

Strategic Report,
Report of the Director and
Financial Statements
for the Year Ended 31 March 2023
for
Alderforce North Limited

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for the Year Ended 31 March 2023

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Alderforce North Limited
Company Information
for the Year Ended 31 March 2023

DIRECTOR: R J Adil

SECRETARY: M Adil

REGISTERED OFFICE: 34-36 London Road
Wembley
Middlesex
HA9 7EX

REGISTERED NUMBER: 07160663 (England and Wales)

AUDITORS: Wright Vigar Limited
Statutory Auditors
Chartered Accountants & Business Advisers
15 Newland
Lincoln
Lincolnshire
LN1 1XG

Strategic Report
for the Year Ended 31 March 2023

The director presents his strategic report for the year ended 31 March 2023.

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.

REVIEW OF BUSINESS

During the year, the company continued to operate as a KFC franchisee.

Turnover in the year decreased from £39,954,331 to £35,475,613 due to the higher VAT applied on the sales.

The gross profit of the company has decreased to £7,852,814 from £11,588,284 achieved last year. Due to the inflationary pressures on food, beverages and packaging material in the business the gross profit percentages have reduced from 29.0% to 22.1%.

Overheads remain proportionately high due to rising wage and energy costs, inflationary increases in business rates and the removal of the furlough support has resulted in a reduction in profit before tax to £564,251 (2022: £3,748,609).

The company recorded a net cash inflow from operating activities of £1,132,396 (2022: net inflow of £5,869,368). Net assets at the balance sheet date amounted to £8,571,075 (2022: £8,130,002).

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.

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.

SECTION 172(1) STATEMENT

The board of directors of Alderforce North Limited consider that they have fulfilled their individual and collective duty under section 172(1) of the Companies Act 2006 to act in the way that they consider, in good faith, would be most likely to promote the success of the company for the benefit of shareholders as a whole and in doing so, have regard to a number of broader matters which are set out below.

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 the information bulletins and reports which seeks to achieve a common awareness on the part of all employees of the financial economic factors affecting the company's performance.

The company engages with suppliers on terms appropriate to its size and pays supplier invoices promptly.

The company relies on strong customer satisfaction and scorings. Customer service and engagement is key for the company's long term success and we measure customer satisfaction on their feedback to us both in store and online. The Director's give regular feedback to KFC to provide suggestions which it feels will assist in meeting customer needs.

Community engagement by staff is encouraged and a number of staff are actively engaged with projects within their own communities. The company seeks to engage with its local community and regularly donates to UK charities.

The company is responsible for compiling and rolling out key regional policies that are applicable for our colleagues and suppliers, and include key risk coverage. Our major policies include: Code of Conduct, Anti-Bribery and Corruption Policy, Health and Safety Policy and Data Protection Policy.

Beyond this, our Environmental Policy outlines our commitment to compliance and to improving performance across key areas such as energy and carbon, waste and packaging and water usage.

FINANCIAL KEY PERFORMANCE AREAS

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

Turnover: £35,475,613 (2022: £39,954,331)
Gross profit: £7,852,814 (2022: £11,588,284).
EBITDA: £1,408,980 (2022: £4,516,079)

Strategic Report
for the Year Ended 31 March 2023

OVERALL 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.

ON BEHALF OF THE BOARD:

R J Adil - Director

22 December 2023

**Report of the Director
for the Year Ended 31 March 2023**

The director presents his report with the financial statements of the company for the year ended 31 March 2023.

PRINCIPAL ACTIVITY

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

DIVIDENDS

No dividends will be distributed for the year ended 31 March 2023.

The profit for the year, after taxation, amounted to £441,073 (2022: £3,022,482).

FUTURE DEVELOPMENTS

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

DIRECTOR

R J Adil held office during the whole of the period from 1 April 2022 to the date of this report.

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 is 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 the information bulletins and reports which seeks to achieve a common awareness on the part of all employees of the financial economic factors affecting the company's performance.

Disabled employees

The company's policy 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.

STREAMLINED ENERGY AND CARBON REPORTING

The Company's greenhouse gas emissions and energy consumption are as follows:

	2023	2022
Emissions resulting from activities for which the Company is responsible involving the combustion of gas or consumption of fuel for the purposes of transport (in tonnes of CO2 equivalent)	176	189
Emissions resulting from the purchase of the electricity by the Company for its own use, including the purposes of transport (in tonnes of CO2 equivalent)	1,290	1,501
Energy consumed from activities for which the Company is responsible involving the combustion of gas, or the consumption of fuel for the purposes of transport, and the annual quantity of energy consumed resulting from the purchase of electricity by the Company for its own use, including for the purposes of transport, in kWh	7,621,982	8,904,256

The carbon figures have been calculated using the BEIS 2020 carbon conversion factors for all fuels, other than the market based electricity which has been taken from EDF as the UK supplier.

The reporting period is the most recent financial year 01/04/2022 to 31/03/2023. This report has been compiled in line with the March 2019 BEIS 'Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance', and the EMA methodology for SECR Reporting. All measured emissions from activities which the organisation has financial control over are included as required under The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, unless otherwise stated in the exclusions statement.

**Report of the Director
for the Year Ended 31 March 2023**

The carbon figures have been calculated using the BEIS 2022 carbon conversion factors for all fuels, other than market based electricity which has been taken from EDF Energy as the UK supplier.

The company has implemented strict opening and closing procedures to reduce energy wastage and further work is ongoing to delivery efficiencies from 2020 onwards.

Intensity Ratio - tCO₂e / £1 m Turnover

Location based: 41.32 (2022: 42.3)

Market based: 4.97 (2022: 4.70)

DISCLOSURE 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.

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

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

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the director is aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

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

ON BEHALF OF THE BOARD:

R J Adil - Director

22 December 2023

Report of the Independent Auditors to the Members of
Alderforce North Limited

Opinion

We have audited the financial statements of Alderforce North Limited (the 'company') for the year ended 31 March 2023 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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.

Other information

The director is responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Director, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Report of the Director for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Director have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Report of the Independent Auditors to the Members of
Alderforce North Limited

Responsibilities of director

As explained more fully in the Statement of Director's Responsibilities set out on page five, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the director determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our work is performed to include an assessment of the susceptibility of the entity's financial statements to material misstatement, including the risk of fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

In identifying and assessing risk of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We plan our work to gain an understanding of the significant laws and regulations that are of significance to the entity and the sector in which they operate. We perform our work to ensure that the entity is complying with its legal and regulatory framework.
- We obtained an understanding of how the company is complying with those legal and regulatory frameworks by making inquiries to the management and people charged with governance.

We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur.

Audit procedures performed by the engagement team included:

- Substantive procedures performed in accordance with the ISAs (UK).
- Challenging assumptions and judgments made by management in its significant accounting estimates.
- Identifying and testing journal entries, in particular material journal entries and an assessment of year end journals.
- Assessing the extent of compliance with the relevant laws and regulations.

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

Use of our report

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

Paul Colcomb FCCA (Senior Statutory Auditor)
for and on behalf of Wright Vigar Limited
Statutory Auditors
Chartered Accountants & Business Advisers
15 Newland
Lincoln
Lincolnshire
LN1 1XG

22 December 2023

**Statement of Comprehensive
Income
for the Year Ended 31 March 2023**

	Notes	2023 £	2022 £
TURNOVER	3	35,475,613	39,954,331
Cost of sales		27,622,799	28,366,047
GROSS PROFIT		7,852,814	11,588,284
Administrative expenses		7,496,792	8,754,732
		356,022	2,833,552
Other operating income	4	330,511	1,006,974
OPERATING PROFIT	6	686,533	3,840,526
Interest receivable and similar income		55,907	3,805
		742,440	3,844,331
Interest payable and similar expenses	7	178,189	95,722
PROFIT BEFORE TAXATION		564,251	3,748,609
Tax on profit	8	123,178	726,127
PROFIT FOR THE FINANCIAL YEAR		441,073	3,022,482
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		441,073	3,022,482

Alderforce North Limited (Registered number: 07160663)

Balance Sheet
31 March 2023

	Notes	2023 £	£	2022 £	£
FIXED ASSETS					
Intangible assets	9		154,688		149,201
Tangible assets	10		<u>2,589,360</u>		<u>2,749,022</u>
			2,744,048		2,898,223
CURRENT ASSETS					
Stocks	11	161,988		111,401	
Debtors	12	15,323,790		16,590,247	
Cash at bank and in hand		<u>3,629,749</u>		<u>3,659,126</u>	
		19,115,527		20,360,774	
CREDITORS					
Amounts falling due within one year	13	<u>9,854,439</u>		<u>11,201,732</u>	
NET CURRENT ASSETS			<u>9,261,088</u>		<u>9,159,042</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			12,005,136		12,057,265
CREDITORS					
Amounts falling due after more than one year	14		(2,859,158)		(3,403,779)
PROVISIONS FOR LIABILITIES	17		<u>(574,903)</u>		<u>(523,484)</u>
NET ASSETS			<u>8,571,075</u>		<u>8,130,002</u>
CAPITAL AND RESERVES					
Called up share capital	18		100		100
Retained earnings	19		<u>8,570,975</u>		<u>8,129,902</u>
SHAREHOLDERS' FUNDS			<u>8,571,075</u>		<u>8,130,002</u>

The financial statements were approved by the director and authorised for issue on 22 December 2023 and were signed by:

R J Adil - Director

Statement of Changes in Equity
for the Year Ended 31 March 2023

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 April 2021	100	5,107,420	5,107,520
Changes in equity			
Total comprehensive income	-	3,022,482	3,022,482
Balance at 31 March 2022	100	8,129,902	8,130,002
Changes in equity			
Total comprehensive income	-	441,073	441,073
Balance at 31 March 2023	100	8,570,975	8,571,075

**Cash Flow Statement
for the Year Ended 31 March 2023**

	Notes	2023 £	2022 £
Cash flows from operating activities			
Cash generated from operations	1	1,632,397	6,562,424
Interest paid		(2,384)	(1,111)
Tax paid		(497,617)	(691,945)
Net cash from operating activities		<u>1,132,396</u>	<u>5,869,368</u>
Cash flows from investing activities			
Purchase of intangible fixed assets		(46,176)	(38,815)
Purchase of tangible fixed assets		(461,096)	(856,672)
Sale of tangible fixed assets		1,000	-
Loans to group companies		-	(5,577,791)
Interest received		55,907	3,805
Net cash from investing activities		<u>(450,365)</u>	<u>(6,469,473)</u>
Cash flows from financing activities			
Loan repayments in year		(535,603)	(586,655)
Interest paid		(175,805)	(94,611)
Net cash from financing activities		<u>(711,408)</u>	<u>(681,266)</u>
Decrease in cash and cash equivalents		<u>(29,377)</u>	<u>(1,281,371)</u>
Cash and cash equivalents at beginning of year	2	3,659,126	4,940,497
Cash and cash equivalents at end of year	2	<u>3,629,749</u>	<u>3,659,126</u>

The notes form part of these financial statements

**Notes to the Cash Flow Statement
for the Year Ended 31 March 2023**

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

	2023	2022
	£	£
Profit before taxation	564,251	3,748,609
Depreciation charges	659,885	675,553
Loss on disposal of fixed assets	562	-
Finance costs	178,189	95,722
Finance income	(55,907)	(3,805)
	<u>1,346,980</u>	<u>4,516,079</u>
Increase in stocks	(50,587)	(10,950)
Decrease in trade and other debtors	1,266,457	379,971
(Decrease)/increase in trade and other creditors	(930,453)	1,677,324
Cash generated from operations	<u><u>1,632,397</u></u>	<u><u>6,562,424</u></u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 March 2023

	31.3.23	1.4.22
	£	£
Cash and cash equivalents	<u>3,629,749</u>	<u>3,659,126</u>

Year ended 31 March 2022

	31.3.22	1.4.21
	£	£
Cash and cash equivalents	<u>3,659,126</u>	<u>4,940,497</u>

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.4.22	Cash flow	At 31.3.23
	£	£	£
Net cash			
Cash at bank and in hand	<u>3,659,126</u>	<u>(29,377)</u>	<u>3,629,749</u>
	<u>3,659,126</u>	<u>(29,377)</u>	<u>3,629,749</u>
Debt			
Debts falling due within 1 year	(598,007)	(9,018)	(607,025)
Debts falling due after 1 year	<u>(3,403,779)</u>	<u>544,621</u>	<u>(2,859,158)</u>
	<u>(4,001,786)</u>	<u>535,603</u>	<u>(3,466,183)</u>
Total	<u><u>(342,660)</u></u>	<u><u>506,226</u></u>	<u><u>163,566</u></u>

Notes to the Financial Statements
for the Year Ended 31 March 2023

1. STATUTORY INFORMATION

Alderforce North Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Turnover

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.

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.

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

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.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2023

2. ACCOUNTING POLICIES - continued

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

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.

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.

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.

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.

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.

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.

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2023**

2. ACCOUNTING POLICIES - continued

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.

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.

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; and
- Dilapidation provisions which are calculated by management based on their expectations of costs in reference to store type and size.

3. TURNOVER

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

All turnover arose within the United Kingdom.

4. OTHER OPERATING INCOME

	2023	2022
	£	£
Sundry receipts	51,888	821,591
Government grants	278,623	185,383
	<u>330,511</u>	<u>1,006,974</u>

5. EMPLOYEES AND DIRECTORS

	2023	2022
	£	£
Wages and salaries	8,458,251	9,033,934
Social security costs	366,001	398,468
Other pension costs	136,070	101,444
	<u>8,960,322</u>	<u>9,533,846</u>

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

	2023	2022
Management and office staff	7	9
Restaurant staff	740	842
	<u>747</u>	<u>851</u>

Notes to the Financial Statements - continued
for the Year Ended 31 March 2023

5. EMPLOYEES AND DIRECTORS - continued

Key management compensation paid in the year was £nil (2022: £nil).

	2023 £	2022 £
Director's remuneration	-	-

6. OPERATING PROFIT

The operating profit is stated after charging:

	2023 £	2022 £
Depreciation - owned assets	619,196	632,326
Loss on disposal of fixed assets	562	-
Franchise fees amortisation	40,689	43,229
Auditors' remuneration	37,000	21,000
Auditors' remuneration for non audit work	7,093	6,563

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	2023 £	2022 £
Bank loan interest	155,245	94,521
Other loan interest payable	20,560	90
Other interest on overdue tax	2,384	1,111
	<u>178,189</u>	<u>95,722</u>

8. TAXATION

Analysis of the tax charge

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

	2023 £	2022 £
Current tax:		
UK corporation tax	71,759	613,894
Deferred tax	51,419	112,233
Tax on profit	<u>123,178</u>	<u>726,127</u>

UK corporation tax was charged at 19% in 2022.

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2023 £	2022 £
Profit before tax	<u>564,251</u>	<u>3,748,609</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2022 - 19%)	107,208	712,236
Effects of:		
Expenses not deductible for tax purposes	6,630	3,472
Capital allowances in excess of depreciation	(42,186)	(101,814)
Change in deferred tax provision	51,419	112,233
Loss on disposal	107	-
Total tax charge	<u>123,178</u>	<u>726,127</u>

Notes to the Financial Statements - continued
for the Year Ended 31 March 2023

8. TAXATION - continued

The Corporation Tax main rate for 1 April 2022 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.

9. INTANGIBLE FIXED ASSETS

	Franchise fees £
COST	
At 1 April 2022	431,304
Additions	46,176
Disposals	(59,045)
At 31 March 2023	<u>418,435</u>
AMORTISATION	
At 1 April 2022	282,103
Amortisation for year	40,689
Eliminated on disposal	(59,045)
At 31 March 2023	<u>263,747</u>
NET BOOK VALUE	
At 31 March 2023	<u>154,688</u>
At 31 March 2022	<u>149,201</u>

10. TANGIBLE FIXED ASSETS

	Short leasehold £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST					
At 1 April 2022	277,354	9,082,796	37,086	24,045	9,421,281
Additions	-	461,096	-	-	461,096
Disposals	-	-	(13,686)	-	(13,686)
At 31 March 2023	<u>277,354</u>	<u>9,543,892</u>	<u>23,400</u>	<u>24,045</u>	<u>9,868,691</u>
DEPRECIATION					
At 1 April 2022	134,247	6,503,912	29,092	5,008	6,672,259
Charge for year	15,079	597,700	1,608	4,809	619,196
Eliminated on disposal	-	-	(12,124)	-	(12,124)
At 31 March 2023	<u>149,326</u>	<u>7,101,612</u>	<u>18,576</u>	<u>9,817</u>	<u>7,279,331</u>
NET BOOK VALUE					
At 31 March 2023	<u>128,028</u>	<u>2,442,280</u>	<u>4,824</u>	<u>14,228</u>	<u>2,589,360</u>
At 31 March 2022	<u>143,107</u>	<u>2,578,884</u>	<u>7,994</u>	<u>19,037</u>	<u>2,749,022</u>

11. STOCKS

	2023 £	2022 £
Food, drinks and consumables	<u>161,988</u>	<u>111,401</u>

Notes to the Financial Statements - continued
for the Year Ended 31 March 2023

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023	2022
	£	£
Trade debtors	199,387	478,632
Other debtors	14,214,125	14,679,574
VAT	-	315,201
Prepayments and accrued income	910,278	1,116,840
	<u>15,323,790</u>	<u>16,590,247</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023	2022
	£	£
Bank loans and overdrafts (see note 15)	607,025	598,007
Trade creditors	4,202,434	5,114,586
Tax	188,036	613,894
Social security and other taxes	75,901	82,044
VAT	86,101	-
Other creditors	4,013,332	3,843,028
Accruals and deferred income	681,610	950,173
	<u>9,854,439</u>	<u>11,201,732</u>

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

	2023	2022
	£	£
Bank loans (see note 15)	<u>2,859,158</u>	<u>3,403,779</u>

15. LOANS

An analysis of the maturity of loans is given below:

	2023	2022
	£	£
Amounts falling due within one year or on demand:		
Bank loans	<u>607,025</u>	<u>598,007</u>
Amounts falling due between one and two years:		
Bank loans - 1-2 years	<u>620,059</u>	<u>606,480</u>
Amounts falling due between two and five years:		
Bank loans - 2-5 years	<u>1,722,327</u>	<u>2,639,712</u>
Amounts falling due in more than five years:		
Repayable by instalments		
Bank loans more 5 yr by instal	<u>516,772</u>	<u>157,587</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.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2023

16. LEASING AGREEMENTS

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

	2023	2022
	£	£
Within one year	1,319,407	1,401,782
Between one and five years	5,078,782	5,324,069
In more than five years	6,664,840	8,138,543
	<u>13,063,029</u>	<u>14,864,394</u>

17. PROVISIONS FOR LIABILITIES

	2023	2022
	£	£
Deferred tax	198,903	147,484
Other provisions	<u>376,000</u>	<u>376,000</u>
	<u>574,903</u>	<u>523,484</u>
	Deferred tax	Other provisions
	£	£
Balance at 1 April 2022	147,484	376,000
Charge in year	51,419	-
Balance at 31 March 2023	<u>198,903</u>	<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 crystalized. Provisions are capitalised and depreciated over the period of the lease with one to eighteen years remaining on the leases.

18. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2023	2022
			£	£
100	Ordinary	1	<u>100</u>	<u>100</u>

19. RESERVES

	Retained earnings
	£
At 1 April 2022	8,129,902
Profit for the year	<u>441,073</u>
At 31 March 2023	<u>8,570,975</u>

20. 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 £136,070 (2022: £101,444). Contributions totalling £20,005 (2022: £17,476) were payable to the fund at the balance sheet date and are included in creditors.

21. 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 2023 is £1,121,000 (2022: £1,121,000).

Notes to the Financial Statements - continued
for the Year Ended 31 March 2023

22. RELATED PARTY DISCLOSURES

Included within Other Debtors at the year end are loan amounts of £14,578,993 (2022: £14,572,143) due from companies under common control. The loans have arisen from inter company funding in the current and prior years. The loans are unsecured, repayable on demand and free of interest.

Included within Other Creditors at the year end are loan amounts of £809,953 (2022: £701,145) due to companies under common control. The loans have arisen from inter company funding in the current and prior years. The loans are unsecured, repayable on demand and free of interest.

Included within Other Debtors at the year end are loan amounts of £188,510 (2022: £nil) due from companies in which the controlling party and Director holds a minority shareholding and are under common control of his immediate family members. The loans have arisen from inter company funding in the current and prior years. The loans are unsecured, repayable on demand and free of interest.

Included within Other Creditors at the year end are loan amounts of £2,872,154 (2022: £2,994,504) due to companies in which the controlling party and Director holds a minority shareholding and are under common control of his immediate family members. The loans have arisen from inter company funding in the current and prior years. The loans are unsecured, repayable on demand and free of interest.

Related party transactions

Included within administrative expenses in the year are rental charges of £939,950 (2022: £962,900) charged by companies under common control. Included within trade creditors at the year end is a balance of £923,445 (2022: £nil).

Included within trade debtors at the year end is a balance of £72,701 (2022: £nil).

23. CONTROLLING PARTY

The controlling party is R J Adil.

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