NEW DEMIPOWER LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 OCTOBER 2017

Company No: 04446735

NEW DEMIPOWER LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2017

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NEW DEMIPOWER LIMITED

COMPANY INFORMATION

FOR THE YEAR ENDED 31 OCTOBER 2017

Company registration number:	04446735
Registered office:	Jubilee House 7-9 The Oaks Ruislip Middlesex HA4 7LF
Directors:	Amirali H M Janmohamed Alim A Janmohamed
Secretary:	Alim A Janmohamed
Bankers:	HSBC Bank Plc 69 Pall Mall London SW1Y 5EZ
Solicitors:	ReedSmith LLP The Broadgate Tower 20 Primrose Street London EC2A 2RS
Auditor:	Grant Thornton UK LLP Statutory Auditor Chartered Accountants 30 Finsbury Square London EC2A 1AG

The directors present their report and audited financial statements for the year ended 31 October 2017.

Results and dividends

There was a profit for the year after taxation amounting to £951,237 (2016: £1,214,068). The directors do not recommend payment of a dividend for the year under review.

Directors

The directors in office during the year are listed below:

Amirali H M Janmohamed
Alim A Janmohamed

Directors' responsibilities for the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied they give a true and fair view of the state of affairs 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 for the group's financial statements and then apply them consistently;
* make judgements and accounting estimates that are reasonable and prudent;
* state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
* prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and the group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the 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 group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as each of the directors is aware:

* there is no relevant audit information of which the company and group's auditor is unaware; and
* the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the company and the group's auditor is aware of that information.

Donations

The group made charitable donations of £49,011 (2016: £67,129) during the year.

Disabled employees

As an equal opportunity employer, it is the group's policy to give full and fair consideration to every application for employment from disabled persons, bearing in mind the abilities and aptitudes of the applicants in relation to available vacancies. Where existing employees become disabled, their services will be retained wherever practicable.

Employee involvement

The directors consider that the involvement of employees is important to the success of the group. Employees are regularly informed of the group's performance and progress at both formal and informal meetings.

Auditor

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with Section 487(2) of the Companies Act 2006 unless the company receives notice under Section 488(1) of the Companies Act 2006.

This report was approved by the Board of Directors and signed on their behalf.

A A Janmohamed Director

27th April 2018

Principal activities

The group has continued its principal activity of caterers and snack bar owners. The company does not trade and acts as a holding company only.

Review of the business

During the year under review one new site was opened and commenced trading in August 2017 and a second was being fitted out, but did open for trading until November 2017. The planned programme of refurbishment of the stores also continued.

The directors are satisfied with the performance of the business in the year and the increase in turnover, although overall profits were lower due to a planned inceased level of expenditure on refurbishment compared to 2016.

The main Key Performance Indicators which are used by management to monitor performance on a daily, weekly and monthly basis are gross margin and sales growth by outlet.

The principal risks facing the business continue to be the entry of new competitors within the geographical areas in which the group operates. These risks are addressed by implementing local store marketing strategies and brand definition.

The financial position of the group, its cash flows and liquidity position, are shown in the balance sheet, cash flow statement and subsequent notes.

The directors have assessed working capital requirements and capital expenditure plans over the next twelve months and are confident that the group has secured sufficient financial resources. As a consequence, the directors believe that the group is well placed to manage its business risks successfully despite the current economic climate.

Future developments

The directors are continually looking for opportunities to expand either through organic growth or acquisitions and, in December 2017, the group completed an agreement to purchase approximately thirty operating sites from the franchisor and which were acquired by means of a recently formed company, Demipower 2017 Limited, which became a subsidiary of the group with effect from the completion date.

Financial risk management objectives and policies

The group uses a variety of financial instruments, including cash, loans, inter-company debt and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to provide working capital for the group's operations.

The directors consider the main risks arising from the group's financial instruments to be interest rate risk and liquidity risk and therefore set and review policies for managing these risks as below. These policies have remained unchanged from previous years.

Interest rate risk

The group finances its operations through a combination of bank loans and overdrafts and the directors have decided that it is in the group's best interest to agree floating rate interest charges. Inter-company debt is interest free and considered to be payable on demand.

Liquidity risk

The group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely. Cash is monitored on a weekly basis and funding is secured for significant new acquisitions before any commitment is made.

Fixed assets and investments

The movements in the group's fixed assets and investments during the year are set out in notes 10 to 12.

Supplier payment policy

The group's policy is to pay amounts as they fall due on confirmation of goods and services provided.

This report was approved by the Board of Directors and signed on their behalf.

A A Janmohamed Director

27th April 2018

Opinion
We have audited the financial statements of New Demipower Limited (the 'company') for the year ended 31 October 2017 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and parent company Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consoldated 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 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's affairs as at 31 October 2017 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 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.

Who we are reporting to
This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Conclusions relating to going concern
We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:
* the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
* the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information
The directors are responsible for the other information. The other information comprises the information included in the financial statements set out on pages 1 to 25, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of this 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
* the Report of the Directors has been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006
In the light of the knowledge and understanding of the group and the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Directors.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:
* adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
* the financial statements are not in agreement with the accounting records and returns; or
* certain disclosures of directors' remuneration specified by law are not made; or
* we have not received all the information and explanations we require for our audit.

Responsibilities of the director
As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but 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: http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Grant Thornton UK LLP

Andy Ka, BA, FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
LONDON

27th April 2018

NEW DEMIPOWER LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 OCTOBER 2017

	Note	2017 £	2016 £
Turnover	3	67,541,658	60,720,664
Cost of sales		(20,380,990)	(18,507,309)
Gross profit		47,160,668	42,213,355
Other operating income	5	336,737	247,637
Other operating costs		(45,477,309)	(40,094,589)
Operating profit		2,020,096	2,366,403
Other interest receivable and similar income	6	288	17
Interest payable and similar charges	7	(545,147)	(564,852)
Profit on ordinary activities before taxation	3	1,475,237	1,801,568
Tax on profit on ordinary activities	8	(524,000)	(587,500)
Profit for the financial year		951,237	1,214,068

All transactions arise from continuing operations.

There were no recognised gains or losses other than the profit for the year.

The accompanying accounting policies and notes form an integral part of these financial statements.

NEW DEMIPOWER LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 OCTOBER 2017

	Note	2017		2016	
		£	£	£	£
Fixed assets					
Tangible assets	10		25,906,685		24,888,469
Intangible assets	11		1,367,112		1,576,153
			27,273,797		26,464,622
Current assets					
Stocks	13	420,656		342,060	
Debtors falling due within one year	14	7,191,343		6,394,505	
Cash at bank and in hand	15	2,751,009		4,334,124	
		10,363,008		11,070,689	
Creditors: amounts falling due within one year	16	(13,974,929)		(14,839,872)	
Net current liabilities			(3,611,921)		(3,769,183)
Total assets less current liabilities			23,661,876		22,695,439
Creditors: amounts falling due after more than one year	17		(18,809,348)		(18,743,148)
Provision for liabilities	18		(213,000)		(264,000)
			4,639,528		3,688,291
Capital and reserves					
Called up share capital	20		100		100
Profit and loss account			4,639,428		3,688,191
Shareholders' funds			4,639,528		3,688,291

The financial statements were approved by the Board of Directors and authorised for issue on 27th April 2018 and signed on their behalf by:

A H Janmohamed   Director

The accompanying accounting policies and notes form an integral part of these financial statements.

NEW DEMIPOWER LIMITED
Company no. 04446735

COMPANY STATEMENT OF FINANCIAL POSITION AT 31 OCTOBER 2017

	Note	2017 £	2016 £
Fixed assets			
Investments	12	100	100
Total assets less current liabilities		100	100
Capital and reserves			
Called up share capital	20	100	100
Profit and loss account		-	-
Shareholders' funds		100	100

During the current and preceding financial year the company has not traded and has received no income and incurred no expenditure. Consequently, in accordance with Section 408 of the Companies Act 2006, no company own income statement is included with these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 27th April 2018 and signed on their behalf by:

A H Janmohamed Director

The accompanying accounting policies and notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 OCTOBER 2017

	Called up share capital	Profit and loss account	Total
	£	£	£
At 1 November 2016	100	3,688,191	3,688,291
Profit for the year	-	951,237	951,237
At 31 October 2017	100	4,639,428	4,639,528

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 OCTOBER 2016

At 1 November 2015	100	2,474,123	2,474,223
Profit for the year	-	1,214,068	1,214,068
At 31 October 2016	100	3,688,191	3,688,291

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 OCTOBER 2017

At 1 November 2015	100	-	100
Profit for the year	-	-	-
At 31 October 2016	100	-	100

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 OCTOBER 2016

At 1 November 2015	100	-	100
Profit for the year	-	-	-
At 31 October 2016	100	-	100

NEW DEMIPOWER LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 OCTOBER 2017

	2017	2016
Cash flows from operating activities	**£**	**£**
Profit for the financial year	951,237	1,214,068
Adjustments for		
Amortisation of intangible assets	209,041	216,291
Depreciation of tangible assets	2,622,419	2,456,140
(Profit)/loss on disposals	(5,378)	2,375
Interest paid	545,147	564,852
Interest received	(288)	(17)
Taxation	524,000	587,500
(Increase)/decrease in stock	(78,596)	23,656
Increase in debtors	(796,838)	(494,508)
Increase in creditors	446,786	1,529,661
	4,417,530	6,100,018
Corporaton tax paid	(782,282)	(588,269)
Net cash generated from operating activities	3,635,248	5,511,749
Cash flows from investing activities		
Proceeds from sale of tangible fixed assets	5,382	23,000
Purchase of tangible assets	(3,549,987)	(6,007,657)
Interest received	288	17
Net cash outflow from investing activities	(3,544,317)	(5,984,640)
Cash flows from financing activities		
Loan advances	12,250,000	5,810,000
Repayment of bank loans	(13,345,576)	(2,444,747)
Repayment of HP and finance lease obligations	(33,323)	(21,755)
Interest paid	(545,147)	(564,852)
Net cash (outflow)/inflow in financing activities	(1,674,046)	2,778,646
Net (decrease)/increase in cash and cash equivalents	(1,583,115)	2,305,755
Cash and cash equivalents at 1 November 2016	4,334,124	2,028,369
Cash and cash equivalents at 31 October 2017	2,751,009	4,334,124
Cash and cash equivalents at 31 October 2017 comprise:		
Cash at bank and in hand	2,751,009	4,334,124

The accompanying accounting policies and notes form an integral part of these financial statements.

1 GENERAL INFORMATION

New Demipower Limited is a limited liability company incorporated in England. The registered office is Jubilee House, 7-9 The Oaks, Ruislip, Middlesex HA4 7LF.

2 ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis.

The group and company's functional and presentational currency is in sterling (£).

The group financial statements consolidate the financial statements of New Demipower Limited and its subsidiary undertakings, Demipower Limited and Demipower (1991) Limited, drawn up to 31st October each year.

The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own Profit and Loss Account in these financial statements. The parent company remained dormant in the current and prior year.

All intra-group transactions and balances are eliminated on consolidation.

Judgements in applying accounting policies and key sources of estimating uncertainty

In the process of applying its accounting policies, the group is required to make certain estimates, judgements and assumptions based on the information available. These judgements, estimates and assumptions affect the amounts of assets and liabilities at the date of the financial statements and the amounts of revenues and expenses recognised during the reporting periods presented.

On an ongoing basis the group evaluates its estimates using historical experience, consultation with experts and other methods considered reasonable in the particular circumstances. Actual results may differ significantly from the estimates, the effect of which is recognised in the period in which the facts that give to the revision become known.

Business combinations

The recognition of business combinations requires the excess of the purchase price of acquisitions over the net book value of assets acquired to be allocated to the assets and liabilities of the acquired entity. The group makes judgements and estimates in relation to the fair value allocation of the purchase price. Any unallocated portion, whether positive or negative, is recognised on the Statement of financial position as goodwill or negative goodwill respectively. Management do not consider there to be significant intangible assets.

The amount of goodwill initially recognised as a result of a business combination is dependant on the allocation of the purchase price to the fair value of the identifiable assets acquired, including intangible assets, and the liabilities assumed. The determination of the fair value of the assets and liabilities is based, to a considerable extent, on management's judgement.

Estimated impairment of intangible assets

The group tests, when there are indications of impairment, whether goodwill has suffered any impairment, in accordance with its accounting policies. The recoverable amounts of cash generating units have been determined based on value in use calculations. These calculations require the use of estimates.

2 ACCOUNTING POLICIES (continued)

Estimated impairment of intangible assets (continued)

Sensitivity analysis is performed on the base case assumptions used to assess the carrying value. In particular, the sensitivity of the discounted cash flows to the weighted average cost of capital and the achievement of the medium term plans has been reviewed and the assumptions made are considered appropriate. Key assumptions in the budgets and plans include future revenue volume/price growth rates, the cost base of supply and directly associated overheads. These assumptions are based on historical trends and future market expectations.

The directors have performed sensitivity analysis around the base assumptions and have concluded that no reasonable possible changes in key assumptions would cause the recoverable amount to be less than the carrying value.

Related party receivables

Management applies judgement in evaluating the recoverability of the receivables. To the extent that the directors believe related party receivables will not be recoverable, they have been provided for in the financial statements.

Going concern

After reviewing the group's forecasts and projections, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. The group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding value added tax and other sales taxes.

The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied.

* the group has transferred the significant risks and rewards of ownership to the buyer;
* the group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
* the amount of revenue can be measured reliably;
* it is probable that the group will receive the consideration due under the transaction; and
* the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Tangible fixed assets and depreciation

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is calculated to write down the cost or valuation of all tangible fixed assets other than freehold land over their expected useful lives. The rates generally applicable are:

2 ACCOUNTING POLICIES (continued)

Tangible fixed assets and depreciation (continued)

Freehold premises	- 50 years
Leasehold premises	- period of lease
Fixtures, fittings and equipment	- 10 - 25% on cost
Motor vehicles	- 10 - 25% on cost

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

Investments

Investments comprise the company's investment in its subsidiary undertakings which are stated at cost less any provision for impairment.

Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses. All intangible assets are considered to have a finite useful life. If a reliable estimate of this useful life cannot be made, the useful life shall not exceed five years.

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis on average over 10 years to the statement of comprehensive income over its useful economic life.

Impairment of goodwill

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered impairment loss. If there is an indication of possible impairment, the irrecoverable amount of any affected asset is estimated and compared with the carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit and loss.

Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each balance sheet date, stocks are measured for impairment. If stock is impaired, the carrying amount is reduced to the selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2 ACCOUNTING POLICIES (continued)

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and are readily convertible to known amounts of cash with insignificant risk of change in value.

Creditors

Short term trade creditors are measured at 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 Income statement 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.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the group. All other leases are classified as operating leases.

Assets held under finance leases and hire purchase contracts are recognised initially at fair value of the leased asset at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease or hire purchase obligation. Finance lease and hire purchase payments are apportioned between finance charges and reduction of the finance lease or hire purchase obligation.

Finance lease charges are deducted in measuring profit and loss.

Assets held under finance leases or hire purchase contracts are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

Operating leases

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

The group has taken advantage of the optional exception available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 1 November 2014 to continue to be charged over the period to the first market rent review rather than the term of the lease.

Financial instruments

The group only enters into basic financial instruments transactions 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.

2 ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable or payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However if the arrangements of a short term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted are a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets that are measured at amortised cost, the impairment loss is measured at the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a 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 financial 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 group would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an 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.

Pensions

Defined contribution pension plan

The group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. Once the contributions have been paid the group has no further payment obligations.

The contributions are recognised as an expense in the Income statement when they fall due. Amounts not paid are shown in sundry creditors as a liability. The assets of the plan are held separately from the group in independently administered funds.

Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Income statement, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the group operates and generates income.

2 ACCOUNTING POLICIES (continued)

Current and deferred taxation (continued)

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that

* The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and

* Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the difference between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using the tax rates that have been enacted of substantively enacted by the reporting date.

Provisions for liabilities

The group recognises a provision for annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward at the accounting date. The provision is measured at the salary cost payable for the period of absence.

3 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Turnover and profit have been derived from continuing operations of the group within the UK and are attributable to the principal activity of caterers and snack bar owners.

Operating profit is stated after:	2017	2016
	£	£
Auditor's remuneration:		
- audit services	25,425	27,500
- other services	28,000	28,000
Depreciation of tangible fixed assets, owned	2,582,819	2,423,575
Depreciation of tangible fixed assets, held under hire purchase	39,600	32,565
(Profit)/loss on disposals	(5,378)	2,375
Amortisation of goodwill	209,041	216,291
Operating lease rentals - land and buildings	3,874,949	3,754,054

4 DIRECTORS AND EMPLOYEES

	2017	2016
Staff costs during the year amounted to:	£	£
Directors' remuneration	400,000	403,000
Wages and salaries	17,701,940	15,921,519
Pension contributions	93,427	81,558
Social security costs	1,001,088	814,362
	19,196,455	17,220,439

Aggregate emoluments paid to directors, including benefits in kind, amounted to £479,774 (2016: £492,948).

The amounts set out above include remuneration in respect of the highest paid director of £273,096 (2016: £286,967).

4 DIRECTORS AND EMPLOYEES (continued)

No directors received pension contributions for the year ended 31 October 2017 or 31 October 2016.

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

	2017 Number	2016 Number
Managerial and administration	95	99
Works	1,290	1,273
	1,385	1,372

5 OTHER OPERATING INCOME

	2017 £	2016 £
Rent receivable less agents commission	269,554	206,810
Waste oil	67,183	40,827
	336,737	247,637

6 INTEREST RECEIVABLE AND SIMILAR INCOME

	2017 £	2016 £
Bank interest received	-	17
Other interest received	288	-
	288	17

7 INTEREST PAYABLE AND SIMILAR CHARGES

	2017 £	2016 £
On bank loans and overdrafts	532,103	549,266
Hire purchase interest	5,655	4,373
Other	7,389	11,213
	545,147	564,852

8 TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge is based on the results for the year and represents:	2017 £	2016 £
Corporation tax @ 20%/19% (2016: 20%)	575,000	592,500
Deferred taxation credit	(51,000)	(5,000)
	524,000	587,500

The tax assessed for the year differs from the standard rate of corporation tax in the United Kingdom at 20%/19% (2016: 20%). The differences are explained as follows:

	2017 £	2016 £
Profit on ordinary activities before taxation	1,475,237	1,801,568
Profit on ordinary activities multiplied by the standard rate of corporation tax in the United Kingdom at 20%/19% (2016: 20%)	287,500	361,000
Effect of:		
Expenses not deductible for tax purposes	247,000	226,500
Reduction in deferred tax following change in rate	(10,500)	-
	524,000	587,500

9 PROFIT FOR THE FINANCIAL YEAR

The parent company has taken advantage of Section 408 of the Companies Act 2006 and has not included its own profit and loss account in these financial statements. The parent company did not trade in 2017 or 2016, hence none of the group profit or loss is dealt with in the financial statements of the company.

10 TANGIBLE FIXED ASSETS

The group	Freehold premises & improvements	Short leasehold premises	Plant, fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 November 2016	13,368,914	10,568,144	16,256,523	382,204	40,575,785
Additions	2,180,878	276,642	1,092,467	90,652	3,640,639
Disposals	-	(465,274)	(250,000)	(47,444)	(762,718)
At 31 October 2017	15,549,792	10,379,512	17,098,990	425,412	43,453,706
Depreciation					
At 1 November 2016	605,960	5,640,832	9,180,064	260,460	15,687,316
Charge for year	276,844	920,695	1,364,833	60,047	2,622,419
Eliminated on disposals	-	(465,274)	(250,000)	(47,440)	(762,714)
At 31 October 2017	882,804	6,096,253	10,294,897	273,067	17,547,021
Net book amount					
At 31 October 2017	14,666,988	4,283,259	6,804,093	152,345	25,906,685
Net book amount					
At 31 October 2016	12,762,954	4,927,312	7,076,459	121,744	24,888,469

The net book value of motor vehicles purchased under hire purchase contracts is £123,984 (2016: £78,673).

Depreciation charged in respect of motor vehicles purchased under hire purchase contracts amounted to £39,600 (2016: £32,564).

11 INTANGIBLE FIXED ASSETS

The group

	Purchased goodwill
	£
Cost	
At 1 November 2016 and at 31 October 2017	2,734,384
Amortisation	
At 1 November 2016	1,158,231
Amortisation for year	209,041
At 31 October 2017	1,367,272
Net book value	
At 31 October 2017	1,367,112
Net book value	
At 31 October 2016	1,576,153

12 FIXED ASSETS INVESTMENTS

Total fixed asset investments comprise:

	The group		The company	
	2017	2016	2017	2016
	£	£	£	£
Interest in subsidiary undertakings	-	-	100	100

At 31 October 2017 and 31 October 2016 the company held investments in the following undertakings:

Name of subsidiary undertaking	Country of registration	Class of capital held	Proportion held	Nature of business
Demipower Limited	England	Ordinary	100%	Caterers and snack bar owners

At 31 October 2017 and 31 October 2016 Demipower Limited held an investment in the following undertaking:

Demipower (1991) Limited	England	Ordinary	100%	Caterers and snack bar owners

All of the subsidiary undertakings have been consolidated in the group financial statements.

13 STOCKS

	The group		The company	
	2017	2016	2017	2016
	£	£	£	£
Raw food stock	420,656	342,060	-	-

14 DEBTORS

	The group		The company	
	2017	2016	2017	2016
	£	£	£	£
Amounts owed by related undertakings	4,223,324	4,079,206	-	-
Other debtors	853,147	498,075	-	-
Prepayments and accrued income	2,114,872	1,817,224	-	-
	7,191,343	6,394,505	-	-

Amounts owed by related undertakings are unsecured, interest free and payable on demand.

15 CASH AND CASH EQUIVALENTS

	The group		The company	
	2017	2016	2017	2016
	£	£	£	£
Cash at bank and in hand	2,751,009	4,334,124	-	-

16 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	The group		The company	
	2017	2016	2017	2016
	£	£	£	£
Bank loans and overdrafts	1,463,438	2,584,872	-	-
Trade creditors	5,294,354	4,713,307	-	-
Other creditors	337,891	326,413	-	-
Corporation tax	552,017	759,299	-	-
Social security and other taxation	2,358,366	2,158,121	-	-
Accruals and deferred income	3,928,148	4,274,132	-	-
Amounts due under hire purchase contracts	40,715	23,728	-	-
	13,974,929	14,839,872	-	-

17 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	The group		The company	
	2017	2016	2017	2016
	£	£	£	£
Bank loans	18,695,617	18,669,759	-	-
Amounts due under hire purchase contracts	113,731	73,389		
	18,809,348	18,743,148	-	-

17 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (continued)

Borrowings are repayable as follows:

	The group		The company	
	2017	2016	2017	2016
	£	£	£	£
Within one year - bank	1,463,438	2,584,872	-	-
- hire purchase agreements	40,715	23,728	-	-
After one and within two years - bank	1,463,438	2,584,872	-	-
- hire purchase agreements	74,598	21,287	-	-
After two and within five years - bank	11,140,314	7,754,616	-	-
- hire purchase agreements	39,133	52,102		
After 5 years - bank	6,091,865	8,330,271	-	-
	20,313,501	21,351,748	-	-

The bank loans carry interest rates of 2.25% above base and 2.1% over LIBOR (2016: 2.25% and 2.75% above base) and are repayable by quarterly instalments totalling £365,860 (2016: £646,218). The bank loans and overdraft are secured by way of fixed and floating charges on the assets of the group and by a cross guarantees provided between Demipower Limited and Demipower (1991) Limited.

18 PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred taxation	
	The group	The company
	£	£
At 1 November 2016	264,000	-
Released for the year	(51,000)	-
At 31 October 2017	213,000	-

Deferred taxation has been provided for in full and is analysed as follows:

On accelerated capital allowances	213,000	-

19 FINANCIAL INSTRUMENTS

	The group		The company	
	2017	2016	2017	2016
	£	£	£	£
Financial assets				
Cash at bank and in hand	2,751,009	4,334,124	-	-
Financial assets measured at amortised cost	7,191,343	6,394,505	-	-
	9,942,352	10,728,629	-	-
Financial liabilities				
Financial liabilities measured at amortised cost	32,784,277	33,582,520	-	-

Financial assets measured at amortised cost comprise trade debtors, other debtors, amounts owed by group and related companies and accrued income.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors, amounts owed to group and related companies, bank loans and accruals.

20 SHARE CAPITAL

	2017	2016
	£	£
Authorised		
Ordinary shares of £1 each	100	100
Allotted, called up and fully paid		
Ordinary shares of £1 each	100	100

21 RESERVES

Profit and loss account

Profit and loss account includes all current and prior retained profits and losses.

22 CAPITAL COMMITMENTS

The group had no capital commitments at 31 October 2017 or 31 October 2016.

23 CONTINGENT LIABILITIES

The group had no contingent liabilities at 31 October 2017 or 31 October 2016.

24 LEASING COMMITMENTS

The company's future minimum operating lease payments are as follows:

	Land and Buildings	
	2017	2016
	£	£
Within 1 year	2,717,603	2,636,903
In one to two years	2,088,669	2,420,936
In three to five years	5,217,210	5,678,010
In five years or more	6,019,135	7,647,004
	16,042,617	18,382,853

25 RELATED PARTY TRANSACTIONS

Balances with related parties at the year end in respect of loans are as follows:

	2017	2016
Amounts owed to the group	£	£
A&A Capital Limited	874,515	789,379
Ace Investments Limited	65,629	55,630
Alsager Limited	83,530	37,437
Ariyan Hotels Limited	-	349
Hammonds Properties Limited	253	-
Keld Limited	2,147,360	2,148,375
Mornington Limited	513,487	513,487
Sherrygold No.1 Limited	415,337	411,337
Sherrygold (Restaurants) Ltd	109,037	109,036
World Credit Limited	14,176	14,176

25 RELATED PARTY TRANSACTIONS (continued)

The above balances are interest free, unsecured and payable on demand and have arisen from intercompany funding between the related parties.

Included with accruals is accrued directors' remuneration of aggregating £137,000 (2016: £165,000).

The group has taken advantage of the exemption provided by FRS 102 Section 33 not to disclose transactions with its wholly owned subsidiary undertakings.

One of the KFC outlet buildings is owned by Sherrygold No.1 Limited, for which rent, including arrears, totalling £131,181 (2016: £193,004) was charged to the company.

26 CONTROLLING RELATED PARTY

The ultimate controlling related party is Mr A H Janmohamed, by virtue of his beneficial controlling interest of the shares in New Demipower Limited.

27 POST BALANCE SHEET EVENTS

In December 2017 the group completed an agreement to purchase approximately thirty operating sites from the franchisor and which were acquired by means of a recently formed company, Demipower 2017 Limited, which became a subsidiary of the group with effect from the completion date.