
ALDERFORCE NORTH LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

ALDERFORCE NORTH LIMITED

COMPANY INFORMATION

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

ALDERFORCE NORTH LIMITED

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**STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2021**

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 continued to operate as a KFC franchisee.

The Director is pleased to report an increase in turnover and profits following a strong recovery off the back of a challenging start to the financial year. Upon the outbreak of COVID-19 we closed our stores for a period of time to ensure customers and staff remained safe and we began reopening stores throughout May 2020 where we considered it safe to do so. The results for the year are encouraging and demonstrate the resilience of the KFC brand as well as the British economy.

Turnover in the year increased from £27,439,598 to £32,336,212 as a result of an increased demand in our drive-thru stores, home deliveries and reduction in VAT rates. The increase in sales has assisted in increasing our operating profit to £3,568,853 (2020: £994,029) with business rates relief and more simplified store menu increasing the profitability of the company.

The company recorded a net cash inflow from operating activities of £1,055,517 (2020: net inflow of £155,630) as the company recorded strong profits whilst also increasing related party debtor balances. Net assets at the balance sheet date amounted to £5,107,521 (2020: £2,274,570).

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021**

Principal risks and uncertainties

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

COVID-19

The impact of COVID-19 was apparent throughout the year and due to the changes in government policy throughout March and after the year end the business has had to be reactive to the scenarios presented to it. KFC has focused its attention onto its delivery platforms and drive thru's to ensure that franchisees have been able to provide a safer offering to a wider customer base and remain competitive in the food industry.

The company took decisive action to reduce its cost base, capital expenditure and cash commitments. The company immediately reacted to government initiatives such as the business rates holiday, tax and VAT deferrals, colleagues were furloughed in line with the Coronavirus Job Retention Scheme.

Whilst there continues to be uncertainty due to new variations of the COVID virus, the company and its management remain confident that the company can continue to adapt to the challenges that face the industry.

COVID-19 has presented the industry with many new challenges and the company together with the franchisor have maintained innovative ways of ensuring customers' needs are met through increased online ordering and partnering with various delivery platforms whilst ensuring both customers and employees health and wellbeing are prioritised. The company has ensured it is making full use of government incentives and assistance to ensure that stores can remain open and operational.

Other Risks

The Director continues to assess risks arising from food and wage inflation by budgeting and reducing wastage and targeting sales growth to counter act reducing margins.

Financial key performance indicators

Financial Key Performance Indicators for the the company are the level of turnover, gross profit and EBITDA.

Turnover: £32,336,212 (2020: £27,439,598)

Gross profit: £9,896,827 (2020: £8,272,915).

EBITDA: £4,191,839 (2020: £1,778,640)

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 4 February 2022 and signed on its behalf.

Mohammed Adil
Secretary

**DIRECTOR'S REPORT
FOR THE YEAR ENDED 31 MARCH 2021**

The director presents his report and the financial statements for the year ended 31 March 2021.

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 they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies 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 £2,832,951 (2020 - £682,793).

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

Director

The director who served during the year was:

Raja Jameel Adil

Future developments

As a result of the impact of COVID-19 the company has identified the importance and strength of both the offering of delivery and operating drive thru stores. The Director continues to look for future store openings which will maximise these opportunities.

Stores will continue to be refurbished in order to meet KFC guidelines and remain at a high standard.

**DIRECTOR'S REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021**

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 are to provide working capital for the company's operations.

The company is financed with appropriate short-term finance to match the need of the business and enable the company to utilise its working capital in the most effective way.

Engagement with employees

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.

COVID-19

All employees classified as vulnerable or living with a vulnerable family member were identified early on and special measures were put in place to support and safeguard them.

The company has adopted all government and public health authority guidelines, including but not limited to, erecting safety screens at stores to protect its staff, increased cleaning regimes, social distancing and managing shifts to reduce the number of different employees mixing throughout each week.

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 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.

Matters covered in the strategic report

Information previously included in the directors' report in respect of the business review, key performance indicators and principal risks and uncertainties can now be found in the strategic report in accordance with S414C(11) of the Companies Act 2006.

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.

ALDERFORCE NORTH LIMITED

**DIRECTOR'S REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021**

This report was approved by the board on 4 February 2022 and signed on its behalf.

Raja Jameel Adil
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS, AS A BODY, OF ALDERFORCE NORTH LIMITED

Opinion

We have audited the financial statements of ALDERFORCE NORTH LIMITED (the 'Company') for the year ended 31 March 2021, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Cash Flows, the Statement of Changes in Equity 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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

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.

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.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS, AS A BODY, OF ALDERFORCE NORTH LIMITED (CONTINUED)

Other information

The director is responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion 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 Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Director's 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 Director's 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS, AS A BODY, OF ALDERFORCE NORTH LIMITED (CONTINUED)

Responsibilities of directors

As explained more fully in the Director's Responsibilities Statement set out on page 3, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the director determines 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 have no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS, AS A BODY, OF ALDERFORCE NORTH LIMITED (CONTINUED)

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:

We obtained an understanding of the legal and regulatory framework applicable to the company, through discussions with the Directors and from our general commercial experience. We determined which laws and regulations were of most significance in the context of the company and which are directly relevant to specific assertions in the financial statements, being United Kingdom Accounting Standard (Financial Reporting Standards 102), and applicable law (the Companies Act 2006 and tax legislation's).

We understood how the company is complying with those legal and regulatory frameworks, by making enquiries of the Directors of known or suspected instances of non-compliance with laws and regulations. We corroborated our enquiries through our review of legal expenses incurred during the year. We reviewed the financial statement disclosures to assess compliance with the relevant laws and regulations discussed above. We remained alert to any indications of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur, by discussing with the Directors to understand where it is considered there was a susceptibility of fraud.

We evaluated managements incentives and opportunities for fraudulent manipulation of the financial statements, and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates.

In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Other audit procedures performed in response to the assessment above include: discussions with management of known or suspected instances of fraud; reconciliation of sales from tills to the accounting system, review and reconciliation of the cash control accounts and challenging the assumptions made by management in their significant accounting estimates.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS, AS A BODY, OF ALDERFORCE NORTH LIMITED (CONTINUED)

Use of our report

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

Hasan 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

4 February 2022

ALDERFORCE NORTH LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2021

	Note	2021 £	2020 £
Turnover	4	32,336,212	27,439,598
Cost of sales		(22,439,385)	(19,166,683)
Gross profit		9,896,827	8,272,915
Administrative expenses		(7,419,398)	(7,434,801)
Other operating income including exceptional items	5	1,091,424	155,915
Operating profit	6	3,568,853	994,029
Interest receivable and similar income		2,168	12,538
Interest payable and expenses	9	(60,175)	(137,196)
Profit before tax		3,510,846	869,371
Tax on profit	10	(677,895)	(186,578)
Profit for the financial year		2,832,951	682,793

There was no other comprehensive income for 2021 (2020:£NIL).

The notes on pages 16 to 28 form part of these financial statements.

ALDERFORCE NORTH LIMITED
REGISTERED NUMBER: 07160663

BALANCE SHEET
AS AT 31 MARCH 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	11	153,613	175,512
Tangible assets	12	2,524,673	3,031,196
		<u>2,678,286</u>	<u>3,206,708</u>
Current assets			
Stocks	13	100,451	128,012
Debtors: amounts falling due within one year	14	11,530,349	6,940,956
Bank and cash balances		4,940,496	4,288,999
		<u>16,571,296</u>	<u>11,357,967</u>
Creditors: amounts falling due within one year	15	(9,862,411)	(7,294,871)
Net current assets		<u>6,708,885</u>	<u>4,063,096</u>
Total assets less current liabilities		<u>9,387,171</u>	<u>7,269,804</u>
Creditors: amounts falling due after more than one year		(3,868,400)	(4,569,933)
Provisions for liabilities			
Deferred tax	17	(35,250)	(49,301)
Other provisions	18	(376,000)	(376,000)
		<u>(411,250)</u>	<u>(425,301)</u>
Net assets		<u><u>5,107,521</u></u>	<u><u>2,274,570</u></u>
Capital and reserves			
Called up share capital	19	100	100
Profit and loss account		5,107,421	2,274,470
		<u><u>5,107,521</u></u>	<u><u>2,274,570</u></u>

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

Raja Jameel Adil
Director

Date: 4 February 2022

The notes on pages 16 to 28 form part of these financial statements.

ALDERFORCE NORTH LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2021

	Called up share capital £	Profit and loss account £	Total equity £
At 1 April 2019	100	1,591,677	1,591,777
Comprehensive income for the year			
Profit for the year and total comprehensive income	-	682,793	682,793
Total profit and comprehensive income for the year	-	682,793	682,793
At 1 April 2020	100	2,274,470	2,274,570
Comprehensive income for the year			
Profit for the year and total comprehensive income	-	2,832,951	2,832,951
Total profit and comprehensive income for the year	-	2,832,951	2,832,951
At 31 March 2021	100	5,107,421	5,107,521

The notes on pages 16 to 28 form part of these financial statements.

ALDERFORCE NORTH LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2021

	2021 £	2020 £
Cash flows from operating activities		
Profit for the financial year	2,832,951	682,793
Adjustments for:		
Amortisation of intangible assets	41,245	43,465
Depreciation of tangible assets	581,741	741,146
Loss on disposal of tangible assets	-	6,907
Interest paid	60,175	137,196
Interest received	(2,168)	(12,538)
Taxation charge	677,895	186,578
Decrease in stocks	27,561	27,843
(Increase) in debtors	(4,589,391)	(356,121)
Increase/(decrease) in creditors	1,650,012	(1,029,975)
Corporation tax (paid)	(224,504)	(271,664)
Net cash generated from operating activities	1,055,517	155,630
Cash flows from investing activities		
Purchase of intangible fixed assets	(19,347)	-
Purchase of tangible fixed assets	(75,219)	(126,224)
Interest received	2,168	12,538
Net cash from investing activities	(92,398)	(113,686)
Cash flows from financing activities		
Repayment of loans	(251,447)	(474,872)
Interest paid	(60,175)	(137,196)
Net cash used in financing activities	(311,622)	(612,068)
Net increase/(decrease) in cash and cash equivalents	651,497	(570,124)
Cash and cash equivalents at beginning of year	4,288,999	4,859,123

ALDERFORCE NORTH LIMITED

STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

	2021 £	2020 £
Cash and cash equivalents at the end of year	4,940,496	4,288,999
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	4,940,496	4,288,999
	4,940,496	4,288,999

ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 MARCH 2021

	At 1 April 2020 £	Cash flows £	At 31 March 2021
Cash at bank and in hand	4,288,999	651,497	4,940,496
Debt due after 1 year	(4,569,933)	701,533	(3,868,400)
Debt due within 1 year	(269,955)	(450,086)	(720,041)
	(550,889)	902,944	352,055

The notes on pages 16 to 28 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

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 Turnover recognition

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover 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 turnover is recognised:

Sale of goods

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

2.3 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss 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.

2.4 Government grants

Grants are accounted under the accruals model as permitted by FRS 102.

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

2.5 Finance costs

Finance costs are charged to profit or loss 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

2. Accounting policies (continued)

2.6 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.7 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.8 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

2. Accounting policies (continued)

2.9 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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2.10 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
Office equipment	- 20% straight line

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 profit or loss.

2.11 Stocks

Stocks are stated at the lower of cost and selling price less selling costs.

2.12 Financial instruments

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

2. Accounting policies (continued)

2.12 Financial instruments (continued)

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.

2.13 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.

2.14 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.

2.15 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.

2.16 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 profit or loss 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

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, judgments and assumptions that it believes are reasonable based on the information available. These judgments, 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 (note 12); and
- Dilapidation provisions which are calculated by management based on their expectations of costs in reference to store type and size (note 11).

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

	2021 £	2020 £
Other operating income	34,597	44,871
Government grants receivable	1,056,827	111,044
	<u>1,091,424</u>	<u>155,915</u>

Included within government grants receivable are claims to cover wages and salaries for the company's employees placed on furlough under the Coronavirus Job Retention Scheme and local retail grants claimed due to lockdown restrictions.

6. Operating profit

The operating profit is stated after charging:

	2021 £	2020 £
Other operating lease rentals	<u>1,484,291</u>	<u>1,481,830</u>

ALDERFORCE NORTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

7. Auditors' remuneration

	2021 £	2020 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	<u>19,500</u>	<u>18,500</u>

8. Employees

Staff costs were as follows:

	2021 £	2020 £
Wages and salaries	7,439,631	6,586,969
Social security costs	270,027	245,049
Cost of defined contribution scheme	87,945	85,929
	<u>7,797,603</u>	<u>6,917,947</u>

Key management compensation paid in the year was £Nil (2020: £nil).

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

	2021 No.	2020 No.
Management and office staff	5	7
Restaurant staff	840	748
	<u>845</u>	<u>755</u>

9. Interest payable and similar expenses

	2021 £	2020 £
Bank interest payable	59,566	131,176
Other loan interest payable	128	5,588
Other interest payable	481	432
	<u>60,175</u>	<u>137,196</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

10. Taxation

	2021 £	2020 £
Corporation tax		
Current tax on profits for the year	691,945	224,504
Total current tax	<u>691,945</u>	<u>224,504</u>
Deferred tax		
Origination and reversal of timing differences	(14,050)	(37,926)
Total deferred tax	<u>(14,050)</u>	<u>(37,926)</u>
Taxation on profit on ordinary activities	<u>677,895</u>	<u>186,578</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2020 - *higher than*) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
Profit on ordinary activities before tax	<u>3,510,845</u>	<u>869,371</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	667,061	165,180
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	-	3,459
Difference between capital allowances for year and depreciation	24,883	55,865
Changes in deferred tax provisions	(14,049)	(37,926)
Total tax charge for the year	<u>677,895</u>	<u>186,578</u>

Factors that may affect future tax charges

The Corporation Tax main rate for 1 April 2021 is set at 19% and it is at this rate until 31 March 2023. From 1 April 2023, the Corporation Tax main rate for non-ring fenced profits will be increased to 25% applying to profits over £250,000. This will effect the company's corporation tax charges accordingly.

ALDERFORCE NORTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

11. Intangible assets

	Franchise fees £
Cost	
At 1 April 2020	434,652
Additions	19,347
	<hr/>
At 31 March 2021	453,999
	<hr/>
Amortisation	
At 1 April 2020	259,141
Charge for the year on owned assets	41,245
	<hr/>
At 31 March 2021	300,386
	<hr/>
Net book value	
At 31 March 2021	<u>153,613</u>
At 31 March 2020	<u>175,512</u>

ALDERFORCE NORTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

12. Tangible fixed assets

	Short-term leasehold property £	Motor vehicles £	Fixtures and fittings £	Office equipment £	Total £
Cost or valuation					
At 1 April 2020	277,354	37,086	8,174,950	-	8,489,390
Additions	-	-	63,243	11,976	75,219
At 31 March 2021	277,354	37,086	8,238,193	11,976	8,564,609
Depreciation					
At 1 April 2020	103,761	22,875	5,331,558	-	5,458,194
Charge for the year on owned assets	15,406	3,553	562,277	505	581,741
At 31 March 2021	119,167	26,428	5,893,835	505	6,039,935
Net book value					
At 31 March 2021	158,187	10,658	2,344,358	11,471	2,524,674
At 31 March 2020	173,593	14,211	2,843,392	-	3,031,196

13. Stocks

	2021 £	2020 £
Food, beverages and consumables	100,451	128,012
	100,451	128,012

ALDERFORCE NORTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

14. Debtors

	2021 £	2020 £
Trade debtors	224,482	7,362
Other debtors	10,789,640	6,377,253
Prepayments and accrued income	516,227	556,341
	<u>11,530,349</u>	<u>6,940,956</u>

15. Creditors: Amounts falling due within one year

	2021 £	2020 £
Bank loans	720,041	269,955
Trade creditors	3,761,033	1,539,158
Corporation tax	691,945	224,504
Other taxation and social security	78,186	700,567
Other creditors	3,895,859	4,203,176
Accruals and deferred income	715,347	357,511
	<u>9,862,411</u>	<u>7,294,871</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

16. Loans

Analysis of the maturity of loans is given below:

	2021 £	2020 £
Amounts falling due within one year		
Bank loans	720,041	269,955
Amounts falling due 1-2 years		
Bank loans	1,076,278	658,209
Amounts falling due 2-5 years		
Bank loans	2,589,235	3,180,942
Amounts falling due after more than 5 years		
Bank loans	202,887	730,782
Total bank loans	<u><u>4,588,441</u></u>	<u><u>4,839,888</u></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.

17. Deferred taxation

	2021 £
At beginning of year	(49,300)
Charged to profit or loss	14,050
At end of year	<u><u>(35,250)</u></u>

ALDERFORCE NORTH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

17. Deferred taxation (continued)

The provision for deferred taxation is made up as follows:

	2021 £	2020 £
Accelerated capital allowances	(35,251)	(49,300)
	<u>(35,251)</u>	<u>(49,300)</u>

18. Provisions

	Dilapidation provisions £
At 1 April 2020	376,000
At 31 March 2021	<u>376,000</u>

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 one to eighteen years remaining on the leases.

19. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
100 (2020 - 100) Ordinary shares of £1.00 each	<u>100</u>	<u>100</u>

20. Contingent liabilities

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 2021 is £1,121,000 (2020: £1,121,000).

21. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £87,945 (2020: £85,929). Contributions totalling £57,388 (2020: £2,267) were payable to the fund at the balance sheet date and are included in creditors.

ALDERFORCE NORTH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

22. Commitments under operating leases

At 31 March 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £	2020 £
Not later than 1 year	1,440,000	1,505,000
Later than 1 year and not later than 5 years	5,438,000	5,500,000
Later than 5 years	9,426,000	10,767,000
	<u>16,304,000</u>	<u>17,772,000</u>

23. Related party transactions**Related party loans**

Included within other debtors are loan amounts of £10,012,014 (2020: £6,292,920) due to companies under common control. The balances represent 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.

Included within creditors due in less than one year are loan amounts of £817,600 (2020: £1,181,244) due to companies under common control. 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.

Included within other creditors due in less than one year are loan amounts of £3,015,969 (2020: £2,998,831) due to companies in which the controlling party and Director holds a minority shareholding and are under the control of his immediate family members. The balances represents the net loan position between the companies that have arisen from inter company funding throughout the current and previous years.

Related party transactions

Included within administrative expenses in the year are rental charges of £916,700 (2020: £916,700) charged by companies under common control. Amounts included within trade creditors at the year end is £34,853 (2020: £163,872).

24. Controlling party

During the current and previous year the company was under the control of Raja Jameel Adil.

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