
ALDERFORCE SC LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017



ALDERFORCE SC LIMITED

COMPANY INFORMATION

Director	Mr Raja Jameel Adil
Company secretary	Mr Mohammed Adil
Registered number	08932017
Registered office	34-36 London Road Wembley Middlesex HA9 7EX
Independent auditors	Hurkan Sayman & Co Chartered Accountants & Statutory Auditor 291 Green Lanes Palmers Green London N13 4XS

ALDERFORCE SC LIMITED

CONTENTS

	Page
Strategic Report	1
Director's Report	2 - 4
Independent Auditors' Report	5 - 6
Statement of Comprehensive Income	7
Balance Sheet	8
Statement of Changes in Equity	9
Statement of Cash Flows	10
Notes to the Financial Statements	11 - 24

ALDERFORCE SC LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2017

Introduction

The Director aims to present a balanced and comprehensive review of the development and performance of the business during the year and its position at the year end by reflection of the size and non-complex nature of the business.

Business review

During the year the company operated as a KFC franchisee throughout Scotland and acquired two additional stores during the year. The company continued to focus on sales and gross profit margin growth throughout the year. This was aided through an ever improving KFC menu as well as a strong focus on staff training.

Principal risks and uncertainties

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

Financial key performance indicators

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

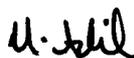
The company's turnover has increased in the year from £12,814,846 to £14,864,590. £1,534,183 of the company's reported turnover in the year is attributable to two new stores that were acquired in July 2016.

The gross profit of the company has increased to £5,389,877 (2016: £4,771,333) and the gross profit percentage has decreased from 36.3% to 37.2%. The decrease is attributable to a rise in wage costs from 20.4% of sales to 22.4% of sales.

Other key performance indicators

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

This report was approved by the board on ~~2 November 2017~~ and signed on its behalf.



Mr Mohammed Adil
Secretary

ALDERFORCE SC LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 MARCH 2017

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

Director's responsibilities statement

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

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

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 Company will continue in business.

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

Results and dividends

The profit for the year, after taxation, amounted to £1,033,631 (2016 - £897,671).

No dividend has been recommended for the year ended 31 March 2017.

Director

The director who served during the year was:

Mr Raja Jameel Adil

Future developments

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

ALDERFORCE SC LIMITED

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

Financial instruments

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

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

Liquidity Risk

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

Employee involvement

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

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

Disabled employees

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

Disclosure of information to auditors

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

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

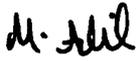
Auditors

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

ALDERFORCE SC LIMITED

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

This report was approved by the board on 2 November 2017 and signed on its behalf.



Mr Mohammed Adil
Secretary

ALDERFORCE SC LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ALDERFORCE SC LIMITED

We have audited the financial statements of Alderforce SC Limited for the year ended 31 March 2017, set out on pages 7 to 24. The relevant financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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

Respective responsibilities of Directors and Auditors

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

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

ALDERFORCE SC LIMITED

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

Opinion on other matter prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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



Mr Ertan Hurer BSc FCA (Senior Statutory Auditor)

for and on behalf of
Hurkan Sayman & Co

Chartered Accountants
Statutory Auditor

291 Green Lanes
Palmers Green
London
N13 4XS

Date: 2 NOVEMBER 2017

ALDERFORCE SC LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2017

	Note	2017 £	2016 £
Turnover	4	14,864,590	12,814,846
Cost of sales		(9,474,713)	(8,043,513)
Gross profit		5,389,877	4,771,333
Administrative expenses		(3,979,021)	(3,552,817)
Operating profit	5	1,410,856	1,218,516
Interest payable and expenses	8	(90,268)	(80,262)
Profit before tax		1,320,588	1,138,254
Tax on profit	9	(286,957)	(240,583)
Profit for the financial year		1,033,631	897,671

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

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

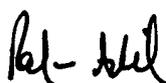
The notes on pages 11 to 24 form part of these financial statements.

ALDERFORCE SC LIMITED
REGISTERED NUMBER: 08932017

BALANCE SHEET
AS AT 31 MARCH 2017

	Note	2017 £	2016 £
Fixed assets			
Intangible assets	10	310,129	277,160
Tangible assets	11	2,205,275	919,708
		<u>2,515,404</u>	<u>1,196,868</u>
Current assets			
Stocks	12	92,987	70,343
Debtors: amounts falling due within one year	13	2,321,450	1,727,702
Cash at bank and in hand		919,982	282,223
		<u>3,334,419</u>	<u>2,080,268</u>
Creditors: amounts falling due within one year	14	(1,887,154)	(1,521,040)
		<u>1,447,265</u>	<u>559,228</u>
Net current assets			
		<u>3,962,669</u>	<u>1,756,096</u>
Total assets less current liabilities			
Creditors: amounts falling due after more than one year	15	(3,085,071)	(2,042,827)
Provisions for liabilities			
Deferred tax	17	(90,698)	-
Other provisions	18	(190,000)	(150,000)
		<u>(280,698)</u>	<u>(150,000)</u>
Net assets/(liabilities)			
		<u><u>596,900</u></u>	<u><u>(436,731)</u></u>
Capital and reserves			
Called up share capital	19	100	100
Profit and loss account	20	596,800	(436,831)
		<u>596,900</u>	<u>(436,731)</u>

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



Mr Raja Jameel Adil
 Director

Date: 2 NOVEMBER 2017

The notes on pages 11 to 24 form part of these financial statements.

ALDERFORCE SC LIMITED

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

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2015	100	(1,334,502)	(1,334,402)
Comprehensive income for the year			
Profit for the year and total comprehensive income	-	897,671	897,671
	<hr/>	<hr/>	<hr/>
At 1 April 2016	100	(436,831)	(436,731)
Comprehensive income for the year			
Profit for the year and total comprehensive income	-	1,033,631	1,033,631
	<hr/>	<hr/>	<hr/>
At 31 March 2017	100	596,800	596,900

ALDERFORCE SC LIMITED

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

	2017 £	2016 £
Cash flows from operating activities		
Profit for the financial year	1,033,631	897,671
Adjustments for:		
Amortisation of intangible assets	35,066	14,982
Depreciation of tangible assets	412,469	229,227
Loss on disposal of tangible assets	55,090	8,785
Interest paid	90,267	80,262
Taxation charge	286,957	240,582
(Increase) in stocks	(22,644)	(61,529)
(Increase) in debtors	(697,570)	(452,313)
Increase/(decrease) in creditors	324,522	(73,223)
Increase in provisions	40,000	139,956
Net cash generated from operating activities	1,557,788	1,024,400
Cash flows from investing activities		
Purchase of intangible fixed assets	(68,034)	-
Purchase of tangible fixed assets	(1,763,126)	(263,674)
Reversal of fixed asset dilapidation provision	10,000	-
Net cash from investing activities	(1,821,160)	(263,674)
Cash flows from financing activities		
New secured loans	1,280,000	-
Repayment of loans	(288,602)	(257,918)
Interest paid	(90,267)	(80,262)
Net cash used in financing activities	901,131	(338,180)
Net increase in cash and cash equivalents	637,759	422,546
Cash and cash equivalents at beginning of year	282,223	(140,323)
Cash and cash equivalents at the end of year	919,982	282,223
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	919,982	282,223
	919,982	282,223

ALDERFORCE SC LIMITED

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

1. General information

Alderforce SC Limited is a private company limited by share capital, incorporated in England and Wales, registration number 08932017. The address of its registered office is 34-36 London Road, Wembley, HA9 7EX.

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

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The following principal accounting policies have been applied:

2.2 Revenue recognition

Sale of goods

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

2.3 Intangible assets

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

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

The estimated useful lives range as follows:

Franchise fees	-	10	years
----------------	---	----	-------

2.4 Tangible fixed assets

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

ALDERFORCE SC LIMITED

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

2. Accounting policies (continued)

2.4 Tangible fixed assets (continued)

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

Depreciation is provided on the following basis:

Short-term leasehold property	- Over the term of lease - 8.5 years - 20 years
Motor vehicles	- 25% reducing balance basis
Fixtures and fittings	- 20% reducing balance basis

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

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

2.5 Stocks

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

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

2.6 Debtors

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

2.7 Cash and cash equivalents

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

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

2.8 Financial instruments

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

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

ALDERFORCE SC LIMITED

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

2. Accounting policies (continued)

2.8 Financial instruments (continued)

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

2.9 Creditors

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

2.10 Finance costs

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

2.11 Operating leases: the Company as lessee

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

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

2.12 Borrowing costs

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

2.13 Provisions for liabilities

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

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

Dilapidation provisions are added to the book value of the assets at the point of fitting out a store and is depreciated through the Statement of Comprehensive Income over the term of the lease.

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

ALDERFORCE SC LIMITED

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

2. Accounting policies (continued)

2.14 Current and deferred taxation

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

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

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

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

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

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

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

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

Management has made judgment over the following accounting policies:

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

4. Turnover

All turnover arose within the United Kingdom and relates to goods sold in the year.

ALDERFORCE SC LIMITED

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

5. Operating profit

The operating profit is stated after charging:

	2017	2016
	£	£
Depreciation of tangible fixed assets	412,469	229,227
Amortisation of intangible assets, including goodwill	35,066	14,982
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	14,500	12,000
Other operating lease rentals	1,067,255	1,005,700
Defined contribution pension cost	9,260	12,824
	418,510	1,274,733

6. Auditors' remuneration

	2017	2016
	£	£
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	14,500	12,000

7. Employees

Staff costs were as follows:

	2017	2016
	£	£
Wages and salaries	3,408,220	2,818,159
Social security costs	130,478	101,252
Cost of defined contribution scheme	9,260	12,824
	3,547,958	2,932,235

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

	2017	2016
	No.	No.
Head Office & Management	6	13
Restaurant	374	327
	380	340

ALDERFORCE SC LIMITED

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

8. Interest payable and similar charges

	2017 £	2016 £
Bank interest payable	88,954	79,531
Other loan interest payable	1,314	731
	<u>90,268</u>	<u>80,262</u>

9. Taxation

	2017 £	2016 £
Corporation tax		
Current tax on profits for the year	92,438	-
Total current tax	<u>92,438</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	194,519	224,183
Changes to tax rates	-	16,400
Total deferred tax	<u>194,519</u>	<u>240,583</u>
Taxation on profit on ordinary activities	<u>286,957</u>	<u>240,583</u>

ALDERFORCE SC LIMITED

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

9. Taxation (continued)

Factors affecting tax charge for the year

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

	2017 £	2016 £
Profit on ordinary activities before tax	<u>1,320,589</u>	<u>1,138,254</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2016 - 20%)	264,118	227,651
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	22,839	1,757
Capital allowances for year in excess of depreciation	-	14,954
Adjustments to tax charge in respect of prior periods	-	(3,779)
Total tax charge for the year	<u>286,957</u>	<u>240,583</u>

Factors that may affect future tax charges

Reductions in corporation tax to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were enacted on 26 October 2015 and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future tax charge accordingly.

ALDERFORCE SC LIMITED

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

10. Intangible assets

	Franchise fees £
Cost	
At 1 April 2016	299,633
Additions	68,034
At 31 March 2017	<u>367,667</u>
Amortisation	
At 1 April 2016	22,472
Charge for the year	35,066
At 31 March 2017	<u>57,538</u>
Net book value	
At 31 March 2017	<u>310,129</u>
At 31 March 2016	<u>277,160</u>

ALDERFORCE SC LIMITED

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

11. Tangible fixed assets

	Short-term leasehold property £	Motor vehicles £	Fixtures and fittings £	Total £
Cost or valuation				
At 1 April 2016	5,676	-	1,241,771	1,247,447
Additions	756,736	9,175	997,215	1,763,126
Disposals	-	-	(70,308)	(70,308)
At 31 March 2017	<u>762,412</u>	<u>9,175</u>	<u>2,168,678</u>	<u>2,940,265</u>
Depreciation				
At 1 April 2016	1,003	-	326,736	327,739
Charge for the year on owned assets	114,201	573	297,694	412,468
Disposals	-	-	(5,217)	(5,217)
At 31 March 2017	<u>115,204</u>	<u>573</u>	<u>619,213</u>	<u>734,990</u>
Net book value				
At 31 March 2017	<u>647,208</u>	<u>8,602</u>	<u>1,549,465</u>	<u>2,205,275</u>
At 31 March 2016	<u>4,673</u>	<u>-</u>	<u>915,035</u>	<u>919,708</u>

12. Stocks

	2017 £	2016 £
Raw materials and consumables	92,987	70,343
	<u>92,987</u>	<u>70,343</u>

Stock recognised in cost of sales during the year as an expense was £4,531,150 (2016 - £4,029,435).

ALDERFORCE SC LIMITED

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

13. Debtors

	2017 £	2016 £
Trade debtors	4,110	7,313
Other debtors	2,107,478	1,414,557
Prepayments and accrued income	209,862	202,011
Deferred taxation	-	103,821
	<u>2,321,450</u>	<u>1,727,702</u>

14. Creditors: Amounts falling due within one year

	2017 £	2016 £
Bank loans	215,804	266,651
Trade creditors	822,675	634,006
Corporation tax	92,438	-
Other taxation and social security	533,575	445,287
Other creditors	9,742	14,762
Accruals and deferred income	212,920	160,332
	<u>1,887,154</u>	<u>1,521,038</u>

15. Creditors: Amounts falling due after more than one year

	2017 £	2016 £
Bank loans	3,085,071	2,042,827
	<u>3,085,071</u>	<u>2,042,827</u>

Secured loans

Bank loans are secured by way of a fixed and floating charge over all the assets and undertaking of Alderforce SC Limited, including all present and future freehold and leasehold property, book and other debts, chattels and goodwill and uncalled capital, both present and future.

Bank loans are repayable by monthly instalments. Interest is payable at 2% over the bank of England Base Rate.

ALDERFORCE SC LIMITED

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

16. Loans

Analysis of the maturity of loans is given below:

	2017 £	2016 £
Amounts falling due within one year		
Bank loans	215,804	266,651
	<u>215,804</u>	<u>266,651</u>
Amounts falling due 1-2 years		
Bank loans	220,710	275,448
	<u>220,710</u>	<u>275,448</u>
Amounts falling due 2-5 years		
Bank loans	692,523	881,960
	<u>692,523</u>	<u>881,960</u>
Amounts falling due after more than 5 years		
Bank loans	2,171,838	885,419
	<u>2,171,838</u>	<u>885,419</u>
Total bank loans	<u><u>3,300,875</u></u>	<u><u>2,309,478</u></u>

ALDERFORCE SC LIMITED

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

17. Financial instruments

	2017 £	2016 £
Financial assets		
Financial assets measured at fair value through profit or loss	919,982	282,223
Financial assets that are debt instruments measured at amortised cost	2,111,588	1,421,869
	<u>3,031,570</u>	<u>1,704,092</u>
Financial liabilities		
Financial liabilities measured at amortised cost	(4,339,752)	(3,118,578)
	<u>(4,339,752)</u>	<u>(3,118,578)</u>

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

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

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

18. Deferred taxation

	2017 £	2016 £
At beginning of year	103,821	344,404
Charged to profit or loss	(13,682)	(10,967)
Utilised in year	(180,837)	(229,615)
At end of year	<u>(90,698)</u>	<u>103,822</u>

ALDERFORCE SC LIMITED

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

18. Deferred taxation (continued)

The deferred taxation balance is made up as follows:

	2017 £	2016 £
Accelerated capital allowances	(90,698)	(120,222)
Tax losses carried forward	-	224,043
	<u>(90,698)</u>	<u>103,821</u>

19. Provisions

	Dilapidation provisions £
At 1 April 2016	150,000
Additions to fixed asset costs in the year	40,000
At 31 March 2017	<u>190,000</u>

Provision for dilapidation costs are recorded on the date in which leasehold properties are altered and the liability of repair is crystallised. Provisions are capitalised and depreciated over the period of the lease, being between one and nineteen and a half years remaining.

20. Share capital

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

21. Reserves

Profit and loss account

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

ALDERFORCE SC LIMITED

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

22. Commitments under operating leases

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

	2017 £	2016 £
Not later than 1 year	832,920	1,005,700
Later than 1 year and not later than 5 years	2,591,180	2,407,650
Later than 5 years	5,231,353	3,405,490
	<u>8,655,453</u>	<u>6,818,840</u>

23. Related party transactions

Included within other debtors at the year end is a loan amount of £390,005 (2016: £392,486) due from Erindale Limited, a company under common control. The loan has arisen from inter company funding and is unsecured, repayable on demand and free of interest.

Included within other debtors at the year end is a loan amount of £nil (2016: £500,000) due from Alderforce Limited, a company under common control. The loan has arisen from inter company funding and is unsecured, repayable on demand and free of interest.

Included within other debtors at the year end is a loan amount of £741,784 (2016: £616,792) due from Erindale SC Limited, a company under common control. The loan has arisen from inter company funding and is unsecured, repayable on demand and free of interest.

Included within other debtors at the year end is a loan amount of £477,953 (2016: £200,943) due from Cuppacoff SC Limited, a company under common control. The loan has arisen from inter company funding and is unsecured, repayable on demand and free of interest.

Included within other debtors at the year end is a loan amount of £494,970 (2016: £nil) due from Rafkins SC (Linwood) Leisure Park Limited, a company under common control. The loan has arisen from inter company funding and is unsecured, repayable on demand and free of interest.

Included within administration charges for the year are rental charges from Erindale Limited of £190,243 (2016: £150,000) in respect of three (2016: two) retail units that the company traded from in the year. No amounts are owed at the year end in respect of rental charges.

24. Controlling party

Throughout the current and prior year the company was under the control of Mr Raja Adil.