

Company Registration No. 04323312 (England and Wales)

MIGHTY ACORN ANGLO-AMERICAN LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

MIGHTY ACORN ANGLO-AMERICAN LIMITED

COMPANY INFORMATION

Directors	Mr S Halpern Mrs C D Halpern Mr M Parker Mr W Benson Mrs F Benson
Company number	04323312
Registered office	2nd Floor Tollbar House Tollbar Way Hedge End Southampton Hampshire United Kingdom SO30 2ZP
Auditor	Azets Audit Services Carnac Place Cams Hall Estate Fareham Hampshire United Kingdom PO16 8UY

MIGHTY ACORN ANGLO-AMERICAN LIMITED

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MIGHTY ACORN ANGLO-AMERICAN LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

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

Principal activity

The principal activity of the group is that of the operation of Domino's Pizza franchises in the Solent area.

Fair review of the business

The group achieved another year of strong turnover growth of 8%, despite operating in a competitive market environment. This growth has been facilitated by the opening of two new stores during the year. This increased market presence has meant that more revenues have been earned. Gross profit margin increased slightly year on year to 31% compared to 30% in 2020.

As at the balance sheet date, the directors believe that the group has invested sufficiently in capital expenditure, via store openings, refurbishments and additions to plant and equipment, to ensure continuing success in the industry. At the same time, net working capital has increased to a level of £3.24m.

The group's key financial and other performance indicators during the period were as follows:

	Unit	2021	2020
Turnover	£	30,672,320	28,375,711
Turnover growth	%	8	10
Gross profit	£	9,605,306	8,536,771
Gross profit margin	%	31	30
Profit before tax	£	4,115,079	3,598,575
Net working capital	£	3,235,773	1,742,079

Principal risks and uncertainties

The group's operations expose it to a variety of financial risks that include the effects of changes in credit, liquidity and interest rate risk. The group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the group by monitoring levels of debt finance and the related finance cost.

The group prepares a detailed cash flow forecast as part of its annual budgetary process and actual performance is measured against this on a regular basis. The cash flow forecast is periodically updated to reflect changes in trading or other circumstances. The group's cash position is monitored on a daily basis.

The key operational risk to the group is the risk of food contamination. If this risk materialised, it could have a significant impact on future performance and potentially liquidity, for a limited time. The reputational impact could have a longer-term effect on performance. To mitigate this risk, the group adheres to a rigorous regime of standards and food safety checks which is implemented Domino's Pizza Group plc.

The group has had to address the unfolding risk associated with the emergence of the global COVID-19 pandemic. The group has continued to trade throughout the pandemic and has applied social distancing within its stores and offices to ensure the health and safety of its customers and employees. The board have assessed the liquidity implications of the potential impact of COVID-19 to ensure that the group can continue to meet its liabilities as they fall due.

On behalf of the board

Mr W Benson
Director

28 September 2022

MIGHTY ACORN ANGLO-AMERICAN LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

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

Principal activities

The principal activity of the company continued to be that of a holding company.

The principal activity of the group continued to be that of the operation of Domino's Pizza franchises.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr S Halpern
Mrs C D Halpern
Mr M Parker
Mr W Benson
Mrs F Benson

Results and dividends

The results for the year are set out on page 7.

Ordinary dividends were paid amounting to £1,357,000.

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the group continues and that the appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement

The group's policy is to ensure that employees are involved in matters of concern to them and that relevant information is provided.

MIGHTY ACORN ANGLO-AMERICAN LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

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

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

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

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board

Mr W Benson
Director

28 September 2022

MIGHTY ACORN ANGLO-AMERICAN LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MIGHTY ACORN ANGLO-AMERICAN LIMITED

Opinion

We have audited the financial statements of Mighty Acorn Anglo-American Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows, the company statement of cash flows and notes to the financial statements, including 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 the parent company's affairs as at 31 December 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and 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 directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

MIGHTY ACORN ANGLO-AMERICAN LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF MIGHTY ACORN ANGLO-AMERICAN LIMITED

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

- adequate accounting records have not been kept 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

MIGHTY ACORN ANGLO-AMERICAN LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF MIGHTY ACORN ANGLO-AMERICAN LIMITED

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we 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. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the entity through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and 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 indicators of potential bias.

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 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.

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.

Michael Wesley FCA (Senior Statutory Auditor)
for and on behalf of Azets Audit Services
Chartered Accountants
Statutory Auditor

29 September 2022

Carnac Place
Cams Hall Estate
Fareham
Hampshire
United Kingdom
PO16 8UY

MIGHTY ACORN ANGLO-AMERICAN LIMITED**GROUP STATEMENT OF COMPREHENSIVE INCOME****FOR THE YEAR ENDED 31 DECEMBER 2021**

		2021	2020
	Notes	£	£
Turnover	3	30,672,320	28,375,711
Cost of sales		(21,067,014)	(19,838,940)
		<hr/>	<hr/>
Gross profit		9,605,306	8,536,771
Administrative expenses		(5,430,227)	(5,168,196)
Other operating income		-	290,000
		<hr/>	<hr/>
Operating profit	4	4,175,079	3,658,575
Interest payable and similar expenses	8	(60,000)	(60,000)
		<hr/>	<hr/>
Profit before taxation		4,115,079	3,598,575
Tax on profit	9	(879,937)	(747,523)
		<hr/>	<hr/>
Profit for the financial year		<u>3,235,142</u>	<u>2,851,052</u>

Profit for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

MIGHTY ACORN ANGLO-AMERICAN LIMITED**GROUP BALANCE SHEET****AS AT 31 DECEMBER 2021**

		2021		2020	
	Notes	£	£	£	£
Fixed assets					
Goodwill	11		392,360		451,938
Other intangible assets	11		4,781		7,781
Total intangible assets			397,141		459,719
Tangible assets	12		1,894,203		2,266,432
			2,291,344		2,726,151
Current assets					
Stocks	15	86,729		66,229	
Debtors	16	1,555,069		3,219,058	
Cash at bank and in hand		5,301,810		3,472,905	
		6,943,608		6,758,192	
Creditors: amounts falling due within one year	17	(3,707,835)		(5,016,113)	
Net current assets			3,235,773		1,742,079
Total assets less current liabilities			5,527,117		4,468,230
Provisions for liabilities					
Deferred tax liability	19	187,167		122,422	
			(187,167)		(122,422)
Net assets			5,339,950		4,345,808
Capital and reserves					
Called up share capital	21		465		465
Capital redemption reserve	22		35		35
Profit and loss reserves			5,339,450		4,345,308
Total equity			5,339,950		4,345,808

The financial statements were approved by the board of directors and authorised for issue on 28 September 2022 and are signed on its behalf by:

Mr W Benson
Director

MIGHTY ACORN ANGLO-AMERICAN LIMITED**COMPANY BALANCE SHEET****AS AT 31 DECEMBER 2021**

		2021		2020	
	Notes	£	£	£	£
Fixed assets					
Investments	13		1,148,535		1,148,535
Current assets					
Debtors	16	2,009,369		1,558,692	
Cash at bank and in hand		167,110		68,618	
		<u>2,176,479</u>		<u>1,627,310</u>	
Creditors: amounts falling due within one year	17	<u>(811,079)</u>		<u>(2,742,514)</u>	
Net current assets/(liabilities)			1,365,400		(1,115,204)
Total assets less current liabilities			<u>2,513,935</u>		<u>33,331</u>
Capital and reserves					
Called up share capital	21		465		465
Capital redemption reserve	22		35		35
Profit and loss reserves			2,513,435		32,831
Total equity			<u>2,513,935</u>		<u>33,331</u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £4,721,604 (2020 - £1,299,870 profit).

The financial statements were approved by the board of directors and authorised for issue on 28 September 2022 and are signed on its behalf by:

Mr W Benson
Director

Company Registration No. 04323312

MIGHTY ACORN ANGLO-AMERICAN LIMITED**GROUP STATEMENT OF CHANGES IN EQUITY****FOR THE YEAR ENDED 31 DECEMBER 2021**

	Share capital	Capital redemption reserve	Profit and loss reserves	Total
Notes	£	£	£	£
Balance at 1 January 2020	465	35	2,837,607	2,838,107
Year ended 31 December 2020:				
Profit and total comprehensive income for the year	-	-	2,851,052	2,851,052
Dividends	10	-	(1,343,351)	(1,343,351)
Balance at 31 December 2020	465	35	4,345,308	4,345,808
Year ended 31 December 2021:				
Profit and total comprehensive income for the year	-	-	3,235,142	3,235,142
Dividends	10	-	(2,241,000)	(2,241,000)
Balance at 31 December 2021	465	35	5,339,450	5,339,950

MIGHTY ACORN ANGLO-AMERICAN LIMITED**COMPANY STATEMENT OF CHANGES IN EQUITY****FOR THE YEAR ENDED 31 DECEMBER 2021**

	Share capital	Capital redemption or loss reserve	Profit and reserves	Total
Notes	£	£	£	£
Balance at 1 January 2020	465	35	76,312	76,812
Year ended 31 December 2020:				
Profit and total comprehensive income for the year	-	-	1,299,870	1,299,870
Dividends	10	-	(1,343,351)	(1,343,351)
Balance at 31 December 2020	465	35	32,831	33,331
Year ended 31 December 2021:				
Profit and total comprehensive income for the year	-	-	4,721,604	4,721,604
Dividends	10	-	(2,241,000)	(2,241,000)
Balance at 31 December 2021	465	35	2,513,435	2,513,935

MIGHTY ACORN ANGLO-AMERICAN LIMITED**GROUP STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED 31 DECEMBER 2021**

		2021		2020	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash generated from operations	27	5,379,335		3,118,805	
Interest paid		(60,000)		(60,000)	
Income taxes paid		(930,000)		(557,000)	
		<u>4,389,335</u>		<u>2,501,805</u>	
Net cash inflow from operating activities					
		4,389,335		2,501,805	
Investing activities					
Purchase of tangible fixed assets		(365,572)		(1,001,313)	
Proceeds on disposal of tangible fixed assets		46,142		-	
Receipts arising from loans made		-		111,000	
		<u>(319,430)</u>		<u>(890,313)</u>	
Net cash used in investing activities					
		(319,430)		(890,313)	
Financing activities					
Repayment of borrowings		-		(176,700)	
Dividends paid to equity shareholders		(2,241,000)		(1,134,000)	
		<u>(2,241,000)</u>		<u>(1,310,700)</u>	
Net cash used in financing activities					
		(2,241,000)		(1,310,700)	
Net increase in cash and cash equivalents					
		1,828,905		300,792	
Cash and cash equivalents at beginning of year		3,472,905		3,172,113	
		<u>5,301,810</u>		<u>3,472,905</u>	
Cash and cash equivalents at end of year					
		<u>5,301,810</u>		<u>3,472,905</u>	

MIGHTY ACORN ANGLO-AMERICAN LIMITED**COMPANY STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED 31 DECEMBER 2021**

		2021		2020	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash absorbed by operations	29		(160,508)		(75,813)
Investing activities					
Receipts arising from loans made		-		111,000	
Dividends received		2,500,000		1,300,000	
Net cash generated from investing activities					
			2,500,000		1,411,000
Financing activities					
Repayment of borrowings		-		(176,700)	
Dividends paid to equity shareholders		(2,241,000)		(1,134,000)	
Net cash used in financing activities					
			(2,241,000)		(1,310,700)
Net increase in cash and cash equivalents					
			98,492		24,487
Cash and cash equivalents at beginning of year			68,618		44,131
Cash and cash equivalents at end of year					
			167,110		68,618

MIGHTY ACORN ANGLO-AMERICAN LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

Company information

Mighty Acorn Anglo-American Limited ("the company") is a private limited company incorporated in England and Wales.

The address of its registered office is:

2nd Floor, Tollbar House
Tollbar Way
Hedge End
Southampton
Hampshire
SO30 2ZP

The group consists of Mighty Acorn Anglo-American Limited and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

MIGHTY ACORN ANGLO-AMERICAN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

The consolidated financial statements incorporate those of Mighty Acorn Anglo-American Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 December 2021. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The consolidated financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 31 December 2020.

A subsidiary is an entity controlled by the company. Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between the company and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. The directors have considered the likely future cash flows of the group and have considered the balance sheet and the facilities available at this point in time. The full impact of Covid-19 on the group and general economy is difficult to quantify at this time, however, the group has reviewed its cash flow requirements for the coming months and the directors consider that it can continue to operate and on that basis, the financial statements are prepared on a going concern basis.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

The Group recognises revenue at the point of delivery to the customer.

MIGHTY ACORN ANGLO-AMERICAN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.4 Intangible fixed assets - goodwill

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of the 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.

1.5 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Franchise fees are paid to the franchisor and are carried at cost less accumulated amortisation.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Goodwill	10 years straight line/over the term of the franchise agreement
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Franchise fees	10 years straight line
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1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Short leasehold land and buildings	5 - 10 years straight line
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Plant and machinery	1 - 7 years straight line
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Fixtures and fittings	1 - 7 years straight line
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Motor vehicles	1 - 4 years straight line
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Assets in the course of construction are not depreciated.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

1.7 Fixed asset investments

Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

MIGHTY ACORN ANGLO-AMERICAN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.8 Impairment of fixed assets

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

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

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

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

1.9 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.10 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.11 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

MIGHTY ACORN ANGLO-AMERICAN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.12 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.13 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

MIGHTY ACORN ANGLO-AMERICAN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and 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. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.14 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

1.15 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.16 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

1.17 Grants

Grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

MIGHTY ACORN ANGLO-AMERICAN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

In preparing these financial statements, the directors have made the following judgements:
Financial instruments are deemed basic.

Determined whether other borrowings are classified as current or non-current borrowings. These decisions depend on the cash flow requirements of the company and whether the other borrowings can be repaid. Loan balances written off are deemed exceptional items.

Determined whether there are any indicators of impairment of the company's intangible and tangible fixed assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.

Determined recoverable amounts and those which are deemed to be lower than the balance will require an impairment.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Tangible fixed assets are depreciated over their useful economic lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, remaining life of the asset and projected disposal values.

Intangible fixed assets are amortised over their useful economic lives which is aligned with the period of the associated franchise agreement. The useful economic life of the assets are reviewed annually and factors, including the performance under the franchise agreement, are taken into account.

3 Turnover and other revenue

	2021	2020
	£	£
Turnover analysed by class of business		
Sales of goods	30,672,320	28,375,711
	<u> </u>	<u> </u>

MIGHTY ACORN ANGLO-AMERICAN LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2021****3 Turnover and other revenue** (Continued)

	2021	2020
	£	£
Grants received	-	290,000

The group's sales arise entirely in the United Kingdom.

4 Operating profit

	2021	2020
	£	£
Operating profit for the year is stated after charging/(crediting):		
Government grants	-	(290,000)
Depreciation of owned tangible fixed assets	691,659	974,537
Amortisation of intangible assets	62,578	77,310
Operating lease charges	631,790	584,475

5 Auditor's remuneration

	2021	2020
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	-	2,900
Audit of the financial statements of the company's subsidiaries	11,600	10,750

6 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	Group 2021 Number	2020 Number
Production	866	825
Administration and support	20	20

MIGHTY ACORN ANGLO-AMERICAN LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2021****6 Employees (Continued)**

Their aggregate remuneration comprised:

	Group	
	2021	2020
	£	£
Wages and salaries	8,928,351	8,192,100
Social security costs	380,313	352,207
Pension costs	104,814	97,713
	<u>9,413,478</u>	<u>8,642,020</u>

7 Directors' remuneration

	2021	2020
	£	£
Remuneration for qualifying services	33,782	35,326
Company pension contributions to defined contribution schemes	100	101
	<u>33,882</u>	<u>35,427</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2020: 2).

8 Interest payable and similar expenses

	2021	2020
	£	£
Interest on financial liabilities measured at amortised cost:		
Other interest on financial liabilities	60,000	60,000
	<u>60,000</u>	<u>60,000</u>

9 Taxation

	2021	2020
	£	£
Current tax		
UK corporation tax on profits for the current period	817,626	706,748
Adjustments in respect of prior periods	(2,434)	-
	<u>815,192</u>	<u>706,748</u>

MIGHTY ACORN ANGLO-AMERICAN LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2021**

9 Taxation	(Continued)	
	2021	2020
	£	£
Deferred tax		
Origination and reversal of timing differences	43,957	40,775
Adjustment in respect of prior periods	20,788	-
	<u>64,745</u>	<u>40,775</u>
Total deferred tax	<u>64,745</u>	<u>40,775</u>
Total tax charge	<u>879,937</u>	<u>747,523</u>
The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:		
	2021	2020
	£	£
Profit before taxation	4,115,079	3,598,575
	<u>4,115,079</u>	<u>3,598,575</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	781,865	683,729
Tax effect of expenses that are not deductible in determining taxable profit	4,284	46
Depreciation on assets not qualifying for tax allowances	33,186	51,094
Amortisation on assets not qualifying for tax allowances	11,320	13,834
Deferred tax adjustments in respect of prior years	20,788	-
Temporary timing differences	(2,434)	(1,180)
Tax increase (decrease) from other short-term timing differences	44,920	-
	(13,992)	-
	<u>879,937</u>	<u>747,523</u>
Taxation charge	<u>879,937</u>	<u>747,523</u>
10 Dividends	2021	2020
	£	£
Dividends paid	1,357,000	1,357,000
Adjustment to financial asset recognised as a distribution	-	(13,649)
	<u>1,357,000</u>	<u>1,343,351</u>

MIGHTY ACORN ANGLO-AMERICAN LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2021****10 Dividends****(Continued)**

During the year ended 31 December 2017 a below market loan was provided by the company to the company shareholders. An adjustment was recognised in that year directly in reserves for the remeasurement of the expected future repayments at a market rate of interest. The loan was fully repaid to the company during the year ended 31 December 2020, in advance of the expected repayments. The difference of £13,649 between the calculated discounted value of the repayments and actual repayments has been reversed and recognised directly in equity.

11 Intangible fixed assets

Group	Goodwill	Franchise fees	Total
	£	£	£
Cost			
At 1 January 2021 and 31 December 2021	2,381,941	92,555	2,474,496
Amortisation and impairment			
At 1 January 2021	1,930,003	84,774	2,014,777
Amortisation charged for the year	59,578	3,000	62,578
At 31 December 2021	1,989,581	87,774	2,077,355
Carrying amount			
At 31 December 2021	392,360	4,781	397,141
At 31 December 2020	451,938	7,781	459,719

The company had no intangible fixed assets at 31 December 2021 or 31 December 2020.

MIGHTY ACORN ANGLO-AMERICAN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

12 Tangible fixed assets

Group	Short leasehold land and buildings £	Assets under construction £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
Cost						
At 1 January 2021	3,283,843	329,192	1,391,194	1,439,418	67,474	6,511,122
Additions	152,942	-	139,884	53,896	18,850	365,572
Disposals	-	(46,142)	-	-	-	(46,142)
Transfers	196,005	(283,050)	-	87,045	-	-
At 31 December 2021	3,632,790	-	1,531,079	1,580,359	86,324	6,830,552
Depreciation and impairment						
At 1 January 2021	2,044,593	-	1,018,793	1,113,829	67,474	4,244,690
Depreciation charged in the year	427,160	-	125,533	136,936	2,030	691,659
At 31 December 2021	2,471,754	-	1,144,326	1,250,765	69,504	4,936,349
Carrying amount						
At 31 December 2021	1,161,036	-	386,753	329,594	16,820	1,894,203
At 31 December 2020	1,239,251	329,192	372,401	325,589	-	2,266,432

The company had no tangible fixed assets at 31 December 2021 or 31 December 2020.

13 Fixed asset investments

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Investments in subsidiaries	14	-	-	1,148,535	1,148,535

MIGHTY ACORN ANGLO-AMERICAN LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2021****13 Fixed asset investments (Continued)****Movements in fixed asset investments**

Company	Shares in group undertakings
	£
Cost or valuation	
At 1 January 2021 and 31 December 2021	1,148,535
Carrying amount	
At 31 December 2021	1,148,535
At 31 December 2020	1,148,535

14 Subsidiaries

Name of undertaking	Address	Class of shares held	% Held Direct
Solent Pizza Delivery Limited	England and Wales	Ordinary	100%

The principal activity of Solent Pizza Delivery Limited is operating Dominos Pizza franchises.

15 Stocks

	Group 2021 £	2020 £	Company 2021 £	2020 £
Raw materials and consumables	86,729	66,229	-	-

MIGHTY ACORN ANGLO-AMERICAN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

16 Debtors

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	4,124	534	-	-
Amounts owed by group undertakings	-	-	1,151,650	1,365,853
Other debtors	1,264,100	768,339	857,719	192,839
Prepayments and accrued income	286,845	228,406	-	-
	<u>1,555,069</u>	<u>997,279</u>	<u>2,009,369</u>	<u>1,558,692</u>
Amounts falling due after more than one year:				
Other debtors	-	2,221,779	-	-
	<u>-</u>	<u>2,221,779</u>	<u>-</u>	<u>-</u>
Total debtors	<u>1,555,069</u>	<u>3,219,058</u>	<u>2,009,369</u>	<u>1,558,692</u>

17 Creditors: amounts falling due within one year

		Group		Company	
	Notes	2021	2020	2021	2020
		£	£	£	£
Other borrowings	18	400,000	400,000	-	-
Trade creditors		722,644	523,670	-	-
Corporation tax payable		447,672	415,905	146,575	-
Other taxation and social security		468,226	22,068	-	-
Other creditors		1,355,322	3,347,677	664,504	2,742,514
Accruals and deferred income		313,971	306,793	-	-
		<u>3,707,835</u>	<u>5,016,113</u>	<u>811,079</u>	<u>2,742,514</u>

18 Loans and overdrafts

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Other loans	400,000	400,000	-	-
	<u>400,000</u>	<u>400,000</u>	<u>-</u>	<u>-</u>
Payable within one year	400,000	400,000	-	-
	<u>400,000</u>	<u>400,000</u>	<u>-</u>	<u>-</u>

MIGHTY ACORN ANGLO-AMERICAN LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2021****18 Loans and overdrafts****(Continued)**

Other borrowings include a loan of £400,000 (2020 - £400,000) denominated in £ with a nominal interest of 15%. The loan is unsecured and is repayable when agreed by both parties.

The 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.

19 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

Group	Liabilities 2021 £	Liabilities 2020 £
Accelerated capital allowances	166,379	128,938
Short term timing differences	20,788	(6,516)
	<u>187,167</u>	<u>122,422</u>

The company has no deferred tax assets or liabilities.

Movements in the year:	Group 2021 £	Company 2021 £
Liability at 1 January 2021	122,422	-
Charge to profit or loss	20,788	-
Effect of change in tax rate - profit or loss	43,957	-
	<u>187,167</u>	<u>-</u>

20 Retirement benefit schemes

Defined contribution schemes	2021 £	2020 £
Charge to profit or loss in respect of defined contribution schemes	104,814	97,713
	<u>104,814</u>	<u>97,713</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

MIGHTY ACORN ANGLO-AMERICAN LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2021****21 Share capital**

	2021	2020	2021	2020
Ordinary share capital	Number	Number	£	£
Issued and fully paid				
Ordinary A shares (2020: 10p shares) of 5p each	3,600	1,800	180	180
Ordinary B shares (2020: 10p shares) of 5p each	510	255	26	26
Ordinary C shares (2020: 10p shares) of 5p each	1,860	930	93	93
Ordinary D shares (2020: 10p shares) of 5p each	465	465	23	46
Ordinary E shares (2020: 10p shares) of 5p each	2,400	1,200	120	120
Ordinary F shares (2020: 10p shares) of 5p each	465	-	23	-
	<u>9,300</u>	<u>4,650</u>	<u>465</u>	<u>465</u>

The A ordinary shares, B ordinary shares, C ordinary shares, D ordinary shares, E ordinary shares and F ordinary shares rank pari passu with regard to entitlement to dividends except that the directors may decide to distribute profits or pay dividends equally or unequally to any class of share.

The A ordinary shares, B ordinary shares, C ordinary shares, D ordinary shares, E ordinary shares and F ordinary shares shall rank pari passu as if all of the shares constituted are shares of a single class on a return of surplus assets (on liquidation, reduction of capital or otherwise) of the company remaining after payment of the debts and liabilities.

The A ordinary shares and E ordinary shares shall carry two votes at any meeting. The B ordinary shares, C ordinary shares, D ordinary shares and F ordinary shares shall carry one vote at any meeting. Only the holders of A ordinary shares and E ordinary shares shall have class rights to appoint a Director to the board of Directors and to remove such a Director by written notice at any time.

During the year, the nominal value of each share was changed from 10p per share to 5p per share and half of the D ordinary shares were redesignated as F ordinary shares.

22 Capital redemption reserve

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
At the beginning and end of the year	35	35	35	35
	<u>35</u>	<u>35</u>	<u>35</u>	<u>35</u>

The capital redemption reserve is a non-redistributable reserve. This reserve has arisen as a result of the company buying its own shares.

23 Profit and loss account

The profit and loss account is cumulative profits generated by the company less distributions to shareholders via dividends. These are either reinvested in the business or kept as a reserve for specific objectives.

MIGHTY ACORN ANGLO-AMERICAN LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2021****24 Operating lease commitments****Lessee**

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Within one year	479,338	480,889	-	-
Between two and five years	1,547,637	2,061,001	-	-
In over five years	2,329,756	2,241,818	-	-
	<u>4,356,731</u>	<u>4,783,708</u>	<u>-</u>	<u>-</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £658,341 (2020: £584,475).

Operating leases include the lease of the business premises and motor vehicles.

25 Related party transactions**Transactions with related parties**

Solent Pizza W Limited - (A company under common control)

During the year, Solent Pizza Delivery Limited and Solent Pizza W Limited incurred expenses on behalf of one another. Solent Pizza W Limited has also continued to benefit from loan facility provided by Solent Pizza Delivery Limited. The loan is interest free and requires notice of 374 days from either party prior to repayment. At the balance sheet date, the value of the loan was £nil (2020: £2,221,779).

Solent Pizza Delivery Limited incurred expenses on behalf of Solent Pizza W Limited totalling £756,027 (2020: £615,144) and Solent Pizza W Limited made payments on behalf of Solent Pizza Delivery Limited totalling £777,249 (2020: £510,871).

At the balance sheet date, Mighty Acorn Anglo-American Limited owed £509,843 (2020: £2,686,745) to Solent Pizza W Limited. The loan is interest free and repayable on demand.

Mr G Halpern and Chinese Pompano LLC

(Father of Mr S Halpern and a company under his control)

During the year, the company paid consultancy charges totalling £5,000 (2020: £10,000) to Mr G Halpern and Chinese Pompano LLC. At the balance sheet date the amount due to both Mr G Halpern and Chinese Pompano LLC was £nil (2020: £nil).

Mr M Halpern

(Brother of MR S Halpern)

Other loans relate to an unsecured loan from Mr M Halpern. The loan carries interest of 15% per annum, and it is repayable when agreed by both parties. During the year the company incurred interest in respect of this loan of £60,000 (2020: £60,000). During the year £5,000 was paid to M Halpern for consultancy services (2020: £5,000). At the balance sheet date the amount due to Mr M Halpern was £400,000 (2020: £400,000).

MIGHTY ACORN ANGLO-AMERICAN LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2021****26 Directors' transactions**

Dividends totalling £2,241,000 (2020 - £1,357,000) were paid in the year in respect of shares held by the company's directors.

Group

During the year, the group advanced £2,026,881 (2020: £717,810) to the directors. Also during the year, dividends to directors totalling £2,081,550 (2020: £17,000) were used to repay outstanding balances due to the group. At the balance sheet date the amount due from the group was £72,417 (2020: £17,748).

Company

During the year, the company advanced £1,910,431 (2020: £621,679) to the directors. Also during the year, dividends to directors totalling £2,011,550 (2020: £498,520) were used to repay outstanding balances due to the group. At the balance sheet date the amount due from the company was £154,662 (2020: £53,542).

27 Cash generated from group operations

	2021	2020
	£	£
Profit for the year after tax	3,235,142	2,851,052
Adjustments for:		
Taxation charged	879,937	747,523
Finance costs	60,000	60,000
Amortisation and impairment of intangible assets	62,578	77,310
Depreciation and impairment of tangible fixed assets	691,659	676,215
Movements in working capital:		
(Increase)/decrease in stocks	(20,500)	6,694
Increase in debtors	(411,215)	(308,373)
Increase/(decrease) in creditors	881,734	(991,616)
Cash generated from operations	<u>5,379,335</u>	<u>3,118,805</u>

28 Analysis of changes in net funds - group

	1 January 2021	Cash flows	31 December 2021
	£	£	£
Cash at bank and in hand	3,472,905	1,828,905	5,301,810
Borrowings excluding overdrafts	(400,000)	-	(400,000)
	<u>3,072,905</u>	<u>1,828,905</u>	<u>4,901,810</u>

MIGHTY ACORN ANGLO-AMERICAN LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2021****29 Cash absorbed by operations - company**

	2021	2020
	£	£
Profit for the year after tax	4,721,604	1,299,870
Adjustments for:		
Investment income	(4,721,779)	(1,300,000)
Movements in working capital:		
Increase in debtors	(304,102)	(55,913)
Increase/(decrease) in creditors	143,769	(19,770)
Cash absorbed by operations	<u>(160,508)</u>	<u>(75,813)</u>

30 Analysis of changes in net funds - company

	1 January 2021	Cash flows	31 December 2021
	£	£	£
Cash at bank and in hand	68,618	98,492	167,110
	<u>68,618</u>	<u>98,492</u>	<u>167,110</u>

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