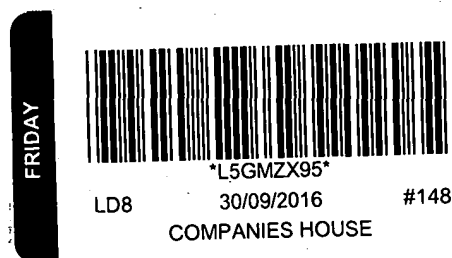


Company Registration No. 02180521 (England and Wales)

SME FAST FOODS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

KLSA
Chartered Accountants

PKF
Member firm of PKF International Ltd



SME FAST FOODS LIMITED

COMPANY INFORMATION

Directors	Mrs S Esmail Mr A M Esmail	(Appointed 1 April 2016)
Secretary	Mrs S Esmail Mr A S Esmail Mr S M Esmail	
Company number	02180521	
Registered office	Runway House The Runway South Ruislip Middlesex HA4 6SE	
Auditor	KLSA LLP 28-30 St. John's Square London EC1M 4DN	
Bankers	Royal Bank of Scotland Plc 354 Station Road Harrow Middlesex HA1 2XZ	

SME FAST FOODS LIMITED

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SME FAST FOODS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2016

The directors present the strategic report for the year ended 31 March 2016.

Fair review of the business

The results for the period under review and the financial position at the period end were considered satisfactory by the director. The company's objective is to achieve sustainable rates of growth and returns through a combination of organic growth and acquisition of new outlets.

As shown in the company's profit and loss account set out on page 6, the company made a profit after tax of £444,688 (2015 - £374,686).

The company's balance sheet on page 8 shows its net assets and is valued at £3,351,759 (2015 - £2,907,072).

Key Performance Indicators

The board monitors progress on the overall company strategy and the individual strategic elements by reference to a number of key performance indicators. The key financial performance indicators of the company are gross profit margins and turnover.

The gross profit of the company for the period under review was £2,244,228 (2015 - £2,098,246), producing a satisfactory gross margin of 69% (2015 - 67%) on a turnover of £3,266,613 (2015 - £3,139,555).

The key non-financial performance indicators are adherence to a high quality of operational standards set by the franchisors.

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks. Risks are reviewed by the director and the appropriate processes put in place to monitor and mitigate them. The key business risks affecting the company are set out below:-

Competition

The company operates in a highly competitive market particularly around service offering, price and product quality. There is a risk that we will not meet our customers expectations. In order to mitigate this risk, the marketing teams from the franchisor monitor market offerings and pricing on an ongoing basis and the company, through the franchisor, undertakes regular mystery guest visits to all our restaurants to ensure menu offering and customer service are maintained to a high standard.

Employees

The company's performance depends largely on its managers and staff. The resignation of key individuals and the inability to recruit people with the right experience and skills could adversely impact the company's results. To mitigate these issues the company has invested in a training programme for all staff to maintain high service levels and have a number of schemes linked to the company's results that are designed to reward and retain key individuals.

Business

The company has an established base of suppliers and prides itself on the quality of its products. The company could be adversely affected by food safety and food-borne illnesses affecting the food chain. In order to mitigate this, the company purchases its food supplies from accredited suppliers.

Future Developments

The director aims to continue with management policies which has resulted in the company's steady growth in recent years.

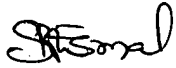
The outlook for 2017 is reasonably encouraging with the director being optimistic that the current performance can be maintained.

SME FAST FOODS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

On behalf of the board



Mrs S Esmail

Director

28 September 2016

SME FAST FOODS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2016

The directors present their annual report and financial statements for the year ended 31 March 2016.

Principal activities

The principal activity of the company in the year under review were that of restaurateurs.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mrs S Esmail

Mr A M Esmail

(Appointed 1 April 2016)

Results and dividends

The results for the year are set out on page 6.

The directors do not recommend payment of an ordinary dividend.

Auditor

The auditor, KLSA LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of directors' responsibilities

The directors are responsible for preparing the annual 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 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 of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



Mrs S Esmail

Director

28 September 2016

SME FAST FOODS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SME FAST FOODS LIMITED

We have audited the financial statements of SME Fast Foods Limited for the year ended 31 March 2016 set out on pages 6 to 24. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2016 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion 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.

SME FAST FOODS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF SME FAST FOODS LIMITED

Matters on which we are required to report by exception

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.

Shilpa Chheda (Senior Statutory Auditor)

for and on behalf of KLSA LLP

Chartered Accountants

Statutory Auditor

28-30 St. John's Square

London

EC1M 4DN

28 September 2016

SME FAST FOODS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2016

	Notes	2016 £	2015 £
Turnover	3	3,266,613	3,139,555
Cost of sales		(1,022,385)	(1,041,309)
Gross profit		2,244,228	2,098,246
Administrative expenses		(1,706,983)	(1,651,215)
Other operating income		49,114	47,257
Operating profit	4	586,359	494,288
Interest payable and similar charges	6	(44,418)	(45,524)
Profit before taxation		541,941	448,764
Taxation	7	(97,253)	(74,078)
Profit for the financial year		444,688	374,686

The profit and loss account has been prepared on the basis that all operations are continuing operations.

SME FAST FOODS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2016

	2016	2015
	£	£
Profit for the year	444,688	374,686
Other comprehensive income	-	-
Total comprehensive income for the year	<u>444,688</u>	<u>374,686</u>

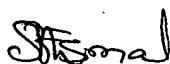
SME FAST FOODS LIMITED

BALANCE SHEET

AS AT 31 MARCH 2016

	Notes	2016 £	£	2015 £	£
Fixed assets					
Tangible assets	9	2,614,918		2,721,291	
Investment properties	10	510,000		510,000	
		<u>3,124,918</u>		<u>3,231,291</u>	
Current assets					
Stocks	12	16,885		16,146	
Debtors	13	1,894,328		2,070,058	
Cash at bank and in hand		397,962		5,699	
		<u>2,309,175</u>		<u>2,091,903</u>	
Creditors: amounts falling due within one year	14	(662,917)		(905,550)	
Net current assets		<u>1,646,258</u>		<u>1,186,353</u>	
Total assets less current liabilities		<u>4,771,176</u>		<u>4,417,644</u>	
Creditors: amounts falling due after more than one year	15	(1,339,789)		(1,422,588)	
Provisions for liabilities	18	(79,628)		(87,984)	
Net assets		<u><u>3,351,759</u></u>		<u><u>2,907,072</u></u>	
Capital and reserves					
Called up share capital	20	100		100	
Profit and loss reserves		3,351,659		2,906,972	
Total equity		<u><u>3,351,759</u></u>		<u><u>2,907,072</u></u>	

The financial statements were approved by the board of directors and authorised for issue on 28 September 2016 and are signed on its behalf by:



Mrs S Esmail
Director

Company Registration No. 02180521

SME FAST FOODS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2016

	Notes	Share capital £	Revaluation reserve £	Profit and loss reserves £	Total £
Balance at 1 April 2014		100	303,862	2,264,254	2,568,216
Effect of transition to FRS 102		-	(303,862)	268,032	(35,830)
As restated		100	-	2,532,286	2,532,386
Year ended 31 March 2015:					
Profit and total comprehensive income for the year		-	-	374,686	374,686
Balance at 31 March 2015		100	-	2,906,972	2,907,072
Year ended 31 March 2016:					
Profit and total comprehensive income for the year		-	-	444,687	444,688
Balance at 31 March 2016		100	-	3,351,659	3,351,759

SME FAST FOODS LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2016

	Notes	2016 £	£	2015 £	£
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	24		887,755		(587,309)
Interest paid			(44,418)		(45,524)
Income taxes paid			(84,456)		(58,323)
Net cash inflow/(outflow) from operating activities			758,881		(691,156)
Net cash used in investing activities			-		-
Financing activities					
Repayment of bank loans		(67,650)		1,368,038	
Net cash (used in)/generated from financing activities			(67,650)		1,368,038
Net increase in cash and cash equivalents			691,231		676,882
Cash and cash equivalents at beginning of year			(293,269)		(970,151)
Cash and cash equivalents at end of year			397,962		(293,269)
Relating to:					
Cash at bank and in hand			397,962		5,699
Bank overdrafts included in creditors payable within one year			-		(298,968)

SME FAST FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

1 Accounting policies

Company information

SME Fast Foods Limited is a company limited by shares incorporated in England and Wales. The registered office is Runway House, The Runway, South Ruislip, Middlesex, HA4 6SE.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared on the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

These financial statements for the year ended 31 March 2016 are the first financial statements of SME Fast Foods Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 April 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 25.

The accounts of SME Fast Foods Limited have also adopted the following FRS 102 disclosure exemptions: financial instrument disclosures, including:

- categories of financial instruments;
- items of income, expenses, gains or losses relating to financial instruments, and
- exposure to and management of financial risks

The company has taken advantage of the exemption under FRS 102, from preparing a statement of cash flows, on the basis that it is a qualifying entity and its ultimate parent company, SME Investments Limited, includes the company's cash flows in its own consolidated financial statements.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The directors also assess that the group has sufficient resources and assets to meet its liabilities. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover represents the invoiced value, net of Value Added Tax, of goods sold provided to customers. Turnover from restaurants is recognised when payment is tendered by the customer at the point of sale.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings Freehold	2% on the cost of buildings.
Land and buildings Leasehold	Over the term of the lease.
Fixtures, fittings & equipment	7.50% reducing balance.

SME FAST FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

1 Accounting policies

(Continued)

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.5 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured using the fair value model and stated at its fair value as the reporting end date. The surplus or deficit on revaluation is recognised in the profit and loss account.

Where fair value cannot be achieved without undue cost or effort, investment property is accounted for as tangible fixed assets.

1.6 Impairment of fixed assets

At each reporting period 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 future 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 the 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.

1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

1.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

SME FAST FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

1 Accounting policies

(Continued)

1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

SME FAST FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

SME FAST FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

1 Accounting policies

(Continued)

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.14 Leases

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

1.15 Rental income

Rental income is accounted for in the profit and loss on a receivable basis.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2016 £	2015 £
Turnover		
Restaurateurs	3,266,613	3,139,555
	<u> </u>	<u> </u>
Turnover analysed by geographical market		
	2016 £	2015 £
United Kingdom	3,266,613	3,139,555
	<u> </u>	<u> </u>

SME FAST FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

4 Operating profit

	2016 £	2015 £
Operating profit for the year is stated after charging/(crediting):		
Fees payable to the company's auditor for the audit of the company's financial statements	2,750	2,750
Depreciation of owned tangible fixed assets	106,372	113,656
Cost of stocks recognised as an expense	1,022,385	1,041,309
	<u> </u>	<u> </u>

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2016 Number	2015 Number
Management staff	3	2
Operational staff	48	51
	<u> </u>	<u> </u>
	51	53
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2016 £	2015 £
Wages and salaries	679,806	657,792
Social security costs	42,802	40,641
Pension costs	2,391	-
	<u> </u>	<u> </u>
	724,999	698,433
	<u> </u>	<u> </u>

6 Interest payable and similar charges

	2016 £	2015 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	44,418	45,524
	<u> </u>	<u> </u>

7 Taxation

	2016 £	2015 £
Current tax		
UK corporation tax on profits for the current period	105,609	83,853
	<u> </u>	<u> </u>

SME FAST FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

7 Taxation (Continued)

Deferred tax		
Origination and reversal of timing differences	(8,356)	(9,775)
	<u> </u>	<u> </u>
Total tax charge	97,253	74,078
	<u> </u>	<u> </u>

The charge for the year can be reconciled to the profit per the profit and loss account as follows:

	2016	2015
	£	£
Profit before taxation	541,941	448,764
	<u> </u>	<u> </u>
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 21.00%)	108,388	94,240
Tax effect of expenses that are not deductible in determining taxable profit	105	105
Depreciation on assets not qualifying for tax allowances	21,274	23,868
Capital allowances	(13,158)	(16,614)
Other tax adjustments	(11,000)	(17,746)
Deferred tax adjustments	(8,356)	(9,167)
Transition adjustments	-	(608)
	<u> </u>	<u> </u>
Tax expense for the year	97,253	74,078
	<u> </u>	<u> </u>

8 Intangible fixed assets

	Goodwill
	£
Cost	
At 1 April 2015 and 31 March 2016	150,000
	<u> </u>
Amortisation and impairment	
At 1 April 2015 and 31 March 2016	150,000
	<u> </u>
Carrying amount	
At 31 March 2016	-
	<u> </u>
At 31 March 2015	-
	<u> </u>

SME FAST FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

9 Tangible fixed assets

	Land and buildings Freehold £	Land and buildings Leasehold £	Fixtures, fittings & equipment £	Total £
Cost				
At 1 April 2015 and 31 March 2016	1,113,210	540,321	1,886,484	3,540,015
Depreciation and impairment				
At 1 April 2015	60,416	69,651	688,658	818,725
Depreciation charged in the year	11,132	5,404	89,836	106,372
At 31 March 2016	71,548	75,055	778,494	925,097
Carrying amount				
At 31 March 2016	1,041,662	465,266	1,107,990	2,614,918
At 31 March 2015	1,052,795	470,670	1,197,826	2,721,291

10 Investment property

	2016 £
Fair value	
At 1 April 2015 and 31 March 2016	510,000

The investment properties were valued on 15 September 2014 by R. Whitley & Co., Chartered Surveyors, on an open market basis. In the opinion of the directors, the market value at the balance sheet date is not materially different to this valuation.

On an historical cost basis these would have been included at an original cost of £491,464 (2015 - £491,464).

11 Financial instruments

	2016 £	2015 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	1,887,599	2,069,308
Carrying amount of financial liabilities		
Measured at amortised cost	1,786,817	2,126,349

12 Stocks

	2016 £	2015 £
Consumables	16,885	16,146

SME FAST FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

13 Debtors

	2016 £	2015 £
Amounts falling due within one year:		
Amount due from parent undertaking	890,880	1,069,365
Amounts due from fellow group undertakings	909,888	907,405
Other debtors	86,831	92,538
Prepayments and accrued income	6,729	750
	<u>1,894,328</u>	<u>2,070,058</u>

Amounts owed by parent and fellow group undertakings are unsecured, interest free and repayable on demand.

14 Creditors: amounts falling due within one year

	Notes	2016 £	2015 £
Bank loans and overdrafts	16	121,968	405,787
Trade creditors		173,935	150,161
Amounts due to group undertakings		84,316	86,547
Corporation tax		105,517	84,364
Other taxation and social security		110,372	117,425
Other creditors		18,356	5,788
Accruals and deferred income		48,453	55,478
		<u>662,917</u>	<u>905,550</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

15 Creditors: amounts falling due after more than one year

	Notes	2016 £	2015 £
Bank loans and overdrafts	16	<u>1,339,789</u>	<u>1,422,588</u>

16 Loans and overdrafts

	2016 £	2015 £
Bank loans	1,461,757	1,529,407
Bank overdrafts	-	298,968
	<u>1,461,757</u>	<u>1,828,375</u>
Payable within one year	121,968	405,787
Payable after one year	<u>1,339,789</u>	<u>1,422,588</u>

SME FAST FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

16 Loans and overdrafts

(Continued)

The bank loans and overdraft are secured by a fixed charge over the freehold property and by a debenture over the other assets of the company. The loans are subject to commercial rates of interest. The repayment terms of the bank loans range from monthly and quarterly payments of interest and/or capital and interest.

17 Provisions for liabilities

		2016 £	2015 £
Deferred tax liabilities	18	79,628	87,984
		<u>79,628</u>	<u>87,984</u>

18 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2016 £	Liabilities 2015 £
Balances:		
Accelerated capital allowances	45,440	52,762
Revaluation of investment properties	34,188	35,222
	<u>79,628</u>	<u>87,984</u>
Movements in the year:		2016 £
Liability at 1 April 2015		87,984
Credit to profit and loss		(8,356)
Liability at 31 March 2016		<u>79,628</u>

19 Retirement benefit schemes

Defined contribution schemes

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The charge to profit and loss in respect of defined contribution schemes was £2,391 (2015 - £-).

SME FAST FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

20 Share capital

	2016 £	2015 £
Ordinary share capital Issued and fully paid 100 Ordinary shares of £1 each	100	100

21 Financial commitments, guarantees and contingent liabilities

The company has given cross guarantees for the bank facilities of the holding company and group subsidiary undertakings.

22 Related party transactions

Transactions with related parties

The company has taken advantage of the exemption available in FRS 102 (s33 "Related Party Disclosure"), whereby it has not disclosed transactions with any wholly owned subsidiary undertaking of the group.

During the period, the company paid management fees of £195,997 (2015: £188,371) to SME Group Plc, the ultimate parent company. At the balance sheet date, the balance receivable from SME Group Plc amounted to £890,880 (2015: £1,069,365).

At the period end, the balance receivable from non-wholly owned subsidiary undertakings of the group amounted to £909,888 (2015: £907,405).

At the period end, the balance payable to non-wholly owned subsidiary undertakings of the group amounted to £28,210 (2015: £31,696).

23 Controlling party

In the opinion of the director, the immediate parent company is SME Investments Ltd and the ultimate parent company is SME Group Plc, both companies are registered in England and Wales.

The smallest group for which SME Fast Foods Limited is a member for which group financial statements are prepared is SME Investments Limited. The largest such group is SME Group Plc, whose copies can be obtained from Charlwood House, The Runway, South Ruislip, Middlesex HA4 6SE.

The ultimate controlling party is Mrs S Esmail.

SME FAST FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

24 Cash generated from operations

	2016 £	2015 £
Profit for the year after tax	444,688	374,686
Adjustments for:		
Taxation charged	97,253	74,078
Finance costs	44,418	45,524
Depreciation and impairment of tangible fixed assets	106,372	113,656
Movements in working capital:		
(Increase) in stocks	(739)	(330)
Decrease/(increase) in debtors	175,730	(1,069,152)
Increase/(decrease) in creditors	20,033	(125,771)
Cash generated from/(absorbed by) operations	887,755	(587,309)

25 Reconciliations on adoption of FRS 102

Reconciliations and descriptions of the effect of the transition to FRS 102 on; (i) equity at the date of transition to FRS 102; (ii) equity at the end of the comparative period; and (iii) profit or loss for the comparative period reported under previous UK GAAP are given below.

Reconciliation of equity

	Notes	1 April 2014 £	31 March 2015 £
Equity as reported under previous UK GAAP		2,568,216	2,942,294
Adjustments arising from transition to FRS 102:			
Deferred tax on investment properties	1	(35,830)	(35,222)
Equity reported under FRS 102		<u>2,532,386</u>	<u>2,907,072</u>

Reconciliation of profit or loss

	Notes	2015 £
Profit or loss as reported under previous UK GAAP		374,078
Adjustments arising from transition to FRS 102:		
Deferred tax on investment properties	1	608
Profit or loss reported under FRS 102		<u>374,686</u>

SME FAST FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

25 Reconciliations on adoption of FRS 102

(Continued)

Reconciliation of equity

Notes	At 1 April 2014			At 31 March 2015		
	Previous UK GAAP £	Effect of transition £	FRS 102 £	Previous UK GAAP £	Effect of transition £	FRS 102 £
Fixed assets						
Tangible assets	2,834,947	-	2,834,947	2,721,291	-	2,721,291
Investment properties	510,000	-	510,000	510,000	-	510,000
	<u>3,344,947</u>	<u>-</u>	<u>3,344,947</u>	<u>3,231,291</u>	<u>-</u>	<u>3,231,291</u>
Current assets						
Stocks	15,816	-	15,816	16,146	-	16,146
Debtors	1,000,906	-	1,000,906	2,070,058	-	2,070,058
Bank and cash	35,192	-	35,192	5,699	-	5,699
	<u>1,051,914</u>	<u>-</u>	<u>1,051,914</u>	<u>2,091,903</u>	<u>-</u>	<u>2,091,903</u>
Creditors due within one year						
Loans and overdrafts	(1,026,712)	-	(1,026,712)	(405,787)	-	(405,787)
Taxation	(165,606)	-	(165,606)	(201,789)	-	(201,789)
Other creditors	(434,398)	-	(434,398)	(297,974)	-	(297,974)
	<u>(1,626,716)</u>	<u>-</u>	<u>(1,626,716)</u>	<u>(905,550)</u>	<u>-</u>	<u>(905,550)</u>
Net current (liabilities)/ assets	<u>(574,802)</u>	<u>-</u>	<u>(574,802)</u>	<u>1,186,353</u>	<u>-</u>	<u>1,186,353</u>
Total assets less current liabilities	<u>2,770,145</u>	<u>-</u>	<u>2,770,145</u>	<u>4,417,644</u>	<u>-</u>	<u>4,417,644</u>
Creditors due after one year						
Loans and overdrafts	(140,000)	-	(140,000)	(1,422,588)	-	(1,422,588)
Provisions for liabilities						
Deferred tax 1	(61,929)	(35,830)	(97,759)	(52,762)	(35,222)	(87,984)
Net assets	<u>2,568,216</u>	<u>(35,830)</u>	<u>2,532,386</u>	<u>2,942,294</u>	<u>(35,222)</u>	<u>2,907,072</u>
Capital and reserves						
Share capital	100	-	100	100	-	100
Revaluation reserve 2	303,862	(303,862)	-	303,862	(303,862)	-
Profit and loss 2	2,264,254	268,032	2,532,286	2,638,332	268,640	2,906,972
Total equity	<u>2,568,216</u>	<u>(35,830)</u>	<u>2,532,386</u>	<u>2,942,294</u>	<u>(35,222)</u>	<u>2,907,072</u>

SME FAST FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

25 Reconciliations on adoption of FRS 102

(Continued)

Reconciliation of profit or loss for the year

	Notes	Year ended 31 March 2015		
		Previous UK GAAP £	Effect of transition £	FRS 102 £
Turnover		3,139,555	-	3,139,555
Cost of sales		(1,041,309)	-	(1,041,309)
Gross profit		2,098,246	-	2,098,246
Administrative expenses		(1,651,215)	-	(1,651,215)
Other operating income		47,257	-	47,257
Operating profit		494,288	-	494,288
Interest payable and similar charges		(45,524)	-	(45,524)
Taxation	1	(74,686)	608	(74,078)
Profit for the financial period		374,078	608	374,686

Notes to reconciliations on adoption of FRS 102

1 - Deferred taxation

Under previous UK GAAP the Company was not required to provide for taxation on revaluations, unless the Company had entered into a binding sale agreement and recognised the gain or loss expected to arise. Under FRS 102 deferred taxation is provided on the temporary difference arising from the revaluation. A deferred tax liability of £35,830 arose on transition to FRS 102. For the year ending 31 March 2015, deferred tax credit of £608 arose.

2 - Revaluation reserve

Under previous UK GAAP the Company had a policy of accounting for revaluation reserves arising on valuation of investment properties. On transition to FRS 102 the Company has transferred the valuation reserve in its retained earnings as an un-distributable reserve as it arose in respect to investment properties. In the year ended 31 March 2015 the revaluation reserve is no longer recognised in other comprehensive income.