COMPANY REGISTRATION NUMBER: SC202575

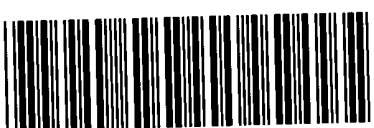
FRANCO PIZZA LIMITED

FINANCIAL STATEMENTS

FOR THE PERIOD ENDED

25 DECEMBER 2016

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FRANCO PIZZA LIMITED

FINANCIAL STATEMENTS

PERIOD FROM 1 JANUARY 2016 TO 25 DECEMBER 2016

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FRANCO PIZZA LIMITED

DIRECTORS' REPORT

PERIOD FROM 1 JANUARY 2016 TO 25 DECEMBER 2016

The directors present their report and the financial statements of the company for the period ended 25 December 2016.

Directors

The directors who served the company during the period were as follows:

H S Grewal	(Appointed 25 April 2016)
P A Bunis	(Appointed 25 April 2016)
Bansols Directors Limited	(Appointed 25 April 2016)
P Dunese	(Resigned 25 April 2016)
J D Dunese	(Resigned 25 April 2016)

Directors' responsibilities statement

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 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;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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 of information to auditors

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Small company provisions

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

This report was approved by the board of directors on 26/9/17 and signed on behalf of the board by:

H S Grewal
Director

Registered office:
120 Bothwell Street
Glasgow
G2 7JL

pwc

Independent auditors' report to the members of Franco Pizza Limited

Report on the financial statements

Our opinion

In our opinion, Franco Pizza Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 25 December 2016 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Financial Statements (the "Annual Report"), comprise:

- the Balance Sheet as at 25 December 2016;
- the Profit and loss account for the period then ended;
- the Statement of changes in equity for the period then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" Section 1A, and applicable law (United Kingdom Generally Accepted Accounting Practice), applicable to Smaller Entities.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Directors' Report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: prepare financial statements in accordance with the small companies regime; take advantage of the small companies exemption in preparing the Directors' Report; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out on page 1, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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.

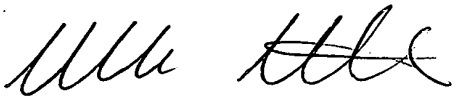
We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

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. With respect to the Directors' Report, we consider whether this report includes the disclosures required by applicable legal requirements. .

Other matter

Without changing our opinion we draw your attention to the fact that the prior period comparative numbers within the financial statements were unaudited.



Mark Foster (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Milton Keynes
27 September 2017

FRANCO PIZZA LIMITED

PROFIT AND LOSS

PERIOD FROM 1 JANUARY 2016 TO 25 DECEMBER 2016

	Note	Period from 1 Jan 16 to 25 Dec 16 £	Unaudited Year to 31 Dec 15 £
Turnover		6,137,672	5,043,991
Cost of sales		4,406,895	3,728,260
Gross profit		1,730,777	1,315,731
Administrative expenses		798,560	1,175,890
Operating profit		932,217	139,841
Other interest receivable and similar income		269	52
Interest payable and similar expenses		3,380	4,298
Profit before taxation	6	929,106	135,595
Tax on profit		87,864	88,432
Profit for the financial period and total comprehensive income		841,242	47,163

All the activities of the company are from continuing operations.

The notes on pages 8 to 16 form part of these financial statements.

FRANCO PIZZA LIMITED

BALANCE SHEET

25 DECEMBER 2016

	Note	25 Dec 16 £	£	Unaudited 31 Dec 15 £	£
Fixed assets					
Intangible assets	7		–		381,041
Tangible assets	8		–		650,354
			–		1,031,395
Current assets					
Stocks		–		17,100	
Debtors	9	100		94,176	
Cash at bank and in hand		–		300,730	
		100		412,006	
Creditors: amounts falling due within one year	10	–		634,324	
Net current assets/(liabilities)			100		(222,318)
Total assets less current liabilities			100		809,077
Creditors: amounts falling due after more than one year	11		–		155,977
Provisions for liabilities					
Taxation, including deferred taxation			–		88,432
Net assets			100		564,668
Capital and reserves					
Called up share capital	12		100		100
Profit and loss account			–		564,568
Total shareholders' funds			100		564,668

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

These financial statements were approved by the board of directors and authorised for issue on 26/9/17 and are signed on behalf of the board by:

H S Grewal
Director

P A Bunis
Director

Company registration number: SC202575

The notes on pages 8 to 16 form part of these financial statements.

FRANCO PIZZA LIMITED

STATEMENT OF CHANGES IN EQUITY

PERIOD FROM 1 JANUARY 2016 TO 25 DECEMBER 2016

	Called up share capital £	Profit and loss account £	**Total shareholders' funds £**
At 1 January 2015 (Unaudited)	100	542,405	542,505
Profit for the period	–	47,163	47,163
Total comprehensive income for the period	–	47,163	47,163
Dividends paid and payable	–	(25,000)	(25,000)
Total investments by and distributions to owners	–	(25,000)	(25,000)
At 31 December 2015 (Unaudited)	100	564,568	564,668
Profit for the period	–	841,242	841,242
Total comprehensive income for the period	–	841,242	841,242
Dividends paid and payable	–	(1,405,810)	(1,405,810)
Total investments by and distributions to owners	–	(1,405,810)	(1,405,810)
At 25 December 2016	100	–	100

The notes on pages 8 to 16 form part of these financial statements.

1. General information

The company is a private company limited by shares, registered in Scotland. The address of the registered office is 120 Bothwell Street, Glasgow, G2 7JL.

2. Statement of compliance

These financial statements have been prepared in compliance with the provisions of FRS 102 Section 1A, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis.

The financial statements are prepared in sterling, which is the functional currency of the entity.

On 25 December 2016, the trade and net assets of the company were hived up into D.P.K. Foods Ltd for total consideration of £1,405,910. The remaining equity within the company totalling £1,405,810 was transferred to D.P.K. Foods Ltd by way of dividend. The company continues to be a going concern as there is no intention to liquidate the company.

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

Transition to FRS 102

The entity transitioned from previous UK GAAP to FRS 102 as at 1 January 2015. Details of how FRS 102 has affected the reported financial position and financial performance is given in note 13.

3. Accounting policies *(continued)*

Judgements and key sources of estimation uncertainty

In applying the Company's accounting policies, the directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The directors' judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ.

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, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Critical judgements in applying the Company's accounting policies

The critical judgements that the directors have made in the progress of applying the Company's accounting policies that have the most significant effect on the amounts recognised in the statutory financial statements are discussed below.

(i) Assessing indicators of impairment
In assessing whether there have been any indicators of impairment of assets, the directors have considered both internal and external sources of information such as market conditions, counterparty credit ratings and experience recoverability. There have been no indicators of impairments identified during the current financial year.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(ii) Estimating value in use
Where an indication of impairment exists the directors will carry out an impairment review to determine the recoverable amount, which is the higher of fair value less cost to sell and value in use. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the asset or the cash generating unit and a suitable discount rate in order to calculate present value.

(iii) Recoverability of receivables
The company establishes a provision for receivables that are estimated not to be recoverable. When assessing recoverability the directors consider factors such as the ageing of the receivables, past experience of recoverability, and the credit profile of individual or groups of customers.

(iv) Determining residual values and useful economic lives of property, plant and equipment
The company depreciate tangible assets over their estimated useful lives. The estimation of the useful lives of assets is based on historic performance as well as expectations about future use and therefore requires estimates and assumptions to be applied by management. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, product life cycles and maintenance programmes.

3. Accounting policies *(continued)*

Judgement is applied by management when determining the residual values for plant, machinery and equipment. When determining the residual value management aim to assess the amount that the company would currently obtain for the disposal of the asset, if it were already of the condition expected at the end of its useful economic life. Where possible this is done with reference to external market prices.

Revenue recognition

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have transferred to the buyer, usually on despatch of the goods, the amount of revenue can be measured reliably, it is probable that the associated economic benefits will flow to the entity, and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Intangible assets

Intangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses. Any intangible assets carried at revalued amounts, are recorded at the fair value at the date of revaluation, as determined by reference to an active market, less any subsequent accumulated amortisation and subsequent accumulated impairment losses.

Intangible assets acquired as part of a business combination are recorded at the fair value at the acquisition date.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Goodwill	-	10% per annum straight line basis
Franchise fees	-	Straight line basis over the term on the franchise agreement

3. Accounting policies *(continued)*

Amortisation *(continued)*

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Leasehold improvements	-	Straight line basis over the term of the trading property lease period
Plant and machinery	-	20% per annum straight line basis
Fixtures, fittings and equipment	-	20% per annum straight line basis
Motor vehicles	-	20% reducing balance

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

3. Accounting policies *(continued)*

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

Finance leases and hire purchase contracts

Assets held under finance leases and hire purchase contracts are recognised in the balance sheet as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

3. Accounting policies *(continued)*

Financial instruments

Basic financial assets, including trade and other receivables and cash and bank balances, are initially recognised at transaction price, 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.

Such assets are subsequently carried at amortised cost using the effective interest method.

Financial assets comprise of debtors and cash.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

Basic financial liabilities, including trade and other payables, 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 receipts discounted at a market rate of interest.

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

Financial liabilities comprise of creditors.

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

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Employee benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

3. Accounting policies *(continued)*

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Distributions to equity holders

Dividends and other distributions to the company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the shareholders. These amounts are recognised in the statement of changes in equity.

4. Auditor's remuneration

	Period from 1 Jan 16 to 25 Dec 16	Unaudited Year to 31 Dec 15
	£	£
Fees payable for the audit of the financial statements	3,780	-

5. Employee numbers

The average number of persons employed by the company during the period, including the directors, amounted to 306 (2015: 199).

6. Profit before taxation

Profit before taxation is stated after charging:

	Period from 1 Jan 16 to 25 Dec 16	Unaudited Year to 31 Dec 15
	£	£
Amortisation of intangible assets	74,833	367,292
Depreciation of tangible assets	105,032	39,257

7. Intangible assets

	Goodwill £	Franchise fees £	Total £
Cost			
At 1 January 2016 (Unaudited)	1,650,000	19,000	1,669,000
Transfer (Hive up)	(1,650,000)	(19,000)	(1,669,000)
At 25 December 2016	–	–	–
Accumulated amortisation			
At 1 January 2016 (Unaudited)	1,283,334	4,625	1,287,959
Charge for the period	73,333	1,500	74,833
Transfer (Hive up)	(1,356,667)	(6,125)	(1,362,792)
At 25 December 2016	–	–	–
Carrying amount At 25 December 2016	–	–	–
At 31 December 2015 (Unaudited)	366,666	14,375	381,041

8. Tangible assets

	Freehold property £	Leasehold improvements £	Plant and machinery £	Fixtures and fittings £	Total £
Cost					
At 1 January 2016 (Unaudited)	186,670	32,253	49,979	541,247	810,149
Additions	–	1,000	–	77,645	78,645
Transfer (Hive up)	(186,670)	(33,253)	(49,979)	(618,892)	(888,794)
At 25 December 2016	–	–	–	–	–
Accumulated depreciation					
At 1 January 2016 (Unaudited)	–	31,714	24,480	103,601	159,795
Charge for the period	–	33	–	104,998	105,031
Transfer (Hive up)	–	(31,747)	(24,480)	(208,599)	(264,826)
At 25 December 2016	–	–	–	–	–
Carrying amount At 25 December 2016	–	–	–	–	–
At 31 December 2015 (Unaudited)	186,670	539	25,499	437,646	650,354

9. Debtors

	25 Dec 16 £	Unaudited 31 Dec 15 £
Other debtors	100	94,176

10. Creditors: amounts falling due within one year

	25 Dec 16 £	Unaudited 31 Dec 15 £
Bank loans and overdrafts	–	44,208
Trade creditors	–	142,294
Social security and other taxes	–	213,091
Other creditors	–	234,731
	–	634,324

11. Creditors: amounts falling due after more than one year

	25 Dec 16 £	Unaudited 31 Dec 15 £
Bank loans and overdrafts	–	142,705
Other creditors	–	13,272
	–	155,977

12. Called up share capital

Issued, called up and fully paid

	25 Dec 16		Unaudited 31 Dec 15	
	No.	£	No.	£
Ordinary shares of £1 each	100	100	100	100

13. Transition to FRS 102

These are the first financial statements that comply with FRS 102. The company transitioned to FRS 102 on 1 January 2015.

No transitional adjustments were required in equity or profit or loss for the year.