REGISTERED NUMBER: 03283357 (England and Wales)

CASPIAN NETWORKS LIMITED

Strategic Report, Report of the Directors and

Financial Statements

for the Year Ended 31 December 2020

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for the year ended 31 December 2020

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Company Information
for the year ended 31 December 2020

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 Worcester Audit Limited First Floor Saggar House Princes Drive Worcester WR1 2PG

Strategic Report
for the year ended 31 December 2020

The directors present their strategic report for the year ended 31 December 2020.

REVIEW OF BUSINESS
The company currently operates thirteen restaurants under franchises granted by McDonald's Restaurants Limited, employing over 1500 staff.

The company has had a difficult year with like for like turnover decreasing due to periods of national lockdown, with business being sustained by a reliance on drive thru and delivery sales. Profit before tax in the period amounted to just over £1.41 million compared with £1.36m in 2019.

Overall the financial position of the company is healthy with the balance sheet currently showing net assets of over £7.34 million, increased from £6.37 million in 2019.

KEY PERFORMANCE INDICATORS

The overall sales decrease was approximately 15% as a result of lockdowns and government restrictions on in store dining. Overheads have decreased in proportion to the decreased sales, costs have also reduced in areas such as wages and the purchasing of food. Gross profit as a percentage of sales has very slightly decreased by 0.3%. The business cash-flow is very healthy and the company is able to meet loan repayments.

FUTURE DEVELOPMENTS

The company plans to acquire more restaurants should the opportunity arise. No other major expenditure is anticipated, the company having completed its program of re-imaging.

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:
COVID-19 is impacting the business and has resulted in both reduced turnover and profits. 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. As a result, McDonald's UK in conjunction with their franchisees took the decision to close all UK restaurants on 23 March 2020 following the implementation of the first National Lockdown. Our restaurants were closed for at least 10 weeks and the majority reopened in June. Quarter two revenues were significantly impacted.

COVID-19 Actions and Implications - continued
When restrictions were eased, in collaboration with McDonald's, we began a phased reopening of restaurants always in accord with our new COVID-19 secure operating processes. To prepare for reopening McDonald's undertook a full review of procedures and operations to ensure all Government guidelines were met and implemented across all restaurants.

Upon reopening our restaurants we initially started with Drive Thru operations before adding delivery, and as restrictions permitted a takeaway service. We were operating at around 80% of previous volumes by the end of August 2020. Our Drive Thru operating system enables social distancing between customers in their vehicles and employees. Our McDelivery service also saw demand rise rapidly.

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.

There will be a financial impact in 2021 with revenues predicted to remain around 20% lower than pre-pandemic levels. However the business has a strong balance sheet and is well set to weather the challenging business and economic environment.

While the company has both reserves and banking facilities sufficient to weather a lengthy downturn, it has never the less taken a number of steps to minimise impact to the company. These include negotiating extended payment terms with its suppliers and the bank reduction of staff hours. It has also received the active assistance of the franchisor.

We are confident that customer demand will continue through 2021 and are well placed to deliver with our Drive Thru restaurants and McDelivery offering, underpinned by McDonald's brand.

Projections for 2021 and 2022 have been prudently revised to reflect a slowdown in revenue growth, the business rates holiday ending in April 2021 and the VAT rate increasing to 12.5% during 2021. These projections indicate the business generates a profit in 2021 and 2022.

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.

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 2020. 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

27 September 2021

The directors present their report with the financial statements of the company for the year ended 31 December 2020.

DIVIDENDS
Interim dividends per share were paid during the year as follows:

Ordinary A £1	- £1,000	- 30 April 2020
Ordinary B £1	- £3,400	- 30 April 2020

The total distribution of dividends for the year ended 31 December 2020 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.

DIRECTORS
The directors shown below have held office during the whole of the period from 1 January 2020 to the date of this report.

M D Guerin
A W Guerin

GOING CONCERN
The company is in a net current liabilities position at the balance sheet date, however this is a reflection of the nature of the fast food industry and not a reflection of the strength of the business.

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 2022. 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 2020 to 31st December 2020.

We have set this year as our baseline year and reported our total emissions using the financial control boundary. Our methodology aligns with Defra's Environmental reporting guidelines (2019) and uses the government's greenhouse gas (GHG) reporting conversion factors (2020) to quantify emissions.

Scope of reporting

Emissions source	1st January 2020 - 31st December 2020
Direct Emissions from Mobile Combustion Sources - Franchisee Vehicle Fuel Consumption	6.2
Direct Emissions from Stationary Combustion - Franchisee Natural Gas Consumption	88.5
Total Scope 1 (tCO2e)	94.7
Indirect Emissions from Franchisee Purchased Electricity	1217.9
Total Scope 2 (tCO2e)	1217.9
Fuel Consumed by Personal Vehicles used for Business Activities - Grey Fleet	5.1
Total Scope 3 (tCO2e)	5.1
Total Scope 1, 2 & 3 (tCO2e)	1317.7
Intensity Metric	
Annual Turnover (£M)	41
Emissions per unit of turnover (tCO2e/£M)	32.28

Energy Consumption by source (kWh)

Electricity	5223920
Gas	481141
Purchased Fuel	-
Company Car	24961
Grey Fleet Vehicle	20739
Total	5750761

Greenhouse Gas (GHG) Reporting Methodology Statement

Reporting Period
Emissions are reported against accounting year covering the period 1st January to 31st December 2020.

Reporting Boundary
Financial Control Approach - McDonalds 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.

Baseline Year
Covers the period 1st January 2020 to 31st December 2020, as this is the first year required to report emissions under the SECR legislation.

Intensity Ratio
McDonalds uses its Average Cheque intensity factor (£) to normalise and compare its emissions over time, this is the total net product sales divided by total guest count.

Exclusions
McDonalds 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 McDonalds, 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.
Company Vehicles:
Fuel purchased for fleet vehicles managed and owned by Franchisees.
Grey Fleet:
Fuel purchased for staff personal vehicles used for business activities.

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

Process
McDonalds follow the reporting approach set out in the UK Government's Environmental Reporting Guidance (2019 version) 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.

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

Haines Watts Worcester Audit Limited 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

27 September 2021

Opinion
We have audited the financial statements of Caspian Networks Limited (the 'company') for the year ended 31 December 2020 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 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 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 director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the director's assessment of the company's ability to continue to adopt the going concern basis of accounting included the following work:
- obtained management's forecast for a period of 24 months from the anticipated date of approval of the financial statements, together with supporting evidence for all key trading, working capital and cash flow assumptions;
- robustly challenged the process that management has undertaken to conclude on the appropriateness of the going concern basis of preparation, including challenging and applying sensitivities to the key assumptions made by management in preparing the forecasts;
- tested the robustness of forecasts prepared by comparison to forecasts made in prior periods, including assessing managements historic ability to forecast, and in light of our understanding of the Company's operations;
- considered the reasonableness of any further mitigating actions identified by management, which included an assessment of the feasibility and quantification of such mitigative measures available to management; and
- reviewed the disclosures made within the financial statements for consistency with management's assessment of going concern and in line with the accounting standards.

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

However, not all future events or conditions can be predicted. The COVID-19 viral pandemic is one of the most significant economic events for the UK with unprecedented levels of uncertainty of outcomes. It is therefore difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and wider economy. The Directors' view on the impact of COVID-19 is disclosed in the accounting policies note.

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 ten, 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 (Senior Statutory Auditor)
for and on behalf of Haines Watts Worcester Audit Limited
First Floor
Saggar House
Princes Drive
Worcester
WR1 2PG

30 September 2021

Income Statement

for the year ended 31 December 2020

	Notes	2020 £	2019 £
TURNOVER		40,815,971	47,910,418
Cost of sales		(13,737,347)	(15,978,355)
GROSS PROFIT		27,078,624	31,932,063
Administrative expenses		(28,472,931)	(30,522,200)
		(1,394,307)	1,409,863
Other operating income		2,841,288	-
OPERATING PROFIT	4	1,446,981	1,409,863
Interest receivable and similar income		600	707
		1,447,581	1,410,570
Interest payable and similar expenses	5	(37,380)	(47,167)
PROFIT BEFORE TAXATION		1,410,201	1,363,403
Tax on profit	6	(303,833)	(256,411)
PROFIT FOR THE FINANCIAL YEAR		1,106,368	1,106,992

The notes form part of these financial statements

Other Comprehensive Income

for the year ended 31 December 2020

	Notes	2020 £	2019 £
PROFIT FOR THE YEAR		1,106,368	1,106,992
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,106,368	1,106,992

The notes form part of these financial statements

Balance Sheet
31 December 2020

	Notes	2020 £	2019 £
FIXED ASSETS			
Intangible assets	9	1,686,701	1,831,807
Tangible assets	10	7,095,592	7,960,111
Investments	11	16,250	18,750
		8,798,543	9,810,668
CURRENT ASSETS			
Stocks	12	196,137	219,308
Debtors	13	310,254	536,492
Cash at bank and in hand		6,037,533	2,741,101
		6,543,924	3,496,901
CREDITORS			
Amounts falling due within one year	14	(5,655,411)	(5,271,314)
NET CURRENT ASSETS/(LIABILITIES)		888,513	(1,774,413)
TOTAL ASSETS LESS CURRENT LIABILITIES		9,687,056	8,036,255
CREDITORS			
Amounts falling due after more than one year	15	(1,836,887)	(1,170,209)
PROVISIONS FOR LIABILITIES	19	(532,917)	(495,162)
NET ASSETS		7,317,252	6,370,884
CAPITAL AND RESERVES			
Called up share capital	20	100	100
Retained earnings	21	7,317,152	6,370,784
SHAREHOLDERS' FUNDS		7,317,252	6,370,884

The financial statements were approved by the Board of Directors and authorised for issue on 27 September 2021 and were signed on its behalf by:

M D Guerin - Director

The notes form part of these financial statements

Statement of Changes in Equity
for the year ended 31 December 2020

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2019	100	5,423,792	5,423,892
Changes in equity			
Dividends	-	(160,000)	(160,000)
Total comprehensive income	-	1,106,992	1,106,992
Balance at 31 December 2019	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

The notes form part of these financial statements

Cash Flow Statement
for the year ended 31 December 2020

	Notes	2020 £	2019 £
Cash flows from operating activities			
Cash generated from operations	1	3,429,702	3,444,334
Interest paid		(37,380)	(47,167)
Tax paid		180,682	(269,999)
Net cash from operating activities		3,573,004	3,127,168
Cash flows from investing activities			
Purchase of intangible fixed assets		-	(30,000)
Purchase of tangible fixed assets		(651,947)	(2,202,645)
Purchase of fixed asset investments		-	(1,250)
Sale of tangible fixed assets		30,000	106,617
Sale of fixed asset investments		2,500	-
Interest received		600	707
Net cash from investing activities		(618,847)	(2,126,571)
Cash flows from financing activities			
New loans in year		2,600,000	(817,657)
Loan repayments in year		(2,095,250)	-
Amount introduced by directors		160,000	160,000
Amount withdrawn by directors		(162,475)	(226,517)
Equity dividends paid		(160,000)	(160,000)
Net cash from financing activities		342,275	(1,044,174)
Increase/(decrease) in cash and cash equivalents		3,296,432	(43,577)
Cash and cash equivalents at beginning of year	2	2,741,101	2,784,678
Cash and cash equivalents at end of year	2	6,037,533	2,741,101

The notes form part of these financial statements

Notes to the Cash Flow Statement
for the year ended 31 December 2020

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2020	2019
	£	£
Profit before taxation	1,410,201	1,363,403
Depreciation charges	1,642,360	1,522,402
(Profit)/loss on disposal of fixed assets	(10,789)	65,389
Finance costs	37,380	47,167
Finance income	(600)	(707)
	3,078,552	2,997,654
Decrease/(increase) in stocks	23,171	(49,757)
Decrease in trade and other debtors	63,683	10,988
Increase in trade and other creditors	264,296	485,449
Cash generated from operations	3,429,702	3,444,334

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 2020

	31.12.20	1.1.20
	£	£
Cash and cash equivalents	6,037,533	2,741,101

Year ended 31 December 2019

	31.12.19	1.1.19
	£	£
Cash and cash equivalents	2,741,101	2,784,678

The notes form part of these financial statements

Notes to the Cash Flow Statement
for the year ended 31 December 2020

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.1.20	Cash flow	At 31.12.20
	£	£	£
Net cash			
Cash at bank and in hand	2,741,101	3,296,432	6,037,533
	2,741,101	3,296,432	6,037,533
Debt			
Debts falling due within 1 year	(826,396)	161,929	(664,467)
Debts falling due after 1 year	(1,170,209)	(666,678)	(1,836,887)
	(1,996,605)	(504,749)	(2,501,354)
Total	744,496	2,791,683	3,536,179

The notes form part of these financial statements

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 company is in a net current liabilities position at the balance sheet date, however this is a reflection of the nature of the fast food industry and not a reflection of the strength of the business.

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 2022. 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

continued...

2. **ACCOUNTING POLICIES - continued**

Government grants
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.

Grants are recognised using the accrual model.

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.

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.

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.

continued...

2. **ACCOUNTING POLICIES - continued**

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

continued...

3. EMPLOYEES AND DIRECTORS

	2020	2019
	£	£
Wages and salaries	13,740,241	13,373,937
Social security costs	567,878	642,886
Other pension costs	243,209	229,561
	14,551,328	14,246,384

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

	2020	2019
Production staff	1,325	1,316
Office and management	52	51
	1,377	1,367

	2020	2019
	£	£
Directors' remuneration	23,000	27,000

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

Money purchase schemes	2	2

4. OPERATING PROFIT

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

	2020	2019
	£	£
Hire of plant and machinery	2,283	5,769
Other operating leases	4,453,000	5,634,533
Depreciation - owned assets	1,497,255	1,375,518
(Profit)/loss on disposal of fixed assets	(10,789)	65,389
Franchise rights & fees amortisation	145,106	146,884
Auditors' remuneration	7,164	16,108
Other non- audit services	13,061	9,785

5. INTEREST PAYABLE AND SIMILAR EXPENSES

	2020	2019
	£	£
Bank interest	37,380	47,167

continued...

6. TAXATION

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

	2020	2019
	£	£
Current tax:		
UK corporation tax	266,078	170,478
Deferred tax	37,755	85,933
Tax on profit	303,833	256,411

UK corporation tax was charged at 19%) in 2019.

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:

	2020	2019
	£	£
Profit before tax	1,410,201	1,363,403
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	267,938	259,047
Effects of:		
Expenses not deductible for tax purposes	86	297
Capital allowances in excess of depreciation	-	(101,290)
Depreciation in excess of capital allowances	104	-
Deferred tax charge	37,755	85,933
Profit/loss on disposal of fixed assets	(2,050)	12,424
Total tax charge	303,833	256,411

7. DIVIDENDS

	2020	2019
	£	£
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

continued...

8. GOVERNMENT GRANTS

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

9. INTANGIBLE FIXED ASSETS

	Franchise rights & fees £
COST	
At 1 January 2020	
and 31 December 2020	3,553,834
AMORTISATION	
At 1 January 2020	1,722,027
Amortisation for year	145,106
At 31 December 2020	1,867,133
NET BOOK VALUE	
At 31 December 2020	1,686,701
At 31 December 2019	1,831,807

10. TANGIBLE FIXED ASSETS

	Short leasehold £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
COST					
At 1 January 2020	99,554	15,140,763	170,067	67,805	15,478,189
Additions	1,315	590,632	-	60,000	651,947
Disposals	-	-	-	(67,805)	(67,805)
At 31 December 2020	100,869	15,731,395	170,067	60,000	16,062,331
DEPRECIATION					
At 1 January 2020	24,892	7,288,850	167,044	37,292	7,518,078
Charge for year	6,234	1,477,158	562	13,301	1,497,255
Eliminated on disposal	-	-	-	(48,594)	(48,594)
At 31 December 2020	31,126	8,766,008	167,606	1,999	8,966,739
NET BOOK VALUE					
At 31 December 2020	69,743	6,965,387	2,461	58,001	7,095,592
At 31 December 2019	74,662	7,851,913	3,023	30,513	7,960,111

continued...

11. FIXED ASSET INVESTMENTS

	Unlisted investments £
COST	
At 1 January 2020	18,750
Disposals	(2,500)
At 31 December 2020	16,250
NET BOOK VALUE	
At 31 December 2020	16,250
At 31 December 2019	18,750

Fixed asset investments consists of 16,250 (2019 - 18,750) ordinary shares of £1 each in Fries Holding Company Limited, a company registered in Guernsey. The investments are included in the accounts at cost.

12. STOCKS

	2020 £	2019 £
Food stock	152,572	167,118
Paper stock	33,950	33,983
Non product stock	9,615	18,207
	196,137	219,308

An impairment loss of £nil (2019: £nil) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

Stock recognised in cost of sales during the year as an expense was £13,737,347 (2019: £15,978,355)

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £	2019 £
Trade debtors	-	392
Other debtors	214,774	146,908
Tax	-	162,555
Prepayments	95,480	226,637
	310,254	536,492

continued...

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£	£
Bank loans and overdrafts (see note 16)	664,467	826,396
Trade creditors	2,128,518	1,283,448
Tax	284,205	-
Social security and other taxes	176,349	134,209
VAT	980,835	1,338,310
Other creditors	664,923	537,144
Directors' current accounts	117,698	120,173
Accrued expenses	638,416	1,031,634
	5,655,411	5,271,314

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2020	2019
	£	£
Bank loans (see note 16)	1,836,887	1,170,209

16. LOANS

An analysis of the maturity of loans is given below:

	2020	2019
	£	£
Amounts falling due within one year or on demand:		
Bank loans	664,467	826,396
Amounts falling due between one and two years:		
Bank loans - 1-2 years	664,467	732,134
Amounts falling due between two and five years:		
Bank loans - 2-5 years	1,172,420	438,075

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.

continued...

17. LEASING AGREEMENTS

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

	2020	2019
	£	£
Within one year	1,208,997	1,435,087
Between one and five years	4,254,882	4,451,122
In more than five years	10,412,594	11,428,816
	15,876,473	17,315,025

Lease payments recognised as an expense in the year totalled £4,453,000 (2019: £5,634,533).

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	31.12.20	31.12.19
	£	£
Financial assets as an equity instrument	16,250	18,750
Financial assets that are debt instruments measured at amortised cost	6,130,761	3,034,619
	6,147,011	3,053,369

Financial Liabilities	5,933,212	4,969,005
	5,933,212	4,969,005

19. PROVISIONS FOR LIABILITIES

	2020	2019
	£	£
Deferred tax	532,917	495,162

	Deferred tax
	£
Balance at 1 January 2020	495,162
Provided during year	37,755
Balance at 31 December 2020	532,917

continued...

20. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2020 £	2019 £
75	Ordinary A	£1	75	75
25	Ordinary B	£1	25	25
			100	100

21. RESERVES

	Retained earnings £
At 1 January 2020	6,370,784
Profit for the year	1,106,368
Dividends	(160,000)
At 31 December 2020	7,317,152