
SBR RETAIL LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

SBR RETAIL LIMITED

COMPANY INFORMATION

Directors	Haider Zaman Daniel Babar Zaman Skandar Zaman
Registered number	09448124
Registered office	1E Finsbury Park Road London N4 2LA
Independent auditors	Hurkan Sayman & Co Chartered Accountants & Statutory Auditor 291 Green Lanes Palmers Green London N13 4XS

SBR RETAIL LIMITED

CONTENTS

	Page
Strategic Report	1 - 2
Directors' Report	3 - 4
Independent Auditors' Report	5 - 8
Statement of Comprehensive Income	9
Balance Sheet	10
Statement of Changes in Equity	11
Statement of Cash Flows	12
Notes to the Financial Statements	13 - 27

**STRATEGIC REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

Introduction

We aim to present a balanced and comprehensive review of the development and performance of the business during the year and our position at the year end by reflection of the size and non-complex nature of the business.

Business review

During the year, the company continued to operate as a KFC franchisee.

The Directors are pleased to report encouraging financial figures for the year during a period where the company encountered rising VAT rates in the hospitality sector, rising inflation as well as a return to business rates charges.

Despite such challenges, the company recorded an increase in turnover from £13,015,334 to £14,007,412, recorded an EBITDA of £937,337 (2021: £1,411,108) and gross profit of £3,582,368 (2021: £3,178,166). Turnover and gross profit have increased in the year due to an increase in delivery sales and the investment made by the company in refurbishing its stores. The reduction in EBITDA is attributable to increases in inflation, reduction in government grants, a return to business rate charges and refurbishment costs incurred in the year as the company undertook a refurbishment on fifty percent of its portfolio.

The company recorded a net cash inflow from operating activities of £518,474 (2021: £1,642,716) as the company recorded strong profits. Net liabilities at the balance sheet date amounted to £226,789 (2021: £348,352) as the company works towards returning to a net asset position.

Principal risks and uncertainties

The principal risks to the company are changes to consumer habits, entry of new competitors within geographical areas in which the company operates and changes in government controls and policies towards the fast-food industry. Both Kentucky Fried Chicken and the company monitor these, maintain a marketing policy, evolve store menus, and set appropriate recommended prices to smooth these fluctuations.

Inflation

The UK is currently facing a period of high inflation which is affecting many areas of the business' expenses and most significantly food and utility costs. The company is working with their franchisor and utility agents to mitigate these costs and factor expected rises into its financial models to best manage future cash flows.

Financial key performance indicators

Financial Key Performance Indicators for the stores are the level of turnover, gross profit and EBITDA.

Turnover: £14,007,412 (2021: £13,015,334)

Gross profit: £3,582,368 (2021: £3,178,166).

EBITDA: £937,337 (2021: £1,411,108)

Other key performance indicators

The principal non-key performance indicator is the performance against inspections by Kentucky Fried Chicken, and the company continues to achieve positive results throughout the year.

SBR RETAIL LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2022**

This report was approved by the board on 17 February 2023 and signed on its behalf.

Daniel Babar Zaman
Director

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

The directors present their report and the financial statements for the year ended 30 June 2022.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' Report 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 that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company 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 Company and to enable them 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.

Results and dividends

The profit for the year, after taxation, amounted to £121,563 (2021 - £548,230).

No dividends have been recommended to be paid for the current year.

Directors

The directors who served during the year were:

Haider Zaman
Daniel Babar Zaman
Skandar Zaman

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2022**

Principal risks and uncertainties

Financial instruments

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

The directors consider that the main risks arising from the company's financial instruments to be interest rate risk and liquidity risk and therefore sets and reviews policies for managing these risks below. These policies have remained unchanged from the previous year.

Interest rate risk

The company finances its operations through a mixture of bank loans and cash flow. The director has decided that it is in the company's best interest to agree a floating rate interest charge.

Liquidity risk

The company 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 acquisitions before any commitment is made.

The Company maintains sufficient level of cash and cash equivalents to enable to meet its operation requirements.

Other Risks

The directors and continue to assess risks arising from utility, food and wage inflation and ensure that staff are appropriately trained to reduce food and energy wastage as well as increasing efficiencies.

Future developments

The company continues to invest in the refurbishment of stores and training of staff to maintain sales and profit growth.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

The auditors, Hurkan Sayman & Co, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 17 February 2023 and signed on its behalf.

Skandar Zaman
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SBR RETAIL LIMITED

Opinion

We have audited the financial statements of SBR Retail Limited (the 'Company') for the year ended 30 June 2022, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SBR RETAIL LIMITED (CONTINUED)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The directors are responsible for the other information contained within the Annual Report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Opinion 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.

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SBR RETAIL LIMITED (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory framework applicable to the company, through discussions with the Directors and from our general commercial experience. We determined which laws and regulations were of most significance in the context of the company being compliant with KFC franchisee obligations, food hygiene regulations and those laws which are directly relevant to specific assertions in the financial statements, being United Kingdom Accounting Standard (Financial Reporting Standards 102), and applicable law (the Companies Act 2006 and tax legislations).

We understood how the company is complying with those legal and regulatory frameworks, by making enquiries of the Directors of known or suspected instances of non-compliance with laws and regulations. We corroborated our enquiries through our review of legal expenses incurred during the year and online searches. We reviewed the financial statement disclosures to assess compliance with the relevant laws and regulations discussed above. We remained alert to any indications of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur, by discussing with the Directors to understand where it is considered there was a susceptibility of fraud.

We evaluated managements incentives and opportunities for fraudulent manipulation of the financial statements, and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates.

In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

No instances of material non-compliance were identified. However, the likelihood of detecting irregularities, including fraud, is limited by the inherent difficulty in detecting irregularities, the effectiveness of the entity's controls, and the nature, timing and extent of the audit procedures performed. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error. As explained above, there is an unavoidable risk that material misstatements may not be detected, even though the audit has been planned and performed in accordance with ISAs (UK).

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 Auditors' Report.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SBR RETAIL LIMITED (CONTINUED)

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 Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Hasan Hurer BSc FCA (Senior Statutory Auditor)

for and on behalf of

Hurkan Sayman & Co

Chartered Accountants

Statutory Auditor

291 Green Lanes

Palmers Green

London

N13 4XS

17 February 2023

SBR RETAIL LIMITED

**STATEMENT OF COMPREHENSIVE INCOME INCLUDING THE PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2022**

	Note	2022 £	2021 £
Turnover	4	14,007,412	13,015,334
Cost of sales		(10,425,044)	(9,837,168)
Gross profit		3,582,368	3,178,166
Administrative expenses		(3,336,838)	(2,786,808)
Other operating income	5	108,280	404,273
Operating profit	6	353,810	795,631
Interest receivable and similar income	10	-	1,163
Interest payable and similar expenses	11	(113,872)	(110,597)
Profit before tax		239,938	686,197
Tax on profit	12	(118,375)	(137,967)
Profit for the financial year		121,563	548,230

There was no other comprehensive income for 2022 (2021:£NIL).

The notes on pages 13 to 27 form part of these financial statements.

SBR RETAIL LIMITED
REGISTERED NUMBER: 09448124

BALANCE SHEET
AS AT 30 JUNE 2022

	Note	2022 £	2021 £
Fixed assets			
Intangible assets	13	790,348	959,390
Tangible assets	14	1,710,017	1,982,449
		<u>2,500,365</u>	<u>2,941,839</u>
Current assets			
Stocks	15	79,205	79,471
Debtors: amounts falling due within one year	16	4,288,136	3,569,404
Bank and cash balances		1,013,565	1,083,979
		<u>5,380,906</u>	<u>4,732,854</u>
Creditors: amounts falling due within one year	17	(8,005,642)	(4,262,765)
Net current (liabilities)/assets		<u>(2,624,736)</u>	<u>470,089</u>
Total assets less current liabilities		<u>(124,371)</u>	<u>3,411,928</u>
Creditors: amounts falling due after more than one year	18	-	(3,678,136)
Provisions for liabilities			
Deferred tax	20	(102,418)	(82,144)
		<u>(102,418)</u>	<u>(82,144)</u>
Net liabilities		<u>(226,789)</u>	<u>(348,352)</u>
Capital and reserves			
Called up share capital	21	1,000	1,000
Profit and loss account		(227,789)	(349,352)
		<u>(226,789)</u>	<u>(348,352)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 17 February 2023.

Haider Zaman
Director

The notes on pages 13 to 27 form part of these financial statements.

SBR RETAIL LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 July 2020	1,000	(897,582)	(896,582)
Profit and comprehensive income for the year			
Profit for the year	-	548,230	548,230
	<hr/>	<hr/>	<hr/>
Total profit and comprehensive income for the period	-	548,230	548,230
	<hr/>	<hr/>	<hr/>
At 1 July 2021	1,000	(349,352)	(348,352)
Profit and comprehensive income for the year			
Profit for the year	-	121,563	121,563
	<hr/>	<hr/>	<hr/>
Total profit and comprehensive income for the year	-	121,563	121,563
	<hr/>	<hr/>	<hr/>
At 30 June 2022	<u>1,000</u>	<u>(227,789)</u>	<u>(226,789)</u>

The notes on pages 13 to 27 form part of these financial statements.

SBR RETAIL LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022**

	2022 £	2021 £
Cash flows from operating activities		
Profit for the financial year	121,563	548,230
Adjustments for:		
Amortisation of intangible assets	169,042	169,042
Depreciation of tangible assets	414,485	446,435
Loss on disposal of tangible assets	-	1,550
Interest paid	113,872	110,597
Interest received	-	(1,163)
Taxation charge	118,375	137,967
Decrease/(increase) in stocks	265	(28,070)
(Increase)/decrease in debtors	(718,735)	569,788
Increase/(decrease) in creditors	341,486	(259,480)
Corporation tax (paid)	(41,879)	(52,180)
Net cash generated from operating activities	518,474	1,642,716
Cash flows from investing activities		
Purchase of tangible fixed assets	(142,052)	(381,373)
Sale of tangible fixed assets	-	18,178
Interest received	-	1,163
Net cash from investing activities	(142,052)	(362,032)
Cash flows from financing activities		
Repayment of loans	(332,964)	(328,894)
Interest paid	(113,872)	(110,597)
Net cash used in financing activities	(446,836)	(439,491)
Net (decrease)/increase in cash and cash equivalents	(70,414)	841,193
Cash and cash equivalents at beginning of year	1,083,979	242,786
Cash and cash equivalents at the end of year	1,013,565	1,083,979
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	1,013,565	1,083,979
	1,013,565	1,083,979

The notes on pages 13 to 27 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

1. General information

SBR Retail Limited is a private company limited by share capital, incorporated in England and Wales, registration number 09448124. The address of the registered office is 1E Finsbury Park Road, London, N4 2LA.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

The company's accounts have been prepared on a going concern basis. At the year end the company has a net current liability of £2,624,736 (2021: asset of £470,089). The net current liability is due to bank loans being classified as due in less than one year due to the company's loan facilities ending with its current bankers. The company is in advanced negotiations with new banking partners to refinance the loans outstanding.

The Directors confirm that they will provide financial support to the company should any further assistance be required whilst the company seeks to refinance its bank debt.

Included within Other Creditors due within less than one year are loans of £3,070,466 due to companies under the control of common shareholders of the company and the shareholders confirm that they shall not demand the repayment of loans due to these companies, where such payments will result in SBR Retail Limited being unable to meet all other financial obligations.

Management continually undertakes a thorough review of the company's budgets and forecasts and regularly produces detailed and realistic cash flow projections for a period of at least 12 months. These cash flow projections, which when considered in conjunction with the company's existing loans, overdrafts and cash, which include consideration of reasonable possible changes in trading performance and available banking facilities, demonstrate that the company will have sufficient working capital for the foreseeable future.

2.3 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, 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 food, beverages and merchandise is recognised at the point of sale.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

2. Accounting policies (continued)

2.4 Operating leases: the Company as lessee

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

2.5 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

2.6 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.7 Finance costs

Finance costs are charged to profit or loss 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.

2.8 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.9 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

2. Accounting policies (continued)

2.10 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss 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 balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet 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 differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.11 Intangible assets

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 to the Statement of Comprehensive Income over its useful economic life.

Other 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 the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Goodwill	-	10	years - over the period of the acquired franchises
Franchise fees	-	10	years

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

2. Accounting policies (continued)

2.12 Tangible fixed assets

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 charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a straight line and reducing balance basis.

Depreciation is provided on the following basis:

Short-term leasehold property	- Over the term of the lease; 1-10 years remaining
Fixtures, fittings and equipment	- 20% reducing balance basis
Office equipment	- 20% straight line balance basis

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 profit or loss.

2.13 Stocks

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

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

2.14 Financial instruments

The Company only enters into basic financial instrument 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 ordinary shares.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

2. Accounting policies (continued)

2.15 Debtors

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

2.16 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 that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

2.17 Creditors

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

2.18 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

3. Judgments in applying accounting policies and key sources of estimation uncertainty

In the process of applying its accounting policies, the company is required to make certain estimates, judgements and assumptions that it believes are reasonable 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 the revenues and expenses recognised during the reporting periods presented.

On an ongoing basis, the company evaluated 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 rise to the revision become known.

Management has made judgments over the following accounting policies:

- The estimated useful lives of goodwill (note 2.11).
- The estimated useful economic life of fixtures, fitting and equipment (note 2.12).

4. Turnover

All turnover arose within the United Kingdom and relates to the company's principal activity.

5. Other operating income

	2022	2021
	£	£
Other operating income	33,210	16,923
Net rents receivable	11,736	11,736
Government grants receivable	63,334	257,536
Insurance claims receivable	-	118,078
	<u>108,280</u>	<u>404,273</u>

Government grants receivable in the year relate to assistance received in respect of the impact of COVID-19 on businesses.

6. Operating profit

The operating profit is stated after charging:

	2022	2021
	£	£
Other operating lease rentals	<u>753,610</u>	<u>761,213</u>

SBR RETAIL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

7. Auditors' remuneration

During the year, the Company obtained the following services from the Company's auditors:

	2022 £	2021 £
Fees payable to the Company's auditors for the audit of the Company's financial statements	7,000	5,000

8. Employees

Staff costs were as follows:

	2022 £	2021 £
Wages and salaries	3,257,168	3,220,998
Social security costs	201,322	187,996
Cost of defined contribution scheme	91,972	91,922
	<u>3,550,462</u>	<u>3,500,916</u>

The Key Management Personnel of the company in the year are considered to be the Directors. During the year the company paid £40,000 (2021: £40,000) to the company Directors.

The average monthly number of employees, including the directors, during the year was as follows:

	2022 No.	2021 No.
Restaurant staff	211	208
Managers	8	5
Accounts & administration	7	8
	<u>226</u>	<u>221</u>

9. Directors' remuneration

	2022 £	2021 £
Company contributions to defined contribution pension schemes	40,000	40,000
	<u>40,000</u>	<u>40,000</u>

During the year retirement benefits were accruing to no directors (2021 - NIL) in respect of defined contribution pension schemes.

SBR RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

10. Interest receivable

	2022 £	2021 £
Other interest receivable	-	1,163
	<u>-</u>	<u>1,163</u>

11. Interest payable and similar expenses

	2022 £	2021 £
Bank interest payable	113,872	110,597
	<u>113,872</u>	<u>110,597</u>

12. Taxation

	2022 £	2021 £
Corporation tax		
Current tax on profits for the year	98,101	94,059
Total current tax	<u>98,101</u>	<u>94,059</u>
Deferred tax		
Origination and reversal of timing differences	20,274	43,908
Total deferred tax	<u>20,274</u>	<u>43,908</u>
Taxation on profit on ordinary activities	<u>118,375</u>	<u>137,967</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

12. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2021 - *higher than*) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £	2021 £
Profit on ordinary activities before tax	<u>239,938</u>	<u>686,196</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	45,588	130,377
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	28,098	28,099
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	2,741	381
Capital allowances for year in excess of depreciation	16,437	10,086
Utilisation of tax losses	-	(74,884)
Other timing differences leading to an increase (decrease) in taxation	5,237	-
Changes in provisions leading to an increase (decrease) in the tax charge	20,274	43,908
Total tax charge for the year	<u><u>118,375</u></u>	<u><u>137,967</u></u>

Factors that may affect future tax charges

The Corporation Tax main rate for 1 July 2022 is set at 19% and it is at this rate until 31 March 2023. From 1 April 2023, the Corporation Tax main rate will be increased to 25% applying to profits over £250,000. This will effect the company's corporation tax charges accordingly.

SBR RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

13. Intangible assets

	Franchise fees £	Goodwill £	Total £
Cost			
At 1 July 2021	214,524	1,478,864	1,693,388
At 30 June 2022	214,524	1,478,864	1,693,388
Amortisation			
At 1 July 2021	92,211	641,787	733,998
Charge for the year on owned assets	21,156	147,886	169,042
At 30 June 2022	113,367	789,673	903,040
Net book value			
At 30 June 2022	101,157	689,191	790,348

SBR RETAIL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

14. Tangible fixed assets

	Short-term leasehold property £	Fixtures, fittings & equipment £	Office equipment £	Total £
Cost				
At 1 July 2021	30,328	4,205,104	4,813	4,240,245
Additions	10,506	131,546	-	142,052
At 30 June 2022	40,834	4,336,650	4,813	4,382,297
Depreciation				
At 1 July 2021	20,872	2,232,849	4,074	2,257,795
Charge for the year on owned assets	4,820	408,926	739	414,485
At 30 June 2022	25,692	2,641,775	4,813	2,672,280
Net book value				
At 30 June 2022	15,142	1,694,875	-	1,710,017

15. Stocks

	2022 £	2021 £
Food, beverages and packaging	79,205	79,471
	<u>79,205</u>	<u>79,471</u>

SBR RETAIL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

16. Debtors

	2022 £	2021 £
Trade debtors	98,043	163,719
Other debtors	3,887,444	3,138,772
Prepayments and accrued income	302,649	266,913
	<u>4,288,136</u>	<u>3,569,404</u>

17. Creditors: Amounts falling due within one year

	2022 £	2021 £
Bank loans	3,678,142	332,970
Trade creditors	417,122	548,870
Corporation tax	98,101	41,879
Other taxation and social security	411,149	196,767
Other creditors	3,177,140	2,975,131
Accruals and deferred income	223,988	167,148
	<u>8,005,642</u>	<u>4,262,765</u>

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

	2022 £	2021 £
Bank loans	-	3,678,136
	<u>-</u>	<u>3,678,136</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

19. Loans

Analysis of the maturity of loans is given below:

	2022 £	2021 £
Amounts falling due within one year		
Bank loans	3,678,142	332,970
Amounts falling due 1-2 years		
Bank loans	-	342,933
Amounts falling due 2-5 years		
Bank loans	-	1,091,292
Amounts falling due after more than 5 years		
Bank loans	-	2,243,912
	<u>3,678,142</u>	<u>4,011,107</u>

Bank loans are secured by way of a fixed and floating charge over all assets of the company.

The company has provided a cross-party guarantee to the bank loans SBR South Limited, a company under common control. As at 30 June 2022 the amounts owing by SBR South Limited is £8,585,459 (2021: £10,383,288).

SBR RETAIL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

20. Deferred taxation

	2022 £
At beginning of year	(82,144)
Charged to profit or loss	(20,274)
At end of year	<u>(102,418)</u>

The provision for deferred taxation is made up as follows:

	2022 £	2021 £
Accelerated capital allowances	(102,418)	(82,144)
	<u>(102,418)</u>	<u>(82,144)</u>

21. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
1,000 (2021 - 1,000) Ordinary shares shares of £1.00 each	<u>1,000</u>	<u>1,000</u>

22. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £51,972 (2021: £51,922). Contributions totaling £27,562 (2021: £12,116) were payable to the fund at the balance sheet date and are included in creditors.

During the year defined contributions totaling £40,000 (2021: £40,000) were made to a Director's personal pension schemes.

SBR RETAIL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

23. Commitments under operating leases

At 30 June 2022 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022 £	2021 £
Not later than 1 year	611,000	713,000
Later than 1 year and not later than 5 years	1,147,000	1,099,000
Later than 5 years	797,000	407,000
	<u>2,555,000</u>	<u>2,219,000</u>

24. Related party transactions

Included within Other Creditors due in less than one year is a loan amount of £2,001,468 (2021: £2,001,660) due to a company with a common shareholder and director. The loan is unsecured, free of interest and repayable on demand.

Included within Other Creditors due in less than one year is a loan amount of £1,068,978 (2021: £868,325) due to a company under common control. The loan is unsecured, free of interest and repayable on demand.

Included within Other Debtors is a loan amount of £3,631,022 (2021: £3,131,022) due from companies under common control. The loans are unsecured, free of interest and repayable on demand.

Included within Other Debtors due in less than one year is a loan amount of £107,000 (2021: £nil) due from a company with a common shareholder and director. The loan is unsecured, free of interest and repayable on demand.

25. Controlling party

Throughout the current and previous period the company was under no overall control.

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