

Registered number: 03917552

**I & A Restaurants Limited**

**AUDITED ACCOUNTS**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

**Prepared By:**

Flexi Consultancy Limited

Suite-19

143 Kingston Road

London

SW19 1LJ

WEDNESDAY



\*AAE1Q7Y9\*

A11

29/09/2021

#169

COMPANIES HOUSE

**I & A Restaurants Limited**

**ACCOUNTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**DIRECTORS**

I Anilmis  
A-M Anilmis

**SECRETARY**

A Anilmis

**REGISTERED OFFICE**

34 The Parade  
Leamington Spa  
Warwickshire  
CV32 4DN

**COMPANY DETAILS**

Private company limited by shares registered in EW - England and Wales, registered number 03917552

**BANKERS**

HSBC

**ACCOUNTANTS**

Brook & Co Limited

**AUDITORS**

Flexi Consultancy Limited  
Suite-19  
143 Kingston Road  
London  
SW19 1LJ

**I & A Restaurants Limited**

**ACCOUNTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**CONTENTS**

	Page
Directors' Report	3
Strategic Report	6
Auditors' Report	9
Statement Of Comprehensive Income	13
Statement Of Changes In Equity	15
Balance Sheet	14
Cash Flow Statement	16
Notes To The Accounts	17
The following do not form part of the statutory financial statements:	
Trading And Profit And Loss Account	27
Profit And Loss Account Summaries	28

## **I & A Restaurants Limited**

### **DIRECTORS' REPORT**

#### **FOR THE YEAR ENDED 31 DECEMBER 2020**

The directors present their report, strategic report and audited accounts for the year ended 31 December 2020

#### **EVENTS AFTER THE BALANCE SHEET DATE**

There are no matters to report as post balance sheet events.

#### **DIRECTORS**

The directors who served during the year were as follows:

I Anilmis

A-M Anilmis

#### **DIVIDENDS**

The directors recommend that a dividend of £1,280,000 (2019: £1,050,000) be paid for the year.

#### **RESEARCH AND DEVELOPMENT**

The company does not carry out any independent research and development. However the franchisor, McDonald's Restaurants Limited, carries out its own research and development on behalf of all franchisees. The company makes a contribution towards this through its existing payments to the franchisor.

#### **EMPLOYMENT OF DISABLED PERSONS**

The company operates a policy of giving full and fair consideration to employment applications from disabled persons and to the continued employment and training of employees who become disabled.

#### **EMPLOYEE INVOLVEMENT**

The company has a system for providing employees with information of concern to them. It also consults employees on a regular basis so that their views can be taken in to account in making decisions affecting them. It regularly explains to employees the financial and economic factors affecting the performance of the company and makes them aware of the provision of training, career development and employment of disabled employees.

#### **GOING CONCERN**

The company is in a net current liabilities position at the balance sheet date, however the company is profitable and is expected to continue to grow. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### **CORPORATE GOVERNANCE**

The company is owned and controlled by a single director. By reference to the Corporate Governance Guidance and Principles for Unlisted Companies in the UK, published by the Institute of Directors, the director has established a framework of company processes and attitudes that add value to the business, help build its reputation and ensure its long-term continuity and success. This framework aligns with the business system and processes established by the franchisor and contributes to the continued success of the company.

**I & A Restaurants Limited**

**DIRECTORS' REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

**STREAMLINED ENERGY AND CARBON REPORTING SECR**

In line with the government's streamlined energy and carbon reporting requirements we are required to report our organisations carbon emissions for the period 1 January 2020 and 31 December 2020.

We have set this year as our baseline year and reported our total emissions using the financial control boundary. Our methodology aligns with Defra's Environmental reporting guidelines (2019) and uses the government's greenhouse gas (GHG) reporting conversion factors (2020) to quantify emissions.

Our SECR Emissions Table and Greenhouse Gas (GHG) Reporting Methodology Statement can be viewed as appendices to these financial statements.

**STATEMENT OF DIRECTORS RESPONSIBILITIES**

The directors are responsible for preparing the Directors' Report, Strategic 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 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 to 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.

**DISCLOSURE OF INFORMATION TO AUDITORS**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the 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 auditors are aware of that information.

**I & A Restaurants Limited**

**DIRECTORS' REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

**AUDITORS**

During the period, Flexi Consultancy Limited acted as auditor to the company. A resolution to reappoint Flexi Consultancy Limited will be put to the forthcoming Annual General Meeting.

This report was approved by the board on 21 September 2021

A handwritten signature in black ink, appearing to read 'I Anilmis', is written over a horizontal line.

I Anilmis  
Director

## **I & A Restaurants Limited**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

### **STRATEGIC REPORT**

#### **REVIEW OF BUSINESS**

The company operated 18 McDonald's franchised restaurants over the accounting period, employing over 1400 people throughout Bedfordshire, Oxfordshire, Warwickshire and Hertfordshire.

2 of the restaurants are based in town/city centres, 2 restaurants are drive-to sites, 1 is located on a service station area and the other 13 stores are drive thru restaurants.

With the event of the covid -19 pandemic and varying government lockdowns and trading restrictions over 2020 business has been very challenging. The company has shown over 2020 how well it can diversify and deal with ever changing trading conditions. Eat in trade has suffered dramatically with a negative detriment in all of our stores however drive thru, collection and home delivery sales have increased and have allowed us to continue trading profitably. McDonald's has innovated well with increasing the roll out of the technological needs to increase delivery and click and collect services for the business.

The company has had a relatively successful year, despite the COVID-19 pandemic which resulted in a few months of total closure with no trading from 23 March 2020 to the end of June 2020 with sales of £51.91m, compared with £55.74m in 2019. If we had traded the full period in 2020 we would have had a positive sales increase.

This resulted in gross profits of £18.42m (2019 £22.76m). Operating profits before tax in the period amounted to £2.86m (2019 £3.20m). Overall, the financial position of the company is healthy with the balance sheet currently showing net assets of £2.84m, increased from £2.07m in 2019.

#### **KEY PERFORMANCE INDICATORS**

The ceasing of trading during 2020 for a few months due to the COVID-19 pandemic and trading restrictions to the business has been very challenging over 2020 which has seen a negative impact to sales growth of -6.87%.

Despite this, business has remained strong and takeaway and home delivery sales have shown very positive growth. Confidence in The McDonald's brand has remained high.

The eat-in market has suffered the most with town centre sites suffering large sales decreases. Drive thru service has shown consistent sales and growth over 2020.

The gross profit margin has been negatively impacted by these changes and report 35.49% compared to 40.84% in 2019. Support from the government is reported below the line in other operating income and distorts the margin comparatively.

The business cash-flow was under pressure during 2020 but the latter part of 2020 it has returned to a much healthier position and the company is able to meet its loan repayments.

#### **FUTURE DEVELOPMENTS**

The company plans to acquire more restaurants should the opportunity arise. No other major expenditure is anticipated over 2021.

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

Economic risk: Following extremely uncertain times, we are optimistic about the economic future. Customer confidence continues to rise along with loyalty to the brand and trading over government lockdown periods remains steady which leads us to predict strong sales over 2021, especially when government COVID-19 restrictions are reduced. We anticipate that Drive-thru, takeaway, home delivery and click and collect sales to increase along with the eat-in market returning once allowed.

## **I & A Restaurants Limited**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

### **STRATEGIC REPORT**

COVID-19 still remains an enormous threat to the economy but the positive impact of the vaccination roll-out predicts a returning to some kind of normality to the second half of 2021 with lots of sectors re-opening, creating a much-needed boost to the economy.

Increased unemployment remains a threat in lots of industries especially when the government furlough assistance ends.

A cautious approach is still required as real disposable income is declining over the longer term as the cost of living continues to rise, despite interest rates remaining at an historical low. Adversely people who have remained employed have more disposable income and increased savings to spend.

Principal risks are increasing commodity prices, along with Brexit and EU trading difficulties adding pressure to margins, and significant upward movements in interest rates might also increase costs. The first mentioned risk is controlled by McDonalds collective purchasing initiatives. We consider that interest rate increases are manageable in that they would be amply covered by profits.

Regulatory risk: The company's operations demand a high level of compliance within a wide range of regulatory requirements. In particular;

- Health and safety
- Hygiene procedures
- Employment laws
- Licensing
- COVID-19 workplace compliance

The above, along with the number of other areas, are monitored in detail by McDonalds, as being in the fast- food industry brings a high level of regulatory concerns.

Consumer taste: Any material changes in the way the consumer views the fast- food industry could have an adverse effect on the company. However, this can also work in the opposite direction and could assist the company to achieve growth. As a result, the company focuses, in detail, on recognising demographic trends, ensuring innovation and that the company only uses the freshest and highest quality products through its stores. The company have strict policies to ensure that all stores are maintaining the McDonalds ethos.

Competitors: The fast- food market is a very competitive market, with a high number of large competitors trading in the sector. Since the covid -19 pandemic takeaway and home delivery sales have increased, however this has also led to increased competition and competitors in this market. McDonald's remains innovative and a market leader.

### **SECTION 172 COMPANIES ACT 2006 STATEMENT**

Statement by the directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006:

The board of directors take into account the likely consequences of long-term decisions; build relationships with stakeholders; understand the importance of engaging with our employees; understand the impact of our operations on the communities within which we operate; and attribute importance to behaving as a responsible business.

The board of directors consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a-f) of the Act) in the decisions taken during the year ended 31 December 2020. In particular by reference to the approval of our decisions taken during the year ended 31 December 2020. In particular by reference to the approval of our beneficial impact on the company and to contribute to its success in delivering high quality quick-service food.



**I & A Restaurants Limited**

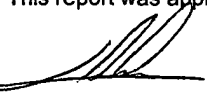
**FOR THE YEAR ENDED 31 DECEMBER 2020**

**STRATEGIC REPORT**

Our employees are fundamental to the delivery of our plan. We aim to be a responsible employer in our approach to pay and benefits our employees receive. The health, safety and well-being of our employees is one of our primary considerations in the way we do business.

As the Board of directors, our intention is to behave responsibly and ensure that management operate the business in a responsible manner, operating within the high standards of business conduct and good governance expected for a business such as ours, and in doing so, will contribute to the delivery of our plan.

This report was approved by the board on 21 September 2021

A handwritten signature in black ink, appearing to read 'I Anilmis', is written over a horizontal line.

I Anilmis  
Director

**I & A Restaurants Limited**  
**FOR YEAR ENDED 31 DECEMBER 2020**

**AUDITORS' REPORT**

**INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF I & A RESTAURANTS LIMITED**

**OPINION**

We have audited the financial statements of I&A Restaurants Limited for the year ended 31 December 2020 which comprise the Statement of Comprehensive Income, Statement of Changes in Equity, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020, and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006

**BASIS FOR OPINION**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**CONCLUSIONS RELATING TO GOING CONCERN**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**I & A Restaurants Limited**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**  
**AUDITORS' REPORT**

**OTHER INFORMATION**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

**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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

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 directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**I & A Restaurants Limited**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

**AUDITORS' REPORT**

**RESPONSIBILITIES OF DIRECTORS**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**AUDITORS RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENT**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Discussions were held with, and enquiries made of, management and those charged with governance with a view to identifying those laws and regulations that could be expected to have a material impact on the financial statements. During the engagement team briefing, the outcomes of these discussions and enquiries were shared with the team, as well as consideration as to where and how fraud may occur in the entity.

The laws and regulations considered to have a direct effect on the financial statements include UK financial reporting standards, Company Law, Employment Law, Health and Safety, Tax and Pensions legislation, and distributable profits legislation.

Audit procedures undertaken in response to the potential risks relating to irregularities (which include fraud and non-compliance with laws and regulations) comprised of: enquiries of management and those charged with governance as to whether the entity complies with such laws and regulations; enquiries with the same concerning any actual or potential litigation or claims; inspection of relevant legal correspondence; testing the appropriateness of entries in the nominal ledger, including journal entries; reviewing transactions around the end of the reporting period; and the performance of analytical procedures to identify unexpected movements in account balances which may be indicative of fraud.

No instances of material non-compliance were identified. However, the likelihood of detecting irregularities including fraud, is limited by the inherent difficulty in detecting irregularities, the effectiveness of the entity's controls, and the nature, timing and extent of the audit procedures performed. Irregularities that result from fraud might be inherently more difficult to detect than irregularities from error. As explained above, there is an unavoidable risk that material misstatements may not be detected, even though the audit has been planned and performed in accordance with ISAs (UK).

**I & A Restaurants Limited**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

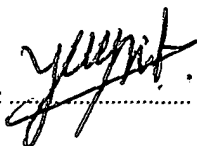
**AUDITORS' REPORT**

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our Report of the Auditors.

**USE OF OUR REPORT**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors 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 the opinions we have formed

Signature: .....



Shoolin Yagnik FCCA (Senior Statutory Auditor)

For and on behalf of Flexi Consultancy Limited

Suite-19

143 Kingston Road

London

SW19 1LJ

21 September 2021

**I & A Restaurants Limited**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2020**

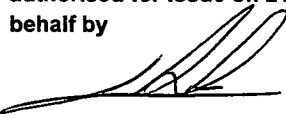
	Notes	2020 £	2019 £
<b>TURNOVER</b>	2	51,912,660	55,743,972
Cost of sales		(33,488,756)	(32,975,937)
<b>GROSS PROFIT</b>		18,423,904	22,768,035
Distribution costs and selling expenses		(2,349,603)	(2,755,247)
Administrative expenses		(16,798,337)	(16,806,996)
Other operating income	3	3,587,402	-
<b>OPERATING PROFIT</b>		2,863,366	3,205,792
Interest payable and similar charges		(240,185)	(327,529)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	5	2,623,181	2,878,263
Tax on profit on ordinary activities	8	(574,560)	(641,535)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		2,048,621	2,236,728
<b>OTHER COMPREHENSIVE INCOME</b>		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		2,048,621	2,236,728

**I & A Restaurants Limited**

**BALANCE SHEET AT 31 DECEMBER 2020**

	Notes	2020 £	2019 £
<b>FIXED ASSETS</b>			
Intangible assets	10	8,911,078	9,582,341
Tangible assets	11	8,572,384	10,370,366
		<u>17,483,462</u>	<u>19,952,707</u>
<b>CURRENT ASSETS</b>			
Stock		254,043	249,923
Debtors	13	131,853	364,228
Cash at bank and in hand		<u>6,174,255</u>	<u>3,137,545</u>
		6,560,151	3,751,696
<b>CREDITORS: Amounts falling due within one year</b>	14	<u>10,015,433</u>	<u>8,149,627</u>
<b>NET CURRENT LIABILITIES</b>		<u>(3,455,282)</u>	<u>(4,397,931)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>14,028,180</u>	<u>15,554,776</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	15	10,703,779	12,865,316
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	16	<u>483,106</u>	<u>616,786</u>
<b>NET ASSETS</b>		<u><u>2,841,295</u></u>	<u><u>2,072,674</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	19	100	100
Profit and loss account	20	<u>2,841,195</u>	<u>2,072,574</u>
<b>SHAREHOLDERS' FUNDS</b>		<u><u>2,841,295</u></u>	<u><u>2,072,674</u></u>

The financial statements were approved by the director and authorised for issue on 21 September 2021 and signed on their behalf by



I Anilmis  
Director

**I & A Restaurants Limited**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Share Capital	Share Premium	Profit and Loss Account	Total
	£	£	£	£
<b>At 1 January 2019</b>	100	-	885,846	885,946
Profit and total comprehensive income for the year			2,236,728	2,236,728
Dividends Paid			(1,050,000)	(1,050,000)
<b>At 31 December 2019</b>	100	-	2,072,574	2,072,674
Profit and total comprehensive income for the year			2,048,621	2,048,621
Dividends Paid			(1,280,000)	(1,280,000)
<b>At 31 December 2020</b>	100	-	2,841,195	2,841,295



I & A Restaurants Limited

CASH FLOW FOR THE YEAR ENDED 31 DECEMBER 2020

	2020	2019
Notes	£	£
<b>Cash flows from operating activities</b>		
Profit before tax from continuing operations:	2,623,181	2,878,263
Adjustments for:		
Finance costs	425,178	522,261
Depreciation and amortisation	2,997,097	2,820,814
Impairment loss on goodwill	0	0
Profit on disposal of property, plant and equipment	-	(552,827)
	<u>6,045,456</u>	<u>5,668,511</u>
Movements in working capital		
Increase in inventories	(4,120)	(30,065)
Decrease / (Increase) in amounts due from director	15,080	(14,002)
Decrease / (Increase) in trade and other receivables	219,676	(47,052)
Increase in trade and other payables	<u>1,341,215</u>	<u>503,098</u>
Cash generated by operations	7,617,307	6,080,490
Interest paid	(240,185)	(327,529)
Income taxes paid	<u>(466,766)</u>	<u>(415,299)</u>
<b>Net cash generated by operating activities</b>	<u>6,910,356</u>	<u>5,337,662</u>
<b>Cash flows from investing activities</b>		
Proceeds from sale of tangible assets	-	835,300
Payments to acquire tangible assets	(527,852)	(4,070,941)
Payments to acquire intangible assets	-	(1,181,383)
<b>Net cash generated by investing activities</b>	<u>(527,852)</u>	<u>(4,417,024)</u>
<b>Cash flows from financing activities</b>		
Repayment of bank borrowing	(1,880,801)	(3,107,243)
Proceeds from bank borrowings	-	4,407,484
Equity dividends paid	(1,280,000)	(1,050,000)
Finance charges	<u>(184,993)</u>	<u>(194,732)</u>
<b>Net cash (outflow) / inflow from financing</b>	<u>(3,345,794)</u>	<u>55,509</u>
<b>INCREASE IN CASH</b>	<u>3,036,710</u>	<u>976,147</u>
Balance at 1 January 2020	<u>3,137,545</u>	<u>2,161,398</u>
<b>Balance at 31 December 2020</b>	<u><u>6,174,255</u></u>	<u><u>3,137,545</u></u>
Cash and cash equivalents consist of		
Cash at bank and in hand	<u>6,174,255</u>	<u>3,137,545</u>
<b>Balance at 31 December 2020</b>	<u><u>6,174,255</u></u>	<u><u>3,137,545</u></u>

**I & A Restaurants Limited**

**NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**1. ACCOUNTING POLICIES**

**1a. Basis Of Accounting FRS**

The financial statements have been prepared in accordance with applicable accounting standards including Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. The financial statements have been prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value.

The financial statements are presented in sterling which is the functional currency of 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.

**1b. Turnover**

The company's principal activity is restaurant operator.

Turnover represents the amounts (less value added tax) derived from the provision of goods sold to customers during the year. Revenue is recognised when the company becomes entitled to it.

**1c. Going Concern**

These financial statements have been prepared on the going concern basis as the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

The company is in a net current liabilities position at the balance sheet date, however the company is profitable and is expected to continue to grow

Thus, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

**1d. Taxation**

Taxation represents the sum of tax currently payable and deferred tax. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised on all timing differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

**1e. Statutory Information**

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

## **I & A Restaurants Limited**

### **1f. Financial Instruments**

The company only enters into basic financial instruments that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

For financial assets measured at amortised cost, the impairment cost is measured at the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the assets effective interest rate. If the financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under contract.

For assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the company would receive for the assets if it were sold at the balance sheet date.

### **1g. Events After The Balance Sheet Date**

There are no matters to report as post balance sheet events.

### **1h. Significant Judgements And Estimates**

In the application of the company's accounting policies, the director is 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 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. There are no significant judgements or estimates involved in the preparation of the financial statements.

### **1i. Leases**

The company's restaurant premises are leased from McDonald's Restaurants Limited under non-cancellable operating leases with expiry of more than five years at lease inception. The rental payments are calculated on a monthly basis and are substantially based on annual sales income generated. The aggregate benefit of lease incentives is recognised on a straight line basis over the lease term.

### **1j. Goodwill**

Goodwill arising in connection with the acquisition of businesses is capitalised and amortised on a straight line basis over its useful life. The period chosen for writing off goodwill is based on the length of the franchise agreement undertaken which is generally twenty years. Goodwill is reviewed annually for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable.

## I & A Restaurants Limited

### 1k. Depreciation

Fixed assets are carried in the balance sheet at cost or valuation less accumulated depreciation.

Depreciation has been provided at the following rates in order to write off the assets over their estimated useful lives:

Long Leasehold Properties	straight line 5 %
Plant And Machinery	straight line 14.29 %
Motor Cars	reducing balance 25 %

### 1l. Government Grants

Government grants are recognised in profit and loss in the year in which they are received.

### 1m. Stocks

Stocks are stated at the lower of cost and net realisable value, after making due allowance for obsolete and slow-moving items.

## 2. TURNOVER

The turnover and pre-tax result is attributable to Restaurant Operator.

	2020	2019
	£	£
Sales	51,912,660	55,743,972
	<u>51,912,660</u>	<u>55,743,972</u>

## 3. OTHER OPERATING INCOME

	2020	2019
	£	£
Grants	3,587,402	-
	<u>3,587,402</u>	<u>-</u>

## 4. OTHER OPERATING EXPENSES

	2020	2019
	£	£
Selling and marketing costs	2,349,603	2,755,247
Administrative expenses	13,801,240	14,539,009
Costs relating to the purchase, use, and disposal of assets	<u>2,997,097</u>	<u>2,267,987</u>
	<u>19,147,940</u>	<u>19,562,243</u>

# I & A Restaurants Limited

## 5. OPERATING PROFIT

	2020	2019
	£	£
Operating Profit is stated after charging:		
Amortisation of goodwill	671,263	671,263
Depreciation	2,325,834	2,149,551
Auditors' remuneration	6,500	6,500
Directors' remuneration	14,002	14,462
	<u>3,017,599</u>	<u>2,841,776</u>
Operating lease payments recognised as an expense in the year in relation to rent and service fees totalled £9,657,799 (2019 £10,148,305).		

## 6. DIRECTORS AND EMPLOYEES

Particulars of employees (including directors) are shown below:

	2020	2019
	£	£
Employee costs during the year amounted to:		
Wages and salaries	16,756,886	14,645,332
Social security costs	701,869	929,424
	<u>17,458,755</u>	<u>15,574,756</u>

The average weekly numbers of employees during the year were as follows:

	2020	2019
	No.	No.
Management, administration and production	84	80
Production and sales	1,399	1,547
	<u>1,483</u>	<u>1,627</u>

## 7. DIRECTORS REMUNERATION

	2020	2019
	£	£
Total remuneration	<u>14,002</u>	<u>14,462</u>

2 Directors served throughout 2020 (2019 2).

# I & A Restaurants Limited

## 8. TAX ON ORDINARY ACTIVITIES

	2020	2019
	£	£
Corporation tax	709,678	468,096
Deferred taxation	(133,680)	173,439
Current tax adjust - prior years	(1,438)	-
	<u>574,560</u>	<u>641,535</u>

The tax assessed for the period is different than the effective rate of corporation tax in the UK ( 19%). The differences are explained below.

	2020	2019
	£	£
Profit on Ordinary Activities	2,623,181	2,878,263
Profit on Ordinary Activities multiplied by 19%	498,404	546,870
Effects Of:		
Permanent disallowable expenses	<u>77,594</u>	<u>94,665</u>
Current tax charge for the period	<u>575,998</u>	<u>641,535</u>

## 9. DIVIDENDS

	2020	2019
	£	£
Ordinary dividends:		
Final paid	<u>1,280,000</u>	<u>1,050,000</u>
	<u>1,280,000</u>	<u>1,050,000</u>

# I & A Restaurants Limited

## 10. INTANGIBLE FIXED ASSETS

	Purchased Goodwill £	Total £
<b>Cost</b>		
At 1 January 2020	12,170,349	12,170,349
At 31 December 2020	12,170,349	12,170,349
<b>Depreciation</b>		
At 1 January 2020	2,588,008	2,588,008
For the year	671,263	671,263
At 31 December 2020	3,259,271	3,259,271
<b>Net Book Amounts</b>		
At 31 December 2020	8,911,078	8,911,078
At 31 December 2019	9,582,341	9,582,341

Goodwill arising in connection with the acquisition of businesses is capitalised and amortised on a straight line basis over its useful life. The period chosen for writing off goodwill is based on the length of the franchise agreement undertaken.

## 11. TANGIBLE FIXED ASSETS

	Long Leasehold Properties £	Plant and Machinery £	Motor Cars £	Total £
<b>Cost</b>				
At 1 January 2020	901,825	15,780,566	162,253	16,844,644
Additions	-	527,852	-	527,852
At 31 December 2020	901,825	16,308,418	162,253	17,372,496
<b>Depreciation</b>				
At 1 January 2020	166,364	6,235,403	72,511	6,474,278
For the year	45,091	2,258,540	22,203	2,325,834
At 31 December 2020	211,455	8,493,943	94,714	8,800,112
<b>Net Book Amounts</b>				
At 31 December 2020	690,370	7,814,475	67,539	8,572,384
At 31 December 2019	735,461	9,545,163	89,742	10,370,366

12. STOCK	2020 £	2019 £
Stock comprises:		
Stock	254,043	249,923
	<u>254,043</u>	<u>249,923</u>

# I & A Restaurants Limited

<b>13. DEBTORS</b>	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
<b>Amounts falling due within one year</b>		
Trade debtors	638	3,312
Other debtors	20,000	18,750
Prepayments	111,215	329,467
Directors current account	-	12,699
	<u>131,853</u>	<u>364,228</u>

<b>14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
UK corporation tax	709,678	468,204
VAT	986,078	980,873
PAYE control	233,591	146,222
Salaries and wages control	40,721	10,678
Directors current account	2,381	-
Bank Loan	4,189,805	3,909,069
Trade creditors	2,763,135	1,804,847
Accruals	<u>1,090,044</u>	<u>829,734</u>
	<u>10,015,433</u>	<u>8,149,627</u>

The bank loans are repayable by instalment over a 5 year term and subject to interest at 1.2% over the Bank of England base rate.

<b>15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Bank loans (unsecured) >1yr	<u>10,703,779</u>	<u>12,865,316</u>
	<u>10,703,779</u>	<u>12,865,316</u>

The bank loans are subject to interest at 1.2% over the Bank of England base rate. The loans are fully repayable by instalment between 1 and 5 years

<b>16. PROVISIONS FOR LIABILITIES</b>	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Deferred taxation	<u>483,106</u>	<u>616,786</u>
	<u>483,106</u>	<u>616,786</u>



# I & A Restaurants Limited

## 17. GOVERNMENT GRANTS

	2020	2019
	£	£
Business rates grant	25,000	-
Coronavirus job retention scheme	3,044,966	-
Eat out to help out scheme	<u>517,436</u>	<u>-</u>

## 18. DEFERRED TAXATION

	2020	2019
	£	£
Provision at the start of the period	(616,786)	(443,347)
Deferred tax charge in profit and loss account due to:		
Deferred taxation	<u>133,680</u>	<u>(173,439)</u>
Provision at the end of the period	<u>(483,106)</u>	<u>(616,786)</u>

Deferred tax relates to accelerated capital allowances.

## 19. SHARE CAPITAL

	2020	2019
	£	£
Allotted, issued and fully paid:		
100 Ordinary shares of £ 1 each	<u>100</u>	<u>100</u>
	<u>100</u>	<u>100</u>

## 20. PROFIT AND LOSS RESERVE

	2020	2019
	£	£
Opening balance	2,072,574	885,846
Profit for the year	2,048,621	2,236,728
Final dividends	<u>(1,280,000)</u>	<u>(1,050,000)</u>
	<u>2,841,195</u>	<u>2,072,574</u>

## I & A Restaurants Limited

### 21. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2020	2019
	£	£
Opening shareholders' funds	2,072,674	885,946
Profit for the year	2,048,621	2,236,728
Dividends paid	(1,280,000)	(1,050,000)
Closing shareholders' funds	<u>2,841,295</u>	<u>2,072,674</u>

### 22. FINANCIAL COMMITMENTS

Total financial commitments, guarantees and contingencies which are not included in the balance sheet:

As at 31 December 2020 the company had annual commitments under non-cancellable operating leases with expiry term in more than 5 years. It is not possible to quantify such commitments due to the variable basis of rental payments, substantially based on annual sales income generated.

The terms of each franchise agreement generally includes a 20 year operating lease for rent.

### 23. CONTROLLING PARTY

In the opinion of the directors the ultimate controlling party of the company is Mr I Anilmis by virtue of his majority shareholding and control of the company.

### 24. RELATED PARTY TRANSACTIONS

Mr I Anilmis and his wife Mrs A-M Anilmis are both directors of the company and own 100% of the ordinary share capital.

The directors were paid dividends totalling £1,280,000 during the year (2019 £1,050,000). Total directors remuneration totalled £14,002 (2019 £14,462).

Any loans made to the directors during the year were unsecured, interest free and all repaid in full.

## I & A Restaurants Limited

### 25. FINANCIAL INSTRUMENTS

	2020	2019
	£	£
<b>Financial assets</b>		
Measured at amortised cost		
Trade and other receivables	20,638	34,761
	<hr/>	<hr/>
<b>Financial liabilities</b>		
Measured at amortised cost		
Trade and other payables	4,025,906	2,942,620
Borrowings	14,893,584	16,774,385
	<hr/>	<hr/>
	18,919,490	19,717,005
	<hr/>	<hr/>

### 26. EVENTS AFTER THE BALANCE SHEET DATE

There are no matters to report as post balance sheet events.

## Carbon Emissions

In line with the government's streamlined energy and carbon reporting requirements we are required to report our organisation's carbon emissions for the period 1<sup>st</sup> January 2020 to 31<sup>st</sup> December 2020.

We have set this year as our baseline year and reported our total emissions using the financial control boundary. Our methodology aligns with Defra's Environmental reporting guidelines (2019) and uses the government's greenhouse gas (GHG) reporting conversion factors (2020) to quantify emissions.

<i>Emissions source</i>	1 <sup>st</sup> January 2020 – 31 <sup>st</sup> December 2020
Direct Emissions from Mobile Combustion Sources – Franchisee <b>Vehicle Fuel Consumption</b>	18.1
Direct Emissions from Stationary Combustion – Franchisee <b>Natural Gas Consumption</b>	249.5
Direct Emissions from Stationary Combustion – Franchisee <b>Other Fuel Consumption</b>	248,787
<b>Total Scope 1 (tCO<sub>2</sub>e)</b>	<b>249,054.5</b>
Indirect Emissions from Franchisee <b>Purchased Electricity</b>	1,510.5
<b>Total Scope 2 (tCO<sub>2</sub>e)</b>	<b>1,510.5</b>
Fuel Consumed by Personal Vehicles used for Business Activities – <b>Grey Fleet</b>	51.3
Direct Emissions from Stationary Combustion - Natural Gas Consumption at <b>Landlord Leased Restaurants</b>	-
Direct Emissions from Stationary Combustion - Other Fuel Consumption at <b>Landlord Leased Restaurants</b>	-
Indirect Emissions from Purchased Electricity of <b>Landlord Leased Restaurants</b>	92.3
<b>Total Scope 3 (tCO<sub>2</sub>e)</b>	<b>51.3</b>
<b>Total Scope 1,2&amp;3 (tCO<sub>2</sub>e)</b>	<b>250,616.3</b>
<b>Intensity Metric</b>	
Annual Turnover	50,998,287
Emissions per unit of turnover (tCO <sub>2</sub> e/£)	0.00491421

<i>Energy Consumption by source (kWh)</i>	1 <sup>st</sup> January 2020 – 31 <sup>st</sup> December 2020
Electricity	6,874,679
Gas	1,356,765
Purchased Fuel	-
Company Car	206,956
Grey Fleet Vehicle	206,956
<b>Total</b>	<b>8,645,354</b>

In an effort to reduce our emissions we have undertaken carbon efficiency measures in the year.

Further information on our calculations can be found in our GHG Methodology statement.

## **Greenhouse Gas (GHG) Reporting Methodology Statement**

### **Reporting Period**

Emissions are reported against accounting year covering the period 1st January to 31st December 2020.

### **Reporting Boundary**

Financial Control Approach – McDonalds reports any emissions from its operations for which it has the ability to directly influence financial and operating policies to gain economic benefit. This is focussed predominantly on energy consumed in buildings where MCoOp are the bill payer, this includes vacant units where they pay the bill until it is reoccupied or disposed of. This is restricted to the UK where we have full financial control over our operations.

### **Greenhouse Gases Reported**

All greenhouse gas emissions are reported in tonnes of carbon dioxide equivalent (TCO<sub>2</sub>e) to account for all six of the Kyoto Protocol GHG's.

### **Emissions Factors**

Government's Greenhouse gas reporting conversion factors for 2020.

### **Baseline Year**

Covers the period 1st January 2020 to 31st December 2020, as this is the first year required to report emissions under the SECR legislation.

### **Intensity Ratio**

McDonalds uses its Average Cheque intensity factor (£) to normalise and compare its emissions over time, this is the total net product sales divided by total guest count

### **Exclusions**

McDonalds do not currently report fugitive emissions (refrigerant leakage) from refrigeration and air conditioning systems in leased properties or fleet. This is due to the difficulty in obtaining centralised data on refrigerant top-ups and the fact a majority of our buildings are out of scope as franchisees manage the HVAC systems. Given the size and types of emission sources listed by McDonalds, fugitive emissions are expected to be a very small proportion of total emissions and are therefore considered immaterial.

## Scope of Emissions

Scope 1 – Direct Emissions	Scope 2 – Indirect Emissions
<p><b>On-site Fuel Combustion:</b> Gas and fuel directly purchased for heating or generation across property managed by McOpCo.</p> <p><b>Company Vehicles:</b> Fuel purchased for fleet vehicles managed and owned by McOpCo.</p> <p><b>Fugitive Emissions<sup>1</sup>:</b> Refrigerant leaks from air-conditioning (RAC) equipment in leased assets and fleet vehicles managed and owned by McOpCo.</p>	<p><b>Purchased Electricity:</b> Electricity directly purchased across property managed by McOpCo.</p>
Scope 3 – Other Indirect Emissions	
<p><b>On-site Fuel Combustion:</b> Gas and fuel directly purchased for heating or generation across property managed by Franchisees.</p> <p><b>Purchased Electricity:</b> Electricity directly purchased across property managed by Franchisees.</p> <p><b>Upstream Leased Assets</b> Gas and electricity recharges across leased property managed by the Landlord</p> <p><b>Company Vehicles:</b> Fuel purchased for fleet vehicles managed and owned by Franchisees</p> <p><b>Grey Fleet:</b> Fuel purchased for staff personal vehicles used for business activities.</p>	

<sup>1</sup>Fugitive emissions are currently not reported as outlined in the exclusions statement

## Process

McDonalds follow the reporting approach set out in the UK Government's Environmental Reporting Guidance (2019 version) to ensure that reporting standards are robust and transparent.

For most of its major emissions sources primary data from AMR meter readings, utility bills and expensed claims. Emissions data is collated centrally by Mitie Energy's Sustainability team who have overall responsibility for ensuring the calculations and methodology are correct.

#### Data Sources:

Scope 1 and 2	
<b>Gas Consumption</b>	Utility bills are verified through Mitie's bureau service. Any billing data is cross referenced against half hourly and meter read data where available.
<b>Company Vehicles</b>	Fleet Fuel Card data records provide the amount of fuel purchased for business purposes.
<b>Purchased Electricity</b>	Utility bills are verified through Mitie's bureau service. Any billing data is cross referenced against half hourly and meter read data where available.
Scope 3	
<b>Franchisee</b>	Utility bills are verified through Mitie's bureau service. Any billing data is cross referenced against half hourly and meter read data where available.
<b>Grey Fleet</b>	Mileage claims are provided
<b>Upstream Leased Assets</b>	Landlord statements are used where available. Where unavailable landlord recharge data is estimated based on a typical restaurants consumption profile.

#### Estimations

Where building utility data is unavailable, estimations are made based on an average restaurant types consumption, only those sites with a 100% complete data are used to calculate the average. For sites where invoice data is only available for a partial period, the available data is apportioned using an average kWh/day figure.