
ALDERFORCE SC LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

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

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**STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2020**

Introduction

We aim to present a balanced and comprehensive review of the development and performance of the business during the year and our 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 KFC franchised restaurants.

During the year the company opened a new store and continued to focus on sales and gross profit growth.

Throughout the year the company continued its repairs programme at its stores to ensure that the company continues to keep up to date with the latest brand standards of KFC.

The impact of COVID-19 on the business is explained in the various parts of the Strategic and Directors' Report.

Principal risks and uncertainties

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

COVID-19

The impact of COVID-19 was apparent throughout March 2020 and due to the changes in government policy throughout March and after the year end the business has had to be reactive to the scenarios presented to it. KFC has focused its attention onto its delivery platforms and drive thrus to ensure that franchisees have been able to provide a safer offering to a wider customer base and remain competitive in the food industry.

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

Financial key performance indicators

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

The company's turnover has increased in the year from £15,787,181 to £17,254,988. The increase in sales is attributable to a new store openings in the current and previous year.

The gross profit of the company has increased to £5,258,923 (2019: £4,928,656) and the gross profit percentage has decreased from 31.2% to 30.5%. Reductions in the gross profit percentage is attributable to rising wage costs.

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.

ALDERFORCE SC LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020**

This report was approved by the board on 15 December 2020 and signed on its behalf.

Mr Mohammed Adil
Secretary

**DIRECTOR'S REPORT
FOR THE YEAR ENDED 31 MARCH 2020**

The director presents his report and the financial statements for the year ended 31 March 2020.

Director's responsibilities statement

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

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

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Results and dividends

The profit for the year, after taxation, amounted to £503,160 (2019 - loss £113,378).

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

Director

The director who served during the year was:

Mr Raja Jameel Adil

Principal risks and uncertainties

Future developments

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

**DIRECTOR'S REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020**

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.

Other Risks

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

The Director has considered the effect of the continued uncertainty around Brexit and concludes that most significant risk to be the availability of staff. Due to the increased unemployment figures as a result of COVID-19, the effects are likely to be counter balanced.

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

Engagement with employees

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

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

COVID-19

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

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

**DIRECTOR'S REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020**

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.

Post balance sheet events

From March 2020 the UK has faced much uncertainty and disruptions to the day to day lives of people and businesses. There has been a series of lockdowns and changing Tiers throughout the UK which has created ever changing restrictions and rules which have prohibited the full functionality of the business. Throughout the Strategic and Directors' Report the uncertainties surrounding COVID-19 and the actions implemented by the company have been noted.

The Director has reviewed the going concern of the business for the next twelve months after the approval of the financial statements. The support by the UK government to retail business and the response of KFC has enabled the company to operate well since reopening stores in May 2020 with several stores reporting record weekly sales during the early periods of reopening. There has also been much hope provided to businesses with the commencement of vaccinations being administered in the UK. The director is therefore of the opinion that there is no material uncertainty regarding the going concern of the company.

Auditors

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

This report was approved by the board on 15 December 2020 and signed on its behalf.

Mr Raja Jameel Adil

Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ALDERFORCE SC LIMITED

Opinion

We have audited the financial statements of Alderforce SC Limited (the 'Company') for the year ended 31 March 2020, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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 director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the 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 director is responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

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

work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Director's Responsibilities Statement on page 3, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the Company's members 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 for our audit work, for this report, or for the opinions we have formed.

Hasan Hurer BSc ACA (Senior Statutory Auditor)

for and on behalf of
Hurkan Sayman & Co

Chartered Accountants
Statutory Auditor

291 Green Lanes
Palmers Green
London
N13 4XS

15 December 2020

ALDERFORCE SC LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2020

	Note	2020 £	2019 £
Turnover	4	17,254,988	15,787,182
Cost of sales		(11,996,064)	(10,858,528)
Gross profit		5,258,924	4,928,654
Administrative expenses		(4,563,662)	(5,227,211)
Other operating income including exceptional items	5	45,419	390,708
Operating profit	6	740,681	92,151
Interest payable and expenses	9	(73,655)	(79,637)
Profit before tax		667,026	12,514
Tax on profit	10	(163,866)	(125,892)
Profit/(loss) for the financial year		503,160	(113,378)
Other comprehensive income for the year			
Total comprehensive income for the year		503,160	(113,378)

The notes on pages 14 to 27 form part of these financial statements.

ALDERFORCE SC LIMITED
REGISTERED NUMBER: 08932017

BALANCE SHEET
AS AT 31 MARCH 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	11	184,099	217,868
Tangible assets	12	2,759,020	2,647,981
		<u>2,943,119</u>	<u>2,865,849</u>
Current assets			
Stocks	13	52,379	103,745
Debtors: amounts falling due within one year	14	3,408,890	3,716,389
Bank and cash balances		324,245	292,737
		<u>3,785,514</u>	<u>4,112,871</u>
Creditors: amounts falling due within one year	15	(2,200,387)	(2,941,830)
Net current assets		<u>1,585,127</u>	<u>1,171,041</u>
Total assets less current liabilities		<u>4,528,246</u>	<u>4,036,890</u>
Creditors: amounts falling due after more than one year	16	(2,548,043)	(2,668,418)
Provisions for liabilities			
Deferred tax	18	(148,678)	(80,107)
Other provisions	19	(230,000)	(190,000)
		<u>(378,678)</u>	<u>(270,107)</u>
Net assets		<u><u>1,601,525</u></u>	<u><u>1,098,365</u></u>
Capital and reserves			
Called up share capital		100	100
Profit and loss account		1,601,425	1,098,265
		<u>1,601,525</u>	<u>1,098,365</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: 15 December 2020

The notes on pages 14 to 27 form part of these financial statements.

ALDERFORCE SC LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020

	Called up share capital £	Profit and loss account £	Total equity £
At 1 April 2018	100	1,211,643	1,211,743
Comprehensive income for the year			
Profit for the year and total comprehensive income	-	(113,378)	(113,378)
Total comprehensive income for the year	-	(113,378)	(113,378)
Total transactions with owners	-	-	-
At 1 April 2019	100	1,098,265	1,098,365
Comprehensive income for the year			
Profit for the year and total comprehensive income	-	503,160	503,160
Total comprehensive income for the year	-	503,160	503,160
Total transactions with owners	-	-	-
At 31 March 2020	100	1,601,425	1,601,525

The notes on pages 14 to 27 form part of these financial statements.

ALDERFORCE SC LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2020

	2020 £	2019 £
Cash flows from operating activities		
Profit for the financial year	503,160	(113,378)
Adjustments for:		
Amortisation of intangible assets	33,770	33,770
Depreciation of tangible assets	619,724	534,252
Loss on disposal of tangible assets	7,433	20,869
Government grants	(45,419)	-
Interest paid	73,655	79,636
Taxation charge	163,866	125,892
Decrease/(increase) in stocks	51,366	(29,856)
Decrease in debtors	307,499	353,628
(Decrease)/increase in creditors	(631,211)	204,926
Increase in provisions	40,000	-
Corporation tax (paid)	(111,101)	(200,028)
Net cash generated from operating activities	1,012,742	1,009,711
Cash flows from investing activities		
Purchase of tangible fixed assets	(738,196)	(1,061,416)
Government grants received	45,419	-
Net cash from investing activities	(692,777)	(1,061,416)
Cash flows from financing activities		
Repayment of loans	(214,802)	(208,454)
Interest paid	(73,655)	(79,636)
Net cash used in financing activities	(288,457)	(288,090)
Net increase/(decrease) in cash and cash equivalents	31,508	(339,795)

ALDERFORCE SC LIMITED

STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020

	2020 £	2019 £
Cash and cash equivalents at beginning of year	292,737	632,532
Cash and cash equivalents at the end of year	324,245	292,737
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	324,245	292,737
	324,245	292,737

ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 MARCH 2020

	At 1 April 2019 £	Cash flows £	At 31 March 2020 £
Cash at bank and in hand	292,737	31,508	324,245
Debt due after 1 year	(2,668,418)	120,375	(2,548,043)
Debt due within 1 year	(211,114)	94,427	(116,687)
	(2,586,795)	246,310	(2,340,485)

The notes on pages 14 to 27 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

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 Turnover recognition

Sale of goods

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

2.3 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

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

2.4 Government grants

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

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

2.5 Finance costs

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

2.6 Borrowing costs

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

2. Accounting policies (continued)

2.7 Pensions

Defined contribution pension plan

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

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

2.8 Current and deferred taxation

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

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

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

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

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

2.9 Intangible assets

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

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

The estimated useful lives range as follows:

Franchise fees	-	10	years
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

2. Accounting policies (continued)

2.10 Tangible fixed assets

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

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

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 profit or loss.

2.11 Stocks

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

2.12 Financial instruments

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

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

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

2.13 Debtors

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

2. Accounting policies (continued)

2.14 Cash and cash equivalents

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

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

2.15 Creditors

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

2.16 Provisions for liabilities

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

Provisions are charged as an expense to 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.

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.

ALDERFORCE SC LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

4. Turnover

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

All turnover arose within the United Kingdom.

5. Other operating income

	2020 £	2019 £
Other operating income	-	390,708
Government grants receivable	45,419	-
	<u>45,419</u>	<u>390,708</u>

Included within other operating income is compensation of £Nil (2019: £230,516) in relation to a loss of profits due to disruptions in deliveries and landlord contributions of £nil (2019: £139,625).

6. Operating profit

The operating profit is stated after charging:

	2020 £	2019 £
Other operating lease rentals	<u>942,440</u>	<u>903,797</u>

7. Auditors' remuneration

	2020 £	2019 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	15,500	14,000
Fees payable to the Company's auditor and its associates in respect of:		
All other services	2,000	2,000

ALDERFORCE SC LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

8. Employees

Staff costs were as follows:

	2020 £	2019 £
Wages and salaries	4,242,002	3,729,454
Social security costs	193,816	202,997
Cost of defined contribution scheme	57,619	39,346
	<u>4,493,437</u>	<u>3,971,797</u>

Key management compensation paid in the year was £nil (2019; £nil).

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

	2020 No.	2019 No.
Head Office & Management	4	4
Restaurant	415	368
	<u>419</u>	<u>372</u>

9. Interest payable and similar expenses

	2020 £	2019 £
Bank interest payable	72,972	79,530
Other interest payable	683	107
	<u>73,655</u>	<u>79,637</u>

ALDERFORCE SC LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

10. Taxation

	2020	<i>2019</i>
	£	<i>£</i>
Corporation tax		
Current tax on profits for the year	95,296	<i>97,230</i>
Adjustments in respect of previous periods	-	<i>13,872</i>
	<u>95,296</u>	<u><i>111,102</i></u>
Deferred tax		
Origination and reversal of timing differences	68,570	<i>14,790</i>
	<u>68,570</u>	<u><i>14,790</i></u>
	<u>163,866</u>	<u><i>125,892</i></u>
Taxation on profit on ordinary activities		

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

10. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2019 - *higher than*) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
Profit on ordinary activities before tax	<u>667,026</u>	<u>12,515</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	126,735	2,378
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	2,382	48,053
Capital allowances for year in excess of depreciation	(33,821)	46,799
Adjustments to tax charge in respect of prior periods	-	13,872
Changes in provisions leading to an increase (decrease) in the tax charge	68,570	14,790
Total tax charge for the year	<u>163,866</u>	<u>125,892</u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

11. Intangible assets

	Franchise fees £
Cost	
At 1 April 2019	337,704
	<hr/>
At 31 March 2020	337,704
	<hr/>
Amortisation	
At 1 April 2019	119,835
Charge for the year on owned assets	33,770
	<hr/>
At 31 March 2020	153,605
	<hr/>
Net book value	
At 31 March 2020	184,099
	<hr/>
At 31 March 2019	217,868
	<hr/>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

11. Intangible assets (continued)**12. Tangible fixed assets**

	Short-term leasehold property £	Motor vehicles £	Fixtures and fittings £	Total £
Cost or valuation				
At 1 April 2019	1,090,039	23,208	3,135,868	4,249,115
Additions	134,088	-	604,108	738,196
Disposals	-	-	(65,918)	(65,918)
At 31 March 2020	1,224,127	23,208	3,674,058	4,921,393
Depreciation				
At 1 April 2019	441,531	8,283	1,151,320	1,601,134
Charge for the year on owned assets	175,360	3,731	440,633	619,724
Disposals	-	-	(58,485)	(58,485)
At 31 March 2020	616,891	12,014	1,533,468	2,162,373
Net book value				
At 31 March 2020	607,236	11,194	2,140,590	2,759,020
At 31 March 2019	<u>648,508</u>	<u>14,925</u>	<u>1,984,548</u>	<u>2,647,981</u>

13. Stocks

	2020 £	2019 £
Food, beverages and consumables	52,379	103,745
	<u>52,379</u>	<u>103,745</u>

ALDERFORCE SC LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

14. Debtors

	2020 £	2019 £
Trade debtors	5,965	5,510
Other debtors	3,121,317	3,377,860
Prepayments and accrued income	236,189	333,019
Grants receivable	45,419	-
	<u>3,408,890</u>	<u>3,716,389</u>

15. Creditors: Amounts falling due within one year

	2020 £	2019 £
Bank loans	116,687	211,114
Trade creditors	1,040,658	1,532,155
Corporation tax	95,296	111,102
Other taxation and social security	563,637	366,015
Other creditors	143,065	113,422
Accruals and deferred income	241,044	608,022
	<u>2,200,387</u>	<u>2,941,830</u>

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

	2020 £	2019 £
Bank loans	2,548,043	2,668,418
	<u>2,548,043</u>	<u>2,668,418</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

17. Loans

Analysis of the maturity of loans is given below:

	2020 £	2019 £
Amounts falling due within one year		
Bank loans	116,687	211,114
Amounts falling due 1-2 years		
Bank loans	236,619	217,196
Amounts falling due 2-5 years		
Bank loans	1,670,618	688,425
Amounts falling due after more than 5 years		
Bank loans	640,806	1,762,797
Total bank loans	<u><u>2,664,730</u></u>	<u><u>2,879,532</u></u>

Bank loans are repaid in equal monthly installments and interest is charged at 2% over the Bank of England base rate.

Bank loans are secured by way of a fixed and floating charge over all the property and undertaking of the company.

ALDERFORCE SC LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

18. Deferred taxation

	2020 £
At beginning of year	(80,108)
Charged to profit or loss	(68,570)
At end of year	<u>(148,678)</u>

The provision for deferred taxation is made up as follows:

	2020 £	2019 £
Accelerated capital allowances	(148,677)	(80,108)
	<u>(148,677)</u>	<u>(80,108)</u>

19. Provisions

	Dilapidation provisions £
At 1 April 2019	190,000
Charged to profit or loss	40,000
At 31 March 2020	<u>230,000</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 two and nineteen years remaining.

20. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
100 (2019 - 100) Ordinary shares of £1.00 each	<u>100</u>	<u>100</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

21. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £57,619 (2019: £39,346). Contributions totalling £3,991 (2019: £3,371) were payable to the fund at the balance sheet date and are included in creditors.

22. Commitments under operating leases

At 31 March 2020 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2020 £	2019 £
Not later than 1 year	982,000	947,000
Later than 1 year and not later than 5 years	3,356,000	3,560,000
Later than 5 years	6,067,000	6,783,000
	<u>10,405,000</u>	<u>11,290,000</u>

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

Included within Other Debtors at the year end are loan amounts of £3,118,542 (2019: £3,375,094) due from companies under common control. The loans have arisen from inter company funding in the current and prior years. The loans are unsecured, repayable on demand and free of interest.

Included within Other Creditors at the year end loan amounts of £138,266 (2019: £109,448) due to companies which the which The companies are related as they ear under common control. The loans have arisen from inter company funding in the current and prior years and are unsecured, repayable on demand and free of interest.

Related party transactions

Included within administration charges for the year are office and retail rental charges of £380,365 (2019: £304,000) charged by companies under common control. Included within trade creditors at the year end is a balance of £204,000 (2019: £nil) relating to the rental charges.

24. Controlling party

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

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.