

**Scotco Midlands Limited (formerly Queensway  
Hospitality Limited)**

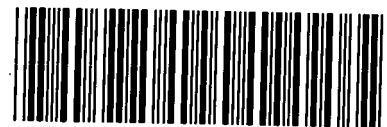
**Financial Statements**

**24 December 2017**



**MANEELY Mc CANN**

Chartered accountant & statutory auditor  
Aisling House  
50 Stranmillis Embankment  
Belfast  
BT9 5FL



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COMPANIES HOUSE

# **Scotco Midlands Limited (formerly Queensway Hospitality Limited)**

## **Financial Statements**

**Period from 20 March 2017 to 24 December 2017**

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# **Scotco Midlands Limited (formerly Queensway Hospitality Limited)**

## **Officers and Professional Advisers**

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<b>The board of directors</b>	Mr M A Herbert Mrs L E Herbert
<b>Company secretary</b>	Mr M A Herbert
<b>Registered office</b>	Marina Buildings Harleyford Estate Henley Road Marlow Buckinghamshire SL7 2DX
<b>Auditor</b>	Maneely Mc Cann Chartered accountant & statutory auditor Aisling House 50 Stranmillis Embankment Belfast BT9 5FL
<b>Bankers</b>	Lloyds Bank Plc 32 Oxford Street London W1R 2BS  Danske Bank Donegall Square West Belfast BT1 6JS
<b>Solicitors</b>	DWF (Northern Ireland) LLP Jefferson House 42 Queen Street Belfast BT1 6HL

# **Scotco Midlands Limited (formerly Queensway Hospitality Limited)**

## **Strategic Report**

### **Period from 20 March 2017 to 24 December 2017**

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The principal activity of the company during the year continued to be that of the provision of fast food services under franchises with Kentucky Fried Chicken (Great Britain) Limited.

The company's revenues are generated by fast food sales. The company operates throughout England.

Overall the directors are satisfied with the company's results for the period. The KFC franchise business continues to trade strongly despite economic downturn. The key performance indicators that management monitored on a monthly basis during the year were as follows:

- store by store growth compared to prior period
- food costs as a percentage of sales
- labour costs as a percentage of sales
- labour hours used on a weekly, store by store basis compared to sales achieved and same week prior year.

The company is well placed to deal with any uncertainties that may arise due to the current economic downturn and in response to this the directors are involved in prudent business planning and working closely with the company's key stakeholders. The directors continue to seek opportunities for investment and development that fit with the company's strategic objectives.

The company's actual result for the period was an operating profit of £24.9k (Mar 2017: loss £492k) and a profit on ordinary activities before tax of £23k (Mar 2017: loss £492k). At the period end net assets of the company were £4.6m (Mar 2017: £4.6m).

The directors continue to seek opportunities for retail fast food operations that fit with the company's strategic objectives.

The KFC business is sensitive to consumer spending habits, inflation and increased costs which include wages, energy costs and direct costs. The directors however focus strongly on managing and mitigating these risks as well as exploring new opportunities for the business.

The company's operations expose it to a variety of financial risks in respect to its use of financial instruments that include liquidity risk and interest rate risk. Credit risk is negligible as the company does not make any credit sales.

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub committee. The policies are set and reviewed by the directors, and are implemented by the company's finance team. The main risks are summarised below:

#### **Liquidity risk**

The company actively maintains a mixture of long-term and short-term finance to ensure sufficient liquidity available for operations and any planned expansions.

#### **Interest rate risk**

The company finances its operations through a combination of bank overdrafts and loans from related parties, and has a policy of maintaining debt at competitive rates to ensure a reasonable degree of certainty over future interest cash flows. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature.

# **Scotco Midlands Limited (formerly Queensway Hospitality Limited)**

## **Strategic Report** *(continued)*

**Period from 20 March 2017 to 24 December 2017**

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This report was approved by the board of directors on 29 June 2018 and signed on behalf of the board by:

A handwritten signature in black ink, appearing to be 'M A Herbert', with a large circular flourish at the end.

Mr M A Herbert  
Director

Registered office:  
Marina Buildings  
Harleyford Estate  
Henley Road  
Marlow  
Buckinghamshire  
SL7 2DX

# **Scotco Midlands Limited (formerly Queensway Hospitality Limited)**

## **Directors' Report**

### **Period from 20 March 2017 to 24 December 2017**

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The directors present their report and the financial statements of the company for the period ended 24 December 2017.

#### **Directors**

The directors who served the company during the period were as follows:

Mr M A Herbert	(Appointed 10 July 2017)
Mrs L E Herbert	(Appointed 10 July 2017)
Mr Nurdin Jivraj	(Resigned 10 July 2017)
Mr Naushad Jivraj	(Resigned 10 July 2017)

#### **Dividends**

The directors do not recommend the payment of a dividend.

#### **Employment of disabled persons**

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person.

Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training, career development and promotion wherever appropriate. The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person.

#### **Employee involvement**

It is the policy of the company to provide employees with information on matters of concern to them through the normal management channels. The involvement of the employees in the company's performance is encouraged by the provision of relevant information aimed at achieving employee awareness of the various factors affecting the company.

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

Particulars of events after the reporting date are detailed in note 23 to the financial statements.

#### **Directors' responsibilities statement**

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period.

# Scotco Midlands Limited (formerly Queensway Hospitality Limited)

## Directors' Report *(continued)*

### Period from 20 March 2017 to 24 December 2017

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In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is 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 company's auditor is aware of that information.

This report was approved by the board of directors on 29 June 2018 and signed on behalf of the board by:



Mr M A Herbert  
Director

Registered office:  
Marina Buildings  
Harleyford Estate  
Henley Road  
Marlow  
Buckinghamshire  
SL7 2DX

# **Scotco Midlands Limited (formerly Queensway Hospitality Limited)**

## **Independent Auditor's Report to the Members of Scotco Midlands Limited (formerly Queensway Hospitality Limited)**

**Period from 20 March 2017 to 24 December 2017**

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### **Opinion**

We have audited the financial statements of Scotco Midlands Limited (formerly Queensway Hospitality Limited) (the 'company') for the period ended 24 December 2017 which comprise the statement of income and retained earnings, statement of financial position and the related notes, 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 FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with chapter 3 of part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 24 December 2017 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.



# **Scotco Midlands Limited (formerly Queensway Hospitality Limited)**

## **Independent Auditor's Report to the Members of Scotco Midlands Limited (formerly Queensway Hospitality Limited) *(continued)***

**Period from 20 March 2017 to 24 December 2017**

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### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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 directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report 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 directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

# **Scotco Midlands Limited (formerly Queensway Hospitality Limited)**

## **Independent Auditor's Report to the Members of Scotco Midlands Limited (formerly Queensway Hospitality Limited) *(continued)***

**Period from 20 March 2017 to 24 December 2017**

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### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's 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 auditor's 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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
  - Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
  - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
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# **Scotco Midlands Limited (formerly Queensway Hospitality Limited)**

## **Independent Auditor's Report to the Members of Scotco Midlands Limited (formerly Queensway Hospitality Limited) *(continued)***

**Period from 20 March 2017 to 24 December 2017**

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We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Cathal Maneely (Senior Statutory Auditor)

For and on behalf of  
Maneely Mc Cann  
Chartered accountant & statutory auditor  
Aisling House  
50 Stranmillis Embankment  
Belfast  
BT9 5FL

29 June 2018

# Scotco Midlands Limited (formerly Queensway Hospitality Limited)

## Statement of Income and Retained Earnings

Period from 20 March 2017 to 24 December 2017

		Period from 20 Mar 17 to 24 Dec 17 £	Period from 21 Mar 16 to 19 Mar 17 £
<b>Turnover</b>	<b>Note 4</b>	16,377,518	19,769,096
Cost of sales		8,821,631	12,150,108
<b>Gross profit</b>		<u>7,555,887</u>	<u>7,618,988</u>
Administrative expenses		7,530,987	8,111,457
<b>Operating profit/(loss)</b>	<b>5</b>	24,900	(492,469)
Other interest receivable and similar income	<b>8</b>	1,297	–
Interest payable and similar expenses	<b>9</b>	2,994	–
<b>Profit/(loss) before taxation</b>		<u>23,203</u>	<u>(492,469)</u>
Tax on profit/(loss)	<b>10</b>	(5,970)	58,722
<b>Profit/(loss) for the financial period and total comprehensive income</b>		<u>29,173</u>	<u>(551,191)</u>
<b>Retained losses at the start of the period</b>		(901,643)	(350,452)
<b>Retained losses at the end of the period</b>		<u>(872,470)</u>	<u>(901,643)</u>

All the activities of the company are from continuing operations.

The notes on pages 12 to 21 form part of these financial statements.

# Scotco Midlands Limited (formerly Queensway Hospitality Limited)

## Statement of Financial Position

24 December 2017

	Note	24 Dec 17 £	19 Mar 17 £
<b>Fixed assets</b>			
Intangible assets	11	2,637,305	3,027,858
Tangible assets	12	9,089,223	9,211,115
		<u>11,726,528</u>	<u>12,238,973</u>
<b>Current assets</b>			
Stocks	13	150,356	111,236
Debtors	14	713,275	1,158,590
Cash at bank and in hand		1,392,533	1,558,162
		<u>2,256,164</u>	<u>2,827,988</u>
<b>Creditors: amounts falling due within one year</b>	15	2,553,350	9,919,514
<b>Net current liabilities</b>		<u>297,186</u>	<u>7,091,526</u>
<b>Total assets less current liabilities</b>		11,429,342	5,147,447
<b>Creditors: amounts falling due after more than one year</b>	16	6,258,692	–
<b>Provisions</b>	17	543,120	549,090
<b>Net assets</b>		<u>4,627,530</u>	<u>4,598,357</u>
<b>Capital and reserves</b>			
Called up share capital	20	5,500,000	5,500,000
Profit and loss account		(872,470)	(901,643)
<b>Shareholders funds</b>		<u>4,627,530</u>	<u>4,598,357</u>

These financial statements were approved by the board of directors and authorised for issue on 29 June 2018, and are signed on behalf of the board by:



Mr M A Herbert  
Director

Company registration number: 06436061

# **Scotco Midlands Limited (formerly Queensway Hospitality Limited)**

## **Notes to the Financial Statements**

**Period from 20 March 2017 to 24 December 2017**

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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 Marina Buildings, Harleyford Estate, Henley Road, Marlow, Buckinghamshire, SL7 2DX.

### **2. Statement of compliance**

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

### **3. Accounting policies**

#### **Basis of preparation**

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

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

#### **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 Banner Dell Limited which can be obtained from Marina Building Harleyford Estate, Henley Road, Marlow, Buckinghamshire, England, SL7 2DX. 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.

#### **Judgements and key sources of estimation uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### **Revenue recognition**

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have transferred to the buyer (usually on despatch of the goods); the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the entity; and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

# Scotco Midlands Limited (formerly Queensway Hospitality Limited)

## Notes to the Financial Statements *(continued)*

Period from 20 March 2017 to 24 December 2017

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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

Rentals applicable to operating leases where substantially all of the benefits and the risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be paid adjusted to the prevailing market rate.

#### Intangible assets

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the profit and loss account over its estimated economic life.

Licences are shown at their original cost and are amortised to the profit and loss account over the licence period.

#### 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	-	5% straight line
Franchise licence	-	10% straight line

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.

# Scotco Midlands Limited (formerly Queensway Hospitality Limited)

## Notes to the Financial Statements *(continued)*

Period from 20 March 2017 to 24 December 2017

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

#### **Tangible assets**

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

#### **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:

Fixtures and fittings                      -     10% straight line

#### **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.

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.



# Scotco Midlands Limited (formerly Queensway Hospitality Limited)

## Notes to the Financial Statements *(continued)*

Period from 20 March 2017 to 24 December 2017

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

#### 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

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument. Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Debt instruments are subsequently measured at amortised cost. Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately. Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

#### Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

### 4. Turnover

Turnover arises from:

	Period from 20 Mar 17 to 24 Dec 17 £	Period from 21 Mar 16 to 19 Mar 17 £
Sale of goods	<u>16,377,518</u>	<u>19,769,096</u>

# Scotco Midlands Limited (formerly Queensway Hospitality Limited)

## Notes to the Financial Statements (continued)

Period from 20 March 2017 to 24 December 2017

### 4. Turnover (continued)

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:

	Period from 20 Mar 17 to 24 Dec 17 £	Period from 21 Mar 16 to 19 Mar 17 £
Amortisation of intangible assets	348,658	173,278
Depreciation of tangible assets	885,396	409,057
Loss on disposal of tangible assets	–	587,044
Loss on disposal of intangible assets	41,895	301,588
Operating lease rentals	<u>867,919</u>	<u>1,224,476</u>

### 6. Auditor's remuneration

	Period from 20 Mar 17 to 24 Dec 17 £	Period from 21 Mar 16 to 19 Mar 17 £
Fees payable for the audit of the financial statements	<u>17,086</u>	<u>11,000</u>

### 7. Staff costs

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

	24 Dec 17 No.	19 Mar 17 No.
Production staff	542	572
Administrative staff	–	3
Management staff	<u>73</u>	<u>–</u>
	<u>615</u>	<u>575</u>

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

	Period from 20 Mar 17 to 24 Dec 17 £	Period from 21 Mar 16 to 19 Mar 17 £
Wages and salaries	4,083,588	5,314,715
Social security costs	210,775	503,031
Other pension costs	<u>25,588</u>	<u>33,380</u>
	<u>4,319,951</u>	<u>5,851,126</u>

# Scotco Midlands Limited (formerly Queensway Hospitality Limited)

## Notes to the Financial Statements *(continued)*

Period from 20 March 2017 to 24 December 2017

### 8. Other interest receivable and similar income

	Period from 20 Mar 17 to 24 Dec 17 £	Period from 21 Mar 16 to 19 Mar 17 £
Other interest receivable and similar income	<u>1,297</u>	<u>–</u>

### 9. Interest payable and similar expenses

	Period from 20 Mar 17 to 24 Dec 17 £	Period from 21 Mar 16 to 19 Mar 17 £
Interest on banks loans and overdrafts	<u>2,994</u>	<u>–</u>

### 10. Tax on profit/(loss)

#### Major components of tax (income)/expense

	Period from 20 Mar 17 to 24 Dec 17 £	Period from 21 Mar 16 to 19 Mar 17 £
<b>Deferred tax:</b>		
Origination and reversal of timing differences	(5,970)	58,722
<b>Tax on profit/(loss)</b>	<u>(5,970)</u>	<u>58,722</u>

#### Reconciliation of tax (income)/expense

The tax assessed on the profit/(loss) on ordinary activities for the period is lower than (2017: higher than) the standard rate of corporation tax in the UK of 19% (2017: 20%).

	Period from 20 Mar 17 to 24 Dec 17 £	Period from 21 Mar 16 to 19 Mar 17 £
Profit/(loss) on ordinary activities before taxation	<u>23,203</u>	<u>(492,469)</u>
Profit/(loss) on ordinary activities by rate of tax	4,163	(98,494)
Effect of expenses not deductible for tax purposes	1,274	–
Effect of capital allowances and depreciation	56,319	–
Utilisation of tax losses	(61,756)	98,494
Movement in deferred tax provision	(5,970)	58,722
<b>Tax on profit/(loss)</b>	<u>(5,970)</u>	<u>58,722</u>

# Scotco Midlands Limited (formerly Queensway Hospitality Limited)

## Notes to the Financial Statements *(continued)*

Period from 20 March 2017 to 24 December 2017

### 11. Intangible assets

	Goodwill £	Franchise leases £	Total £
<b>Cost</b>			
At 20 March 2017	4,719,977	623,988	5,343,965
Additions	–	–	–
Disposals	–	(66,887)	(66,887)
<b>At 24 December 2017</b>	<b>4,719,977</b>	<b>557,101</b>	<b>5,277,078</b>
<b>Amortisation</b>			
At 20 March 2017	2,092,596	223,511	2,316,107
Charge for the period	177,545	171,113	348,658
Disposals	–	(24,992)	(24,992)
<b>At 24 December 2017</b>	<b>2,270,141</b>	<b>369,632</b>	<b>2,639,773</b>
<b>Carrying amount</b>			
<b>At 24 December 2017</b>	<b>2,449,836</b>	<b>187,469</b>	<b>2,637,305</b>
At 19 March 2017	2,627,381	400,477	3,027,858

In the prior year, goodwill and franchise leases were amortised at 5% on a reducing balance basis. Following assessment of the remaining useful life, the directors have decided that it is more appropriate to amortise goodwill at 5% on a straight line basis, and to amortise franchise leases at 10% on a straight line basis. As a result, amortisation is £0.2m higher than would have been the case under the prior year policy.

### 12. Tangible assets

	Fixtures and fittings £
<b>Cost</b>	
At 20 March 2017	11,041,778
Additions	763,504
<b>At 24 December 2017</b>	<b>11,805,282</b>
<b>Depreciation</b>	
At 20 March 2017	1,830,663
Charge for the period	885,396
<b>At 24 December 2017</b>	<b>2,716,059</b>
<b>Carrying amount</b>	
<b>At 24 December 2017</b>	<b>9,089,223</b>
At 19 March 2017	9,211,115

# Scotco Midlands Limited (formerly Queensway Hospitality Limited)

## Notes to the Financial Statements *(continued)*

Period from 20 March 2017 to 24 December 2017

### 12. Tangible assets *(continued)*

In the prior year, fixtures, fittings and equipment were depreciated at 5% on a reducing balance basis. Following assessment of the remaining useful life, the directors have decided that it is more appropriate to depreciate fixtures, fittings and equipment at 10% on a straight line basis. As a result, depreciation is £0.4m higher than would have been the case under the prior year policy.

### 13. Stocks

	24 Dec 17 £	19 Mar 17 £
Finished goods and goods for resale	<u>150,356</u>	<u>111,236</u>

### 14. Debtors

	24 Dec 17 £	19 Mar 17 £
Trade debtors	–	432
Prepayments and accrued income	213,845	617,666
Other debtors	<u>499,430</u>	<u>540,492</u>
	<u>713,275</u>	<u>1,158,590</u>

### 15. Creditors: amounts falling due within one year

	24 Dec 17 £	19 Mar 17 £
Trade creditors	963,571	1,821,814
Amounts owed to group undertakings	–	6,256,311
Accruals and deferred income	565,616	769,164
Social security and other taxes	683,899	615,376
Other creditors	<u>340,264</u>	<u>456,849</u>
	<u>2,553,350</u>	<u>9,919,514</u>

### 16. Creditors: amounts falling due after more than one year

	24 Dec 17 £	19 Mar 17 £
Amounts owed to group undertakings	<u>6,258,692</u>	<u>–</u>

### 17. Provisions

	Deferred tax (note 18) £
At 20 March 2017	549,090
Additions	<u>(5,970)</u>
At 24 December 2017	<u>543,120</u>

# Scotco Midlands Limited (formerly Queensway Hospitality Limited)

## Notes to the Financial Statements *(continued)*

Period from 20 March 2017 to 24 December 2017

### 18. Deferred tax

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

	24 Dec 17	19 Mar 17
	£	£
Included in provisions (note 17)	<u>543,120</u>	<u>549,090</u>

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

	24 Dec 17	19 Mar 17
	£	£
Accelerated capital allowances	983,757	1,073,180
Unused tax losses	<u>(440,637)</u>	<u>(524,090)</u>
	<u>543,120</u>	<u>549,090</u>

### 19. Employee benefits

#### Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £25,588 (2017: £33,380).

### 20. Financial instruments

The carrying amount for each category of financial instrument is as follows:

	24 Dec 17	19 Mar 17
	£	£
<b>Financial assets that are debt instruments measured at amortised cost</b>		
Financial assets that are debt instruments measured at amortised cost	<u>1,891,963</u>	<u>2,099,086</u>
<b>Financial liabilities measured at amortised cost</b>		
Financial liabilities measured at amortised cost	<u>8,246,426</u>	<u>9,150,350</u>

### 21. Called up share capital

#### Issued, called up and fully paid

	24 Dec 17		19 Mar 17	
	No.	£	No.	£
Ordinary shares of £1 each	<u>5,500,000</u>	<u>5,500,000</u>	<u>5,500,000</u>	<u>5,500,000</u>

# Scotco Midlands Limited (formerly Queensway Hospitality Limited)

## Notes to the Financial Statements *(continued)*

Period from 20 March 2017 to 24 December 2017

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### 22. Operating leases

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

	24 Dec 17	19 Mar 17
	£	£
Not later than 1 year	1,039,144	–
Later than 1 year and not later than 5 years	3,552,277	731,358
Later than 5 years	7,426,241	13,453,506
	<u>12,017,662</u>	<u>14,184,864</u>

### 23. Contingencies

Bank loan and overdrafts of the group are secured by way of fixed and floating charges on the company's and group's assets, and by a composite debenture between group companies.

### 24. Events after the end of the reporting period

On 14 February 2018, KFC Restaurants in England, Scotland and Wales transitioned to a new distributor and experienced supply availability issues which have resulted in closures of restaurants or restrictions in the availability of products sold. At the time of signing, all restaurants had reopened (and were operating on a full menu). This event is not anticipated to have an effect on the going concern of the company.

### 25. Related party transactions

The company is a wholly owned subsidiary of Scotco Central Limited, a company incorporated in England and Wales. Scotco Central Limited is a wholly owned subsidiary of Scotco (Eastern) Limited, a company incorporated in Scotland, which is a wholly owned subsidiary of Banner Dell Limited, a company incorporated in England and Wales. Mrs L E Herbert is the sole shareholder of Banner Dell Limited and as such is considered to be the company's ultimate controlling party.

#### Transactions

The company has taken advantage of the exemption from disclosing related party transactions with group companies, in accordance with Financial Reporting Standard 102 Section 33, Related Party Disclosures.

### 26. Controlling party

Banner Dell Limited is the company's ultimate parent company. Copies of consolidated financial statements may be obtained from Marina Buildings, Harleyford Estate, Henley Road, Marlow, Buckinghamshire, England, SL7 2DX.