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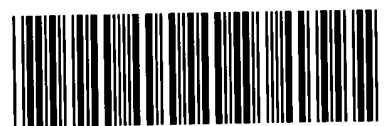
**ALDERFORCE NORTH LIMITED**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2017**

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**ALDERFORCE NORTH LIMITED**

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**COMPANY INFORMATION**

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<b>Director</b>	Mr Raja Jameel Adil
<b>Company secretary</b>	Mr Mohammed Adil
<b>Registered number</b>	07160663
<b>Registered office</b>	34-36 London Road Wembley Middlesex HA9 7EX
<b>Independent auditors</b>	Hurkan Sayman & Co Chartered Accountants & Statutory Auditor 291 Green Lanes Palmers Green London N13 4XS

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**ALDERFORCE NORTH LIMITED**

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## ALDERFORCE NORTH LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2017

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#### Introduction

The Director aims to present a balanced and comprehensive review of the development and performance of the business during the year and its position at the year end by reflection of the size and non-complex nature of the business. The principle activity of the company throughout the current and previous year was that of operating as a KFC franchisee.

#### Business review

During the year the company opened two new stores and now operates twenty three KFC franchised restaurants. The company continued to focus on sales and gross profit margin growth throughout the year. This was aided through an ever improving KFC menu as well as a strong focus on staff training.

#### Principal risks and uncertainties

The principal risks of the company are changes in consumer spending habits and the entry of new competitors within geographical areas in which the company operates. The company continues to monitor this and KFC has continued to evolve its menu and set appropriate recommended prices.

#### Financial key performance indicators

Financial Key Performance Indicators for the stores are level of sales and cost of sales.

The company's turnover has increased to £24,149,552 (2016: £20,959,991). This is not only due to new store openings in the current and previous year but also strong year on year growth for existing stores.

The gross profit of the company has increased to £7,213,827 (2016: £7,213,827) and due to raising wage costs the gross profit percentage has fallen to 33.5% (2016: 34.4%).

#### Other key performance indicators

The principal non-financial key performance indicator is the performance against inspections by Kentucky Fried Chicken, and the company continues to achieve satisfactory performance throughout the year.

This report was approved by the board on 17 November 2017 and signed on its behalf.

  
**Mr Mohammed Adil**  
Secretary

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## **ALDERFORCE NORTH LIMITED**

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### **DIRECTOR'S REPORT FOR THE YEAR ENDED 31 MARCH 2017**

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The director presents his report and the financial statements for the year ended 31 March 2017.

#### **Director's responsibilities statement**

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

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the director must not approve the financial statements unless he is satisfied that he gives a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the director is required to:

- select suitable accounting policies for the Company's financial statements 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 director is responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable him to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **Results and dividends**

The profit for the year, after taxation, amounted to £1,376,157 (2016 - £1,070,228).

The Director has recommended that no dividends be paid in respect of the current year.

#### **Director**

The director who served during the year was:

Mr Raja Jameel Adil

#### **Future developments**

The results for the year and the financial position at the year end were considered satisfactory by the Director who expects continued growth and store openings in the foreseeable future.

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## **ALDERFORCE NORTH LIMITED**

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### **DIRECTOR'S REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017**

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#### **Financial instruments**

The company uses a variety of financial instruments, including cash, inter-company debt and trade creditors that arise from its operations. The main purpose of these financial instruments is to provide working capital for the company's operations.

The Director considers the main risk arising from the company's financial instruments to be liquidity risk and therefore sets and reviews policies for managing the risk as below. These policies have remained unchanged from the previous year.

#### **Liquidity Risk**

The company seeks to manage financial risk by ensuring liquidity is available to meet foreseeable needs and to invest cash assets safely. Cash is monitored on a weekly basis and funding is secured for significant new acquisitions before any commitment is made.

#### **Employee involvement**

The company's policy is to consult and discuss with employees, at meetings, matters likely to affect employees' interests.

Information of matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance.

#### **Disabled employees**

The company's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

#### **Disclosure of information to auditors**

The director at the time when this Director's Report is approved has confirmed that:

- so far as he is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- he has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

#### **Post balance sheet events**

There have been no significant events affecting the Company since the year end.

#### **Auditors**

The auditors, Hurkan Sayman & Co, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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**ALDERFORCE NORTH LIMITED**

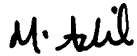
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**DIRECTOR'S REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2017**

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This report was approved by the board on 17 November 2017

and signed on its behalf.



**Mr Mohammed Adil**  
Secretary

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## **ALDERFORCE NORTH LIMITED**

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### **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ALDERFORCE NORTH LIMITED**

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We have audited the financial statements of Alderforce North Limited for the year ended 31 March 2017, set out on pages 7 to 26. The relevant financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 Auditors' 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.

#### **Respective responsibilities of Directors and Auditors**

As explained more fully in the Director's Responsibilities Statement on page 2, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the director; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and the Director's Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.



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**ALDERFORCE NORTH LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ALDERFORCE NORTH LIMITED  
(CONTINUED)**

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**Opinion on other matter prescribed by the Companies Act 2006**

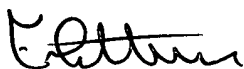
In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and the Director's Report for the financial year for which the financial statements are prepared is consistent with those financial statements and such reports have been prepared in accordance with applicable legal requirements.

In the light of our 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 and the Director's Report.

**Matters on which we are required to report by exception**

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

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



Mr Ertan Hurer BSc FCA (Senior Statutory Auditor)

for and on behalf of  
**Hurkan Sayman & Co**

Chartered Accountants  
Statutory Auditor

291 Green Lanes  
Palmers Green  
London  
N13 4XS

Date: 17 November 2017

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**ALDERFORCE NORTH LIMITED**

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**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2017**

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	Note	2017 £	2016 £
Turnover	4	24,149,552	20,959,991
Cost of sales		(16,061,785)	(13,746,164)
<b>Gross profit</b>		<b>8,087,767</b>	<b>7,213,827</b>
Administrative expenses		(6,222,498)	(5,564,615)
Other operating income	5	19,369	21,902
<b>Operating profit</b>	6	<b>1,884,638</b>	<b>1,671,114</b>
Interest receivable and similar income	9	38	11
Interest payable and expenses	10	(153,872)	(205,958)
<b>Profit before tax</b>		<b>1,730,804</b>	<b>1,465,167</b>
Tax on profit	11	(354,647)	(394,939)
<b>Profit for the financial year</b>		<b>1,376,157</b>	<b>1,070,228</b>

There were no recognised gains and losses for 2017 or 2016 other than those included in the statement of comprehensive income.

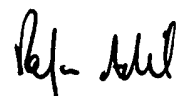
There was no other comprehensive income for 2017 (2016:£NIL).

**ALDERFORCE NORTH LIMITED**  
**REGISTERED NUMBER: 07160663**

**BALANCE SHEET**  
**AS AT 31 MARCH 2017**

	Note	2017 £	2016 £
<b>Fixed assets</b>			
Intangible assets	12	399,703	369,367
Tangible assets	13	4,535,060	4,183,714
		<u>4,934,763</u>	<u>4,553,081</u>
<b>Current assets</b>			
Stocks	14	156,214	125,143
Debtors: amounts falling due within one year	15	5,527,083	6,290,084
Cash at bank and in hand		1,081,289	162,444
		<u>6,764,586</u>	<u>6,577,671</u>
Creditors: amounts falling due within one year	16	(6,227,098)	(7,418,542)
<b>Net current assets/(liabilities)</b>		<u>537,488</u>	<u>(840,871)</u>
<b>Total assets less current liabilities</b>		<u>5,472,251</u>	<u>3,712,210</u>
Creditors: amounts falling due after more than one year		(5,779,780)	(5,431,836)
<b>Provisions for liabilities</b>			
Deferred tax	19	(140,834)	(144,894)
Other provisions	20	(356,000)	(316,000)
		<u>(496,834)</u>	<u>(460,894)</u>
<b>Net assets/(liabilities)</b>		<u><u>(804,363)</u></u>	<u><u>(2,180,520)</u></u>
<b>Capital and reserves</b>			
Called up share capital	21	100	100
Profit and loss account	22	(804,463)	(2,180,620)
		<u><u>(804,363)</u></u>	<u><u>(2,180,520)</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



**Mr Raja Jameel Adil**  
Director

Date: 17 December 2017

The notes on pages 12 to 26 form part of these financial statements.

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ALDERFORCE NORTH LIMITED

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STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2017

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	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2015	100	(3,250,848)	(3,250,748)
<b>Comprehensive income for the year</b>			
Profit for the year and total comprehensive income	-	1,070,228	1,070,228
	<hr/>	<hr/>	<hr/>
At 1 April 2016	100	(2,180,620)	(2,180,520)
<b>Comprehensive income for the year</b>			
Profit for the year and total comprehensive income	-	1,376,157	1,376,157
	<hr/>	<hr/>	<hr/>
<b>At 31 March 2017</b>	<b>100</b>	<b>(804,463)</b>	<b>(804,363)</b>
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**ALDERFORCE NORTH LIMITED**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2017**

	2017 £	2016 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	1,376,157	1,070,228
<b>Adjustments for:</b>		
Amortisation of intangible assets	41,018	32,530
Depreciation of tangible assets	933,448	826,242
Loss on disposal of tangible assets	12,675	14,673
Interest paid	153,872	205,958
Interest received	(38)	(11)
Taxation charge	354,646	394,939
(Increase) in stocks	(31,070)	(37,410)
Decrease/(increase) in debtors	763,000	(1,225,849)
(Decrease)/increase in creditors	(1,002,050)	824,913
Increase/(decrease) in amounts owed to groups	-	(99)
Increase in provisions	40,000	274,888
Corporation tax (paid)	(250,003)	(45,964)
<b>Net cash generated from operating activities</b>	<b>2,391,655</b>	<b>2,335,038</b>
<b>Cash flows from investing activities</b>		
Purchase of intangible fixed assets	(71,354)	(160,237)
Purchase of tangible fixed assets	(1,297,469)	(1,428,612)
Sale of fixed asset investments	-	99
Interest received	38	11
<b>Net cash from investing activities</b>	<b>(1,368,785)</b>	<b>(1,588,739)</b>
<b>Cash flows from financing activities</b>		
New secured loans	526,400	939,637
Repayment of loans	(476,553)	(729,415)
Interest paid	(153,872)	(205,958)
<b>Net cash used in financing activities</b>	<b>(104,025)</b>	<b>4,264</b>
<b>Net increase in cash and cash equivalents</b>	<b>918,845</b>	<b>750,563</b>

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**ALDERFORCE NORTH LIMITED**

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**STATEMENT OF CASH FLOWS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2017**

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	2017 £	2016 £
Cash and cash equivalents at beginning of year	162,444	(588,119)
<b>Cash and cash equivalents at the end of year</b>	<b>1,081,289</b>	<b>162,444</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	1,081,289	162,444
	<b>1,081,289</b>	<b>162,444</b>

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## ALDERFORCE NORTH LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

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#### 1. General information

Alderforce North Limited is a private company limited by share capital, incorporated in England and Wales, registration number 07160663. The address of its registered office is 34-36 London Road, Wembley, HA9 7EX.

The company's principal activity is that of operating as a KFC franchisee.

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

##### 2.2 Going concern

Management continually undertakes a thorough review of the company's budgets and forecasts and regularly produces detailed and realistic cash flow projections. These cash flow projections which, when considered in conjunction with the company's existing loans, overdrafts and cash, which include consideration of reasonable possible changes in trading performance and available banking facilities, demonstrate that the company will have sufficient working capital for the foreseeable future.

The net liability position of the company is attributable to the company's policy to write-off goodwill at a greater rate than the repayment of borrowings to acquire them. The director therefore believes that the company will continue to trade as a going concern and the basis of the accounts preparation in doing so is appropriate.

As at 31 March 2017 the company's net current asset position has reversed from a net liability position to a strong net asset position which the director believes illustrates the strength of the company and that it is trading as a going concern.

##### 2.3 Revenue recognition

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

##### Sale of goods

Revenue from the sale of food, beverages and merchandise is recognised at the point of sale.

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## ALDERFORCE NORTH LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

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#### 2. Accounting policies (continued)

##### 2.4 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Franchise fees	- 10 years
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##### 2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight line method and reducing balance basis.

The estimated useful lives range as follows:

Short-term leasehold property	- Over the period of the lease being 10 - 20 years
Motor vehicles	- 25% reducing balance
Fixtures and fittings	- 20% reducing balance; over the period of the lease being 10 - 20 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

##### 2.6 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.



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## ALDERFORCE NORTH LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

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#### 2. Accounting policies (continued)

##### 2.7 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

##### 2.8 Cash and cash equivalents

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

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

##### 2.9 Financial instruments

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

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

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

##### 2.10 Creditors

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

##### 2.11 Finance costs

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

##### 2.12 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

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## ALDERFORCE NORTH LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

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#### 2. Accounting policies (continued)

##### 2.13 Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

##### 2.14 Provisions for liabilities

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

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation; and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

##### 2.15 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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## ALDERFORCE NORTH LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

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#### 3. Judgments in applying accounting policies and key sources of estimation uncertainty

In the process of applying its accounting policies, the company is required to make certain estimates, judgements and assumptions that it believes are reasonable based on the information available. These judgements, estimates and assumptions affect the amounts of assets and liabilities at the date of the financial statements and the amounts of revenues and expenses recognised during the reporting periods presented.

On an ongoing basis, the company evaluates its estimates using historical experience, consultation with experts and other methods considered reasonable in the particular circumstances. Actual results may differ significantly from the estimates, the effect of which is recognised in the period in which the facts that give rise to the revision become known.

Management has made judgment over the following accounting policies:

- The estimated useful economic lives of fixtures, fittings and equipment; and
- Dilapidation provisions which are calculated by management based on their expectations of costs in reference to store type and size.

#### 4. Turnover

The whole of the turnover is attributable to the company's principal activity.

All turnover arose within the United Kingdom.

#### 5. Other operating income

	2017 £	2016 £
Other operating income	19,369	21,902
	<u>19,369</u>	<u>21,902</u>

#### 6. Operating profit

The operating profit is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets	933,448	826,242
Amortisation of intangible assets, including goodwill	41,018	32,530
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	31,000	15,000
Other operating lease rentals	1,297,466	1,166,500
Defined contribution pension cost	26,543	5,936
	<u>2,329,475</u>	<u>2,045,208</u>

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**ALDERFORCE NORTH LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017**

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**7. Auditors' remuneration**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	<b>31,000</b>	<b>15,000</b>

**8. Employees**

Staff costs were as follows:

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Wages and salaries	<b>5,614,716</b>	<b>4,582,632</b>
Social security costs	<b>205,546</b>	<b>155,981</b>
Cost of defined contribution scheme	<b>26,543</b>	<b>5,936</b>
	<b>5,846,805</b>	<b>4,744,549</b>

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

	<b>2017</b>	<b>2016</b>
	<b>No.</b>	<b>No.</b>
Management and office staff	<b>9</b>	<b>10</b>
Restaurant staff	<b>635</b>	<b>531</b>
	<b>644</b>	<b>541</b>

**9. Interest receivable**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Other interest receivable	<b>38</b>	<b>11</b>
	<b>38</b>	<b>11</b>

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ALDERFORCE NORTH LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017

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10. Interest payable and similar charges

	2017 £	2016 £
Bank interest payable	152,628	204,754
Other loan interest payable	864	1,204
Other interest payable	380	-
	<u>153,872</u>	<u>205,958</u>

11. Taxation

	2017 £	2016 £
<b>Corporation tax</b>		
Current tax on profits for the year	358,706	250,045
	<u>358,706</u>	<u>250,045</u>
<b>Total current tax</b>	<u>358,706</u>	<u>250,045</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(4,059)	144,894
<b>Total deferred tax</b>	<u>(4,059)</u>	<u>144,894</u>
<b>Taxation on profit on ordinary activities</b>	<u>354,647</u>	<u>394,939</u>

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ALDERFORCE NORTH LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017

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11. Taxation (continued)

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2016 - *higher than*) the standard rate of corporation tax in the UK of 20% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
Profit on ordinary activities before tax	<u>1,730,804</u>	<u>1,465,167</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2016 - 20%)	<b>346,161</b>	293,033
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	1,440	-
Capital allowances for year in excess of depreciation	-	(42,988)
Depreciation on assets where capital allowances are not claimed	7,046	-
Capital allowances for year in excess of depreciation - prior year adjustment	-	144,894
<b>Total tax charge for the year</b>	<u><b>354,647</b></u>	<u>394,939</u>

**Factors that may affect future tax charges**

The corporation tax rate for 1 April 2017 is 19% and it is at this rate for 1 April 2018 and 1 April 2019. At Budget 2016, the government announced a further reduction to the Corporation Tax main rate (for all profits except ring fence profits) for the year starting 1 April 2020, setting the rate at 17%. This will reduce the company's future tax charge accordingly.

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ALDERFORCE NORTH LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017

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12. Intangible assets

	Franchise fees £
<b>Cost</b>	
At 1 April 2016	457,094
Additions	71,354
At 31 March 2017	<u>528,448</u>
<b>Amortisation</b>	
At 1 April 2016	87,727
Charge for the year	41,018
At 31 March 2017	<u>128,745</u>
<b>Net book value</b>	
At 31 March 2017	<u>399,703</u>
At 31 March 2016	<u>369,367</u>

**ALDERFORCE NORTH LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017**

**13. Tangible fixed assets**

	Short-term leasehold property £	Motor vehicles £	Fixtures and fittings £	Total £
<b>Cost or valuation</b>				
At 1 April 2016	195,035	13,686	6,205,851	6,414,572
Additions	59,950	12,402	1,225,118	1,297,470
Disposals	-	-	(35,366)	(35,366)
At 31 March 2017	254,985	26,088	7,395,603	7,676,676
<b>Depreciation</b>				
At 1 April 2016	44,367	4,912	2,181,579	2,230,858
Charge for the year on owned assets	16,863	2,969	913,616	933,448
Disposals	-	-	(22,691)	(22,691)
At 31 March 2017	61,230	7,881	3,072,504	3,141,615
<b>Net book value</b>				
At 31 March 2017	193,755	18,207	4,323,099	4,535,061
At 31 March 2016	150,668	8,774	4,024,272	4,183,714

**14. Stocks**

	2017 £	2016 £
Raw materials and consumables	156,214	125,143
	<u>156,214</u>	<u>125,143</u>

Stock recognised in cost of sales during the year as an expense was £7,845,101 (2016 - £6,987,862).



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**ALDERFORCE NORTH LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017**

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**15. Debtors**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Trade debtors	<b>2,454</b>	<b>3,963</b>
Other debtors	<b>4,535,734</b>	<b>5,363,466</b>
Prepayments and accrued income	<b>988,895</b>	<b>922,655</b>
	<b>5,527,083</b>	<b>6,290,084</b>

**16. Creditors: Amounts falling due within one year**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Bank loans	<b>482,640</b>	<b>780,736</b>
Trade creditors	<b>2,316,588</b>	<b>2,552,319</b>
Corporation tax	<b>358,706</b>	<b>250,003</b>
Other taxation and social security	<b>625,599</b>	<b>607,019</b>
Other creditors	<b>2,197,086</b>	<b>2,971,600</b>
Accruals and deferred income	<b>246,479</b>	<b>256,865</b>
	<b>6,227,098</b>	<b>7,418,542</b>

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ALDERFORCE NORTH LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017

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17. Loans

Analysis of the maturity of loans is given below:

	2017 £	2016 £
<b>Amounts falling due within one year</b>		
Bank loans	482,640	780,736
<b>Amounts falling due 1-2 years</b>		
Bank loans	493,760	805,643
<b>Amounts falling due 2-5 years</b>		
Bank loans	2,400,600	2,572,757
<b>Amounts falling due after more than 5 years</b>		
Bank loans	2,885,420	2,053,436
<b>Total bank loans</b>	<u>6,262,420</u>	<u>6,212,572</u>

The company has entered into various secured long-term loans that are repayable in monthly and quarterly instalments. Interest is charged at varying rates between 2% and 2.75% above the Bank of England Base Rate.

Bank loans are secured by a first legal charge over the leasehold assets of the company and a debenture comprising fixed and floating charges over all the assets and undertakings of the company, including all present and future leasehold property, book and other debts, chattels, and goodwill and uncalled capital, both present and future.

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**ALDERFORCE NORTH LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017**

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**18. Financial instruments**

	2017 £	2016 £
<b>Financial assets</b>		
Financial assets measured at fair value through profit or loss	1,081,289	162,444
Financial assets that are debt instruments measured at amortised cost	4,538,188	5,367,430
	<u>5,619,477</u>	<u>5,529,874</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	(11,022,573)	(11,993,357)
	<u>(11,022,573)</u>	<u>(11,993,357)</u>

Financial assets measured at fair value through profit or loss comprise of cash at bank and in hand.

Financial assets measured at amortised cost comprise of trade debtors, loans due from related parties and other debtors.

Financial liabilities measured at amortised cost comprise of bank loans, trade creditors, loans due to related parties, accruals and other creditors.

**19. Deferred taxation**

	2017 £
At beginning of year	(144,894)
Charged to profit or loss	4,060
<b>At end of year</b>	<u>(140,834)</u>

The provision for deferred taxation is made up as follows:

	2017 £
Accelerated capital allowances	(140,834)
	<u>(140,834)</u>

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ALDERFORCE NORTH LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017

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20. Provisions

	Dilapidation provisions £
At 1 April 2016	316,000
Included within fixed asset additions in the year	40,000
<b>At 31 March 2017</b>	<b>356,000</b>

Provisions for dilapidation costs are recorded on the date in which leasehold properties are altered and the liability of repair is crystallised. Provisions are capitalised and depreciated over the period of the lease with three to twenty years remaining on the leases.

21. Share capital

	2017 £	2016 £
<b>Shares classified as equity</b>		
<b>Allotted, called up and fully paid</b>		
100 Ordinary shares of £1 each	100	100

22. Reserves

**Profit and loss account**

Profit and loss account includes all current and prior period retained profits and losses.

23. Commitments under operating leases

At 31 March 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £	2016 £
Not later than 1 year	1,418,770	1,191,570
Later than 1 year and not later than 5 years	5,582,997	4,739,197
Later than 5 years	12,223,543	12,648,113
	<b>19,225,310</b>	<b>18,578,880</b>

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## ALDERFORCE NORTH LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

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#### 24. Related party transactions

The company is part of a cross-guarantee for the bank debts of Erindale Ltd, a company under common control. The maximum amount payable under this guarantee at 31 March 2017 is £1,121,000 (2016: £1,121,000).

Included within administrative expenses are net rental charges in respect of twelve restaurant units rented from Erindale Limited of £755,258 (2016: £726,000) with a trade creditors balance of £nil (2016: £nil) at the year end. The companies are related as they are under common control.

Included within other debtors is a loan balance of £Nil (2016: £650,000) due from Alderforce Limited, £Nil (2016: £175,000) due from Cuppacoff Limited, £209,824 (2016: £209,824) due from Maitrise Hotels Limited, £125,000 (2016: £125,000) due from Rafkins (Scunthorpe) Leisure Park Limited and a loan amount of £4,196,498 (2016: £4,196,498) due from Erindale Limited. The balances represents the net loan position between the companies that have arisen from inter company funding throughout the current and previous years. The loan amounts are unsecured, free of interest and repayable on demand. The companies are related as they are under common control.

Included within other creditors is a loan balance of £Nil (2016: £548,801) due to Marsdens Caterers of Sheffield Limited. The balance represents the net loan position between the companies that have arisen from inter company funding throughout the current and previous years. The loan is unsecured, free of interest and repayable on demand. The companies are related as they are under common control.

Also included within other creditors is £2,177,434 (2016: £2,177,434) owed to Adilsons Properties Limited, the balance represents loan amounts advanced to the company. The loan is unsecured, free of interest and repayable on demand. The companies are related due to the ultimate controlling parties being immediate family members.