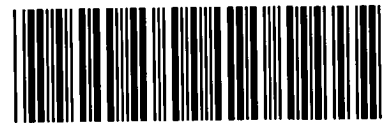


Company Registration No. 08895755 (England and Wales)

**FULL HOUSE RESTAURANTS HOLDINGS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 25 DECEMBER 2016**

**RICHES**  
& COMPANY  
CHARTERED  
ACCOUNTANTS

WEDNESDAY



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27/09/2017

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COMPANIES HOUSE

# FULL HOUSE RESTAURANTS HOLDINGS LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	J. E. Shedden B. J. Shedden S. G. Hemsley
<b>Secretary</b>	C. J. Shedden
<b>Company number</b>	08895755
<b>Registered office</b>	34 Anyards Road Cobham Surrey KT11 2LA
<b>Auditor</b>	Riches and Company 34 Anyards Road Cobham Surrey KT11 2LA
<b>Business address</b>	Kings Court 41-51 Kingston Road Leatherhead Surrey KT22 7SL

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# **FULL HOUSE RESTAURANTS HOLDINGS LIMITED**

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# FULL HOUSE RESTAURANTS HOLDINGS LIMITED

## STRATEGIC REPORT

**FOR THE YEAR ENDED 25 DECEMBER 2016**

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The directors present the strategic report for the year ended 25 December 2016.

### **Fair review of the business**


A new subsidiary was added to the group during the year ended 25 December 2016, adding 9 stores. Owing to favourable market conditions during the current year ended 25 December 2016 and building on the strength of these acquisitions, group turnover has increased from £33.5m in 2015 to £40.7m in 2016 leading to increased gross profit; £13.4m in 2016 compared to £10.9m in 2015 and increased operating profit; £3m in 2015 to £3.5m in 2016.

### **Principal risks and uncertainties**

The Board has a policy of continuous identification and review of key business risks and uncertainties. It oversees the development of processes to ensure that those risks are managed appropriately and operational management is delegated with the task of implementing these processes and reporting to the Board on their outcome.

The principal risk facing the business is competition in the takeaway market. The company has a strong standing in this respect and the Directors remain vigilant to ensure that the company continues to work diligently in maintaining the standards of quality and service.

On behalf of the board



J. E. Shedden  
Director  
26/9/2017

# **FULL HOUSE RESTAURANTS HOLDINGS LIMITED**

## **DIRECTORS' REPORT**

***FOR THE YEAR ENDED 25 DECEMBER 2016***

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The directors present their annual report and financial statements for the year ended 25 December 2016.

### **Principal activities**

The principal activity of the company and group continued to be that of the management and operation of fast food restaurants.

### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

J. E. Shedden  
B. J. Shedden  
S. G. Hemsley

### **Results and dividends**

The results for the year are set out on page 6.

An interim ordinary dividend was paid amounting to £1,300,000. The directors do not recommend payment of a final dividend.

### **Disabled persons**

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

### **Employee involvement**

The company's policy is to consult and discuss with employees, through unions, staff councils and 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 group's performance.

### **Future developments**

The overall business outlook remains positive; the directors are experienced in the takeaway business and are well aware of the challenges that require consistently applied, high quality procedures to minimise risks. The group continues to invest in its operations and maintains high standards in product quality and staff training.

### **Auditor**

The auditor, Riches and Company, have signified their willingness to continue in office and will be deemed to be reappointed under section 487(2) of the Companies Act 2006.

# FULL HOUSE RESTAURANTS HOLDINGS LIMITED

## DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 25 DECEMBER 2016

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### Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

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

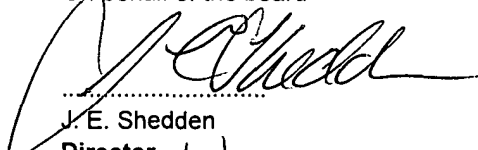
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;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

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

### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board



J. E. Shedden  
Director  
Date: 28/9/2017

# **FULL HOUSE RESTAURANTS HOLDINGS LIMITED**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF FULL HOUSE RESTAURANTS HOLDINGS LIMITED**

We have audited the financial statements of Full House Restaurants Holdings Limited for the year ended 25 December 2016 set out on pages 6 to 34. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on pages 2 - 3, the directors are 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 Auditing Practices Board'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 group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual 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 group's and the parent company's affairs as at 25 December 2016 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.

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

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

# FULL HOUSE RESTAURANTS HOLDINGS LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF FULL HOUSE RESTAURANTS HOLDINGS LIMITED

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**RICHERS**  
& COMPANY  
CHARTERED  
ACCOUNTANTS

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



Nicholas Caso (Senior Statutory Auditor)  
for and on behalf of Riches and Company

Chartered Accountants  
Statutory Auditor

28/9/2017



# FULL HOUSE RESTAURANTS HOLDINGS LIMITED

## GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 25 DECEMBER 2016

	Notes	2016 £	2015 £
Turnover	3	40,740,710	33,592,077
Cost of sales		(27,314,476)	(22,616,131)
<b>Gross profit</b>		<b>13,426,234</b>	<b>10,975,946</b>
Administrative expenses		(9,735,966)	(7,989,035)
Other operating income		46,930	59,522
<b>Operating profit</b>	<b>4</b>	<b>3,737,198</b>	<b>3,046,433</b>
Interest receivable and similar income	8	1,503	2,049
Interest payable and similar charges	9	(225,423)	(213,288)
<b>Profit before taxation</b>		<b>3,513,278</b>	<b>2,835,194</b>
Tax on profit	10	(961,556)	(809,897)
<b>Profit for the financial year</b>	<b>26</b>	<b>2,551,722</b>	<b>2,025,297</b>

Profit for the financial year is all attributable to the owners of the parent company.

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

# **FULL HOUSE RESTAURANTS HOLDINGS LIMITED**

## **GROUP STATEMENT OF COMPREHENSIVE INCOME** **FOR THE YEAR ENDED 25 DECEMBER 2016**

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	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
<b>Profit for the year</b>	2,551,722	2,025,297
<b>Other comprehensive income</b>	-	-
<b>Total comprehensive income for the year</b>	<u>2,551,722</u>	<u>2,025,297</u>

Total comprehensive income for the year is all attributable to the owners of the parent company.

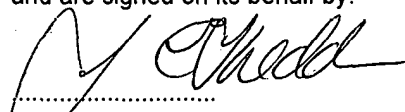
# FULL HOUSE RESTAURANTS HOLDINGS LIMITED

## GROUP BALANCE SHEET

AS AT 25 DECEMBER 2016

	Notes	2016 £	£	2015 £	£
<b>Fixed assets</b>					
Goodwill	12	11,233,543		7,731,870	
Other intangible assets	12	27,098		11,095	
Total intangible assets		11,260,641		7,742,965	
Tangible assets	13	4,395,334		3,272,945	
		15,655,975		11,015,910	
<b>Current assets</b>					
Stocks	17	217,142		130,381	
Debtors	18	1,925,630		422,856	
Cash at bank and in hand		1,574,566		2,170,267	
		3,717,338		2,723,504	
<b>Creditors: amounts falling due within one year</b>	19	(8,558,507)		(5,127,146)	
<b>Net current liabilities</b>		(4,841,169)		(2,403,642)	
<b>Total assets less current liabilities</b>		10,814,806		8,612,268	
<b>Creditors: amounts falling due after more than one year</b>	20	(5,192,479)		(4,338,685)	
<b>Provisions for liabilities</b>	23	(613,402)		(516,380)	
<b>Net assets</b>		5,008,925		3,757,203	
<b>Capital and reserves</b>					
Called up share capital	25	1,000		1,000	
Other reserves	26	206,590		206,590	
Profit and loss reserves	26	4,801,335		3,549,613	
<b>Total equity</b>		5,008,925		3,757,203	

The financial statements were approved by the board of directors and authorised for issue on 21/9/2017 and are signed on its behalf by:

  
 J. E. Shedden  
 Director

# FULL HOUSE RESTAURANTS HOLDINGS LIMITED


## COMPANY BALANCE SHEET

AS AT 25 DECEMBER 2016

	Notes	2016 £	£	2015 £	£
<b>Fixed assets</b>					
Investments	14		4,783,893		4,783,893
<b>Current assets</b>					
Debtors	18	4,375,980		1,000	
Cash at bank and in hand		1,514,420		2,111,176	
		<u>5,890,400</u>		<u>2,112,176</u>	
<b>Creditors: amounts falling due within one year</b>	19	<u>(4,033,930)</u>		<u>(3,823,631)</u>	
<b>Net current assets/(liabilities)</b>			1,856,470		(1,711,455)
<b>Total assets less current liabilities</b>			<u>6,640,363</u>		<u>3,072,438</u>
<b>Creditors: amounts falling due after more than one year</b>	20		(4,563,417)		(3,058,647)
<b>Net assets</b>			<u>2,076,946</u>		<u>13,791</u>
<b>Capital and reserves</b>					
Called up share capital	25		1,000		1,000
Profit and loss reserves	26		2,075,946		12,791
<b>Total equity</b>			<u>2,076,946</u>		<u>13,791</u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £3,363,155 (2015 - £525,437 profit).

The financial statements were approved by the board of directors and authorised for issue on 26/9/2017 and are signed on its behalf by:

  
J. E. Shedden  
Director

Company Registration No. 08895755

# FULL HOUSE RESTAURANTS HOLDINGS LIMITED

## GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 25 DECEMBER 2016

	Notes	Share capital £	Other reserves £	Profit and loss reserves £	Total £
<b>Balance at 29 December 2014</b>		1,000	206,590	2,024,316	2,231,906
<b>Period ended 27 December 2015:</b>					
Profit and total comprehensive income for the period		-	-	2,025,297	2,025,297
Dividends	11	-	-	(500,000)	(500,000)
<b>Balance at 27 December 2015</b>		1,000	206,590	3,549,613	3,757,203
<b>Year ended 25 December 2016:</b>					
Profit and total comprehensive income for the year		-	-	2,551,722	2,551,722
Dividends	11	-	-	(1,300,000)	(1,300,000)
<b>Balance at 25 December 2016</b>		1,000	206,590	4,801,335	5,008,925

# FULL HOUSE RESTAURANTS HOLDINGS LIMITED

## COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 25 DECEMBER 2016

	Notes	Share capital £	Profit and loss reserves £	Total £
<b>Balance at 29 December 2014</b>		1,000	(12,646)	(11,646)
<b>Period ended 27 December 2015:</b>				
Profit and total comprehensive income for the period		-	525,437	525,437
Dividends	11	-	(500,000)	(500,000)
<b>Balance at 27 December 2015</b>		1,000	12,791	13,791
<b>Year ended 25 December 2016:</b>				
Profit and total comprehensive income for the year		-	3,363,155	3,363,155
Dividends	11	-	(1,300,000)	(1,300,000)
<b>Balance at 25 December 2016</b>		1,000	2,075,946	2,076,946

# FULL HOUSE RESTAURANTS HOLDINGS LIMITED

## GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 25 DECEMBER 2016

	Notes	2016 £	£	2015 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	30	6,747,310		3,511,660	
Interest paid		(225,423)		(213,288)	
Income taxes paid		(1,107,580)		(352,460)	
<b>Net cash inflow from operating activities</b>		<b>5,414,307</b>		<b>2,945,912</b>	
<b>Investing activities</b>					
Purchase of intangible assets		(1,913,055)		-	
Proceeds on disposal of intangibles		343,418		-	
Purchase of tangible fixed assets		(1,905,920)		(642,489)	
Proceeds on disposal of tangible fixed assets		82,190		5,640	
Purchase of subsidiaries		(2,776,831)		-	
Interest received		1,503		2,049	
<b>Net cash used in investing activities</b>		<b>(6,168,695)</b>		<b>(634,800)</b>	
<b>Financing activities</b>					
Repayment of borrowings		(75,639)		(53,240)	
Repayment of bank loans		1,546,470		(801,917)	
Payment of finance leases obligations		(12,144)		(7,255)	
Dividends paid to equity shareholders		(1,300,000)		(500,000)	
<b>Net cash generated from/(used in) financing activities</b>		<b>158,687</b>		<b>(1,362,412)</b>	
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(595,701)</b>		<b>948,700</b>	
Cash and cash equivalents at beginning of year		2,170,267		1,221,567	
<b>Cash and cash equivalents at end of year</b>		<b>1,574,566</b>		<b>2,170,267</b>	

# FULL HOUSE RESTAURANTS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25 DECEMBER 2016

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### 1 Accounting policies

#### Company information

Full House Restaurants Holdings Limited ("the company") is a limited company domiciled and incorporated in England and Wales. The registered office is 34 Anyards Road, Cobham, Surrey KT11 2LA.

The group consists of Full House Restaurants Holdings Limited and all of its subsidiaries. The group manages and operates pizza delivery franchises in England.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

#### 1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.



# FULL HOUSE RESTAURANTS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 25 DECEMBER 2016

---

### 1 Accounting policies

(Continued)

The consolidated financial statements incorporate those of Full House Restaurants Holdings Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 25 December 2016. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Entities other than subsidiary undertakings or joint ventures, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence, are treated as associates. In the group financial statements, associates are accounted for using the equity method.

Entities in which the group holds an interest and which are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures. In the group financial statements, joint ventures are accounted for using the equity method.

#### 1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### 1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

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

#### 1.5 Intangible fixed assets - goodwill

Goodwill represents the difference between the amount payable (including acquisition costs) on acquisition of subsidiary undertakings and the fair value of separable net assets. Goodwill also arises at the time of additional store acquisition when the price paid for the store exceeds the fair value of the net identifiable assets as specified in the terms of the purchase agreement. All goodwill is amortised through the profit and loss account over the directors' estimate of its economic life of 20 years.

#### 1.6 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date if the fair value can be measured reliably.

# FULL HOUSE RESTAURANTS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 25 DECEMBER 2016

### 1 Accounting policies

(Continued)

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Franchise rights	10 years straight line
------------------	------------------------

#### 1.7 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings Freehold	Nil
Land and buildings Leasehold	
Plant and machinery	10% per annum on cost
Computer equipment	5 years straight line
Motor vehicles	4 years straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

#### 1.8 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate using the equity method. Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

In the parent company financial statements, investments in associates are accounted for at cost less impairment.

# FULL HOUSE RESTAURANTS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 25 DECEMBER 2016

---

### 1 Accounting policies

(Continued)

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

#### 1.9 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.10 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

#### 1.11 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

# FULL HOUSE RESTAURANTS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 25 DECEMBER 2016

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#### 1 Accounting policies

(Continued)

##### 1.12 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

##### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

##### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

##### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

# FULL HOUSE RESTAURANTS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 25 DECEMBER 2016

### 1 Accounting policies

(Continued)

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### **Other financial liabilities**

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

#### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

#### **1.13 Equity instruments**

Equity instruments issued by the group are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

#### **1.14 Derivatives**

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

#### **1.15 Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

##### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

# FULL HOUSE RESTAURANTS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 25 DECEMBER 2016

### 1 Accounting policies

(Continued)

#### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### **1.16 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

No holiday pay provision is accounted for; the holiday year is sequential with the company financial year and any entitlement must be used before the following period, it cannot be carried over.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### **1.17 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### **1.18 Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

# FULL HOUSE RESTAURANTS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 25 DECEMBER 2016

### 2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

### 3 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2016 £	2015 £
<b>Turnover analysed by class of business</b>		
Sale of goods	40,740,710	33,592,077
	<u>          </u>	<u>          </u>
	2016 £	2015 £
<b>Other significant revenue</b>		
Interest income	1,503	2,049
Rental income	34,760	34,522
	<u>          </u>	<u>          </u>

### 4 Operating profit

	2016 £	2015 £
Operating profit for the year is stated after charging/(crediting):		
Depreciation of owned tangible fixed assets	792,763	540,057
Depreciation of tangible fixed assets held under finance leases	12,248	25,462
Profit on disposal of tangible fixed assets	-	(2,854)
Amortisation of intangible assets	725,122	540,883
Cost of stocks recognised as an expense	13,650,328	11,484,352
Operating lease charges	963,382	893,142
	<u>          </u>	<u>          </u>

### 5 Auditor's remuneration

	2016 £	2015 £
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the group and company	11,500	5,000
Audit of the financial statements of the company's subsidiaries	56,250	46,000
	<u>          </u>	<u>          </u>
	67,750	51,000
	<u>          </u>	<u>          </u>

# FULL HOUSE RESTAURANTS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 25 DECEMBER 2016

### 6 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	Group 2016 Number	2015 Number	Company 2016 Number	2015 Number
Stores	1,512	1,176	-	-
Head office (including directors)	18	14	18	14
	<u>1,530</u>	<u>1,190</u>	<u>18</u>	<u>14</u>

Their aggregate remuneration comprised:

	Group 2016 £	2015 £	Company 2016 £	2015 £
Wages and salaries	11,882,694	9,637,035	968,321	759,726
Social security costs	580,291	462,500	112,554	88,482
Pension costs	48,909	37,299	7,934	5,957
	<u>12,511,894</u>	<u>10,136,834</u>	<u>1,088,809</u>	<u>854,165</u>

### 7 Directors' remuneration

	2016 £	2015 £
Remuneration for qualifying services	241,972	244,369
Company pension contributions to defined contribution schemes	1,111	1,094
	<u>243,083</u>	<u>245,463</u>

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2016 £	2015 £
Remuneration for qualifying services	<u>129,204</u>	<u>137,349</u>

### 8 Interest receivable and similar income

	2016 £	2015 £
Interest income		
Interest on bank deposits	<u>1,503</u>	<u>2,049</u>



# FULL HOUSE RESTAURANTS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 25 DECEMBER 2016

<b>8</b>	<b>Interest receivable and similar income</b>	<b>(Continued)</b>	
	Investment income includes the following:		
	Interest on financial assets not measured at fair value through profit or loss	1,503	2,049
		<u>          </u>	<u>          </u>
<b>9</b>	<b>Interest payable and similar charges</b>		
		<b>2016</b>	<b>2015</b>
		<b>£</b>	<b>£</b>
	<b>Interest on financial liabilities measured at amortised cost:</b>		
	Interest on bank overdrafts and loans	204,164	177,581
	Interest on finance leases and hire purchase contracts	1,980	1,554
	Other interest on financial liabilities	15,972	28,706
		<u>          </u>	<u>          </u>
		222,116	207,841
	<b>Other finance costs:</b>		
	Other interest	3,307	5,447
		<u>          </u>	<u>          </u>
	Total finance costs	225,423	213,288
		<u>          </u>	<u>          </u>
<b>10</b>	<b>Taxation</b>		
		<b>2016</b>	<b>2015</b>
		<b>£</b>	<b>£</b>
	<b>Current tax</b>		
	UK corporation tax on profits for the current period	878,330	634,384
	Adjustments in respect of prior periods	(21,895)	(2,855)
		<u>          </u>	<u>          </u>
	Total current tax	856,435	631,529
		<u>          </u>	<u>          </u>
	<b>Deferred tax</b>		
	Origination and reversal of timing differences	92,672	156,265
	Tax losses carried forward	12,449	22,103
		<u>          </u>	<u>          </u>
	Total deferred tax	105,121	178,368
		<u>          </u>	<u>          </u>
	Total tax charge for the year	961,556	809,897
		<u>          </u>	<u>          </u>

# FULL HOUSE RESTAURANTS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 25 DECEMBER 2016

### 10 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge based on the profit or loss and the standard rate of tax as follows:

	2016 £	2015 £
Profit before taxation	3,513,278	2,835,194
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.00%)	702,656	567,039
Tax effect of expenses that are not deductible in determining taxable profit	1,409	9,617
Unutilised tax losses carried forward	18,164	14,280
Adjustments in respect of prior years	(21,894)	(2,855)
Effect of change in corporation tax rate	-	7,797
Amortisation on assets not qualifying for tax allowances	94,992	65,494
Depreciation add back	200,109	142,525
Capital allowances	(127,245)	(153,426)
Origination and reversal of timing differences	105,121	178,368
Tax losses utilised	(11,756)	(18,942)
Taxation charge for the year	961,556	809,897

### 11 Dividends

	2016 £	2015 £
Interim paid	1,300,000	110,000

# FULL HOUSE RESTAURANTS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 25 DECEMBER 2016

### 12 Intangible fixed assets

Group	Goodwill £	Franchise rights £	Total £
<b>Cost</b>			
At 28 December 2015	10,968,757	96,454	11,065,211
Additions - separately acquired	1,890,305	22,750	1,913,055
Additions - business combinations	2,287,517	-	2,287,517
Disposals	(380,000)	(10,375)	(390,375)
At 25 December 2016	14,766,579	108,829	14,875,408
<b>Amortisation and impairment</b>			
At 28 December 2015	2,858,993	77,609	2,936,602
Amortisation charged for the year	718,375	6,747	725,122
Disposals	(44,332)	(2,625)	(46,957)
At 25 December 2016	3,533,036	81,731	3,614,767
<b>Carrying amount</b>			
At 25 December 2016	11,233,543	27,098	11,260,641
At 27 December 2015	7,731,870	11,095	7,742,965

The company had no intangible fixed assets at 25 December 2016 or 27 December 2015.

The following intangible assets are material to the consolidated financial statements;  
 Woking & Bracknell stores goodwill - carrying amount £408,441; amortisation period remaining is 9 years.  
 Sandbach store goodwill - carrying amount £624,979; amortisation period remaining is 19 years.  
 Ilkeston store goodwill - carrying amount £869,649; amortisation period remaining is 19 years.

## FULL HOUSE RESTAURANTS HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 25 DECEMBER 2016

#### 13 Tangible fixed assets

Group	Land and buildings Freehold £	Land and buildings Leasehold £	Plant and machinery £	Computer equipment £	Motor vehicles £	Total £
<b>Cost</b>						
At 28 December 2015	609,290	477,719	5,809,463	161,811	163,318	7,221,601
Additions	-	115,771	1,552,718	96,144	141,287	1,905,920
Disposals	-	(34,504)	(74,809)	-	-	(109,313)
At 25 December 2016	609,290	558,986	7,287,372	257,955	304,605	9,018,208
<b>Depreciation and impairment</b>						
At 28 December 2015	-	442,888	3,264,299	95,930	41,869	3,844,986
Depreciation charged in the year	-	16,671	660,597	51,592	76,151	805,011
Eliminated in respect of disposals	-	(8,733)	(18,390)	-	-	(27,123)
At 25 December 2016	-	450,826	3,906,506	147,522	118,020	4,622,874
<b>Carrying amount</b>						
At 25 December 2016	609,290	108,160	3,380,866	110,433	186,585	4,395,334
At 27 December 2015	609,290	9,060	2,467,265	65,881	121,449	3,272,945

The company had no tangible fixed assets at 25 December 2016 or 27 December 2015.

# FULL HOUSE RESTAURANTS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 25 DECEMBER 2016

### 13 Tangible fixed assets

(Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	Group 2016 £	2015 £	Company 2016 £	2015 £
Motor vehicles	24,495	36,743	-	-
Computer equipment	-	26,427	-	-
	<u>24,495</u>	<u>63,170</u>	<u>-</u>	<u>-</u>
Depreciation charge for the year in respect of leased assets	<u>12,248</u>	<u>25,462</u>	<u>-</u>	<u>-</u>

### 14 Fixed asset investments

	Notes	Group 2016 £	2015 £	Company 2016 £	2015 £
Investments in subsidiaries	15	-	-	4,783,893	4,783,893

#### Movements in fixed asset investments

Company	Shares in group undertakings £
<b>Cost or valuation</b>	
At 28 December 2015 and 25 December 2016	<u>4,783,893</u>
<b>Carrying amount</b>	
At 25 December 2016	<u>4,783,893</u>
At 27 December 2015	<u>4,783,893</u>

# FULL HOUSE RESTAURANTS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 25 DECEMBER 2016

### 15 Subsidiaries

Details of the company's subsidiaries at 25 December 2016 are as follows:

Name of undertaking	Country of incorporation	Nature of business	Class of shares held	% Held	
				Direct	Indirect
BN Sandy (Cannock) Limited	England & Wales		Ordinary	100.00	
BN Sandy (Newcastle) Limited	England & Wales		Ordinary	100.00	
Classic Crust Limited	England & Wales		Ordinary	100.00	
Dancing Tiger Limited	England & Wales		Ordinary	100.00	
Freshname 845 Limited	England & Wales		Ordinary	100.00	
Full House Restaurants Limited	England & Wales		Ordinary	100.00	
House Special Limited	England & Wales		Ordinary	100.00	
Sherston Limited	England & Wales		Ordinary	100.00	
Surrey Pizza Limited	England & Wales		Ordinary		100.00
The Woodpecker Inn Limited	England & Wales		Ordinary		100.00
Sunmead Limited	England & Wales		Ordinary		100.00
JMR Foster (Winsford) Limited	England & Wales		Ordinary	100.00	

### 16 Financial instruments

	Group 2016 £	2015 £	Company 2016 £	2015 £
<b>Carrying amount of financial assets</b>				
Debt instruments measured at amortised cost	1,478,832	33,458	4,375,980	1,000
<b>Carrying amount of financial liabilities</b>				
Measured at amortised cost	11,774,020	7,285,206	7,126,126	5,462,893

The financial assets referred to above are made up entirely of trade debtors (where pizzas are sold on account), unpaid share capital and miscellaneous debtors.

The financial liabilities consist of those balances set out in note 20 and 21 excluding 'corporation tax payable' and 'other taxation and social security'.

# FULL HOUSE RESTAURANTS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 25 DECEMBER 2016

### 17 Stocks

	Group 2016 £	2015 £	Company 2016 £	2015 £
Raw materials and consumables	217,142	130,381	-	-

### 18 Debtors

	Group 2016 £	2015 £	Company 2016 £	2015 £
<b>Amounts falling due within one year:</b>				
Trade debtors	475	23,285	-	-
Unpaid share capital	2,000	2,000	1,000	1,000
Amounts due from group undertakings	1,470,921	2,606,599	4,374,980	-
Other debtors	12,491	(2,591,371)	-	-
Prepayments and accrued income	399,502	329,653	-	-
	1,885,389	370,166	4,375,980	1,000
Deferred tax asset (note 23)	40,241	52,690	-	-
	1,925,630	422,856	4,375,980	1,000

### 19 Creditors: amounts falling due within one year

	Notes	Group 2016 £	2015 £	Company 2016 £	2015 £
Bank loans and overdrafts	21	1,339,118	941,920	981,826	595,541
Obligations under finance leases	22	12,189	12,189	-	-
Other borrowings	21	283,334	358,973	-	-
Trade creditors		2,531,106	1,108,756	-	-
Amounts due to group undertakings		1,470,921	-	1,103,378	1,803,508
Corporation tax payable		457,652	713,147	-	-
Other taxation and social security		1,519,314	1,467,478	1,471,221	1,419,385
Other creditors		463,821	162,138	463,821	197
Accruals and deferred income		481,052	362,545	13,684	5,000
		8,558,507	5,127,146	4,033,930	3,823,631

# FULL HOUSE RESTAURANTS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 25 DECEMBER 2016

### 20 Creditors: amounts falling due after more than one year

	Notes	Group 2016 £	2015 £	Company 2016 £	2015 £
Bank loans and overdrafts	21	5,178,260	4,028,988	4,563,417	3,058,647
Obligations under finance leases	22	14,219	26,363	-	-
Other creditors		-	283,334	-	-
		<u>5,192,479</u>	<u>4,338,685</u>	<u>4,563,417</u>	<u>3,058,647</u>

Amounts included above which fall due after five years are as follows:

Payable by instalments	<u>655,386</u>	<u>743,585</u>	<u>530,913</u>	<u>589,924</u>
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### 21 Loans and overdrafts

	Group 2016 £	2015 £	Company 2016 £	2015 £
Bank loans	6,517,378	4,970,908	5,545,243	3,654,188
Loans from related parties	283,334	350,373	-	-
Other loans	-	8,600	-	-
	<u>6,800,712</u>	<u>5,329,881</u>	<u>5,545,243</u>	<u>3,654,188</u>
Payable within one year	1,622,452	1,300,893	981,826	595,541
Payable after one year	<u>5,178,260</u>	<u>4,028,988</u>	<u>4,563,417</u>	<u>3,058,647</u>

Amounts included above which fall due after five years:

Payable by instalments	<u>655,386</u>	<u>743,585</u>	<u>530,913</u>	<u>589,924</u>
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The long-term loans are primarily secured by fixed and floating charges over all the assets and undertakings of this company including all present and future freehold and leasehold property, book and other debts, chattels, goodwill and uncalled capital.

The bank loans are repayable over terms of 7 and 15 years at a rates of 2.5% and 2.8% per annum over the Bank's Sterling Base Rate.

There is also in place a Composite Company Unlimited Unilateral Guarantee, dated 7 February 2012, given by this company, House Special Limited, The Woodpecker Inn Limited, Classic Crust Limited, Sherston Limited, Full House Restaurants Limited, B N Sandy (Newcastle) Limited, B N Sandy (Cannock) Limited, Dancing Tiger Limited, JMR Foster Ltd, JMR Foster (Winsford) and Freshname 845 Limited.



# FULL HOUSE RESTAURANTS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 25 DECEMBER 2016

### 22 Finance lease obligations

	Group 2016 £	2015 £	Company 2016 £	2015 £
Future minimum lease payments due under finance leases:				
Within one year	12,188	12,189	-	-
In two to five years	14,220	26,363	-	-
	<u>26,408</u>	<u>38,552</u>	<u>-</u>	<u>-</u>

Finance lease payments represent rentals payable by the company or group for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

### 23 Deferred taxation

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2016 £	Liabilities 2015 £	Assets 2016 £	Assets 2015 £
<b>Group</b>				
Accelerated capital allowances	613,402	516,380	-	-
Tax losses	-	-	40,241	52,690
	<u>613,402</u>	<u>516,380</u>	<u>40,241</u>	<u>52,690</u>

The company has no deferred tax assets or liabilities.

	Group 2016 £	Company 2016 £
<b>Movements in the year:</b>		
Liability at 28 December 2015	463,690	-
Charge to profit or loss	109,471	-
Liability at 25 December 2016	<u>573,161</u>	<u>-</u>

The deferred tax asset set out above is expected to reverse within 12 months and relates to the utilisation of tax losses against future expected profits of the same period

# FULL HOUSE RESTAURANTS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 25 DECEMBER 2016

### 24 Retirement benefit schemes

	2016	2015
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	48,909	37,299

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

### 25 Share capital

	Group and company	
	2016	2015
Ordinary share capital	£	£
Issued and not fully paid		
1,000 Ordinary of £1 each	1,000	1,000

The company has one class of ordinary share which have full voting rights and equal rights to dividends.

### 26 Reserves

#### Merger reserve

'Other reserves' comprises the merger reserve as provided by FRS 4; the movement on this reserve represents existing balances of share premium that existed in the subsidiaries at the time of the business combination.

# FULL HOUSE RESTAURANTS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 25 DECEMBER 2016

### 27 Operating lease commitments

#### Lessee

Operating lease payments represent rentals payable by the group for certain of its properties, for office and store equipment and for motor vehicles.

Leases on motor vehicles are negotiated for an average term of 2 years and rentals are fixed for this period with an option to extend for additional years at the market rate prior to the end of the agreements.

Equipment leases are negotiated for an average term of 60 months and rentals are fixed for the average term.

Leases on property are negotiated for an average term of 10-15 years. The amount payable is not automatically increased but may be renegotiated.

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2016 £	2015 £	Company 2016 £	2015 £
Within one year	862,659	723,760	54,600	54,600
Between two and five years	3,049,995	2,271,426	218,400	218,400
In over five years	2,688,644	1,939,953	191,100	245,700
	<u>6,601,298</u>	<u>4,935,139</u>	<u>464,100</u>	<u>518,700</u>

### 28 Controlling party

The ultimate controlling parties are J. E. and B. J. Shedden by virtue of their joint 51% shareholding in Full House Restaurants Holdings Limited.

# FULL HOUSE RESTAURANTS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 25 DECEMBER 2016

### 29 Acquisition of subsidiaries

On 3 February 2016, Full House Restaurants Holdings Limited, indirectly via its 100% owned subsidiary Sherston Limited, acquired 100% of the issued share capital and obtained control of Sunmead Limited formerly JMR Foster Limited and JMR Foster (Winsford) Limited, all of which operate fast food outlets.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are set out in the table below in aggregate for all acquisitions; none is considered material.

	£
Intangible assets	385,644
Tangible assets	103,670
Total non-current assets	489,314
Stocks	7,509
Trade and other debtors	13,148
Cash at bank and in hand	173,374
Current assets	194,031
Creditors falling due within one year	(176,415)
Net current assets	506,930
Provisions for liabilities	(4,350)
Total net assets	502,580
Goodwill	2,287,517
Total cash consideration	2,790,097

The fair value of the identifiable assets and liabilities assumed have been determined to be equal to the carrying values of the assets and liabilities on acquisition.

The summarised profit and loss account for the acquired subsidiaries in aggregate for the period from the date of acquisition to 25 December 2016 is as follows:

	£
Turnover	2,940,158
Gross profit	976,454
Operating profit	346,516

There were no recognised gains and losses other than those passing through the profit and loss account in the period.

The subsidiaries acquired contributed £239,663 to the Group's profit for the period between the date of acquisition and the balance sheet date.

# FULL HOUSE RESTAURANTS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 25 DECEMBER 2016

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30 Cash generated from group operations

	2016 £	2015 £
Profit for the year after tax	2,551,722	2,025,297
Adjustments for:		
Taxation charged	961,556	809,897
Finance costs	225,423	213,288
Investment income	(1,503)	(2,049)
Gain on disposal of tangible fixed assets	-	(2,854)
Amortisation and impairment of intangible assets	725,122	540,883
Depreciation and impairment of tangible fixed assets	805,011	565,519
Movements in working capital:		
(Increase) in stocks	(86,761)	(13,477)
(Increase) in debtors	(1,515,223)	(30,580)
Increase/(decrease) in creditors	3,081,963	(594,264)
<b>Cash generated from operations</b>	<b>6,747,310</b>	<b>3,511,660</b>