

**COMPANY REGISTRATION NUMBER: 6343560**

**THIRD STATE PIZZA COMPANY LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED  
25 DECEMBER 2022**



**THIRD STATE PIZZA COMPANY LIMITED**  
**FINANCIAL STATEMENTS**  
**PERIOD FROM 27 DECEMBER 2021 TO 25 DECEMBER 2022**

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<b>Contents</b>	<b>Page</b>
Strategic report	<b>1</b>
Director's report	<b>3</b>
Independent auditors' report to the members of Third State Pizza Company Limited	<b>5</b>
Statement of comprehensive income	<b>9</b>
Statement of financial position	<b>10</b>
Statement of changes in equity	<b>11</b>
Notes to the financial statements	<b>12</b>

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# THIRD STATE PIZZA COMPANY LIMITED

## STRATEGIC REPORT

PERIOD FROM 27 DECEMBER 2021 TO 25 DECEMBER 2022

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### Principal activities

The principal activity of the company during the period was the sale of pizzas including collection and delivery.

### Results for the financial period

The audited financial statements for the period ended 25 December 2022 showed a profit of £1,438,723 (26 December 2021: £4,143,774). The statement of financial position shows net assets of £10,233,954 (2021: £8,795,231).

### Business review and future developments

The turnover has remained high at £20,316,355 for the period ended 25 December 2022 (26 December 2021: £21,843,594).

### The key financial highlights are as follows:

	Period ended 25 Dec 22 £	Period ended 26 Dec 21 £
Turnover	20,316,355	21,843,594
Gross profit margin	26.4%	34.5%
EBITDA	2,539,486	5,627,952

### Principal risks and uncertainties

The business faces a wide range of risks. The principal risks and how they are mitigated or managed is set out below.

**Economic Risk** - The company is exposed to any slowdown in the UK economy, arising from level of employment, disposable income, interest rates and consumer confidence. The risk is mitigated by maintaining a wide customer base and a competitive offering in the market through management's close relationship with the franchise operator.

**Regulatory risks** - The company's operations require compliance with a wide range of regulations: such as health and safety and hygiene procedures. The company has implemented a rigorous regime of standards and safety checks (including food) to ensure each store is operating at the highest of standards.

**Consumer taste** - Any material change in the consumer taste of the pizza delivery industry could adversely affect the company. The company works alongside the franchise operator at assessing demographic trends, ensuring innovation and fresh products are available to customers.

**Liquidity risks** - In order to maintain liquidity to ensure sufficient funds are available for ongoing operations and future developments, the company uses a mixture of long term and short term debt finance.

The company does not in general expose itself to fluctuations in changes in foreign currency exchange rates. Due to the nature of the business, there is little exposure to credit risk either, and therefore no specific policies are required in respect of trade receivables.

### Employees

It is the company policy to recruit the most capable persons for the positions. Company practices and procedures, including those relating to pay, promotions, terminations and training, comply with relevant legislation without discrimination. The company does not tolerate harassment of employees.

**THIRD STATE PIZZA COMPANY LIMITED**

**STRATEGIC REPORT** *(continued)*

**PERIOD FROM 27 DECEMBER 2021 TO 25 DECEMBER 2022**

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This report was approved by the board of directors on 28-9-22 and signed on behalf of the board by:



M S Grewal  
Director

Registered office:  
12 North Bar  
Banbury  
OX16 0TB

# **THIRD STATE PIZZA COMPANY LIMITED**

## **DIRECTOR'S REPORT**

**PERIOD FROM 27 DECEMBER 2021 TO 25 DECEMBER 2022**

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The director presents his report and the financial statements of the company for the period ended 25 December 2022.

### **Director**

The director who served the company during the period was as follows:

M S Grewal

### **Dividends**

The director does not recommend the payment of a dividend (2021: £Nil).

### **Employment of disabled persons**

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of staff members become disabled, every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

### **Employee involvement**

Our committed teams are a key asset of our business. We recognise the importance of creating and maintaining a positive working environment. The director receives regular updates on matters related to its workforce including reports on health and safety and other matters on workforce engagement. We engage with our employees regularly and provide training and communications through a dedicated platform, regular team meetings and annual awards ceremonies.

### **Events after the end of the reporting period**

Particulars of events after the reporting date are detailed in note 27 to the financial statements.

### **Qualifying indemnity provision**

The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force during the financial period and as at the date of approving the director's report.

### **Disclosure of information in the strategic report**

The company has chosen in accordance with Companies Act 2006, s.414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the director's report. It has done so in respect of future developments and financial risk management.

# THIRD STATE PIZZA COMPANY LIMITED

## DIRECTOR'S REPORT *(continued)*

PERIOD FROM 27 DECEMBER 2021 TO 25 DECEMBER 2022

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### Statement of director's responsibilities in respect of the financial statements

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

Company law requires the director to prepare financial statements for each financial 52 week period. Under that law the director has 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 director must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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;
- 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 judgments 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 director is responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The director is also 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.

### Director's confirmations

In the case of each director in office at the date of the director's report is approved:

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

This report was approved by the board of directors on 28-9-23 and signed on behalf of the board by:



M S Grewal  
Director

Registered office:  
12 North Bar  
Banbury  
OX16 0TB

# Independent auditors' report to the members of Third State Pizza Company Limited

## Report on the audit of the financial statements

### Opinion

In our opinion, Third State Pizza Company Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 25 December 2022 and of its profit for the period from 27 December 2021 to 25 December 2022;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including 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 Statement of financial position as at 25 December 2022; the Statement of comprehensive income and Statement of changes in equity for the period 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 company 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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Our responsibilities and the responsibilities of the director with respect to going concern are described in the relevant sections of this report.

## **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 director is 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.

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 Director's report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

## **Strategic report and Director's report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Director's report for the period ended 25 December 2022 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 company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Director's report.

## **Responsibilities for the financial statements and the audit**

### **Responsibilities of the director for the financial statements**

As explained more fully in the Statement of director's responsibilities in respect of the financial statements, the director is 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 director is 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 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 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to health and safety regulations and employment laws, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 and tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to artificially enhance financial performance and the manipulation of estimates. Audit procedures performed by the engagement team included:

- Having discussions with senior management including consideration of any known or suspected instances of non-compliance with laws and regulation or fraud;
- Obtaining an understanding of the entities policies and procedures on compliance with laws and regulations;
- Reviewing minutes of meetings of those charged with governance;
- Performing procedures to address the risk of management override of controls, including testing journal entries and other adjustments for appropriateness, in particular testing journals posted with unusual account combinations;
- Reviewing financial statement disclosures and testing these through to supporting documentation to assess compliance with applicable laws and regulations;
- Designing audit procedures to incorporate unpredictability around the nature, timing and extent of our testing; and
- Assessing accounting estimates within the financial statements, and substantively testing those with a material risk to the financial statements.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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](http://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.

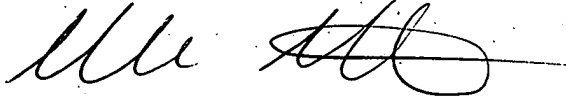
# Other required reporting

## Companies Act 2006 exception reporting

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

- we have not obtained 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 director's remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Mark Foster (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Reading

28 September 2023

**THIRD STATE PIZZA COMPANY LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**

**PERIOD FROM 27 DECEMBER 2021 TO 25 DECEMBER 2022**

		Period from 27 Dec 21 to 25 Dec 22 £	Period from 28 Dec 20 to 26 Dec 21 £
<b>Turnover</b>	<b>Note 4</b>	20,316,355	21,843,594
Cost of sales		(14,946,679)	(14,306,123)
<b>Gross profit</b>		5,369,676	7,537,471
Administrative expenses		(3,558,340)	(3,185,615)
<b>Operating profit</b>	<b>5</b>	1,811,336	4,351,856
Income from shares in group undertakings	<b>9</b>	294,827	832,653
Other interest receivable and similar income	<b>10</b>	62,471	91,850
Amounts written off investments	<b>11</b>	–	(127,404)
Interest payable and similar expenses	<b>12</b>	(390,648)	(139,002)
<b>Profit before taxation</b>		1,777,986	5,009,953
Tax on profit	<b>13</b>	(339,263)	(866,179)
<b>Profit for the financial period and total comprehensive income</b>		<u>1,438,723</u>	<u>4,143,774</u>

All the activities of the company are from continuing operations.

The notes on pages 12 to 24 form part of these financial statements.

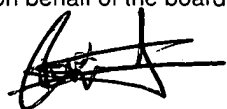
# THIRD STATE PIZZA COMPANY LIMITED

## STATEMENT OF FINANCIAL POSITION

25 DECEMBER 2022

	Note	25 Dec '22 £	£	26 Dec 21 £	£
<b>Fixed assets</b>					
Intangible assets	14		368,542		436,018
Tangible assets	15		2,059,960		1,925,764
Investments	16		1,478,679		1,478,679
			<u>3,907,181</u>		<u>3,840,461</u>
<b>Current assets</b>					
Stocks	17		155,733		103,460
Debtors	18		19,631,736		9,042,248
Cash at bank and in hand			2,444,202		3,345,633
			<u>22,231,671</u>		<u>12,491,341</u>
<b>Creditors: amounts falling due within one year</b>	19		(5,635,551)		(4,666,348)
<b>Net current assets</b>			<u>16,596,120</u>		<u>7,824,993</u>
<b>Total assets less current liabilities</b>			<u>20,503,301</u>		<u>11,665,454</u>
<b>Creditors: amounts falling due after more than one year</b>	20		(10,149,097)		(2,808,967)
<b>Provisions for liabilities</b>					
Taxation, including deferred taxation	21		(68,262)		(7,592)
Other provisions	21		(51,988)		(53,664)
			<u>(120,250)</u>		<u>(61,256)</u>
<b>Net assets</b>			<u>10,233,954</u>		<u>8,795,231</u>
<b>Capital and reserves</b>					
Called up share capital	24		100		100
Profit and loss account	25		10,233,854		8,795,131
<b>Total shareholders' funds</b>			<u>10,233,954</u>		<u>8,795,231</u>

These financial statements were approved by the board of directors and authorised for issue on 28-9-23 and are signed on behalf of the board by:



M S Grewal  
Director

Company registration number: 6343560

The notes on pages 12 to 24 form part of these financial statements.

**THIRD STATE PIZZA COMPANY LIMITED**

**STATEMENT OF CHANGES IN EQUITY**

**PERIOD FROM 27 DECEMBER 2021 TO 25 DECEMBER 2022**

	Called up share capital £	Profit and loss account £	Total shareholders' funds £
<b>At 28 December 2020</b>	100	4,651,357	4,651,457
Profit for the period	—	4,143,774	4,143,774
<b>Total comprehensive income for the period</b>	—	4,143,774	4,143,774
<b>At 26 December 2021</b>	100	8,795,131	8,795,231
Profit for the period	—	1,438,723	1,438,723
<b>Total comprehensive income for the period</b>	—	1,438,723	1,438,723
<b>At 25 December 2022</b>	100	10,233,854	10,233,954

The notes on pages 12 to 24 form part of these financial statements.

**THIRD STATE PIZZA COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**PERIOD FROM 27 DECEMBER 2021 TO 25 DECEMBER 2022**

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**1. General information**

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is 12 North Bar, Banbury, OX16 0TB.

**2. Statement of compliance**

The principal activity of the company during the period was the sale of pizzas including collection and delivery.

These financial statements have been prepared in accordance with the Companies Act 2006 and applicable accounting standards including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102').

**3. Accounting policies**

**Basis of preparation**

The financial statements have been prepared on the historical cost basis.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Monetary amounts in these financial statements are rounded to the nearest pound.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

**Going concern**

These financial statements have been prepared on a going concern basis which the director considers to be appropriate for the company.

After reviewing the company's forecasts and projections, the director is satisfied that the company has sufficient resources to continue in operational existence and will be able to meet its debts as they fall due for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

**Disclosure exemptions**

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the financial statements of Bansols Beta Limited which can be obtained from Companies House, Crown Way, Cardiff CF14 3UZ. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

- (a) No cash flow statement has been presented for the company.
- (b) Disclosures in respect of financial instruments have not been presented.
- (c) No disclosure has been given for the aggregate remuneration of key management personnel.

**Consolidation**

The entity has taken advantage of the exemption from preparing consolidated financial statements contained in Section 400 of the Companies Act 2006 on the basis that it is a subsidiary undertaking and its immediate parent undertaking is established under the law of any part of the United Kingdom.

# THIRD STATE PIZZA COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

PERIOD FROM 27 DECEMBER 2021 TO 25 DECEMBER 2022

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### 3. Accounting policies *(continued)*

#### Judgements and key sources of estimation uncertainty

In applying the company's accounting policies, the director is required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The director's judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

#### Critical judgements in applying the company's accounting policies

The critical judgements that the director has made in the progress of applying the company's accounting policies that have the most significant effect on the amounts recognised in the statutory financial statements are discussed below.

##### (i) Assessing indicators of impairment

In assessing whether there have been any indicators of impairment of assets, the director has considered both internal and external sources of information such as market conditions, counterparty credit ratings and experience recoverability. There have been no indicators of impairments identified during the current financial year.

#### Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

##### (i) Estimating value in use

Where an indication of impairment exists, the director will carry out an impairment review to determine the recoverable amount, which is the higher of fair value less cost to sell and value in use. The value in use calculation requires the director to estimate the future cash flows expected to arise from the asset or the cash generating unit and a suitable discount rate in order to calculate present value.

##### (ii) Determining useful economic lives of property, plant and equipment

The company depreciates tangible assets over their estimated useful lives. The estimation of the useful lives of assets is based on historic performance as well as expectations about future use and therefore requires estimates and assumptions to be applied by management. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, product life cycles and maintenance programmes.

#### Turnover

Turnover 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 rebates allowed by the company and value added taxes.

The company operates pizza stores for the production and sale of pizzas. Sales of pizzas are recognised when the significant risks and rewards of ownership have transferred to the buyer. This is on sale to the customer, which is considered the point of delivery. Retail sales are usually by cash, credit or payment

# THIRD STATE PIZZA COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

PERIOD FROM 27 DECEMBER 2021 TO 25 DECEMBER 2022

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### 3. Accounting policies *(continued)*

#### Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that 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 the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

#### Operating leases

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Rentals payable under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

#### Goodwill

Business combinations are accounted for by applying the purchase method.

The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued plus the costs directly attributable to the business combination. Where control is achieved in stages the cost is the consideration at the date of each transaction.

Contingent consideration is initially recognised at estimated amount where the consideration is probable and can be measured reliably. Where (i) the contingent consideration is not considered probable or cannot be measured but subsequently becomes probable and measurable or (ii) contingent consideration previously measured is adjusted, the amounts are recognised as an adjustment to the cost of the business combination.

Goodwill purchased from the acquisition of a new store is capitalised and written off on a straight line basis over its useful economic life, which is the lesser of the trading property lease period or the period of the franchise agreement.

#### Hive-ups

When the controlling interest of shares are purchased, the company recognises the investment in the entity as an investment for the fair value of consideration paid. No goodwill is recognised.

Where the underlying trade and assets of the entity are then subsequently 'hived up', it is deemed that a business combination has occurred as the initial investment in shares was represented by the underlying trade and assets at the time of acquisition. Differences between the purchase consideration and the trade and net assets recognised is recognised as goodwill (upon acquisition).

Any differences between the goodwill recognised and the initial investment in the entity are written-off to the profit and loss account.



**THIRD STATE PIZZA COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**PERIOD FROM 27 DECEMBER 2021 TO 25 DECEMBER 2022**

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**3. Accounting policies (continued)**

**Intangible assets**

Intangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses.

Intangible assets acquired as part of a business combination are recorded at the fair value at the acquisition date.

**Amortisation**

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Goodwill	-	10% per annum straight line basis
Franchise fees	-	Straight line basis over the term on the franchise agreement

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

**Tangible assets**

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses.

**Depreciation**

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Leasehold improvements	-	Straight line basis over the term of the trading property lease period
Fixtures, fittings and equipment	-	10-20% straight line basis

**Investment in subsidiaries**

Investments in subsidiaries are accounted for at cost less any accumulated impairment losses.

**Impairment of fixed assets**

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

**THIRD STATE PIZZA COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**PERIOD FROM 27 DECEMBER 2021 TO 25 DECEMBER 2022**

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**3. Accounting policies (continued)**

**Impairment of fixed assets (continued)**

For impairment testing of goodwill; the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

**Stocks**

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

**Provisions**

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

**Financial instruments**

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

Basic financial assets, which include trade and other receivables and cash and bank balances, 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 period 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 estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

Basic financial liabilities, which include trade and other payables, bank loans, loans from other third parties and loans from fellow group companies and other related entities, 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, then 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.

**THIRD STATE PIZZA COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS** *(continued)*

**PERIOD FROM 27 DECEMBER 2021 TO 25 DECEMBER 2022**

**3. Accounting policies** *(continued)*

**Employee benefits**

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

**Defined contribution plans**

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided.

**Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**Distributions to equity holders**

Dividends and other distributions to the company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the shareholders. These amounts are recognised in the statement of changes in equity.

**4. Turnover**

Turnover arises from:

	<b>Period from 27 Dec 21 to 25 Dec 22 £</b>	<b>Period from 28 Dec 20 to 26 Dec 21 £</b>
Sale of goods	20,316,355	21,843,594

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

**5. Operating profit**

Operating profit or loss is stated after charging:

	<b>Period from 27 Dec 21 to 25 Dec 22 £</b>	<b>Period from 28 Dec 20 to 26 Dec 21 £</b>
Amortisation of intangible assets	67,476	52,962
Depreciation of tangible assets	365,048	388,801
Loss on disposal of tangible assets	799	1,680

**6. Auditors' remuneration**

	<b>Period from 27 Dec 21 to 25 Dec 22 £</b>	<b>Period from 28 Dec 20 to 26 Dec 21 £</b>
Fees payable for the audit of the financial statements	18,249	16,200

**THIRD STATE PIZZA COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**PERIOD FROM 27 DECEMBER 2021 TO 25 DECEMBER 2022**

**7. Staff costs**

The average number of persons employed by the company during the period, including the director, amounted to:

	25 Dec 22 No.	26 Dec 21 No.
Operatives	486	472
Management	1	2
	<u>487</u>	<u>474</u>

The aggregate payroll costs incurred during the period, relating to the above, were:

	Period from 27 Dec 21 to 25 Dec 22 £	Period from 28 Dec 20 to 26 Dec 21 £
Wages and salaries	5,731,089	5,195,685
Social security costs	324,405	310,059
Other pension costs	69,034	66,082
	<u>6,124,528</u>	<u>5,571,826</u>

**8. Director's remuneration**

The director's aggregate remuneration in respect of qualifying services was:

	Period from 27 Dec 21 to 25 Dec 22 £	Period from 28 Dec 20 to 26 Dec 21 £
Remuneration	<u>30,000</u>	<u>30,000</u>

**9. Income from shares in group undertakings**

	Period from 27 Dec 21 to 25 Dec 22 £	Period from 28 Dec 20 to 26 Dec 21 £
Dividend income from group undertakings	<u>294,827</u>	<u>832,653</u>

**10. Other interest receivable and similar income**

	Period from 27 Dec 21 to 25 Dec 22 £	Period from 28 Dec 20 to 26 Dec 21 £
Other interest receivable and similar income	<u>62,471</u>	<u>91,850</u>

**11. Amounts written off investments**

	Period from 27 Dec 21 to 25 Dec 22 £	Period from 28 Dec 20 to 26 Dec 21 £
Amount written off investments	<u>-</u>	<u>127,404</u>

# THIRD STATE PIZZA COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### PERIOD FROM 27 DECEMBER 2021 TO 25 DECEMBER 2022

#### 11. Amounts written off investments *(continued)*

Investment write-offs relates to the write-off of investments in Dorset Pizza Limited pertaining to the hive-up of its trade and assets as at 26 April 2021.

#### 12. Interest payable and similar expenses

	Period from 27 Dec 21 to 25 Dec 22 £	Period from 28 Dec 20 to 26 Dec 21 £
Interest on banks loans and overdrafts	388,586	136,318
Other interest payable and similar expenses	2,062	2,684
	<u>390,648</u>	<u>139,002</u>

#### 13. Tax on profit

##### Major components of tax expense

	Period from 27 Dec 21 to 25 Dec 22 £	Period from 28 Dec 20 to 26 Dec 21 £
<b>Current tax:</b>		
UK current tax expense	278,593	866,936
Adjustments in respect of prior periods	—	82
Total current tax	<u>278,593</u>	<u>867,018</u>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	60,670	(839)
<b>Tax on profit</b>	<u>339,263</u>	<u>866,179</u>

##### Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the period is higher than (2021: lower than) the standard rate of corporation tax in the UK of 19% (2021: 19%).

	Period from 27 Dec 21 to 25 Dec 22 £	Period from 28 Dec 20 to 26 Dec 21 £
Profit on ordinary activities before taxation	<u>1,777,986</u>	<u>5,009,953</u>
Profit on ordinary activities by rate of tax	337,817	951,891
Adjustment to tax charge in respect of prior periods	—	82
Effect of expenses not deductible for tax purposes	51,799	79,324
Fixed asset differences	—	(5,486)
Investment tax credit	(10,719)	(1,428)
Income not taxable for tax purposes	(56,017)	(158,204)
Adjustment to closing deferred tax to average rate	16,383	—
<b>Tax on profit</b>	<u>339,263</u>	<u>866,179</u>

**THIRD STATE PIZZA COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS** *(continued)*  
**PERIOD FROM 27 DECEMBER 2021 TO 25 DECEMBER 2022**

**13. Tax on profit** *(continued)*

**Factors that may affect future tax expense**

An increase in the UK corporation tax rate from 19% to 25% (effective from 1 April 2023) was substantively enacted on 24 May 2021. This will increase the company's future current tax charge accordingly. The deferred tax asset at 25 December 2022 has been calculated at 25%.

**14. Intangible assets**

	Goodwill £	Franchise fees £	Total £
<b>Cost</b>			
At 27 December 2021 and 25 December 2022	418,605	199,563	618,168
<b>Accumulated amortisation</b>			
At 27 December 2021	36,400	145,750	182,150
Charge for the period	54,601	12,875	67,476
At 25 December 2022	91,001	158,625	249,626
<b>Carrying amount</b>			
At 25 December 2022	327,604	40,938	368,542
At 26 December 2021	382,205	53,813	436,018

**15. Tangible assets**

	Leasehold improvements £	Fixtures, fittings and equipment £	Total £
<b>Cost</b>			
At 27 December 2021	3,136,998	3,267,792	6,404,790
Additions	208,650	293,356	502,006
Disposals	—	(10,269)	(10,269)
At 25 December 2022	3,345,648	3,550,879	6,896,527
<b>Accumulated depreciation</b>			
At 27 December 2021	1,976,352	2,502,674	4,479,026
Charge for the period	206,895	158,153	365,048
Disposals	—	(7,507)	(7,507)
At 25 December 2022	2,183,247	2,653,320	4,836,567
<b>Carrying amount</b>			
At 25 December 2022	1,162,401	897,559	2,059,960
At 26 December 2021	1,160,646	765,118	1,925,764

**THIRD STATE PIZZA COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**PERIOD FROM 27 DECEMBER 2021 TO 25 DECEMBER 2022**

**16. Investments**

	Shares in group undertakings £
<b>Cost</b>	
At 27 December 2021 and 25 December 2022	1,606,083
<b>Accumulated impairment</b>	
At 27 December 2021 and 25 December 2022	127,404
<b>Carrying amount</b>	
At 25 December 2022	1,478,679
At 26 December 2021	1,478,679

**Subsidiary undertakings**

	Class of share	Percentage of shares held
<b>Subsidiary undertakings</b>		
MSG Cornwall Limited	Ordinary A	51
Dorset Pizza Limited	Ordinary	100
Hascombe Heath Limited	Ordinary	100

The principal activity of the above named companies is as follows:

MSG Cornwall Limited - pizza delivery service  
Dorset Pizza Limited - dormant  
Hascombe Heath Limited - pizza delivery service

The address of the registered office for all the above companies is 12 North Bar, Banbury, OX16 0TB.

**17. Stocks**

	25 Dec 22 £	26 Dec 21 £
Raw materials and consumables	155,733	103,460

The difference between purchase price of stocks and their replacement cost is not material.

**18. Debtors**

	25 Dec 22 £	26 Dec 21 £
Trade debtors	11,282	11,788
Amounts owed by group undertakings	395,510	603,673
Prepayments and accrued income	285,588	205,855
Corporation tax repayable	52,798	5,298
Amounts owed by other related entities	18,624,845	8,055,540
Other debtors	261,713	160,094
	19,631,736	9,042,248

**THIRD STATE PIZZA COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS** *(continued)*

**PERIOD FROM 27 DECEMBER 2021 TO 25 DECEMBER 2022**

**18. Debtors** *(continued)*

The debtors above include the following amounts falling due after more than one year:

	<b>25 Dec 22</b>	<b>26 Dec 21</b>
	£	£
Other debtors	188,369	97,487

Included within trade debtors and other debtors are amounts totalling £11,282 (2021: £11,788) and £239,017 (2021: £97,487) respectively due from other related entities.

Amounts owed by group undertakings and other related entities are receivable on demand.

**19. Creditors: amounts falling due within one year**

	<b>25 Dec 22</b>	<b>26 Dec 21</b>
	£	£
Other loans	22,000	22,000
Bank loans and overdrafts	1,200,000	1,675,356
Trade creditors	529,021	531,485
Amounts owed to group undertakings	1,334,870	435,429
Accruals and deferred income	802,995	818,975
Social security and other taxes	983,853	419,266
Amounts owed to other related entities	761,038	761,038
Other creditors	1,774	2,799
	<u>5,635,551</u>	<u>4,666,348</u>

Bank loans are secured over all present freehold and leasehold property; First Fixed Charge over book and other debts, chattels, goodwill and uncalled capital, both present and future.

Included within trade creditors are amounts totalling £31,619 (2021: £100,777) due to other related entities.

Amounts owed to group undertakings and other related entities are repayable on demand.

**20. Creditors: amounts falling due after more than one year**

	<b>25 Dec 22</b>	<b>26 Dec 21</b>
	£	£
Other loans	49,097	71,096
Bank loans and overdrafts	10,100,000	2,737,871
	<u>10,149,097</u>	<u>2,808,967</u>

Bank loans are secured over all present freehold and leasehold property; First Fixed Charge over book and other debts, chattels, goodwill and uncalled capital, both present and future.

The bank loan is repayable over the period until May 2027. The interest rate on the loan is 3% per annum over the SONIA rate.

Other loans are repayable by instalments over the period of the loans until April 2026. The interest rate on the other loans are either interest free or 3% per annum over the LIBOR.



# THIRD STATE PIZZA COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

PERIOD FROM 27 DECEMBER 2021 TO 25 DECEMBER 2022

### 21. Provisions for liabilities

	Deferred tax (note 22) £	Other provisions £	Total £
At 27 December 2021	7,592	53,664	61,256
Amounts recognised in profit and loss account	60,670	51,988	112,658
Unused amounts reversed	—	(53,664)	(53,664)
<b>At 25 December 2022</b>	<b>68,262</b>	<b>51,988</b>	<b>120,250</b>

Other provisions relate to insurance premiums payable and reflects the amount that management believe will be payable in relation to the current year. The amount payable is uncertain and depends on the level of claims over a three year period to 31 December 2024, at which time the provision is expected to be fully utilised.

### 22. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	25 Dec 22 £	26 Dec 21 £
Included in provisions for liabilities (note 21)	68,262	7,592

The deferred tax account consists of the tax effect of timing differences in respect of:

	25 Dec 22 £	26 Dec 21 £
Accelerated capital allowances	69,333	8,075
Other short term timing differences	(1,071)	(483)
	68,262	7,592

### 23. Employee benefits

#### Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £69,034 (2021: £66,082):

### 24. Called up share capital

#### Issued, called up and fully paid

	25 Dec 22		26 Dec 21	
	No.	£	No.	£
Ordinary shares of £1 each	100	100	100	100

### 25. Reserves

Profit and loss account - this reserve records retained earnings and accumulated losses.

**THIRD STATE PIZZA COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS** *(continued)*

**PERIOD FROM 27 DECEMBER 2021 TO 25 DECEMBER 2022**

**26. Operating leases**

The total future minimum lease payments under non-cancellable operating leases are as follows:

	25 Dec 22	26 Dec 21
	£	£
Not later than 1 year	406,771	324,766
Later than 1 year and not later than 5 years	1,499,236	1,092,922
Later than 5 years	2,783,700	2,361,710
	<u>4,689,707</u>	<u>3,779,398</u>

The amount recognised in the profit and loss account as an expense in relation to operating leases was £428,142 (2021: £406,527).

**27. Events after the end of the reporting period**

On 28 February 2023, 75% of the issued share capital of the company was sold to Third State Pizza Holdings Limited, a company controlled by M S Grewal.

**28. Related party transactions**

Information about related party transactions and outstanding balances are outlined below:

	25 Dec 22	26 Dec 21
	£	£
Sales to entities with control over the company	999	—
Purchases from entities with control over the company	926	—
Amounts owed to entities with control over the company	1,335,740	381,211
Amounts due from entities with control over the company	676	—
Sales to entities over which the entity has control	1,543	70,034
Purchases from entities over which the entity has control	83	12,158
Amounts owed to entities over which the entity has control	42	52,857
Amounts due from entities over which the entity has control	395,510	603,885
Sales to other related parties	81,103	96,465
Purchases from other related parties	1,182,311	961,557
Assets purchased from other related parties	287,776	15,459
Management charges from other related parties	422,407	406,000
Interest receivable from other related parties	62,471	—
Amounts owed to other related parties	791,744	863,175
Amounts due from other related parties	18,874,468	8,164,603

**29. Controlling party**

The immediate and ultimate parent company is Bansols Beta Limited, a company incorporated in England and Wales

Bansols Beta Limited heads the smallest and largest group to prepare consolidated financial statements which include Third State Pizza Company Limited. The address of the registered office for Bansols Beta Limited is 12 North Bar, Banbury, OX16 0TB. The consolidated financial statements of Bansols Beta Limited can be obtained from Companies House, Crown Way, Cardiff CF14 3UZ.

The ultimate controlling party is the director M S Grewal.