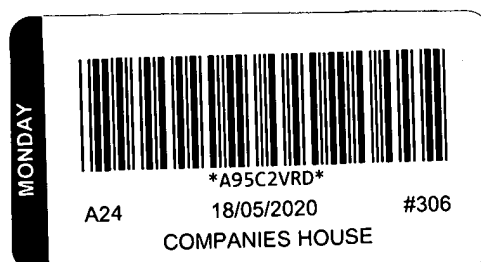


Group Strategic Report, Directors' Report and  
Consolidated Financial Statements for the Year Ended 30 June 2019  
for  
Pasco Group Holdings Limited



Pasco Group Holdings Limited

Contents of the Consolidated Financial Statements  
for the Year Ended 30 June 2019

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Pasco Group Holdings Limited  
Company Information  
for the Year Ended 30 June 2019

**DIRECTORS:** M Pasco  
S P Pasco  
R Pasco  
Mrs S J Pasco

**REGISTERED OFFICE:** 2nd Floor  
Grove House  
55 Lowlands Road  
Harrow  
Middlesex  
HA1 3AW

**REGISTERED NUMBER:** 10434421 (England and Wales)

**AUDITORS:** RA Accountants LLP  
Statutory Auditors  
2nd Floor  
Grove House  
55 Lowlands Road  
Harrow  
Middlesex  
HA1 3AW

Pasco Group Holdings Limited  
Group Strategic Report  
for the Year Ended 30 June 2019

The directors present their strategic report of the company and the group for the year ended 30 June 2019.

**REVIEW OF BUSINESS**

Pasco Group Holdings Limited is the parent of a group companies. Its subsidiaries operate as a Subway Franchisee in the Bristol and surrounding area and as the development agent on behalf of Subway for Bristol, Somerset, Gloucestershire and Wiltshire.

The key performance indicators for the period ended 30 June 2019 are as follows:

	Y..E 30.06.19 £	P..E 30.06.18
Turnover	7,527,579	7,684,621
Operating Profit	220,715	593,687
Profit for the financial year	142,849	940,809
Shareholder's equity	2,295,512	2,512,279

Store count in the area grew from 96 to 111 in the course of the reporting period with a number of new stores in pipeline the continued growth and success of the group will sustained. The performance of the group has been strong in a competitive market.

The company has performed broadly in line with the Director's expectation and continues to grow in a highly competitive fast changing environment. During the year the group has continued to perform profitability and the company continues to maintain a healthy balance of reserves to meet its current and long-term liabilities as they fall due.

Furthermore, the business continued to position itself for sustained long-term growth by investing in the staffing structure and providing developmental training across the company.

Pasco Group Holdings Limited

Group Strategic Report  
for the Year Ended 30 June 2019

**PRINCIPAL RISKS AND UNCERTAINTIES**

The principal risks facing the business are:

**Financial risks**

The exposure to credit risk is not high as all the group consumer sales are paid for by the customer at the point of order with the payment being made by the major online payment providers typically within 3 days. The rapid receipt of cash from customers also reduces the exposure to risks surrounding cash flows allowing the company to maintain sufficient cash reserves to meet its payments as they fall due. The company monitors the financial risks carefully and has strategies in place to manage these effectively.

**Competitive risks**

The fast food market is a competitive and over-crowded market, however due to a strong brand and established position in the market place Subway is able to mitigate these risks. Performance is carefully monitored across all stores via a daily review of a specific range of KPIs.

**Commercial risks**

The principal activity within the group is the managing Subway branches. The main commercial risks facing the business is ensuring the procedures and standards required by Subway are satisfied, so the customer journey is consistent across all the franchises. The business has in place policies and procedures to ensure that on an ongoing basis its commercial risks are carefully monitored and mitigated against.

ON BEHALF OF THE BOARD:



.....  
Director

Susan Pasco

Date: ..... 8/4/20 .....

**Pasco Group Holdings Limited**  
**Directors' Report**  
**for the Year Ended 30 June 2019**

The directors present their report with the financial statements of the company and the group for the year ended 30 June 2019.

**PRINCIPAL ACTIVITY**

The principal activity of the ultimate parent company of the group was that of a holding company. The Principal activity of Its subsidiary: Subway Store Development Ltd , is that of restaurant and take-away business. Pasco Group Franchising Ltd is that of Development agent. Pasco Group Retail Limited is that of restaurant and take-away business. Pasco Group Limited is that of parent company.

**DIVIDENDS**

The total distribution of dividends for the year ended 30 June 2019 will be £475,000.

**DIRECTORS**

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

M Pasco  
S P Pasco  
R Pasco  
Mrs S J Pasco

**DIRECTORS' RESPONSIBILITIES STATEMENT**

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Pasco Group Holdings Limited

Directors' Report  
for the Year Ended 30 June 2019

**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 group's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

**AUDITORS**

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

**ON BEHALF OF THE BOARD:**

  
.....  
Mrs S J Pasco - Director

Date: ..... 8/4/20 .....

**Report of the Independent Auditors to the Members of**  
**Pasco Group Holdings Limited**

**Opinion**

We have audited the financial statements of Pasco Group Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 June 2019 which comprise the Consolidated Income Statement, Consolidated Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Consolidated Cash Flow Statement, 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 group's and of the parent company affairs as at 30 June 2019 and of the group's 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 group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's 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 in the Group Strategic Report and the Directors' Report, but does not include the financial statements and our Report of the Auditors 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.



**Report of the Independent Auditors to the Members of**  
**Pasco Group Holdings 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 Group Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Directors' Report.

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

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

**Responsibilities of directors**

As explained more fully in the Directors' Responsibilities Statement set out on page four, 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 necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

**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 a Report of the Auditors 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Auditors.

Report of the Independent Auditors to the Members of  
Pasco Group Holdings 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 a Report of the Auditors 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.

A Hafeez (Senior Statutory Auditor)  
for and on behalf of RA Accountants LLP  
Statutory Auditors  
2nd Floor  
Grove House  
55 Lowlands Road  
Harrow  
Middlesex  
HA1 3AW

*Abdul Hafeez*

Date: .....10/04/2020.....

Pasco Group Holdings Limited

Consolidated Income Statement  
for the Year Ended 30 June 2019

	Notes	2019 £	2018 £
<b>TURNOVER</b>		<b>7,527,579</b>	<b>7,684,621</b>
Cost of sales		<u>4,908,219</u>	<u>5,038,304</u>
<b>GROSS PROFIT</b>		<b>2,619,360</b>	<b>2,646,317</b>
Administrative expenses		<u>2,437,408</u>	<u>2,070,868</u>
		181,952	575,449
Other operating income		<u>38,763</u>	<u>18,238</u>
<b>OPERATING PROFIT</b>	4	<b>220,715</b>	<b>593,687</b>
Gain/loss on revaluation of assets		<u>-</u>	<u>420,000</u>
		220,715	1,013,687
Interest payable and similar expenses	5	<u>77,866</u>	<u>72,878</u>
<b>PROFIT BEFORE TAXATION</b>		<b>142,849</b>	<b>940,809</b>
Tax on profit	6	<u>(115,045)</u>	<u>(86,083)</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b><u>257,894</u></b>	<b><u>1,026,892</u></b>
Profit attributable to: Owners of the parent		<u>257,894</u>	<u>1,026,892</u>

The notes form part of these financial statements

Pasco Group Holdings Limited

Consolidated Other Comprehensive Income  
for the Year Ended 30 June 2019

	Notes	2019 £	2018 £
PROFIT FOR THE YEAR		257,894	1,026,892
OTHER COMPREHENSIVE INCOME		-	420,000
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>257,894</u>	<u>1,446,892</u>
Total comprehensive income attributable to: Owners of the parent		<u>257,894</u>	<u>1,446,892</u>

The notes form part of these financial statements

Pasco Group Holdings Limited (Registered number: 10434421)

Consolidated Balance Sheet

30 June 2019


	Notes	2019 £	2018 £
<b>FIXED ASSETS</b>			
Intangible assets	9	253,863	275,354
Tangible assets	10	2,661,072	2,216,775
Investments	11	<u>6,045,054</u>	<u>6,045,454</u>
		8,959,989	8,537,583
<b>CURRENT ASSETS</b>			
Stocks	12	66,210	60,608
Debtors	13	3,450,532	2,141,543
Cash at bank and in hand		<u>201,294</u>	<u>397,156</u>
		3,718,036	2,599,307
<b>CREDITORS</b>			
Amounts falling due within one year	1 4	<u>2,393,709</u>	<u>1,274,603</u>
<b>NET CURRENT ASSETS</b>		<u>1,324,327</u>	<u>1,324,704</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		10,284,316	9,862,287
<b>CREDITORS</b>			
Amounts falling due after more than one year	1 5	(7,906,007)	(6,221,972)
<b>PROVISIONS FOR LIABILITIES</b>	18	<u>(82,797)</u>	<u>(82,797)</u>
<b>NET ASSETS</b>		<u>2,295,512</u>	<u>3,557,518</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	19	454	1,045,354
Retained earnings		<u>2,295,058</u>	<u>2,512,164</u>
<b>SHAREHOLDERS' FUNDS</b>		<u>2,295,512</u>	<u>3,557,518</u>

The notes form part of these financial statements

Consolidated Balance Sheet - continued  
30 June 2019

The financial statements were approved by the Board of Directors  
on .....8/4/20..... and were signed on its behalf  
by:

  
.....  
Mrs S J Pasco - Director

  
.....  
R Pasco - Director

Pasco Group Holdings Limited (Registered number: 10434421)

Company Balance Sheet  
30 June 2019

	Notes	2019 £	2018 £
<b>FIXED ASSETS</b>			
Intangible assets	9	-	-
Tangible assets	10	-	-
Investments	11	<u>5,000,454</u>	<u>5,000,454</u>
		5,000,454	5,000,454
<b>CURRENT ASSETS</b>			
Debtors	13	1,078,769	200,146
Cash at bank		<u>4,987</u>	<u>-</u>
		1,083,756	200,146
<b>CREDITORS</b>			
Amounts falling due within one year	1 4	<u>66,893</u>	<u>1,500</u>
<b>NET CURRENT ASSETS</b>		<u>1,016,863</u>	<u>198,646</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		6,017,317	5,199,100
<b>CREDITORS</b>			
Amounts falling due after more than one year	1 5	<u>5,295,000</u>	<u>4,000,000</u>
<b>NET ASSETS</b>		<u>722,317</u>	<u>1,199,100</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	19	454	454
Retained earnings		<u>721,863</u>	<u>1,198,646</u>
<b>SHAREHOLDERS' FUNDS</b>		<u>722,317</u>	<u>1,199,100</u>
Company's (loss)/profit for the financial year		<u>(1,783)</u>	<u>1,100,646</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the Board of Directors on ..... 8/4/20 ..... and were signed on its behalf by:

.....  
Mrs S J Pasco - Director

.....  
R Pasco - Director

The notes form part of these financial statements

Pasco Group Holdings Limited

Consolidated Statement of Changes in Equity  
for the Year Ended 30 June 2019

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 July 2017	1,045,454	1,587,272	2,632,726
Changes in equity			
Dividends	-	(102,000)	(102,000)
Total comprehensive income	-	<u>1,026,892</u>	<u>1,026,892</u>
Balance at 30 June 2018	<u>1,045,454</u>	<u>2,512,164</u>	<u>3,557,618</u>
Changes in equity			
Issue of share capital	(1,045,000)	-	(1,045,000)
Dividends	-	(475,000)	(475,000)
Total comprehensive income	-	<u>257,894</u>	<u>257,894</u>
Balance at 30 June 2019	<u>454</u>	<u>2,295,058</u>	<u>2,295,512</u>

The notes form part of these financial statements



Pasco Group Holdings Limited

Company Statement of Changes in Equity  
for the Year Ended 30 June 2019

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 July 2017	454	200,000	200,454
Changes in equity			
Dividends	-	(102,000)	(102,000)
Total comprehensive income	-	<u>1,100,646</u>	<u>1,100,646</u>
Balance at 30 June 2018	<u>454</u>	<u>1,198,646</u>	<u>1,199,100</u>
Changes in equity			
Dividends	-	(475,000)	(475,000)
Total comprehensive income	-	<u>(1,783)</u>	<u>(1,783)</u>
Balance at 30 June 2019	<u>454</u>	<u>721,863</u>	<u>722,317</u>

The notes form part of these financial statements

**Pasco Group Holdings Limited**

**Consolidated Cash Flow Statement**  
**for the Year Ended 30 June 2019**

	Notes	2019 £	2018 £
<b>Cash flows from operating activities</b>			
Cash generated from operations 1		644,580	559,032
Interest paid		(69,616)	(65,298)
Interest element of hire purchase payments paid		(8,250)	(7,580)
Tax paid		<u>71,354</u>	<u>(52,896)</u>
Net cash from operating activities		<u>638,068</u>	<u>433,258</u>
 <b>Cash flows from investing activities</b>			
Purchase of intangible fixed assets		(25,809)	(61,722)
Purchase of tangible fixed assets		(955,370)	(735,555)
Sale of tangible fixed assets		<u>260,793</u>	<u>203,880</u>
Net cash from investing activities		<u>(720,386)</u>	<u>(593,397)</u>
 <b>Cash flows from financing activities</b>			
Capital repayments in year		34,786	(18,592)
Amount introduced by directors		1,968,461	2,700
Amount withdrawn by directors		(1,881,458)	140,344
Share issue		(1,044,900)	-
Equity dividends paid		<u>(475,000)</u>	<u>(102,000)</u>
Net cash from financing activities		<u>(1,398,111)</u>	<u>22,452</u>
 <b>Decrease in cash and cash equivalents</b>		<b>(1,480,429)</b>	<b>(137,687)</b>
Cash and cash equivalents at beginning of year	2	<u>397,156</u>	<u>867,710</u>
 <b>Cash and cash equivalents at end of year</b>	<b>2</b>	<u><u>201,294</u></u>	<u><u>397,156</u></u>

The notes form part of these financial statements

Pasco Group Holdings Limited

Notes to the Consolidated Cash Flow Statement  
for the Year Ended 30 June 2019

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2019	2018
	£	£
Profit before taxation	142,849	940,809
Depreciation charges	330,931	268,092
Profit on disposal of fixed assets	(33,351)	(137,290)
Gain on revaluation of fixed assets	-	(420,000)
Finance costs	<u>77,866</u>	<u>72,878</u>
	518,295	724,489
Increase in stocks	(5,602)	(1,053)
Increase in trade and other debtors	(113,678)	(107,646)
Increase/(decrease) in trade and other creditors	<u>245,565</u>	<u>(56,758)</u>
Cash generated from operations	<u>644,580</u>	<u>559,032</u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 30 June 2019

	30.6.19	1.7.18
	£	£
Cash and cash equivalents	<u>201,294</u>	<u>397,156</u>

Year ended 30 June 2018

	30.6.18	1.7.17
	£	£
Cash and cash equivalents	<u>397,156</u>	<u>867,710</u>

The notes form part of these financial statements

**Pasco Group Holdings Limited**

**Notes to the Consolidated Financial Statements**  
**for the Year Ended 30 June 2019**

**1. STATUTORY INFORMATION**

Pasco Group Holdings 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 General Information page.

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

**2. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

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. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

**Basis of consolidation**

The consolidated financial statements incorporate those of Pasco Group Holdings Limited and all of its group subsidiaries. These are the entities the group controls through its power to govern the financial and operating policies so as to obtain economic benefits. Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date control passes. All financial statements are made up to 30 June 2018.

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

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

Cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

**Related party exemption**

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements.

**Turnover**

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

**Pasco Group Holdings Limited**

**Notes to the Consolidated Financial Statements - continued**  
**for the Year Ended 30 June 2019**

**2. ACCOUNTING POLICIES - continued**

**Goodwill**

Positive goodwill relates to amounts capitalized on acquisition of Triangle, Abbeywood and Southgate branches as of 1 December 2014 within Subway Store Development Ltd. The goodwill has been valued based on an independent third party valuation and is being amortised over its estimated useful life of 10 years.

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life. The economic life does not exceed 10 years, which the directors believe represents a true and fair view of the economic life, unless a reliable estimate of its useful economic life can be formed.

**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.

Patents and licences are being amortised evenly over their estimated useful life of five years.

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Long leasehold - 15% on cost and 2% on cost

Improvements to property- 15% on cost

Plant and machinery	-	7.5% on reducing balance and Straight line over 7 years
Fixtures and fittings	-	7.5% on reducing balance and Straight line over 7 years
Motor vehicles	-	25% on cost, Straight line over 6 years and Straight line over 4 years
Computer equipment	-	33% on cost and Straight line over 3 years

**Investments in subsidiaries**

Interests in subsidiaries, associates and jointly controlled entities are initially at cost and subsequently measured at cost less any accumulated impairment losses. The Investments are assessed for impairment at each reporting date any impairment losses or reversals of impairment losses are recognized immediately in profit and loss.

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

**Stocks**

Stocks have been valued at the lower of cost and estimated selling price less costs to sell.

Pasco Group Holdings Limited

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30 June 2019

2. ACCOUNTING POLICIES - continued

**Financial instruments**

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

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

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

**Basic financial assets**

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

**Classification of financial liabilities**

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

**Basic financial liabilities**

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

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

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

**Taxation**

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Income Statement, 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 balance sheet date.

**Pasco Group Holdings Limited**

**Notes to the Consolidated Financial Statements - continued**  
**for the Year Ended 30 June 2019**

**2. ACCOUNTING POLICIES - continued**

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet 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.

**Research and development**

Expenditure on research and development is written off in the year in which it is incurred.

**Hire purchase and leasing commitments**

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

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

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to profit or loss in the period to which they relate.

**Operating leases**

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

**Cash and cash equivalents**

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

**Parent company cashflow statement**

Advantage has been taken on paragraph 1.12 of FRS 102 to not present a statement of cashflow for the parent entity.

**3. EMPLOYEES AND DIRECTORS**

	2019	2018
	£	£
Wages and Salaries	2,277,774	2,218,553
Social Security	131,433	148,413
Other pension costs	24,492	7,495

**Pasco Group Holdings Limited**

**Notes to the Consolidated Financial Statements - continued**  
**for the Year Ended 30 June 2019**

	2019	2018
	£	£
Directors' remuneration	<u>47,828</u>	<u>56,178</u>

The parent had no employees or staff costs. The average number of employees within the group were 156 (2018:120).

**4. OPERATING PROFIT**

The operating profit is stated after charging/(crediting):

	2019	2018
	£	£
Depreciation - owned assets	250,611	193,527
Depreciation - assets on hire purchase contracts	33,020	25,820
Profit on disposal of fixed assets	(33,351)	(137,290)
Goodwill amortisation	43,464	31,999
Patents and licences amortisation	3,836	4,404
Auditors' remuneration	<u>12,250</u>	<u>8,250</u>

**5. INTEREST PAYABLE AND SIMILAR EXPENSES**

	2019	2018
	£	£
Bank interest	14,939	589
Bank loan interest	54,677	64,709
Hire purchase interest	<u>8,250</u>	<u>7,580</u>
	<u>77,866</u>	<u>72,878</u>

**6. TAXATION**

**Analysis of the tax credit**

The tax credit on the profit for the year was as follows:

	2019	2018
	£	£
Current tax:		
UK corporation tax	(115,045)	29,764
No description	<u>-</u>	<u>(195)</u>
Total current tax	(115,045)	29,569
Deferred tax	<u>-</u>	<u>(115,652)</u>
Tax on profit	<u>(115,045)</u>	<u>(86,083)</u>

**7. INDIVIDUAL INCOME STATEMENT**

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

**8. DIVIDENDS**

	2019	2018
	£	£
Ordinary shares of £1 each		
Interim	<u>475,000</u>	<u>102,000</u>



Pasco Group Holdings Limited

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30 June 2019

9. INTANGIBLE FIXED ASSETS

Group

	Goodwill £	Patents and licences £	Totals £
<b>COST</b>			
At 1 July 2018	377,322	38,531	415,853
Additions	-	25,809	25,809
At 30 June 2019	<u>377,322</u>	<u>64,340</u>	<u>441,662</u>
<b>AMORTISATION</b>			
At 1 July 2018	114,667	25,832	140,499
Amortisation for year	<u>43,464</u>	<u>3,836</u>	<u>47,300</u>
At 30 June 2019	<u>158,131</u>	<u>29,668</u>	<u>187,799</u>
<b>NET BOOK VALUE</b>			
At 30 June 2019	<u>219,191</u>	<u>34,672</u>	<u>253,863</u>
At 30 June 2018	<u>262,655</u>	<u>12,699</u>	<u>275,354</u>

The above amounts are carried at historical cost. Amounts are amortized over the period the company is expected to benefit.

10. TANGIBLE FIXED ASSETS

Group

	Long leasehold £	Improvements to property £	Plant and machinery £
<b>COST OR VALUATION</b>			
At 1 July 2018	1,121,935	933,513	621,821
Additions	96,614	271,138	482,572
Disposals	<u>(63,214)</u>	<u>(62,893)</u>	<u>(100,581)</u>
At 30 June 2019	<u>1,155,335</u>	<u>1,141,758</u>	<u>1,003,812</u>
<b>DEPRECIATION</b>			
At 1 July 2018	59,530	288,279	389,296
Charge for year	71,624	55,119	56,095
Eliminated on disposal	<u>-</u>	<u>(3,575)</u>	<u>(15,259)</u>
At 30 June 2019	<u>131,154</u>	<u>339,823</u>	<u>430,132</u>
<b>NET BOOK VALUE</b>			
At 30 June 2019	<u>1,024,181</u>	<u>801,935</u>	<u>573,680</u>
At 30 June 2018	<u>1,062,405</u>	<u>645,234</u>	<u>232,525</u>

Pasco Group Holdings Limited

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30 June 2019

10. TANGIBLE FIXED ASSETS - continued

Group

	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
<b>COST OR VALUATION</b>				
At 1 July 2018	408,188	231,686	153,088	3,470,231
Additions	8,141	84,856	12,049	955,370
Disposals	(4,394)	(80,690)	(2,651)	(314,423)
At 30 June 2019	<u>411,935</u>	<u>235,852</u>	<u>162,486</u>	<u>4,111,178</u>
<b>DEPRECIATION</b>				
At 1 July 2018	236,511	142,063	137,777	1,253,456
Charge for year	42,007	47,083	11,703	283,631
Eliminated on disposal	(565)	(66,324)	(1,258)	(86,981)
At 30 June 2019	<u>277,953</u>	<u>122,822</u>	<u>148,222</u>	<u>1,450,106</u>
<b>NET BOOK VALUE</b>				
At 30 June 2019	<u>133,982</u>	<u>113,030</u>	<u>14,264</u>	<u>2,661,072</u>
At 30 June 2018	<u>171,677</u>	<u>89,623</u>	<u>15,311</u>	<u>2,216,775</u>

Cost or valuation at 30 June 2019 is represented by:

	Long leasehold £	Improvements to property £	Plant and machinery £
Valuation in 2018	1,121,935	933,513	621,821
Valuation	(63,214)	(62,893)	(100,581)
Cost	<u>96,614</u>	<u>271,138</u>	<u>482,572</u>
	<u>1,155,335</u>	<u>1,141,758</u>	<u>1,003,812</u>

	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
Valuation in 2018	408,188	231,686	153,088	3,470,231
Valuation	(4,394)	(80,690)	(2,651)	(314,423)
Cost	<u>8,141</u>	<u>84,856</u>	<u>12,049</u>	<u>955,370</u>
	<u>411,935</u>	<u>235,852</u>	<u>162,486</u>	<u>4,111,178</u>

Pasco Group Holdings Limited

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30 June 2019

10. TANGIBLE FIXED ASSETS - continued

Group

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Motor vehicles £
<b>COST OR VALUATION</b>	
At 1 July 2018	217,249
Additions	84,856
Disposals	<u>(62,690)</u>
At 30 June 2019	<u>239,415</u>
<b>DEPRECIATION</b>	
At 1 July 2018	139,657
Charge for year	33,020
Eliminated on disposal	<u>(48,324)</u>
At 30 June 2019	<u>124,353</u>
<b>NET BOOK VALUE</b>	
At 30 June 2019	<u>115,062</u>
At 30 June 2018	<u>77,592</u>

11. FIXED ASSET INVESTMENTS

Group

	Shares in group undertaking £
<b>COST</b>	
At 1 July 2018 and 30 June 2019	<u>6,045,454</u>
<b>PROVISIONS</b>	
Reclassification	<u>400</u>
At 30 June 2019	<u>400</u>
<b>NET BOOK VALUE</b>	
At 30 June 2019	<u>6,045,054</u>
At 30 June 2018	<u>6,045,454</u>

Pasco Group Holdings Limited

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30 June 2019

11. **FIXED ASSET INVESTMENTS - continued**

Company

Shares in  
group  
undertaking  
£

**COST**

At 1 July 2018  
and 30 June 2019

5,000,454

**NET BOOK VALUE**

At 30 June 2019

5,000,454

At 30 June 2018

5,000,454

The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

**Subsidiaries**

**Subway Store Development Ltd**

Registered office: United Kingdom

Nature of business: Restaurant

%

Class of shares:

holding

Ordinary

100.00

**Pasco Group Franchising Ltd**

Registered office: United Kingdom

Nature of business: Development agent

%

Class of shares:

holding

Ordinary

100.00

**Pasco Group Retail Ltd**

Registered office:

Nature of business: Restaurant and take-away

%

Class of shares:

holding

Ordinary

100.00

**Pasco Group Ltd**

Registered office: United Kingdom

Nature of business: Parent company

%

Class of shares:

holding

Ordinary

100.00

12. **STOCKS**

**Group**

2019

2018

£

£

Stocks

66,210

60,608

Pasco Group Holdings Limited

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30 June 2019

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Trade debtors	95,357	160,318	-	-
Amt owed by group undertakings	2,585,203	1,374,883	754,657	-
Other debtors	379,819	259,350	324,112	200,000
Directors' current accounts	-	15,009	-	146
VAT	-	10,899	-	-
Prepayments and accrued income	390,153	321,084	-	-
	<u>3,450,532</u>	<u>2,141,543</u>	<u>1,078,769</u>	<u>200,146</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Bank loans and overdrafts (see note 16)	176,170	379,948	-	-
Hire purchase contracts (see note 17)	23,110	18,879	-	-
Trade creditors	574,277	477,959	-	-
Amt owed to group undertakings	1,045,000	215	-	1,500
Tax	78,088	121,779	-	-
Social security and other taxes	40,776	45,169	-	-
VAT	60,470	-	-	-
Other creditors	1,673	1,830	-	-
Directors' current accounts	72,005	11	66,893	-
Accruals and deferred income	322,140	228,813	-	-
	<u>2,393,709</u>	<u>1,274,603</u>	<u>66,893</u>	<u>1,500</u>

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Bank loans (see note 16)	2,480,666	2,122,186	-	-
Preference shares (see note 16)	5,295,000	4,000,000	5,295,000	4,000,000
Hire purchase contracts (see note 17)	130,341	99,786	-	-
	<u>7,906,007</u>	<u>6,221,972</u>	<u>5,295,000</u>	<u>4,000,000</u>

Pasco Group Holdings Limited

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30 June 2019

16. **LOANS**

An analysis of the maturity of loans is given below:

	<b>Group</b>		<b>Company</b>	
	2019	2018	2019	2018
	£	£	£	£
Amounts falling due within one year or on demand:				
Bank loans	<u>176,170</u>	<u>379,948</u>	<u>-</u>	<u>-</u>
Amounts falling due between one and two years:				
Bank loan due > 1 Year	2,480,666	2,122,186	-	-
Preference shares	<u>5,295,000</u>	<u>4,000,000</u>	<u>5,295,000</u>	<u>4,000,000</u>
	<u>7,775,666</u>	<u>6,122,186</u>	<u>5,295,000</u>	<u>4,000,000</u>

Details of shares shown as liabilities are in note no 19.

17. **LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

**Group**

	<b>Hire purchase contracts</b>	
	2019	2018
	£	£
Net obligations repayable:		
Within one year	23,110	18,879
Between one and five years	<u>130,341</u>	<u>99,786</u>
	<u>153,451</u>	<u>118,665</u>

At 30 June 2018, the group was committed to making the following minimum total payments under non-cancellable operating leases:

Not later than one year, £23,110

Later than one year, and not later than five years : £130,341

18. **PROVISIONS FOR LIABILITIES**

	<b>Group</b>	
	2019	2018
	£	£
Deferred tax	<u>82,797</u>	<u>82,797</u>
<b>Group</b>		
		<b>Deferred tax</b>
		<b>£</b>
Balance at 1 July 2018 reversed		<u>82,797</u>
Balance at 30 June 2019		<u>82,797</u>

The deferred tax balance relates to accelerated capital allowances.

Pasco Group Holdings Limited

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30 June 2019

19. CALLED UP SHARE CAPITAL

Allotted, issue and fully paid:

Number:	Class:	Nominal value:	30.06.19 £
400	Ordinary shares A	£1	400
2	Ordinary shares B	£1	2
2	Ordinary shares C	£1	2
2	Ordinary shares D	£1	2
2	Ordinary shares E	£1	2
46	Ordinary shares Z	£1	46
			<hr/>
			454
			<hr/>

**PREFERENCE SHARES**

Details of shares shown as liabilities are as follows:

Allotted, issued and fully paid:

Number:	Class:	Nomina l value:	30.6.19 £
4,000,000	3% Redeemable		
	preference shares	£1	4,250,000
Number:	Class:	Nomina l value:	30.6.18 £
1,045,000	6% Non-Redeemable		
	preference shares	£1	1,045,000

The 3% Redeemable preference shares have their full particulars set out in the company's articles of association. The 6% non-redeemable preference shares have their full particulars set out in the company's articles of association