

**Group Strategic Report, Directors' Report and
Consolidated Financial Statements for the Year Ended 30 June 2018
for
Pasco Group Holdings Limited**



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for the Year Ended 30 June 2018**

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Pasco Group Holdings Limited

**Company Information
for the Year Ended 30 June 2018**

DIRECTORS:

M Pasco
S P Pasco
R Pasco
Mrs S J Pasco

REGISTERED OFFICE:

5th Floor
Congress House
14 Lyon Road
Harrow
Middlesex
HA1 2EN

REGISTERED NUMBER:

10434421 (England and Wales)

AUDITORS:

RA Accountants LLP
Statutory Auditors
5th Floor
Congress House
14 Lyon Road
Harrow
Middlesex
HA1 2EN

Pasco Group Holdings Limited

Group Strategic Report for the Year Ended 30 June 2018

The directors present their strategic report of the company and the group for the year ended 30 June 2018.

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 2018 are as follows:

	Y.E 30.06.18 £	P.E 30.06.17
Turnover	7,684,621	5,087,291
Operating Profit	593,687	523,855
Profit for the financial year	940,809	355,085
Shareholders equity	2,512,279	1,587,841

The performance of the group has been strong in a competitive market as such the group has been chosen by Subway to open the first newly built 'Fresh Forward' Subway store in the UK, which was in construction at the financial year end.

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 2018**

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:



.....
Mrs S J Pasco - Director

Date: 18 March 2019

Pasco Group Holdings Limited

Directors' Report for the Year Ended 30 June 2018

The directors present their report with the financial statements of the company and the group for the year ended 30 June 2018.

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 2018 will be £102,000.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 July 2017 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.

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.

Pasco Group Holdings Limited

**Directors' Report
for the Year Ended 30 June 2018**

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: 18 March 2019

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 2018 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 2018 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 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, 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.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the 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.

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

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

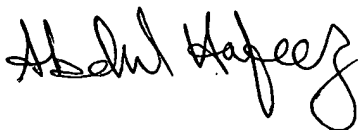
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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. This description forms part of our Report of the Auditors.

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
5th Floor
Congress House
14 Lyon Road
Harrow
Middlesex
HA1 2EN



Date: 19 March 2019

Pasco Group Holdings Limited

**Consolidated Income Statement
for the Year Ended 30 June 2018**

	Notes	2018 £	2017 £
TURNOVER		7,684,621	5,087,291
Cost of sales		<u>5,038,304</u>	<u>3,262,239</u>
GROSS PROFIT		2,646,317	1,825,052
Administrative expenses		<u>2,070,868</u>	<u>1,358,636</u>
		575,449	466,416
Other operating income		<u>18,238</u>	<u>57,439</u>
OPERATING PROFIT	4	593,687	523,855
Intercompany loan expense	5	<u>-</u>	<u>139,000</u>
		593,687	384,855
Gain/loss on revaluation of assets		<u>420,000</u>	<u>-</u>
		1,013,687	384,855
Interest payable and similar expenses	6	<u>72,878</u>	<u>29,770</u>
PROFIT BEFORE TAXATION		940,809	355,085
Tax on profit	7	<u>(86,083)</u>	<u>72,738</u>
PROFIT FOR THE FINANCIAL YEAR		<u>1,026,892</u>	<u>282,347</u>
Profit attributable to: Owners of the parent		<u>1,026,892</u>	<u>282,347</u>

The notes form part of these financial statements

Pasco Group Holdings Limited

**Consolidated Other Comprehensive Income
for the Year Ended 30 June 2018**

	Notes	2018 £	2017 £
PROFIT FOR THE YEAR		1,026,892	282,347
OTHER COMPREHENSIVE INCOME			
Revaluation of land		420,000	-
Income tax relating to other comprehensive income		-	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		420,000	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,446,892	282,347
Total comprehensive income attributable to: Owners of the parent		<u>1,446,892</u>	<u>282,347</u>

The notes form part of these financial statements

Consolidated Balance Sheet
30 June 2018

		2018		2017	
	Notes	£	£	£	As restated £
FIXED ASSETS					
Intangible assets	10		275,354		250,035
Tangible assets	11		2,216,775		1,363,254
Investments	12		<u>6,045,454</u>		<u>6,045,305</u>
			8,537,583		7,658,594
CURRENT ASSETS					
Stocks	13	60,608		59,555	
Debtors	14	2,141,543		1,400,638	
Cash at bank and in hand		<u>397,156</u>		<u>867,710</u>	
		2,599,307		2,327,903	
CREDITORS					
Amounts falling due within one year	15	<u>1,274,388</u>		<u>1,265,020</u>	
NET CURRENT ASSETS			<u>1,324,919</u>		<u>1,062,883</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			9,862,502		8,721,477
CREDITORS					
Amounts falling due after more than one year	16		(6,221,972)		(5,890,187)
PROVISIONS FOR LIABILITIES	19		<u>(82,797)</u>		<u>(198,449)</u>
NET ASSETS			<u><u>3,557,733</u></u>		<u><u>2,632,841</u></u>
CAPITAL AND RESERVES					
Called up share capital	20		1,045,454		1,045,454
Retained earnings			<u>2,512,279</u>		<u>1,587,387</u>
SHAREHOLDERS' FUNDS			<u><u>3,557,733</u></u>		<u><u>2,632,841</u></u>

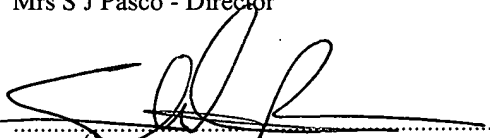
The notes form part of these financial statements

Consolidated Balance Sheet - continued
30 June 2018

The financial statements were approved by the Board of Directors on 18 March 2019 and were signed on its behalf by:



.....
Mrs S J Pasco - Director



.....
R Pasco - Director

Company Balance Sheet
30 June 2018

		2018		2017 As restated	
	Notes	£	£	£	£
FIXED ASSETS					
Intangible assets	10		-		-
Tangible assets	11		-		-
Investments	12		<u>5,000,454</u>		<u>5,000,454</u>
			5,000,454		5,000,454
CURRENT ASSETS					
Debtors	14	200,146		200,000	
CREDITORS					
Amounts falling due within one year	15	<u>1,500</u>		<u>-</u>	
NET CURRENT ASSETS			<u>198,646</u>		<u>200,000</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			5,199,100		5,200,454
CREDITORS					
Amounts falling due after more than one year	16		<u>4,000,000</u>		<u>5,000,000</u>
NET ASSETS			<u><u>1,199,100</u></u>		<u><u>200,454</u></u>
CAPITAL AND RESERVES					
Called up share capital	20		454		454
Retained earnings			<u>1,198,646</u>		<u>200,000</u>
SHAREHOLDERS' FUNDS			<u><u>1,199,100</u></u>		<u><u>200,454</u></u>
Company's profit for the financial year			<u><u>1,100,646</u></u>		<u><u>394,000</u></u>

The financial statements have been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

The financial statements were approved by the Board of Directors on 18 March 2019 and were signed on its behalf by:


Director

Pasco Group Holdings Limited

**Consolidated Statement of Changes in Equity
for the Year Ended 30 June 2018**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 July 2016	-	1,499,040	1,499,040
Changes in equity			
Issue of share capital	1,045,454	-	1,045,454
Dividends	-	(194,000)	(194,000)
Total comprehensive income	<u>-</u>	<u>282,347</u>	<u>282,347</u>
Balance at 30 June 2017	<u>1,045,454</u>	<u>1,587,387</u>	<u>2,632,841</u>
Changes in equity			
Dividends	-	(102,000)	(102,000)
Total comprehensive income	<u>-</u>	<u>1,026,892</u>	<u>1,026,892</u>
Balance at 30 June 2018	<u>1,045,454</u>	<u>2,512,279</u>	<u>3,557,733</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 2018**

	Called up share capital £	Retained earnings £	Total equity £
Changes in equity			
Issue of share capital	454	-	454
Dividends	-	(194,000)	(194,000)
Total comprehensive income	<u>-</u>	<u>394,000</u>	<u>394,000</u>
Balance at 30 June 2017	<u>454</u>	<u>200,000</u>	<u>200,454</u>
 Changes in equity			
Dividends	-	(102,000)	(102,000)
Total comprehensive income	<u>-</u>	<u>1,100,646</u>	<u>1,100,646</u>
Balance at 30 June 2018	<u><u>454</u></u>	<u><u>1,198,646</u></u>	<u><u>1,199,100</u></u>

The notes form part of these financial statements

Pasco Group Holdings Limited

**Consolidated Cash Flow Statement
for the Year Ended 30 June 2018**

	Notes	2018 £	2017 £
Cash flows from operating activities			
Cash generated from operations	1	(180,396)	(565,934)
Interest paid		(66,200)	(42,145)
Interest element of hire purchase payments paid		(6,678)	(2,510)
Tax paid		<u>(52,895)</u>	<u>(61,991)</u>
Net cash from operating activities		<u>(306,168)</u>	<u>(672,580)</u>
 Cash flows from investing activities			
Purchase of intangible fixed assets		61,722	(15,408)
Purchase of tangible fixed assets		735,551	(416,468)
Reclassification of Assets		22,781	-
Sale of Intangibles		234,871	
Sale of tangible fixed assets		(30,991)	195,913
Interest received		348	-
Dividends received		<u>-</u>	<u>-</u>
Net cash from investing activities		<u>(570,264)</u>	<u>(142,016)</u>
 Cash flows from financing activities			
New Loans in year		3,787,500	1,200,000
Loan repayments in year		(2,347,668)	(602,819)
Capital repayments in year		(74,997)	(22,595)
Amount withdrawn by directors		2,700	(312,307)
Share issue		143,044	554
Transfer of shares		-	(8)
Pref capital redemption		(1,000,000)	1,045,000
Equity dividends paid		<u>(102,000)</u>	<u>(194,000)</u>
Net cash from financing activities		<u>405,879</u>	<u>1,114,095</u>
 (Decrease)/increase in cash and cash equivalents		<u>(470,553)</u>	<u>299,453</u>
Cash and cash equivalents at beginning of year		867,710	101,616
Cash acquired on acquisition of subsidiary	2		-
			466,641
 Cash and cash equivalents at end of year	2	<u><u>397,156</u></u>	<u><u>867,710</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 2018**

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

	2018	2017
	£	£
Profit before taxation	1,042,794	355,085
Depreciation charges	268,091	329,668
Profit on disposal of fixed assets	(137,290)	(187,893)
Gain on revaluation of fixed assets	(420,000)	-
Finance costs	72,878	29,770
Finance income	<u>(102,348)</u>	<u>-</u>
	724,125	526,630
Increase in stocks	(1,054)	(4,844)
Increase in trade and other debtors	(2,818,140)	(1,729,469)
(Decrease)/increase in trade and other creditors	<u>(1,914,673)</u>	<u>631,875</u>
Cash generated from operations	<u>180,396</u>	<u>565,934</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 2018

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

Year ended 30 June 2017

	30.6.17	1.7.16
	£	£
Cash and cash equivalents	<u>867,710</u>	<u>-</u>

**Notes to the Consolidated Financial Statements
for the Year Ended 30 June 2018**

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 upto 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.

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.

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 June 2018**

2. 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.

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	- 2% on cost
Plant and machinery	- Straight line over 6 years
Fixtures and fittings	- Straight line over 6 years
Motor vehicles	- 25% on cost, Straight line over 6 years and Straight line over the life of the lease
Computer equipment	- 33% on cost, Straight line over 3 years and Straight line over the life of the lease

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.

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 June 2018**

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.

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.

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 June 2018**

2. ACCOUNTING POLICIES - continued

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

	2018	2017
	£	£
Wages and Salaries	2,218,553	1,437,958
Social Security	148,413	100,389
Other pension costs	7,495	8,144

The previous period was a shortened period due to mid year consolidation.

	2018	2017
	£	£
Directors' remuneration	<u>56,178</u>	<u>20,800</u>

The parent had no employees or staff costs. The average number of employees within the group were 120.

Pasco Group Holdings Limited

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 June 2018**

4. OPERATING PROFIT

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

	2018	2017
	£	£
Depreciation - owned assets	193,527	423,065
Depreciation - assets on hire purchase contracts	25,820	36,832
Profit on disposal of fixed assets	(137,290)	(187,893)
Goodwill amortisation	31,999	32,000
Patents and licences amortisation	4,404	2,705
Auditors' remuneration	<u>8,250</u>	<u>6,000</u>

5. EXCEPTIONAL ITEMS

	2018	2017
	£	£
Intercompany loan expense	<u>-</u>	<u>(139,000)</u>

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2018	2017
	£	£
Bank interest	589	-
Bank loan interest	64,709	24,891
Hire purchase interest	<u>7,580</u>	<u>4,879</u>
	<u>72,878</u>	<u>29,770</u>

7. TAXATION

Analysis of the tax (credit)/charge

The tax (credit)/charge on the profit for the year was as follows:

	2018	2017
	£	£
Current tax:		
UK corporation tax	29,764	72,738
Adjustment	<u>(195)</u>	<u>-</u>
Total current tax	29,569	72,738
Deferred tax	<u>(115,652)</u>	<u>-</u>
Tax on profit	<u>(86,083)</u>	<u>72,738</u>

Tax effects relating to effects of other comprehensive income

	2018	
	Gross	Net
	£	£
Revaluation of land	<u>420,000</u>	<u>420,000</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 June 2018

8. **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.

9. **DIVIDENDS**

	2018 £	2017 £
Ordinary shares of £1 each		
Dividend	<u>102,000</u>	<u>194,000</u>

10. **INTANGIBLE FIXED ASSETS**

Group

	Goodwill £	Patents and licences £	Totals £
COST			
At 1 July 2017	320,000	34,131	354,131
Additions	<u>57,322</u>	<u>4,400</u>	<u>61,722</u>
At 30 June 2018	<u>377,322</u>	<u>38,531</u>	<u>415,853</u>
AMORTISATION			
At 1 July 2017	82,668	21,428	104,096
Amortisation for year	<u>31,999</u>	<u>4,404</u>	<u>36,403</u>
At 30 June 2018	<u>114,667</u>	<u>25,832</u>	<u>140,499</u>
NET BOOK VALUE			
At 30 June 2018	<u>262,655</u>	<u>12,699</u>	<u>275,354</u>
At 30 June 2017	<u>237,332</u>	<u>12,703</u>	<u>250,035</u>

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

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 June 2018

11. TANGIBLE FIXED ASSETS

Group

	Long leasehold £	Improvements to property £	Plant and machinery £
COST OR VALUATION			
At 1 July 2017	142,177	945,048	672,876
Additions	559,758	85,241	63,765
Disposals	-	(96,776)	(114,820)
Revaluations	420,000	-	-
At 30 June 2018	<u>1,121,935</u>	<u>933,513</u>	<u>621,821</u>
DEPRECIATION			
At 1 July 2017	40,720	276,282	451,181
Charge for year	18,810	55,890	45,338
Eliminated on disposal	-	(43,893)	(107,223)
Reclassification/transfer	-	-	-
At 30 June 2018	<u>59,530</u>	<u>288,279</u>	<u>389,296</u>
NET BOOK VALUE			
At 30 June 2018	<u>1,062,405</u>	<u>645,234</u>	<u>232,525</u>
At 30 June 2017	<u>101,457</u>	<u>668,766</u>	<u>221,695</u>

	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST OR VALUATION				
At 1 July 2017	421,337	221,474	156,369	2,559,281
Additions	8,586	14,437	3,768	735,555
Disposals	(21,735)	-	(7,049)	(240,380)
Revaluations	-	-	-	420,000
Reclassification/transfer	-	(4,225)	-	(4,225)
At 30 June 2018	<u>408,188</u>	<u>231,686</u>	<u>153,088</u>	<u>3,470,231</u>
DEPRECIATION				
At 1 July 2017	207,531	92,136	128,177	1,196,027
Charge for year	45,653	38,056	15,600	219,347
Eliminated on disposal	(16,674)	-	(6,000)	(173,790)
Reclassification/transfer	1	11,871	-	11,872
At 30 June 2018	<u>236,511</u>	<u>142,063</u>	<u>137,777</u>	<u>1,253,456</u>
NET BOOK VALUE				
At 30 June 2018	<u>171,677</u>	<u>89,623</u>	<u>15,311</u>	<u>2,216,775</u>
At 30 June 2017	<u>213,806</u>	<u>129,338</u>	<u>28,192</u>	<u>1,363,254</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 June 2018

11. TANGIBLE FIXED ASSETS - continued

Group

Cost or valuation at 30 June 2018 is represented by:

	Long leasehold £	Improvements to property £	Plant and machinery £
Cost	<u>1,121,935</u>	<u>933,513</u>	<u>621,821</u>
	Fixtures and fittings £	Motor vehicles £	Computer equipment £
Cost	<u>408,188</u>	<u>231,686</u>	<u>153,088</u>
			Totals £
			<u>3,470,231</u>

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

	Plant and machinery £	Motor vehicles £	Totals £
COST OR VALUATION			
At 1 July 2017	231,985	204,339	436,324
Reclassification/transfer	<u>(231,985)</u>	<u>12,910</u>	<u>(219,075)</u>
At 30 June 2018	<u>-</u>	<u>217,249</u>	<u>217,249</u>
DEPRECIATION			
At 1 July 2017	142,010	61,133	203,143
Charge for year	-	25,820	25,820
Reclassification/transfer	<u>(142,010)</u>	<u>52,704</u>	<u>(89,306)</u>
At 30 June 2018	<u>-</u>	<u>139,657</u>	<u>139,657</u>
NET BOOK VALUE			
At 30 June 2018	<u>-</u>	<u>77,592</u>	<u>77,592</u>
At 30 June 2017	<u>89,975</u>	<u>143,206</u>	<u>233,181</u>

Pasco Group Holdings Limited

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 June 2018**

12. FIXED ASSET INVESTMENTS

Group

**Shares in
group
undertakings
£**

COST

At 1 July 2017
and 30 June 2018

6,045,454

NET BOOK VALUE

At 30 June 2018

6,045,454

At 30 June 2017

6,045,454

Company

**Shares in
group
undertakings
£**

COST

At 1 July 2017
and 30 June 2018

5,000,454

NET BOOK VALUE

At 30 June 2018

5,000,454

At 30 June 2017

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

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 June 2018

12. FIXED ASSET INVESTMENTS - continued

Pasco Group Ltd

Registered office: United Kingdom

Nature of business: Parent company

Class of shares:	% holding
Ordinary	100.00

13. STOCKS

	Group	
	2018 £	2017 £
Stocks	<u>60,608</u>	<u>59,555</u>

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2018 £	2017 £	2018 £	2017 £
Trade debtors	160,318	143,192	-	-
Amounts owed by group undertakings	1,374,883	598,580	-	-
Other debtors	259,350	200,849	200,000	200,000
Directors' current accounts	15,009	158,053	146	-
VAT	10,899	-	-	-
Prepayments and accrued income	<u>321,084</u>	<u>299,964</u>	<u>-</u>	<u>-</u>
	<u>2,141,543</u>	<u>1,400,638</u>	<u>200,146</u>	<u>200,000</u>

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2018 £	2017 £	2018 £	2017 £
Bank loans and overdrafts (see note 17)	379,948	285,517	-	-
Hire purchase contracts (see note 18)	18,879	23,857	-	-
Trade creditors	477,959	513,101	-	-
Amounts owed to group undertakings	-	-	1,500	-
Tax	121,779	145,106	-	-
Social security and other taxes	45,169	39,092	-	-
Net Wages	-	3,072	-	-
VAT	-	85,276	-	-
Other creditors	1,830	4,340	-	-
Directors' current accounts	11	11	-	-
Accruals and deferred income	<u>228,813</u>	<u>165,648</u>	<u>-</u>	<u>-</u>
	<u>1,274,388</u>	<u>1,265,020</u>	<u>1,500</u>	<u>-</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 June 2018

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

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Bank loans (see note 17)	2,122,186	776,787	-	-
Preference shares (see note 17)	4,000,000	5,000,000	4,000,000	5,000,000
Hire purchase contracts (see note 18)	99,786	113,400	-	-
	<u>6,221,972</u>	<u>5,890,187</u>	<u>4,000,000</u>	<u>5,000,000</u>

17. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Amounts falling due within one year or on demand:				
Bank loans	<u>379,948</u>	<u>285,517</u>	<u>-</u>	<u>-</u>
Amounts falling after one years:				
Bank loan due > 1 Year	2,122,186	776,787	-	-
Preference shares	<u>4,000,000</u>	<u>5,000,000</u>	<u>4,000,000</u>	<u>5,000,000</u>
	<u>6,122,186</u>	<u>5,776,787</u>	<u>4,000,000</u>	<u>5,000,000</u>

Details of shares shown as liabilities are as follows:

18. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Group	Hire purchase contracts	
	2018	2017
	£	£
Net obligations repayable:		
Within one year	18,879	23,857
Between one and five years	<u>99,786</u>	<u>113,400</u>
	<u>118,665</u>	<u>137,257</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, £472,615

Later than one year, and not later than five years : £2,751,478

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 June 2018

19. PROVISIONS FOR LIABILITIES

	Group	
	2018	2017
	£	£
Deferred tax	<u>82,797</u>	<u>198,449</u>
Group		
		Deferred tax
		£
Balance at 1 July 2017		198,449
Provided during year		84,000
reversed		<u>(199,652)</u>
Balance at 30 June 2018		<u>82,797</u>

The deferred tax balance relates to accelerated capital allowances.

20. CALLED UP SHARE CAPITAL

Allotted, issue and fully paid:			
Number:	Class:	Nominal value:	30.06.18
			£
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
			<u>454</u>

PREFERENCE SHARES

Details of shares shown as liabilities are as follows:

Allotted, issued and fully paid:			
Number:	Class:	Nominal value:	30.6.18
			£
4,000,000	3% Redeemable preference shares	£1	<u>4,000,000</u>
Number:	Class:	Nominal value:	30.6.18
			£
1,045,000	6% Non-Redeemable preference shares	£1	<u>1,045,000</u>

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.