets	295,956	296,324
Loss/(profit) on disposal of tangible assets	497	(12,775)
Amortisation of intangible assets	336,953	88,659
Foreign exchange losses	145,779	91,167
Operating lease rentals	470,029	443,295
Staff costs (note 8)	11,380,823	10,807,357
Fees payable to the company's auditors and its associates for the audit of the parent company and the group's consolidated financial statements	65,060	57,833
Fees payable to the company's auditors and its associates for other services:		
- Audit of the company's subsidiary	6,940	6,650
- Audit related assurance services	-	13,000
- Other services	27,597	35,000
- Tax compliance services	55,139	60,000
- Tax advisory services	51,590	20,090

	2020	2019
	£	£
Other operating income		
Income from UK Coronavirus Government job retention scheme	263,494	-

There are no unfulfilled conditions and other contingencies attaching to grants that have been recognized in income.

7 Interest payable and similar expenses

	2020	2019
	£	£
Other interest payable	-	22,199

Notes to the financial statements for the year ended 30 June 2020 (continued)

8 Staff costs

Staff costs, including directors' remuneration, were as follows:

	2020	2019
Group and company	£	£
Wages and salaries	9,738,944	9,193,479
Social security costs	1,404,907	1,376,169
Other pension costs	236,972	237,709
	11,380,823	10,807,357

	2020	2019
Group and company	Number	Number
The average monthly number of persons employed by the group (including the director) during the year by activity was:		
Administration	149	144

9 Directors' remuneration

	2020	2019
Group and company	£	£
Aggregate emoluments	848,826	823,995
Company pension contributions	-	17,992
	848,826	841,987

The highest paid director received remuneration of £807,763 (2019: £770,556) including £nil (2019: £17,922) of pension contributions.

10 Key management compensation

Key management includes the directors. The compensation paid or payable to key management for employee services is shown below:

	2020	2019
Group and company	£	£
Aggregate emoluments	848,826	823,995
Company pension contributions	-	17,992
	848,826	841,987

11 Profit of parent company

As permitted by section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year amounted to £26,548 (2019: £89,414).

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Notes to the financial statements for the year ended 30 June 2020 (continued)

12 Tax on profit

	2020 £	2019 £
Corporation tax		
Tax suffered overseas	40,278	215,860
Total current tax	40,278	215,860
Deferred tax (see note 19)		
Origination and reversal of timing differences	34,614	81,710
Effects of changes in tax rates	13,668	(8,601)
Total deferred tax	48,282	73,109
Tax on profit	88,560	288,969

Factors affecting tax charge for the year

The tax charge assessed for the year is higher than (2019: higher than) the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	2020 £	2019 £
Profit before taxation	177,418	578,798
Profit multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	33,709	109,972
Effects of:		
Expenses not deductible for tax purposes	905	16,969
Effect of changes in tax rates	13,668	(8,601)
Income not taxable	-	(45,231)
Tax suffered overseas	40,278	215,860
Tax charge on profit	88,560	288,969

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. As the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements. However, it is likely that the overall effect of the change, had it been substantively enacted by the balance sheet date, would be to increase the tax credit for the year by £52,000 and to increase the deferred tax asset by £52,000.

Notes to the financial statements for the year ended 30 June 2020 (continued)

13 Intangible assets

Group	Software costs £
Cost	
At 1 July 2019	1,525,151
Additions	546,194
At 30 June 2020	2,071,345
Accumulated amortisation	
At 1 July 2019	294,253
Charge for the year	336,953
At 30 June 2020	631,206
Net book amount	
At 30 June 2020	1,440,139
At 30 June 2019	1,230,898
Company	Software costs £
Cost	
At 1 July 2019	1,267,739
Additions	379,440
At 30 June 2020	1,647,179
Accumulated amortisation	
At 1 July 2019	274,918
Charge for the year	248,907
At 30 June 2020	523,825
Net book amount	
At 30 June 2020	1,123,354
At 30 June 2019	992,821

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Notes to the financial statements for the year ended 30 June 2020 (continued)

14 Tangible assets

Group	Short-term leasehold improvements £	Office equipment, fixtures & fittings £	Computer equipment £	Total £
Cost				
At 1 July 2019	18,687	978,863	1,236,327	2,233,877
Additions	-	30,288	136,153	166,441
Disposals	-	-	(119,794)	(119,794)
At 30 June 2020	18,687	1,009,151	1,252,686	2,280,524
Accumulated depreciation				
At 1 July 2019	6,853	729,189	1,035,992	1,772,034
Charge for the year	1,869	149,351	144,736	295,956
Disposals	-	-	(119,297)	(119,297)
At 30 June 2020	8,722	878,540	1,061,431	1,948,693
Net book amount				
At 30 June 2020	9,965	130,611	191,255	331,831
At 30 June 2019	11,834	249,674	200,335	461,843

Company	Short-term leasehold improvements £	Office equipment, fixtures & fittings £	Computer equipment £	Total £
Cost				
At 1 July 2019	18,687	978,863	1,176,494	2,174,044
Additions	-	30,288	136,153	166,441
Disposals	-	-	(59,961)	(59,961)
At 30 June 2020	18,687	1,009,151	1,252,686	2,280,524
Accumulated depreciation				
At 1 July 2019	6,853	729,189	976,159	1,712,201
Charge for the year	1,869	149,351	144,736	295,956
Disposals	-	-	(59,464)	(59,464)
At 30 June 2020	8,722	878,540	1,061,431	1,948,693
Net book amount				
At 30 June 2020	9,965	130,611	191,255	331,831
At 30 June 2019	11,834	249,674	200,335	461,843

Notes to the financial statements for the year ended 30 June 2020 (continued)

15 Investments

The company's subsidiary undertakings are Eat-Commerce Limited and IPC Europe Ltd. Eat-Commerce Limited and IPC Europe Ltd are both limited by guarantee companies and incorporated in England. The principal activity of Eat-Commerce Limited is the management of the loyalty programme operating in UK & Ireland, Germany, Finland, Netherlands and Sweden on behalf of SUBWAY® Franchises. IPC Europe Ltd is dormant. European Independent Purchasing Company Ltd is the sole member of Eat-Commerce Limited and IPC Europe Ltd. The registered office address of IPC Europe Ltd is Rapid House, 40 Oxford Road, High Wycombe, Buckinghamshire, HP11 2EE and the registered office address of Eat-Commerce Limited is Regus Woburn Place, 16 Upper Woburn Place, London, WC1H 0BS. Subsequent to year end, the company disposed of its interests in Eat-Commerce Limited and this has been disclosed in note 25.

16 Debtors

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Rebates receivable	3,319,785	4,990,098	3,240,708	4,925,293
Other debtors	1,183,820	47,539	1,036,413	47,539
Prepayments and accrued income	3,271,182	1,793,935	3,271,182	1,793,935
	7,774,787	6,831,572	7,548,303	6,766,767

17 Creditors: amounts falling due within one year

	Group		Company	
	2020	2019	2020	2019
	£	(restated)	£	(restated)
		£		£
Amounts owed to group undertakings	-	-	123,021	81,065
Amounts retained on behalf of franchisee members (note 23)	3,163,072	4,435,849	3,163,072	4,435,849
Corporation tax payable	166,917	238,059	166,917	238,059
Other taxation and social security	2,971,941	2,429,650	2,971,941	2,429,650
Other creditors	1,664,629	794,502	1,476,296	761,127
Derivative financial liabilities (note 23)	758,961	587,263	758,961	587,263
Accruals and deferred income	3,490,934	3,261,490	3,189,925	3,109,657
	12,216,454	11,746,813	11,850,133	11,642,670

Amounts owed to group undertakings are unsecured, interest free and payable on demand.

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Notes to the financial statements for the year ended 30 June 2020 (continued)

18 Financial instruments

The group and company has the following financial instruments:

	Group		Company	
	2020	2019	2020	2019
Financial assets that are debt instruments measured at amortised cost	£	£	£	£
Rebates receivable	3,319,785	4,990,098	3,240,708	4,925,293
Other debtors	1,183,820	47,539	1,036,413	47,539

	Group		Company	
	2020	2019 (restated)	2020	2019 (restated)
Financial liabilities measured at amortised cost	£	£	£	£
Amounts owed to group undertakings	-	-	123,021	81,065
Amounts retained on behalf of franchisee members	3,163,072	4,435,849	3,163,072	4,435,849
Other creditors	1,664,629	794,502	1,476,296	761,127
Accruals	3,490,934	3,261,490	3,189,925	3,109,657

Financial liabilities measured at fair value through profit or loss				
Derivative financial liabilities	758,961	587,263	758,961	587,263

19 Provisions for liabilities

	Group		Company	
	2020	2019	2020	2019
Deferred taxation	£	£	£	£
At beginning of year	116,183	43,074	79,113	47,223
Charge for the year	48,282	73,109	28,282	31,890
At end of year	164,465	116,183	107,395	79,113

The provision for deferred taxation is made up as follows:

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Fixed asset timing differences	188,575	124,223	131,505	87,153
Short term timing differences	(24,110)	(8,040)	(24,110)	(8,040)
At end of year	164,465	116,183	107,395	79,113

Notes to the financial statements for the year ended 30 June 2020 (continued)

20 Net cash inflow from operating activities

	2020 £	2019 (restated) £
Profit for the financial year	88,858	289,829
Tax on profit	88,560	288,969
Profit before taxation	177,418	578,798
Movement on derivative financial liabilities	171,698	587,263
Other interest payable	-	22,199
Depreciation of tangible assets	295,956	296,324
Loss/(profit) on disposal of tangible assets	497	(12,775)
Amortisation of intangible assets	336,953	88,659
Movement in debtors	(943,215)	(828,385)
Movement in creditors	1,641,862	610,737
Movement in amounts owed to franchisees	(1,272,777)	1,064,678
Net cash inflow from operating activities	408,392	2,407,498

21 Operating lease commitments

The group had the following future minimum lease payments under non-cancellable operating leases for each of the following years

	Land and buildings		Other	
	2020 £	2019 £	2020 £	2019 £
Within one year	363,741	315,908	109,804	202,860
Between two and five years	812,612	872,198	47,545	199,840
After five years	259,153	623,989	-	-
	1,435,506	1,812,095	157,349	402,700

22 Related party transactions

The ultimate controlling parties are the members of the company. Member franchisees are regarded as related parties due to the company being limited by guarantee. Eat-Commerce Limited is regarded as a related party due to common ownership. The company is exempt from disclosing related party transactions that are wholly owned within the group. Transactions with member franchisees were as follows:

	2020 £	2019 (restated) £
Rebates received on behalf of franchisees	22,122,028	24,784,526
Turnover – member franchisees contribution	21,353,784	21,689,911
Expenses paid on behalf of franchisees	(21,439,860)	(21,088,994)

During the year there were a number of transactions for director expenses with companies with common directorship. These entities are regarded as related parties under paragraph 33.1A from the provision of FRS102 'Related Party Disclosure' due to common directorship. Expenses of £77,327 (2019: £96,023) were incurred by the group in relation to these director expenses and there is a balance owed of £7,588 (2019: £5,855) at the year end.

Notes to the financial statements for the year ended 30 June 2020 (continued)

22 Related party transactions (continued)

As at 30 June 2020, the company owed £123,021 (2019: £81,065) to Eat-Commerce Limited and following the transaction described in note 25, it was agreed to offset the balance owed at the transaction date against a portion of the pre-completion dividend due to the company as a result of the disposal.

23 Prior year restatement

The comparative period has been restated to recognise a derivative financial instrument and creditor which existed as of 30 June 2019 and which was not recognised in error. The restatement has resulted in an increase in administrative expenses of £587,263 with a corresponding increase to turnover – members' contribution of £587,263. A derivative financial liability of £587,263 has been recognised in creditors at 30 June 2019, with a corresponding decrease of £587,263 in amounts retained on behalf of franchisee members. There was no change to reported profit after tax for the year ended 30 June 2019 or net assets as at 30 June 2019.

24 Company status and ultimate controlling parties

The company is a private company limited by guarantee and consequently does not have share capital. Each of the members is liable to contribute an amount not exceeding £1 towards the assets of the company in the event of liquidation.

25 Post balance sheet events

On 31 July 2021, the company disposed of its subsidiary, Eat-Commerce Limited to Subway International B.V. a private company with limited liability incorporated under the laws of the Netherlands, for a consideration consisting of a cash payment of £60,963 and a reimbursement of costs and expenses incurred on the transaction. Following the sale, the company effectively transferred all membership interests held therein to Subway International B.V. subject to terms and conditions of the transfer agreement. A number of pre-completion and post-completion obligations have been undertaken in relation to the transfer, including but not limited to the declaration of a final dividend of £204,170 payable by Eat-Commerce Limited to the company, a part of which was used to offset amounts owed by the company to Eat-Commerce Limited at the transaction date.