

**REGISTERED NUMBER: SC287991 (Scotland)**

**Strategic Report, Report of the Director and  
Financial Statements for the Year Ended 31 December 2018  
for  
AG Restaurants Ltd**

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for the Year Ended 31 December 2018**

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**AG Restaurants Ltd**  
**Company Information**  
**for the Year Ended 31 December 2018**

**DIRECTOR:** A Gibson

**SECRETARY:** Mrs A Gibson

**REGISTERED OFFICE:** The Wright Business Centre  
1 Lonmay Road  
Glasgow  
G33 4EL

**REGISTERED NUMBER:** SC287991 (Scotland)

**AUDITORS:** Parcell & Associates  
Aldreth  
Pearcroft Road  
Stonehouse  
Gloucestershire  
GL10 2JY

**Strategic Report  
for the Year Ended 31 December 2018**

The director presents his strategic report for the year ended 31 December 2018.

**REVIEW OF BUSINESS**

The company operates twenty McDonald's franchised restaurants in Glasgow and the surrounding West coast area of Scotland.

The company has had a very successful year, with sales of just over £60.5 million, compared with £45.5 million in 2017, resulting in gross profits of £40.5 million. Operating Profits before tax in the period amounted to just over £1.8. million. Overall the financial position of the company is healthy with the balance sheet currently showing net assets of over £5.2 million, increased from £4.5 million in 2017.

**KEY PERFORMANCE INDICATORS**

The overall sales increase was approximately 33% helped by purchase of 5 stores in 2018 . On a like for like basis sales increased by 9.75% . Overheads have increased in proportion to the increased sales and number of stores. Costs have also increased in areas such as wages and the purchasing of food, meaning that gross profit as a percentage of sales has dropped by 2.45%. The business cash-flow is very healthy and the company is able to meet loan repayments.

**FUTURE DEVELOPMENTS**

The company plans to acquire more restaurants should the opportunity arise. No other major expenditure is anticipated, the company having completed its program of re-imaging.

**Strategic Report  
for the Year Ended 31 December 2018**

**PRINCIPAL RISKS AND UNCERTAINTIES**

**Economic risk:**

We are optimistic about the future. Customer confidence is high and unemployment rates are falling. A cautious approach is still required as real disposable income is declining over the longer term as the cost of living continues to rise, despite interest rates remaining low. Principle risks are increasing commodity prices, adding pressure to margins, and significant upward movements in interest rates might also increase costs. The first mentioned risk is somewhat mitigated by McDonald's collective purchasing initiatives. The level of borrowing is such that interest rate increases are manageable.

**Regulatory risks:**

The companies operations demand a high level of compliance within a wide range of regulatory requirements. In particular -

- \* health and safety
- \* hygiene procedures
- \* employment laws
- \* licensing

The above, along with a number of other areas, are monitored in detail by McDonalds, as being in the fast food industry brings a high level of regulatory concerns.

**Consumer taste:**

Any material change in the way the consumer views the eating out industry could have an adverse affect on the company. However, this can also work in the opposite direction and could assist the company to achieve growth. As a result the company focuses, in detail, on recognising demographic trends, ensuring innovation and ensuring that the company only use the freshest and highest quality products through it stores. The company have strict policies to ensure that all stores are maintaining the McDonalds ethos.

**Competitors:**

The market is very competitive, with a high number of large competitors trading in the sector. In order to remain as one of the main players, McDonalds have dedicated teams who focus on ensuring they remain to be the leading company in the market.

**ON BEHALF OF THE BOARD:**

A Gibson - Director

27 February 2019

**Report of the Director  
for the Year Ended 31 December 2018**

The director presents his report with the financial statements of the company for the year ended 31 December 2018.

**DIVIDENDS**

An interim dividend of £500,000 per share was paid on 29 June 2018. The director recommends that no final dividend be paid.

The total distribution of dividends for the year ended 31 December 2018 will be £ 500,000 .

**RESEARCH AND DEVELOPMENT**

The company does not carry out any independent research and development. However the franchisor, McDonald's Restaurants Limited, carries out its own research and development on behalf of all franchisees. The company makes a contribution towards this through its existing payments to the franchisor.

**DIRECTOR**

A Gibson held office during the whole of the period from 1 January 2018 to the date of this report.

**EMPLOYMENT OF DISABLED PERSONS**

The company operates a policy of giving full & fair consideration to employment applications from disabled persons.

**PROVISION OF INFORMATION TO EMPLOYEES**

The company has a system for providing employees with information of concern to them . It also consults employees on a regular basis so that their views can be taken into account in making decisions affecting them. It regularly to explains to employees the financial and economic factors affecting the performance of the company and makes them aware of the provision of training, career development and employment of disabled employees.

**STATEMENT OF DIRECTOR'S RESPONSIBILITIES**

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

**Report of the Director  
for the Year Ended 31 December 2018**

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

So far as the director is 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 he 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, Parcell & Associates, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**

A Gibson - Director

27 February 2019

## **Report of the Independent Auditors to the Members of AG Restaurants Ltd**

### **Opinion**

We have audited the financial statements of AG Restaurants Ltd (the 'company') for the year ended 31 December 2018 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the 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 company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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 director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Other information**

The director is responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Director, 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 AG Restaurants Ltd**

### **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 the Report of the Director for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Director have been prepared in accordance with applicable legal requirements.

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

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

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

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

### **Responsibilities of director**

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

In preparing the financial statements, the director is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the director either intends to liquidate the company or to cease operations, or has 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  
AG Restaurants Ltd**

**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.

Nicholas Parcell (Senior Statutory Auditor)  
for and on behalf of Parcell & Associates  
Aldreth  
Pearcroft Road  
Stonehouse  
Gloucestershire  
GL10 2JY

27 February 2019

**AG Restaurants Ltd (Registered number: SC287991)**

**Income Statement  
for the Year Ended 31 December 2018**

	Notes	31.12.18 £	31.12.17 £
<b>TURNOVER</b>		60,504,027	45,516,942
Cost of sales		<u>19,806,177</u>	<u>14,492,963</u>
<b>GROSS PROFIT</b>		40,697,850	31,023,979
Administrative expenses		<u>38,887,151</u>	<u>28,631,628</u>
		1,810,699	2,392,351
Other operating income		<u>1,023</u>	<u>2,511</u>
<b>OPERATING PROFIT</b>	4	1,811,722	2,394,862
Interest payable and similar expenses	5	<u>248,331</u>	<u>78,857</u>
<b>PROFIT BEFORE TAXATION</b>		1,563,391	2,316,005
Tax on profit	6	<u>405,487</u>	<u>879,780</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<u>1,157,904</u>	<u>1,436,225</u>

The notes form part of these financial statements

**AG Restaurants Ltd (Registered number: SC287991)**

**Other Comprehensive Income  
for the Year Ended 31 December 2018**

	31.12.18 £	31.12.17 £
Notes		
<b>PROFIT FOR THE YEAR</b>	1,157,904	1,436,225
<b>OTHER COMPREHENSIVE INCOME</b>	<u>-</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u>1,157,904</u>	<u>1,436,225</u>

The notes form part of these financial statements

**AG Restaurants Ltd (Registered number: SC287991)**

**Balance Sheet  
31 December 2018**

	Notes	31.12.18 £	£	31.12.17 £	£
<b>FIXED ASSETS</b>					
Intangible assets	8		6,481,433		6,149,833
Tangible assets	9		14,734,442		8,591,775
Investments	10		<u>25,000</u>		<u>18,750</u>
			21,240,875		14,760,358
<b>CURRENT ASSETS</b>					
Stocks	11	258,770		179,450	
Debtors	12	3,008,214		1,501,605	
Cash at bank and in hand		<u>1,486,884</u>		<u>2,680,632</u>	
		4,753,868		4,361,687	
<b>CREDITORS</b>					
Amounts falling due within one year	13	<u>12,800,255</u>		<u>10,298,462</u>	
<b>NET CURRENT LIABILITIES</b>			<u>(8,046,387)</u>		<u>(5,936,775)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			13,194,488		8,823,583
<b>CREDITORS</b>					
Amounts falling due after more than one year	14		(7,443,199)		(3,703,658)
<b>PROVISIONS FOR LIABILITIES</b>	18		<u>(519,657)</u>		<u>(546,197)</u>
<b>NET ASSETS</b>			<u>5,231,632</u>		<u>4,573,728</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	19		1		1
Retained earnings	20		<u>5,231,631</u>		<u>4,573,727</u>
<b>SHAREHOLDERS' FUNDS</b>			<u>5,231,632</u>		<u>4,573,728</u>

The financial statements were approved by the director on 27 February 2019 and were signed by:

A Gibson - Director

The notes form part of these financial statements

**AG Restaurants Ltd (Registered number: SC287991)**

**Statement of Changes in Equity  
for the Year Ended 31 December 2018**

	Called up share capital £	Retained earnings £	Total equity £
<b>Balance at 1 January 2017</b>	1	3,137,502	3,137,503
<b>Changes in equity</b>			
Total comprehensive income	-	1,436,225	1,436,225
<b>Balance at 31 December 2017</b>	1	4,573,727	4,573,728
<b>Changes in equity</b>			
Dividends	-	(500,000)	(500,000)
Total comprehensive income	-	1,157,904	1,157,904
<b>Balance at 31 December 2018</b>	1	5,231,631	5,231,632

The notes form part of these financial statements

**AG Restaurants Ltd (Registered number: SC287991)**

**Cash Flow Statement  
for the Year Ended 31 December 2018**

	Notes	31.12.18 £	31.12.17 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	7,667,619	5,377,154
Interest paid		(248,331)	(78,857)
Tax paid		(484,215)	(726,322)
Net cash from operating activities		<u>6,935,073</u>	<u>4,571,975</u>
<b>Cash flows from investing activities</b>			
Purchase of intangible fixed assets		(1,274,885)	-
Purchase of tangible fixed assets		(8,104,957)	(4,892,224)
Purchase of fixed asset investments		(6,250)	-
Net cash from investing activities		<u>(9,386,092)</u>	<u>(4,892,224)</u>
<b>Cash flows from financing activities</b>			
New loans in year		9,712,400	2,605,689
Loan repayments in year		(5,770,928)	(1,032,979)
Amount withdrawn by directors		(2,420,425)	(960,857)
Equity dividends paid		(500,000)	-
Net cash from financing activities		<u>1,021,047</u>	<u>611,853</u>
<b>(Decrease)/increase in cash and cash equivalents</b>		<u>(1,429,972)</u>	<u>291,604</u>
<b>Cash and cash equivalents at beginning of year</b>	2	2,680,632	2,389,028
<b>Cash and cash equivalents at end of year</b>	2	<u>1,250,660</u>	<u>2,680,632</u>

The notes form part of these financial statements

**AG Restaurants Ltd (Registered number: SC287991)**

**Notes to the Cash Flow Statement  
for the Year Ended 31 December 2018**

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

	31.12.18	31.12.17
	£	£
Profit before taxation	1,563,391	2,316,005
Depreciation charges	2,905,575	2,054,871
Loss on disposal of fixed assets	-	5,129
Finance costs	<u>248,331</u>	<u>78,857</u>
	4,717,297	4,454,862
Increase in stocks	(79,320)	(36,359)
Increase in trade and other debtors	(1,506,609)	(993,338)
Increase in trade and other creditors	<u>4,536,251</u>	<u>1,951,989</u>
<b>Cash generated from operations</b>	<u><u>7,667,619</u></u>	<u><u>5,377,154</u></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 31 December 2018**

	31.12.18	1.1.18
	£	£
Cash and cash equivalents	1,486,884	2,680,632
Bank overdrafts	<u>(236,224)</u>	<u>-</u>
	<u><u>1,250,660</u></u>	<u><u>2,680,632</u></u>

**Year ended 31 December 2017**

	31.12.17	1.1.17
	£	£
Cash and cash equivalents	<u><u>2,680,632</u></u>	<u><u>2,389,028</u></u>

The notes form part of these financial statements



**Notes to the Financial Statements  
for the Year Ended 31 December 2018**

**1. STATUTORY INFORMATION**

AG Restaurants Ltd is a private company, limited by shares, registered in Scotland. The company's registered number and registered office address can be found on the Company 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.

**Turnover**

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

**Franchise rights & fees**

Franchise rights & fees, being the amounts paid on acquisition of restaurants are being written off evenly over the terms of the franchise agreements

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.  
Plant and machinery - at varying rates on cost

**Stocks**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

**Taxation**

Taxation for the year comprises current and deferred tax. Tax is recognised in the 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.

**Notes to the Financial Statements - continued  
for the Year Ended 31 December 2018**

**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.

**Hire purchase and leasing commitments**

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

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

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

**Impairment of fixed assets**

At each reporting end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to each asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

**Holiday pay accrual**

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Balance Sheet date and carried forward to future periods. This is measured at the undiscounted cost of the future holiday entitlement so accrued at the Balance Sheet date.

**Notes to the Financial Statements - continued  
for the Year Ended 31 December 2018**

**2. ACCOUNTING POLICIES - continued**

**Financial instruments**

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

For financial assets measured at amortised cost, the impairment cost is measured at the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the assets effective interest rate. If the financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract

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

**Creditors**

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

**Finance costs**

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

**Dividends**

Equity dividends are recognised when they legally become payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

**Judgements in applying accounting policies and key sources of estimation uncertainty**

In the process of applying the company's accounting policies, management are required to make certain estimates and judgements. The key estimates and judgements are as follows:

**Depreciation and residual values**

The director has reviewed the asset lives and associated residual values of all fixed asset classes, and has concluded that asset lives and residual values are appropriate

**Notes to the Financial Statements - continued  
for the Year Ended 31 December 2018**

**3. EMPLOYEES AND DIRECTORS**

	31.12.18	31.12.17
	£	£
Wages and salaries	16,025,380	11,775,398
Social security costs	872,023	611,174
Other pension costs	154,708	86,073
	<u>17,052,111</u>	<u>12,472,645</u>

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

	31.12.18	31.12.17
Production Staff	1,735	1,370
Management Staff	<u>56</u>	<u>49</u>
	<u>1,791</u>	<u>1,419</u>

	31.12.18	31.12.17
	£	£
Director's remuneration	<u>13,033</u>	<u>-</u>

**4. OPERATING PROFIT**

The operating profit is stated after charging:

	31.12.18	31.12.17
	£	£
Other operating leases	7,963,029	6,190,031
Depreciation - owned assets	1,962,290	1,179,249
Loss on disposal of fixed assets	-	5,129
Franchise Rights amortisation	881,213	835,076
Franchise Fees amortisation	62,072	56,197
Auditors' remuneration	25,084	13,125
Auditors' remuneration for non audit work	<u>33,250</u>	<u>17,268</u>

**5. INTEREST PAYABLE AND SIMILAR EXPENSES**

	31.12.18	31.12.17
	£	£
Bank interest	158,331	78,857
Loan interest	<u>90,000</u>	<u>-</u>
	<u>248,331</u>	<u>78,857</u>

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2018

6. **TAXATION**

**Analysis of the tax charge**

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

	31.12.18	31.12.17
	£	£
Current tax:		
UK corporation tax	432,027	567,673
Deferred tax	(26,540)	312,107
Tax on profit	<u>405,487</u>	<u>879,780</u>

UK corporation tax has been charged at 19% (2017 - 19.25%).

**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:

	31.12.18	31.12.17
	£	£
Profit before tax	<u>1,563,391</u>	<u>2,316,005</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 19.250%)	297,044	445,831
Effects of:		
Income not taxable for tax purposes	(1,092)	(214)
Depreciation in excess of capital allowances	136,075	107,751
Adjustments to tax charge in respect of previous periods	-	14,305
Deferred tax charge	(26,540)	312,107
Total tax charge	<u>405,487</u>	<u>879,780</u>

7. **DIVIDENDS**

	31.12.18	31.12.17
	£	£
Ordinary share of 1		
Interim - ordinary shares	<u>500,000</u>	<u>-</u>

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2018

8. INTANGIBLE FIXED ASSETS

	Franchise Rights £	Franchise Fees £	Totals £
<b>COST</b>			
At 1 January 2018	9,185,000	734,885	9,919,885
Additions	1,094,885	180,000	1,274,885
At 31 December 2018	10,279,885	914,885	11,194,770
<b>AMORTISATION</b>			
At 1 January 2018	3,521,197	248,855	3,770,052
Amortisation for year	881,213	62,072	943,285
At 31 December 2018	4,402,410	310,927	4,713,337
<b>NET BOOK VALUE</b>			
At 31 December 2018	5,877,475	603,958	6,481,433
At 31 December 2017	5,663,803	486,030	6,149,833

9. TANGIBLE FIXED ASSETS

	Short leasehold £	Plant and machinery £	Totals £
<b>COST</b>			
At 1 January 2018	-	12,743,743	12,743,743
Additions	90,189	8,014,768	8,104,957
At 31 December 2018	90,189	20,758,511	20,848,700
<b>DEPRECIATION</b>			
At 1 January 2018	-	4,151,968	4,151,968
Charge for year	6,338	1,955,952	1,962,290
At 31 December 2018	6,338	6,107,920	6,114,258
<b>NET BOOK VALUE</b>			
At 31 December 2018	83,851	14,650,591	14,734,442
At 31 December 2017	-	8,591,775	8,591,775

**Notes to the Financial Statements - continued  
for the Year Ended 31 December 2018**

**10. FIXED ASSET INVESTMENTS**

	Unlisted investments £
<b>COST</b>	
At 1 January 2018	18,750
Additions	<u>6,250</u>
At 31 December 2018	<u>25,000</u>
<b>NET BOOK VALUE</b>	
At 31 December 2018	<u>25,000</u>
At 31 December 2017	<u>18,750</u>

Fixed asset investments consists of 25,000 (2017-18,750) ordinary shares of £1 each in Fries Holding Company Limited, a company registered in Guernsey. The investments are included in the accounts at cost

**11. STOCKS**

	31.12.18 £	31.12.17 £
Stocks	<u>258,770</u>	<u>179,450</u>

Stock recognised in cost of sales during the year as an expense was £19,806,177 (2017: £14,492,963)

An impairment loss of £nil (2017: £nil) was recognised in cost of sales against stock during the year due to slow moving and obsolete stock.

**12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31.12.18 £	31.12.17 £
Trade debtors	9,771	1,001
Other debtors	6,162	10,629
Prepayments	<u>2,992,281</u>	<u>1,489,975</u>
	<u>3,008,214</u>	<u>1,501,605</u>

**Notes to the Financial Statements - continued  
for the Year Ended 31 December 2018**

**13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31.12.18	31.12.17
	£	£
Bank loans and overdrafts (see note 15)	1,547,470	1,109,315
Trade creditors	2,874,757	1,328,202
Tax	259,073	311,261
Social security and other taxes	146,833	107,012
VAT	1,818,000	908,131
Other creditors	298,517	144,763
Directors' current accounts	250,042	2,670,467
Accruals and deferred income	4,617,565	2,104,039
Accrued expenses	987,998	1,615,272
	<u>12,800,255</u>	<u>10,298,462</u>

**14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	31.12.18	31.12.17
	£	£
Bank loans (see note 15)	<u>7,443,199</u>	<u>3,703,658</u>

**15. LOANS**

An analysis of the maturity of loans is given below:

	31.12.18	31.12.17
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	236,224	-
Bank loans	<u>1,311,246</u>	<u>1,109,315</u>
	<u>1,547,470</u>	<u>1,109,315</u>
Amounts falling due between one and two years:		
Bank loans - 1-2 years	<u>1,321,639</u>	<u>1,109,315</u>
Amounts falling due between two and five years:		
Bank loans - 2-5 years	<u>3,964,917</u>	<u>2,023,652</u>
Amounts falling due in more than five years:		
Repayable by instalments		
Bank loans more 5 yr by instal	<u>2,156,643</u>	<u>570,691</u>

Bank loans are repayable over periods ranging from one to seven years. The interest rates applied to the loans are based on Base rate plus a margin varying from 1.4% to 1.7%.



**Notes to the Financial Statements - continued  
for the Year Ended 31 December 2018**

**16. LEASING AGREEMENTS**

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

	31.12.18	31.12.17
	£	£
Within one year	2,326,417	2,274,925
Between one and five years	8,629,203	7,517,813
In more than five years	14,295,293	14,948,315
	<u>25,250,913</u>	<u>24,741,053</u>

**17. FINANCIAL INSTRUMENTS**

Financial Assets	31.12.18	31.12.17
	£	£
Financial assets as an equity instrument	25,000	18,750
Financial assets that are debt instruments measured at amortised cost	1,260,430	2,681,634
	<u>1,285,430</u>	<u>2,700,384</u>
 Financial Liabilities	 <u>18,019,551</u>	 <u>10,262,557</u>
	<u>18,019,551</u>	<u>10,262,557</u>

**18. PROVISIONS FOR LIABILITIES**

	31.12.18	31.12.17
	£	£
Deferred tax	<u>519,657</u>	<u>546,197</u>
		Deferred tax
		£
Balance at 1 January 2018		546,197
Credit to Income Statement during year		(26,540)
Balance at 31 December 2018		<u>519,657</u>

**19. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:			31.12.18	31.12.17
Number:	Class:	Nominal value:	£	£
1	Ordinary	1	<u>1</u>	<u>1</u>

**AG Restaurants Ltd (Registered number: SC287991)**

**Notes to the Financial Statements - continued  
for the Year Ended 31 December 2018**

**20. RESERVES**

	Retained earnings £
At 1 January 2018	4,573,727
Profit for the year	1,157,904
Dividends	<u>(500,000)</u>
At 31 December 2018	<u>5,231,631</u>

**21. CAPITAL COMMITMENTS**

	31.12.18 £	31.12.17 £
Contracted but not provided for in the financial statements	<u>-</u>	<u>3,125,446</u>

**22. DIRECTOR'S ADVANCES, CREDITS AND GUARANTEES**

Interest has been paid to the Director on his loan to the company at a rate of 3% per annum

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