

NEW DEMIPOWER LIMITED

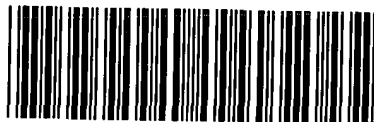
CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 OCTOBER 2020

Company No: 04446735

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NEW DEMIPOWER LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2020

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NEW DEMIPOWER LIMITED

COMPANY INFORMATION

FOR THE YEAR ENDED 31 OCTOBER 2020

Company registration number:	04446735
Registered office:	Jubilee House 7-9 The Oaks Ruislip Middlesex HA4 7LF
Directors:	A H M Janmohamed A A Janmohamed
Secretary:	A 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

NEW DEMIPOWER LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 OCTOBER 2020

The directors present their report and audited financial statements for the year ended 31 October 2019.

Results and dividends

There was a loss for the year after taxation amounting to £622,213 (2019: £3,161,545).

An interim dividend of £345,000 (2019: £400,000) was paid during the year, no final dividend is recommended for the year under review.

Directors

The directors in office during the year are listed below:

A H M Janmohamed

A 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.

The directors confirm that:

- * So far as each director 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 as directors in order 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.

NEW DEMIPOWER LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 OCTOBER 2020 (continued)

Donations

The group made charitable donations of £235,823 (2019: £272,997) 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. It is the policy of the company that retraining, career development and promotion opportunities should be available to all employees.

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.

Future developments and financial risk management

In accordance with s414C(11) of the Companies Act, the Directors have disclosed future developments for the group and financial risk management for the group in the strategic report.

SECR

Following changes in guidance under Part 7A of Schedule 7 to the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410), it is considered these provisions are now applicable to this group and accordingly the following report is provided.

Emissions are reported in tonnes of Carbon Dioxide equivalent (tCO₂e) produced from natural gas and electricity consumption within the built estate. Carbon emissions were measured in accordance with the GHG Protocol in conjunction with Defra's Greenhouse gas Emission Factors 2020.

Application	Energy Type	Energy Consumption (kWh)	% share	Carbon Emissions (tCO ₂ e)	% share	Scope
Buildings	Electricity	27,321,622	84%	6,370	87%	2
Buildings	Gas	5,211,328	16%	958	13%	1
	Total	32,532,950	100%	7,328	100%	

Summary

Scope 1 activities included in this report	Units	Values
Natural Gas	tCO ₂ e	958
Scope 2 activities included in this report		
Electricity	tCO ₂ e	6,370
Total	tCO ₂ e	7,328
Intensity	tCO ₂ e	2.07

Energy reduction initiatives taken by the group include an Energy Reduction Programme as part of the wider group and the purchase of renewable electricity.


NEW DEMIPOWER LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 OCTOBER 2020 (continued)

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.



Director

A A Janmohamed

24/6/2021

NEW DEMIPOWER LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 OCTOBER 2020

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 the two stores that were being fitted out at the end of the previous financial year opened for trading and one other store was relocated. The planned programme of refurbishment of the stores also continues.

Group turnover decreased by £900K from £158.9M in 2019 to £158.0M which is mainly attributed to store closures during certain lockdown periods. Despite the above, overall results were considerably improved with the group achieving a profit before tax and interest of £4.5M, compared to under £1.9M in the previous year. The directors are therefore satisfied with the performance of the business during the year.

The impact of COVID 19 on the year under review and the potential future impact is referred to in greater detail note in 28 to these financial statements.

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.

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.

Consideration has also been given to potential cost price increases as a consequence of Britain's withdrawal from the European Union. The franchisor has been in contact with relevant parties and plans have been put in place to mitigate the impact in the event of such circumstances.

NEW DEMIPOWER LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 OCTOBER 2020 (continued)

Future developments

The Quick Service Restaurant industry remains a strongly competitive environment within a difficult economic climate.

The group continues to invest in new restaurants and the directors are continuously looking at opportunities to expand the business.

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

24/6/ 2021

Independent auditor's report to the members of New Demipower Limited

Opinion

We have audited the financial statements of New Demipower Limited (the 'Parent company') and its subsidiaries (the 'Group') for the year ended 31 October 2020, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and parent company Statement of Financial Position, the Consolidated Statement of Changes in Equity 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 2020 and of the Group's loss 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 Group and the Parent 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.

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Group's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the Group's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a Group associated with these particular events.

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

In our evaluation of the directors' conclusions, we considered the risks associated with the Group's business model, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the Group's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Group will continue in operation.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Strategic Report and Director's Report, 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 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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have 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 Parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

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 by the Parent company, 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 directors for the financial statements

As explained more fully in the Directors' responsibilities statement, 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 Group's and the Parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Parent company or to cease operations, or have no realistic alternative but to do so.

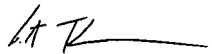
Auditor's responsibilities for the audit of the financial statements

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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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 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.

 uk LLP

Sergio Cardoso
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
24 June 2021

NEW DEMIPOWER LIMITED**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

FOR THE YEAR ENDED 31 OCTOBER 2020

	Note	2020 £	2019 £
Turnover	3	158,011,586	158,926,624
Cost of sales		<u>(47,186,941)</u>	<u>(50,752,193)</u>
Gross profit		110,824,645	108,174,431
Other operating income	5	8,263,095	3,208,265
Amortisation of goodwill		(7,797,324)	(7,797,360)
Depreciation of tangible assets		(4,473,766)	(4,357,943)
Other operating costs		<u>(102,297,306)</u>	<u>(97,349,576)</u>
Operating profit		4,519,344	1,877,817
Other interest receivable and similar income	6	15,684	12,048
Interest payable and similar charges	7	<u>(3,171,991)</u>	<u>(3,589,360)</u>
Profit/(loss) on ordinary activities before taxation	3	1,363,037	(1,699,495)
Tax on profit/(loss) on ordinary activities	8	<u>(1,985,250)</u>	<u>(1,462,050)</u>
Loss for the financial year		<u><u>(622,213)</u></u>	<u><u>(3,161,545)</u></u>

All transactions arise from continuing operations.

There were no recognised gains or losses other than the loss 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 2020

	Note	£	2020	£	£	2019	£
Fixed assets							
Tangible assets	10		54,845,798			56,900,339	
Intangible assets	11		<u>55,299,531</u>			<u>63,096,855</u>	
			110,145,329			119,997,194	
Current assets							
Stocks	13	1,091,002			1,021,628		
Debtors falling due within one year	14	4,921,140			6,951,762		
Cash at bank and in hand	15	<u>20,445,809</u>			<u>13,359,479</u>		
		26,457,951			21,332,869		
Creditors: amounts falling due within one year	16	<u>(49,579,334)</u>			<u>(49,032,496)</u>		
Net current liabilities			<u>(23,121,383)</u>			<u>(27,699,627)</u>	
Total assets less current liabilities			87,023,946			92,297,567	
Creditors: amounts falling due after more than one year	17		(86,670,863)			(91,112,271)	
Provision for liabilities	18		<u>(723,000)</u>			<u>(588,000)</u>	
			<u>(369,917)</u>			<u>597,296</u>	
Capital and reserves							
Called up share capital	20		100			100	
Profit and loss account			<u>(370,017)</u>			<u>597,196</u>	
Shareholders' funds			<u>(369,917)</u>			<u>597,296</u>	

The financial statements were approved by the Board of Directors and authorised for issue on 2021 and signed on their behalf by:



A A 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 2020

	Note	2020 £	2019 £
Fixed assets			
Investments	12	102	102
Current assets			
Debtors falling due within one year	14	21,178,651	25,805,834
Debtors falling due after more than one year	14	66,823,279	69,716,418
Cash at bank and in hand	15	13,543,097	9,929
		<u>101,545,027</u>	<u>95,532,181</u>
Creditors: amounts falling due within one year	16	<u>(23,255,824)</u>	<u>(9,802,351)</u>
Net current assets		<u>78,289,203</u>	<u>85,729,830</u>
Total assets less current liabilities		78,289,305	85,729,932
Creditors: amounts falling due after more than one year	17	<u>(78,196,319)</u>	<u>(85,697,123)</u>
Total assets less current liabilities		<u>92,986</u>	<u>32,809</u>
Capital and reserves			
Called up share capital	20	100	100
Profit and loss account		<u>92,886</u>	<u>32,709</u>
Shareholders' funds		<u>92,986</u>	<u>32,809</u>

The profit for the parent company for the year was £405,177 (2019: £417,255).

The financial statements were approved by the Board of Directors and authorised for issue on 2021 and signed on their behalf by:



A A Janmohamed

Director

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

NEW DEMIPOWER LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 OCTOBER 2020

	Called up share capital	Profit and loss account	Total
	£	£	£
At 1 November 2019	100	597,196	597,296
Loss for the year	-	(622,213)	(622,213)
Dividends paid	-	(345,000)	(345,000)
At 31 October 2020	<u>100</u>	<u>(370,017)</u>	<u>(369,917)</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 OCTOBER 2019

At 1 November 2018	100	4,158,741	4,158,841
Loss for the year	-	(3,161,545)	(3,161,545)
Dividends paid	-	(400,000)	(400,000)
At 31 October 2019	<u>100</u>	<u>597,196</u>	<u>597,296</u>

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 OCTOBER 2020

At 1 November 2019	100	32,709	32,809
Profit for the year	-	405,177	405,177
Dividends paid	-	(345,000)	(345,000)
At 31 October 2020	<u>100</u>	<u>92,886</u>	<u>92,986</u>

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 OCTOBER 2019

At 1 November 2018	100	15,454	15,554
Profit for the year	-	417,255	417,255
Dividends paid	-	(400,000)	(400,000)
At 31 October 2019	<u>100</u>	<u>32,709</u>	<u>32,809</u>

NEW DEMIPOWER LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 OCTOBER 2020

	Note	2020 £	2019 £
Cash flows from operating activities			
Loss for the financial year		(622,213)	(3,161,545)
Adjustments for			
Amortisation of intangible assets		7,797,324	7,797,360
Depreciation of tangible assets		4,473,766	4,357,943
Loss/(profit) on disposals		11,045	(14,135)
Interest paid		3,171,991	3,589,360
Interest received		(15,684)	(12,048)
Taxation		1,985,250	1,462,050
Increase in stock		(69,374)	(72,382)
Decrease in debtors		2,030,622	2,351,034
Decrease in creditors		(369,422)	(1,495,313)
		<u>18,393,305</u>	<u>14,802,324</u>
Corporaton tax paid		<u>(1,600,618)</u>	<u>(1,190,286)</u>
Net cash generated from operating activities		<u>16,792,687</u>	<u>13,612,038</u>
Cash flows from investing activities			
Purchase of intangible assets		-	-
Purchase of tangible assets		(2,393,531)	(7,824,055)
Proceeds from sale of tangible fixed assets		35,075	27,450
Interest received		<u>15,684</u>	<u>12,048</u>
Net cash outflow from investing activities		<u>(2,342,772)</u>	<u>(7,784,557)</u>
Cash flows from financing activities			
Loan advances		-	3,750,000
Repayment of bank loans		(3,750,402)	(7,504,804)
Repayment of HP and finance lease obligations		(96,192)	(124,790)
Dividends paid		(345,000)	(400,000)
Interest paid		<u>(3,171,991)</u>	<u>(3,589,360)</u>
Net cash outflow from financing activities		<u>(7,363,585)</u>	<u>(7,868,954)</u>
Net (decrease)/increase in cash and cash equivalents		7,086,330	(2,041,473)
Cash and cash equivalents at 1 November 2019		<u>13,359,479</u>	<u>15,400,952</u>
Cash and cash equivalents at 31 October 2020	22	<u>20,445,809</u>	<u>13,359,479</u>
Cash and cash equivalents at 31 October 2020 comprise:			
Cash at bank and in hand	22	<u>20,445,809</u>	<u>13,359,479</u>

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

NEW DEMIPOWER LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2020

1 GENERAL INFORMATION

New Demipower Limited is a private company limited by shares 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's functional and contractual currency is in sterling (£). The financial statements are rounded to the nearest £1.

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

The company has taken advantage of the following exemptions in its individual financial statements:

- * from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the company's cash flows;
- * from the financial instrument disclosures, required under FRS 102 paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A, as the information is provided in the consolidated financial statement disclosures;
- * from disclosing the Company key management personnel compensation, as required by FRS 102 paragraph 33.7.

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

Judgements in applying accounting policies and key sources of estimation 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.

NEW DEMIPOWER LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2020

2 ACCOUNTING POLICIES (continued)

Business combinations (continued)

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.

For an intangible to be recognised it has to be legally and contractually separable.

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.

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, with particular reference to the impact of COVID 19 both in the current year to date as well as looking to the future, as detailed in note 28 of these financial statements, 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 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.

NEW DEMIPOWER LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2020

2 ACCOUNTING POLICIES (continued)

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:

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 ten 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, being, in the opinion of the directors, 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 recoverable 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.

NEW DEMIPOWER LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2020

2 ACCOUNTING POLICIES (continued)

Stocks (continued)

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.

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.

2 ACCOUNTING POLICIES (continued)

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.

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 at 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.

NEW DEMIPOWER LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2020

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 or substantively enacted by the reporting date.

Holiday pay accrual

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.

Provisions for liabilities

Provisions are assessed by reference to available data and best estimates at the time of the preparation of the financial statements. Any variances will be adjusted in the accounting period in which the actual amounts become known.

3 TURNOVER AND PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

Turnover and operating loss 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 loss is stated after:	2020 £	2019 £
Auditor's remuneration:		
- audit services	103,000	69,025
- non audit services	27,262	29,000
Depreciation of tangible fixed assets, owned	4,421,668	4,299,730
Depreciation of tangible fixed assets, held under hire purchase	52,098	58,213
Loss/(profit) on disposals	11,045	(14,135)
Amortisation of goodwill	7,797,324	7,797,360
Operating lease rentals - land and buildings	7,579,462	7,540,450

4 DIRECTORS AND EMPLOYEES

	2020 £	2019 £
Staff costs during the year amounted to:		
Directors' remuneration	655,028	600,000
Wages and salaries	43,504,315	40,428,009
Pension contributions	642,400	584,086
Social security costs	2,726,906	2,161,877
	<u>47,528,649</u>	<u>43,773,972</u>

NEW DEMIPOWER LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2020****4 DIRECTORS AND EMPLOYEES (continued)**

Aggregate emoluments paid to directors, including benefits in kind, amounted to £747,576 (2019: £691,378).

The amounts set out above include remuneration in respect of the highest paid director of £434,652 (2019: £398,116).

No directors received pension contributions for the year ended 31 October 2020 or 31 October 2019.

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

	2020 Number	2019 Number
Average number of employees of the group during the year	<u>3,571</u>	<u>3,385</u>

There are no employees of the parent company. (2019: nil).

5 OTHER OPERATING INCOME

	2020 £	2019 £
Government and local authority grants	7,815,071	-
Rent receivable less agents commission	229,280	223,428
Compensation	-	2,786,932
Waste oil	134,752	197,905
Sundry	83,992	-
	<u>8,263,095</u>	<u>3,208,265</u>

6 INTEREST RECEIVABLE AND SIMILAR INCOME

	2020 £	2019 £
Bank	986	7,417
Interest from related parties	14,698	4,631
	<u>15,684</u>	<u>12,048</u>

7 INTEREST PAYABLE AND SIMILAR CHARGES

	2020 £	2019 £
On bank loans and overdrafts	3,139,167	3,582,802
Hire purchase interest	10,656	6,837
Related parties	3,302	-
Other (refund)/charge	18,866	(279)
	<u>3,171,991</u>	<u>3,589,360</u>

8 TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

The tax charge is based on the results for the year and represents:

	2020 £	2019 £
Corporation tax @ 19% (2019: 19%)	1,850,250	1,204,150
Overprovision re prior year	-	(110,000)
Deferred taxation charge	135,000	367,900
	<u>1,985,250</u>	<u>1,462,050</u>

The tax assessed for the year differs from the standard rate of corporation tax in the United Kingdom at 19% (2019: 19%). The differences are explained as follows:

NEW DEMIPOWER LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2020

8 TAX ON LOSS ON ORDINARY ACTIVITIES (continued)	2020	2019
	£	£
Profit/(loss) on ordinary activities before taxation	<u>1,363,037</u>	<u>(1,699,495)</u>
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the United Kingdom at 19% (2019: 19%)	260,250	(323,350)
Effect of:		
Expenses not deductible for tax purposes	1,842,000	1,836,000
Adjustment to deferred tax and rounding of tax charge	<u>(117,000)</u>	<u>(50,600)</u>
	<u><u>1,985,250</u></u>	<u><u>1,462,050</u></u>

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 company results for the year includes a profit of £405,177 (2019: £417,255) which 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 2019	28,200,261	23,876,298	29,765,414	527,012	82,368,985
Additions	-	955,898	1,437,633	71,814	2,465,345
Disposals	-	-	-	(65,884)	(65,884)
At 31 October 2020	<u>28,200,261</u>	<u>24,832,196</u>	<u>31,203,047</u>	<u>532,942</u>	<u>84,768,446</u>
Depreciation					
At 1 November 2019	1,970,835	8,655,589	14,517,479	324,743	25,468,646
Charge for year	547,368	1,400,377	2,467,902	58,119	4,473,766
Eliminated on disposals	-	-	-	(19,764)	(19,764)
At 31 October 2020	<u>2,518,203</u>	<u>10,055,966</u>	<u>16,985,381</u>	<u>363,098</u>	<u>29,922,648</u>
Net book amount					
At 31 October 2020	<u>25,682,058</u>	<u>14,776,230</u>	<u>14,217,666</u>	<u>169,844</u>	<u>54,845,798</u>
Net book amount					
At 31 October 2019	<u>26,229,426</u>	<u>15,220,709</u>	<u>15,247,935</u>	<u>202,269</u>	<u>56,900,339</u>

The net book value of motor vehicles purchased under hire purchase contracts is £163,811 (2019: £190,216).

Depreciation charged in respect of motor vehicles purchased under hire purchase contracts amounted to £52,098 (2019: £58,213).

All fixed assets are pledged as security under fixed and floating charges in relation to bank borrowings.

NEW DEMIPOWER LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2020

11 INTANGIBLE FIXED ASSETS

Goodwill

The group

£

Cost

At 1 November 2019 and at 31 October 2020

78,203,314

Amortisation

At 1 November 2019

15,106,459

Amortisation for year

7,797,324

At 31 October 2020

22,903,783

Net book value

At 31 October 2020

55,299,531

Net book value

At 31 October 2019

63,096,855

12 FIXED ASSETS INVESTMENTS

Total fixed asset investments comprise:

	The group		The company	
	2020	2019	2020	2019
	£	£	£	£
Interest in subsidiary undertakings	<u>-</u>	<u>-</u>	<u>102</u>	<u>102</u>

At 31 October 2020 and 31 October 2019 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
Demipower (2017) Limited	England	Ordinary	100%	Caterers and snack bar owners
Demipower (Eastern) Limited	England	Ordinary	100%	Caterers and snack bar owners

At 31 October 2020 and 31 October 2019 Demipower Limited held an investment in the following undertaking:

Demipower (1991) Limited	England	Ordinary	100%	Caterers and snack bar owners
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All of the subsidiary undertakings have been consolidated in the group financial statements.

The registered offices of all the subsidiary companies are the same as for the parent company, New Demipower Limited, as set out in note 1.

NEW DEMIPOWER LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2020

13 STOCKS

	The group		The company	
	2020	2019	2020	2019
	£	£	£	£
Raw food stock	1,091,002	1,021,628	-	-

There were no impairment losses recognised or reversed during the current or prior year.

14 DEBTORS

	The group		The company	
	2020	2019	2020	2019
	£	£	£	£
Amounts owed by group undertakings	-	-	20,826,024	25,282,152
Amounts owed by related undertakings	7,851	114,876	-	-
Other debtors	1,783,814	1,080,547	6,942	5,155
Prepayments and accrued income	3,129,475	5,756,339	345,685	518,527
	<u>4,921,140</u>	<u>6,951,762</u>	<u>21,178,651</u>	<u>25,805,834</u>

Amounts due after more than one year:

Amounts owed by group undertakings	-	-	66,823,279	69,290,621
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Amounts owed by group undertakings are unsecured, interest free and payable on demand.

15 CASH AND CASH EQUIVALENTS

	The group		The company	
	2020	2019	2020	2019
	£	£	£	£
Cash at bank and in hand	20,445,809	13,359,479	13,543,097	9,929

16 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	The group		The company	
	2020	2019	2020	2019
	£	£	£	£
Bank loans and overdrafts	15,001,206	11,250,804	11,251,206	7,500,804
Trade creditors	11,105,524	16,316,597	-	26,130
Other creditors	5,622,564	7,821,698	-	-
Amounts owed to group undertakings	-	-	11,557,801	2,038,440
Amounts owed to related undertakings	11,760	201,734	-	-
Corporation tax	2,074,643	1,825,011	5,501	4,251
Social security and other taxation	5,807,028	3,683,158	-	-
Accruals and deferred income	9,903,539	7,867,524	441,316	232,726
Amounts due under hire purchase contracts	53,070	65,970	-	-
	<u>49,579,334</u>	<u>49,032,496</u>	<u>23,255,824</u>	<u>9,802,351</u>

Included within other creditors is £263,494 (2019: £82,729) for outstanding pension contributions.

17 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	The group		The company	
	2020	2019	2020	2019
	£	£	£	£
Bank loans	78,196,319	85,697,123	78,196,319	85,697,123
Amounts due under hire purchase contracts	89,106	100,584	-	-
Other creditors	8,385,438	5,314,564	-	-
	<u>86,670,863</u>	<u>91,112,271</u>	<u>78,196,319</u>	<u>85,697,123</u>

NEW DEMIPOWER LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2020

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

Borrowings are repayable as follows:

	The group		The company	
	2020	2019	2020	2019
	£	£	£	£
Within one year - bank	15,001,206	11,250,804	11,251,206	7,500,804
- hire purchase agreements	53,070	65,970	-	-
After one and within five years - bank	78,196,319	85,697,123	78,196,319	85,697,123
- hire purchase agreements	89,106	100,584	-	-
	<u>93,339,701</u>	<u>97,114,481</u>	<u>89,447,525</u>	<u>93,197,927</u>

The bank loans are repayable by quarterly instalments totalling to £2,812,701 (2019: £1,875,201), together with a final balloon payment on the repayment date in December 2022.

The bank loans and overdraft are secured by way of fixed and floating charges on the assets of the company and by a cross guarantee provided by the companies within the group. Interest is paid on bank borrowings at floating rates.

18 PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred Tax	
	The group	The company
	£	£
At 1 November 2019	588,000	-
Provided for the year	135,000	-
At 31 October 2020	<u>723,000</u>	<u>-</u>

Deferred taxation has been fully provided for and relates to accelerated capital allowances.

19 FINANCIAL INSTRUMENTS

	The group		The company	
	2020	2019	2020	2019
	£	£	£	£
Financial assets				
Cash at bank and in hand	20,445,809	13,359,479	13,543,097	9,929
Financial assets measured at amortised cost	<u>1,791,665</u>	<u>1,195,423</u>	<u>87,656,245</u>	<u>95,003,725</u>
	<u>22,237,474</u>	<u>14,554,902</u>	<u>101,199,342</u>	<u>95,013,654</u>
Financial liabilities				
Financial liabilities measured at amortised cost	<u>128,368,526</u>	<u>134,636,598</u>	<u>101,446,642</u>	<u>95,495,223</u>

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.

NEW DEMIPOWER LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2020

20	SHARE CAPITAL	2020 £	2019 £
	Authorised Ordinary shares of £1 each	<u>100</u>	<u>100</u>
	Allotted, called up and fully paid Ordinary shares of £1 each	<u>100</u>	<u>100</u>

21 RESERVES

Profit and loss account

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

22 ANALYSIS OF CHANGES IN NET DEBT

	At 1 November 2019 £	Cash flows £	Other non cash changes £	At 31 October 2020 £
Cash at bank and in hand	13,359,479	7,086,330	-	20,445,809
Debt due within 1 year	(11,250,804)	(3,750,402)	-	(15,001,206)
Debt due after 1 year	(85,697,123)	7,500,804	-	(78,196,319)
Hire purchase contracts	<u>(166,554)</u>	<u>96,192</u>	<u>(71,814)</u>	<u>(142,176)</u>
	<u>(83,755,002)</u>	<u>10,932,924</u>	<u>(71,814)</u>	<u>(72,893,892)</u>

23 CAPITAL COMMITMENTS

The group had no capital commitments at 31 October 2020 or 31 October 2019.

24 CONTINGENT LIABILITIES

The group had no contingent liabilities at 31 October 2020 or 31 October 2019.

25 LEASING COMMITMENTS

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

	Land and Buildings	
	2020 £	2019 £
Within 1 year	6,388,342	5,983,407
In two to five years	22,827,969	20,459,757
In five years or more	<u>32,658,066</u>	<u>29,447,473</u>
	<u>61,874,377</u>	<u>55,890,637</u>

NEW DEMIPOWER LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2020

26 RELATED PARTY TRANSACTIONS

The following are related parties in which the directors of this company are also directors. Balances at 31 October 2020 and at 31 October 2019 are detailed below:

	2020	2019
	£	£
Amounts owed to the group		
Keld Limited	2,814	5,839
Sherrygold (Restaurants) Ltd	5,037	109,037
Amounts owed by the group		
A&A Capital Limited	11,760	1,532
Hammonds Properties Limited	-	202
World Credit Limited	-	200,000

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

Included with accruals is accrued directors' remuneration of aggregating £313,990 (2019: £313,990).

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 totalling £140,000 (2019: £137,750) was charged to the company.

The directors are considered to be the only key management personnel and their remuneration is disclosed in note 4.

27 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.

28 GOING CONCERN

The impact of COVID 19 on the company's financial position was evidenced in the April 2020 results which indicated a negative EBITDA of £1.1M for the group due to closure of all stores. Rapid recovery was achieved when the stores reopened which resulted in the EBITDA for May 2020 surpassing the forecast of £1.9M. Taking into account the changing trends and the overall economic outlook, it is anticipated COVID 19 will have minimal impact on future operating results and the near to long term financial position. It is also expected that COVID 19 will impact future operations in a different way to the current period as operations have been adapted to provide extra safety measures to staff to enable them to continue serving customers safely.

COVID 19 has not impacted on long term capital and financial resources, including overall liquidity and outlook. Access to capital and funding sources, such as a revolving credit facility, is not likely to change. There is no material uncertainty about the future ability of the group to meet covenants within the credit agreements post recovery from the COVID 19 impact and the ability to refinance existing facilities which are due to expire in December 2022.

NEW DEMIPOWER LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2020

28 GOING CONCERN (continued)

COVID 19 will not affect the asset position within the balance sheet and there will be no significant change in judgements in determining the fair value of assets measured in accordance with UK GAAP. No impairments to the carrying value of goodwill and intangibles, restructuring charges or other expenses are anticipated to have a material effect on the group's financial statements.

COVID 19 related arrangements, such as remote working, have not adversely affected the group's ability to maintain operations, including internal control over financial reporting, disclosure and financial procedures generally, which have continued to be maintained and are continuously being developed to further strengthen systems, processes and controls.

No major challenges are expected in implementing business continuity plans and no material expenditure is anticipated to be required to achieve these, nor are there any envisaged significant resource constraints.

It is not expected that COVID 19 will materially affect the demand for the group's products or services and there are no indications that there has been an adverse impact to the supply chain or the methods used to distribute the group's products or services, hence it is not anticipated that the impact of COVID 19 will materially change the relationship between costs and revenues.

The group's operations and productivity will not be significantly affected by any constraints on human capital resources, nor are travel restrictions and border closures expected to have a material impact on the group's ability to operate and achieve its business goals.

Based on current trading performance and the reverse stress testing performed, the Directors have reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future and at least twelve months from the signing of these accounts, accordingly the going concern basis has continued to be adopted for the preparation of these financial statements.