Registration number: 04268921

Northgate Restaurants Ltd

Annual Report and Financial Statements
for the Year Ended 31 December 2016

Manex Accountants Ltd
Chartered Accountants and Statutory Auditors
9 Castle Court 2
Castlegate Way
Dudley
West Midlands
DY1 4RD

Northgate Restaurants Ltd

Contents

Company Information	1
Strategic Report	2
Director's Report	3 to 4
Statement of Director's Responsibilities	5
Independent Auditor's Report	6 to 7
Income Statement	8
Statement of Changes in Equity	9
Statement of Financial Position	10
Statement of Cash Flows	11
Notes to the Financial Statements	12 to 20

Northgate Restaurants Ltd

Company Information

Director	J Roe
Company secretary	P S Roe
Registered office	McDonalds Restaurant Stadium Retail Park Old Seals Way Chester CH1 4RY
Auditors	Manex Accountants Ltd Chartered Accountants and Statutory Auditors 9 Castle Court 2 Castlegate Way Dudley West Midlands DY1 4RD

Northgate Restaurants Ltd

Strategic Report for the Year Ended 31 December 2016

The director presents her strategic report for the year ended 31 December 2016.

Principal activity

The principal activity of the company is the operation of a chain of limited menu quick service restaurants.

Fair review of the business

The results for the year end and financial position are shown in the annexed financial statements. As operators of a chain of four McDonald's restaurants we consider our key performance indicators are turnover and gross profit. The period ended 31 December 2016 has returned satisfactory results with turnover increasing by 6.2% and gross profit remaining consistent with the previous year. As for many businesses we believe the trading environment in which we operate to be challenging. However the company remains optimistic and has continued it's reinvestment with a major refurbishment at one of the restaurants during 2016.

Principal risks and uncertainties

The management of the business and the nature of the company's strategy are subject to a number of risks. The director is of the opinion that a thorough risk management process is adopted which involves the formal review of all the risks identified. Where possible, processes are in place to monitor and mitigate such risks.
As a operator of a McDonald's restaurant franchise a lot of the risks (food cost inflation, utility prices, wage cost inflation and competition) are managed by our franchisor.

Approved by the Board on 26 May 2017 and signed on its behalf by:

.....
J Roe
Director

Northgate Restaurants Ltd

Director's Report for the Year Ended 31 December 2016

The director presents her report and the financial statements for the year ended 31 December 2016.

Director of the company

The director who held office during the year was as follows:

J Roe

Financial instruments

Objectives and policies

The company's principal financial instruments comprise cash and bank loans. The main purpose of these financial instruments is to raise finance for the company's operations. The company does not enter into derivative transactions. It is, and has been throughout the period under review, the company's policy that no trading in financial instruments shall be undertaken.

Price risk, credit risk, liquidity risk and cash flow risk

The main risks arising from the company's financial instruments are interest risk and liquidity risk. The board reviews and agrees policies for managing each of these risks and they are summarised below.
Interest rate risk
The company's exposure to market risk for changes in interest rates is limited to bank loans. The additional requirement for medium to long term debt will be reviewed by the directors based on the company's forecast requirements.
Liquidity risk
The company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and bank loans.

Employment of disabled persons

It is the policy of the company to give full and fair consideration to applications for employment made by disabled persons, to continue where possible the employment of those who become disabled and to provide equal opportunities for the training and career development of disabled employees.

Employee involvement

The company communicates regularly with all employees on matters relating to its performance. Employees are encouraged to contribute to the decision making process through regular staff meetings. In addition there is a bulletin board in each restaurant where memoranda relating to company policy are displayed. There is also an online portal known as Our Lounge, which contains news and information for McDonald's people.

Disclosure of information to the auditors

The director has taken steps that she ought to have taken as a director in order to make herself aware of any relevant audit information and to establish that the company's auditors are aware of that information. The director confirms that there is no relevant information that she knows of and of which she knows the auditors are unaware.

Reappointment of auditors

The auditors Manex Accountants Ltd are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved by the Board on 26 May 2017 and signed on its behalf by:

.....
J Roe
Director

Northgate Restaurants Ltd

Statement of Director's Responsibilities

The director acknowledges her responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless she 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 and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable her to ensure that the financial statements comply with the Companies Act 2006 and in accordance with FRS 102. She 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.

Northgate Restaurants Ltd

Independent Auditor's Report to the Members of Northgate Restaurants Ltd

We have audited the financial statements of Northgate Restaurants Ltd for the year ended 31 December 2016, set out on pages 8 to 20. 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).

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 the director and auditor

As explained more fully in the Statement of Director's Responsibilities (set out on page 5), the director is 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 (APB's) Ethical Standards for Auditors to the financial statements.

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 the 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 December 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.

Independent Auditor's Report to the Members of Northgate Restaurants Ltd

Opinion on other matter 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 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 Director's Report have been prepared in accordance with applicable legal requirements.

In the light of our 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 and the Director's Report.

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.

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Clinton Meehan BSc FCA (Senior Statutory Auditor)
For and on behalf of Manex Accountants Ltd, Statutory Auditor
9 Castle Court 2
Castlegate Way
Dudley
West Midlands
DY1 4RD

26 May 2017

Northgate Restaurants Ltd

Income Statement for the Year Ended 31 December 2016

	Note	Total 31 December 2016 £	Total 31 December 2015 £
Turnover	3	11,319,562	10,658,177
Cost of sales		(5,957,389)	(5,740,485)
Gross profit		5,362,173	4,917,692
Administrative expenses		(5,012,813)	(4,596,065)
Operating profit	4	349,360	321,627
Other interest receivable and similar income	5	791	606
Interest payable and similar expenses	6	(7,321)	(2,969)
		(6,530)	(2,363)
Profit before tax		342,830	319,264
Taxation	10	(64,595)	(76,025)
Profit for the financial year		278,235	243,239

The above results were derived from continuing operations.

The company has no recognised gains or losses for the year other than the results above.

The notes on pages 12 to 20 form an integral part of these financial statements.

Northgate Restaurants Ltd

Statement of Changes in Equity for the Year Ended 31 December 2016

	Share capital £	Profit and loss account £	Total £
At 1 January 2016	100	685,425	685,525
Profit for the year	-	278,235	278,235
Total comprehensive income	-	278,235	278,235
Dividends	-	(158,000)	(158,000)
At 31 December 2016	100	805,660	805,760

	Share capital £	Profit and loss account £	Total £
At 1 January 2015	100	600,986	601,086
Profit for the year	-	243,239	243,239
Total comprehensive income	-	243,239	243,239
Dividends	-	(158,800)	(158,800)
At 31 December 2015	100	685,425	685,525

The notes on pages 12 to 20 form an integral part of these financial statements.

Northgate Restaurants Ltd

(Registration number: 04268921)
Statement of Financial Position as at 31 December 2016

	Note	2016 £	2015 £
Fixed assets			
Intangible assets	11	134,602	184,721
Tangible assets	12	1,587,586	1,158,625
Other financial assets	13	5,000	5,000
		1,727,188	1,348,346
Current assets			
Stocks	14	40,965	45,112
Debtors	15	92,872	89,940
Cash at bank and in hand		983,882	1,159,310
		1,117,719	1,294,362
Creditors: Amounts falling due within one year	17	(1,266,199)	(1,491,506)
Net current liabilities		(148,480)	(197,144)
Total assets less current liabilities		1,578,708	1,151,202
Creditors: Amounts falling due after more than one year	17	(614,060)	(317,677)
Provisions for liabilities	18	(158,888)	(148,000)
Net assets		805,760	685,525
Capital and reserves			
Called up share capital	20	100	100
Profit and loss account		805,660	685,425
Total equity		805,760	685,525

Approved and authorised by the director on 26 May 2017

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J Roe

Director

The notes on pages 12 to 20 form an integral part of these financial statements.

Northgate Restaurants Ltd

Statement of Cash Flows for the Year Ended 31 December 2016

	Note	2016 £	2015 £
Cash flows from operating activities			
Profit for the year		278,235	243,239
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	4	326,861	266,519
Finance income	5	(791)	(606)
Finance costs	6	7,321	2,969
Income tax expense	10	64,595	76,025
		676,221	588,146
Working capital adjustments			
Decrease/(increase) in stocks	14	4,147	(11,156)
(Increase)/decrease in trade debtors	15	(2,932)	7,516
Decrease in trade creditors	17	(121,431)	(27,042)
Cash generated from operations		556,005	557,464
Income taxes received/(paid)	10	26	(83,420)
Net cash flow from operating activities		556,031	474,044
Cash flows from investing activities			
Interest received	5	791	606
Acquisitions of tangible assets		(705,703)	(594,239)
Net cash flows from investing activities		(704,912)	(593,633)
Cash flows from financing activities			
Interest paid	6	(7,321)	(2,969)
Proceeds from bank borrowing draw downs		950,000	800,000
Repayment of bank borrowing		(826,346)	(267,409)
Proceeds from other borrowing draw downs		15,120	763
Dividends paid	22	(158,000)	(158,800)
Net cash flows from financing activities		(26,547)	371,585
Net (decrease)/increase in cash and cash equivalents		(175,428)	251,996
Cash and cash equivalents at 1 January		1,159,310	907,314
Cash and cash equivalents at 31 December		983,882	1,159,310

The notes on pages 12 to 20 form an integral part of these financial statements.

1 General information

The company is a private company limited by share capital incorporated in England.

The address of its registered office is:
McDonalds Restaurant Stadium Retail Park
Old Seals Way
Chester
CH1 4RY

These financial statements were authorised for issue by the director on 26 May 2017.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

Going concern

The financial statements have been prepared on a going concern basis.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts.
The company recognises revenue when:
The amount of revenue can be reliably measured;
it is probable that future economic benefits will flow to the entity;
and specific criteria have been met for each of the company's activities.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.
The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.
The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Plant and equipment	between 3 and 10 years straight line
Office equipment	between 3 and 5 years straight line

Goodwill

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date. Goodwill is amortised over its useful life, which shall not exceed ten years if a reliable estimate of the useful life cannot be made.

Intangible assets

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date.
Licences have a finite useful life and are carried at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Goodwill	five years straight line
Licence fee	straight line over the life of the franchise

Stamp duty	straight line over the shorter of the unexpired lease and the life of the franchise

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Stocks

Stocks are stated at the lower of average cost and net realisable value. Net realisable value is based on estimated selling price less further costs expected to be incurred prior to completion and disposal.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.
Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

3 Revenue

The analysis of the company's revenue for the year from continuing operations is as follows:

	2016	2015
	£	£
Sale of goods	11,319,562	10,658,177

4 Operating profit

Arrived at after charging/(crediting)

	2016	2015
	£	£
Depreciation expense	276,742	207,057
Amortisation expense	50,119	59,462
Operating lease expense - property	1,599,914	1,544,536
Auditor's remuneration - The audit of the company's annual accounts	1,950	1,850

5 Other interest receivable and similar income

	2016	2015
	£	£
Interest income on bank deposits	791	606

6 Interest payable and similar expenses

	2016	2015
	£	£
Interest on bank overdrafts and borrowings	7,321	2,969

7 Staff costs

The aggregate payroll costs (including director's remuneration) were as follows:

	2016	2015
	£	£
Wages and salaries	2,966,919	2,778,102
Social security costs	118,824	105,007
Pension costs, defined contribution scheme	62,215	11,299
Other employee expense	29,299	28,505
	3,177,257	2,922,913

The average number of persons employed by the company (including the director) during the year, analysed by category was as follows:

	2016	2015
	No.	No.
Production	383	325
Administration and support	16	16
	399	341

8 Director's remuneration

The director's remuneration for the year was as follows:

	2016	2015
	£	£
Remuneration	18,731	8,900
Contributions paid to money purchase schemes	50,000	-
	68,731	8,900

9 Auditors' remuneration

	2016 £	2015 £
Audit of the financial statements	1,950	1,850

10 Taxation

Tax charged/(credited) in the income statement

	2016 £	2015 £
Current taxation		
UK corporation tax	53,707	-
Deferred taxation		
Arising from origination and reversal of timing differences	10,888	76,025
Tax expense in the income statement	64,595	76,025

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2015 - higher than the standard rate of corporation tax in the UK) of 20% (2015 - 20%).
The differences are reconciled below:

	2016 £	2015 £
Profit before tax	342,830	319,264
Corporation tax at standard rate	68,566	63,853
Effect of expense not deductible in determining taxable profit (tax loss)	1,135	2,803
Effect of tax losses	(8,508)	-
Tax increase from effect of capital allowances and depreciation	3,402	9,369
Total tax charge	64,595	76,025

Deferred tax

Deferred tax assets and liabilities

2016	Liability £
Accelerated tax depreciation	158,888

2015	Liability £
Accelerated tax depreciation	148,000

11 Intangible assets

	Goodwill £	Licence fees £	Stamp duty £	Total £
Cost or valuation				
At 1 January 2016	461,400	120,000	33,432	614,832
At 31 December 2016	461,400	120,000	33,432	614,832
Amortisation				
At 1 January 2016	369,432	53,875	6,804	430,111
Amortisation charge	42,447	6,000	1,672	50,119
At 31 December 2016	411,879	59,875	8,476	480,230
Carrying amount				
At 31 December 2016	49,521	60,125	24,956	134,602
At 31 December 2015	91,968	66,125	26,628	184,721

12 Tangible assets

	Office equipment £	Plant and equipment £	Total £
Cost or valuation			
At 1 January 2016	11,297	2,061,102	2,072,399
Additions	4,618	701,085	705,703
At 31 December 2016	15,915	2,762,187	2,778,102
Depreciation			
At 1 January 2016	10,297	903,477	913,774
Charge for the year	1,387	275,355	276,742
At 31 December 2016	11,684	1,178,832	1,190,516
Carrying amount			

At 31 December 2016	4,231	1,583,355	1,587,586
At 31 December 2015	1,000	1,157,625	1,158,625

13 Other financial assets (current and non-current)

	2016 £	2015 £
Non-current financial assets		
Financial assets at fair value through profit and loss	5,000	5,000

14 Stocks

	2016 £	2015 £
Raw materials and consumables	40,965	45,112

15 Debtors

	2016 £	2015 £
Trade debtors	-	17
Other debtors	500	2,392
Prepayments	92,372	87,531
Total current trade and other debtors	92,872	89,940

16 Cash and cash equivalents

	2016 £	2015 £
Cash on hand	18,181	18,589
Cash at bank	74,961	1,130,721
Short-term deposits	890,740	10,000
	983,882	1,159,310

17 Creditors

	Note	2016 £	2015 £
Due within one year			
Loans and borrowings	21	309,594	482,323
Trade creditors		441,740	476,481
Amounts due to related parties		54,748	39,628
Social security and other taxes		258,181	379,642
Other payables		7,000	-
Accrued expenses		141,154	113,383
Income tax liability	10	53,782	49
		1,266,199	1,491,506
Due after one year			
Loans and borrowings	21	614,060	317,677

18 Deferred tax and other provisions

	Deferred tax £	Total £
At 1 January 2016	148,000	148,000
Additional provisions	10,888	10,888
At 31 December 2016	158,888	158,888

19 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £62,215 (2015 - £11,299).

20 Share capital

Allotted, called up and fully paid shares

	2016		2015	
	No.	£	No.	£
Ordinary shares of £1 each	100	100	100	100

21 Loans and borrowings

	2016	2015
	£	£
Non-current loans and borrowings		
Bank borrowings	614,060	317,677

	2016	2015
	£	£
Current loans and borrowings		
Bank borrowings	309,594	482,323

22 Dividends

	2016	2015
	£	£
Interim dividend of £1,580.00 (2015 - £1,588.00) per ordinary share	158,000	158,800

23 Commitments

Other financial commitments

The company has annual commitments under a non-cancellable operating lease which continues to be due in over 5 years.
The total amount of other financial commitments not provided in the financial statements was £562,740 (2015 - £562,740).

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