

M P J Enterprises Ltd

Annual Report and Financial Statements
for the Year Ended 31 December 2021

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

M P J Enterprises Ltd

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M P J Enterprises Ltd

Company Information

Director	M P Jarrett
Company secretary	Mr M Brown
Registered office	37 Big Green Warrington Peterborough Cambridgeshire PE8 6TU
Accountants	Munslows Accountants Ltd Chartered Certified Accountants 32 High Street Wall Heath Kingswinford West Midlands DY6 0HB
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 2021

The director presents his strategic report for the year ended 31 December 2021.

Principal activity

The principal activity of the company is an operator of a group of McDonald's restaurants.

Fair review of the business

The results for the year and the financial position at the end of the year are shown in the annexed financial statements. Following the previous year's difficult trading experience caused by the effects of the Covid-19 pandemic, the year ended 31 December 2021 proved to be much improved, with all company stores remaining open throughout the year and with demand for ready-to-eat home delivery foods increasing significantly throughout the year.

As an operator of a chain of McDonald's restaurants the directors consider the company's key performance indicators to be turnover and gross profit. Turnover for the year increased by 54% with an increase in gross profit of 80% compared to the previous year. In common with many other businesses and industries the director believes the trading environment in which the company operates will continue to be challenging but remains optimistic regarding future trading and is committed to increasing both future turnover and profitability and to continuing the company's reinvestment program. The company has continued to invest in the business and the development and training of its employees, as well as continued investment in IT and store equipment.

Principal risks and uncertainties

The company operates in a highly competitive market with high levels of price sensitivity. Consumer behaviour can impact the company's turnover and profitability. The company mitigates this risk by adopting a policy of constantly assessing its pricing strategy with ongoing market research.

The Coronavirus pandemic introduced risks to the business by way of store closures, reductions in the number of customers visiting the restaurants, and the associated costs of implementing health and safety initiatives. The company has utilised the various support measures made available by the UK Government and is optimistic that the governments' road map out of the Coronavirus lockdown will see all restaurants now remain open.

The company remains exposed to periods of food cost inflation together with the variability of commodity prices both of which impact on profitability. In addition, the effects of Brexit have the possibility of impacting the business in terms of the access to, and cost of, both food and labour. The company continually assesses any risks identified, with the aim of mitigating the threats these may have on the company's operations and profitability. The company's supply chain is closely maintained by McDonald's, who endeavour to negotiate effectively on behalf of all franchisees to ensure better purchasing terms. This helps as much as possible to protect the company from risks associated with fluctuating food costs.

The company is also inherently exposed to pressures within the labour market and to wage cost inflation. The company mitigates this risk by a policy of adopting remuneration and benefits packages designed to be competitive within the market as well as ensuring full compliance with labour market regulations, with employment policies to allow fulfilling career opportunities for all employees.

Approved and authorised by the director on 6 June 2022

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M P Jarrett

Director

M P J Enterprises Ltd

Director's Report for the Year Ended 31 December 2021

The director presents his report and the financial statements for the year ended 31 December 2021.

Director of the company

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

M P Jarrett

Financial instruments

Objectives and policies

The company uses various financial instruments including cash, bank overdraft and trade creditors that arise directly from its operations. The existence of these financial instruments exposes the company to a number of financial risks, which are described in more detail below.

The main risks arising from the company's financial instruments are interest rate and liquidity risk. As has been the case in previous years, the directors review and agree policies for managing each of these risks and they are summarised below.

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

The company operates an equal opportunities policy in all areas of recruitment and seeks to offer suitable work and training wherever practicable to persons with disabilities. The policy of the company is to ensure that disabled applicants are given full and fair consideration having regards to their particular aptitudes and abilities. Existing disabled employees are given equal access to appropriate training, career development and promotion opportunities within the company. In the event of employees becoming disabled while in the employment of the company, all reasonable means are explored to achieve retention in employment in the same or an alternative capacity.

Employee involvement

The company aims to promote a working environment free from harassment, victimisation, bullying and discrimination. The company regards all of its employees as members of a team, where opinions are valued, and everyone is regarded as equal in status and treated with fairness and respect. The company's recruitment procedures are intended to ensure that employees are selected, promoted, and treated according to their ability and that everyone has an equal opportunity to receive training and development. The company communicates regularly with all employees on matters relating to its performance, with employees 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 employees.

M P J Enterprises Ltd

Director's Report for the Year Ended 31 December 2021

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.

Approved and authorised by the director on 6 June 2022

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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 2021, 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).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 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 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

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were authorised for issue.

Our responsibilities and the responsibilities of the director with respect to going concern are described in the relevant sections of this report.

Other information

The director 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.

M P J Enterprises Ltd

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

Opinion on other matter prescribed by the Companies Act 2006

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

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

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 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

M P J Enterprises Ltd

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

We obtained an understanding of the legal and regulatory frameworks applicable to the company and the industry in which it operates. We determined that the following laws and regulations were most significant: The Companies Act 2006/FRS 102, Employment Law and Waste, Health and Safety. We enquired of management and those responsible for legal and compliance procedures to obtain an understanding of how the company is complying with those legal and regulatory frameworks and whether they had any knowledge of actual or suspected fraud. We corroborated the results of our enquiries through our discussions with the directors and management. We did not identify any matters relating to non-compliance with laws and regulations or matters in relation to fraud.

In assessing the potential risks of material misstatements, we obtained an understanding of the company's operations, including its objectives and strategies to understand the expected financial statement disclosures and business risks that may result in risks of material misstatement;

In assessing the appropriateness of the collective competence and capabilities of the engagement team the engagement partner considered the engagement team's :

Understanding of, and practical experience with, audit engagements of a similar nature and complexity through appropriate training and participation,

The specialist skills required and

Knowledge of the industry in which the client operates.

We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur.

Audit procedures performed by the engagement team included:

Assessing the design effectiveness of controls management has in place to prevent and detect fraud;

Challenging assumptions and judgements made by management in its significant accounting estimates;

Identifying and testing journal entries, in particular manual journal entries made at year end for financial statement preparation; and

Assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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 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.

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

6 June 2022

M P J Enterprises Ltd

Income Statement for the Year Ended 31 December 2021

	Note	2021 £	2020 £
Turnover	<u>3</u>	39,260,362	25,388,272
Cost of sales		<u>(19,939,520)</u>	<u>(14,672,700)</u>
Gross profit		19,320,842	10,715,572
Administrative expenses		(16,262,204)	(11,404,455)
Other operating income	<u>4</u>	<u>266,806</u>	<u>1,779,079</u>
Operating profit	<u>6</u>	<u>3,325,444</u>	<u>1,090,196</u>
Other interest receivable and similar income		33	-
Interest payable and similar expenses	<u>8</u>	<u>(64,765)</u>	<u>(79,204)</u>
		<u>(64,732)</u>	<u>(79,204)</u>
Profit before tax		3,260,712	1,010,992
Taxation	<u>12</u>	<u>(785,221)</u>	<u>(259,909)</u>
Profit for the financial year		<u><u>2,475,491</u></u>	<u><u>751,083</u></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.

M P J Enterprises Ltd

Statement of Changes in Equity for the Year Ended 31 December 2021

	Share capital £	Profit and loss account £	Total £
At 1 January 2021	100	1,198,649	1,198,749
Profit for the year	-	2,475,491	2,475,491
	-	2,475,491	2,475,491
Total comprehensive income	-	2,475,491	2,475,491
Dividends	-	(275,000)	(275,000)
	100	3,399,140	3,399,240
At 31 December 2021	100	3,399,140	3,399,240

	Share capital £	Profit and loss account £	Total £
At 1 January 2020	100	672,566	672,666
Profit for the year	-	751,083	751,083
	-	751,083	751,083
Total comprehensive income	-	751,083	751,083
Dividends	-	(225,000)	(225,000)
	100	1,198,649	1,198,749
At 31 December 2020	100	1,198,649	1,198,749

M P J Enterprises Ltd

(Registration number: 04026818)

Statement of Financial Position as at 31 December 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	<u>13</u>	1,566,937	1,736,868
Tangible assets	<u>14</u>	3,320,968	3,657,905
Other financial assets	<u>15</u>	11,250	11,250
		<u>4,899,155</u>	<u>5,406,023</u>
Current assets			
Stocks	<u>16</u>	128,013	138,622
Debtors	<u>17</u>	1,712,425	281,484
Cash at bank and in hand		<u>3,924,302</u>	<u>3,121,008</u>
		5,764,740	3,541,114
Creditors: Amounts falling due within one year	<u>19</u>	<u>(4,258,441)</u>	<u>(3,854,852)</u>
Net current assets/(liabilities)		<u>1,506,299</u>	<u>(313,738)</u>
Total assets less current liabilities		6,405,454	5,092,285
Creditors: Amounts falling due after more than one year	<u>19</u>	<u>(2,599,590)</u>	<u>(3,639,466)</u>
Provisions for liabilities	<u>20</u>	<u>(406,624)</u>	<u>(254,070)</u>
Net assets		<u><u>3,399,240</u></u>	<u><u>1,198,749</u></u>
Capital and reserves			
Called up share capital		100	100
Profit and loss account		<u>3,399,140</u>	<u>1,198,649</u>
Shareholders' funds		<u><u>3,399,240</u></u>	<u><u>1,198,749</u></u>

Approved and authorised by the director on 6 June 2022

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M P Jarrett
Director

M P J Enterprises Ltd

Statement of Cash Flows for the Year Ended 31 December 2021

	Note	2021 £	2020 £
Cash flows from operating activities			
Profit for the year		2,475,491	751,083
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	<u>6</u>	1,250,232	1,252,504
Profit on disposal of tangible assets	<u>5</u>	-	(2,585)
Finance income		(33)	-
Finance costs	<u>8</u>	64,765	79,204
Income tax expense	<u>12</u>	785,221	259,909
		4,575,676	2,340,115
Working capital adjustments			
Decrease/(increase) in stocks	<u>16</u>	10,609	(10,436)
Increase in trade debtors	<u>17</u>	(1,430,941)	(62,494)
Increase/(decrease) in trade creditors	<u>19</u>	203,063	(274,323)
Cash generated from operations		3,358,407	1,992,862
Income taxes paid	<u>12</u>	(527,125)	(44,876)
Net cash flow from operating activities		2,831,282	1,947,986
Cash flows from investing activities			
Interest received		33	-
Acquisitions of tangible assets		(743,364)	(138,258)
Proceeds from sale of tangible assets		-	21,697
Net cash flows from investing activities		(743,331)	(116,561)
Cash flows from financing activities			
Interest paid	<u>8</u>	(64,765)	(79,204)
Proceeds from bank borrowing draw downs		500,000	-
Repayment of bank borrowing		(1,444,892)	(688,477)
Dividends paid	<u>25</u>	(275,000)	(225,000)
Net cash flows from financing activities		(1,284,657)	(992,681)
Net increase in cash and cash equivalents		803,294	838,744
Cash and cash equivalents at 1 January		3,121,008	2,282,264
Cash and cash equivalents at 31 December		3,924,302	3,121,008

M P J Enterprises Ltd

Notes to the Financial Statements for the Year Ended 31 December 2021

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 6 June 2022.

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.

Government grants

Government grants are recognised in the financial statements when there is reasonable assurance that the company has complied with all applicable conditions and that the grants will be received. Under FRS 102 the company accounts for government grants using the accrual model. Under the accrual model government grants relating to revenue are recognised on a systematic basis over the periods in which the company recognises the related costs for which the grants are intended to compensate. Grants that are receivable as compensation for expenses or losses already incurred, or for the purpose of giving immediate financial support to the entity with no future related costs, are recognised in income in the period in which it becomes receivable.

M P J Enterprises Ltd

Notes to the Financial Statements for the Year Ended 31 December 2021

Tax

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

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

Deferred 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.

M P J Enterprises Ltd

Notes to the Financial Statements for the Year Ended 31 December 2021

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

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.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

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.

M P J Enterprises Ltd

Notes to the Financial Statements for the Year Ended 31 December 2021

Dividends

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

Defined contribution pension obligation

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

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

3 Revenue

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

	2021 £	2020 £
Sales of food and drink	38,814,910	25,088,561
Sales of non-products	445,452	299,711
	<u>39,260,362</u>	<u>25,388,272</u>

4 Other operating income

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

	2021 £	2020 £
Government grants	266,806	1,779,079

5 Other gains and losses

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

	2021 £	2020 £
Gain on disposal of property, plant and equipment	-	2,585

6 Operating profit

Arrived at after charging/(crediting)

	2021 £	2020 £
Depreciation expense	1,080,301	1,015,028
Amortisation expense	169,931	237,476
Operating lease expense - property	5,581,453	3,431,245
Operating lease expense - plant and machinery	12,348	13,393
Profit on disposal of property, plant and equipment	-	(2,585)
Auditor's remuneration - The audit of the company's annual accounts	2,350	2,350

M P J Enterprises Ltd

Notes to the Financial Statements for the Year Ended 31 December 2021

7 Government grants

Grants recognised in the financial statements relate to government grants in respect of the Coronavirus Job Retention Scheme in response to the Covid-19 pandemic.

The amount of grants recognised in the financial statements was £266,806 (2020 - £1,779,079).

8 Interest payable and similar expenses

	2021 £	2020 £
Interest on bank overdrafts and borrowings	64,765	79,204

9 Staff costs

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

	2021 £	2020 £
Wages and salaries	9,730,414	8,469,958
Social security costs	529,442	419,911
Pension costs, defined contribution scheme	115,844	109,262
Other employee expense	38,408	34,977
	10,414,108	9,034,108

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

	2021 No.	2020 No.
Production	816	876
Administration and support	46	45
	862	921

10 Director's remuneration

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

	2021 £	2020 £
Remuneration	10,000	10,736

11 Auditors' remuneration

	2021 £	2020 £
Audit of the financial statements	2,350	2,350

M P J Enterprises Ltd

Notes to the Financial Statements for the Year Ended 31 December 2021

12 Taxation

Tax charged/(credited) in the income statement

	2021 £	2020 £
Current taxation		
UK corporation tax	612,721	314,027
UK corporation tax adjustment to prior periods	19,946	6,391
	<u>632,667</u>	<u>320,418</u>
Deferred taxation		
Arising from origination and reversal of timing differences	152,554	(60,509)
	<u>785,221</u>	<u>259,909</u>
Tax expense in the income statement		

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2020 - the same as the standard rate of corporation tax in the UK) of 19% (2020 - 19%).

The differences are reconciled below:

	2021 £	2020 £
Profit before tax	<u>3,260,712</u>	<u>1,010,992</u>
Corporation tax at standard rate	619,535	192,088
Effect of expense not deductible in determining taxable profit (tax loss)	16,053	28,773
Increase in UK and foreign current tax from adjustment for prior periods	19,946	6,391
Tax increase from effect of capital allowances and depreciation	<u>129,687</u>	<u>32,657</u>
Total tax charge	<u>785,221</u>	<u>259,909</u>

Deferred tax

Deferred tax assets and liabilities

	Liability £
2021	
Accelerated capital allowances	406,624
	<u></u>
2020	
Accelerated capital allowances	254,070
	<u></u>

M P J Enterprises Ltd

Notes to the Financial Statements for the Year Ended 31 December 2021

13 Intangible assets

	Goodwill £	Licence fees £	Stamp duty £	Total £
Cost or valuation				
At 1 January 2021	2,396,692	257,143	127,313	2,781,148
At 31 December 2021	2,396,692	257,143	127,313	2,781,148
Amortisation				
At 1 January 2021	892,294	112,470	39,516	1,044,280
Amortisation charge	149,139	14,074	6,718	169,931
At 31 December 2021	1,041,433	126,544	46,234	1,214,211
Carrying amount				
At 31 December 2021	1,355,259	130,599	81,079	1,566,937
At 31 December 2020	1,504,398	144,673	87,797	1,736,868

14 Tangible assets

	Plant and equipment £	Office equipment £	Motor vehicles £	Total £
Cost or valuation				
At 1 January 2021	8,016,182	37,929	26,206	8,080,317
Additions	728,614	-	14,750	743,364
Disposals	(96,062)	-	-	(96,062)
At 31 December 2021	8,648,734	37,929	40,956	8,727,619
Depreciation				
At 1 January 2021	4,398,001	19,253	5,158	4,422,412
Charge for the year	1,068,959	3,581	7,761	1,080,301
Eliminated on disposal	(96,062)	-	-	(96,062)
At 31 December 2021	5,370,898	22,834	12,919	5,406,651
Carrying amount				
At 31 December 2021	3,277,836	15,095	28,037	3,320,968
At 31 December 2020	3,618,181	18,676	21,048	3,657,905

M P J Enterprises Ltd

Notes to the Financial Statements for the Year Ended 31 December 2021

15 Other financial assets (current and non-current)

	2021 £	2020 £
Non-current financial assets		
Financial assets at cost less impairment	11,250	11,250

16 Stocks

	2021 £	2020 £
Closing stocks of food, paper and non-products	128,013	138,622

17 Debtors

	Note	2021 £	2020 £
Amounts owed by related parties	<u>26</u>	1,458,304	-
Other debtors		142,200	226,950
Prepayments		111,921	54,534
Total current trade and other debtors		1,712,425	281,484

18 Cash and cash equivalents

	2021 £	2020 £
Cash on hand	29,000	29,000
Cash at bank	3,895,295	3,092,008
Short-term deposits	7	-
	3,924,302	3,121,008

M P J Enterprises Ltd

Notes to the Financial Statements for the Year Ended 31 December 2021

19 Creditors

	Note	2021 £	2020 £
Due within one year			
Loans and borrowings	<u>23</u>	1,526,697	1,431,713
Trade creditors		1,051,106	1,138,979
Amounts due to related parties	<u>26</u>	60,941	68,016
Social security and other taxes		689,274	400,675
Other payables		4,751	5,800
Accruals		506,103	495,642
Income tax liability	<u>12</u>	419,569	314,027
		<u>4,258,441</u>	<u>3,854,852</u>
Due after one year			
Loans and borrowings	<u>23</u>	<u>2,599,590</u>	<u>3,639,466</u>

20 Provisions for liabilities

	Deferred tax £	Total £
At 1 January 2021	254,070	254,070
Increase (decrease) in existing provisions	<u>152,554</u>	<u>152,554</u>
At 31 December 2021	<u>406,624</u>	<u>406,624</u>

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 £115,844 (2020 - £109,262).

Contributions totalling £Nil (2020 - £Nil) were payable to the scheme at the end of the year and are included in creditors.

22 Share capital

Allotted, called up and fully paid shares

	2021		2020	
	No.	£	No.	£
Ordinary of £1 each	100	100	100	100

M P J Enterprises Ltd

Notes to the Financial Statements for the Year Ended 31 December 2021

23 Loans and borrowings

	2021 £	2020 £
Non-current loans and borrowings		
Bank borrowings	<u>2,599,590</u>	<u>3,639,466</u>

	2021 £	2020 £
Current loans and borrowings		
Bank borrowings	<u>1,526,697</u>	<u>1,431,713</u>

Included in the loans and borrowings are the following amounts due after more than five years:

	2021 £	2020 £
After more than five years by instalments	-	104,426
	<u> </u>	<u> </u>

24 Obligations under leases and hire purchase contracts

Operating leases

The total of future minimum lease payments is as follows:

	2021 £	2020 £
Not later than one year	1,989,744	1,989,744
Later than one year and not later than five years	7,804,860	7,909,224
Later than five years	<u>19,892,905</u>	<u>21,778,285</u>
	<u>29,687,509</u>	<u>31,677,253</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £5,584,856 (2020 - £3,431,245).

25 Dividends

	2021 £	2020 £
Interim dividend of £2,750 (2020 - £2,250) per ordinary share	<u>275,000</u>	<u>225,000</u>

M P J Enterprises Ltd

Notes to the Financial Statements for the Year Ended 31 December 2021

26 Related party transactions

Summary of transactions with key management

During the year an interest free loan of £1,458,304 was advanced to Mr M Jarrett, the sole director of the company. The loan is repayable within 9 months of the year end.

Transactions with the director

	At 1 January 2021 £	Advances to directors £	Repayments by director £	At 31 December 2021 £
2021				
M P Jarrett				
Interest free loans	-	1,458,304	-	1,458,304
Directors loan account	(68,016)	-	7,075	(60,941)
	<u>(68,016)</u>	<u>1,458,304</u>	<u>7,075</u>	<u>1,397,363</u>

	At 1 January 2020 £	Repayments by director £	At 31 December 2020 £
2020			
M P Jarrett			
Directors loan account	(70,487)	2,471	(68,016)
	<u>(70,487)</u>	<u>2,471</u>	<u>(68,016)</u>

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