

REGISTERED NUMBER: 02969279 (England and Wales)

**Strategic Report, Report of the Directors and
Financial Statements for the Year Ended 31 December 2018
for
Robert Holdcroft Limited**

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for the Year Ended 31 December
2018**

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**Robert Holdcroft
Limited**

**Company
Information
for the Year Ended 31 December
2018**

DIRECTORS: R Holdcroft
Mrs T Holdcroft

SECRETARY: Mrs T Holdcroft

REGISTERED OFFICE: Prospect House
Church Green West
Redditch
B97 4BD

REGISTERED NUMBER: 02969279 (England and Wales)

AUDITORS: Parcell & Associates
Aldreth
Pearcroft Road
Stonehouse
Gloucestershire
GL10 2JY

**Strategic Report
for the Year Ended 31 December
2018**

The directors present their strategic report for the year ended 31 December 2018.

REVIEW OF BUSINESS

The company operates eight McDonald's franchised restaurants in the West Midlands area, employing over 850 members of staff.

The company has had a very successful year, with sales of just over £22.3 million, compared with £20.1 million in 2017, resulting in gross profits of 15.27 million, Profits before tax in the period amounted to £139,506. Overall the financial position of the company is healthy with the balance sheet currently showing net assets of just over £249,000.

KEY PERFORMANCE INDICATORS

Increase of sales overall for the business was 10.57%. Overheads have increased in proportion to the increased sales and number of stores. Costs have also increased in areas such as wages and the purchasing of food and as a result gross profit as a percentage of sales has decreased by 1.06%. The business cash-flow is very healthy and the company is able to meet loan repayments.

FUTURE DEVELOPMENTS

The company intends to acquire more stores when the opportunity arises.

**Strategic Report
for the Year Ended 31 December
2018**

PRINCIPAL RISKS AND UNCERTAINTIES

Economic risk:

Following some very challenging times, we are optimistic about the economic future. Customer confidence continues to rise and unemployment rates are falling. A cautious approach is still required as real disposable income is declining over the longer term as the cost of living continues to rise, despite interest rates remaining at an historical low. Principle risks are increasing commodity prices, adding pressure to margins, significant upward movements in interest rates might also increase costs. The first mentioned risk is controlled by McDonald's collective purchasing initiatives. The level of borrowing is such that interest rate increases are manageable.

Regulatory risks:

The companies operations demand a high level of compliance within a wide range of regulatory requirements. In particular -

- * health and safety
- * hygiene procedures
- * employment laws
- * licensing

The above, along with a number of other areas, are monitored in detail by McDonalds, as being in the fast food industry brings a high level of regulatory concerns.

Consumer taste:

Any material change in the way the consumer views the fast food industry could have an adverse affect on the company. However, this can also work in the opposite direction and could assist the company to achieve growth. As a result the company focuses, in detail, on recognising demographic trends, ensuring innovation and ensuring that the company only use the freshest and highest quality products through it stores. The company have strict policies to ensure that all stores are maintaining the McDonalds ethos.

Competitors:

The fast food market is a very competitive market, with a high number of large competitors trading in the sector. In order to remain as one of the main players, McDonalds have dedicated teams who focus on ensuring they remain the leading company in the market. This will allow them to compete with other large fast food chains.

ON BEHALF OF THE BOARD:

**Report of the Directors
for the Year Ended 31 December
2018**

The directors present their report with the financial statements of the company for the year ended 31 December 2018.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of operation of McDonald's restaurants under franchise agreements..

DIVIDENDS

Interim dividends per share were paid as follows:

Ordinary A £1 shares	£666.66	- 30 April 2018
Ordinary B £1 shares	£3600	- 30 April 2018

The directors recommend that no final dividends be paid.

The total distribution of dividends for the year ended 31 December 2018 will be £ 140,000 .

RESEARCH AND DEVELOPMENT

The company does not carry out any independent research and development. However the franchisor, McDonald's Restaurants Limited, carries out its own research and development on behalf of all franchisees.

The company makes a contribution towards this through its existing payments to the franchisor.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2018 to the date of this report.

R Holdcroft
Mrs T Holdcroft

EMPLOYMENT OF DISABLED PERSONS

The company operates a policy of giving full & fair consideration to employment applications from disabled persons.

PROVISION OF INFORMATION TO EMPLOYEES

The company has a system for providing employees with information of concern to them . It also consults employees on a regular basis so that their views can be taken into account in making decisions affecting them. It regularly to explains to employees the financial and economic factors affecting the performance of the company and makes them aware of the provision of training, career development and employment of disabled employees.

**Report of the Directors
for the Year Ended 31 December
2018**

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 and then apply them consistently;
- make judgements 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 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Parcell & Associates, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

**Report of the Independent Auditors to the Members
of
Robert Holdcroft
Limited**

Opinion

We have audited the financial statements of Robert Holdcroft Limited (the 'company') for the year ended 31 December 2018 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, 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 company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 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 UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our

Report of the Auditors 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.

**Report of the Independent Auditors to the Members
of
Robert Holdcroft
Limited**

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 Report of the Directors for the financial year for
- which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors 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 Report of the Directors.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and 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 Statement of Directors' Responsibilities set out on page five, 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 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.

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 a Report of the Auditors 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 Report of the Auditors.

**Report of the Independent Auditors to the Members
of
Robert Holdcroft
Limited**

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 a Report of the Auditors 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.

Nicholas Walker (Senior Statutory Auditor)
for and on behalf of Parcell & Associates
Aldreth
Pearcroft Road
Stonehouse
Gloucestershire
GL10 2JY

19 September 2019

**Income Statement
for the Year Ended 31 December
2018**

	Notes	31.12.18 £	31.12.17 £
TURNOVER		22,300,789	20,168,242
Cost of sales		<u>7,024,852</u>	<u>6,140,291</u>
GROSS PROFIT		15,275,937	14,027,951
Administrative expenses		<u>15,073,982</u>	<u>13,694,028</u>
OPERATING PROFIT	4	201,955	333,923
Interest payable and similar expenses	5	<u>62,449</u>	<u>37,972</u>
PROFIT BEFORE TAXATION		139,506	295,951
Tax on profit	6	<u>43,134</u>	<u>17,545</u>
PROFIT FOR THE FINANCIAL YEAR		<u>96,372</u>	<u>278,406</u>

The notes form part of these financial statements

**Other Comprehensive Income
for the Year Ended 31 December
2018**

	31.12.18 £	31.12.17 £
Notes		
PROFIT FOR THE YEAR	96,372	278,406
OTHER COMPREHENSIVE INCOME	<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>96,372</u>	<u>278,406</u>

**Balance
Sheet
31 December
2018**

	Notes	31.12.18 £	£	31.12.17 £	£
FIXED ASSETS					
Intangible assets	8		147,609		161,722
Tangible assets	9		4,042,192		4,070,184
Investments	10		<u>10,000</u>		<u>10,000</u>
			4,199,801		4,241,906
CURRENT ASSETS					
Stocks	11		97,956		79,678
Debtors	12		172,810		181,964
Cash at bank and in hand			<u>1,200,967</u>		<u>1,370,578</u>
			1,471,733		1,632,220
CREDITORS					
Amounts falling due within one year	13		<u>2,673,897</u>		<u>2,454,734</u>
NET CURRENT LIABILITIES			(1,202,164)		(822,514)
TOTAL ASSETS LESS					
CURRENT					
LIABILITIES			2,997,637		3,419,392
CREDITORS					
Amounts falling due after more than one year	14		(2,530,508)		(2,939,250)
PROVISIONS FOR					
LIABILITIES	18		(217,174)		(186,559)
NET ASSETS			<u>249,955</u>		<u>293,583</u>
CAPITAL AND RESERVES					
Called up share capital	19		100		100
Retained earnings	20		<u>249,855</u>		<u>293,483</u>
SHAREHOLDERS' FUNDS			<u>249,955</u>		<u>293,583</u>

The financial statements were approved by the Board of Directors on 19 September 2019 and were signed on its behalf by:

R Holdcroft - Director

**Statement of Changes in
Equity
for the Year Ended 31 December
2018**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2017	100	170,077	170,177
Changes in equity			
Dividends	-	(155,000)	(155,000)
Total comprehensive income	-	278,406	278,406
Balance at 31 December 2017	<u>100</u>	<u>293,483</u>	<u>293,583</u>
Changes in equity			
Dividends	-	(140,000)	(140,000)
Total comprehensive income	-	96,372	96,372
Balance at 31 December 2018	<u>100</u>	<u>249,855</u>	<u>249,955</u>

**Cash Flow
Statement
for the Year Ended 31 December
2018**

	Notes	31.12.18 £	31.12.17 £
Cash flows from operating activities			
Cash generated from operations	1	1,137,105	1,044,579
Interest paid		(62,449)	(37,972)
Tax paid		(59,372)	(40,751)
Net cash from operating activities		<u>1,015,284</u>	<u>965,856</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(649,098)	(1,610,269)
Sale of tangible fixed assets		-	4,750
Net cash from investing activities		<u>(649,098)</u>	<u>(1,605,519)</u>
Cash flows from financing activities			
New loans in year		1,637,783	4,052,077
Loan repayments in year		(1,972,071)	(2,935,082)
Amount introduced by directors		150,000	150,000
Amount withdrawn by directors		(211,509)	(125,384)
Equity dividends paid		(140,000)	(155,000)
Net cash from financing activities		<u>(535,797)</u>	<u>986,611</u>
(Decrease)/increase in cash and cash equivalents		<u>(169,611)</u>	<u>346,948</u>
Cash and cash equivalents at beginning of year	2	1,370,578	1,023,630
Cash and cash equivalents at end of year	2	<u><u>1,200,967</u></u>	<u><u>1,370,578</u></u>

The notes form part of these financial statements

**Notes to the Cash Flow
Statement
for the Year Ended 31 December
2018**

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	31.12.18	31.12.17
	£	£
Profit before taxation	139,506	295,951
Depreciation charges	691,203	702,574
Profit on disposal of fixed assets	-	(4,750)
Finance costs	62,449	37,972
	<u>893,158</u>	<u>1,031,747</u>
Increase in stocks	(18,278)	(626)
Decrease/(increase) in trade and other debtors	9,154	(65,061)
Increase in trade and other creditors	253,071	78,519
Cash generated from operations	<u><u>1,137,105</u></u>	<u><u>1,044,579</u></u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 December 2018

	31.12.18	1.1.18
	£	£
Cash and cash equivalents	<u>1,200,967</u>	<u>1,370,578</u>

Year ended 31 December 2017

	31.12.17	1.1.17
	£	£
Cash and cash equivalents	<u>1,370,578</u>	<u>1,023,630</u>

**Notes to the Financial Statements
for the Year Ended 31 December
2018**

1. STATUTORY INFORMATION

Robert Holdcroft Limited is a private company, limited by shares , registered in England and Wales.

The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Franchise rights & fees

Franchise rights & fees, being the amounts paid on acquisition of restaurants are being written off evenly over the terms of the franchise agreements.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Short leasehold	- at varying rates on cost
Plant and machinery	- 15% on cost and 10% on cost
Fixtures and fittings	- 10% on cost

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Notes to the Financial Statements - continued
for the Year Ended 31 December
2018**

2. ACCOUNTING POLICIES - continued

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Hire purchase and leasing commitments

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

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Impairment of fixed assets

At each reporting end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to each asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable

amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Balance Sheet date and carried forward to future periods. This is measured at the undiscounted cost of the future holiday entitlement so Page 16
continued...

**Notes to the Financial Statements - continued
for the Year Ended 31 December
2018**

2. ACCOUNTING POLICIES - continued

Financial instruments

The Company only enters into basic financial instruments 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

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

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.

Finance costs

Finance costs are charged to the Profit and Loss Account 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

Dividends

Equity dividends are recognised when they legally become payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

Judgements in applying accounting policies and key sources of estimation uncertainty

In the process of applying the company's accounting policies, management are required to make certain estimates and judgements. The key estimates and judgements are as follows:

Depreciation and residual values

The director has reviewed the asset lives and associated residual values of all fixed asset classes, and
has concluded that asset lives and residual values are appropriate continued...

**Notes to the Financial Statements - continued
for the Year Ended 31 December
2018**

3. EMPLOYEES AND DIRECTORS

	31.12.18	31.12.17
	£	£
Wages and salaries	6,700,803	5,946,309
Social security costs	276,066	275,077
Other pension costs	90,577	75,062
	<u>7,067,446</u>	<u>6,296,448</u>

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

	31.12.18	31.12.17
Crew	674	642
Management	33	27
	<u>707</u>	<u>669</u>

	31.12.18	31.12.17
	£	£
Directors' remuneration	14,500	14,500
Directors' pension contributions to money purchase schemes	39,996	33,333
	<u> </u>	<u> </u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>1</u>	<u>1</u>
------------------------	----------	----------

4. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	31.12.18	31.12.17
	£	£
Hire of plant and machinery	255	813
Other operating leases	2,833,506	2,603,270
Depreciation - owned assets	677,090	688,461
Profit on disposal of fixed assets	-	(4,750)
Franchise fees amortisation	11,525	11,525
Franchise rights amortisation	2,588	2,588
Auditors' remuneration	5,385	5,651
Other non- audit services	<u>21,538</u>	<u>23,187</u>

5. INTEREST PAYABLE AND SIMILAR EXPENSES

	31.12.18	31.12.17
	£	£
Bank interest	<u>62,449</u>	<u>37,972</u>

**Notes to the Financial Statements - continued
for the Year Ended 31 December
2018**

6. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	31.12.18 £	31.12.17 £
Current tax:		
UK corporation tax	12,519	63,928
Deferred tax	<u>30,615</u>	<u>(46,383)</u>
Tax on profit	<u><u>43,134</u></u>	<u><u>17,545</u></u>

UK corporation tax has been charged at 19% (2017 - 19.25%).

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	31.12.18 £	31.12.17 £
Profit before tax	<u>139,506</u>	<u>295,951</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 19.250%)	26,506	56,971
Effects of:		
Expenses not deductible for tax purposes	-	690
Capital allowances in excess of depreciation	(4,334)	-
Depreciation in excess of capital allowances	-	2,625
Adjustments to tax charge in respect of previous periods	(7,789)	4,556
Profit on disposal of fixed assets	-	(914)
Deferred tax adjustments	<u>28,751</u>	<u>(46,383)</u>
Total tax charge	<u><u>43,134</u></u>	<u><u>17,545</u></u>

7. DIVIDENDS

	31.12.18 £	31.12.17 £
Ordinary A shares of £1 each		
Interim	50,000	65,000
Ordinary B shares of £1 each		
Interim	<u>90,000</u>	<u>90,000</u>
	<u><u>140,000</u></u>	<u><u>155,000</u></u>

**Notes to the Financial Statements - continued
for the Year Ended 31 December
2018**

8. INTANGIBLE FIXED ASSETS

	Franchise fees £	Franchise rights £	Totals £
COST			
At 1 January 2018 and 31 December 2018	<u>230,500</u>	<u>68,954</u>	<u>299,454</u>
AMORTISATION			
At 1 January 2018	91,577	46,155	137,732
Amortisation for year	<u>11,525</u>	<u>2,588</u>	<u>14,113</u>
At 31 December 2018	<u>103,102</u>	<u>48,743</u>	<u>151,845</u>
NET BOOK VALUE			
At 31 December 2018	<u>127,398</u>	<u>20,211</u>	<u>147,609</u>
At 31 December 2017	<u>138,923</u>	<u>22,799</u>	<u>161,722</u>

9. TANGIBLE FIXED ASSETS

	Short leasehold £	Plant and machinery £	Fixtures and fittings £	Totals £
COST				
At 1 January 2018	133,876	7,389,736	1,261,932	8,785,544
Additions	<u>-</u>	<u>566,374</u>	<u>82,724</u>	<u>649,098</u>
At 31 December 2018	<u>133,876</u>	<u>7,956,110</u>	<u>1,344,656</u>	<u>9,434,642</u>
DEPRECIATION				
At 1 January 2018	86,705	4,369,132	259,523	4,715,360
Charge for year	<u>1,949</u>	<u>409,484</u>	<u>265,657</u>	<u>677,090</u>
At 31 December 2018	<u>88,654</u>	<u>4,778,616</u>	<u>525,180</u>	<u>5,392,450</u>
NET BOOK VALUE				
At 31 December 2018	<u>45,222</u>	<u>3,177,494</u>	<u>819,476</u>	<u>4,042,192</u>
At 31 December 2017	<u>47,171</u>	<u>3,020,604</u>	<u>1,002,409</u>	<u>4,070,184</u>

**Notes to the Financial Statements - continued
for the Year Ended 31 December
2018**

10. FIXED ASSET INVESTMENTS

	Unlisted investments £
COST	
At 1 January 2018 and 31 December 2018	<u>10,000</u>
NET BOOK VALUE	
At 31 December 2018	<u>10,000</u>
At 31 December 2017	<u><u>10,000</u></u>

Fixed asset investments consists of 10,000 (2017 - 10,000) ordinary shares of £1 each in Fries Holding Company Limited, a company registered in Guernsey. The investments are included in the accounts at cost.

11. STOCKS

	31.12.18 £	31.12.17 £
Food stock	76,229	61,565
Paper stock	14,579	13,560
Non product stock	<u>7,148</u>	<u>4,553</u>
	<u><u>97,956</u></u>	<u><u>79,678</u></u>

Stock recognised in cost of sales during the year as an expense was £7,024,852 (2017: £6,140,291)

An impairment loss of £nil (2017: £nil) was recognised in cost of sales against stock during the year due to slow moving and obsolete stock.

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.18 £	31.12.17 £
Other debtors	31,432	24,975
Prepayments	<u>141,378</u>	<u>156,989</u>
	<u><u>172,810</u></u>	<u><u>181,964</u></u>

**Notes to the Financial Statements - continued
for the Year Ended 31 December
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13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.18 £	31.12.17 £
Bank loans and overdrafts (see note 15)	761,778	687,324
Trade creditors	797,728	544,206
Tax	12,519	59,372
Social security and other taxes	67,048	58,758
VAT	578,888	653,868
Other creditors	27,677	7,560
Directors' current accounts	2,429	63,938
Accrued expenses	425,830	379,708
	<u>2,673,897</u>	<u>2,454,734</u>

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31.12.18 £	31.12.17 £
Bank loans (see note 15)	<u>2,530,508</u>	<u>2,939,250</u>

15. LOANS

An analysis of the maturity of loans is given below:

	31.12.18 £	31.12.17 £
Amounts falling due within one year or on demand:		
Bank loans	<u>761,778</u>	<u>687,324</u>
Amounts falling due between one and two years:		
Bank loans - 1-2 years	<u>761,778</u>	<u>687,324</u>
Amounts falling due between two and five years:		
Bank loans - 2-5 years	<u>1,539,235</u>	<u>1,795,119</u>
Amounts falling due in more than five years:		
Repayable by instalments		
Bank loan over 5 years	<u>229,495</u>	<u>456,807</u>

The bank loans are unsecured and carry interest at rates between 1.2% and 1.7% over base. The bank loans are repayable over terms of three and five years

**Notes to the Financial Statements - continued
for the Year Ended 31 December
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16. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	31.12.18	31.12.17
	£	£
Within one year	1,095,628	1,069,313
Between one and five years	3,901,925	3,715,433
In more than five years	8,893,895	8,936,509
	<u>13,891,448</u>	<u>13,721,255</u>

Lease payments recognised as an expense in the year totalled £2,833,506 (2017: £2,603,270).

The Company's restaurant premises are leased from McDonalds Restaurants Limited under non-cancellable operating leases with expiry terms of more than five years. Rent is calculated as a percentage of sales above base, the above operating lease commitment only relates to base rent. Each restaurant pays its own unique base rent based on its circumstances, with the remainder of the rent being based on the performance of the restaurant.

17. FINANCIAL INSTRUMENTS

Financial Assets	31.12.18	31.12.17
	£	£
Financial assets as an equity instrument	10,000	10,000
Financial assets that are debt instruments measured at amortised cost	1,232,399	1,395,553
	<u>1,242,399</u>	<u>1,405,553</u>
Financial Liabilities	4,498,809	4,621,985
	<u>4,498,809</u>	<u>4,621,985</u>

18. PROVISIONS FOR LIABILITIES

	31.12.18	31.12.17
	£	£
Deferred tax	<u>217,174</u>	<u>186,559</u>
		Deferred tax
		£
Balance at 1 January 2018		186,559
Provided during year		<u>30,615</u>
Balance at 31 December 2018		<u>217,174</u>

**Notes to the Financial Statements - continued
for the Year Ended 31 December
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19. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31.12.18	31.12.17
			£	£
75	Ordinary A	£1	75	75
25	Ordinary B	£1	25	25
			<u>100</u>	<u>100</u>

20. RESERVES

	Retained earnings £
At 1 January 2018	293,483
Profit for the year	96,372
Dividends	(140,000)
At 31 December 2018	<u>249,855</u>

21. RELATED PARTY DISCLOSURES

The company commenced renting office premises in June 2017 from the director, Mr Robert Holdcroft, at an annual rent of £25,000.

22. ULTIMATE CONTROLLING PARTY

The controlling party is R Holdcroft.