

M P J Enterprises Ltd

Annual Report and Financial Statements
for the Year Ended 31 December 2020

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	B J Jarrett
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 2020

The director presents his strategic report for the year ended 31 December 2020.

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. As an operator of a group of McDonald's restaurants the director considers the company's key performance indicators to be turnover and gross profit. The year ended 31 December 2020 proved a difficult year due to the impact of the Coronavirus pandemic, with the company shutting all restaurants in March 2020. A phased reopening of restaurants was subsequently introduced in June 2020, whilst at the same time ensuring the health and safety of all employees and customers. Unfortunately, November 2020 saw restaurants again closed to dine-in customers due to the second phase of Covid-19, although delivery and take-away services were still operating. As a result of the above the demand for ready to eat home delivery foods increased throughout the year, and, in order to help accommodate this the company extended its partnership with the UberEats and JustEats service. As a direct result of the trading restrictions brought in turnover for the year fell by over 13% with gross profit falling by over 19% 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 future turnover and profitability and to continuing the company's reinvestment program.

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 has introduced a further risk 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 however 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 restrictions lifted permanently.

The company remains exposed to periods of food cost inflation together with the variability of commodity prices, which both 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.

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.

M P J Enterprises Ltd

Strategic Report for the Year Ended 31 December 2020

Approved by the director on 1 December 2021 and signed on its behalf by:

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M P Jarrett

Director

M P J Enterprises Ltd

Director's Report for the Year Ended 31 December 2020

The director presents his report and the financial statements for the year ended 31 December 2020.

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'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

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.

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Director's Report for the Year Ended 31 December 2020

Important non adjusting events after the financial period

Since the Balance Sheet date the company has continued to trade successfully, although initially this was only via drive-thru and delivery sales due to the restrictions brought in in response to the coronavirus pandemic. However, in line with the governments road map out of the restrictions the company has now fully opened all stores to accommodate dine-in customers also, which should result in an increase in both turnover and profitability, although it is not possible at this time to quantify the expected increases with any certainty.

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 by the director on 1 December 2021 and signed on its behalf by:

.....
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 2020, 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 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

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 directors with respect to going concern are described in the relevant sections of this 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.

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 6], 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.

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:

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.

.....
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

1 December 2021

M P J Enterprises Ltd

Income Statement for the Year Ended 31 December 2020

	Note	2020 £	2019 £
Turnover	<u>3</u>	25,388,272	29,236,187
Cost of sales		<u>(14,672,700)</u>	<u>(15,879,766)</u>
Gross profit		10,715,572	13,356,421
Administrative expenses		(11,404,455)	(12,720,257)
Other operating income	<u>4</u>	<u>1,779,079</u>	<u>28,142</u>
Operating profit	<u>6</u>	<u>1,090,196</u>	<u>664,306</u>
Interest payable and similar expenses	<u>8</u>	<u>(79,204)</u>	<u>(125,687)</u>
		<u>(79,204)</u>	<u>(125,687)</u>
Profit before tax		1,010,992	538,619
Taxation	<u>12</u>	<u>(259,909)</u>	<u>(159,821)</u>
Profit for the financial year		<u><u>751,083</u></u>	<u><u>378,798</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.

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Statement of Changes in Equity for the Year Ended 31 December 2020

	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)
At 31 December 2020	100	1,198,649	1,198,749

	Share capital £	Profit and loss account £	Total £
At 1 January 2019	100	493,768	493,868
Profit for the year	-	378,798	378,798
	-	378,798	378,798
Total comprehensive income	-	378,798	378,798
Dividends	-	(200,000)	(200,000)
At 31 December 2019	100	672,566	672,666

M P J Enterprises Ltd

(Registration number: 04026818)

Statement of Financial Position as at 31 December 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	<u>13</u>	1,736,868	1,974,344
Tangible assets	<u>14</u>	3,657,905	4,553,787
Other financial assets	<u>15</u>	11,250	11,250
		<u>5,406,023</u>	<u>6,539,381</u>
Current assets			
Stocks	<u>16</u>	138,622	128,186
Debtors	<u>17</u>	281,484	218,990
Cash at bank and in hand		<u>3,121,008</u>	<u>2,282,554</u>
		3,541,114	2,629,730
Creditors: Amounts falling due within one year	<u>19</u>	<u>(3,854,852)</u>	<u>(3,677,293)</u>
Net current liabilities		<u>(313,738)</u>	<u>(1,047,563)</u>
Total assets less current liabilities		5,092,285	5,491,818
Creditors: Amounts falling due after more than one year	<u>19</u>	<u>(3,639,466)</u>	<u>(4,504,573)</u>
Provisions for liabilities	<u>20</u>	<u>(254,070)</u>	<u>(314,579)</u>
Net assets		<u><u>1,198,749</u></u>	<u><u>672,666</u></u>
Capital and reserves			
Called up share capital		100	100
Profit and loss account		<u>1,198,649</u>	<u>672,566</u>
Shareholders' funds		<u><u>1,198,749</u></u>	<u><u>672,666</u></u>

Approved and authorised by the director on 1 December 2021

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M P Jarrett
Director

M P J Enterprises Ltd

Statement of Cash Flows for the Year Ended 31 December 2020

	Note	2020 £	2019 £
Cash flows from operating activities			
Profit for the year		751,083	378,798
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	<u>6</u>	1,252,504	1,228,424
(Profit)/loss on disposal of tangible assets	<u>5</u>	(2,585)	177
Finance costs	<u>8</u>	79,204	125,687
Income tax expense	<u>12</u>	259,909	159,821
FA investment - unlisted other shares additions		-	(2,500)
		2,340,115	1,890,407
Working capital adjustments			
Increase in stocks	<u>16</u>	(10,436)	(53,667)
Increase in trade debtors	<u>17</u>	(62,494)	(51,966)
(Decrease)/increase in trade creditors	<u>19</u>	(274,323)	528,420
Cash generated from operations		1,992,862	2,313,194
Income taxes paid	<u>12</u>	(44,876)	(153,784)
Net cash flow from operating activities		1,947,986	2,159,410
Cash flows from investing activities			
Acquisitions of tangible assets		(138,258)	(1,457,850)
Proceeds from sale of tangible assets		21,697	-
Acquisition of intangible assets	<u>13</u>	-	(1,578,924)
Net cash flows from investing activities		(116,561)	(3,036,774)
Cash flows from financing activities			
Interest paid	<u>8</u>	(79,204)	(125,687)
Proceeds from bank borrowing draw downs		-	2,506,063
Repayment of bank borrowing		(688,477)	(890,606)
Dividends paid	<u>25</u>	(225,000)	(200,000)
Net cash flows from financing activities		(992,681)	1,289,770
Net increase in cash and cash equivalents		838,744	412,406
Cash and cash equivalents at 1 January		2,282,264	1,869,858
Cash and cash equivalents at 31 December		3,121,008	2,282,264

M P J Enterprises Ltd

Notes to the Financial Statements for the Year Ended 31 December 2020

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 1 December 2021.

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 2020

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.

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

M P J Enterprises Ltd

Notes to the Financial Statements for the Year Ended 31 December 2020

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.

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.

M P J Enterprises Ltd

Notes to the Financial Statements for the Year Ended 31 December 2020

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:

	2020 £	2019 £
Sales of food and drink	25,088,561	28,919,358
Sales of non-products	299,711	316,829
	<u>25,388,272</u>	<u>29,236,187</u>

4 Other operating income

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

	2020 £	2019 £
Government grants	1,779,079	-
Miscellaneous other operating income	-	28,142
	<u>1,779,079</u>	<u>28,142</u>

5 Other gains and losses

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

	2020 £	2019 £
Gain (loss) on disposal of property, plant and equipment	<u>2,585</u>	<u>(177)</u>

6 Operating profit

Arrived at after charging/(crediting)

	2020 £	2019 £
Depreciation expense	1,015,028	1,015,622
Amortisation expense	237,476	212,802
Operating lease expense - property	3,431,245	4,268,803
Operating lease expense - plant and machinery	13,393	34,570
(Profit)/loss on disposal of property, plant and equipment	(2,585)	177
Auditor's remuneration - The audit of the company's annual accounts	<u>2,350</u>	<u>2,150</u>

M P J Enterprises Ltd

Notes to the Financial Statements for the Year Ended 31 December 2020

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 £1,779,079 (2019 - £Nil).

8 Interest payable and similar expenses

	2020 £	2019 £
Interest on bank overdrafts and borrowings	79,204	125,687

9 Staff costs

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

	2020 £	2019 £
Wages and salaries	8,469,958	8,023,842
Social security costs	419,911	386,219
Other short-term employee benefits	-	461
Pension costs, defined contribution scheme	109,262	89,126
Other employee expense	34,977	67,118
	<u>9,034,108</u>	<u>8,566,766</u>

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

	2020 No.	2019 No.
Production	876	938
Administration and support	45	43
	<u>921</u>	<u>981</u>

10 Director's remuneration

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

	2020 £	2019 £
Remuneration	10,736	10,000

11 Auditors' remuneration

	2020 £	2019 £
Audit of the financial statements	2,350	2,150

M P J Enterprises Ltd

Notes to the Financial Statements for the Year Ended 31 December 2020

12 Taxation

Tax charged/(credited) in the income statement

	2020 £	2019 £
Current taxation		
UK corporation tax	314,027	38,485
UK corporation tax adjustment to prior periods	6,391	-
	<u>320,418</u>	<u>38,485</u>
Deferred taxation		
Arising from origination and reversal of timing differences	(60,509)	121,336
	<u>259,909</u>	<u>159,821</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 (2019 - the same as the standard rate of corporation tax in the UK) of 19% (2019 - 19%).

The differences are reconciled below:

	2020 £	2019 £
Profit before tax	<u>1,010,992</u>	<u>538,619</u>
Corporation tax at standard rate	192,088	102,338
Effect of expense not deductible in determining taxable profit (tax loss)	28,773	24,303
Increase in UK and foreign current tax from adjustment for prior periods	6,391	-
Tax increase from effect of capital allowances and depreciation	<u>32,657</u>	<u>33,180</u>
Total tax charge	<u>259,909</u>	<u>159,821</u>

Deferred tax

Deferred tax assets and liabilities

2020	Liability £
Accelerated capital allowances	<u>246,568</u>
2019	Liability £
Accelerated capital allowances	<u>314,579</u>

M P J Enterprises Ltd

Notes to the Financial Statements for the Year Ended 31 December 2020

13 Intangible assets

	Goodwill £	Licence fees £	Stamp duty £	Total £
Cost or valuation				
At 1 January 2020	2,396,692	257,143	127,313	2,781,148
At 31 December 2020	2,396,692	257,143	127,313	2,781,148
Amortisation				
At 1 January 2020	675,610	98,396	32,798	806,804
Amortisation charge	216,684	14,074	6,718	237,476
At 31 December 2020	892,294	112,470	39,516	1,044,280
Carrying amount				
At 31 December 2020	1,504,398	144,673	87,797	1,736,868
At 31 December 2019	1,721,082	158,747	94,515	1,974,344

14 Tangible assets

	Plant and equipment £	Office equipment £	Motor vehicles £	Total £
Cost or valuation				
At 1 January 2020	8,873,982	37,929	3,225	8,915,136
Additions	115,277	-	22,981	138,258
Disposals	(973,077)	-	-	(973,077)
At 31 December 2020	8,016,182	37,929	26,206	8,080,317
Depreciation				
At 1 January 2020	4,343,283	15,701	2,365	4,361,349
Charge for the year	1,008,683	3,552	2,793	1,015,028
Eliminated on disposal	(953,965)	-	-	(953,965)
At 31 December 2020	4,398,001	19,253	5,158	4,422,412
Carrying amount				
At 31 December 2020	3,618,181	18,676	21,048	3,657,905
At 31 December 2019	4,530,699	22,228	860	4,553,787

M P J Enterprises Ltd

Notes to the Financial Statements for the Year Ended 31 December 2020

15 Other financial assets (current and non-current)

	2020 £	2019 £
Non-current financial assets		
Financial assets at cost less impairment	11,250	11,250

16 Stocks

	2020 £	2019 £
Other inventories	138,622	128,186

17 Debtors

	2020 £	2019 £
Other debtors	226,950	74,059
Prepayments	54,534	144,931
Total current trade and other debtors	281,484	218,990

18 Cash and cash equivalents

	2020 £	2019 £
Cash on hand	29,000	29,500
Cash at bank	3,092,008	2,253,054
	3,121,008	2,282,554
Bank overdrafts	-	(290)
Cash and cash equivalents in statement of cash flows	3,121,008	2,282,264

M P J Enterprises Ltd

Notes to the Financial Statements for the Year Ended 31 December 2020

19 Creditors

	Note	2020 £	2019 £
Due within one year			
Loans and borrowings	<u>23</u>	1,431,713	1,255,373
Trade creditors		1,138,979	965,470
Amounts due to related parties		68,016	70,487
Social security and other taxes		400,675	830,507
Other payables		5,800	26,450
Accruals		495,642	490,521
Income tax liability	<u>12</u>	314,027	38,485
		<u>3,854,852</u>	<u>3,677,293</u>
Due after one year			
Loans and borrowings	<u>23</u>	<u>3,639,466</u>	<u>4,504,573</u>

20 Provisions for liabilities

	Deferred tax £	Total £
At 1 January 2020	314,579	314,579
Increase (decrease) in existing provisions	<u>(60,509)</u>	<u>(60,509)</u>
At 31 December 2020	<u>254,070</u>	<u>254,070</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 £109,262 (2019 - £89,126).

22 Share capital

Allotted, called up and fully paid shares

	2020		2019	
	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 2020

23 Loans and borrowings

	2020 £	2019 £
Non-current loans and borrowings		
Bank borrowings	3,639,466	4,504,573
	2020 £	2019 £
Current loans and borrowings		
Bank borrowings	1,431,713	1,255,083
Bank overdrafts	-	290
	1,431,713	1,255,373

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

	2020 £	2019 £
After more than five years by instalments	104,426	358,209

24 Obligations under leases and hire purchase contracts

Operating leases

The total of future minimum lease payments is as follows:

	2020 £	2019 £
Not later than one year	1,989,744	1,989,744
Later than one year and not later than five years	7,909,224	7,958,976
Later than five years	21,778,285	23,723,729
	31,677,253	33,672,449

The amount of non-cancellable operating lease payments recognised as an expense during the year was £3,431,245 (2019 - £4,268,803).

25 Dividends

	2020 £	2019 £
Interim dividend of £2,250 (2019 - £2,000) per ordinary share	225,000	200,000

M P J Enterprises Ltd

Notes to the Financial Statements for the Year Ended 31 December 2020

26 Non adjusting events after the financial period

Since the Balance Sheet date the company has continued to trade successfully, although initially this was only via drive-thru and delivery sales due to the restrictions brought in in response to the coronavirus pandemic. However, in line with the governments road map out of the restrictions the company has now fully opened all stores to accommodate dine-in customers also, which should result in an increase in both turnover and profitability, although it is not possible at this time to quantify the expected increases with any certainty.

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.