

Company Registration No. 08895755 (England and Wales)

FULL HOUSE RESTAURANTS HOLDINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2017

RICHES
& COMPANY

CHARTERED
ACCOUNTANTS

THURSDAY



A18 *A7FCGC2H* #460
27/09/2018
COMPANIES HOUSE

FULL HOUSE RESTAURANTS HOLDINGS LIMITED

COMPANY INFORMATION

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

FULL HOUSE RESTAURANTS HOLDINGS LIMITED

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FULL HOUSE RESTAURANTS HOLDINGS LIMITED

STRATEGIC REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2017

The directors present the strategic report for the period ended 31 December 2017.

Fair review of the business

Building on the strength of subsidiary acquisitions in 2016 has led to an increase in group turnover of £5.3m in 2017, or 13.05%. In turn, gross profit has increased from £13.4m to £14.9m which has translated into an increased profit before tax, up by 13.18% on 2016, from £3.5m to £3.9m.

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



Mr J Shedden

Director

25/9/18

FULL HOUSE RESTAURANTS HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2017

The directors present their annual report and financial statements for the period ended 31 December 2017.

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 period and up to the date of signature of the financial statements were as follows:

Mr J Shedden

Mr B Shedden

Mr S Hemsley

Results and dividends

The results for the period are set out on page 7.

Ordinary dividends were paid amounting to £2,000,000. The directors do not recommend payment of a further 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 PERIOD ENDED 31 DECEMBER 2017

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:

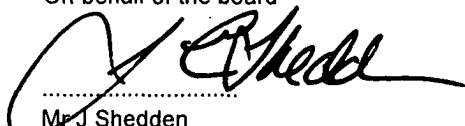
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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


.....
Mr J Shedden
Director
Date: 25/9/18

FULL HOUSE RESTAURANTS HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF FULL HOUSE RESTAURANTS HOLDINGS LIMITED

Opinion

We have audited the financial statements of Full House Restaurants Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the period ended 31 December 2017 which comprise the group profit and loss account, the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows, the company statement of cash flows and 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 FRS 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 group's and the parent company's affairs as at 31 December 2017 and of the group's profit for the period 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 Auditor's *responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

FULL HOUSE RESTAURANTS HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF FULL HOUSE RESTAURANTS HOLDINGS LIMITED

Opinions on other matters 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 period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

FULL HOUSE RESTAURANTS HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF FULL HOUSE RESTAURANTS HOLDINGS LIMITED

RICHES
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ACCOUNTANTS

Use of our report

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


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

Chartered Accountants
Statutory Auditor

25/9/18

34 Anyards Road
Cobham
Surrey
KT11 2LA

FULL HOUSE RESTAURANTS HOLDINGS LIMITED

GROUP PROFIT AND LOSS ACCOUNT

FOR THE PERIOD ENDED 31 DECEMBER 2017

		Period ended 31 December 2017 £	Period ended 25 December 2016 £
	Notes		
Turnover	3	46,055,551	40,740,710
Cost of sales		(31,150,773)	(27,314,476)
Gross profit		14,904,778	13,426,234
Administrative expenses		(10,804,937)	(9,735,966)
Other operating income		52,550	46,930
Operating profit	4	4,152,391	3,737,198
Interest receivable and similar income	8	1,456	1,503
Interest payable and similar expenses	9	(177,573)	(225,423)
Profit before taxation		3,976,274	3,513,278
Tax on profit	10	(916,911)	(961,556)
Profit for the financial period	26	3,059,363	2,551,722

Profit for the financial period 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 PERIOD ENDED 31 DECEMBER 2017

	Period ended 31 December 2017 £	Period ended 25 December 2016 £
Profit for the period	3,059,363	2,551,722
Other comprehensive income	-	-
Total comprehensive income for the period	<u>3,059,363</u>	<u>2,551,722</u>

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

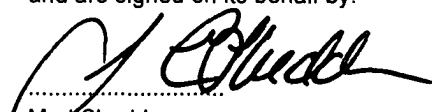
FULL HOUSE RESTAURANTS HOLDINGS LIMITED

GROUP BALANCE SHEET

AS AT 31 DECEMBER 2017

	Notes	2017 £	£	2016 £	£
Fixed assets					
Goodwill	12	10,495,214		11,233,543	
Other intangible assets	12	21,923		27,098	
Total intangible assets		10,517,137		11,260,641	
Tangible assets	13	5,278,756		4,395,334	
		15,795,893		15,655,975	
Current assets					
Stocks	17	234,649		217,142	
Debtors	18	477,695		454,709	
Cash at bank and in hand		1,732,704		1,574,566	
		2,445,048		2,246,417	
Creditors: amounts falling due within one year	19	(7,316,052)		(7,087,586)	
Net current liabilities		(4,871,004)		(4,841,169)	
Total assets less current liabilities		10,924,889		10,814,806	
Creditors: amounts falling due after more than one year	20	(4,260,812)		(5,192,479)	
Provisions for liabilities	23	(583,212)		(613,402)	
Net assets		6,080,865		5,008,925	
Capital and reserves					
Called up share capital	25	1,000		1,000	
Other reserves	26	219,167		206,590	
Profit and loss reserves	26	5,860,698		4,801,335	
Total equity		6,080,865		5,008,925	

The financial statements were approved by the board of directors and authorised for issue on 25/9/18 and are signed on its behalf by:


 Mr. J. Shedden
 Director

FULL HOUSE RESTAURANTS HOLDINGS LIMITED

COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2017

	Notes	2017 £	2016 £
Fixed assets			
Investments	14	7,573,990	4,783,893
Current assets			
Debtors	18	2,824,391	4,375,980
Cash at bank and in hand		1,702,426	1,514,420
		4,526,817	5,890,400
Creditors: amounts falling due within one year	19	(5,840,224)	(4,033,930)
Net current (liabilities)/assets		(1,313,407)	1,856,470
Total assets less current liabilities		6,260,583	6,640,363
Creditors: amounts falling due after more than one year	20	(3,844,671)	(4,563,417)
Net assets		2,415,912	2,076,946
Capital and reserves			
Called up share capital	25	1,000	1,000
Profit and loss reserves	26	2,414,912	2,075,946
Total equity		2,415,912	2,076,946

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 £2,338,966 (2016 - £3,363,155 profit).

The financial statements were approved by the board of directors and authorised for issue on 25/9/18 and are signed on its behalf by:


Mr J. Shedden
Director

Company Registration No. 08895755

FULL HOUSE RESTAURANTS HOLDINGS LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 DECEMBER 2017

	Notes	Share capital £ 1,000	Other reserves £ 206,590	Profit and loss reserves £ 3,549,613	Total £ 3,757,203
Balance at 28 December 2015					
Period ended 25 December 2016:					
Profit and total comprehensive income for the period		-	-	2,551,722	2,551,722
Dividends	11	-	-	(1,300,000)	(1,300,000)
Balance at 25 December 2016		1,000	206,590	4,801,335	5,008,925
Period ended 31 December 2017:					
Profit and total comprehensive income for the period		-	-	3,059,363	3,059,363
Dividends	11	-	-	(2,000,000)	(2,000,000)
Transfers		-	12,577	-	12,577
Balance at 31 December 2017		1,000	219,167	5,860,698	6,080,865

FULL HOUSE RESTAURANTS HOLDINGS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 DECEMBER 2017

	Notes	Share capital £ 1,000	Profit and loss reserves £ 12,791	Total £ 13,791
Balance at 28 December 2015				
Period ended 25 December 2016:				
Profit and total comprehensive income for the period		-	3,363,155	3,363,155
Dividends	11	-	(1,300,000)	(1,300,000)
Balance at 25 December 2016		1,000	2,075,946	2,076,946
Period ended 31 December 2017:				
Profit and total comprehensive income for the period		-	2,338,966	2,338,966
Dividends	11	-	(2,000,000)	(2,000,000)
Balance at 31 December 2017		1,000	2,414,912	2,415,912

FULL HOUSE RESTAURANTS HOLDINGS LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 31 DECEMBER 2017

	Notes	2017 £	£	2016 £	£
Cash flows from operating activities					
Cash generated from operations	31	5,503,050		6,747,310	
Interest paid		(177,573)		(225,423)	
Income taxes paid		(196,149)		(1,107,580)	
Net cash inflow from operating activities		5,129,328		5,414,307	
Investing activities					
Purchase of intangible assets		-	(1,913,055)		
Proceeds on disposal of intangibles		-	343,418		
Purchase of tangible fixed assets		(1,746,660)	(1,905,920)		
Proceeds on disposal of tangible fixed assets		25,000	82,190		
Purchase of subsidiaries		-	(2,776,831)		
Interest received		1,456	1,503		
Net cash used in investing activities		(1,720,204)		(6,168,695)	
Financing activities					
Repayment of borrowings		(283,334)	(75,639)		
Repayment of bank loans		(1,391,449)	1,546,470		
Payment of finance leases obligations		423,797	(12,144)		
Dividends paid to equity shareholders		(2,000,000)	(1,300,000)		
Net cash (used in)/generated from financing activities		(3,250,986)		158,687	
Net increase/(decrease) in cash and cash equivalents		158,138		(595,701)	
Cash and cash equivalents at beginning of period		1,574,566		2,170,267	
Cash and cash equivalents at end of period		1,732,704		1,574,566	

FULL HOUSE RESTAURANTS HOLDINGS LIMITED

COMPANY STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 31 DECEMBER 2017

	Notes	2017 £	£	2016 £	£
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	32	3,334,344		(4,475,833)	
Interest paid		(155,305)		(167,274)	
Net cash inflow/(outflow) from operating activities		<u>3,179,039</u>		<u>(4,643,107)</u>	
Investing activities					
Proceeds on disposal of subsidiaries		(2,790,097)		-	
Interest received		516		1,503	
Dividends received		<u>2,400,000</u>		<u>3,453,793</u>	
Net cash (used in)/generated from investing activities		(389,581)		3,455,296	
Financing activities					
Repayment of bank loans		(1,032,100)		1,891,055	
Payment of finance leases obligations		430,648		-	
Dividends paid to equity shareholders		<u>(2,000,000)</u>		<u>(1,300,000)</u>	
Net cash (used in)/generated from financing activities		(2,601,452)		591,055	
Net increase/(decrease) in cash and cash equivalents		<u>188,006</u>		<u>(596,756)</u>	
Cash and cash equivalents at beginning of period		<u>1,514,420</u>		<u>2,111,176</u>	
Cash and cash equivalents at end of period		<u><u>1,702,426</u></u>		<u><u>1,514,420</u></u>	

FULL HOUSE RESTAURANTS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2017

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 company registration number is 08895755.

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. The principal accounting policies adopted are set out below.

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.

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 31 December 2017. 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.

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.

FULL HOUSE RESTAURANTS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

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 where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost or value of the asset can be measured reliably.

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
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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	Nil/10 years straight line
Plant and machinery	10 years straight line
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.

FULL HOUSE RESTAURANTS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

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 PERIOD ENDED 31 DECEMBER 2017

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 PERIOD ENDED 31 DECEMBER 2017

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.

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 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.

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.

1.15 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.

FULL HOUSE RESTAURANTS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

1.16 Retirement benefits

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

1.17 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.

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:

	2017	2016
	£	£
Turnover analysed by class of business		
Sale of goods	46,055,551	40,740,710
	<u> </u>	<u> </u>
	2017	2016
	£	£
Other significant revenue		
Interest income	1,456	1,503
Rental income	19,600	34,760
	<u> </u>	<u> </u>

FULL HOUSE RESTAURANTS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2017

4 Operating profit

	2017 £	2016 £
Operating profit for the period is stated after charging/(crediting):		
Depreciation of owned tangible fixed assets	790,179	792,763
Depreciation of tangible fixed assets held under finance leases	48,564	12,248
Profit on disposal of tangible fixed assets	(505)	-
Amortisation of intangible assets	743,505	725,122
Cost of stocks recognised as an expense	15,650,562	13,650,328
Operating lease charges	1,126,216	963,382
	<u>1,126,216</u>	<u>963,382</u>

5 Auditor's remuneration

	2017 £	2016 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	11,500	11,500
Audit of the financial statements of the company's subsidiaries	50,500	56,250
	<u>62,000</u>	<u>67,750</u>

6 Employees

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

	Group 2017 Number	2016 Number	Company 2017 Number	2016 Number
Stores	979	1,512	-	-
Head office (including directors)	21	18	21	18
	<u>1,000</u>	<u>1,530</u>	<u>21</u>	<u>18</u>

Their aggregate remuneration comprised:

	Group 2017 £	2016 £	Company 2017 £	2016 £
Wages and salaries	13,580,200	11,882,694	1,147,082	968,321
Social security costs	670,441	580,291	124,489	112,554
Pension costs	45,979	48,909	8,917	7,934
	<u>14,296,620</u>	<u>12,511,894</u>	<u>1,280,488</u>	<u>1,088,809</u>

FULL HOUSE RESTAURANTS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2017

7 Directors' remuneration

	2017 £	2016 £
Remuneration for qualifying services	254,064	241,972
Company pension contributions to defined contribution schemes	1,070	1,111
	<u>255,134</u>	<u>243,083</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2016 - 1).

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

	2017 £	2016 £
Remuneration for qualifying services	<u>132,251</u>	<u>129,204</u>

8 Interest receivable and similar income

	2017 £	2016 £
Interest income		
Interest on bank deposits	516	1,503
Other interest income	940	-
Total income	<u>1,456</u>	<u>1,503</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	<u>516</u>	<u>1,503</u>
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9 Interest payable and similar expenses

	2017 £	2016 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	178,508	204,164
Interest on finance leases and hire purchase contracts	5,221	1,980
Other interest on financial liabilities	(12,436)	15,972
	<u>171,293</u>	<u>222,116</u>
Other finance costs:		
Other interest	6,280	3,307
Total finance costs	<u>177,573</u>	<u>225,423</u>

FULL HOUSE RESTAURANTS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2017

10 Taxation

	2017 £	2016 £
Current tax		
UK corporation tax on profits for the current period	920,683	878,330
Adjustments in respect of prior periods	(13,824)	(21,895)
Total current tax	906,859	856,435
Deferred tax		
Origination and reversal of timing differences	(30,189)	92,672
Tax losses carried forward	40,241	12,449
Total deferred tax	10,052	105,121
Total tax charge for the period	916,911	961,556

During the period ended 31 December 2017 the applicable rate of corporation tax was 19% (2016: 20%).

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

	2017 £	2016 £
Profit before taxation	3,976,274	3,513,278
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2016: 20.00%)	755,492	702,656
Tax effect of expenses that are not deductible in determining taxable profit	26,772	1,409
Tax effect of income not taxable in determining taxable profit	(98)	-
Unutilised tax losses carried forward	-	18,164
Adjustments in respect of prior years	(13,824)	(21,894)
Effect of change in corporation tax rate	11,892	-
Amortisation on assets not qualifying for tax allowances	130,863	94,992
Depreciation add back	159,361	200,109
Capital allowances	(127,760)	(127,245)
Origination and reversal of timing differences	10,052	105,121
Tax losses utilised	(35,839)	(11,756)
Taxation charge for the period	916,911	961,556

FULL HOUSE RESTAURANTS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2017

11 Dividends

	2017 £	2016 £
Interim paid	2,000,000	1,300,000

12 Intangible fixed assets

Group	Goodwill £	Franchise rights £	Total £
Cost			
At 26 December 2016 and 31 December 2017	14,766,579	108,829	14,875,408
Amortisation and impairment			
At 26 December 2016	3,533,035	81,731	3,614,766
Amortisation charged for the period	738,330	5,175	743,505
At 31 December 2017	4,271,365	86,906	4,358,271
Carrying amount			
At 31 December 2017	10,495,214	21,923	10,517,137
At 25 December 2016	11,233,543	27,098	11,260,641

The company had no intangible fixed assets at 31 December 2017 or 25 December 2016.

The following intangible assets are material to the consolidated financial statements;
 Woking & Bracknell stores goodwill - carrying amount £365,447; amortisation period remaining is 8 years.
 Sandbach store goodwill - carrying amount £592,229; amortisation period remaining is 18 years.
 Ilkeston store goodwill - carrying amount £824,667; amortisation period remaining is 18 years.

FULL HOUSE RESTAURANTS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2017

13 Tangible fixed assets

Group	Land and buildings Freehold £	Land and buildings Leasehold £	Plant and machinery £	Computer equipment £	Motor vehicles £	Total £
Cost						
At 26 December 2016	609,290	558,986	7,287,372	257,955	304,605	9,018,208
Additions	676,618	12,000	870,977	133,313	53,752	1,746,660
Disposals	-	-	-	-	(48,990)	(48,990)
At 31 December 2017	1,285,908	570,986	8,158,349	391,268	309,367	10,715,878
Depreciation and impairment						
At 26 December 2016	-	450,826	3,906,506	147,522	118,020	4,622,874
Depreciation charged in the period	-	14,027	669,400	78,254	77,062	838,743
Eliminated in respect of disposals	-	-	-	-	(24,495)	(24,495)
At 31 December 2017	-	464,853	4,575,906	225,776	170,587	5,437,122
Carrying amount						
At 31 December 2017	1,285,908	106,133	3,582,443	165,492	138,780	5,278,756
At 25 December 2016	609,290	108,160	3,380,866	110,433	186,585	4,395,334

The company had no tangible fixed assets at 31 December 2017 or 25 December 2016.

FULL HOUSE RESTAURANTS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2017

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 2017 £	2016 £	Company 2017 £	2016 £
Plant and machinery	371,449	-	-	-
Motor vehicles	21,879	24,495	-	-
	<u>393,328</u>	<u>24,495</u>	<u>-</u>	<u>-</u>
Depreciation charge for the period in respect of leased assets	48,564	12,248	-	-

14 Fixed asset investments

	Notes	Group 2017 £	2016 £	Company 2017 £	2016 £
Investments in subsidiaries	15	-	-	7,573,990	4,783,893

Movements in fixed asset investments Company

	Shares in group undertakings £
Cost or valuation	
At 26 December 2016	4,783,893
Transfers	2,790,097
At 31 December 2017	<u>7,573,990</u>
Carrying amount	
At 31 December 2017	<u>7,573,990</u>
At 25 December 2016	<u>4,783,893</u>

FULL HOUSE RESTAURANTS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2017

15 Subsidiaries

Details of the company's subsidiaries at 31 December 2017 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
BN Sandy (Cannock) Limited	34 Anyards Road Cobham KT11 2LA	Dormant	Ordinary	100.00	
BN Sandy (Newcastle) Limited	As above	Dormant	Ordinary	100.00	
Classic Crust Limited	As above	Fast food outlets	Ordinary	100.00	
Dancing Tiger Limited	As above	Dormant	Ordinary	100.00	
Freshname 845 Limited	As above	Dormant	Ordinary	100.00	
Full House Restaurants Limited	As above	Fast food outlets	Ordinary	100.00	
House Special Limited	As above	Fast food outlets	Ordinary	100.00	
JMR Foster (Winsford) Limited	As above	Dormant	Ordinary	100.00	
Sherston Limited	As above	Fast food outlets	Ordinary	100.00	
Sunmead Limited	As above	Fast food outlets	Ordinary	100.00	
Surrey Pizzas Limited	As above	Property holding	Ordinary		100.00
The Woodpecker Inn Limited	As above	Fast food outlets	Ordinary		100.00

All of the subsidiaries listed above are included in the consolidated accounts of Full House Restaurants Holdings Limited.

16 Financial instruments

	Group 2017 £	2016 £	Company 2017 £	2016 £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	31,143	7,911	2,706,772	4,375,980
Carrying amount of financial liabilities				
Measured at amortised cost	8,868,602	10,303,099	8,188,078	7,126,126

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'.

17 Stocks

	Group 2017 £	2016 £	Company 2017 £	2016 £
Raw materials and consumables	234,649	217,142	-	-

FULL HOUSE RESTAURANTS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2017

18 Debtors

	Group 2017	2016	Company 2017	2016
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	810	475	-	-
Unpaid share capital	2,000	2,000	1,000	1,000
Amounts owed by group undertakings	-	-	2,705,772	4,374,980
Other debtors	35,388	12,491	-	-
Prepayments and accrued income	439,497	399,502	117,619	-
	<u>477,695</u>	<u>414,468</u>	<u>2,824,391</u>	<u>4,375,980</u>
Deferred tax asset (note 23)	-	40,241	-	-
	<u>477,695</u>	<u>454,709</u>	<u>2,824,391</u>	<u>4,375,980</u>

19 Creditors: amounts falling due within one year

		Group 2017	2016	Company 2017	2016
	Notes	£	£	£	£
Bank loans and overdrafts	21	1,226,602	1,339,118	1,016,576	981,826
Obligations under finance leases	22	88,720	12,189	82,544	-
Other borrowings	21	-	283,334	-	-
Trade creditors		1,702,805	2,531,106	87,158	-
Amounts due to group undertakings		-	-	2,429,932	1,103,378
Corporation tax payable		1,168,363	457,652	5,011	-
Other taxation and social security		1,539,899	1,519,314	1,491,806	1,471,221
Other creditors		588,667	463,821	588,667	463,821
Accruals and deferred income		1,000,996	481,052	138,530	13,684
		<u>7,316,052</u>	<u>7,087,586</u>	<u>5,840,224</u>	<u>4,033,930</u>

20 Creditors: amounts falling due after more than one year

		Group 2017	2016	Company 2017	2016
	Notes	£	£	£	£
Bank loans and overdrafts	21	3,899,327	5,178,260	3,496,567	4,563,417
Obligations under finance leases	22	361,485	14,219	348,104	-
		<u>4,260,812</u>	<u>5,192,479</u>	<u>3,844,671</u>	<u>4,563,417</u>

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

Payable by instalments	3,704,759	655,386	3,496,567	530,913
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FULL HOUSE RESTAURANTS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2017

21 Loans and overdrafts

	Group 2017 £	2016 £	Company 2017 £	2016 £
Bank loans	5,125,929	6,517,378	4,513,143	5,545,243
Loans from related parties	-	283,334	-	-
	<u>5,125,929</u>	<u>6,800,712</u>	<u>4,513,143</u>	<u>5,545,243</u>
Payable within one year	1,226,602	1,622,452	1,016,576	981,826
Payable after one year	<u>3,899,327</u>	<u>5,178,260</u>	<u>3,496,567</u>	<u>4,563,417</u>
Amounts included above which fall due after five years:				
Payable by instalments	<u>3,704,759</u>	<u>655,386</u>	<u>3,496,567</u>	<u>530,913</u>

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, Sunmead Limited, Surrey Pizzas Limited, B N Sandy (Newcastle) Limited, B N Sandy (Cannock) Limited, Dancing Tiger Limited, JMR Foster (Winsford) Limited and Freshname 845 Limited.

22 Finance lease obligations

	Group 2017 £	2016 £	Company 2017 £	2016 £
Future minimum lease payments due under finance leases:				
Within one year	88,720	12,188	82,544	-
In two to five years	<u>361,485</u>	<u>14,220</u>	<u>348,104</u>	-
	<u>450,205</u>	<u>26,408</u>	<u>430,648</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. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

FULL HOUSE RESTAURANTS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2017

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 2017 £	Liabilities 2016 £	Assets 2017 £	Assets 2016 £
Group				
Accelerated capital allowances	583,212	613,402	-	-
Tax losses	-	-	-	40,241
	<u>583,212</u>	<u>613,402</u>	<u>-</u>	<u>40,241</u>

The company has no deferred tax assets or liabilities.

	Group 2017 £	Company 2017 £
Movements in the period:		
Liability at 26 December 2016	573,161	-
Charge to profit or loss	23,015	-
Liability at 31 December 2017	<u>596,176</u>	<u>-</u>

24 Retirement benefit schemes

	2017 £	2016 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>45,979</u>	<u>48,909</u>

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 2017 £	2016 £
Ordinary share capital		
Issued and not fully paid		
1,000 Ordinary of £1 each	<u>1,000</u>	<u>1,000</u>

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

FULL HOUSE RESTAURANTS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2017

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 capital and share premium that existed in the subsidiaries at the time of the business combination.

The movement in 2017 relates to the inclusion of Surrey Pizzas Limited in the consolidated accounts. Prior to 2017 Surrey Pizzas Limited had been a dormant subsidiary which was not material to the group thus it had not previously been included in the consolidated financial statements of Full House Restaurants Holdings Limited. Surrey Pizzas Limited has been a wholly owned subsidiary of Full House Restaurants Limited since prior to 2014 and as such its inclusion in the consolidated financial statements has been reflected as a merger as allowed by FRS102, FRS4.

27 Operating lease commitments

Lessee

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

The amount payable under the property leases is not automatically increased but may be renegotiated upon renewal.

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 2017 £	2016 £	Company 2017 £	2016 £
Within one year	958,078	918,659	67,388	54,600
Between two and five years	3,272,864	3,251,245	224,794	218,400
In over five years	3,130,755	2,504,907	136,500	191,100
	<u>7,361,697</u>	<u>6,674,811</u>	<u>428,682</u>	<u>464,100</u>

FULL HOUSE RESTAURANTS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2017

28 Related party transactions

The following amounts were outstanding at the reporting end date:

Amounts owed to related parties	2017 £	2016 £
Group		
Key management personnel	586,322	463,794
Other related parties	898,087	1,582,990
	<u> </u>	<u> </u>
Company		
Entities over which the company has control, joint control or significant influence	2,429,933	1,103,379
Key management personnel	586,322	463,794
	<u> </u>	<u> </u>

At the year end the group owed the Franchisor, Dominos Pizza Group Limited, £898,087 (2016 - £1,582,990) in relation to trading activities. The total amount paid to Dominos Pizza Group Limited in relation to trading activities was £18,279,310 (2016 - £15,660,959). Trading activities are comprised of the following; cost of sales, rent and service charges, advertising, administration costs, loan interest and store development costs.

The following amounts were outstanding at the reporting end date:

Amounts owed by related parties	2017 Balance £	2016 Balance £
Company		
Entities over which the company has control, joint control or significant influence	2,705,772	4,374,981
	<u> </u>	<u> </u>

29 Directors' transactions

Dividends totalling £1,020,000 (2016 - £0) were paid in the period in respect of shares held by the company's directors.

At the period end the directors were owed a total of £586,322 by this company.

30 Controlling party

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

FULL HOUSE RESTAURANTS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2017

31 Cash generated from group operations

	2017 £	2016 £
Profit for the period after tax	3,059,363	2,551,722
Adjustments for:		
Taxation charged	916,911	961,556
Finance costs	177,573	225,423
Investment income	(1,456)	(1,503)
Gain on disposal of tangible fixed assets	(505)	-
Amortisation and impairment of intangible assets	743,505	725,122
Depreciation and impairment of tangible fixed assets	838,743	805,011
Movements in working capital:		
(Increase) in stocks	(17,507)	(86,761)
(Increase) in debtors	(50,650)	(44,302)
(Decrease)/increase in creditors	(162,927)	1,611,042
Cash generated from operations	5,503,050	6,747,310

31 Cash generated from operations - company

	2017 £	2016 £
Profit for the period after tax	2,338,966	3,363,155
Adjustments for:		
Taxation charged	5,011	-
Finance costs	155,305	167,274
Investment income	(2,400,516)	(3,455,296)
Movements in working capital:		
Decrease/(increase) in debtors	1,551,589	(4,374,980)
Increase/(decrease) in creditors	1,683,989	(175,986)
Cash generated from/(absorbed by) operations	3,334,344	(4,475,833)