

REGISTERED NUMBER: 05786039

**REPORT OF THE DIRECTOR AND**  
**UNAUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2017**  
**FOR**  
**FRANCHISE INT LTD**

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**FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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**FRANCHISE INT LTD**  
**COMPANY INFORMATION**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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**DIRECTOR:** W N Samarasekara

**SECRETARY:** N D Patel

**REGISTERED OFFICE:** 21-23 Croydon Road  
Caterham  
Surrey  
CR3 6PA

**REGISTERED NUMBER:** 05786039

**ACCOUNTANTS:** Upton Neenan Lees  
Chartered Accountants  
21-23 Croydon Road  
Caterham  
Surrey  
CR3 6PA

**REPORT OF THE DIRECTOR**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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The director presents his report with the financial statements of the company for the year ended 30 September 2017.

**PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of The principal activity of the company in the year under review was that of the operation of mobile telephone shops.

**REVIEW OF BUSINESS**

In the period in review the company has seen substantial growth in revenue and profits. This is mainly due to the recent stores acquisitions from O2 in 2014 coming out of the initial losses and becoming profitable as per the business plan set out in 2014. It is expected the revenue and profit growth to be moderate in 2017 due to the removal of IDD tariffs by Ofcom and the general downward pressures in pricing due to the saturated Mobile penetration in the UK market. However the company is increasing the added value services such as mobile insurance, SME sector penetration to supplement the falling revenues and profits from the traditional business. However the general growth in mobile data is encouraging and the company as a O2 mobile franchise is well placed to reap the benefits of such growth.

**DIRECTOR**

W N Samarasekara held office during the whole of the period from 1 October 2016 to the date of this report.

**POLITICAL DONATIONS AND EXPENDITURE**

During the year the company made £nil (2015: £nil) in charitable donations for the purpose of supporting local charities. The company encourage each store manager to use donations to engage with the local community.

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

**ON BEHALF OF THE BOARD:**

W N Samarasekara - Director

29 June 2018

**INCOME STATEMENT**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2017**

	Notes	30.9.17 £	30.9.16 £
<b>TURNOVER</b>		7,235,568	7,074,907
Cost of sales		<u>(5,049,153)</u>	<u>(4,222,806)</u>
<b>GROSS PROFIT</b>		2,186,415	2,852,101
Administrative expenses		<u>(1,628,015)</u>	<u>(1,480,318)</u>
<b>OPERATING PROFIT</b>	4	558,400	1,371,783
Cost of fundamental reorg	5	<u>-</u>	<u>(11,986)</u>
		558,400	1,359,797
Interest payable and similar expenses	6	<u>(179,123)</u>	<u>(140,592)</u>
<b>PROFIT BEFORE TAXATION</b>		379,277	1,219,205
Tax on profit		<u>(111,389)</u>	<u>(279,252)</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<u>267,888</u>	<u>939,953</u>

The notes form part of these financial statements

**OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2017**

	Notes	30.9.17 £	30.9.16 £
<b>PROFIT FOR THE YEAR</b>		267,888	939,953
<b>OTHER COMPREHENSIVE INCOME</b>		<u>-</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME</b>			
<b>FOR THE YEAR</b>		<u>267,888</u>	<u>939,953</u>

**STATEMENT OF FINANCIAL POSITION**  
**30 SEPTEMBER 2017**

	Notes	30.9.17 £	30.9.16 £
<b>FIXED ASSETS</b>			
Intangible assets	8	18,000	-
Tangible assets	9	<u>119,235</u>	<u>136,772</u>
		<u>137,235</u>	<u>136,772</u>
<b>CURRENT ASSETS</b>			
Stocks		321,511	427,172
Debtors	10	1,171,300	1,300,385
Cash at bank and in hand		<u>564,923</u>	<u>1,028,617</u>
		2,057,734	2,756,174
<b>CREDITORS</b>			
Amounts falling due within one year	11	<u>(1,017,489)</u>	<u>(1,778,942)</u>
<b>NET CURRENT ASSETS</b>		<u>1,040,245</u>	<u>977,232</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		1,177,480	1,114,004
<b>PROVISIONS FOR LIABILITIES</b>		<u>(31,337)</u>	<u>(31,337)</u>
<b>NET ASSETS</b>		<u>1,146,143</u>	<u>1,082,667</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital		1,000	1,000
Retained earnings		<u>1,145,143</u>	<u>1,081,667</u>
<b>SHAREHOLDERS' FUNDS</b>		<u>1,146,143</u>	<u>1,082,667</u>

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 30 September 2017.

The members have not required the company to obtain an audit of its financial statements for the year ended 30 September 2017 in accordance with Section 476 of the Companies Act 2006.

The director acknowledges his responsibilities for:

- (a) ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.
- (b)

**STATEMENT OF FINANCIAL POSITION - continued**  
**30 SEPTEMBER 2017**

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The financial statements have been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

The financial statements were approved by the director on 29 June 2018 and were signed by:

W N Samarasekara - Director



**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

	Called up share capital £	Retained earnings £	Total equity £
<b>Balance at 1 October 2015</b>	-	141,714	141,714
<b>Changes in equity</b>			
Issue of share capital	1,000	-	1,000
Total comprehensive income	-	939,953	939,953
<b>Balance at 30 September 2016</b>	<u>1,000</u>	<u>1,081,667</u>	<u>1,082,667</u>
<b>Changes in equity</b>			
Dividends	-	(204,412)	(204,412)
Total comprehensive income	-	267,888	267,888
<b>Balance at 30 September 2017</b>	<u>1,000</u>	<u>1,145,143</u>	<u>1,146,143</u>

The notes form part of these financial statements

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

	Notes	30.9.17 £	30.9.16 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	(164,443)	1,473,246
Interest paid		-	63,820
Tax paid		(279,252)	(193,197)
Net cash from operating activities		<u>(443,695)</u>	<u>1,343,869</u>
<b>Cash flows from investing activities</b>			
Purchase of intangible fixed assets		(20,000)	-
Purchase of tangible fixed assets		-	(1,543)
Net cash from investing activities		<u>(20,000)</u>	<u>(1,543)</u>
<b>Cash flows from financing activities</b>			
Loan repayments in year		-	(149,188)
Group loans		-	(627,871)
Net cash from financing activities		<u>-</u>	<u>(777,059)</u>
<b>(Decrease)/increase in cash and cash equivalents</b>		<u>(463,695)</u>	<u>565,267</u>
<b>Cash and cash equivalents at beginning of year</b>	2	1,028,617	-
<b>Cash and cash equivalents at end of year</b>	2	<u>564,923</u>	<u>1,028,617</u>

The notes form part of these financial statements

**NOTES TO THE STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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

	30.9.17	30.9.16
	£	£
Profit before taxation	379,277	1,219,205
Depreciation charges	19,536	32,280
Finance costs	<u>179,123</u>	<u>140,592</u>
	577,936	1,392,077
Decrease/(increase) in stocks	105,661	(24,151)
(Increase)/decrease in trade and other debtors	(254,450)	326,012
Decrease in trade and other creditors	<u>(593,590)</u>	<u>(220,692)</u>
<b>Cash generated from operations</b>	<u><u>(164,443)</u></u>	<u><u>1,473,246</u></u>

2. **CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

**Year ended 30 September 2017**

	30.9.17	1.10.16
	£	£
Cash and cash equivalents	<u>564,923</u>	<u>1,028,617</u>

**Year ended 30 September 2016**

	30.9.16	1.10.15
	£	£
Cash and cash equivalents	<u>1,028,617</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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**1. STATUTORY INFORMATION**

Franchise Int Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

**2. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

These financial statements have been prepared in accordance with the provisions of Section 1A "Small Entities" of Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

These financial statements have been prepared in accordance with the provisions of Section 1A "Small Entities" of Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Assets that are deemed to of a long term, ie in existence for a period longer than 12 months from the reporting date have been discounted to their fair value through the income

**Turnover**

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

**Intangible assets**

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Patents and licences are being amortised evenly over their estimated useful life of ten years.

**Tangible fixed assets**

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

Plant and machinery etc                      - 25% on cost

**Stocks**

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

Cost is calculated using the first-in, first-out method and includes all purchase, transport, and handling costs in bringing stocks to their present location and condition.

**Taxation**

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

Current or deferred taxation assets and liabilities are not discounted.

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

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2017**

**2. ACCOUNTING POLICIES - continued**

**Deferred tax**

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

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

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

**Hire purchase and leasing commitments**

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

**Pension costs and other post-retirement benefits**

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

**Judgements and key sources of estimation uncertainty**

The director has made key assumptions in the determination of the fair value of certain financial assets in respect to loans provided to related companies. The valuation method utilised was discounted cash flows with an interest rate of 4%.

**3. EMPLOYEES AND DIRECTORS**

The average number of employees during the year was 48 (2016 - 33) .

**4. OPERATING PROFIT**

The operating profit is stated after charging:

	30.9.17	30.9.16
	£	£
Depreciation - owned assets	17,414	32,280
Patents and licences amortisation	<u>2,000</u>	<u>-</u>

**5. EXCEPTIONAL ITEMS**

	30.9.17	30.9.16
	£	£
Cost of fundamental reorg	<u>-</u>	<u>(11,986)</u>

During the previous year £11,986 was written off from amounts due from related companies . While it is best practice to to reflect these transactions as a movement in reserves the director feels that disclosing these write offs on the face of the income statement is more meaningful and ensures the accounts show a true and fair view.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2017**

**6. INTEREST PAYABLE AND SIMILAR EXPENSES**

	30.9.17	30.9.16
	£	£
Bank interest	-	3
Bank loan interest	-	3,231
Fair value adjustment in respect to interest free loans	<u>179,123</u>	<u>137,358</u>
	<u>179,123</u>	<u>140,592</u>

**7. DIVIDENDS**

	30.9.17	30.9.16
	£	£
Ordinary shares of £1 each		
Final	<u>204,412</u>	<u>-</u>

Dividends represent the resulting credits/charges in relation to recognising financial assets at their fair value in accordance with FRS102.

**8. INTANGIBLE FIXED ASSETS**

	Other intangible assets £
<b>COST</b>	
Additions	<u>20,000</u>
At 30 September 2017	<u>20,000</u>
<b>AMORTISATION</b>	
Charge for year	<u>2,000</u>
At 30 September 2017	<u>2,000</u>
<b>NET BOOK VALUE</b>	
At 30 September 2017	<u>18,000</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2017**

**9. TANGIBLE FIXED ASSETS**

	Plant and machinery etc £
<b>COST</b>	
At 1 October 2016	284,385
Disposals	(1,000)
At 30 September 2017	<u>283,385</u>
<b>DEPRECIATION</b>	
At 1 October 2016	147,613
Charge for year	17,414
Eliminated on disposal	(877)
At 30 September 2017	<u>164,150</u>
<b>NET BOOK VALUE</b>	
At 30 September 2017	<u>119,235</u>
At 30 September 2016	<u>136,772</u>

**10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	30.9.17 £	30.9.16 £
Trade debtors	106,916	722,089
Amounts owed by group undertakings	900,806	549,941
Other debtors	163,578	28,355
	<u>1,171,300</u>	<u>1,300,385</u>

**11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	30.9.17 £	30.9.16 £
Trade creditors	65,565	1,119,608
Taxation and social security	305,040	424,901
Other creditors	646,884	234,433
	<u>1,017,489</u>	<u>1,778,942</u>

**12. RELATED PARTY DISCLOSURES**

Included in other debtors are loans made to the following companies (all registered in England and Wales), all of which are under common control:

Speedcom Holdings Limited: £479,512 (2016: £146,256)  
Inter Franchise Ltd: £nil (2016: £403,685)

The above represent the deemed fair value of the assets discounted at an interest rate of 4%.

**13. ULTIMATE CONTROLLING PARTY**

The controlling party is Speedcom Holdings Ltd.

The ultimate controlling party is W N Samarasekara.



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.