Registered number: 02860364

W. LIDDY & COMPANY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

W. LIDDY & COMPANY LIMITED

COMPANY INFORMATION

Director	W Liddy
Company secretary	E Vieira
Registered number	02860364
Registered office	Unit 28 Apex Business Village Cramlington Northumberland NE23 7BF
Independent auditors	Ryecroft Glenton Chartered Accountants & Statutory Auditors 32 Portland Terrace Jesmond Newcastle upon Tyne NE2 1QP
Bankers	Royal Bank of Scotland 31 Grey Street Newcastle upon Tyne NE1 6ES
Solicitors	Mincoffs Solicitors LLP 5 Osborne Terrace Newcastle upon Tyne NE2 1SQ

W. LIDDY & COMPANY LIMITED

CONTENTS

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

Introduction

The director presents the strategic report and financial statements for the year ended 31 December 2018.

Business review

The results for the company show a profit before tax for the year of £142,049 (2017: £363,453), sales of £21,017,479 (2017: £17,608,715) and net assets of £2,125,119 (2017: £2,186,701).

The results for the year have been encouraging, only being adversely affected by increased depreciation and rental and service charges.

As mentioned below, the company is affected by the UK economy generally, McDonalds UK price and marketing strategies and by price pressures from the fast food industry.

Principal risks and uncertainties

The UK fast food market is highly price sensitive and extremely competitive.

The company takes strategic decisions in setting prices, managing margins and staffing levels while complying with the wishes of McDonalds UK to maintain the global reputation and image of the brand and to comply with strict food and hygiene requirements, helping it to maintain its position against competitors.

The process of risk management is addressed through a framework of policies, procedures and internal controls. All policies are subject to review and approval by the directors and compliance with regulation, legal and ethical standards are a high priority for the director.

A suite of key performance indicators are used in monitoring performance of the business which in turn assist the director in managing generic risk of business performance within the current economic climate, together with specific risk as appertains to the fast food industry.

Pricing and margin are carefully controlled through regular monitoring and reporting. Staff are well educated on these risks and close control of margin is therefore achieved. Additionally, the director monitors the cash position on a daily basis ensuring the business always has sufficient funds to manage its extensive working capital requirements.

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

Financial key performance indicators

The results for the year and the financial position at the year end were considered satisfactory, considering the current global recession, by the director. Turnover is higher than last year and continued growth is expected with additional franchises in sight.

Although the director monitors many elements of the business, the three main factors used in monitoring performance and their status are as follows:

Sales and gross profit - sales grew in the year by 19.4%, whilst GP decreased by 1.2% to 70.3%.
Staff numbers and costs - numbers are up 22.1% on last year and costs (excluding pensions) as a percentage of sales remain controlled at 32.0%, compared to 31.5% in 2017.
Cash position - shows a healthy year end balance of £2,603k v £1,448k in the previous year.

This report was approved by the board on 24 September 2019 and signed on its behalf.

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W Liddy
Director

DIRECTOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

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

Principal activity

The principal activity of the company continued to be that of a McDonalds franchisee.

Director

The director who served during the year was:

W Liddy

Director's responsibilities statement

The director is responsible for preparing the Strategic Report, the 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 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 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 of the profit or loss of the Company for that period.

In preparing these financial statements, the director is 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 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 to enable him to ensure that the financial statements comply with the Companies Act 2006. He is 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 £78,418 *(2017 - £249,548).*

Future developments

Although pricing, rent and service charge costs are set to comply with McDonalds UK requirements, the director is confident that business will continue to grow and will more closely monitor the staff ratios and costs over the next few years.

Since the balance sheet date the company has sold one franchise and acquired an additional franchise.

Employee involvement

Despite the high employee turnover expected within the restaurant industry, the company looks to engage and motivate its staff by investing in training and development to assist staff in realising their full potential.

The company's policy is to consult and discuss with employees matters likely to affect their interests. Information of matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance.

The company operates bonus schemes for certain categories of staff, based upon performance and the director continues to look at new schemes and incentives which will encourage and improve staff loyalty and performance.

Disabled employees

The company's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

Disclosure of information to auditors

The director at the time when this Director's Report is approved has confirmed that:

- so far as he is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- he 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.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditors

The auditors, Ryecroft Glenton, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 24 September 2019 and signed on its behalf.

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W Liddy
Director

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF W. LIDDY & COMPANY LIMITED

Opinion

We have audited the financial statements of W. Liddy & Company Limited (the 'Company') for the year ended 31 December 2018, which comprise the Statement of Income and Retained Earnings, the Balance Sheet, the Statement of Cash Flows 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 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 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

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 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 director is responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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 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 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 Director's 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 director's 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 Director's Responsibilities Statement on page 3, 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 have no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF W. LIDDY & COMPANY 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.

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.

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.

Ian Smith (Senior Statutory Auditor)

for and on behalf of
Ryecroft Glenton

Chartered Accountants
Statutory Auditors

32 Portland Terrace
Jesmond
Newcastle upon Tyne
NE2 1QP

24 September 2019

STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 £	*2017* *£*
Turnover	4	**21,017,479**	*17,608,715*
Cost of sales		**(6,240,967)**	*(5,013,752)*
Gross profit		**14,776,512**	*12,594,963*
Administrative expenses		**(14,587,869)**	*(12,221,751)*
Other operating income	5	**986**	*5,515*
Operating profit		**189,629**	*378,727*
Interest receivable and similar income	9	**3,530**	*1,136*
Interest payable and expenses	10	**(51,110)**	*(16,410)*
Profit before tax		**142,049**	*363,453*
Tax on profit	11	**(63,631)**	*(113,905)*
Profit after tax		**78,418**	*249,548*
Retained earnings at the beginning of the year		**1,870,201**	*1,705,653*
		1,870,201	*1,705,653*
Profit for the year		**78,418**	*249,548*
Dividends declared and paid		**(140,000)**	*(85,000)*
Retained earnings at the end of the year		**1,808,619**	*1,870,201*

The notes on pages 12 to 26 form part of these financial statements.

W. LIDDY & COMPANY LIMITED
REGISTERED NUMBER: 02860364

BALANCE SHEET
AS AT 31 DECEMBER 2018

	Note		2018 £		2017 £
Fixed assets					
Intangible assets	13		**245,915**		*327,649*
Tangible assets	14		**3,262,000**		*3,138,655*
Investment property	15		**137,964**		*137,964*
			3,645,879		*3,604,268*
Current assets					
Stocks	16	**80,795**		*68,766*	
Debtors: amounts falling due within one year	17	**1,303,826**		*1,316,739*	
Cash at bank and in hand	18	**2,603,116**		*1,448,300*	
		3,987,737		*2,833,805*	
Creditors: amounts falling due within one year	19	**(3,034,084)**		*(3,013,789)*	
Net current assets/(liabilities)			**953,653**		*(179,984)*
Total assets less current liabilities			**4,599,532**		*3,424,284*
Creditors: amounts falling due after more than one year	20		**(2,343,166)**		*(1,085,538)*
Provisions for liabilities					
Deferred tax	24	**(131,247)**		*(152,045)*	
			(131,247)		*(152,045)*
Net assets			**2,125,119**		*2,186,701*
Capital and reserves					
Called up share capital	25		**316,500**		*316,500*
Profit and loss account	26		**1,808,619**		*1,870,201*
			2,125,119		*2,186,701*

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 24 September 2019.

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W Liddy
Director

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 £	2017 £
Cash flows from operating activities		
Profit for the financial year	**78,418**	*249,548*
Adjustments for:		
Amortisation of intangible assets	**81,734**	*84,994*
Depreciation of tangible assets	**879,177**	*826,277*
Loss on disposal of tangible assets	**-**	*(4,154)*
Interest paid	**51,110**	*16,413*
Interest received	**(3,530)**	*(1,136)*
Taxation charge	**63,631**	*113,904*
(Increase) in stocks	**(12,029)**	*(13,298)*
Decrease/(increase) in debtors	**25,050**	*(534,136)*
(Decrease)/increase in creditors	**(286,945)**	*1,203,811*
Corporation tax (paid)	**(118,963)**	*(124,488)*
Net cash generated from operating activities	**757,653**	*1,817,735*
Cash flows from investing activities		
Purchase of intangible fixed assets	**-**	*(200,690)*
Purchase of tangible fixed assets	**(1,002,523)**	*(1,980,334)*
Sale of tangible fixed assets	**-**	*15,000*
Interest received	**3,530**	*1,136*
Net cash from investing activities	**(998,993)**	*(2,164,888)*

STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 £	2017 £
Cash flows from financing activities		
New secured loans	**1,592,234**	*997,158*
Repayment of/new finance leases	**(4,968)**	*(4,968)*
Dividends paid	**(140,000)**	*(30,000)*
Interest paid	**(51,110)**	*(16,410)*
Net cash used in financing activities	**1,396,156**	*945,780*
Net increase in cash and cash equivalents	**1,154,816**	*598,627*
Cash and cash equivalents at beginning of year	**1,448,300**	*849,673*
Cash and cash equivalents at the end of year	**2,603,116**	*1,448,300*
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	**2,603,116**	*1,448,300*
	2,603,116	*1,448,300*

The notes on pages 12 to 26 form part of these financial statements.

1. General information

The business is a limited company incorporated in England and Wales with a registered office of Unit 28 Apex Business Village, Cramlington, Northumberland. The company's registered number is 02860364. The company trades from numerous McDonalds restaurants across the North East.

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 depends on its existing banking facility to meets its day to day working capital requirements.

Current trading results and forecasts indicate that the company expects to be able to operate within these facilities for the whole of the foreseeable future. These facilities are renewed annually and not guaranteed for the period covered by the going concern review. The director is not aware, however, of any circumstances that may adversely affect the renewal of these facilities. Accordingly the director considers it appropriate to prepare the financial statements on the going concern basis.

2.3 Revenue

Revenue 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, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

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

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

2. Accounting policies (continued)

2.4 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 Income and Retained Earnings 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.

2.5 Tangible fixed assets

Tangible fixed assets under the cost model, other than investment properties, 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 reducing balance basis.

Depreciation is provided on the following basis:

L/Term Leasehold Property	- 25% reducing balance
Plant & Machinery	- 15% reducing balance
Motor Vehicles	- 25% reducing balance
Fixtures & Fittings	- 15% reducing balance

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Income and Retained Earnings.

2.6 Investment property

Investment property is carried at fair value determined annually by the director. No depreciation is provided. Changes in fair value are recognised in the Statement of Income and Retained Earnings.

2. Accounting policies (continued)

2.7 Stocks

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

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.

2.8 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.

2.9 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.

2.10 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 and loans from banks and other third parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

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 Income and Retained Earnings.

2.11 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. Accounting policies (continued)

2.12 Finance costs

Finance costs are charged to the Statement of Income and Retained Earnings 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.

2.13 Dividends

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

2.14 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 the Statement of Income and Retained Earnings 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.

2.15 Interest income

Interest income is recognised in the Statement of Income and Retained Earnings using the effective interest method.

2.16 Borrowing costs

All borrowing costs are recognised in the Statement of Income and Retained Earnings in the year in which they are incurred.

2.17 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 the Statement of Income and Retained Earnings 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.

2. Accounting policies (continued)

2.18 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Income and Retained Earnings, 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.

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

Tangible fixed assets are depreciated over their useful lives taking into account residual values where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing the asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual values consider such things as future market conditions, the remaining life of the asset and projected disposal values.

4. Turnover

All turnover arose within the United Kingdom.

5. Other operating income

	2018 £	*2017* *£*
Sundry income	**986**	*5,515*
	986	*5,515*

6. Auditors' remuneration

	2018 £	*2017* *£*
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	**7,500**	*7,500*
	7,500	*7,500*

7. Employees

Staff costs, including director's remuneration, were as follows:

	2018 £	*2017* *£*
Wages and salaries	**6,411,995**	*5,271,783*
Social security costs	**320,931**	*276,354*
Cost of defined contribution scheme	**128,179**	*89,942*
	6,861,105	*5,638,079*

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

	2018 No.	*2017* *No.*
Management and administration	**28**	*25*
Operational staff	**608**	*496*
	636	*521*

8. Director's remuneration

	2018 £	*2017* *£*
Director's emoluments	**100,000**	*90,000*
Company contributions to defined contribution pension schemes	**50,400**	*50,400*
	150,400	*140,400*

During the year retirement benefits were accruing to 1 director *(2017 - 1)* in respect of defined contribution pension schemes.

9. Interest receivable

	2018 £	*2017 £*
Other interest receivable	3,530	*1,136*
	3,530	*1,136*

10. Interest payable and similar expenses

	2018 £	*2017 £*
Bank interest payable	51,110	*16,410*
	51,110	*16,410*

11. Taxation

	2018 £	*2017 £*
Corporation tax		
Current tax on profits for the year	84,429	*118,963*
	84,429	*118,963*
Total current tax	84,429	*118,963*
Deferred tax		
Origination and reversal of timing differences	(20,798)	*(5,058)*
Total deferred tax	(20,798)	*(5,058)*
Taxation on profit on ordinary activities	63,631	*113,905*

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than *(2017 - higher than)* the standard rate of corporation tax in the UK of 19% *(2017 - 19.25%)*. The differences are explained below:

	2018 £	*2017 £*
Profit on ordinary activities before tax	**142,049**	*363,453*
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.25%)	**26,989**	*69,952*
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**1,950**	*204*
Capital allowances for year in excess of depreciation	**48,238**	*43,081*
Short term timing difference leading to an increase (decrease) in taxation	**(20,798)**	*668*
Changes in provisions leading to an increase (decrease) in the tax charge	**7,252**	*-*
Total tax charge for the year	**63,631**	*113,905*

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

12. Dividends

	2018 £	*2017 £*
Final paid	**140,000**	*85,000*
	140,000	*85,000*

13. Intangible assets

	Goodwill £
Cost	
At 1 January 2018	**1,465,028**
At 31 December 2018	**1,465,028**
Amortisation	
At 1 January 2018	**1,137,379**
Charge for the year	**81,734**
At 31 December 2018	**1,219,113**
Net book value	
At 31 December 2018	**245,915**
At 31 December 2017	*327,649*

14. Tangible fixed assets

	Longterm Leasehold Property £	Plant & Machinery £	Motor Vehicles £	Fixtures & Fittings £	Total £
Cost or valuation					
At 1 January 2018	3,760,575	2,939,750	66,389	53,341	6,820,055
Additions	810,527	191,996	-	-	1,002,523
At 31 December 2018	4,571,102	3,131,746	66,389	53,341	7,822,578
Depreciation					
At 1 January 2018	1,996,274	1,613,922	23,356	47,848	3,681,400
Charge for the year on owned assets	645,113	222,483	10,758	824	879,178
At 31 December 2018	2,641,387	1,836,405	34,114	48,672	4,560,578
Net book value					
At 31 December 2018	1,929,715	1,295,341	32,275	4,669	3,262,000
At 31 December 2017	*1,764,301*	*1,325,828*	*43,033*	*5,493*	*3,138,655*

15. Investment property

	Freehold investment property £
Valuation	
At 1 January 2018	137,964
At 31 December 2018	137,964

The 2018 valuations were made by the director, on an open market value for existing use basis.

16. Stocks

	2018 £	*2017 £*
Finished goods and goods for resale	**80,795**	*68,766*
	80,795	*68,766*

Stock recognised in cost of sales during the year as an expense was £6,230,072 (*2017 - £5,027,051*).

17. Debtors

	2018 £	*2017 £*
Other debtors	**50,482**	*107,150*
Prepayments and accrued income	**1,253,344**	*1,209,589*
	1,303,826	*1,316,739*

18. Cash and cash equivalents

	2018 £	*2017 £*
Cash at bank and in hand	**2,603,116**	*1,448,300*
	2,603,116	*1,448,300*

19. Creditors: Amounts falling due within one year

	2018 £	*2017 £*
Bank loans	**643,268**	*313,630*
Trade creditors	**1,036,814**	*1,676,175*
Corporation tax	**96,569**	*118,966*
Other taxation and social security	**684,286**	*439,876*
Obligations under finance lease and hire purchase contracts	**4,968**	*4,968*
Accruals and deferred income	**568,179**	*460,174*
	3,034,084	*3,013,789*

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

	2018 £	*2017 £*
Bank loans	**2,342,309**	*1,079,713*
Net obligations under finance leases and hire purchase contracts	**857**	*5,825*
	2,343,166	*1,085,538*

21. Loans

Analysis of the maturity of loans is given below:

	2018 £	*2017 £*
Amounts falling due within one year		
Bank loans	**643,268**	*313,630*
	643,268	*313,630*
Amounts falling due 1-2 years		
Bank loans	**654,289**	*318,434*
	654,289	*318,434*
Amounts falling due 2-5 years		
Bank loans	**1,688,020**	*761,279*
	1,688,020	*761,279*
	2,985,577	*1,393,343*

22. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2018 £	*2017 £*
Within one year	**4,968**	*4,968*
Between 1-2 years	**857**	*5,825*
	5,825	*10,793*

23. Financial instruments

	2018 £	*2017 £*
Financial assets		
Financial assets that are debt instruments measured at amortised cost	**1,101,409**	*1,067,517*
Financial liabilities		
Financial liabilities measured at amortised cost	**4,590,570**	*3,529,690*

Financial assets measured at amortised cost comprise accrued income and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, bank loans and accruals.

24. Deferred taxation

	2018
	£
At beginning of year	**(152,045)**
Charged to profit or loss	**20,798**
At end of year	**(131,247)**

The provision for deferred taxation is made up as follows:

	2018	*2017*
	£	£
Accelerated capital allowances	**(137,736)**	*(152,045)*
Short term timing differences	**6,489**	-
	(131,247)	*(152,045)*

25. Share capital

	2018	*2017*
	£	£
Allotted, called up and fully paid		
316,500 *(2017 - 316,500)* Ordinary shares of £1.00 each	**316,500**	*316,500*

26. Reserves

Profit & loss account

The profit and loss account includes all current and prior period retained profits and losses.

27. Pension commitments

The company operates a defined contribution 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. At the balance sheet date no contributions (2017 : £nil) were payable to the fund.

28. Commitments under operating leases

At 31 December 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018	*2017*
	£	£
Not later than 1 year	**14,500**	*14,500*
Later than 1 year and not later than 5 years	**19,333**	*33,833*
	33,833	*48,333*

29. Transactions with directors

During the year the company advanced amounts totalling £35,238 to W Liddy, the sole director, and W Liddy repaid amounts totalling £110,000. As at 31 December 2018, W Liddy owed the company £31,388 (2017 : £106,150).

30. Related party transactions

During the year dividends totalling £140,000 (2017 : £85,000) were paid to W Liddy, the sole director and shareholder.

The director and certain senior employees who have authority and responsibility for planning, directing and controlling the activities of the company are considered to be key management personnel. Total remuneration in respect of these individuals is £234,807 (2017 : £218,061).

31. Post balance sheet events

After the balance sheet date the Gosforth Park franchise was sold to Vieira Group Limited.

32. Controlling party

W Liddy, being the sole director and shareholder, is the ultimate controlling party.