Company registration number: 05420213

DNP Restaurants Ltd

Financial statements

31 December 2018

DNP Restaurants Ltd

Contents

DNP Restaurants Ltd

Directors and other information

Director	Mr D. Padmore
Secretary	J. Padmore
Company number	05420213
Registered office	Ravenside Retail Park Bexhill on Sea East Sussex TN40 2JS
Auditor	Manex Accountants Ltd 9 Castle Court (2) Castlegate Way Dudley West Midlands DY1 4RH
Accountants	Windsors Rybridge Ltd 9 Castle Court (2) Castlegate Way Dudley West Midlands DY1 4RH

Bankers	HSBC plc Park Edward Road Eastbourne East Sussex BN23 8AS

DNP Restaurants Ltd

Strategic report

Year ended 31 December 2018

Business review

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

The principle activity of the company during the year was that of an operator of 8 McDonald's restaurant franchises, one of which was acquired during the year and operated on a business finance lease.

The company operates in a highly competitive market, with consumer behaviour impacting the company's turnover, and the variability of commodity prices impacting profitability. The company considers its key performance indicators are those that communicate the financial performance and strength of the company, including turnover, gross profit and operating profit. The company realised sales growth during the year, increasing from £19.9m to £24.9m, reflecting an increase of 22.2% over the previous year.

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

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

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

Principle risks and uncertainties

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

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

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

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

Financial risk management and policies

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

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

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

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

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

This report was approved by the board of directors on 22 November 2019 and signed on behalf of the board by:

Mr D. Padmore

Director

DNP Restaurants Ltd

Director's report

Year ended 31 December 2018

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

Director

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

Mr D. Padmore

Dividends

Particulars of recommended dividends are detailed in note 11 to the financial statements.

Future developments

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

Employment of disabled persons

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

Employee involvement

The company aims to promote a working environment free from unlawful harassment, victimisation, bullying and discrimination. The company regards all of its employees as members of a team where opinions are valued and everyone is regarded as equal in status and treated with fairness and respect. The way the company recruits and works is intended to ensure that employees are selected, promoted and treated according to their ability and that everyone has an equal opportunity to receive training and development. The company communicates regularly with all employees on matters relating to its performance. Employees are encouraged to contribute to the decision making process through regular staff meetings held by the management of the company to discuss matters of concern. An open management policy is operated whereby all members of staff (including part-time and casual staff) are briefed regularly and kept informed on matters affecting the company by means of regular store meetings and communications, together with personal appraisals and feedback sessions.

Financial instruments

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

Disclosure of information in the strategic report.

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

Director's responsibilities statement

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

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

In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;

- make judgments and accounting estimates that are reasonable and prudent; and

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Auditor

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

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

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

This report was approved by the board of directors on 22 November 2019 and signed on behalf of the board by:

Mr D. Padmore

Director

DNP Restaurants Ltd

Independent auditor's report to the members of

DNP Restaurants Ltd

Year ended 31 December 2018

Opinion

I have audited the financial statements of DNP Restaurants Ltd (the 'company') for the year ended 31 December 2018 which comprise the statement of income and retained earnings, statement of financial position, statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice). In my opinion, the financial statements: - give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended; - have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and - have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. I am independent of the company in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK, including the FRC's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

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

- the director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

- the director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other Information

The other information comprises the information included in the annual report, other than the financial statements and my auditor's report thereon. The director is responsible for the other information. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am 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 I have performed, I conclude that there is a material misstatement of this other information, I are required to report that fact.

I have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, I have not identified material misstatements in the strategic report or the director's report. I have nothing to report in respect of the following matters where the Companies Act 2006 requires me to report to you if, in my opinion: - adequate accounting records have not been kept, or returns adequate for my audit have not been received from branches not visited by me; or - the financial statements are not in agreement with the accounting records and the returns; or - certain disclosures of director's remuneration specified by law are not made; or - I have not received all the information and explanations I require for my audit.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

Use of my 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. My audit work has been undertaken so that I might state to the company's members those matters I am required to state to them in an auditors report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the company and the company's members as a body, for my audit work, for this report, or for the opinions I have formed.

Clinton Meehan Bsc FCA

Manex Accountants Ltd

Chartered Accountants and Statutory Auditor

9 Castle Court (2)

Castlegate Way

Dudley

West Midlands

DY1 4RH

22 November 2019

DNP Restaurants Ltd

Statement of income and retained earnings

Year ended 31 December 2018

	Note	**2018**	2017
		£	£
Turnover	**4**	24,986,363	19,979,055
Cost of sales		(14,628,689)	(11,506,919)
Gross profit		10,357,674	8,472,136
Administrative expenses		(10,115,164)	(8,283,726)
Operating profit	**5**	242,510	188,410
Other interest receivable and similar income	**8**	1,030	-
Interest payable and similar expenses	**9**	(83,024)	(72,365)
Profit before taxation		160,516	116,045
Tax on profit	**10**	(69,255)	(45,126)
Profit for the financial year and total comprehensive income		91,261	70,919
Dividends declared and paid or payable during the year	**11**	(100,000)	(170,000)
Retained earnings at the start of the year		107,085	206,166
Retained earnings at the end of the year		98,346	107,085

All the activities of the company are from continuing operations.

DNP Restaurants Ltd

Statement of financial position

31 December 2018

	Note	2018 £	£	2017 £	£
Fixed assets					
Intangible assets	**12**	270,709		304,042	
Tangible assets	**13**	4,705,376		4,335,433	
Investments	**14**	10,000		8,750	
			4,986,085		4,648,225
Current assets					
Stocks	**15**	191,140		166,035	
Debtors	**16**	1,049,286		796,494	
Cash at bank and in hand		359,965		422,016	
		1,600,391		1,384,545	
Creditors: amounts falling due within one year	**17**	(2,738,618)		(3,423,948)	
Net current liabilities			(1,138,227)		(2,039,403)
Total assets less current liabilities			3,847,858		2,608,822
Creditors: amounts falling due after more than one year	**18**		(3,572,757)		(2,318,477)
Provisions for liabilities	**19**		(176,655)		(183,160)
Net assets			98,446		107,185
Capital and reserves					
Called up share capital	**22**		100		100
Profit and loss account	**23**		98,346		107,085
Shareholders funds			98,446		107,185

These financial statements were approved by the board of directors and authorised for issue on 22 November 2019 , and are signed on behalf of the board by:

Mr D. Padmore

Director

Company registration number: 05420213

DNP Restaurants Ltd

Statement of cash flows

Year ended 31 December 2018

	2018	2017
	£	£
Cash flows from operating activities		
Profit for the financial year	91,261	70,919
Adjustments for:		
Depreciation of tangible assets	960,124	890,355
Amortisation of intangible assets	34,522	34,482
Other interest receivable and similar income	(1,030)	-
Interest payable and similar expenses	83,024	72,365
Tax on profit	69,255	45,126
Accrued expenses/(income)	(22,012)	117,621
Changes in:		
Stocks	(25,105)	(47,373)
Trade and other debtors	(194,687)	(114,338)
Trade and other creditors	(482,554)	408,035
Cash generated from operations	512,798	1,477,192
Interest paid	(83,024)	(72,365)
Interest received	1,030	-
Tax paid	(50,320)	583
Net cash from operating activities	380,484	1,405,410
Cash flows from investing activities		
Purchase of tangible assets	(1,330,067)	(2,114,109)
Purchase of intangible assets	(1,189)	-
Purchase of other investments	(1,250)	-
Net cash used in investing activities	(1,332,506)	(2,114,109)
Cash flows from financing activities		
Proceeds from borrowings	989,971	858,923
Equity dividends paid	(100,000)	(170,000)
Net cash from financing activities	889,971	688,923
Net increase/(decrease) in cash and cash equivalents	(62,051)	(19,776)
Cash and cash equivalents at beginning of year	422,016	441,792
Cash and cash equivalents at end of year	359,965	422,016

1. General information

The company is a private company limited by shares, registered in England. The address of the registered office is McDonald's Restaurant, Ravenside Retail Park, Bexhill on Sea, East Sussex, TN40 2JS.

2. Statement of compliance

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

3. Accounting policies

Basis of preparation

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

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

Turnover

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

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

Taxation

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in capital and reserves. In this case, tax is recognised in other comprehensive income or directly in capital and reserves, respectively. Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Goodwill

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

Intangible assets

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

Amortisation

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

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

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

Tangible assets

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

Depreciation

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

Plant and equipment	-	14.29 % straight line
Office equipment	-	20 % straight line

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

Fixed asset investments

Fixed asset investments are recorded at cost.

Impairment

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

Stocks

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

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event; it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Financial instruments

A financial asset or a financial liability is recognised only when the company becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

Defined contribution plans

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

4. Turnover

Turnover arises from:

	2018	2017
	£	£
Sale of goods	24,644,249	19,688,750
Sales of non-product items	342,114	290,305
	24,986,363	19,979,055

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

5. Operating profit

Operating profit is stated after charging/(crediting):

	2018	2017
	£	£
Amortisation of intangible assets	34,522	34,482
Depreciation of tangible assets	960,124	890,355
Cost of stocks recognised as an expense	8,234,158	6,351,627
Operating lease rentals	4,675,249	3,599,255
Fees payable for the audit of the financial statements	2,400	2,300

6. Staff costs

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

	2018	2017
Restaurant crew	347	315
Management and administration	24	23
	371	338

The aggregate payroll costs incurred during the year were:

	2018	2017
	£	£
Wages and salaries	7,284,564	5,852,228
Social security costs	309,788	241,863
Other pension costs	37,231	16,985
	7,631,583	6,111,076

7. Directors remuneration

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

	2018	2017
	£	£
Remuneration	30,043	25,649

8. Other interest receivable and similar income

	2018	2017
	£	£
Bank deposits	1,030	-

9. Interest payable and similar expenses

	2018	2017
	£	£
Other interest payable and similar expenses	83,024	72,365

10. Tax on profit

Major components of tax expense

	2018	2017
	£	£
Current tax:		
UK current tax expense	75,760	56,186
Deferred tax:		
Origination and reversal of timing differences	(6,505)	(11,060)
Tax on profit	69,255	45,126

Reconciliation of tax expense

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

	2018	2017
	£	£
Profit before taxation	160,516	116,045
Profit multiplied by rate of tax	30,498	22,049
Effect of capital allowances and depreciation	53,611	41,921
Deferred revenue expenditure claims	(8,349)	(8,504)
Change in corporation tax rate	-	720
Deferred taxation provision	(6,505)	(11,060)
Tax on profit	69,255	45,126

11. Dividends

Equity dividends

	2018	2017
	£	£
Dividends paid during the year (excluding those for which a liability existed at the end of the prior year)	100,000	170,000

12. Intangible assets

	Goodwill	Licence fees	Stamp duty	Total
	£	£	£	£
Cost				
At 1 January 2018	416,627	210,000	65,628	692,255
Additions	-	-	1,189	1,189
At 31 December 2018	416,627	210,000	66,817	693,444
Amortisation				
At 1 January 2018	258,656	99,625	29,932	388,213
Charge for the year	20,831	10,500	3,191	34,522
At 31 December 2018	279,487	110,125	33,123	422,735
Carrying amount				
At 31 December 2018	137,140	99,875	33,694	270,709
At 31 December 2017	157,971	110,375	35,696	304,042

Goodwill and licence fees are amortised over the franchise term of 20 years.

13. Tangible assets

	Plant and equipment	Office equipment	Total
	£	£	£
Cost			
At 1 January 2018	8,132,301	1,465	8,133,766
Additions	1,330,067	-	1,330,067
Disposals	(243,045)	(300)	(243,345)
At 31 December 2018	9,219,323	1,165	9,220,488
Depreciation			
At 1 January 2018	3,797,548	785	3,798,333
Charge for the year	959,891	233	960,124
Disposals	(243,045)	(300)	(243,345)
At 31 December 2018	4,514,394	718	4,515,112
Carrying amount			
At 31 December 2018	4,704,929	447	4,705,376
At 31 December 2017	4,334,753	680	4,335,433

14. Investments

	Other investments other than loans	**Total**
	£	**£**
Cost		
At 1 January 2018	8,750	8,750
Additions	1,250	1,250
At 31 December 2018	10,000	10,000
Impairment		
At 1 January 2018 and 31 December 2018	-	-
Carrying amount		
At 31 December 2018	10,000	10,000
At 31 December 2017	8,750	8,750

15. Stocks

	2018	2017
	£	£
Food, paper and non-product stocks	191,140	166,035

16. Debtors

	2018	2017
	£	£
Prepayments	232,765	214,766
Other debtors	816,521	581,728
	1,049,286	796,494

17. Creditors: amounts falling due within one year

	2018	2017
	£	£
Bank loans and overdrafts	595,465	859,774
Trade creditors	973,654	932,612
Accruals	515,691	537,703
Corporation tax	331,199	247,654
Social security and other taxes	314,461	841,803
Other creditors	8,148	4,402
	2,738,618	3,423,948

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

	2018	2017
	£	£
Bank loans and overdrafts	3,572,757	2,318,477

Included within creditors: amounts falling due after more than one year is an amount of £ 624,912 (2017 £ 428,572) in respect of liabilities payable or repayable by instalments which fall due for payment after more than five years from the reporting date.

Bank loans consist of unsecured loans with HSBC plc, repayable by instalments over 7 years and with interest charged at 1.38% above base. The ultimate repayment date of the loan will be June 2025.

19. Provisions

	Deferred tax (note 20)	**Total**
	£	**£**
At 1 January 2018	183,160	183,160
Additions	(6,505)	(6,505)
At 31 December 2018	176,655	176,655

20. Deferred tax

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

	2018	2017
	£	£
Included in provisions (note 19)	176,655	183,160

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

	2018	2017
	£	£
Accelerated capital allowances	176,655	183,160

21. Employee benefits

The amount recognised in profit or loss in relation to defined contribution plans was £ 37,231 (2017: £ 16,985).

22. Called up share capital

Issued, called up and fully paid

	2018		2017	
	No	**£**	No	£
Ordinary shares shares of £ 1.00 each	100	100	100	100

23. Reserves

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

24. Operating leases

The company as lessee

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

	£	£
Not later than 1 year	871,920	678,328
Later than 1 year and not later than 5 years	3,487,680	2,685,933
Later than 5 years	5,889,710	3,482,172
	10,249,310	6,846,433

25. Directors advances, credits and guarantees

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

2018

	Balance brought forward	Advances /(credits) to the director	Balance o/standing
	£	**£**	**£**
Mr D. Padmore	423,935	178,783	602,718

2017

	Balance brought forward	Advances /(credits) to the director	Balance o/standing
	£	£	£
Mr D. Padmore	161,384	262,551	423,935

The amounts due to the company from the director represent interest free loans, repayable on demand.

26. Controlling party

The ultimate controlling party is Mr D.Padmore, being the sole director and majority shareholder.