REGISTERED NUMBER: 03283357 (England and Wales)

CASPIAN NETWORKS LIMITED

Strategic Report, Report of the Directors and

Financial Statements for the Year Ended 31 December 2021

Contents of the Financial Statements for the year ended 31 December 2021

Company Information
for the year ended 31 December 2021

Directors:	M D Guerin A W Guerin
Secretary:	A W Guerin
Registered office:	McDonalds Restaurant 101-105 The Horsefair Bristol BS1 3JR
Registered number:	03283357 (England and Wales)
Auditors:	Haines Watts Birmingham LLP 5-6 Greenfield Crescent Edgbaston Birmingham West Midlands B15 3BE

Strategic Report
for the year ended 31 December 2021

The directors present their strategic report for the year ended 31 December 2021.

Review of business

The company operated thirteen McDonald's franchised restaurants, employing over 1,300 people in the Bristol and South Gloucestershire areas during the year. However subsequent to year end the company disposed of one its restaurants and thus currently operates twelve restaurants.

The company has had a strong year with both positive turnover and profit growth as a result of strong demand for food delivery and a return in to in store dining.

Overall profits before tax have increased and amounted to just over £3.85 million. The financial position of the company is increasingly healthy with the balance sheet currently showing net assets of over £10 million.

KEY PERFORMANCE INDICATORS

Sales for the year stood at £59.98 million, an increase of £19.16 million from 2020, an overall sales increase of approximately 46.95%. This growth in sales is predominantly due to stores being closed for several weeks during 2020, along with an uplift in delivery sales.

Gross profit stands at 65.78% compared to 66.34% in 2020 and is in line with expectations.

FUTURE DEVELOPMENTS

The company plans to acquire more restaurants should the opportunity arise

Principal risks and uncertainties
The company operates in a highly competitive market. High street consumer behaviour impacts the company's turnover and the variability of commodity prices impacts profitability.

The company is continually assessing all risks with an aim to mitigate any future threats these may have on the business.

Economic risk:
Following some very challenging times, we are optimistic about the economic future. Customer confidence continues to rise and unemployment rates are falling. A cautious approach is still required as real disposable income is declining over the longer term as the cost of living continues to rise, despite interest rates remaining at an historical low. Principal risks are increasing commodity prices, adding pressure to margins and significant upward movements in interest rates might also increase costs. The first mentioned risk is controlled by McDonald's collective purchasing initiatives. The level of borrowing is such that interest rate increases are manageable.

Whilst the directors recognise the risks associated with Brexit, they believe that these risks will be mitigated by the strength of the McDonald's brand and the company's strong balance sheet.

Regulatory risks:
The companies operations demand a high level of compliance within a wide range of regulatory requirements. In particular -
* health and safety
* hygiene procedures
* employment laws
* licensing

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

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

Competitors:
The fast food market is a very competitive market, with a high number of large competitors trading in the sector. In order to remain as one of the main players, McDonalds have dedicated teams who focus on ensuring they remain to be the leading company in the market. This will allow them to compete with other large fast food chains.

With these risks and uncertainties in mind, we are aware that any plans for the future development of the business may be subject to unforeseen future events outside our control, hence we are constantly assessing our plans in line with the current environment.

COVID-19 Actions and Implications:
In considering our response to the COVID-19 pandemic, first and foremost the health and safety of our employees and customers was, and remains, our most important consideration.

Despite the introduction of a further national lockdown early in 2021, all of our restaurants have remained open, with strong demand for McDelivery and in our Drive Thru restaurants.

We are confident that customer demand will continue through 2022 and are well placed to deliver with our Drive Thru restaurants and McDelivery offering, underpinned by the McDonald's brand.

Projections for 2022 and 2023 have been prudently revised to reflect a slowdown in revenue growth, the National Living and Minimum wage rates increasing from April 2022 and the VAT rate increasing to 20% during 2022. These projections indicate the business generates a profit in both 2022 and 2023.

Given the uncertainty that COVID-19 presents, on-going assessment by management, and engagement and communications with key stakeholders will continue. Due to this uncertainty it is not currently possible to estimate the overall impact the pandemic will have on the business or future financial statements.

Further information is contained in the going concern note in the Report of the Directors.

Strategic Report
for the year ended 31 December 2021

Section 172(1) statement
The board of directors take into account the likely consequences of long-term decisions; build relationships with stakeholders; understand the importance of engaging with our employees; understand the impact of our operations on the communities within which we operate; and attribute importance to behaving as a responsible business.

The board of directors consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a-f) of the Act) in the decisions taken during the year ended 31 December 2021. In particular by reference to the approval of our business plan, which is updated on an annual basis. Our business plan was designed to have a long-term beneficial impact on the company and to contribute to its success in delivering high quality quick-service food.

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

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

On behalf of the board:

M D Guerin - Director

29 November 2022

Report of the Directors
for the year ended 31 December 2021

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

Principal activity
The principal activity of the company in the year under review was that of the operation of McDonald's franchised restaurants.

Dividends
Interim dividends per share were paid as follows:

Ordinary A £1 shares £1,000.00 - 30 April 2021
Ordinary B £1 shares £3,400.00 - 30 April 2021

The directors recommend that no final dividends be paid.

The total distribution of dividends for the year ended 31 December 2021 will be £160,000.

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

Events since the end of the year
Information relating to events since the end of the year is given in the notes to the financial statements.

Directors
The directors shown below have held office during the whole of the period from 1 January 2021 to the date of this report.

M D Guerin
A W Guerin

Going concern
The directors have considered the application of the going concern basis of accounting in doing so they have considered the period from the date of this report until 31 December 2023. The directors have assessed the expected future financial performance of the entity and believe that the ability of the Company to continue to operate its sales through delivery, drive thru and take away channels, will enable the Company to continue its operations and settle its obligations for this period in the normal course of business.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Employment of disabled persons
The company operates a policy of giving full & fair consideration to employment applications from disabled persons.

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

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

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

Streamlined energy and carbon reporting
In line with the government's streamlined energy and carbon reporting requirements we are required to report our organisation's carbon emissions for the period 1st January 2021 to 31st December 2021 against our 2020 baseline.

Our emissions are reported using the financial control boundary and the methodology used aligns with Defra's Environmental reporting guidelines (2019) and uses the UK government's greenhouse gas reporting conversion factors (2021) to quantify emissions.

Scope of reporting

Emissions source	1st January 2020 - 31st December 2020	1st January 2021- 31st December 2021	Change	% Change
Direct Fugitive Emissions from Refrigeration, Air Conditioning etc - Refrigerant Gas	-	-	-	-%
Direct Emissions from Mobile Combustion Sources - Franchisee Vehicle Fuel Consumption	6.2	3.6	-2.6	-41.9%
Direct Emissions from Stationary Combustion - Franchisee Natural Gas Consumption	88.5	85.1	-3.4	-3.8%
Direct Emissions From Stationary Combustion - Other Fuel Consumption	-	-	-	-%
Total Scope 1 (tCO2e)	94.7	88.7	-6.0	-6.3%
Indirect Emissions from Franchisee Purchased Electricity	1,217.9	1,412.1	194.2	15.9%
Total Scope 2 (tCO2e)	1,217.9	1,412.1	194.2	15.9%
Total Scope 1 & 2 (tCO2e) - Location Based	1,312.6	1,500.8	188.2	14.3%
Fuel Consumed by Personal Vehicles used for Business Activities - Grey Fleet	5.1	8.2	3.1	60.8%
Direct Emissions From Stationary Combustion - Natural Gas Consumption at Landlord Leased Restaurants	-	-	-	-%
Direct Emissions From Stationary Combustion - Other Fuel Consumption at Landlord Leased Restaurants	-	-	-	-%
Indirect Emissions From Purchased Electricity of Landlord Leased Restaurants	-	-	-	-%
Total Scope 3 (tCO2e)	5.1	8.2	3.1	60.8%
Total Scope 1, 2 & 3 (tCO2e)	1,317.7	1,509.0	191.3	14.5%
Intensity Metrics				
Annual Turnover (£M)	41	60	19	46.3%
Scope 1 & 2 emissions per unit (tCO2e/£M Turnover)	32.2	25.1	-7.1	-22.1%

Energy Consumption by source (kWh)

Electricity	5,223,920	6,650,347	1,426,427	27.3%
Gas	481,141	461,448	-19,693	-4.1%
Purchased Fuel	-	-	-	-%
Company Car	24,961	14,678	-10,283	-41.1%
Grey Fleet Vehicle	20,739	33,494	12,755	61.5%
Total	5,750,761	7,159,967	1,409,206	24.5%

Absolute emissions compared to our baseline have increased this year due to an increase in business activity, Covid 19 restrictions limited our operations during the baseline as restaurants were required to close for part of the year. This increase broadly falls in line with the amount of time the restaurants were closed or operating at limited capacity. Overall total scope 1 and 2 emissions rose by 14.3% and scope 3 emissions rose by 60.8%, total emission increased by 14.5%, this can be mainly attributed to a 24.5% increase in energy use.

Our largest source of emissions is a direct result of electricity consumption, followed by natural gas used for our restaurant kitchens and heating. As the United Kingdom moves towards reducing their energy use to meet the requirements of Net Zero Carbon Emissions by 2050. Our overall strategy is to pursue a program of energy efficiency combined with carbon mitigation measures such as the utilisation of renewable electricity, this will be bolstered with programs to reduce and decarbonise heat across our estate.

Notable initiatives carried out this year include:

- The continued procurement of a Power Purchase Agreement with a renewable generator backed renewable electricity tariffs

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

Greenhouse Gas (GHG) Reporting Methodology Statement

Reporting Period

Emissions are reported against accounting year covering the period 1st January to 31st December 2021.

Reporting Boundary

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

Greenhouse Gases Reported

All greenhouse gas emissions are reported in tonnes of carbon dioxide equivalent (TCO2e) to account for all six of the Kyoto Protocol GHG's.

Emissions Factors

Government's Greenhouse gas reporting conversion factors for 2020 & 2021.

Baseline Year

Covers the period 1st January to 31st December 2020.

Intensity Ratio

McDonald's uses annual turnover (tCO2e/£) to normalise and compare its emissions over time.

Exclusions

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

Scope of Emissions

Scope 1 - Direct Emissions

On-site Fuel Combustion:
Gas and fuel directly purchased for heating or generation across property managed by McOpCo.

Company Vehicles:
Fuel purchased for fleet vehicles managed and owned by McOpCo.

Fugitive Emissions 1:
Refrigerant leaks from air-conditioning (RAC) equipment in leased assets and fleet vehicles managed and owned by McOpCo.

Scope 2 - Indirect Emissions

Purchased Electricity:
Electricity directly purchased across property managed by McOpCo.

Scope 3 - Other Indirect Emissions

On-site Fuel Combustion:
Gas and fuel directly purchased for heating or generation across property managed by Franchisees.

Purchased Electricity:
Electricity directly purchased across property managed by Franchisees.

Upstream Leased Assets:
Gas and electricity recharges across leased property managed by the Landlord.

Grey Fleet:
Fuel purchased for staff personal vehicles used for business activities.

Company Vehicles:
Fuel purchased for fleet vehicles managed and owned by Franchisees.

Fugitive emissions are currently not reported as outlined in the exclusions statement.

Process

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

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

Data Sources

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

Estimations

Where building utility data is unavailable, estimations are made based on an average restaurant types consumption, only those sites with a 100% complete data are used to calculate the average. For sites where invoice data is only available for a partial period, the available data is apportioned using an average kWh/day figure. For Asda sites (where the data couldn't be obtained at all), a 20% uplift was given to the 2020 to account for COVID-19 lockdown easing increased occupancy at McDonald's restaurants.

Disclosure in the strategic report
The Strategic Report includes a statement by the directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006.

Statement of directors' responsibilities
The directors are responsible for preparing the Strategic Report, the Report of the Directors 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 of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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.

Statement as to disclosure of information to auditors
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors
The auditors, Haines Watts Birmingham LLP, were appointed during the year and are deemed re-appointed under Section 487(2) of the Companies Act 2006.

On behalf of the board:

M D Guerin - Director

29 November 2022

Opinion
We have audited the financial statements of Caspian Networks Limited (the 'company') for the year ended 31 December 2021 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, 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 Auditors' 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 directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors 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 this gives rise to a material misstatement in the financial statements themselves. 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have 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 Report of the Directors.

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 directors
As explained more fully in the Statement of Directors' Responsibilities set out on page nine, 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 necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial 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 a Report of the Auditors 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:

Based on our understanding of the industry, we identified that the principal risks of non-compliance related to breaches of health and safety, including food hygiene. We considered the extent to which non-compliance might have a material affect on the financial statements. We also considered those laws and regulations that have a direct impact on preparation of the financial statements, such as the Companies Act 2006. We examined management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of overriding of controls) and determined that the principal risks were relating to management bias in accounting estimates, in particular those of accrued liabilities and the useful life of tangible assets. We also discussed with management the possibility of non-compliance with health and safety and food hygiene regulations and reviewed the management controls in place to detect such irregularities. Audit procedures included challenging assumptions made by management in their significant accounting estimates. There are inherent limitations in the Audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions described in the financial statements, the less likely we would become aware of it. Also the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one due to error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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 Report of the Auditors.

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

Andrew Hughes ACA (Senior Statutory Auditor)
for and on behalf of Haines Watts Birmingham LLP
5-6 Greenfield Crescent
Edgbaston
Birmingham
West Midlands
B15 3BE

14 December 2022

Income Statement
for the year ended 31 December 2021

	Notes	2021 £	2020 £
Turnover		**59,979,845**	40,815,971
Cost of sales		**(20,525,171)**	(13,737,347)
Gross profit		**39,454,674**	27,078,624
Administrative expenses		**(36,182,098)**	(28,472,931)
		3,272,576	(1,394,307)
Other operating income		**606,452**	2,841,288
Operating profit	4	**3,879,028**	1,446,981
Interest receivable and similar income		**-**	600
		3,879,028	1,447,581
Interest payable and similar expenses	5	**(32,590)**	(37,380)
Profit before taxation		**3,846,438**	1,410,201
Tax on profit	6	**(1,006,069)**	(303,833)
Profit for the financial year		**2,840,369**	1,106,368

The notes form part of these financial statements

Other Comprehensive Income
for the year ended 31 December 2021

	Notes	2021 £	2020 £
Profit for the year		**2,840,369**	1,106,368
Other comprehensive income		**-**	-
Total comprehensive income for the year		**2,840,369**	1,106,368

The notes form part of these financial statements

Balance Sheet
31 December 2021

	Notes	2021 £	2021 £	2020 £	2020 £
Fixed assets					
Intangible assets	9		**1,640,848**		1,686,701
Tangible assets	10		**6,454,248**		7,095,592
Investments	11		**16,250**		16,250
			8,111,346		8,798,543
Current assets					
Stocks	12	**197,124**		196,137	
Debtors	13	**844,563**		310,254	
Cash at bank and in hand		**8,116,498**		6,037,533	
		9,158,185		6,543,924	
Creditors					
Amounts falling due within one year	14	**5,254,610**		5,655,411	
Net current assets			**3,903,575**		888,513
Total assets less current liabilities			**12,014,921**		9,687,056
Creditors					
Amounts falling due after more than one year	15		**(1,166,518)**		(1,836,887)
Provisions for liabilities	19		**(850,782)**		(532,917)
Net assets			**9,997,621**		7,317,252
Capital and reserves					
Called up share capital	20		**100**		100
Retained earnings	21		**9,997,521**		7,317,152
Shareholders' funds			**9,997,621**		7,317,252

The financial statements were approved by the Board of Directors and authorised for issue on 29 November 2022 and were signed on its behalf by:

M D Guerin - Director

Statement of Changes in Equity
for the year ended 31 December 2021

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2020	100	6,370,784	6,370,884
Changes in equity			
Dividends	-	(160,000)	(160,000)
Total comprehensive income	-	1,106,368	1,106,368
Balance at 31 December 2020	100	7,317,152	7,317,252
Changes in equity			
Dividends	-	(160,000)	(160,000)
Total comprehensive income	-	2,840,369	2,840,369
Balance at 31 December 2021	100	9,997,521	9,997,621

The notes form part of these financial statements

Cash Flow Statement
for the year ended 31 December 2021

	Notes	2021 £	2020 £
Cash flows from operating activities			
Cash generated from operations	1	**5,104,602**	3,429,702
Interest paid		**(32,590)**	(37,380)
Tax paid		**(589,759)**	180,682
Net cash from operating activities		**4,482,253**	3,573,004
Cash flows from investing activities			
Purchase of intangible fixed assets		**(90,000)**	-
Purchase of tangible fixed assets		**(1,026,613)**	(651,947)
Sale of tangible fixed assets		**-**	30,000
Sale of fixed asset investments		**-**	2,500
Interest received		**-**	600
Net cash from investing activities		**(1,116,613)**	(618,847)
Cash flows from financing activities			
New loans in year		**-**	2,600,000
Loan repayments in year		**(670,369)**	(2,095,250)
Amount introduced by directors		**160,209**	160,000
Amount withdrawn by directors		**(616,515)**	(162,475)
Equity dividends paid		**(160,000)**	(160,000)
Net cash from financing activities		**(1,286,675)**	342,275
Increase in cash and cash equivalents		**2,078,965**	3,296,432
Cash and cash equivalents at beginning of year	2	**6,037,533**	2,741,101
Cash and cash equivalents at end of year	2	**8,116,498**	6,037,533

The notes form part of these financial statements

Notes to the Cash Flow Statement
for the year ended 31 December 2021

1. **Reconciliation of profit before taxation to cash generated from operations**

	2021	2020
	£	£
Profit before taxation	**3,846,438**	1,410,201
Depreciation charges	**1,803,810**	1,642,360
Profit on disposal of fixed assets	**-**	(10,789)
Finance costs	**32,590**	37,380
Finance income	**-**	(600)
	5,682,838	3,078,552
(Increase)/decrease in stocks	**(987)**	23,171
(Increase)/decrease in trade and other debtors	**(195,701)**	63,683
(Decrease)/increase in trade and other creditors	**(381,548)**	264,296
Cash generated from operations	**5,104,602**	3,429,702

2. **Cash and cash equivalents**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 December 2021

	31/12/21	1/1/21
	£	£
Cash and cash equivalents	**8,116,498**	**6,037,533**

Year ended 31 December 2020

	31/12/20	1/1/20
	£	£
Cash and cash equivalents	6,037,533	2,741,101

3. **Analysis of changes in net funds**

	At 1/1/21	Cash flow	At 31/12/21
	£	£	£
Net cash			
Cash at bank and in hand	**6,037,533**	**2,078,965**	**8,116,498**
	6,037,533	**2,078,965**	**8,116,498**
Debt			
Debts falling due within 1 year	**(664,467)**	**-**	**(664,467)**
Debts falling due after 1 year	**(1,836,887)**	**670,369**	**(1,166,518)**
	(2,501,354)	**670,369**	**(1,830,985)**
Total	**3,536,179**	**2,749,334**	**6,285,513**

1. **Statutory information**

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

The presentation currency of the financial statements is the Pound Sterling (£).

2. **Accounting policies**

Basis of preparing the financial statements
These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Going Concern
The directors have considered the application of the going concern basis of accounting in doing so they have considered the period from the date of this report until 31 December 2023. The directors have assessed the expected future financial performance of the entity and believe that the ability of the Company to continue to operate its sales through delivery, drive thru and take away channels, will enable the Company to continue its operations and settle its obligations for this period in the normal course of business.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Turnover
Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Intangible assets
Franchise rights & fees, being the amounts paid on acquisition of restaurants are being written off evenly over the terms of the franchise agreements or, in the case of restaurants acquired mid term, written off over 20 years. The 20 year write off period for any restaurants purchased mid term is on the basis that, on expiry of the existing 20 year franchise agreements, the company will be granted further 20 year franchises. The franchisor operates a formal "new term process" which sets out requirements for granting of a new term and the director does not anticipate any difficulty in meeting these requirements.

Tangible fixed assets
Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Short leasehold	- at varying rates on cost
Plant and machinery	- 15% on reducing balance and at varying rates on cost
Fixtures and fittings	- 25% on reducing balance
Motor vehicles	- 25% on reducing balance

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

Taxation
Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

continued...

2. **Accounting policies - continued**

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Impairment of fixed assets

At each reporting end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to each asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Balance Sheet date and carried forward to future periods. This is measured at the undiscounted cost of the future holiday entitlement so accrued at the Balance Sheet date.

continued...

2. **Accounting policies - continued**

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

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

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

Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Finance costs

Finance costs are charged to the Profit and Loss Account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument

Dividends

Equity dividends are recognised when they legally become payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholdersat an annual general meeting.

Judgements in applying accounting policies and key sources of estimation uncertainty

In the process of applying the company's accounting policies, management are required to make certain estimates and judgements. The key estimates and judgements are as follows:

Depreciation and residual values

The director has reviewed the asset lives and associated residual values of all fixed asset classes, and has concluded that asset lives and residual values are appropriate

3. **Employees and directors**

	2021	2020
	£	£
Wages and salaries	**15,457,093**	13,740,241
Social security costs	**749,600**	567,878
Other pension costs	**187,375**	243,209
	16,394,068	14,551,328

The average number of employees during the year was as follows:

	2021	2020
Crew labour	**1,259**	1,325
Management labour	**51**	52
	1,310	1,377

continued...

3. **Employees and directors - continued**

	2021	2020
	£	£
Directors' remuneration	**27,000**	23,000

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	**-**	2

4. **Operating profit**

The operating profit is stated after charging/(crediting):

	2021	2020
	£	£
Hire of plant and machinery	**-**	2,283
Other operating leases	**6,572,004**	4,453,000
Depreciation - owned assets	**1,667,957**	1,497,255
Profit on disposal of fixed assets	**-**	(10,789)
Franchise rights & fees amortisation	**135,853**	145,106
Auditors' remuneration	**7,000**	7,164
Other non- audit services	**10,306**	13,061

5. **Interest payable and similar expenses**

	2021	2020
	£	£
Bank interest	**32,590**	37,380

6. **Taxation**

Analysis of the tax charge
The tax charge on the profit for the year was as follows:

	2021	2020
	£	£
Current tax:		
UK corporation tax	**688,204**	266,078
Deferred tax	**317,865**	37,755
Tax on profit	**1,006,069**	303,833

UK corporation tax has been charged at 19% .

continued...

6. Taxation - continued

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2021	2020
	£	£
Profit before tax	**3,846,438**	1,410,201
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%)	**730,823**	267,938
Effects of:		
Expenses not deductible for tax purposes	**2,335**	86
Capital allowances in excess of depreciation	**(44,954)**	-
Depreciation in excess of capital allowances	**-**	104
Deferred tax charge	**317,865**	37,755
Profit/loss on disposal of fixed assets	**-**	(2,050)
Total tax charge	**1,006,069**	303,833

The Finance Act 2021 introduced an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023.

Deferred tax has been calculated at 25% (2020: 19%).

7. Dividends

	2021	2020
	£	£
Ordinary A shares of £1 each		
Interim	**75,000**	75,000
Ordinary B shares of £1 each		
Interim	**85,000**	85,000
	160,000	160,000

8. Government grants

During the period the company received a total grant of £606,452 (2020 - £2,841,288) under the Coronavirus Job Retention Scheme. This is shown in the profit and loss account under the heading other income.

continued...

9. Intangible fixed assets

	Franchise rights & fees £
Cost	
At 1 January 2021	3,553,834
Additions	90,000
At 31 December 2021	3,643,834
Amortisation	
At 1 January 2021	1,867,133
Amortisation for year	135,853
At 31 December 2021	2,002,986
Net book value	
At 31 December 2021	1,640,848
At 31 December 2020	1,686,701

10. Tangible fixed assets

	Short leasehold £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
Cost					
At 1 January 2021	100,869	15,731,395	170,067	60,000	16,062,331
Additions	22,481	1,004,132	-	-	1,026,613
At 31 December 2021	123,350	16,735,527	170,067	60,000	17,088,944
Depreciation					
At 1 January 2021	31,126	8,766,008	167,606	1,999	8,966,739
Charge for year	7,291	1,648,216	450	12,000	1,667,957
At 31 December 2021	38,417	10,414,224	168,056	13,999	10,634,696
Net book value					
At 31 December 2021	84,933	6,321,303	2,011	46,001	6,454,248
At 31 December 2020	69,743	6,965,387	2,461	58,001	7,095,592

11. Fixed asset investments

	Unlisted investments £
Cost	
At 1 January 2021 and 31 December 2021	16,250
Net book value	
At 31 December 2021	16,250
At 31 December 2020	16,250

Fixed asset investments consists of 16,250 (2020 - 16,250) ordinary shares of £1 each in Fries Holding Company Limited, a company registered in Guernsey. The investments are included in the accounts at cost.

 continued...

12. Stocks

	2021	2020
	£	£
Food stock	**155,205**	152,572
Paper stock	**38,990**	33,950
Non product stock	**2,929**	9,615
	197,124	196,137

Stock recognised in cost of sales during the year as an expense was £20,525,171 (2020: £13,737,347)

13. Debtors: amounts falling due within one year

	2021	2020
	£	£
Trade debtors	**994**	-
Other debtors	**354,385**	214,774
Directors' current accounts	**338,608**	-
Prepayments	**150,576**	95,480
	844,563	310,254

14. Creditors: amounts falling due within one year

	2021	2020
	£	£
Bank loans and overdrafts (see note 16)	**664,467**	664,467
Trade creditors	**1,452,716**	2,128,518
Tax	**382,650**	284,205
Social security and other taxes	**210,776**	176,349
VAT	**893,793**	980,835
Other creditors	**867,373**	664,923
Directors' current accounts	**-**	117,698
Accrued expenses	**782,835**	638,416
	5,254,610	5,655,411

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

	2021	2020
	£	£
Bank loans (see note 16)	**1,166,518**	1,836,887

16. Loans

An analysis of the maturity of loans is given below:

	2021	2020
	£	£
Amounts falling due within one year or on demand:		
Bank loans	**664,467**	664,467
Amounts falling due between one and two years:		
Bank loans - 1-2 years	**664,467**	664,467
Amounts falling due between two and five years:		
Bank loans - 2-5 years	**502,051**	1,172,420

continued...

16. **Loans - continued**

The loans are due for repayment in equal monthly instalments with terms as stated above. They are unsecured with interest charged at 1.2% above the Bank of England base rates.

17. **Leasing agreements**

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2021	2020
	£	£
Within one year	**1,507,872**	1,208,997
Between one and five years	**5,907,102**	4,254,882
In more than five years	**15,608,204**	10,412,594
	23,023,178	15,876,473

Lease payments recognised as an expense in the year totalled £6,572,004 (2020: £4,453,000).

The Company's restaurant premises are leased from McDonalds Restaurants Limited under non-cancellable operating leases with expiry terms of more than five years. Rent is calculated as a percentage of sales above base, the above operating lease commitment only relates to base rent. Each restaurant pays its own unique base rent based on its circumstances, with the remainder of the rent being based on the performance of the restaurant.

18. **Financial instruments**

Financial Assets	31.12.21	31.12.20
	£	£
Financial assets as an equity instrument	16,250	16,250
Financial assets that are debt instruments measured at amortised cost	8,810,485	6,130,761
	8,826,735	6,147,011
Financial Liabilities	4,933,909	5,933,212
	4,933,909	5,933,212

19. **Provisions for liabilities**

	2021	2020
	£	£
Deferred tax	**850,782**	532,917

	Deferred tax
	£
Balance at 1 January 2021	**532,917**
Provided during year	**317,865**
Balance at 31 December 2021	**850,782**

continued...

20. Called up share capital

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2021 £	2020 £
75	Ordinary A	£1	**75**	75
25	Ordinary B	£1	**25**	25
			100	100

21. Reserves

	Retained earnings £
At 1 January 2021	**7,317,152**
Profit for the year	**2,840,369**
Dividends	**(160,000)**
At 31 December 2021	**9,997,521**

22. Related party disclosures

During the year, total dividends of £160,000 were paid to the directors .

23. Post balance sheet events

The company sold one of its stores in March 2022 for proceeds of approximately £1.1 million.

24. Ultimate controlling party

The controlling party is M D Guerin.