Company registration number: 04289561

A & S Restaurants Limited

Financial statements

31 December 2018

A & S Restaurants Limited

Contents

A & S Restaurants Limited

Directors and other information

Director	Mrs A. Sirkhot
Secretary	Mr A. Sirkhot
Company number	04289561
Registered office	McDonald's Restaurant Grove Lane Smethwick West Midlands B66 2SF
Auditor	Manex Accountants Ltd 9 Castle Court (2) Castlegate Way Dudley West Midlands DY1 4RH
Accountants	Windsors Rybridge Ltd 9 Castle Court (2) Castlegate Way Dudley West Midlands DY1 4RH

Bankers	The Royal Bank of Scotland plc 79/83 Colmore Row Birmingham B3 2AP

A & S Restaurants Limited

Strategic report

Year ended 31 December 2018

Review of the business

The director aims to present a review of the development and performance of the company during the year under review and its position at the year end. This review is consistent with the size and nature of the company and is written in the context of the risks and uncertainties it faces.

The principle activity of the company during the year was that of an operator of 7 McDonald's restaurant franchises, one of which was acquired during the year.

The company operates in a highly competitive market, with consumer behaviour impacting the company's turnover, and the variability of commodity prices impacting profitability. The company considers its key performance indicators are those that communicate the financial performance and strength of the company, including turnover, gross profit and operating profit. The company realised sales growth during the year, increasing from £19.2m to £21.9m, reflecting an increase of 14.3% over the previous year.

The company continued its investment in the national McDonald's "Experience of the Future" and "Less is More" store refurbishment projects, with two further store refurbishments being carried out during the year. Convenience and technology are at the heart of the changes introduced, with the introduction of self-order kiosks to help improve the customer's experience and double drive-thru lanes. The re-imaging strategy continued to have a positive impact on sales growth, which is in line with the directors' expectations and objectives.

The demand for home delivery foods ready to eat is increasing. The company will continue its partnership with UberEats to introduce the new McDelivery service in order to keep up with this particular market trend.

Given the straightforward nature of the business, the director is of the opinion that analysis using additional KPI's is not necessary for an understanding of the development, performance or position of the company.

Principle risks and uncertainties

The management of the company and the nature of its trading strategy are subject to a number of risks, which are set out below. The company operates a thorough risk assessment and management process which involves a formal review of all the risks identified below and introducing processes to monitor and mitigate each risk, where possible.

As previously mentioned, the company operates in a highly competitive market with high levels of price sensitivity. Consumer behaviour can impact the company's turnover and profitability. The company mitigates this risk by adopting a policy of constantly assessing its pricing strategy with ongoing market research. Demand has increased during the year and the economic outlook has continued to improve.

The company remains exposed to periods of food cost inflation together with the variability of commodity prices, which both impact on the company's profitability. The company continually assesses any risks identified with the aim of mitigating the threats these may have on the company's operations and profitability. The company's supply chain is closely maintained by McDonald's, who are therefore able to negotiate effectively on behalf of franchisees in order to ensure better purchasing terms. This helps as much as possible to protect the company from risks associated with fluctuating food costs.

The company is also inherently exposed to pressures within the labour market and to wage cost inflation. Recent changes to the national minimum wage and increases in the minimum contributions for auto enrolment pensions have contributed towards the increase in wage costs. The company mitigates this risk by a policy of adopting remuneration and benefits packages designed to be competitive within the market as well as ensuring full compliance with labour market regulations, with employment policies to allow fulfilling career opportunities for all employees.

Financial risk management and policies

The company's principal financial instruments comprise bank balances, loans to the company, and trade creditors. The main purpose of these instruments is to provide funds for the company's operations. Their existence exposes the company to a number of financial risks, which have been considered and are managed as follows:

Liquidity risk: Liquidity risk is the risk that the company will have insufficient resources to meet its financial liabilities as they fall due. The company's strategy to managing liquidity risk is to ensure that the company has sufficient funds to meet all its potential liabilities as they fall due. In respect of bank balances, the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of overdraft facilities at floating rates of interest. In respect of bank loans, although the interest rates are variable, monthly repayments are fixed. The liquidity risk is therefore managed by ensuring there are sufficient funds available to meet the monthly repayments. In respect of trade creditors, the liquidity risk is managed by ensuring sufficient funds are available to meet amounts due for payment.

Operational risk: Operational risk is the risk of a direct or indirect loss resulting from the inadequacies or failures of processes or controls due to technology, staff, organisation or external factors. To monitor and control operational risk, the company maintains a system of comprehensive policies and a control framework which is designed to provide and sound and well-controlled operational environment.

Interest rate risk: Interest rate risk is the risk that financial performance of the company will be adversely affected by adverse fluctuations on interest rates being charged to the company on its financial instruments, most noticeably bank loans and its bank overdraft facility. The interest rate risk is managed by the on-going monitoring and assessment of its borrowings and the interest rate charged.

Price risk: Price risk is the risk that financial performance of the company will be adversely affected by pricing charges. Due to the nature of the financial instruments used by the company, there is no exposure to price risk. The company sets its own prices within allowable variations. Cash flow and liquidity exposure is therefore directly related to prices and turnover.

Credit risk: Credit risk is the risk of a potential loss from a customer or counterparty default. Due to the nature of the company's trade, there is no exposure to credit risk.

Currency risk: Currency risk is the risk that financial performance of the company will be adversely affected by adverse fluctuations in foreign currencies used by the company. The company has no exposure to foreign currency risk.

This report was approved by the board of directors on 27 September 2019 and signed on behalf of the board by:

Mrs A. Sirkhot

Director

Director's report

Year ended 31 December 2018

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

Director

The director who served the company during the year was as follows:

Mrs A. Sirkhot

Dividends

Particulars of recommended dividends are detailed in note 10 to the financial statements.

Future developments

The director is committed to increasing both the turnover and profitability of the company. The company will continue its policy of refurbishing its stores in line with the McDonald's national re-imaging strategy. The company will also continue to introduce the new McDelivery service at its restaurants in partnership with UberEats.

Employment of disabled persons

The company operates an equal opportunities policy with regard to recruitment and seeks to offer suitable work and training wherever practicable to persons with disabilities. The policy of the company is to ensure that disabled applicants for employment are given full and fair consideration having regard to their particular aptitudes and abilities. Existing disabled employees are given equal access to appropriate training, career development and promotion opportunities within the company. In the event of employees becoming disabled while in the employment of the company, all reasonable means are explored to achieve retention in employment in the same or an alternative capacity.

Employee involvement

The company aims to promote a working environment free from unlawful harassment, victimisation, bullying and discrimination. The company regards all of its employees as members of a team where opinions are valued and everyone is regarded as equal in status and treated with fairness and respect. The company endeavours to ensure that no job applicant or existing employee is treated less favourably on the grounds of their gender, age, disability, race, sexual orientation, religion or belief, and that nobody is disadvantaged by conditions, requirements or practices which cannot be shown to be just and fair. The company's recruitment procedures are intended to ensure that employees are selected, promoted and treated according to their ability and that everyone has an equal opportunity to receive training and development. The company communicates regularly with all employees on matters relating to its performance. Employees are encouraged to contribute to the decision making process through regular staff meetings held by the management of the company to discuss matters of concern. An open management policy is operated whereby all members of staff (including part-time and casual staff) are briefed regularly and kept informed on matters affecting the company by means of regular store meetings and communications, together with personal appraisals and feedback sessions.

Financial instruments

The company's principal financial instruments comprise bank balances, loans to the company, and trade creditors. The main purpose of these instruments is to provide funds for the company's operations. Their existence exposes the company to a number of financial risks, which are detailed in the Strategic Report under financial risk management and policies.

Disclosure of information in the strategic report.

The company has chosen, in accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, to set out in the company's strategic report information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

Director's responsibilities statement

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

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with 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 she is satisfied that they give a true and fair view of the state of affairs of the company and 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 judgments and accounting estimates that are reasonable and prudent; and

- 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 her to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and - they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

The auditor is deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

This report was approved by the board of directors on 27 September 2019 and signed on behalf of the board by:

Mrs A. Sirkhot

Director

A & S Restaurants Limited

Independent auditor's report to the member of

A & S Restaurants Limited

Year ended 31 December 2018

Opinion

We have audited the financial statements of A & S Restaurants Limited (the 'company') for the year ended 31 December 2018 which comprise the statement of income and retained earnings, statement of financial position, statement of cash flows and 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 FRS 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 auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the 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 other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The director is responsible for the other information. 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.

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 director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the strategic report and the director's report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the director's report. We have nothing to report in respect of the following matters 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 the returns; or - certain disclosures of director's remuneration specified by law are not made; or - we have not received all the information and explanations we require for our audit.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. we also: - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the director. - Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern. - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the company's member, 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 member those matters we are required to state to her in an auditors report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's member as a body, for our audit work, for this report, or for the opinions we have formed.

Clinton Meehan Bsc FCA (Senior Statutory Auditor)

For and on behalf of

Manex Accountants Ltd

Chartered Accountant and Statutory Auditor

9 Castle Court (2)

Castlegate Way

Dudley

West Midlands

DY1 4RH

27 September 2019

A & S Restaurants Limited

Statement of income and retained earnings

Year ended 31 December 2018

	Note	2018	2017
		£	£
Turnover	4	21,981,672	19,226,603
Cost of sales		(12,391,946)	(10,606,272)
Gross profit		9,589,726	8,620,331
Administrative expenses		(9,083,299)	(7,474,827)
Operating profit	5	506,427	1,145,504
Interest payable and similar expenses	8	(68,479)	(40,514)
Profit before taxation		437,948	1,104,990
Tax on profit	9	(136,113)	(228,270)
Profit for the financial year and total comprehensive income		301,835	876,720
Dividends declared and paid or payable during the year	10	(660,000)	(625,000)
Retained earnings at the start of the year		1,910,031	1,658,311
Retained earnings at the end of the year		1,551,866	1,910,031

All the activities of the company are from continuing operations.

A & S Restaurants Limited

Statement of financial position

31 December 2018

	Note	2018 £	£	2017 £	£
Fixed assets					
Intangible assets	11	2,684,364		1,793,387	
Tangible assets	12	5,269,672		2,914,637	
Investments	13	8,750		7,500	
			7,962,786		4,715,524
Current assets					
Stocks	14	98,899		77,665	
Debtors	15	136,142		122,903	
Cash at bank and in hand		1,220,566		1,156,952	
		1,455,607		1,357,520	
Creditors: amounts falling due within one year	16	(3,326,193)		(2,554,000)	
Net current liabilities			(1,870,586)		(1,196,480)
Total assets less current liabilities			6,092,200		3,519,044
Creditors: amounts falling due after more than one year	17		(4,345,694)		(1,422,373)
Provisions for liabilities	18		(193,739)		(185,739)
Net assets			1,552,767		1,910,932
Capital and reserves					
Called up share capital	21		901		901
Profit and loss account	22		1,551,866		1,910,031
Shareholder funds			1,552,767		1,910,932

These financial statements were approved by the board of directors and authorised for issue on 27 September 2019 , and are signed on behalf of the board by:

Mrs A. Sirkhot

Director

Company registration number: 04289561

A & S Restaurants Limited

Statement of cash flows

Year ended 31 December 2018

	2018	2017
	£	£
Cash flows from operating activities		
Profit for the financial year	301,835	876,720
Adjustments for:		
Depreciation of tangible assets	906,493	528,814
Amortisation of intangible assets	117,625	112,797
Interest payable and similar expenses	68,479	40,514
Tax on profit	136,113	228,270
Accrued expenses/(income)	136,004	20,066
Changes in:		
Stocks	(21,234)	(18,542)
Trade and other debtors	(13,239)	(47,860)
Trade and other creditors	315,894	133,525
Cash generated from operations	1,947,970	1,874,304
Interest paid	(68,479)	(40,514)
Tax paid	(230,695)	(229,911)
Net cash from operating activities	1,648,796	1,603,879
Cash flows from investing activities		
Purchase of tangible assets	(3,261,528)	(1,131,191)
Purchase of intangible assets	(1,008,602)	-
Purchase of other investments	(1,250)	-
Net cash used in investing activities	(4,271,380)	(1,131,191)
Cash flows from financing activities		
Proceeds from borrowings	3,346,198	(502,322)
Equity dividends paid	(660,000)	(625,000)
Net cash from/(used in) financing activities	2,686,198	(1,127,322)
Net increase/(decrease) in cash and cash equivalents	63,614	(654,634)
Cash and cash equivalents at beginning of year	1,156,952	1,811,586
Cash and cash equivalents at end of year	1,220,566	1,156,952

1. General information

The company is a private company limited by shares, registered in England. The address of the registered office is McDonald's Restaurant, Grove Lane, Smethwick, West Midlands, B66 2SF.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Turnover

Turnover is measured at the fair value of the consideration received or receivable for goods supplied net of discounts and Value Added Tax.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have transferred to the buyer, being at point of sale to the customer; the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the entity and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

Taxation

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period and is recognised in the statement of comprehensive income,. Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis.

Goodwill

Goodwill arises on business acquisitions and represents the excess of the cost of the acquisition over the company's interest in the net amount of the identifiable assets, liabilities and contingent liabilities of the acquired business. Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. It is amortised on a straight line basis over its useful life. Where a reliable estimate of the useful life of goodwill or intangible assets cannot be made, the life is presumed not to exceed ten years.

Intangible assets

Intangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Goodwill	-	5 % straight line
Licence fees	-	5 % straight line
Stamp duty	-	5 % straight line

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Tangible assets

tangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated depreciation and impairment losses.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Plant and equipment	-	14.29 % straight line
Office equipment	-	10 % straight line
Motor vehicles	-	20 % straight line

If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of tangible assets, the depreciation is revised prospectively to reflect the new estimates.

Fixed asset investments

Fixed asset investments are recorded at cost.

Impairment

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stocks to their present location and condition.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event; it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense. Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised in finance costs in profit or loss in the period it arises.

Financial instruments

A financial asset or a financial liability is recognised only when the company becomes a party to the contractual provisions of the instrument. Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Debt instruments are subsequently measured at amortised cost. Other financial instruments are subsequently measured at fair value, with any changes recognised in profit or loss, with the exception of hedging instruments in a designated hedging relationship.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided.

4. Turnover

Turnover arises from:

	2018	2017
	£	£
Sale of goods	21,643,235	18,897,153
Sales of non-product items	338,437	329,450
	21,981,672	19,226,603

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

5. Operating profit

Operating profit is stated after charging/(crediting):

	2018	2017
	£	£
Amortisation of intangible assets	117,625	112,797
Depreciation of tangible assets	906,493	528,814
Cost of stocks recognised as an expense	7,188,622	6,098,794
Operating lease rentals	3,063,092	2,688,958
Fees payable for the audit of the financial statements	2,250	2,250

6. Staff costs

The average number of persons employed by the company during the year, including the director, amounted to:

	2018	2017
Restaurant crew	352	317
Management and administration	30	27
	382	344

The aggregate payroll costs incurred during the year were:

	2018	2017
	£	£
Wages and salaries	5,922,062	5,107,882
Social security costs	258,557	220,917
Other pension costs	38,514	18,623
	6,219,133	5,347,422

7. Directors remuneration

The director's aggregate remuneration in respect of qualifying services was:

	2018	2017
	£	£
Remuneration	16,000	16,000

8. Interest payable and similar expenses

	2018	2017
	£	£
Bank loans and overdrafts	68,458	40,359
Other interest payable and similar expenses	21	155
	68,479	40,514

9. Tax on profit

Major components of tax expense

	2018	2017
	£	£
Current tax:		
UK current tax expense	128,113	230,695
Deferred tax:		
Origination and reversal of timing differences	8,000	(2,425)
Tax on profit	136,113	228,270

Reconciliation of tax expense

The tax assessed on the profit for the year is higher than (2017: higher than) the standard rate of corporation tax in the UK of 19.00 % (2017: 19.00%).

	2018	2017
	£	£
Profit before taxation	437,948	1,104,990
Profit multiplied by rate of tax	83,210	209,948
Effect of expenses not deductible for tax purposes	630	-
Effect of capital allowances and depreciation	44,273	17,792
Changes in rate of corporation tax	-	2,955
Deferred taxation	8,000	(2,425)
Tax on profit	136,113	228,270

10. Dividends

Equity dividends

	2018	2017
	£	£
Dividends paid during the year (excluding those for which a liability existed at the end of the prior year)	660,000	625,000

11. Intangible assets

	Goodwill	Licence fees	Stamp duty	**Total**
	£	**£**	**£**	**£**
Cost				
At 1 January 2018	2,063,530	159,335	33,073	2,255,938
Additions	938,795	60,000	9,807	1,008,602
At 31 December 2018	3,002,325	219,335	42,880	3,264,540
Amortisation				
At 1 January 2018	392,253	59,867	10,431	462,551
Charge for the year	107,088	8,842	1,695	117,625
At 31 December 2018	499,341	68,709	12,126	580,176
Carrying amount				
At 31 December 2018	2,502,984	150,626	30,754	2,684,364
At 31 December 2017	1,671,277	99,468	22,642	1,793,387

12. Tangible assets

	Plant and equipment	Office equipment	Motor vehicles	Total
	£	£	£	**£**
Cost				
At 1 January 2018	5,071,397	14,204	8,143	5,093,744
Additions	3,258,836	2,692	-	3,261,528
Disposals	(407,847)	-	-	(407,847)
At 31 December 2018	7,922,386	16,896	8,143	7,947,425
Depreciation				
At 1 January 2018	2,165,881	5,083	8,143	2,179,107
Charge for the year	904,219	2,274	-	906,493
Disposals	(407,847)	-	-	(407,847)
At 31 December 2018	2,662,253	7,357	8,143	2,677,753
Carrying amount				
At 31 December 2018	5,260,133	9,539	-	5,269,672
At 31 December 2017	2,905,516	9,121	-	2,914,637

13. Investments

	Other investments other than loans	Total
	£	**£**
Cost		
At 1 January 2018	7,500	7,500
Additions	1,250	1,250
At 31 December 2018	8,750	8,750
Impairment		
At 1 January 2018 and 31 December 2018	-	-
Carrying amount		
At 31 December 2018	8,750	8,750
At 31 December 2017	7,500	7,500

14. Stocks

	2018	2017
	£	£
Closing stocks of food, paper and non-products	98,899	77,665

15. Debtors

	2018	2017
	£	£
Prepayments	136,142	122,903

16. Creditors: amounts falling due within one year

	2018	2017
	£	£
Bank loans and overdrafts	746,972	498,748
Trade creditors	987,991	697,521
Accruals	413,251	277,247
Corporation tax	128,113	230,695
Social security and other taxes	772,617	573,843
Director loan accounts	274,999	100,346
Other creditors	2,250	175,600
	3,326,193	2,554,000

17. Creditors: amounts falling due after more than one year

	2018	2017
	£	£
Bank loans and overdrafts	4,345,694	1,422,373

Included within creditors: amounts falling due after more than one year is an amount of £ 1,181,807 (2017 £ 43,466) in respect of liabilities payable or repayable by instalments which fall due for payment after more than five years from the reporting date.

Bank loans consist of unsecured loans with Royal Bank of Scotland plc, repayable by instalments over 7 years and with interest charged at 1.2% above base. The ultimate repayment date of the loan will be December 2025.

18. Provisions

	Deferred tax (note 19)	**Total**
	£	**£**
At 1 January 2018	185,739	185,739
Additions	8,000	8,000
At 31 December 2018	193,739	193,739

19. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2018	2017
	£	£
Included in provisions (note 18)	193,739	185,739

The deferred tax account consists of the tax effect of timing differences in respect of:

	2018	2017
	£	£
Accelerated capital allowances	193,739	185,739

20. Employee benefits

The amount recognised in profit or loss in relation to defined contribution plans was £ 38,514 (2017: £ 18,623).

21. Called up share capital

Issued, called up and fully paid

	2018		2017	
	No	**£**	No	£
Ordinary shares shares of £ 1.00 each	901	901	901	901

22. Reserves

Profit and loss account:This reserve records retained earnings and accumulated losses.

23. Operating leases

The company as lessee

The total future minimum lease payments under non-cancellable operating leases are as follows:

	£	£
Not later than 1 year	755,310	597,612
Later than 1 year and not later than 5 years	2,588,213	1,991,210
Later than 5 years	5,788,841	3,443,465
	9,132,364	6,032,287

The company's restaurant premises are leased from McDonald's Restaurants Limited under non-cancellable operating leases, with expiry terms of more than five years. The lease charge for each store consists of a base rent and a percentage rent based on food and drink sales. As such it is not possible to quantify the total commitments due under these leases due to the variable basis of the rental payments; the costs shown above are therefore based only on the store base rents.

24. Directors advances, credits and guarantees

During the year the director entered into the following advances and credits with the company:

2018

	Balance brought forward	Advances /(credits) to the director	Balance o/standing
	£	**£**	**£**
Mrs A. Sirkhot	(100,346)	(174,653)	(274,999)

2017

	Balance brought forward	Advances /(credits) to the director	Balance o/standing
	£	£	£
Mrs A. Sirkhot	(103,795)	3,449	(100,346)

25. Related party transactions

During the year the company entered into the following transactions with related parties:

	Transaction value		Balance owed by/(owed to)	
	2018	2017	**2018**	2017
	£	£	**£**	£
Mrs A Sirkhot	660,000	625,000	(274,999)	(100,346)

Mrs A Sirkhot is the sole director and shareholder of the company. The transactions above relate to dividends paid by the company during the year, and the amounts due to the director from the company at the year-end.

26. Key management personnel

Other than the director there are no key management personnel.

27. Controlling party

The ultimate controlling party is Mrs A. Sirkhot , being the sole director and shareholder.