

MSHA INTERNATIONAL LIMITED
GROUP FINANCIAL STATEMENTS

30 NOVEMBER 2021

COMPANY REGISTRATION NUMBER: 2645431

MSHA INTERNATIONAL LIMITED
GROUP FINANCIAL STATEMENTS
YEAR ENDED 30 NOVEMBER 2021

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MSHA INTERNATIONAL LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

Director	Hamid Ali
Registered office	144 Seven Sisters Road London United Kingdom N7 7NS
Auditor	Peer Roberts Ltd Chartered accountants & statutory auditors The Pavilion Rosslyn Crescent Harrow Middlesex HA1 2SZ
Bankers	Santander UK Plc Bridle Road Bootle Merseyside Great Britain L30 4GB HSBC Bank Plc 60 Queen Victoria Street City of London EC4N 4TR Investec Bank (Channel Islands) Limited Guernsey

MSHA INTERNATIONAL LIMITED

STRATEGIC REPORT

YEAR ENDED 30 NOVEMBER 2021

The Directors present their Strategic Report on the Group for the year ended 30 November 2021.

Principal activity

The principal activity of the company and its subsidiaries during the year was that of restaurateurs and car hire. The company operates various franchised outlets under the brand of Kentucky Fried Chicken and Taco Bell.

Business Review

The turnover of the Group is £72.2 million compared to the previous year's turnover of £44.5 million. The margins are improved to 29% compared to previous year 26%. The Group achieved net profit before tax of £4.2 million compared to a profit of £2.2 million during the previous year. The director considers that the profit achieved on ordinary activities before taxation to be satisfactory. The trading results for the year and the Group's financial position at the end of the year are shown in the attached financial statements. The Group and its subsidiary are in a good position to take advantage of business opportunities and the director considers the state of affairs to be satisfactory.

Key performance indicators

The director considers that the following key performance indicators are appropriate in terms of the assessment of the company's progress:

- Growth in revenue
- Increased efficiency of operational costs relative to revenues
- Achieving positive profit before tax
- Securing new sites for expansion to increase market share

Current trading and future developments

The company continues to make progress across all elements of its business.

Principal risks and uncertainties

The company is subject to a number of risks, principally external. The Director regularly reviews the risks to which the company is exposed and has in place a strategy to mitigate these risks as far as possible. The following summary, which is not exhaustive, outlines some of the key risks and uncertainties facing the company at its present stage of development.

The risks that are particularly important at the current time are:-

- Consumer attitude to the type of food that they consume.
- Entry of new competitors in the company's geographic areas.
- any outbreak of Virus and its impact on business.
- Financial risk e.g. credit control, and any material increase in finance costs;

We are closely monitoring the coronavirus situation and following Government guidelines and are sharing these with all employees. We are prepared to take action to deal with this situation as it changes. We have considered the potential impact of COVID-19 in our risk analysis.

MSHA INTERNATIONAL LIMITED

STRATEGIC REPORT *(continued)*

YEAR ENDED 30 NOVEMBER 2021

This report was approved by the board of directors on 27 July 2022 and signed on behalf of the board by:



Hamid Ali
Director

MSHA INTERNATIONAL LIMITED

DIRECTOR'S REPORT

YEAR ENDED 30 NOVEMBER 2021

The director presents his report and the financial statements of the group for the year ended 30 November 2021.

Director

The director who served the company during the year was as follows:

Hamid Ali

Dividends

	2021	2020
	£	£
Dividends on equity shares	100,000	100,000
	=====	=====

Greenhouse gas emissions and energy consumption

Total energy consumption	2021 994,458
	<u> </u>

Employment of disabled persons

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can adequately be fulfilled by a handicapped persons. Where exiting employees become disabled it is the company's policy, where practicable, to provide continuing employment under normal terms and conditions and to provide training and career developments and promotions wherever appropriate.

Employee involvement

During the year the policy of providing employees with information about the group has been continued through the use of announcements and meetings.

Director's responsibilities statement

The director is responsible for preparing the strategic report, director's report and the financial statements in accordance with applicable law and regulations.

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

MSHA INTERNATIONAL LIMITED

DIRECTOR'S REPORT *(continued)*

YEAR ENDED 30 NOVEMBER 2021

In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 them to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor

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

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

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

This report was approved by the board of directors on 27 July 2022 and signed on behalf of the board by:



Hamid Ali
Director

MSHA INTERNATIONAL LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MSHA INTERNATIONAL LIMITED

YEAR ENDED 30 NOVEMBER 2021

Opinion

We have audited the financial statements of MSHA INTERNATIONAL LIMITED (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 November 2021 which comprise the consolidated statement of income and retained earnings, company statement of income and retained earnings, consolidated statement of financial position, company statement of financial position, consolidated statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 November 2021 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group 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 group's or the parent 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.

MSHA INTERNATIONAL LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MSHA INTERNATIONAL LIMITED *(continued)*

YEAR ENDED 30 NOVEMBER 2021

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the 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 the 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 the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the director's report.

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

MSHA INTERNATIONAL LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MSHA INTERNATIONAL LIMITED *(continued)*

YEAR ENDED 30 NOVEMBER 2021

Responsibilities of the director

As explained more fully in the director's responsibilities statement, 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 group's and the parent 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 group or the parent company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Enquiry of management and those charged with governance around actual and potential litigation and claims;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.
- Reviewing minutes of meetings of those charged with governance;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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/auditors-responsibilities. This description forms part of our auditor's report.

MSHA INTERNATIONAL LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MSHA INTERNATIONAL LIMITED *(continued)*

YEAR ENDED 30 NOVEMBER 2021

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the director.
- Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

MSHA INTERNATIONAL LIMITED

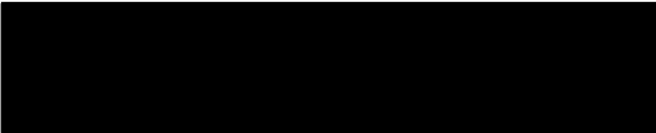
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MSHA INTERNATIONAL LIMITED *(continued)*

YEAR ENDED 30 NOVEMBER 2021

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.



Dinesh Shah (Senior Statutory Auditor)

For and on behalf of
Peer Roberts Ltd
Chartered accountants & statutory auditors
The Pavilion
Rosslyn Crescent
Harrow
Middlesex
HA1 2SZ

27 July 2022

MSHA INTERNATIONAL LIMITED

CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS

YEAR ENDED 30 NOVEMBER 2021

	Note	2021 £	2020 £
Turnover	4	72,255,867	44,548,708
Cost of sales		<u>51,158,592</u>	<u>32,956,253</u>
Gross profit		21,097,275	11,592,455
Administrative expenses		15,501,722	11,889,298
Other operating income	5	<u>96,423</u>	<u>3,681,466</u>
Operating profit	6	5,691,976	3,384,623
Other interest receivable and similar income	10	–	36,003
Interest payable and similar expenses	11	<u>1,478,456</u>	<u>1,206,710</u>
Profit before taxation		4,213,520	2,213,916
Tax on profit	12	<u>721,431</u>	<u>397,423</u>
Profit for the financial year and total comprehensive income		<u>3,492,089</u>	<u>1,816,493</u>
Dividends paid and payable	13	(100,000)	(100,000)
Retained earnings at the start of the year		8,432,597	6,616,104
Retained earnings at the end of the year		<u>11,824,686</u>	<u>8,332,597</u>

All the activities of the group are from continuing operations.

The notes on pages 17 to 33 form part of these financial statements.

MSHA INTERNATIONAL LIMITED

COMPANY STATEMENT OF INCOME AND RETAINED EARNINGS

YEAR ENDED 30 NOVEMBER 2021

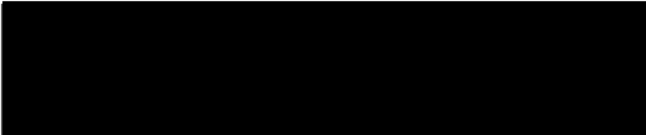
	Note	2021 £	2020 £
Profit for the financial year and total comprehensive income		105,643	3,105,527
Dividends paid and payable	13	(100,000)	(100,000)
Retained earnings at the start of the year		3,540,708	535,181
Retained earnings at the end of the year		<u>3,546,351</u>	<u>3,540,708</u>

The notes on pages 17 to 33 form part of these financial statements.

MSHA INTERNATIONAL LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
30 NOVEMBER 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	14	4,157,639	4,162,923
Tangible assets	15	<u>50,115,989</u>	<u>38,178,383</u>
		54,273,628	42,341,306
Current assets			
Stocks	17	1,854,189	1,509,293
Debtors	18	7,800,626	6,654,101
Cash at bank and in hand		<u>3,092,090</u>	<u>2,115,428</u>
		12,746,905	10,278,822
Creditors: amounts falling due within one year	19	<u>15,008,240</u>	<u>9,617,349</u>
Net current (liabilities)/assets		(2,261,335)	661,473
Total assets less current liabilities		52,012,293	43,002,779
Creditors: amounts falling due after more than one year	20	35,316,655	29,818,329
Provisions			
Taxation including deferred tax	22	<u>1,181,577</u>	<u>1,162,478</u>
Net assets		<u>15,514,061</u>	<u>12,021,972</u>
Capital and reserves			
Called up share capital	26	100	100
Revaluation reserve	27	3,689,275	3,689,275
Profit and loss account	27	<u>11,824,686</u>	<u>8,332,597</u>
Shareholders funds		<u>15,514,061</u>	<u>12,021,972</u>

These financial statements were approved by the board of directors and authorised for issue on 27 July 2022, and are signed on behalf of the board by:


Hamid Ali
Director

Company registration number: 2645431

The notes on pages 17 to 33 form part of these financial statements.

MSHA INTERNATIONAL LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION

30 NOVEMBER 2021

	Note	2021 £	2020 £
Fixed assets			
Investments	16	2,848,710	2,848,710
Current assets			
Debtors	18	3,604,033	3,194,032
Cash at bank and in hand		155,968	46,940
		<u>3,760,001</u>	<u>3,240,972</u>
Creditors: amounts falling due within one year	19	<u>95,535</u>	<u>120,438</u>
Net current assets		<u>3,664,466</u>	<u>3,120,534</u>
Total assets less current liabilities		<u>6,513,176</u>	<u>5,969,244</u>
Creditors: amounts falling due after more than one year	20	<u>2,966,725</u>	<u>2,428,436</u>
Net assets		<u>3,546,451</u>	<u>3,540,808</u>
Capital and reserves			
Called up share capital	26	100	100
Profit and loss account	27	3,546,351	3,540,708
Shareholders funds		<u>3,546,451</u>	<u>3,540,808</u>

The profit for the financial year of the parent company was £105,643 (2020: £3,105,527).

These financial statements were approved by the board of directors and authorised for issue on 27 July 2022, and are signed on behalf of the board by:


Hamid Ali
Director

Company registration number: 2645431

The notes on pages 17 to 33 form part of these financial statements.

MSHA INTERNATIONAL LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED 30 NOVEMBER 2021

	2021 £	2020 £
Cash flows from operating activities		
Profit for the financial year	3,492,089	1,816,493
<i>Adjustments for:</i>		
Depreciation of tangible assets	3,056,533	2,449,772
Amortisation of intangible assets	331,930	298,271
Government grant income	(48,050)	(3,673,442)
Other interest receivable and similar income	–	(36,003)
Interest payable and similar expenses	1,478,456	1,206,710
Loss/(gains) on disposal of tangible assets	1,167	(8,728)
Tax on profit	721,431	397,423
Accrued expenses	141,324	97,459
<i>Changes in:</i>		
Stocks	(344,896)	696,183
Trade and other debtors	(1,146,525)	(55,649)
Trade and other creditors	5,236,256	(210,390)
Cash generated from operations	<u>12,919,715</u>	<u>2,978,099</u>
Interest paid	(1,478,456)	(1,206,710)
Interest received	–	36,003
Tax paid	(231,943)	(24,292)
Net cash from operating activities	<u>11,209,316</u>	<u>1,783,100</u>
Cash flows from investing activities		
Purchase of tangible assets	(9,742,249)	(2,753,175)
Transfer of assets	(5,350,820)	
Proceeds from sale of tangible assets	108,332	501,268
Purchase of intangible assets	(237,215)	(33,036)
Net cash used in investing activities	<u>(15,221,952)</u>	<u>(2,284,943)</u>
Cash flows from financing activities		
Proceeds from borrowings	3,107,987	(1,001,338)
Proceeds from loans from group undertakings	(55,193)	55,193
Government grant income	48,050	3,673,442
Payments of finance lease liabilities	1,988,454	(292,773)
Dividends paid	(100,000)	(100,000)
Net cash from financing activities	<u>4,989,298</u>	<u>2,334,524</u>

The consolidated statement of cash flows
continues on the following page.
The notes on pages 17 to 33 form part of these financial statements.

MSHA INTERNATIONAL LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)*

YEAR ENDED 30 NOVEMBER 2021

	Note	2021 £	2020 £
Net increase in cash and cash equivalents		976,662	1,832,681
Cash and cash equivalents at beginning of year		2,115,428	282,747
Cash and cash equivalents at end of year		<u>3,092,090</u>	<u>2,115,428</u>

The notes on pages 17 to 33 form part of these financial statements.

MSHA INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 NOVEMBER 2021

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is The Pavilion, Rosslyn Crescent, Harrow, Middlesex, HA1 2SZ.

2. Statement of compliance

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

3. Accounting policies

Basis of preparation

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

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

Going concern

After reviewing the forecast and projections the director has a reasonable expectation that the company has adequate financial resources to continue in operational existence for the foreseeable future. The company therefore adopts the going concern basis in the preparation of its financial statements.

Disclosure exemptions

The parent company satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following reduced disclosures available under FRS 102:

- (a) Disclosures in respect of each class of share capital have not been presented.
- (b) No cash flow statement has been presented for the company.
- (c) Disclosures in respect of financial instruments have not been presented.
- (d) No disclosure has been given for the aggregate remuneration of key management personnel.

Consolidation

The financial statements consolidate the financial statements of the Group and all of its subsidiary undertakings.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

MSHA INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 30 NOVEMBER 2021

3. Accounting policies *(continued)*

Revenue recognition

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

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

Revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that it is probable the expenses recognised will be recovered.

Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Foreign currencies

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

Operating leases

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

MSHA INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 30 NOVEMBER 2021

3. Accounting policies *(continued)*

Intangible assets

Goodwill

Goodwill is the difference between the amount paid on the acquisition of the business and the aggregate fair value of the separable net assets.

Franchise Rights

Purchased franchise rights are capitalised and amortised by equal instalments over the term of payment (normally over 10 years).

Amortisation

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

Goodwill	-	residual goodwill amortised over 10 years (FRS 102)
Franchise rights	-	over the term (normally over 10 years)

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

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

Depreciation

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

Freehold property	-	2% straight line
Long leasehold property	-	over the term of the lease
Fixtures, fittings and equipment	-	10% reducing balance
Motor vehicles	-	12.5% reducing balance

MSHA INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 30 NOVEMBER 2021

3. Accounting policies *(continued)*

Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Listed investments are measured at fair value with changes in fair value being recognised in profit or loss.

Investments in associates

Investments in associates are accounted for using the equity method of accounting, whereby the investment is initially recognised at the transaction price and subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate.

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

Stocks

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

Finance leases and hire purchase contracts

Assets held under finance leases and hire purchase contracts are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

MSHA INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 30 NOVEMBER 2021

3. Accounting policies *(continued)*

Finance leases and hire purchase contracts *(continued)*

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

Government grants

Government grants are recognised at the fair value of the asset received or receivable. Grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised using the accrual model and the performance model.

Under the accrual model, government grants relating to revenue are recognised on a systematic basis over the periods in which the company recognises the related costs for which the grant is intended to compensate. Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in income in the period in which it becomes receivable.

Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income and not deducted from the carrying amount of the asset.

Under the performance model, where the grant does not impose specified future performance-related conditions on the recipient, it is recognised in income when the grant proceeds are received or receivable. Where the grant does impose specified future performance-related conditions on the recipient, it is recognised in income only when the performance-related conditions have been met. Where grants received are prior to satisfying the revenue recognition criteria, they are recognised as a liability.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

MSHA INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 30 NOVEMBER 2021

3. Accounting policies *(continued)*

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

4. Turnover

Turnover arises from:

	2021	2020
	£	£
Sale of goods	71,010,936	43,947,682
Car Hire	474,272	286,621
Sale of Cars	684,167	180,000
Rental income	86,492	134,405
	<u>72,255,867</u>	<u>44,548,708</u>

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

5. Other operating income

	2021	2020
	£	£
Government grant income	48,050	3,673,442
Leasing income	-	(507)
Other operating income	48,373	7,517
	<u>96,423</u>	<u>3,681,466</u>

MSHA INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 30 NOVEMBER 2021

6. Operating profit

Operating profit or loss is stated after charging/crediting:

	2021	2020
	£	£
Amortisation of intangible assets	331,930	298,271
Depreciation of tangible assets	3,056,532	2,449,773
Loss/(gains) on disposal of tangible assets	1,167	(8,728)
Foreign exchange differences	(25,916)	(19,298)
	<u>3,361,713</u>	<u>2,619,018</u>

7. Auditor's remuneration

	2021	2020
	£	£
Fees payable for the audit of the financial statements	<u>25,750</u>	<u>22,750</u>

8. Staff costs

The average number of persons employed by the group during the year, including the director, amounted to:

	2021	2020
	No.	No.
Distribution staff	1,423	1,120
Administrative staff	75	52
	<u>1,498</u>	<u>1,172</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2021	2020
	£	£
Wages and salaries	16,592,082	12,629,838
Social security costs	891,950	813,823
Other pension costs	189,784	167,735
	<u>17,673,816</u>	<u>13,611,396</u>

9. Director's remuneration

The director's aggregate remuneration in respect of qualifying services was:

	2021	2020
	£	£
Remuneration	<u>63,000</u>	<u>63,000</u>

MSHA INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 30 NOVEMBER 2021

9. Director's remuneration *(continued)*

The number of directors who accrued benefits under company pension plans was as follows:

	2021 No.	2020 No.
Defined contribution plans	<u>1</u>	<u>1</u>

Directors emoluments were divided equally between the two directors.

10. Other interest receivable and similar income

	2021 £	2020 £
Interest on cash and cash equivalents	–	3
Other interest receivable and similar income	–	36,000
	<u>–</u>	<u>36,003</u>

11. Interest payable and similar expenses

	2021 £	2020 £
Interest on debenture loans	909,165	743,103
Interest on obligations under finance leases and hire purchase contracts	554,829	463,557
Other interest payable and similar charges	14,462	50
	<u>1,478,456</u>	<u>1,206,710</u>

12. Tax on profit

Major components of tax expense

	2021 £	2020 £
Current tax:		
UK current tax expense	702,332	476,039
Deferred tax:		
Origination and reversal of timing differences	19,099	(78,616)
Tax on profit	<u>721,431</u>	<u>397,423</u>

MSHA INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 30 NOVEMBER 2021

12. Tax on profit *(continued)*

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is lower than (2020: lower than) the standard rate of corporation tax in the UK of 171% (2020: 152%).

	2021	2020
	£	£
Profit on ordinary activities before taxation	<u>4,213,520</u>	<u>2,213,916</u>
Profit on ordinary activities by rate of tax	800,569	420,644
Adjustment to tax charge in respect of prior periods	–	(1)
Effect of capital allowances and depreciation	191,359	89,523
R & D Enhanced allowances	<u>(270,497)</u>	<u>(112,743)</u>
Tax on profit	<u>721,431</u>	<u>397,423</u>

13. Dividends

Dividends paid during the year (excluding those for which a liability existed at the end of the prior year):

	2021	2020
	£	£
Dividends on equity shares	<u>100,000</u>	<u>3,100,000</u>

MSHA INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 30 NOVEMBER 2021

14. Intangible assets

Group	Goodwill £	Development costs £	Total £
Cost			
At 1 December 2020	6,189,470	1,219,668	7,409,138
Additions	–	237,215	237,215
Transfers	–	99,367	99,367
At 30 November 2021	6,189,470	1,556,250	7,745,720
Amortisation			
At 1 December 2020	2,562,780	683,435	3,246,215
Charge for the year	176,304	155,626	331,930
Transfers	–	9,936	9,936
At 30 November 2021	2,739,084	848,997	3,588,081
Carrying amount			
At 30 November 2021	3,450,386	707,253	4,157,639
At 30 November 2020	3,626,690	536,233	4,162,923

The company has no intangible assets.

Consolidated goodwill includes £2,762,341 in relation to goodwill arising on acquisition of Cascade Caterers Limited and Cascade (2000) Limited.

MSHA INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 30 NOVEMBER 2021

15. Tangible assets

Group	Freehold property £	Long leasehold property £	Fixtures and fittings £	Motor vehicles £	Equipment £	Total £
Cost						
At 1 Dec 2020	13,991,596	23,885,426	12,888,346	4,697,591	3,034,899	58,497,858
Additions	2,166,922	3,435,797	977,266	2,262,842	899,422	9,742,249
Disposals	–	–	–	(284,779)	–	(284,779)
Transfers	2,864,375	1,692,473	59,044	–	987,031	5,602,923
At 30 Nov 2021	19,022,893	29,013,696	13,924,656	6,675,654	4,921,352	73,558,251
Depreciation						
At 1 Dec 2020	–	9,123,368	8,119,496	1,668,201	1,408,410	20,319,475
Charge for the year	–	1,019,055	633,260	773,189	631,029	3,056,533
Disposals	–	–	–	(175,280)	–	(175,280)
Transfers	–	84,623	8,857	–	148,054	241,534
At 30 Nov 2021	–	10,227,046	8,761,613	2,266,110	2,187,493	23,442,262
Carrying amount						
At 30 Nov 2021	19,022,893	18,786,650	5,163,043	4,409,544	2,733,859	50,115,989
At 30 Nov 2020	13,991,596	14,762,058	4,768,850	3,029,390	1,626,489	38,178,383

The company has no tangible assets.

No depreciation is provided on Freehold investment properties as the properties are let out to another group member to carry on business in the premises.

MSHA INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 30 NOVEMBER 2021

16. Investments

Company	Shares in group undertaking s £
Cost	
At 1 December 2020 and 30 November 2021	<u>2,848,710</u>
Impairment	
At 1 December 2020 and 30 November 2021	<u>—</u>
Carrying amount	
At 1 December 2020 and 30 November 2021	<u>2,848,710</u>
At 30 November 2020	<u>2,848,710</u>

The company holds 100% of the ordinary share capital of Cascade Caterers Limited which in turn owns all the share capital of Cascade (2000) Limited and Highgold Limited. Principal activity of Cascade Caterers Limited, Cascade (2000) Limited and Highgold Limited is that of operating KFC Franchise restaurants.

17. Stocks

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Raw materials and consumables	<u>1,854,189</u>	<u>1,509,293</u>	<u>—</u>	<u>—</u>

MSHA INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 30 NOVEMBER 2021

18. Debtors

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Trade debtors	264,760	109,571	–	–
Amounts owed by group undertakings	–	–	3,473,106	3,053,106
Amounts owed by related undertakings	6,207,841	6,249,777	124,677	134,676
Prepayments and accrued income	196,493	197,476	6,250	6,250
Other debtors	1,131,532	97,277	–	–
	<u>7,800,626</u>	<u>6,654,101</u>	<u>3,604,033</u>	<u>3,194,032</u>

19. Creditors: amounts falling due within one year

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Bank loans and overdrafts	1,682,853	2,298,847	–	–
Payments received on account	50,000	50,000	–	–
Trade creditors	7,475,041	3,383,056	–	–
Amounts owed to group undertakings	–	55,193	–	–
Accruals and deferred income	676,439	535,115	44,317	32,677
Corporation tax	1,360,338	889,949	2,619	31,320
Social security and other taxes	256,250	157,110	42,266	22,347
Obligations under finance leases and hire purchase contracts	1,899,359	1,657,489	–	–
Director loan accounts	6,333	34,094	6,333	34,094
Other creditors	1,601,627	556,496	–	–
	<u>15,008,240</u>	<u>9,617,349</u>	<u>95,535</u>	<u>120,438</u>

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

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Bank loans and overdrafts	28,599,573	24,847,831	–	–
Amounts owed to group undertakings	–	–	2,966,725	2,428,436
Obligations under finance leases and hire purchase contracts	6,717,082	4,970,498	–	–
	<u>35,316,655</u>	<u>29,818,329</u>	<u>2,966,725</u>	<u>2,428,436</u>

MSHA INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 30 NOVEMBER 2021

Included within creditors: amounts falling due after more than one year is an amount of £10,367,151 (2020: £14,677,770) in respect of liabilities payable or repayable by instalments which fall due for payment after more than five years from the reporting date.

21. Finance leases and hire purchase contracts

The total future minimum lease payments under finance leases and hire purchase contracts are as follows:

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Not later than 1 year	1,899,359	1,657,490	–	–
Later than 1 year and not later than 5 years	6,717,082	4,970,498	–	–
	<u>8,616,441</u>	<u>6,627,988</u>	<u>–</u>	<u>–</u>

22. Provisions

Group	Deferred tax (note 23) £
At 1 December 2020	1,162,478
Additions	19,099
At 30 November 2021	<u>1,181,577</u>

The company does not have any provisions.

23. Deferred tax

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

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Included in provisions (note 22)	<u>1,181,577</u>	<u>1,162,478</u>	<u>–</u>	<u>–</u>

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

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Accelerated capital allowances	480,615	461,516	–	–
Revaluation of tangible assets	700,962	700,962	–	–
	<u>1,181,577</u>	<u>1,162,478</u>	<u>–</u>	<u>–</u>

MSHA INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 30 NOVEMBER 2021

24. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £189,784 (2020: £167,735).

25. Government grants

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

	Group		Company	
	2021 £	2020 £	2021 £	2020 £
Recognised in other operating income:				
Government grants recognised directly in income	<u>48,050</u>	<u>3,673,442</u>	<u>–</u>	<u>6,856</u>
	<u>48,050</u>	<u>3,673,442</u>	<u>–</u>	<u>6,856</u>

26. Called up share capital

Issued, called up and fully paid

	2021		2020	
	No.	£	No.	£
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>–</u>

27. Reserves

(a) Revaluation reserve - This reserve records the value of asset revaluations and fair value movements on assets recognised in other comprehensive income. (b) Profit and loss account - This reserve records retained earnings and accumulated losses.

MSHA INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 30 NOVEMBER 2021

28. Analysis of changes in net debt

	At 1 Dec 2020	Cash flows	At 30 Nov 2021
	£	£	£
Cash at bank and in hand	2,115,428	976,662	3,092,090
Debt due within one year	(4,045,623)	457,078	(3,588,545)
Debt due after one year	(29,818,329)	(5,498,326)	(35,316,655)
	<u>(31,748,524)</u>	<u>(4,064,586)</u>	<u>(35,813,110)</u>

29. Operating leases

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

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Later than 5 years	<u>2,026,251</u>	<u>2,015,260</u>	<u>—</u>	<u>—</u>

30. Charges on assets

HSBC Bank Plc, Santander plc & Investec Bank (Channel Islands) Limited have charges on assets of different group companies towards various loans offered.

31. Contingencies

There is a cross guarantee between MSHA International Limited, and all its subsidiaries in respect of bank loans and overdrafts.

32. Related party transactions

Company

The company was under the control of Mr Hamid Ali throughout the current and previous year. Mr Hamid Ali is the managing director and majority shareholder.

Group:

Amounts owed by related companies of £6,207,841 (2020:£6,249,777) shown under debtors relate to interest free loans made to companies wholly owned and controlled by the directors.

Company:

a) The company receives management fees of £ 60,000 (2020 £ 60,000) from its subsidiary. b) The company received dividend income of £100,000 (2020: £3,100,000) from its subsidiary.

MSHA INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 30 NOVEMBER 2021

33. Controlling party

In the opinion of the director MSHA Holdings Limited incorporated in Republic of Seychelles is considered as its ultimate parent company. Mr Hamid Ali is a Director and controller of MSHA Holdings Limited.