

A&L RESTAURANTS LIMITED
STRATEGIC REPORT, REPORT OF THE DIRECTOR AND
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

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A&L RESTAURANTS LIMITED (REGISTERED NUMBER: 04437266)

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FOR THE YEAR ENDED 31 MARCH 2020**

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A&L RESTAURANTS LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2020**

DIRECTOR:	A H Atefi
REGISTERED OFFICE:	C/O The Accounting Centre First Floor 736 High Road North Finchley London N12 9XD
REGISTERED NUMBER:	04437266 (England and Wales)
SENIOR STATUTORY AUDITOR:	Andrew Green LLB FCA
AUDITORS:	THP Limited Chartered Accountants and Statutory Auditors 34-40 High Street Wanstead London E11 2RJ

A&L RESTAURANTS LIMITED (REGISTERED NUMBER: 04437266)

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2020**

The director presents his strategic report for the year ended 31 March 2020.

REVIEW OF BUSINESS

The director is pleased to report another successful year for the business, both in terms of like for like trading performance and the financial position as at the balance sheet date.

During the year the company reduced its portfolio from 8 to 6 restaurants. The sale of two restaurants for a combined proceeds of £3,000,000 gave an exceptional profit on disposal of £2,070,026.

The company's key performance indicators are as follows:

	2020	2019
	£	£
Turnover	20,290,986	22,161,061
Gross Profit	13,815,741	15,214,400
Gross Profit %	68.1%	68.6%

The net assets of the company were £1.7million (2019: £3.5million) at the balance sheet date, reflecting the solid position of the company from a solvency and liquidity point of view, and this strong balance sheet is the foundation on which the company can continue to grow and prosper.

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2020**

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the nature of the company's strategy are subject to a number of risks.

The Director has set out below the principal risks facing the business.

The Director is of the opinion that a thorough risk management process is adopted which involves a formal review of all risks identified below. Where possible, processes are in place to mitigate such risks.

Coronavirus

The most significant risks facing the business are the short, medium and long term impact of the Global Coronavirus Pandemic. The impact on the company and the responses of the Directors are detailed within the Directors' report.

All of the risks detailed below are impacted by this unprecedented event.

Economic downturn

The success of the business is reliant on consumer spending.

In response to this continuous risk, senior management aim to keep abreast of economic conditions. In cases of severe economic downturn, marketing and pricing strategies will be modified to reflect the new market conditions.

Food cost inflation

The company is continually assessing all risks that food costs inflation may bring with the aim to mitigate future threats this may have on the business.

Wage cost inflation

The company is continually affected by wage cost inflation and pressures within the labour market. The company monitors the market to ensure complete compliance with labour market regulations, and maintains employment policies, remuneration and benefits packages that are designed to be competitive with other companies, as well as providing employees with fulfilling career opportunities.

Competition

The market in which the company operates is highly competitive. As a result, the company is subject to a high level of price sensitivities in its consumer-led market. Policies of constantly assessing our pricing strategy and ongoing market research are in place to mitigate such risks.

Liquidity risk

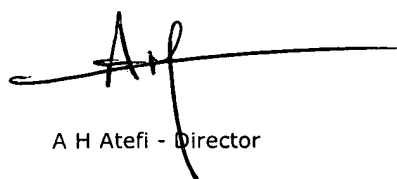
As the result of positive cash flows from operating activities and the current asset position, the Director does not consider liquidity or cashflow risk to be an issue, however these areas are closely monitored to ensure the company's procedures continue to operate effectively to minimise risks.

Brexit

The director believes the key risks facing the business include potential price inflation and the general impact of increased uncertainty surrounding the UK economy.

Whilst the director recognises the risks associated with Brexit, he believes that these risks will be mitigated by the strength and potential of the company's existing stores and its strong balance sheet.

ON BEHALF OF THE BOARD:



A H Atefi - Director

29 January 2021

A&L RESTAURANTS LIMITED (REGISTERED NUMBER: 04437266)

**REPORT OF THE DIRECTOR
FOR THE YEAR ENDED 31 MARCH 2020**

The director presents his report with the financial statements of the company for the year ended 31 March 2020.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the operation of quick service restaurants.

CORONAVIRUS

As at the date of signing these accounts the UK has entered a third national lockdown and all restaurants are currently open in a take-away capacity only.

There remains significant uncertainty at this time as to when restaurants will be able to open in full and to what extent.

The UK Government's Coronavirus Job Retention Scheme will continue to be utilised in order to support its employees during this period.

The company is also able to draw on the support of its franchisor and principal bankers to ensure that cash flow is supported during the period of closure and also through the uncertain times once stores are again able to reopen fully.

The Director is confident that the decisions the company has made so far and the support it has from its key stakeholders will ensure that it can continue as a going concern.

POST BALANCE SHEET EVENTS

The ongoing impact of the Coronavirus (COVID-19) pandemic is considered to be an adjusting post balance sheet event and is set out above and in the strategic report.

DIVIDENDS

Interim dividends of £3,514,499 (2019: £839,770) were paid during the year. The Director does not recommend payment of a final dividend.

FUTURE DEVELOPMENTS

The director is confident that continued focus on the key management policies will strengthen the financial position of the company during the ensuing year.

DIRECTOR

A H Atefi held office during the whole of the period from 1 April 2019 to the date of this report.

ENGAGEMENT WITH EMPLOYEES

Diversity and inclusion

The company is fully committed to a policy of treating all existing employees and job applicants equally. Recruitment decisions and the progression of employees within the group are based on merit and not upon any consideration of race, colour, religion, disability, nationality, sex, sexual orientation, marital status or age.

The importance of staff training, equal opportunity, health and safety, environmental matters and the avoidance of sexual harassment is recognised at all levels and is monitored on a regular basis by committees chaired by a director or senior manager reporting directly to the Board.

Learning and Development

The company provides employees with regular formal training sessions using e-learning and classroom based training courses including an apprenticeship and management development programmes. To keep employees updated with developments within the company, management uses a digital application available to all employees to inform and engage with employees on a regular basis.

**REPORT OF THE DIRECTOR
FOR THE YEAR ENDED 31 MARCH 2020**

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The director is responsible for preparing the Strategic Report, the Report of the Director and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is 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 director is 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 director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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 director is 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 he 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.

AUDITORS

The auditors, THP Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:



A H Atefi - Director

29 January 2021

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF A&L RESTAURANTS LIMITED

Opinion

We have audited the financial statements of A&L Restaurants Limited (the 'company') for the year ended 31 March 2020 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Financial Statements, including a summary of significant accounting policies. 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).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 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 director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has 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 director is responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Director, 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, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions 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 Director 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 Director have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Director.

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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF A&L RESTAURANTS LIMITED

Responsibilities of director

As explained more fully in the Statement of Director's Responsibilities set out on page five, the director is 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 director determines 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 director is 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 director either intends to liquidate the company or to cease operations, or has 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 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.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in 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.



Andrew Green LLB FCA (Senior Statutory Auditor)
for and on behalf of THP Limited
Chartered Accountants
and Statutory Auditors
34-40 High Street
Wanstead
London
E11 2RJ

29 January 2021

A&L RESTAURANTS LIMITED (REGISTERED NUMBER: 04437266)

**INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2020**

	Notes	2020 £	2019 £
TURNOVER		20,290,986	22,161,061
Cost of sales		6,475,245	6,946,661
GROSS PROFIT		13,815,741	15,214,400
Administrative expenses		13,639,610	14,871,128
OPERATING PROFIT	5	176,131	343,272
Profit on disposal of fixed assets	6	2,070,026	-
		2,246,157	343,272
Interest payable and similar expenses	7	70,234	48,443
PROFIT BEFORE TAXATION		2,175,923	294,829
Tax on profit	8	462,805	76,161
PROFIT FOR THE FINANCIAL YEAR		1,713,118	218,668

The notes form part of these financial statements

A&L RESTAURANTS LIMITED (REGISTERED NUMBER: 04437266)

**BALANCE SHEET
31 MARCH 2020**

	Notes	£	2020	£	£	2019	£
FIXED ASSETS							
Intangible assets	10			502,074			596,889
Tangible assets	11			2,959,837			4,639,640
Investments	12			7,500			10,000
				3,469,411			5,246,529
CURRENT ASSETS							
Stocks	13		64,833			91,669	
Debtors	14		2,074,234			1,876,279	
Cash at bank			470,431			1,986,022	
			2,609,498			3,953,970	
CREDITORS							
Amounts falling due within one year	15		2,570,775			3,139,531	
NET CURRENT ASSETS				38,723			814,439
TOTAL ASSETS LESS CURRENT LIABILITIES				3,508,134			6,060,968
CREDITORS							
Amounts falling due after more than one year	16			(1,644,332)			(2,331,610)
PROVISIONS FOR LIABILITIES	19			(157,933)			(222,108)
NET ASSETS				1,705,869			3,507,250
CAPITAL AND RESERVES							
Called up share capital	20			100			100
Retained earnings	21			1,705,769			3,507,150
SHAREHOLDERS' FUNDS				1,705,869			3,507,250

The financial statements were approved by the director and authorised for issue on 29 January 2021 and were signed by:


A H Atefi - Director

The notes form part of these financial statements

A&L RESTAURANTS LIMITED (REGISTERED NUMBER: 04437266)

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 April 2018	100	4,128,252	4,128,352
Changes in equity			
Dividends	-	(839,770)	(839,770)
Total comprehensive income	-	218,668	218,668
Balance at 31 March 2019	100	3,507,150	3,507,250
Changes in equity			
Dividends	-	(3,514,499)	(3,514,499)
Total comprehensive income	-	1,713,118	1,713,118
Balance at 31 March 2020	100	1,705,769	1,705,869

The notes form part of these financial statements

A&L RESTAURANTS LIMITED (REGISTERED NUMBER: 04437266)

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2020**

		2020	2019
		£	£
Cash flows from operating activities	Notes		
Cash generated from operations	25	592,147	371,896
Interest paid		(70,234)	(48,443)
Tax paid		(508,909)	-
Net cash from operating activities		13,004	323,453
Cash flows from investing activities			
Purchase of tangible fixed assets		(230,837)	(597,171)
Sale of tangible fixed assets		3,006,321	-
Net cash from investing activities		2,775,484	(597,171)
Cash flows from financing activities			
Loan repayments in year		(671,605)	(661,549)
Capital repayments in year		-	(1,333)
Amount introduced by directors		-	272,499
Amount withdrawn by directors		(117,975)	-
Equity dividends paid		(3,514,499)	(839,770)
Net cash from financing activities		(4,304,079)	(1,230,153)
Decrease in cash and cash equivalents		(1,515,591)	(1,503,871)
Cash and cash equivalents at beginning of year	26	1,986,022	3,489,893
Cash and cash equivalents at end of year	26	470,431	1,986,022

The notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

1. STATUTORY INFORMATION

A&L Restaurants 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. STATEMENT OF COMPLIANCE

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.

3. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared under the historical cost convention.

Significant judgements and estimates

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.

a) Critical judgements in applying the entity's accounting policies

There are no specific judgements, apart from those involving estimates as detailed below, that management has made in the process of applying the entity's accounting policies that have a significant effect on the amounts recognised in the financial statements.

b) Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates can differ from the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next financial year are addressed below.

(i) Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

(ii) Useful economic live of intangible assets

Goodwill and intangible assets are amortised over their useful economic lives and are assessed annually for indications of impairment.

(iii) Treatment of significant capital projects

The allocation of store refurbishment expenditure between capital and revenue is an area that requires judgement on the part of management. Costs are allocated in line with the asset recognition contained within FRS102 and on the basis of all available evidence as to their nature. The management uses professional advisors to assist them with this process.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied, net of returns, discounts and value added taxes.

Sales of goods are recognised on sale to the customer, which is considered to be the point of sale and when the significant risks and rewards of the goods have been passed to the customer.

Franchise rights and franchise fees

Goodwill relates to franchise rights purchased and is amortised over the period of the franchise agreement.

Franchise fees are amortised over the period of the franchise agreement.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2020**

3. 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.

Property Improvements	- Straight line over 7-10 years
Plant and machinery	- Straight line over 7-10 years
Fixtures and fittings	- Straight line over 5 years

Motor Vehicles	- Straight line over 3 years
Computer Equipment	- Straight line over 4 years

Stocks

Stocks are valued at the lower of cost and selling price, after making due allowance for impairment of obsolete or slow moving items. Stocks are recognised as an expense in the period in which the related revenue is recognised.

Cost is determined on the first-in, first-out (FIFO) method. Cost includes the purchase price, including taxes and duties, transport and handling directly attributable to bringing the stock to its present location and condition.

3. ACCOUNTING POLICIES - continued

Financial instruments

A financial asset held as an equity instrument is recognised initially at the transaction price (including transaction costs).

At the end of each reporting period, unlisted equity investments are recorded at fair value, where appropriate, or at cost less impairment if their fair value cannot be reliably measured. Objective evidence of the impairment of financial assets is assessed at each period end and any impairment loss recognised in the profit or loss immediately. Impairment loss is calculated as the difference between the carrying amount of the instrument and the best estimate of the cash flows expected to be derived from the asset (including sales proceeds if sold) at the balance sheet date.

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were sold at the balance sheet date.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet represents cash in hand and deposits with financial institutions without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in profit or loss under operating expenses.

Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Finance Costs

Finance costs are charged to the Profit and Loss Account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised 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.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2020

3. ACCOUNTING POLICIES - continued

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.

Pension costs and other employment costs**(i) Holiday pay**

Holiday pay entitlements (where material) are recognised as an expense in the period in which the service is received.

(ii) Pension Scheme

The company operates a defined contribution pension scheme for its employees. The contributions are recognised as an expense when they are due. Amounts not paid are shown as a creditor on the balance sheet. The assets of the scheme are held separately from the company in independently administered funds.

Operating leases

The company's restaurant premises are leased from the franchisor under a non-cancellable lease with an expiry term of more than five years. The rental payments are calculated on a monthly basis and are substantially based on annual sales income generated. The aggregate benefit of the lease incentives is recognised over the term of the lease.

Borrowing costs

All borrowing costs are recognised in the Profit and Loss Account in the period in which they are incurred.

Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Profit and Loss Account in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

4. EMPLOYEES AND DIRECTORS

	2020 £	2019 £
Wages and salaries	5,663,816	6,136,861
Social security costs	288,106	438,955
Other pension costs	66,490	50,266
	<u>6,018,412</u>	<u>6,626,082</u>

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

	2020	2019
Crew	599	609
Management	29	31
	<u>628</u>	<u>640</u>

A&L RESTAURANTS LIMITED (REGISTERED NUMBER: 04437266)**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2020****4. EMPLOYEES AND DIRECTORS - continued**

	2020 £	2019 £
Director's remuneration	<u>18,000</u>	<u>18,460</u>

The Director is considered to be the key management for the purpose of disclosure under FRS102.

5. OPERATING PROFIT

The operating profit is stated after charging:

	2020 £	2019 £
Depreciation - owned assets	1,001,345	1,098,495
Franchise rights amortisation	61,315	62,564
Franchise fees amortisation	9,000	9,000
Auditors' remuneration	<u>5,250</u>	<u>5,250</u>

6. EXCEPTIONAL ITEMS

	2020 £	2019 £
Profit on disposal of fixed assets	<u>2,070,026</u>	<u>-</u>

During the year the company sold two of its restaurants for a combined proceeds of £3,000,000. This resulted in an exceptional profit on disposal of £2,070,026.

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	2020 £	2019 £
Bank interest	57,444	48,443
Inland Revenue interest	<u>12,790</u>	<u>-</u>
	<u>70,234</u>	<u>48,443</u>

8. TAXATION**Analysis of the tax charge**

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

	2020 £	2019 £
Current tax:		
UK corporation tax	498,729	83,893
Under/(over) provision in prior year	<u>28,251</u>	<u>-</u>
Total current tax	<u>526,980</u>	<u>83,893</u>
Deferred tax	<u>(64,175)</u>	<u>(7,732)</u>
Tax on profit	<u>462,805</u>	<u>76,161</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2020

8. 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:

	2020 £	2019 £
Profit before tax	<u>2,175,923</u>	<u>294,829</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	413,425	56,018
Effects of:		
Expenses not deductible for tax purposes	(1,194)	-
Income not taxable for tax purposes	(393,305)	-
Depreciation in excess of capital allowances	92,768	27,875
Adjustments to tax charge in respect of previous periods	28,251	-
Deferred tax	(64,175)	(7,732)
Chargeable gains	<u>387,035</u>	<u>-</u>
Total tax charge	<u>462,805</u>	<u>76,161</u>

9. DIVIDENDS

	2020 £	2019 £
Ordinary shares of £1 each		
Interim	<u>3,514,499</u>	<u>839,770</u>

10. INTANGIBLE FIXED ASSETS

	Franchise rights £	Franchise fees £	Totals £
COST			
At 1 April 2019	1,737,893	180,000	1,917,893
Disposals	(60,000)	-	(60,000)
At 31 March 2020	<u>1,677,893</u>	<u>180,000</u>	<u>1,857,893</u>
AMORTISATION			
At 1 April 2019	1,225,754	95,250	1,321,004
Amortisation for year	61,315	9,000	70,315
Eliminated on disposal	(35,500)	-	(35,500)
At 31 March 2020	<u>1,251,569</u>	<u>104,250</u>	<u>1,355,819</u>
NET BOOK VALUE			
At 31 March 2020	<u>426,324</u>	<u>75,750</u>	<u>502,074</u>
At 31 March 2019	<u>512,139</u>	<u>84,750</u>	<u>596,889</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2020

11. TANGIBLE FIXED ASSETS

	Plant, machinery and fixtures £	Motor vehicles £	Totals £
COST			
At 1 April 2019	9,126,199	61,346	9,187,545
Additions	230,837	-	230,837
Disposals	(2,037,289)	-	(2,037,289)
At 31 March 2020	7,319,747	61,346	7,381,093
DEPRECIATION			
At 1 April 2019	4,501,814	46,091	4,547,905
Charge for year	986,090	15,255	1,001,345
Eliminated on disposal	(1,127,994)	-	(1,127,994)
At 31 March 2020	4,359,910	61,346	4,421,256
NET BOOK VALUE			
At 31 March 2020	2,959,837	-	2,959,837
At 31 March 2019	4,624,385	15,255	4,639,640

12. FIXED ASSET INVESTMENTS

	Unlisted investments £
COST	
At 1 April 2019	10,000
Disposals	(2,500)
At 31 March 2020	7,500
NET BOOK VALUE	
At 31 March 2020	7,500
At 31 March 2019	10,000

13. STOCKS

	2020 £	2019 £
Stocks	64,833	91,669

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £	2019 £
Other debtors	76,140	-
Directors' current accounts	1,426,945	1,308,970
Corporation tax recoverable	463,757	425,415
Prepayments and accrued income	107,392	141,894
	2,074,234	1,876,279

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2020

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £	2019 £
Bank loans and overdrafts (see note 17)	687,450	671,777
Trade creditors	521,963	962,153
Corporation tax	531,865	475,452
Social security and other taxes	393,544	520,235
Accrued expenses	435,953	509,914
	<u>2,570,775</u>	<u>3,139,531</u>

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2020 £	2019 £
Bank loans (see note 17)	<u>1,644,332</u>	<u>2,331,610</u>

17. LOANS

An analysis of the maturity of loans is given below:

	2020 £	2019 £
Amounts falling due within one year or on demand:		
Bank loans - less than 1 year	<u>687,450</u>	<u>671,777</u>
Amounts falling due between one and two years:		
Bank loans	<u>575,813</u>	<u>671,777</u>
Amounts falling due between two and five years:		
Bank loans - 2-5 years	<u>1,068,519</u>	<u>1,350,138</u>
Amounts falling due in more than five years:		
Repayable by instalments		
Bank loans >5 years payable by instalments	-	309,695
	<u>-</u>	<u>309,695</u>

The bank loans are unsecured and are repayable over a total period of 5-7 years from inception at floating rates of 1.45% and 1.90% above the Bank of England base rate.

18. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2020 £	2019 £
Within one year	357,168	455,453
Between one and five years	1,377,593	1,364,545
In more than five years	2,984,946	3,332,311
	<u>4,719,707</u>	<u>5,152,309</u>

A&L RESTAURANTS LIMITED (REGISTERED NUMBER: 04437266)

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2020**

19. PROVISIONS FOR LIABILITIES

	2020 £	2019 £
Deferred tax		
Accelerated capital allowances	157,933	222,108
		Deferred tax £
Balance at 1 April 2019		222,108
Credit to Income Statement during year		(64,175)
Balance at 31 March 2020		157,933

20. CALLED UP SHARE CAPITAL

Number:	Class:	Nominal value: £1	2020 £	2019 £
100	Ordinary		100	100

21. RESERVES

	Retained earnings £
At 1 April 2019	3,507,150
Profit for the year	1,713,118
Dividends	(3,514,499)
At 31 March 2020	1,705,769

22. DIRECTOR'S ADVANCES, CREDITS AND GUARANTEES

The following advances and credits to a director subsisted during the years ended 31 March 2020 and 31 March 2019:

	2020 £	2019 £
A H Atefi		
Balance outstanding at start of year	1,308,970	1,581,469
Amounts advanced	117,975	-
Amounts repaid	-	(272,499)
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	1,426,945	1,308,970

The balance is interest free and repayable on demand.

23. RELATED PARTY DISCLOSURES

During the year, total dividends of £3,514,499 (2019 - £839,770) were paid to the director.

24. ULTIMATE CONTROLLING PARTY

The controlling party is A H Atefi.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2020

25. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2020 £	2019 £
Profit before taxation	2,175,923	294,829
Depreciation charges	1,071,660	1,170,059
Profit on disposal of fixed assets	(2,070,026)	-
Finance costs	70,234	48,443
	<u>1,247,791</u>	<u>1,513,331</u>
Decrease in stocks	26,836	5,658
Increase in trade and other debtors	(41,638)	(21,279)
Decrease in trade and other creditors	(640,842)	(1,125,814)
Cash generated from operations	<u><u>592,147</u></u>	<u><u>371,896</u></u>

26. 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 March 2020

	31.3.20 £	1.4.19 £
Cash and cash equivalents	<u>470,431</u>	<u>1,986,022</u>

Year ended 31 March 2019

	31.3.19 £	1.4.18 £
Cash and cash equivalents	<u>1,986,022</u>	<u>3,489,893</u>

27. ANALYSIS OF CHANGES IN NET DEBT

	At 1.4.19 £	Cash flow £	At 31.3.20 £
Net cash			
Cash at bank	<u>1,986,022</u>	<u>(1,515,591)</u>	<u>470,431</u>
	<u>1,986,022</u>	<u>(1,515,591)</u>	<u>470,431</u>
Debt			
Debts falling due within 1 year	(671,777)	(15,673)	(687,450)
Debts falling due after 1 year	<u>(2,331,610)</u>	<u>687,278</u>	<u>(1,644,332)</u>
	<u>(3,003,387)</u>	<u>671,605</u>	<u>(2,331,782)</u>
Total	<u><u>(1,017,365)</u></u>	<u><u>(843,986)</u></u>	<u><u>(1,861,351)</u></u>