Company registration number: NI027644

J.M.C. Restaurants Limited

Financial statements

31 December 2021

J.M.C. Restaurants Limited

Contents

J.M.C. Restaurants Limited

Directors and other information

Directors	John McCollum Orna McCollum
Secretary	Orna McCollum
Company number	NI027644
Registered office	JMC Restaurants Ltd Suite 109, Lisburn Enterprise Organisation 6 Enterprise Crescent Ballinderry Road Lisburn BT28 2BP
Auditor	Hill Vellacott 22 Great Victoria Street Belfast BT2 7BA

Bankers	HSBC Harvester House 4-8 Adelaide Street Belfast BT2 8GE

J.M.C. Restaurants Limited

Strategic report

Year ended 31 December 2021

Review of the business

The principal activity of the company is to carry on and develop the trade of McDonalds Restaurants.

Results and performance

Given the current economic climate, the directors are pleased with the performance in the year and are optimistic as to future prospects.

The company has seen turnover increase by 40% on 2020 due to favourable COVID restrictions, with all 7 stores being open throughout the 12 month period. Only marginal Government support has been received in the year with the end of the furlough scheme and all employees returning back to their jobs.

Given the change in sales trends over the past year the company has gained a significant revenue stream in delivery sales.

The company has not had any material impact from COVID-19 on the assets or cash flows in the year.

The company has a strong liquidity position to sustain the business during the pandemic. From looking at current year revenue figures, it can be seen that the company took full advantage of market opportunities arising from an easing of restrictions.

Risk management

Effective risk management is a strategic imperative and is a key consideration when making future business decisions for the company.

The directors monitor potential business risks and endeavour to manage those risks through appropriate means including employee involvement, robust financial and business controls and policies. The directors feel the main financial risk lies in changing consumer trends. The company aims to remain competitive in the fast food market by adapting to consumer demands and continually evolving their product range to suit these demands.

Key Performance indicators (KPI's)

The company has the key performance indicators (KPI's) of increasing sales, gross margins and keeping overheads under control. The directors believe the company can meet the KPI's in the medium term.

This report was approved by the board of directors on 28 June 2022 and signed on behalf of the board by:

Orna McCollum

Director

Directors report

Year ended 31 December 2021

The directors present their report and the financial statements of the company for the year ended 31 December 2021.

Directors

The directors who served the company during the year were as follows:

John McCollum
Orna McCollum

Dividends

Particulars of recommended dividends are detailed in note 11 to the financial statements.

Future developments

The company recognises the need to constantly review its market offering and will continue to invest and develop internal processes ensuring it maintains a competitive product offering to all customers.

Employment of disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Employee involvement

Consultation with employees or their representative has continued at all levels, with the aim of ensuring that views are not taken into account when decisions are made that are likely to affect their interests. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

Financial instruments

In accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 to set out in the company's strategic report information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 the directors have set out the business review and the financial risk management policy and objectives in the strategic report on page 2.

Directors responsibilities statement

The directors are responsible for preparing the strategic report, directors report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;

- make judgments and accounting estimates that are reasonable and prudent; and

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and - they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

The auditor is deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

This report was approved by the board of directors on 28 June 2022 and signed on behalf of the board by:

Orna McCollum

Director

Independent auditor's report to the members of

J.M.C. Restaurants Limited

Year ended 31 December 2021

Opinion

We have audited the financial statements of J.M.C. Restaurants Limited (the 'company') for the year ended 31 December 2021 which comprise the statement of income and retained earnings, statement of financial position, 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 FRS 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'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 directors 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 financial statements are 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 other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the strategic report and the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the 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 or the directors' 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 the 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 directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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: Auditor's approach to assessing the risks of material misstatement due to irregularities, including fraud In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following: - the nature of the industry and sector, control environment and business performance; - the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements; - any matters identified having reviewed the company's policies and procedures to identifying, evaluating and complying with laws and regulations and whether they are aware of any instances of non-compliance; - any matters identified having reviewed internal controls established to mitigate risks of fraud or non-compliance with laws and regulations. Auditor's response and procedures to the risks identified Based on the results of our risk assessment we designed our audit procedures to identify non-compliance with such laws and regulations identified above. Our procedures to respond to risks identified included the following: - reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements; - enquiring of management and external legal counsel concerning actual and potential litigation and claims; - performing analytical procedures to identify any unusual or unexpected transactions that may indicate risks of material misstatement due to fraud; - addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; A further description of our responsibilities for the audit of the financial statements is located 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 auditors 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.

Conor McCaffrey ACA (Senior Statutory Auditor)

For and on behalf of

Hill Vellacott

Chartered Accountants and Registered Auditor

22 Great Victoria Street

Belfast

BT2 7BA

28 June 2022

J.M.C. Restaurants Limited

Statement of income and retained earnings

Year ended 31 December 2021

	Note	2021	2020
		£	£
Turnover	4	35,257,083	20,793,132
Cost of sales		(11,865,626)	(6,390,078)
Gross profit		23,391,457	14,403,054
Distribution costs		(11,376,165)	(8,931,489)
Administrative expenses		(7,985,052)	(5,431,877)
Other operating income	5	23,194	1,515,802
Operating profit	6	4,053,434	1,555,490
Interest payable and similar expenses	9	(104,625)	(122,651)
Profit before taxation		3,948,809	1,432,839
Tax on profit	10	(944,878)	(387,862)
Profit for the financial year and total comprehensive income		3,003,931	1,044,977
Dividends declared and paid or payable during the year	11	(414,648)	(239,185)
Retained earnings at the start of the year		2,737,395	1,931,603
Retained earnings at the end of the year		5,326,678	2,737,395

All the activities of the company are from continuing operations.

J.M.C. Restaurants Limited

Statement of financial position

31 December 2021

	Note	2021		2020	
		£	£	£	£
Fixed assets					
Intangible assets	12	2,517,369		2,961,430	
Tangible assets	13	5,328,525		5,587,849	
			7,845,894		8,549,279
Current assets					
Stocks	14	148,713		167,584	
Debtors	15	126,529		96,834	
Investments	16	8,750		8,750	
Cash at bank and in hand		6,001,952		3,144,711	
		6,285,944		3,417,879	
Creditors: amounts falling due within one year	18	(4,999,329)		(3,990,222)	
Net current assets/(liabilities)			1,286,615		(572,343)
Total assets less current liabilities			9,132,509		7,976,936
Creditors: amounts falling due after more than one year	19		(3,130,590)		(4,809,074)
Provisions for liabilities	20		(674,241)		(429,467)
Net assets			5,327,678		2,738,395
Capital and reserves					
Called up share capital	24		1,000		1,000
Profit and loss account	25		5,326,678		2,737,395
Shareholders funds			5,327,678		2,738,395

These financial statements were approved by the board of directors and authorised for issue on 28 June 2022 , and are signed on behalf of the board by:

Orna McCollum

Director

Company registration number: NI027644

J.M.C. Restaurants Limited

Statement of cash flows

Year ended 31 December 2021

	Note	**2021**	2020
		£	£
Cash flows from operating activities			
Profit for the financial year		3,003,931	1,044,977
Adjustments for:			
Depreciation of tangible assets		845,225	826,858
Amortisation of intangible assets		463,271	462,590
Government grant income		(23,194)	(1,514,930)
Interest payable and similar expenses		104,625	122,651
Tax on profit		944,878	387,862
Accrued expenses/(income)		347,906	35,413
Changes in:			
Stocks		18,871	(52,416)
Trade and other debtors		(29,695)	106,659
Trade and other creditors		200,183	(64,940)
Cash generated from operations		5,876,001	1,354,724
Interest paid		(104,625)	(122,651)
Tax paid		(274,980)	(328,355)
Net cash from operating activities		5,496,396	903,718
Cash flows from investing activities			
Purchase of tangible assets		(585,901)	(851,520)
Purchase of intangible assets		(19,210)	(60,000)
Acquisition of subsidiaries		-	(1,250)
Net cash used in investing activities		(605,111)	(912,770)
Cash flows from financing activities			
Proceeds from borrowings		-	650,000
Repayments of borrowings		(1,642,590)	(738,456)
Government grant income		23,194	1,514,930
Equity dividends paid		(414,648)	(239,185)
Net cash (used in)/from financing activities		(2,034,044)	1,187,289
Net increase/(decrease) in cash and cash equivalents		2,857,241	1,178,237
Cash and cash equivalents at beginning of year	**17**	3,144,711	1,966,474

Cash and cash equivalents at end of year	**17**	6,001,952	3,144,711

1. General information

The company is a private company limited by shares, registered in Northern Ireland. The address of the registered office is JMC Restaurants Ltd Suite 109, Lisburn Enterprise Organisation, 6 Enterprise Crescent, Ballinderry Road, Lisburn, BT28 2BP.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Turnover

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have transferred to the buyer (usually on despatch of the goods); the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the entity; and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

Taxation

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in capital and reserves. In this case, tax is recognised in other comprehensive income or directly in capital and reserves, respectively. Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that 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 that are expected to apply to the reversal of the timing difference.

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to profit or loss.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Goodwill

Goodwill arises on business acquisitions and represents the excess of the cost of the acquisition over the companies interest in the net amount of the identifiable assets, liabilities and contingent liabilities of the acquired business. Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. It is amortised on a straight-line basis over its useful life. Where a reliable estimate of the useful life of goodwill cannot be made, the life is presumed not to exceed ten years.

Intangible assets

Intangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses. Any intangible assets carried at a revalued amount, are recorded at the fair value at the date of revaluation, as determined by reference to an active market, less any subsequent accumulated amortisation and subsequent accumulated impairment losses. Intangible assets acquired as part of a business combination are only recognised separately from goodwill when they arise from contractual or other legal rights, are separable, the expected future economic benefits are probable and the cost or value can be measured reliably.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Goodwill	-	10 % straight line
Franchise costs	-	5 % straight line

If there is an indication that there has been a significant change in the amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Tangible assets

tangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in capital and reserves, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in capital and reserves in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in capital and reserves in respect of that asset, the excess shall be recognised in profit or loss.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Alterations to premises	-	10 % straight line
Plant and machinery	-	10 % straight line
Motor Vehicles	-	25 % straight line

If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of tangible assets, the depreciation is revised prospectively to reflect the new estimates.

Impairment

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date. When it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stocks to their present location and condition.

Government grants

Government grants are recognised at the fair value of the asset received or receivable. Grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received. Government grants are recognised using the accrual model and the performance 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 grant is 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. Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income and not deducted from the carrying amount of the asset. Under the performance model, where the grant does not impose specified future performance-related conditions on the recipient, it is recognised in income when the grant proceeds are received or receivable. Where the grant does impose specified future performance-related conditions on the recipient, it is recognised in income only when the performance-related conditions have been met. Where grants received are prior to satisfying the revenue recognition criteria, they are recognised as a liability.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event; it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense. Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised in finance costs in profit or loss in the period it arises.

Financial instruments

A financial asset or a financial liability is recognised only when the company becomes a party to the contractual provisions of the instrument. Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Debt instruments are subsequently measured at amortised cost. Where investments in non-convertible preference shares and non-puttable ordinary shares or preference shares are publicly traded or their fair value can otherwise be measured reliably, the investment is subsequently measured at fair value with changes in fair value recognised in profit or loss. All other such investments are subsequently measured at cost less impairment. Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Other financial instruments are subsequently measured at fair value, with any changes recognised in profit or loss, with the exception of hedging instruments in a designated hedging relationship.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately. For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets or either assessed individually or grouped on the basis of similar credit risk characteristics. Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund. When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised in finance costs in profit or loss in the period in which it arises.

4. Turnover

Turnover arises from:

	2021	2020
	£	£
Product sales	33,544,580	20,277,141
Non product sales	1,712,503	515,991
	35,257,083	20,793,132

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

5. Other operating income

	2021	2020
	£	£
Government grant income	23,194	1,514,930
Other operating income	-	872
	23,194	1,515,802

6. Operating profit

Operating profit is stated after charging/(crediting):

	2021	2020
	£	£
Amortisation of intangible assets	463,271	462,590
Depreciation of tangible assets	845,225	826,858
Impairment of trade debtors	-	(4,229)
Operating lease rentals	3,468	8,376
Foreign exchange differences	4,020	(13,080)
Fees payable for the audit of the financial statements	9,000	8,000

7. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2021	2020
Production staff	805	737
Administrative staff	31	31
	836	768

The aggregate payroll costs incurred during the year were:

	2021	2020
	£	£
Wages and salaries	7,775,061	6,596,495
Social security costs	346,126	263,111
Other pension costs	98,107	85,807
	8,219,294	6,945,413

8. Directors remuneration

The directors aggregate remuneration in respect of qualifying services was:

	2021	2020
	£	£
Remuneration	85,000	85,000

9. Interest payable and similar expenses

	2021	2020
	£	£
Bank loans and overdrafts	104,625	122,651

10. Tax on profit

Major components of tax expense

	2021	2020
	£	£
Current tax:		
UK current tax expense	700,104	274,980
Deferred tax:		
Origination and reversal of timing differences	244,774	112,882
Tax on profit	944,878	387,862

Reconciliation of tax expense

The tax assessed on the profit for the year is higher than (2020: higher than) the standard rate of corporation tax in the UK of 19.00 % (2020: 19.00%).

	2021	2020
	£	£
Profit before taxation	3,948,809	1,432,839
Profit multiplied by rate of tax	750,274	272,239
Effect of capital allowances and depreciation	(50,170)	2,741
Deferred taxation	244,774	112,882
Tax on profit	944,878	387,862

11. Dividends

Equity dividends

	2021	2020
	£	£
Dividends paid during the year (excluding those for which a liability existed at the end of the prior year)	414,648	239,185

12. Intangible assets

	Goodwill	Patents, trademarks & licences	**Total**
	£	**£**	**£**
Cost			
At 1 January 2021	4,552,250	147,303	4,699,553
Additions	-	19,210	19,210
At 31 December 2021	4,552,250	166,513	4,718,763
Amortisation			
At 1 January 2021	1,708,513	29,610	1,738,123
Charge for the year	455,225	8,046	463,271
At 31 December 2021	2,163,738	37,656	2,201,394
Carrying amount			
At 31 December 2021	2,388,512	128,857	2,517,369
At 31 December 2020	2,843,737	117,693	2,961,430

13. Tangible assets

	Freehold property	Plant and machinery	**Total**
	£	£	**£**
Cost			
At 1 January 2021	5,140,278	2,757,668	7,897,946
Additions	-	585,901	585,901
At 31 December 2021	5,140,278	3,343,569	8,483,847
Depreciation			
At 1 January 2021	1,271,070	1,039,027	2,310,097
Charge for the year	514,028	331,197	845,225
At 31 December 2021	1,785,098	1,370,224	3,155,322
Carrying amount			
At 31 December 2021	3,355,180	1,973,345	5,328,525
At 31 December 2020	3,869,208	1,718,641	5,587,849

14. Stocks

	2021	2020
	£	£
Finished goods	148,713	167,584

15. Debtors

	2021	2020
	£	£
Trade debtors	-	3,656
Prepayments and accrued income	58,869	62,164
Other debtors	67,660	31,014
	126,529	96,834

16. Investments

	2021	2020
	£	£
Investments in group undertakings	8,750	8,750

17. Cash and cash equivalents

	2021	2020
	£	£
Cash at bank and in hand	6,001,952	3,144,711

18. Creditors: amounts falling due within one year

	2021	2020
	£	£
Bank loans and overdrafts	1,536,759	1,500,864
Trade creditors	1,126,045	1,104,701
Accruals and deferred income	846,307	498,402
Corporation tax	698,914	273,790
Social security and other taxes	790,585	606,331
Other creditors	719	6,134
	4,999,329	3,990,222

19. Creditors: amounts falling due after more than one year

	2021	2020
	£	£
Bank loans and overdrafts	3,130,590	4,809,074

20. Provisions

	Deferred tax (note 21)	**Total**
	£	**£**
At 1 January 2021	429,467	429,467
Additions	244,774	244,774
At 31 December 2021	674,241	674,241

21. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2021	2020
	£	£
Included in provisions (note 20)	674,241	429,467

The deferred tax account consists of the tax effect of timing differences in respect of:

	2021	2020
	£	£
Accelerated capital allowances	674,241	429,467

22. Employee benefits

The amount recognised in profit or loss in relation to defined contribution plans was £ 98,107 (2020: £ 85,807).

23. Government grants

The amounts recognised in the financial statements for government grants are as follows:

	2021	2020
	£	£
Recognised in other operating income:		
Government grants recognised directly in income	23,194	1,514,930

24. Called up share capital

Issued, called up and fully paid

	2021		2020	
	No	**£**	No	£
Ordinary shares shares of £ 1.00 each	1,000	1,000	1,000	1,000

25. Reserves

The reserves are an accumulation of historical profits and losses.

26. Analysis of changes in net debt

	At 1 January 2021	Cash flows	At 31 December 2021
	£	£	£
Cash and cash equivalents	3,144,711	2,857,241	6,001,952
Debt due within one year	(1,500,864)	(35,895)	(1,536,759)
Debt due after one year	(4,809,074)	1,678,484	(3,130,590)
Current asset investments	8,750	-	8,750
	(3,156,477)	4,499,830	1,343,353

27. Operating leases

The company as lessee

The total future minimum lease payments under non-cancellable operating leases are as follows:

	£	£
Not later than 1 year	3,468	3,468
Later than 1 year and not later than 5 years	1,734	5,202
	5,202	8,670

28. Limitation of auditors liability

The company has entered into a liability limitation agreement with the company's auditor which was approved on 1 February 2022. The principal terms of the agreement are that the auditor's liability is limited to a multiple of the audit fee issued and paid for the year, but the multiple cannot be less than such amount as is fair and reasonable.

29. Related party transactions

The director, John McCollum , received dividends of £310,986 (2020:£179,389) during the year. The director, Orna McCollum , received dividends of £103,662 (2020:£59,796) during the year.

30. Key management personnel

The directors are the key management personnel of the company. Their remuneration is disclosed in note 7.