

M P J Enterprises Ltd

Annual Report and Financial Statements
for the Year Ended 31 December 2017

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

M P J Enterprises Ltd

Contents

Company Information	<u>1</u>
Strategic Report	<u>2</u>
Director's Report	<u>3 to 4</u>
Statement of Director's Responsibilities	<u>5</u>
Independent Auditor's Report	<u>6 to 8</u>
Income Statement	<u>9</u>
Statement of Changes in Equity	<u>10</u>
Statement of Financial Position	<u>11</u>
Statement of Cash Flows	<u>12</u>
Notes to the Financial Statements	<u>13 to 22</u>

M P J Enterprises Ltd

Company Information

Director	Mr M P Jarrett
Company secretary	B J Jarrett
Registered office	37 Big Green Warmington Peterborough Cambridgeshire PE8 6TU
Auditors	Manex Accountants Ltd Chartered Accountants and Statutory Auditors 9 Castle Court 2 Castlegate Way Dudley West Midlands DY1 4RD

M P J Enterprises Ltd

Strategic Report for the Year Ended 31 December 2017

The director presents his strategic report for the year ended 31 December 2017.

Principal activity

The principal activity of the company is unlicensed restaurants and cafes.

Fair review of the business

The results for the year end and financial position are shown in the annexed financial statements. As operators of a chain of seven McDonald's restaurants (a new store was added to the group during 2017) we consider our key performance indicators are turnover and gross profit. The period ended 31 December 2017 has returned satisfactory results with turnover increasing by 31.98% and gross profit remaining consistent with the previous year. As for many businesses we believe the trading environment in which we operate to be challenging. However the company remains optimistic and has continued it's reinvestment with an additional store purchase and a major refurbishment at two of our restaurants during the year.

Principal risks and uncertainties

The management of the business and the nature of the company's strategy are subject to a number of risks. The director is of the opinion that a thorough risk management process is adopted which involves the formal review of all the risks identified. Where possible, processes are in place to monitor and mitigate such risks.

As an operator of a McDonald's restaurant franchise a lot of the main risks (food cost inflation, utility prices, wage cost inflation and competition) are managed by our franchisor.

Approved by the director on 2 September 2018 and signed on its behalf by:

.....
Mr M P Jarrett
Director

M P J Enterprises Ltd

Director's Report for the Year Ended 31 December 2017

The director presents his report and the financial statements for the year ended 31 December 2017.

Director of the company

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

Mr M P Jarrett

Financial instruments

Objectives and policies

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

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

The main risks arising from the company's financial instruments are interest risk and liquidity risk. The board reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The company's exposure to market risk for changes in interest rates is limited to bank loans. The additional requirement for medium to long term debt will be reviewed by the directors based on the company's forecast requirements.

Liquidity risk

The company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and bank loans.

Employment of disabled persons

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

Employee involvement

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

Disclosure of information to the auditors

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

Reappointment of auditors

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

M P J Enterprises Ltd

Director's Report for the Year Ended 31 December 2017

Approved by the director on 2 September 2018 and signed on its behalf by:

.....
Mr M P Jarrett
Director

M P J Enterprises Ltd

Statement of Director's Responsibilities

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

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the director is required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that the financial statements comply with the Companies Act 2006 and in accordance with FRS 102. He is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

M P J Enterprises Ltd

Independent Auditor's Report to the Members of M P J Enterprises Ltd

Opinion

We have audited the financial statements of M P J Enterprises Ltd (the 'company') for the year ended 31 December 2017, which comprise the Income Statement, Statement of Financial Position, Statement of Changes in Equity, 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).

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

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 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.

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.

M P J Enterprises Ltd

Independent Auditor's Report to the Members of M P J Enterprises Ltd

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.

Opinion on other matter prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Director's Report have been prepared in accordance with applicable legal requirements.

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 Director's Report.

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

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

Responsibilities of the director

As explained more fully in the Statement of Director's Responsibilities [set out on page 5], the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the director determines 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 director is 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 director either intends to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

M P J Enterprises Ltd

Independent Auditor's Report to the Members of M P J Enterprises Ltd

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the director.

Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

.....

Clinton Meehan BSc FCA (Senior Statutory Auditor)

For and on behalf of Manex Accountants Ltd, Statutory Auditor

9 Castle Court 2

Castlegate Way

Dudley

West Midlands

DY1 4RD

2 September 2018

M P J Enterprises Ltd

Income Statement for the Year Ended 31 December 2017

	Note	2017 £	2016 £
Turnover	<u>3</u>	<u>18,867,247</u>	<u>14,295,633</u>
Cost of sales		<u>(10,375,478)</u>	<u>(7,662,125)</u>
Gross profit		<u>8,491,769</u>	<u>6,633,508</u>
Administrative expenses		<u>(8,361,900)</u>	<u>(6,037,104)</u>
Other operating income	<u>4</u>	<u>40,000</u>	<u>-</u>
Operating profit	<u>6</u>	<u>169,869</u>	<u>596,404</u>
Other interest receivable and similar income	<u>7</u>	<u>3,630</u>	<u>1,486</u>
Interest payable and similar expenses	<u>8</u>	<u>(59,068)</u>	<u>(42,853)</u>
		<u>(55,438)</u>	<u>(41,367)</u>
Profit before tax		<u>114,431</u>	<u>555,037</u>
Taxation	<u>12</u>	<u>(39,606)</u>	<u>(132,132)</u>
Profit for the financial year		<u>74,825</u>	<u>422,905</u>

The above results were derived from continuing operations.

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

The notes on pages 13 to 22 form an integral part of these financial statements.

M P J Enterprises Ltd

Statement of Changes in Equity for the Year Ended 31 December 2017

	Share capital £	Profit and loss account £	Total £
At 1 January 2017	100	410,160	410,260
Profit for the year	-	74,825	74,825
Total comprehensive income	-	74,825	74,825
Dividends	-	(256,000)	(256,000)
At 31 December 2017	100	228,985	229,085

	Share capital £	Profit and loss account £	Total £
At 1 January 2016	100	277,255	277,355
Profit for the year	-	422,905	422,905
Total comprehensive income	-	422,905	422,905
Dividends	-	(290,000)	(290,000)
At 31 December 2016	100	410,160	410,260

The notes on pages 13 to 22 form an integral part of these financial statements.

M P J Enterprises Ltd

(Registration number: 04026818)

Statement of Financial Position as at 31 December 2017

	Note	2017 £	2016 £
Fixed assets			
Intangible assets	<u>13</u>	702,672	750,466
Tangible assets	<u>14</u>	4,147,900	2,165,266
Other financial assets	<u>15</u>	8,750	7,500
		<u>4,859,322</u>	<u>2,923,232</u>
Current assets			
Stocks	<u>16</u>	84,184	56,362
Debtors	<u>17</u>	131,275	111,756
Cash at bank and in hand		1,474,389	1,367,857
		<u>1,689,848</u>	<u>1,535,975</u>
Creditors: Amounts falling due within one year	<u>19</u>	(2,505,396)	(1,839,657)
Net current liabilities		<u>(815,548)</u>	<u>(303,682)</u>
Total assets less current liabilities		<u>4,043,774</u>	<u>2,619,550</u>
Creditors: Amounts falling due after more than one year	<u>19</u>	(3,620,780)	(2,049,065)
Provisions for liabilities	<u>20</u>	(193,909)	(160,225)
Net assets		<u>229,085</u>	<u>410,260</u>
Capital and reserves			
Called up share capital	<u>22</u>	100	100
Profit and loss account		228,985	410,160
Total equity		<u>229,085</u>	<u>410,260</u>

Approved and authorised by the director on 2 September 2018

.....
Mr M P Jarrett
Director

The notes on pages 13 to 22 form an integral part of these financial statements.
Page 11

M P J Enterprises Ltd

Statement of Cash Flows for the Year Ended 31 December 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Profit for the year		74,825	422,905
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	6	752,468	516,617
Loss on disposal of tangible assets	5	2,295	150
Finance income	7	(3,630)	(1,486)
Finance costs	8	59,068	42,853
Income tax expense	12	39,606	132,132
FA investment - unlisted other shares additions		(1,250)	(1,250)
		923,382	1,111,921
Working capital adjustments			
Increase in stocks	16	(27,822)	(4,247)
(Increase)/decrease in trade debtors	17	(19,519)	121,654
Increase/(decrease) in trade creditors	19	439,188	(789,492)
Cash generated from operations		1,315,229	439,836
Income taxes paid	12	(122,429)	(7,527)
Net cash flow from operating activities		1,192,800	432,309
Cash flows from investing activities			
Interest received	7	3,630	1,486
Acquisitions of tangible assets		(2,648,230)	(832,701)
Proceeds from sale of tangible assets		4,583	-
Acquisition of intangible assets	13	(45,956)	(46,407)
Net cash flows from investing activities		(2,685,973)	(877,622)
Cash flows from financing activities			
Interest paid	8	(59,068)	(42,853)
Proceeds from bank borrowing draw downs		2,465,000	2,966,000
Repayment of bank borrowing		(550,227)	(1,566,932)
Dividends paid	24	(256,000)	(290,000)
Net cash flows from financing activities		1,599,705	1,066,215
Net increase in cash and cash equivalents		106,532	620,902
Cash and cash equivalents at 1 January		1,367,857	746,955
Cash and cash equivalents at 31 December		1,474,389	1,367,857

The notes on pages 13 to 22 form an integral part of these financial statements.

M P J Enterprises Ltd

Notes to the Financial Statements for the Year Ended 31 December 2017

1 General information

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

The address of its registered office is:

37 Big Green
Warmington
Peterborough
Cambridgeshire
PE8 6TU

These financial statements were authorised for issue by the director on 2 September 2018.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Statement of compliance

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

Basis of preparation

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

Going concern

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

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts.

The company recognises revenue when:

The amount of revenue can be reliably measured;
it is probable that future economic benefits will flow to the entity;
and specific criteria have been met for each of the company's activities.

Tax

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

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

M P J Enterprises Ltd

Notes to the Financial Statements for the Year Ended 31 December 2017

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised when 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 and that are expected to apply to the reversal of the timing difference.

Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

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

Asset class	Depreciation method and rate
Plant and equipment	between 5 and 12 years straight line
Office equipment	3 years straight line
Motor vehicles	5 years straight line

Goodwill

Goodwill is amortised over its useful life, which shall not exceed ten years if a reliable estimate of the useful life cannot be made.

Intangible assets

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

Licences have a finite useful life and are carried at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation

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

Asset class	Amortisation method and rate
Licence fees	straight line over the remaining life of the licence
Stamp duty	straight line over the shorter of the remaining life of the lease or 20 years
Goodwill	straight line over the remaining life of the lease

M P J Enterprises Ltd

Notes to the Financial Statements for the Year Ended 31 December 2017

Cash and cash equivalents

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

Stocks

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

Trade creditors

Trade creditors 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 the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Income Statement over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Share capital

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

Dividends

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

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

M P J Enterprises Ltd

Notes to the Financial Statements for the Year Ended 31 December 2017

3 Revenue

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

	2017 £	2016 £
Sale of goods	18,626,960	14,101,786
Rendering of services	240,287	193,847
	<u>18,867,247</u>	<u>14,295,633</u>

4 Other operating income

The analysis of the company's other operating income for the year is as follows:

	2017 £	2016 £
Miscellaneous other operating income	<u>40,000</u>	<u>-</u>

5 Other gains and losses

The analysis of the company's other gains and losses for the year is as follows:

	2017 £	2016 £
Gain (loss) on disposal of property, plant and equipment	<u>(2,295)</u>	<u>(150)</u>

6 Operating profit

Arrived at after charging/(crediting)

	2017 £	2016 £
Depreciation expense	658,718	425,432
Amortisation expense	93,750	91,185
Operating lease expense - property	2,606,353	1,909,707
Loss on disposal of property, plant and equipment	2,295	150
Auditor's remuneration - The audit of the company's annual accounts	<u>2,000</u>	<u>1,925</u>

7 Other interest receivable and similar income

	2017 £	2016 £
Interest income on bank deposits	<u>3,630</u>	<u>1,486</u>

8 Interest payable and similar expenses

	2017 £	2016 £
Interest on bank overdrafts and borrowings	<u>59,068</u>	<u>42,853</u>

M P J Enterprises Ltd

Notes to the Financial Statements for the Year Ended 31 December 2017

9 Staff costs

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

	2017	2016
	£	£
Wages and salaries	5,492,478	4,068,377
Social security costs	268,938	201,522
Other short-term employee benefits	2,717	1,879
Pension costs, defined contribution scheme	33,438	12,702
Other employee expense	55,967	37,538
	<u>5,853,538</u>	<u>4,322,018</u>

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

	2017	2016
	No.	No.
Production	733	536
Administration and support	33	29
	<u>766</u>	<u>565</u>

10 Director's remuneration

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

	2017	2016
	£	£
Remuneration	10,000	10,000

11 Auditors' remuneration

	2017	2016
	£	£
Audit of the financial statements	2,000	1,925

M P J Enterprises Ltd

Notes to the Financial Statements for the Year Ended 31 December 2017

12 Taxation

Tax charged/(credited) in the income statement

	2017 £	2016 £
Current taxation		
UK corporation tax	5,922	122,429
Deferred taxation		
Arising from origination and reversal of timing differences	33,684	9,703
Tax expense in the income statement	39,606	132,132

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2016 - the same as the standard rate of corporation tax in the UK) of 19.25% (2016 - 20%).

The differences are reconciled below:

	2017 £	2016 £
Profit before tax	114,431	555,037
Corporation tax at standard rate	22,028	111,007
Effect of expense not deductible in determining taxable profit (tax loss)	1,289	1,472
Tax increase from effect of capital allowances and depreciation	16,289	19,653
Total tax charge	39,606	132,132

Deferred tax

Deferred tax assets and liabilities

2017	Liability £
Accelerated capital allowances	193,909
2016	Liability £
Accelerated capital allowances	160,225

M P J Enterprises Ltd

Notes to the Financial Statements for the Year Ended 31 December 2017

13 Intangible assets

	Goodwill £	Licence fees £	Stamp duty £	Total £
Cost or valuation				
At 1 January 2017	931,996	167,143	57,129	1,156,268
Additions acquired separately	-	30,000	15,956	45,956
At 31 December 2017	931,996	197,143	73,085	1,202,224
Amortisation				
At 1 January 2017	323,075	63,547	19,180	405,802
Amortisation charge	79,369	10,574	3,807	93,750
At 31 December 2017	402,444	74,121	22,987	499,552
Carrying amount				
At 31 December 2017	529,552	123,022	50,098	702,672
At 31 December 2016	608,921	103,596	37,949	750,466

14 Tangible assets

	Plant and equipment £	Office equipment £	Motor vehicles £	Total £
Cost or valuation				
At 1 January 2017	3,962,143	7,092	10,220	3,979,455
Additions	2,647,310	920	-	2,648,230
Disposals	-	-	(6,995)	(6,995)
At 31 December 2017	6,609,453	8,012	3,225	6,620,690
Depreciation				
At 1 January 2017	1,808,669	4,973	547	1,814,189
Charge for the year	656,903	1,170	645	658,718
Eliminated on disposal	-	-	(117)	(117)
At 31 December 2017	2,465,572	6,143	1,075	2,472,790
Carrying amount				
At 31 December 2017	4,143,881	1,869	2,150	4,147,900
At 31 December 2016	2,153,474	2,119	9,673	2,165,266

M P J Enterprises Ltd

Notes to the Financial Statements for the Year Ended 31 December 2017

15 Other financial assets (current and non-current)

	2017 £	2016 £
Non-current financial assets		
Financial assets at cost less impairment	8,750	7,500

16 Stocks

	2017 £	2016 £
Other inventories	84,184	56,362

17 Debtors

	2017 £	2016 £
Other debtors	34,950	27,150
Prepayments	96,325	84,606
Total current trade and other debtors	131,275	111,756

18 Cash and cash equivalents

	2017 £	2016 £
Cash on hand	24,600	20,500
Cash at bank	237,207	161,000
Short-term deposits	1,212,582	1,186,357
	1,474,389	1,367,857

19 Creditors

	Note	2017 £	2016 £
Due within one year			
Loans and borrowings	23	720,411	377,353
Trade creditors		693,667	575,053
Amounts due to related parties		114,759	84,569
Social security and other taxes		646,153	468,568
Other payables		5,800	5,800
Accruals		318,684	205,885
Income tax liability	12	5,922	122,429
		2,505,396	1,839,657
Due after one year			
Loans and borrowings	23	3,620,780	2,049,065

M P J Enterprises Ltd

Notes to the Financial Statements for the Year Ended 31 December 2017

20 Deferred tax and other provisions

	Deferred tax £	Total £
At 1 January 2017	160,225	160,225
Increase (decrease) in existing provisions	33,684	33,684
At 31 December 2017	193,909	193,909

21 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £33,438 (2016 - £12,702).

22 Share capital

Allotted, called up and fully paid shares

	2017		2016	
	No.	£	No.	£
Ordinary of £1 each	100	100	100	100

23 Loans and borrowings

	2017 £	2016 £
Non-current loans and borrowings		
Bank borrowings	3,620,780	2,049,065
Current loans and borrowings		
Bank borrowings	720,411	377,353

M P J Enterprises Ltd

Notes to the Financial Statements for the Year Ended 31 December 2017

24 Dividends

	2017	2016
	£	£
Interim dividend of £2,560.00 (2016 - £2,900.00) per ordinary share	<u>256,000</u>	<u>290,000</u>

25 Commitments

Other financial commitments

The company has annual commitments under a non-cancellable operating lease which continues to be due in over 5 years.
The total amount of other financial commitments not provided in the financial statements was £993,420 (2016 - £577,020).

Page 22

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.