

# Fun & Fries Ltd

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

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

# Fun & Fries Ltd

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# **Fun & Fries Ltd**

## **Company Information**

**Director** J O Moore

**Company secretary** L Schlappa

**Registered office** 32 High Street  
Wall Heath  
Kingswinford  
West Midlands  
DY6 0HB

**Accountants** Munsloes Accountants Ltd  
Chartered Certified Accountants  
32 High Street  
Wall Heath  
Kingswinford  
West Midlands  
DY6 0HB

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

# **Fun & Fries Ltd**

## **Strategic Report for the Year Ended 31 December 2021**

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

### **Principal activity**

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

### **Fair review of the business**

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

As an operator of a chain of McDonald's restaurants the directors consider the company's key performance indicators to be turnover and gross profit. Turnover for the year increased by 88% with an increase in gross profit of 121% compared to the previous year. In common with many other businesses and industries the director believes the trading environment in which the company operates will continue to be challenging but remains optimistic regarding future trading and is committed to increasing both future turnover and profitability and to continuing the company's reinvestment program. The company has continued to invest in the business and the development and training of its employees, as well as continued investment in IT and store equipment. In addition, during the year the company acquired a further store on a business finance lease.

### **Principal risks and uncertainties**

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

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

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

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

By its very nature, the fast-food market is extremely competitive, with large numbers of companies operating in the sector. In order to remain at the forefront, McDonald's have dedicated teams whose focus is on ensuring they remain the leading business in the market.

# **Fun & Fries Ltd**

## **Strategic Report for the Year Ended 31 December 2021**

Approved and authorised by the director on 21 December 2022

.....  
J O Moore  
Director

## **Fun & Fries Ltd**

### **Director's Report for the Year Ended 31 December 2021**

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

#### **Director of the company**

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

J O Moore

#### **Financial instruments**

##### ***Objectives and policies***

The company's principle financial instruments comprise bank balances, trade creditors and bank loans. The main purpose of these instruments is to finance the company's operations and to ensure the smooth running of the company's operations.

Due to the nature of the financial instruments used by the company there is no exposure to price risk.

In respect of bank balances, the liquidity risk is managed by maintaining a balance to ensure the continuity of trading, through the use of detailed cash flow analysis, forecasts and projections which are regularly updated. In addition, the company has access to overdraft facilities from its bankers which are repayable on demand, should the business require them.

In respect of bank loans, these are provided by financial institutions. The interest rate on these loans is variable, although usually the monthly repayments are fixed. The company manages the liquidity risk by ensuring that there are sufficient funds to meet the payments through the constant review and updating of cashflow forecasts. The interest rate is managed through regular reviews of current and expected future interest rates.

Trade creditor liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

##### ***Price risk, credit risk, liquidity risk and cash flow risk***

The main risks arising from the company's financial instruments are interest risk and liquidity risk. The board reviews and agrees policies for managing each of these risks as summarised below –

Interest rate risk – the company's exposure to market risk for changes in interest rates is limited to bank loans. Additional requirements for medium to long term debt are reviewed by the directors based on the company's forecast requirements

Liquidity risk – the company's objective is to maintain a balance between continuity of funding and flexibility, by the utilisation of cash and bank loans.

#### **Employment of disabled persons**

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

## **Fun & Fries Ltd**

### **Director's Report for the Year Ended 31 December 2021**

#### **Employee involvement**

The company aims to promote a working environment free from harassment, victimisation, bullying and discrimination. The company regards all of its employees as members of a team, where opinions are valued and everyone is regarded as equal in status and treated with fairness and respect. The company's recruitment procedures are intended to ensure that employees are selected, promoted and treated according to their ability and that everyone has an equal opportunity to receive training and development. The company communicates regularly with all employees on matters relating to its performance, with employees encouraged to contribute to the decision making process through regular staff meetings. In addition, there is a bulletin board in each restaurant where memoranda relating to company policy are displayed. There is also an online portal known as Our Lounge, which contains news and information for McDonald's employees.

#### **Disclosure of information to the auditors**

The director has taken steps that she ought to have taken as a director in order to make herself aware of any relevant audit information and to establish that the company's auditors are aware of that information. The director confirms that there is no relevant information that she knows of and of which she knows the auditors are unaware.

#### **Reappointment of auditors**

The auditors Manex Accountants Ltd are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved and authorised by the director on 21 December 2022

.....  
J O Moore  
Director

## **Fun & Fries Ltd**

### **Statement of Director's Responsibilities**

The director acknowledges her responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless she is satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the director is required to:

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

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable her to ensure that the financial statements comply with the Companies Act 2006 and in accordance with FRS 102. She is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



## **Fun & Fries Ltd**

### **Independent Auditor's Report to the Members of Fun & Fries Ltd**

#### **Opinion**

We have audited the financial statements of Fun & Fries Ltd (the 'company') for the year ended 31 December 2021, which comprise the Income Statement, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

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

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

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

#### **Other information**

The director are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **Fun & Fries Ltd**

### **Independent Auditor's Report to the Members of Fun & Fries Ltd**

#### **Opinion on other matter prescribed by the Companies Act 2006**

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

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

#### **Matters on which we are required to report by exception**

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Director's Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of the director**

As explained more fully in the Statement of Director's Responsibilities [set out on page 6], the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### **Auditor Responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

## **Fun & Fries Ltd**

### **Independent Auditor's Report to the Members of Fun & Fries Ltd**

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

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

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

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

The specialist skills required and

Knowledge of the industry in which the client operates.

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

Audit procedures performed by the engagement team included:

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

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

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

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

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

#### **Use of our report**

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

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

21 December 2022

## Fun & Fries Ltd

### Income Statement for the Year Ended 31 December 2021

	Note	2021 £	2020 £
Turnover	<u>3</u>	19,825,607	10,534,473
Cost of sales		<u>(11,149,909)</u>	<u>(6,611,597)</u>
Gross profit		8,675,698	3,922,876
Administrative expenses		(7,449,387)	(4,441,776)
Other operating income	<u>4</u>	<u>21,953</u>	<u>842,226</u>
Operating profit	<u>5</u>	<u>1,248,264</u>	<u>323,326</u>
Other interest receivable and similar income	<u>7</u>	176	-
Interest payable and similar expenses	<u>8</u>	<u>(25,261)</u>	<u>(32,019)</u>
		<u>(25,085)</u>	<u>(32,019)</u>
Profit before tax		1,223,179	291,307
Tax on profit	<u>12</u>	<u>(290,514)</u>	<u>(117,631)</u>
Profit for the financial year		<u><u>932,665</u></u>	<u><u>173,676</u></u>

The above results were derived from continuing operations.

The company has no recognised gains or losses for the year other than the results above.

# Fun & Fries Ltd

(Registration number: 04825817)

## Statement of Financial Position as at 31 December 2021

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Intangible assets	<u>13</u>	474,381	514,656
Property, plant and equipment	<u>14</u>	1,482,664	1,785,190
Other financial assets	<u>15</u>	6,250	5,000
		<u>1,963,295</u>	<u>2,304,846</u>
<b>Current assets</b>			
Inventories	<u>16</u>	104,055	70,545
Debtors	<u>17</u>	60,375	22,559
Cash at bank and in hand		<u>2,723,156</u>	<u>1,835,463</u>
		2,887,586	1,928,567
<b>Creditors: Amounts falling due within one year</b>	<u>24</u>	<u>(2,272,850)</u>	<u>(1,991,114)</u>
<b>Net current assets/(liabilities)</b>		<u>614,736</u>	<u>(62,547)</u>
<b>Total assets less current liabilities</b>		2,578,031	2,242,299
<b>Creditors: Amounts falling due after more than one year</b>	<u>24</u>	<u>(1,074,742)</u>	<u>(1,575,555)</u>
<b>Provisions for liabilities</b>		<u>(166,067)</u>	<u>(132,187)</u>
<b>Net assets</b>		<u><u>1,337,222</u></u>	<u><u>534,557</u></u>
<b>Capital and reserves</b>			
Called up share capital		1	1
Retained earnings		<u>1,337,221</u>	<u>534,556</u>
<b>Shareholders' funds</b>		<u><u>1,337,222</u></u>	<u><u>534,557</u></u>

Approved and authorised by the director on 21 December 2022

.....  
J O Moore  
Director

## Fun & Fries Ltd

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

	Share capital £	Retained earnings £	Total £
At 1 January 2021	1	534,556	534,557
Profit for the year	-	932,665	932,665
Dividends	-	(130,000)	(130,000)
At 31 December 2021	1	1,337,221	1,337,222

  

	Share capital £	Retained earnings £	Total £
At 1 January 2020	1	445,880	445,881
Profit for the year	-	173,676	173,676
Dividends	-	(85,000)	(85,000)
At 31 December 2020	1	534,556	534,557

# Fun & Fries Ltd

## Statement of Cash Flows for the Year Ended 31 December 2021

	Note	2021 £	2020 £
<b>Cash flows from operating activities</b>			
Profit for the year		932,665	173,676
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	<u>5</u>	555,241	538,914
Finance income	<u>7</u>	(176)	-
Finance costs	<u>8</u>	25,261	32,019
Income tax expense	<u>12</u>	290,514	117,631
		1,803,505	862,240
Working capital adjustments			
Increase in inventories	<u>16</u>	(33,510)	(4,323)
(Increase)/decrease in trade debtors	<u>17</u>	(37,816)	40,715
Increase/(decrease) in trade creditors	<u>24</u>	115,807	(326,225)
Cash generated from operations		1,847,986	572,407
Income taxes paid	<u>12</u>	(88,965)	-
Net cash flow from operating activities		1,759,021	572,407
<b>Cash flows from investing activities</b>			
Interest received	<u>7</u>	176	-
Acquisitions of property, plant and equipment		(210,606)	(110,564)
Acquisition of intangible assets	<u>13</u>	(1,834)	-
Net cash flows from investing activities		(212,264)	(110,564)
<b>Cash flows from financing activities</b>			
Interest paid	<u>8</u>	(25,261)	(32,019)
Proceeds from bank borrowing draw downs		-	360,000
Repayment of bank borrowing		(502,553)	(210,675)
Dividends paid	<u>23</u>	(130,000)	(85,000)
Financial assets at cost less impairment additions		(1,250)	-
Net cash flows from financing activities		(659,064)	32,306
Net increase in cash and cash equivalents		887,693	494,149
Cash and cash equivalents at 1 January		1,835,463	1,341,314
Cash and cash equivalents at 31 December		2,723,156	1,835,463

# **Fun & Fries Ltd**

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

### **1 General information**

The company is a private company limited by share capital, incorporated in England.

The address of its registered office is:

32 High Street  
Wall Heath  
Kingswinford  
West Midlands  
DY6 0HB

These financial statements were authorised for issue by the director on 21 December 2022.

### **2 Accounting policies**

#### **Summary of significant accounting policies and key accounting estimates**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### **Statement of compliance**

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland and the Companies Act 2006'.

#### **Basis of preparation**

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

#### **Revenue recognition**

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts.

The company recognises revenue when:

The amount of revenue can be reliably measured;  
it is probable that future economic benefits will flow to the entity;  
and specific criteria have been met for each of the company's activities.

#### **Government grants**

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

#### **Tax**

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



## **Fun & Fries Ltd**

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

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

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements.

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

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

#### **Property, plant and equipment**

Property, plant and equipment are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

#### **Depreciation**

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

<b>Asset class</b>	<b>Depreciation method and rate</b>
Plant and equipment	between 3 and 10 years straight line
Office equipment	5 years straight line

#### **Goodwill**

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date. Goodwill is amortised over its useful life, which shall not exceed ten years if a reliable estimate of the useful life cannot be made.

#### **Intangible assets**

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date.

Licences have a finite useful life and are carried at cost less accumulated amortisation and any accumulated impairment losses.

## **Fun & Fries Ltd**

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

#### **Amortisation**

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

<b>Asset class</b>	<b>Amortisation method and rate</b>
Goodwill	straight line over the shorter of the remaining life of the lease and 20 years
Licence fee	straight line over the remaining life of the licence
Stamp duty	straight line over the remaining life of the licence

#### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

#### **Inventories**

Stocks are stated at the lower of average cost and net realisable value. Net realisable value is based on estimated selling price less further costs expected to be incurred prior to completion and disposal.

#### **Trade creditors**

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

#### **Borrowings**

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the income statement over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

#### **Share capital**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

#### **Dividends**

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

## Fun & Fries Ltd

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

#### Defined contribution pension obligation

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

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

#### 3 Revenue

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

	2021 £	2020 £
Sale of goods	19,825,607	10,534,473

#### 4 Other operating income

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

	2021 £	2020 £
Government grants	21,953	826,226
Miscellaneous other operating income	-	16,000
	21,953	842,226

#### 5 Operating profit

Arrived at after charging/(crediting)

	2021 £	2020 £
Depreciation expense	513,132	496,873
Amortisation expense	42,109	42,041

#### 6 Government grants

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

The amount of grants recognised in the financial statements was £21,953 (2020 - £826,226).

#### 7 Other interest receivable and similar income

	2021 £	2020 £
Other finance income	176	-

# Fun & Fries Ltd

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

### 8 Interest payable and similar expenses

	2021	2020
	£	£
Interest on bank overdrafts and borrowings	25,261	32,019

### 9 Staff costs

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

	2021	2020
	£	£
Wages and salaries	5,255,564	3,678,381
Social security costs	181,162	131,289
Other short-term employee benefits	2,110	2,815
Pension costs, defined contribution scheme	43,938	38,671
Other employee expense	28,660	25,092
	5,511,434	3,876,248

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

	2021	2020
	No.	No.
Production	468	434
Administration and support	16	14
	484	448

### 10 Director's remuneration

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

	2021	2020
	£	£
Remuneration	25,631	9,394
Contributions paid to money purchase schemes	5,200	5,200
	30,831	14,594

### 11 Auditors' remuneration

	2021	2020
	£	£
Audit of the financial statements	2,250	2,150

# Fun & Fries Ltd

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

### 12 Taxation

Tax charged/(credited) in the income statement

	2021 £	2020 £
<b>Current taxation</b>		
UK corporation tax	256,634	106,850
UK corporation tax adjustment to prior periods	-	(8,943)
	<u>256,634</u>	<u>97,907</u>
<b>Deferred taxation</b>		
Arising from origination and reversal of timing differences	<u>33,880</u>	<u>19,724</u>
Tax expense in the income statement	<u>290,514</u>	<u>117,631</u>

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

The differences are reconciled below:

	2021 £	2020 £
Profit before tax	<u>1,223,179</u>	<u>291,307</u>
Corporation tax at standard rate	232,404	55,348
Effect of expense not deductible in determining taxable profit (tax loss)	4,682	7,985
Decrease in UK and foreign current tax from adjustment for prior periods	-	(8,943)
Tax increase from effect of capital allowances and depreciation	<u>53,428</u>	<u>63,241</u>
Total tax charge	<u>290,514</u>	<u>117,631</u>

### Deferred tax

Deferred tax assets and liabilities

	Asset £	Liability £
<b>2021</b>		
	-	166,067
	<u>-</u>	<u>166,067</u>
<b>2020</b>		
	-	132,187
	<u>-</u>	<u>132,187</u>

## Fun & Fries Ltd

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

#### 13 Intangible assets

	Goodwill £	Licence fees £	Stamp duty £	Total £
<b>Cost or valuation</b>				
At 1 January 2021	656,222	120,000	50,146	826,368
Additions acquired separately	-	-	1,834	1,834
At 31 December 2021	656,222	120,000	51,980	828,202
<b>Amortisation</b>				
At 1 January 2021	240,318	52,459	18,935	311,712
Amortisation charge	32,811	6,600	2,698	42,109
At 31 December 2021	273,129	59,059	21,633	353,821
<b>Carrying amount</b>				
At 31 December 2021	383,093	60,941	30,347	474,381
At 31 December 2020	415,904	67,541	31,211	514,656

#### 14 Property, plant and equipment

	Plant and equipment £	Office equipment £	Total £
<b>Cost or valuation</b>			
At 1 January 2021	4,213,194	3,850	4,217,044
Additions	210,606	-	210,606
Disposals	(49,373)	-	(49,373)
At 31 December 2021	4,374,427	3,850	4,378,277
<b>Depreciation</b>			
At 1 January 2021	2,428,005	3,849	2,431,854
Charge for the year	513,131	1	513,132
Eliminated on disposal	(49,373)	-	(49,373)
At 31 December 2021	2,891,763	3,850	2,895,613
<b>Carrying amount</b>			
At 31 December 2021	1,482,664	-	1,482,664
At 31 December 2020	1,785,189	1	1,785,190

# Fun & Fries Ltd

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

### 15 Other financial assets (current and non-current)

	2021 £	2020 £
<b>Non-current financial assets</b>		
Financial assets at cost less impairment	6,250	5,000

### 16 Inventories

	2021 £	2020 £
Stocks of food, paper and non-products	104,055	70,545

### 17 Debtors

	2021 £	2020 £
<b>Current</b>		
Prepayments	60,375	22,559

### 18 Cash and cash equivalents

	2021 £	2020 £
Cash on hand	14,700	11,700
Cash at bank	2,409,661	1,823,763
Short-term deposits	298,795	-
	2,723,156	1,835,463

### 19 Pension and other schemes

#### Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £43,938 (2020 - £38,671).

Contributions totalling £6,864 (2020 - £1,212) were payable to the scheme at the end of the year and are included in creditors.

### 20 Share capital

#### Allotted, called up and fully paid shares

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

# Fun & Fries Ltd

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

### 21 Loans and borrowings

	2021 £	2020 £
<b>Non-current loans and borrowings</b>		
Bank borrowings	<u>1,074,742</u>	<u>1,575,555</u>

	2021 £	2020 £
<b>Current loans and borrowings</b>		
Bank borrowings	<u>498,359</u>	<u>500,099</u>

### 22 Obligations under leases and hire purchase contracts

#### Operating leases

The total of future minimum lease payments is as follows:

	2021 £	2020 £
Not later than one year	668,484	501,948
Later than one year and not later than five years	2,577,555	2,000,247
Later than five years	<u>5,553,375</u>	<u>3,706,297</u>
	<u>8,799,414</u>	<u>6,208,492</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £2,254,653 (2020 - £1,257,515).

### 23 Dividends

	2021 £	2020 £
Interim dividend of £130,000.00 (2020 - £85,000.00) per ordinary share	<u>130,000</u>	<u>85,000</u>



# Fun & Fries Ltd

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

### 24 Creditors

	Note	2021 £	2020 £
<b>Due within one year</b>			
Loans and borrowings	<u>21</u>	498,359	500,099
Trade creditors		558,465	639,904
Amounts due to related parties		48,315	50,430
Social security and other taxes		397,927	353,670
Outstanding defined contribution pension costs		6,864	1,212
Other payables		1,352	655
Accruals		495,992	347,237
Income tax liability	<u>12</u>	265,576	97,907
		<u>2,272,850</u>	<u>1,991,114</u>
<b>Due after one year</b>			
Loans and borrowings	<u>21</u>	<u>1,074,742</u>	<u>1,575,555</u>

### 25 Deferred tax and other provisions

	Deferred tax £	Total £
At 1 January 2021	132,187	132,187
Increase (decrease) in existing provisions	<u>33,880</u>	<u>33,880</u>
At 31 December 2021	<u>166,067</u>	<u>166,067</u>

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.