

REGISTERED NUMBER: 10303138 (England and Wales)

**STRATEGIC REPORT,  
REPORT OF THE DIRECTORS AND  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018  
FOR  
TH UK & IRELAND LIMITED**

THURSDAY



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FOR THE YEAR ENDED 31 DECEMBER 2018**

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**TH UK & IRELAND LIMITED**  
**COMPANY INFORMATION**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

**DIRECTORS:**

G Dhaliwal  
J S Dhillon  
S S Kandola  
K J Hydes  
A G De Macedo  
L L Muniz

**REGISTERED OFFICE:**

Fortune House  
Crabtree Office Village  
Eversley Way  
Egham  
Surrey  
TW20 8RY

**REGISTERED NUMBER:**

10303138 (England and Wales)

**AUDITORS:**

BDO LLP  
Mortlock House  
Station Road  
Histon  
Cambridge  
Cambridgeshire  
CB24 9NP

**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2018**

The directors present their strategic report for the year ended 31 December 2018.

**REVIEW OF BUSINESS**

The directors aim to present a balanced and comprehensive review of the developments and performance of the business during the period and its position at the period end. This review is consistent with the size and complexity of the business and is written in the context of the risks and uncertainties faced by the business.

The company's trade continued to be that of providing goods and services in respect of fast food and drink restaurants.

The directors are pleased with the results for the year, which are in line with their expectations.

The directors consider that the key financial performance indicators are those that communicate the financial performance and strengths of the company as a whole, these being Turnover and Profitability.

8 new stores were opened and there was one store closure during the year. Turnover amounted to £10.3m for the year.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The company faces a number of risks and uncertainties which may have an adverse impact on its operations, performance, future targets and the ability to deliver its targets.

The risks and uncertainties noted below do not comprise all of the risks associated with the company and are not set out in any order of priority.

New Store Openings

The Quick Service Restaurant industry remains a strongly competitive environment. We continue to invest in new restaurants and are continually looking at innovative concepts which will increase our sales revenue and market share.

Products & Pricing

We aim to deliver quality products with a range of price points to ensure value for all customers. We continue to monitor macroeconomic conditions and ensure that marketing and pricing strategies respond to changing market conditions.

Financial Instruments

The company makes little use of financial instruments other than an operational bank account and so its exposure to price risk, liquidity and cash flow is not material for the assessment of the assets, liabilities and financial position of the company.

Interest Rate Risk

The company finances its operations through investment and generated cash flows. As a result, there is minimal risk associated in this area.

Staff Recruitment & Retention

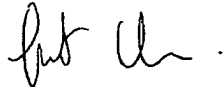
The company is reliant on its management and employees for the continuing operation of its business. Our ability to recruit, motivate and retain suitably qualified staff is key to our success.

**TH UK & IRELAND LIMITED**  
**STRATEGIC REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

**Brexit**

In common with many other businesses, we share concerns relating to the withdrawal of the UK from the EU, commonly referred to as Brexit. While we continue to regard the possibility of the UK leaving the EU without any form of transition period as unlikely, we feel secure in that we have preparations in place with our key suppliers to ensure that any disruption is minimised. These preparations do not impact the financial performance of the company.

**ON BEHALF OF THE BOARD:**



.....  
S S Kandola - Director

Date: 03.06.2019

**TH UK & IRELAND LIMITED**  
**REPORT OF THE DIRECTORS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

The directors present their first report with the financial statements of the company for the year ending 31 December 2018.

**PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of providing goods and services in respect of fast food and drink restaurants.

The following stores were opened in year to 31 December 2018:

|                            |            |
|----------------------------|------------|
| Ayr - Whittleys Roundabout | 19/02/2018 |
| Cardiff - Albany Road      | 22/02/2018 |
| Glasgow - George Street    | 15/03/2018 |
| Manchester - Oxford Road   | 17/03/2018 |
| Belfast - Fountain Street  | 25/05/2018 |
| Birmingham - New Street    | 22/11/2018 |
| Glasgow - Linewood Road    | 30/11/2018 |
| Belfast - Connswater       | 14/12/2018 |

The following store was closed in year to 31 December 2018:

|                     |            |
|---------------------|------------|
| Cardiff - The Hayes | 24/06/2018 |
|---------------------|------------|

**DIVIDENDS**

No dividends will be distributed for the year ended 31 December 2018.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 January 2018 to the date of this report.

G Dhaliwal  
J S Dhillon  
S S Kandola  
L L Muniz

Other changes in directors holding office are as follows:

J Kandola - resigned 2 February 2018  
E D Sese - resigned 2 February 2018  
K J Hydes - appointed 2 February 2018  
A G De Macedo - appointed 2 February 2018

**EMPLOYMENT OF DISABLED PERSONS**

The company is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind. Particular attention is given to the training and promotion of disabled employees to ensure that their career development is not unfairly restricted by their disability, or perceptions of it.

The company's HR procedures make clear that full and fair consideration must be given to applications made by and the promotion of disabled persons. Where an employee becomes disabled whilst employed by the company, the HR procedures also require that reasonable effort is made to ensure they have the opportunity for continued employment within the company. Retraining of employees who become disabled whilst employed by the company is offered where appropriate.

**TH UK & IRELAND LIMITED**  
**REPORT OF THE DIRECTORS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Strategic Report, the Report of the Directors 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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 company and of the profit or loss of the company 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

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

**AUDITORS**

The auditors, BDO LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**

  
.....  
S S Kandola - Director

Date: 03.06.2019

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TH UK & IRELAND LIMITED**

### **Opinion**

We have audited the financial statements of TH UK & Ireland Limited ("the Company") for the year ended 31 December 2018 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its loss 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 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 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.



## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TH UK & IRELAND LIMITED**

### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and 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 Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and 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 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 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 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 at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
TH UK & IRELAND LIMITED**

**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.

**BDO LLP**

Piers Harrison (Senior Statutory Auditor)  
for and on behalf of BDO LLP  
Mortlock House  
Station Road  
Histon  
Cambridge  
Cambridgeshire  
CB24 9NP

Date: 3 June 2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

**TH UK & IRELAND LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2018**

|  |       | YEAR ENDED<br>31/12/18<br>£ | PERIOD<br>29/7/16<br>TO<br>31/12/17<br>£ |
|--|-------|-----------------------------|--|
|  | Notes |                             |  |
| <b>TURNOVER</b>                                    |       | 10,282,404                  | 1,734,070                                |
| Cost of sales                                      |       | 13,743,568                  | 6,936,916                                |
| <b>GROSS LOSS</b>                                  |       | (3,461,164)                 | (5,202,846)                              |
| Administrative expenses                            |       | 4,951,797                   | 2,476,106                                |
|  |       | (8,412,961)                 | (7,678,952)                              |
| Other operating income                             |       | 107,907                     | -  |
| <b>OPERATING LOSS and<br/>LOSS BEFORE TAXATION</b> |       | (8,305,054)                 | (7,678,952)                              |
| Tax on loss  | 6     | -                           | -  |
| <b>LOSS FOR THE FINANCIAL YEAR</b>                 |       | (8,305,054)                 | (7,678,952)                              |

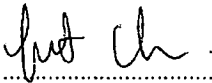
The notes form part of these financial statements

TH UK & IRELAND LIMITED (REGISTERED NUMBER: 10303138)

STATEMENT OF FINANCIAL POSITION  
31 DECEMBER 2018

|  | Notes | 31.12.18<br>£     | 31.12.17<br>£     |
|--|-------|-------------------|-------------------|
| <b>FIXED ASSETS</b>                          |       |                   |                   |
| Intangible assets                            | 7     | 162,412           | 97,555            |
| Tangible assets                              | 8     | 11,475,129        | 8,801,314         |
|  |       | <u>11,637,541</u> | <u>8,898,869</u>  |
| <b>CURRENT ASSETS</b>                        |       |                   |                   |
| Stocks                                       | 9     | 693,987           | 302,014           |
| Debtors                                      | 10    | 6,221,213         | 19,514,843        |
| Cash at bank and in hand                     |       | 1,061,134         | 847,009           |
|  |       | <u>7,976,334</u>  | <u>20,663,866</u> |
| <b>CREDITORS</b>                             |       |                   |                   |
| Amounts falling due within one year          | 11    | 3,597,881         | 5,241,687         |
| <b>NET CURRENT ASSETS</b>                    |       | <u>4,378,453</u>  | <u>15,422,179</u> |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b> |       | <u>16,015,994</u> | <u>24,321,048</u> |
| <b>CAPITAL AND RESERVES</b>                  |       |                   |                   |
| Called up share capital                      | 13    | 1,000             | 1,000             |
| Share premium                                | 14    | 31,999,000        | 31,999,000        |
| Retained earnings                            | 14    | (15,984,006)      | (7,678,952)       |
| <b>SHAREHOLDERS' FUNDS</b>                   |       | <u>16,015,994</u> | <u>24,321,048</u> |

The financial statements were approved by the Board of Directors on .....03.06.2019..... and were signed on its behalf by:

  
.....  
S S Kandola - Director

The notes form part of these financial statements

**TH UK & IRELAND LIMITED (REGISTERED NUMBER: 10303138)**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2018**

|                                    | Called up<br>share<br>capital<br>£ | Retained<br>earnings<br>£ | Share<br>premium<br>£ | Total<br>equity<br>£ |
|------------------------------------|------------------------------------|---------------------------|-----------------------|----------------------|
| <b>Changes in equity</b>           |                                    |                           |                       |                      |
| Issue of share capital             | 1,000                              | -                         | 31,999,000            | 32,000,000           |
| Total comprehensive loss           | -                                  | (7,678,952)               | -                     | (7,678,952)          |
| <b>Balance at 31 December 2017</b> | <u>1,000</u>                       | <u>(7,678,952)</u>        | <u>31,999,000</u>     | <u>24,321,048</u>    |
| <b>Changes in equity</b>           |                                    |                           |                       |                      |
| Total comprehensive loss           | -                                  | (8,305,054)               | -                     | (8,305,054)          |
| <b>Balance at 31 December 2018</b> | <u>1,000</u>                       | <u>(15,984,006)</u>       | <u>31,999,000</u>     | <u>16,015,994</u>    |

The notes form part of these financial statements

**TH UK & IRELAND LIMITED (REGISTERED NUMBER: 10303138)**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

|   |       | YEAR ENDED<br>31/12/18<br>£ | PERIOD<br>29/7/16<br>TO<br>31/12/17<br>£ |
|---|-------|-----------------------------|--|
|   | Notes |                             |  |
| <b>Cash flows from operating activities</b>           |       |                             |  |
| Cash generated from operations                        | 1     | (7,736,809)                 | (4,817,690)                              |
| Net cash from operating activities                    |       | <u>(7,736,809)</u>          | <u>(4,817,690)</u>                       |
| <b>Cash flows from investing activities</b>           |       |                             |  |
| Purchase of intangible fixed assets                   |       | (72,464)                    | (98,162)                                 |
| Purchase of tangible fixed assets                     |       | (5,259,368)                 | (9,237,139)                              |
| Sale of tangible fixed assets                         |       | 282,766                     | -  |
| Net cash from investing activities                    |       | <u>(5,049,066)</u>          | <u>(9,335,301)</u>                       |
| <b>Cash flows from financing activities</b>           |       |                             |  |
| Share issue   |       | 13,000,000                  | 15,000,000                               |
| Net cash from financing activities                    |       | <u>13,000,000</u>           | <u>15,000,000</u>                        |
| <b>Increase in cash and cash equivalents</b>          |       | <u>214,125</u>              | <u>847,009</u>                           |
| <b>Cash and cash equivalents at beginning of year</b> | 2     | 847,009                     | -  |
| <b>Cash and cash equivalents at end of year</b>       | 2     | <u><u>1,061,134</u></u>     | <u><u>847,009</u></u>                    |

The notes form part of these financial statements

NOTES TO THE STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2018

| 1. RECONCILIATION OF LOSS BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS | PERIOD                      |                           |
|---|-----------------------------|---------------------------|
|   | YEAR ENDED<br>31/12/18<br>£ | TO<br>31/12/17<br>£       |
| Loss before taxation  | (8,305,054)                 | (7,678,952)               |
| Depreciation charges  | 1,879,072                   | 435,825                   |
| Loss on disposal of fixed assets  | 423,715                     | -                         |
| Amortisation of intangible fixed assets                                     | 7,607                       | 607                       |
|   | <u>(5,994,660)</u>          | <u>(7,242,520)</u>        |
| Increase in stocks  | (391,973)                   | (302,014)                 |
| Decrease/(increase) in trade and other debtors                              | 293,630                     | (2,514,843)               |
| (Decrease)/increase in trade and other creditors                            | <u>(1,643,806)</u>          | <u>5,241,687</u>          |
| <b>Cash generated from operations</b>                                       | <u><u>(7,736,809)</u></u>   | <u><u>(4,817,690)</u></u> |

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

**Year ended 31 December 2018**

|                           | 31/12/18<br>£    | 1/1/18<br>£    |
|---------------------------|------------------|----------------|
| Cash and cash equivalents | <u>1,061,134</u> | <u>847,009</u> |

**Period ended 31 December 2017**

|                           | 31/12/17<br>£  | 29/7/16<br>£ |
|---------------------------|----------------|--------------|
| Cash and cash equivalents | <u>847,009</u> | <u>-</u>     |

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**1. STATUTORY INFORMATION**

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

The functional and presentation currency of the financial statements is the Pound Sterling (£).

Monetary amounts in these financial statements are rounded to the nearest £.

**2. STATEMENT OF COMPLIANCE**

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

**3. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

The financial statements have been prepared under the historical cost convention.

**Significant judgements and estimates**

In applying the company's accounting policies, the directors are required to make judgements, estimates and assumptions in determining the carrying value of assets and liabilities. The directors' judgement, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made and are based on historical experience and other factors that considered to be applicable. Due to the inherent sensitivity involved in making judgements, estimates and assumptions, the actual results and outcomes may differ.

The estimates and underlying assumptions are reviewed on an ongoing basis. Any revisions to accounting estimates are recognised prospectively.

The directors have made key assumptions regarding the expected useful life of tangible fixed assets, these being depreciated at the rates documented in the accounting policies. The expected useful life for each asset class has been determined by the director's expectation for the store operating life and their experience of the industry.

As the company undertakes further growth of the sites it operates, professional costs are incurred. These costs where applicable to a new store opening are capitalised, otherwise they are treated as abortive legal costs in the statement of Comprehensive Income.

Key assumptions have also been made in respect of the calculation of leasing agreements.

**Turnover**

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Turnover is recognised when the amount of revenue can be measured reliably, when it is probable that future economic benefits will flow to the entity and when specific criteria have been met.

Turnover represents amounts receivable for the provision of the company's principal activity wholly undertaken in the the United Kingdom, revenue is recognised at the date the goods and services are provided to the customer.



NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2018

3. ACCOUNTING POLICIES - continued

**Intangible assets**

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Franchise fees are being amortised evenly over their estimated useful life of twenty years.

Intangible asset amortisation is included in administrative expenses in the statement of comprehensive income.

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

|                          |                           |
|--------------------------|---------------------------|
| Improvements to property | - 10% on reducing balance |
| Plant and machinery      | - 25% on reducing balance |
| Fixtures and fittings    | - 25% on reducing balance |
| Motor vehicles           | - 25% on reducing balance |

Tangible fixed assets are initially measured at cost and subsequently measured at cost net of depreciation and any impairment losses. Depreciation of a tangible fixed assets begins when it is in the location and condition necessary available for the use intended.

Tangible fixed assets include assets under construction which are not depreciated. Upon completion, the depreciation rates above will be applied to write the cost over the assets expected useful life.

Tangible fixed asset depreciation is included in administrative expenses in the statement of comprehensive income.

**Stocks**

Stocks are measured at the lower of cost and net realisable value to complete and sell. Cost is calculated on a first in, first out basis (FIFO) and includes all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Allowances for obsolete and slow moving items are provided for.

**Taxation**

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**3. ACCOUNTING POLICIES - continued**

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

**Pension costs and other post-retirement benefits**

The company operates a defined contribution pension scheme. Company contributions payable to the company's pension scheme are charged to the statement of comprehensive income in the period to which they relate.

**Impairment of non-financial assets**

At each reporting date non-financial assets not carried at fair value, like intangible assets and plant, property and equipment, are reviewed to determine whether there is an indication that an asset may be impaired. If there is an indication of possible impairment, the recoverable amount of any asset or group of related assets, which is the higher of value in use and the fair value less cost to sell, is estimated and compared with its carrying amount. If the recoverable amount is lower, the carrying amount of the asset is reduced to its recoverable amount and an impairment loss is recognised immediately in profit or loss.

Inventories are also assessed for impairment at each reporting date. The carrying amount of each item of inventory, or group of similar items, is compared with its selling price less costs to complete and sell. If an item of inventory or group of similar items is impaired, its carrying amount is reduced to selling price less costs to complete and sell, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss is subsequently reversed, the carrying amount of the asset or group of related assets is increased to the revised estimate of its recoverable amount, but not to exceed the amount that would have been determined had no impairment loss been recognised for the asset or group of related assets in prior periods. A reversal of an impairment loss is recognised immediately in profit or loss.

**Leasing commitments**

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

**Going concern**

The directors have considered the cashflow requirements of the company for a period of twelve months from the date of approval of these financial statements and are satisfied that sufficient financial resources will continue to be made available and that the company will be able to meet its debts as they fall due. Accordingly these financial statements have been prepared on a going concern basis.

**4. EMPLOYEES AND DIRECTORS**

|                       | YEAR ENDED<br>31/12/18<br>£ | PERIOD<br>29/7/16<br>TO<br>31/12/17<br>£ |
|-----------------------|-----------------------------|--|
| Wages and salaries    | 5,986,291                   | 3,184,811                                |
| Social security costs | 419,160                     | 248,545                                  |
| Other pension costs   | 61,918                      | -  |
|                       | <u>6,467,369</u>            | <u>3,433,356</u>                         |

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2018

4. EMPLOYEES AND DIRECTORS - continued

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

|           | YEAR ENDED<br>31/12/18 | PERIOD<br>29/7/16<br>TO<br>31/12/17 |
|-----------|------------------------|-------------------------------------|
| Directors | 4                      | 3                                   |
| Employees | 512                    | 110                                 |
|           | <u>516</u>             | <u>113</u>                          |

|  | YEAR ENDED<br>31/12/18 | PERIOD<br>29/7/16<br>TO<br>31/12/17 |
|--|------------------------|-------------------------------------|
|  | £                      | £                                   |
| Directors' remuneration                                    | 294,827                | 131,045                             |
| Directors' pension contributions to money purchase schemes | <u>4,612</u>           | <u>-</u>                            |

Information regarding the highest paid director for the year ended 31 December 2018 is as follows:

|   | YEAR ENDED<br>31/12/18 |
|---|------------------------|
|   | £                      |
| Emoluments etc                                  | 174,519                |
| Pension contributions to money purchase schemes | <u>2,844</u>           |

5. OPERATING LOSS

The operating loss is stated after charging:

|                                    | YEAR ENDED<br>31/12/18 | PERIOD<br>29/7/16<br>TO<br>31/12/17 |
|------------------------------------|------------------------|-------------------------------------|
|                                    | £                      | £                                   |
| Depreciation - owned assets        | 1,879,072              | 435,825                             |
| Loss on disposal of fixed assets   | 175,071                | -                                   |
| Franchise fees amortisation        | 7,607                  | 607                                 |
| Auditors' remuneration             | 28,750                 | 25,709                              |
| Operating leases                   | 929,223                | 934,404                             |
| Loss on disposal of abortive costs | <u>248,644</u>         | <u>-</u>                            |

6. TAXATION

**Analysis of the tax charge**

No liability to UK corporation tax arose for the year ended 31 December 2018 nor for the period ended 31 December 2017.

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2018

6. **TAXATION - continued**

**Reconciliation of total tax charge included in profit and loss**

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

|   | YEAR ENDED<br>31/12/18<br>£ | PERIOD<br>29/7/16<br>TO<br>31/12/17<br>£ |
|---|-----------------------------|--|
| Loss before tax   | (8,305,054)                 | (7,678,952)                              |
| Loss multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 19%) | (1,577,960)                 | (1,459,001)                              |
| Effects of:   |                             |  |
| Expenses not deductible for tax purposes  | 108,311                     | 43,920                                   |
| Depreciation  | 357,023                     | 82,807                                   |
| Deferred tax asset not recognised   | 1,112,626                   | 1,332,274                                |
| Total tax charge  | -                           | -  |

The company has approximately £13m (2017: £7m) of taxable losses carried forward.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Due to uncertainty concerning the recoverability of the tax losses carried forward, no deferred tax asset has been recognised.

7. **INTANGIBLE FIXED ASSETS**

|                       | Franchise<br>fees<br>£ |
|-----------------------|------------------------|
| <b>COST</b>           |                        |
| At 1 January 2018     | 98,162                 |
| Additions             | 72,464                 |
| At 31 December 2018   | 170,626                |
| <b>AMORTISATION</b>   |                        |
| At 1 January 2018     | 607                    |
| Amortisation for year | 7,607                  |
| At 31 December 2018   | 8,214                  |
| <b>NET BOOK VALUE</b> |                        |
| At 31 December 2018   | 162,412                |
| At 31 December 2017   | 97,555                 |

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2018

8. TANGIBLE FIXED ASSETS

|                           | Improvements<br>to<br>property<br>£ | Plant and<br>machinery<br>£ | Fixtures<br>and<br>fittings<br>£ |
|---------------------------|-------------------------------------|-----------------------------|----------------------------------|
| <b>COST</b>               |                                     |                             |                                  |
| At 1 January 2018         | 4,323,690                           | 3,114,790                   | 542,785                          |
| Additions                 | 3,181,324                           | 1,589,964                   | 139,479                          |
| Disposals                 | (395,133)                           | (89,849)                    | (13,766)                         |
| Reclassification/transfer | 829,017                             | 131,768                     | -                                |
| At 31 December 2018       | 7,938,898                           | 4,746,673                   | 668,498                          |
| <b>DEPRECIATION</b>       |                                     |                             |                                  |
| At 1 January 2018         | 132,459                             | 245,609                     | 48,823                           |
| Charge for year           | 703,033                             | 1,007,819                   | 137,007                          |
| Eliminated on disposal    | (39,291)                            | (752)                       | (868)                            |
| At 31 December 2018       | 796,201                             | 1,252,676                   | 184,962                          |
| <b>NET BOOK VALUE</b>     |                                     |                             |                                  |
| At 31 December 2018       | 7,142,697                           | 3,493,997                   | 483,536                          |
| At 31 December 2017       | 4,191,231                           | 2,869,181                   | 493,962                          |

|                           | Motor<br>vehicles<br>£ | Assets<br>under<br>construction<br>£ | Totals<br>£ |
|---------------------------|------------------------|--------------------------------------|-------------|
| <b>COST</b>               |                        |                                      |             |
| At 1 January 2018         | 133,783                | 1,122,091                            | 9,237,139   |
| Additions                 | -                      | 348,601                              | 5,259,368   |
| Disposals                 | -                      | (248,644)                            | (747,392)   |
| Reclassification/transfer | -                      | (960,785)                            | -           |
| At 31 December 2018       | 133,783                | 261,263                              | 13,749,115  |
| <b>DEPRECIATION</b>       |                        |                                      |             |
| At 1 January 2018         | 8,934                  | -                                    | 435,825     |
| Charge for year           | 31,213                 | -                                    | 1,879,072   |
| Eliminated on disposal    | -                      | -                                    | (40,911)    |
| At 31 December 2018       | 40,147                 | -                                    | 2,273,986   |
| <b>NET BOOK VALUE</b>     |                        |                                      |             |
| At 31 December 2018       | 93,636                 | 261,263                              | 11,475,129  |
| At 31 December 2017       | 124,849                | 1,122,091                            | 8,801,314   |

9. STOCKS

|                | 31.12.18<br>£ | 31.12.17<br>£ |
|----------------|---------------|---------------|
| Finished goods | 693,987       | 302,014       |

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2018

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

|                                  | 31.12.18         | 31.12.17          |
|----------------------------------|------------------|-------------------|
|                                  | £                | £                 |
| Trade debtors                    | 208,918          | 134,653           |
| Other debtors                    | 893,670          | 513,393           |
| VAT                              | 105,472          | 1,468,221         |
| Called up share capital not paid | 4,000,000        | 17,000,000        |
| Accrued income                   | 390,672          | -                 |
| Prepayments                      | 622,481          | 398,576           |
|                                  | <u>6,221,213</u> | <u>19,514,843</u> |

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

|                                 | 31.12.18         | 31.12.17         |
|---------------------------------|------------------|------------------|
|                                 | £                | £                |
| Trade creditors                 | 1,298,849        | 3,497,916        |
| Amounts owed to associates      | 458,667          | 705,661          |
| Social security and other taxes | 112,503          | 113,949          |
| Other creditors                 | 14,674           | -                |
| Deferred income                 | 113,895          | -                |
| Accrued expenses                | 1,599,293        | 924,161          |
|                                 | <u>3,597,881</u> | <u>5,241,687</u> |

12. LEASING AGREEMENTS

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

|                            | 31.12.18          | 31.12.17          |
|----------------------------|-------------------|-------------------|
|                            | £                 | £                 |
| Within one year            | 1,653,113         | 1,147,293         |
| Between one and five years | 6,635,905         | 5,444,614         |
| In more than five years    | 7,292,820         | 7,070,748         |
|                            | <u>15,581,838</u> | <u>13,662,655</u> |

13. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

| Number: | Class:     | Nominal value: | 31.12.18     | 31.12.17     |
|---------|------------|----------------|--------------|--------------|
|         |            |                | £            | £            |
| 100     | Ordinary A | £1             | 100          | 100          |
| 900     | Ordinary B | £1             | 900          | 900          |
|         |            |                | <u>1,000</u> | <u>1,000</u> |

The holders of 50% or more of the A Shares and B Shares shall be entitled to appoint two directors. Otherwise, on a show of hands every shareholder shall have one vote for each share of which he is the holder. Shares rank equally for dividends, distributions and capital and are not liable to be redeemed.

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2018

14. RESERVES

|                      | Retained<br>earnings<br>£ | Share<br>premium<br>£ | Totals<br>£       |
|----------------------|---------------------------|-----------------------|-------------------|
| At 1 January 2018    | (7,678,952)               | 31,999,000            | 24,320,048        |
| Deficit for the year | (8,305,054)               |                       | (8,305,054)       |
| At 31 December 2018  | <u>(15,984,006)</u>       | <u>31,999,000</u>     | <u>16,014,994</u> |

Called up share capital - represents the nominal value of shares that have been issued.

Share premium account - includes any premiums received on issue of share capital.

Retained earnings - includes all current retained profits and losses.

15. PENSION COMMITMENTS

The company operates a defined contribution pension scheme. The assets of the scheme are held separate from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund.

16. RELATED PARTY DISCLOSURES

At the balance sheet date TH UK & Ireland Limited were due £4,000,000 (2017: £17,000,000) from the shareholding directors being unpaid share capital. This amount has been paid in full after the year end.

Other related parties

|                             | 31.12.18<br>£  | 31.12.17<br>£  |
|-----------------------------|----------------|----------------|
| Purchases                   | 1,982,269      | 790,934        |
| Amount due to related party | <u>458,667</u> | <u>705,661</u> |

The amounts included above concern transactions with another company in which Mr S Kandola and Mr G Dhaliwal are directors and have a controlling interest.

There are also transactions concerning Tim Hortons Restaurants International GMBH.

There are no terms and conditions attached to the amounts owing which are unsecured.

17. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is S S Kandola.