

Bennett Restaurants Ltd
Strategic Report
for the Year Ended 31 December 2020

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the company and the nature of its trading strategy are subject to a number of risks. The company operates a thorough risk assessment and management process which involves a formal review of all the risks identified and introducing processes to monitor and mitigate each risk, where possible. The principal risks facing the company are as follows:

Economic outlook

The company's trading success is reliant on consumer spending. The company's High Street restaurants continue to be impacted by declining retail footfall. The company has tried to mitigate this through investment in the customer experience across its restaurants including the High Street stores. The company is also continuing to develop its home delivery services to capitalise on the growth of this segment of the market.

Public health - COVID pandemic

The company's operations can be adversely affected by public health issues and in particular by the COVID-19 outbreak affecting the UK since March 2020. The company has reviewed its business continuity plans to try to monitor and control this risk, which include minimising employee and customer health risks, greater employee well-being monitoring, increased compliance monitoring and increased internal and external communication both directly and by McDonald's Restaurants Limited on behalf of the company. This has resulted in new safety measures for staff, including but not limited to, restricting the number of staff at sites, redesigning kitchens and workflow to ensure the appropriate social distancing is in place, mandating all customer payments are made electronically rather than cash and screens within our kitchens to ensure the safety of staff. Given the uncertainty that COVID-19 presents, on-going assessment by management, and engagement and communications with key stakeholders will continue.

Competition

The company operates in a highly competitive market. High Street consumer behaviour and the variability of commodity prices impacts on the company's turnover and profitability. This risk has had some impact on the company within specific geographical areas, but the business has not been adversely affected as a whole. The company mitigates this risk by adopting a policy of constantly assessing its pricing strategy including using a third party to conduct ongoing market research to provide periodic recommendations.

Food cost inflation

The company remains exposed to periods of high food cost inflation and continually assesses any risks identified with the aim of mitigating the threats these may have on the company's operations and profitability. The company continues to have a strong supply chain system, which allows for the company to take advantage of better purchasing terms with suppliers to improve supply chain efficiency and mitigate the risk of food cost inflation.

Wages cost inflation

The company is continually affected by pressures within the labour market and wage cost inflation. The company mitigates this risk by a policy of adopting remuneration and benefits packages designed to be competitive within the market as well as ensuring full compliance with labour market regulations with employment policies to allow fulfilling opportunities for all employees. The company regularly reviews pay and benefits and also offers restaurant employees the choice between guaranteed hours and flexible contracts, complemented by initiatives such as well-being programmes and comprehensive training programmes.

Utilities

Increasing volatility, uncertainty, cost pressures and general environmental awareness in the UK market has resulted in increased pressure on the company during the year. To manage and mitigate the risk associated with pressures, the company continued its environmental improvement programme ensuring environmentally friendly utilities are used wherever possible and including taking part in power purchase agreements for the provision of cost-effective clean energy from environmentally friendly energy sources.

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SECTION 172(1) STATEMENT

The directors are fully aware of their responsibilities during the year codified in law and have acted with their duties and these responsibilities which include their duty to act in the way in which they consider in good faith would be most likely to promote the success of the Company for the benefit of its members as a whole, having regard to the stakeholders and matters set out in section 172(1) of the Companies Act 2006.

The Directors are well aware of their duty under s.172 of the Companies Act 2006 to act in the way which they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole and, in doing so, to have regard (amongst other matters) to the likely consequences of any decision in the long term, the interests of the Company's employees; the need to foster the Company's business relationships with suppliers, customers and others; the impact of the Company's operations on the community and the environment; the desirability of the Company maintaining a reputation for high standards of business conduct; and the need to act fairly as between members of the company.

The company's core values centre around its mission statement which is to provide a fun and safe environment where customers can enjoy good food made with quality ingredients at affordable prices. Throughout the year the board considered the wider impact of its strategic and operational decisions on the company's stakeholders including our employees, customers suppliers, the community and the environment and how these can be best manage. The board believes that the interests of all stakeholders are aligned in such decisions and that these factors are taken into account before a final decision is made.

Engaging with stakeholders

The success of the company is dependent on the support of all stakeholders. Building positive business relationships with stakeholders that share the company's ambitions and values is important to the company and working towards these goals together enables us to best deliver long-term sustainable success.

The company comprises a number of separate restaurants, all of which have engagement with their own local stakeholders as well as sharing with the company centrally. The Board delegates local decision making to individual store managers up to defined levels of cost which allows the individual restaurants to take account of the needs of their own stakeholders in their local decision-making.

The company's supervisors overseeing the restaurants make decisions with a long-term view in mind and with the highest standards of conduct in line with company's policies. In order to fulfil their duties, the supervisors and the company itself take care to have regard to the likely consequences on all stakeholders of the decisions and actions which they take. Where possible, decisions are carefully discussed with affected groups and are therefore fully understood and supported when taken.

Reports are regularly made to the company by the restaurants about the strategy, performance and key decisions taken which provide the Board with assurance that proper consideration is given to stakeholder interests in decision-making. The directors are well informed about the views of stakeholders and assess the impact of decisions on each stakeholder group as part of its own decision-making process.

Details of the company's key stakeholders and how we engage with them are set out below.

Our people

Our people are key to our success and we want them to be successful individually and as a team. There are many ways we engage with and listen to our people including colleague surveys, forums, listening groups, face-to-face briefings, internal communities, newsletters and through our anonymous colleague concern line. Key areas of focus include health and well-being, development opportunities, pay and benefits. Regular reports about what is important to our colleagues are made to the Board ensuring consideration is given to colleague needs.

Our customers

Our ambition is to provide our customers with a fun and safe environment for them to enjoy our food at affordable prices made with quality ingredients. We aim to build long lasting customer relationships and spend considerable time with our customers to understand their needs and views and listen to how we can improve our offer and service for them. We use this knowledge to inform our decision-making, for example to operate different opening hours across our stores that best suit the local requirements of our customers, providing safe seating and playgrounds for customer enjoyment and meals best designed for the local requirements of our customers.

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Our suppliers

We build strong relationships with our suppliers to develop mutually beneficial and lasting partnerships. Engagement with suppliers is primarily through a series of interactions and formal reviews. The company takes part in McDonald's forums and meetings to voice our primary areas of focus for supplier relationships including sustainability, product development, and health and safety. The company recognises that relationships with suppliers are important to its long-term success and is briefed on supplier feedback and issues on a regular basis. Our suppliers have been closely involved with our decisions concerning minimising the impact of single use plastic and environmentally friendly containers, wrapping and recyclable packaging.

Communities

We engage with the communities in which we operate to build trust and understand the local issues that are important to them. Key areas of focus include how we can support local causes and issues, create opportunities to recruit and develop local people and help to look after the environment. We partner with Ronald McDonald House Charities and local charities and organisations at a restaurant level to raise awareness and funds. The key issues and themes across local communities are reported back to the directors. The impact of decisions on the environment both locally and nationally is considered with such considerations as the use of and disposal of single use plastic and how this might be minimised.

Government and regulators

The company takes part in McDonald's forums, meetings and conferences to communicate our views to policy makers relevant to our business. Key areas of focus are compliance with laws and regulations, health and safety and product safety. The directors are updated on legal and regulatory developments and takes these into account when considering future actions.

ENGAGEMENT WITH EMPLOYEES, SUPPLIERS, CUSTOMERS AND OTHERS

In accordance with the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended by the Companies (Miscellaneous Reporting) Regulations 2018), we report on engagement with and having due regard to the interest of our employees, suppliers customers and other key stakeholders.

The Company has identified that its key stakeholders are its people, customers and suppliers and how it engages with its stakeholders is summarised as follows:

Our people:

Our people are fundamental to the long-term success of the company. We have various programmes in place to help develop and progress our people, many of which have been in place for a number of years. These include regular presentations and updates given to staff, and feedback is actively encouraged. When travelling to the company's restaurants, the directors and management will actively engage with staff including feedback sessions. The development of our people involves both individual and organisational learning with the Company actively encouraging diversity and inclusion. The Company's belief is that individual learning promotes productivity, quality and business effectiveness. To facilitate individual learning, the company offers training and development opportunities through management courses, internships, restaurant mobility and leadership development programs. These efforts ensure that the Company maintains an organisational culture that motivates employees to keep learning. The Company's belief is to use individual learning to develop organisational knowledge to push the business forward to new heights of performance. The Company applies this feature of its organisational culture through policies, programmes and meetings that encourage employee feedback and knowledge sharing. The Company recognises the importance of diversity and inclusion in optimising human resource capabilities to deal with an increasingly diverse market. To ensure support for diversity and inclusion, the Company encourages feedback and engages in meaningful conversations with our people to improve the business.

The company aims to promote a working environment free from unlawful harassment, victimisation, bullying and discrimination. The company regards all of its employees as members of a team where opinions are valued and everyone is regarded as equal in status and treated with fairness and respect. The company's Diversity Policy exists to ensure that no job applicant or existing employee is treated less favourably on the grounds of their gender, age, marital status, disability, race, colour, sexual orientation, nationality, ethnic origin, religion or belief and that nobody is disadvantaged by conditions, requirements or practices which cannot be shown to be just and fair. The way the company recruits and works is intended to ensure that employees are selected, promoted and treated according to their ability and that everyone has an equal opportunity to receive training and development.

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The company communicates regularly with all employees on matters relating to its performance. Employees are encouraged to contribute to the decision-making process through regular staff meetings held by the management of the company to discuss matters of concern. In addition, there is a bulletin board in each restaurant where memoranda relating to company policy are displayed. Regular meetings are held by the management of the company to discuss matters of concern. An open management policy is operated whereby all members of staff (including part-time and casual staff) are briefed regularly and kept informed on matters affecting the company by means of regular store meetings and communications, together with personal appraisals and feedback sessions.

Our customers:

The Company continues to remain a customer based organisation and constantly seeks to improve the customer experience at all of our restaurants. The Company remains focused on the better understanding of the needs of our customers in a constantly changing market. The Company receives regular reports from internal and external monitoring to ensure progress against each customer experience objective.

Our suppliers:

The Company is aware of the dependency on its suppliers to ensure its long term success and that of the supplier. A close relationship with key suppliers has been developed over many years and is maintained in order to ensure the Company continues to be able to provide good food from quality ingredients, and is briefed on supplier feedback and issues on a regular basis. The Company complies with agreed payment terms for supplier invoices and where a supplier proposes payment terms that differs from our standard terms, the company uses its best endeavours to accommodate the supplier's terms.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company's principal financial instruments comprise cash and bank balances and trade creditors that arise directly from its operations. The main purpose of these instruments is to provide funds for the company's operations. Their existence exposes the company to a number of financial risks, which have been considered and are managed as follows:

Operational risk:

Operational risk is the risk of a direct or indirect loss resulting from the inadequacies or failures of processes or controls due to technology, staff, organisation or external factors. To monitor and control operational risk, the Company maintains a system of comprehensive policies and a control framework which is designed to provide a sound and well-controlled operational environment.

Liquidity and cash flow risk:

Liquidity and cash flow risk is the risk that the Company will have insufficient resources to meet its financial liabilities as they fall due. The Company's strategy to managing liquidity and cash flow risk is to ensure that the Company has sufficient funds to meet all its potential liabilities as they fall due. In respect of bank loans, although the interest rates are variable, monthly repayments are fixed. The liquidity and cash flow risk is therefore managed by ensuring there are sufficient funds available to meet monthly loan repayments or trade creditors due for payment.

Price risk:

Price risk is the risk that financial performance of the company will be adversely affected by pricing changes. Due to the nature of the financial instruments used by the company, there is no exposure to price risk. The company sets its own prices within allowable variations. Cash flow and liquidity exposure is therefore directly related to prices and turnover.

Interest rate risk:

Interest rate risk is the risk that financial performance of the company will be adversely affected by adverse fluctuations on interest rates being charged to the company on its financial instruments, most noticeably bank loans and its bank overdraft facility. The interest rate risk is managed by the on-going monitoring and assessment of its borrowings and the interest rate charged.

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Credit risk:

Credit risk is the risk of a potential loss from a customer or counterparty default. Due to the nature of the company's trade, there is no exposure to credit risk.

Currency risk:

Currency risk is the risk that financial performance of the company will be adversely affected by adverse fluctuations in foreign currencies used by the company. The company has no exposure to foreign currency risk.

GOING CONCERN

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out above. Further analysis has been completed for the going concern period to consider the effects of the current economic effect of the COVID-19 pandemic. The Company has produced projections and cash flow forecasts which show that the Company has sufficient funds available for the foreseeable future. These forecasts assume there are no further lockdowns or forced store closures as a result of COVID-19. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the next twelve months and foreseeable future. The directors conclude that it is appropriate to continue to prepare the financial statements on a going concern basis.

ON BEHALF OF THE BOARD:

T. Bennett

A P Bennett - Director

25 October 2021

Bennett Restaurants Ltd
Report of the Directors
for the Year Ended 31 December 2020

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

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of franchisee operators of McDonald's limited menu quick service restaurants.

RESEARCH AND DEVELOPMENT

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

FUTURE DEVELOPMENTS

The Board aims to maintain its existing management policies which have resulted in the company's successful period of trading. These policies include the intention to grow sales and maintain control over costs. The future developments of the Company have been disclosed further in the Strategic Report in accordance with Companies Act s414C(11).

The level of business and the year end financial position remain satisfactory for the company and the Board is confident of being able to develop the business further in the future. 2021 is expected to be another profitable period of trading continued to be affected by the Covid-19 epidemic. The Board consider that the company is in a good position to take advantage of any profitable opportunities which may arise in the future, including the acquisition of further stores.

DIRECTORS

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

A P Bennett
A M Bennett

DISABLED EMPLOYEES

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

STREAMLINED ENERGY AND CARBON REPORTING

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

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

Emissions Source	1 January 2020 - 31 December 2020
Direct Emissions from Mobile Combustion Sources - Franchisee Vehicle Fuel Consumption	8.3
Direct Emissions from Stationary Combustion - Franchisee Natural Gas Consumption	160.5
Direct Emissions from Stationary Combustion - Franchisee Other Fuel Consumption	224,707.0
Total Scope 1 (tCO₂e)	224,875.8
Indirect Emissions from Franchisee Purchased Electricity	1,482.6
Total Scope 2 (tCO₂e)	1,482.6

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Fuel Consumed by Personal Vehicles used for Business Activities - Grey Fleet	1.2
Direct Emissions from Stationary Combustion - Natural Gas Consumption at Landlord Leased Restaurants	0.0
Direct Emissions from Stationary Combustion - Other Fuel Consumption at Landlord Leased Restaurants	0.0
Indirect Emissions from Purchased Electricity of Landlord Leased Restaurants	77.1
Total Scope 3 (tCO₂e)	78.2

Total Scope 1,2&3 (tCO₂e) **226,436.6**

Intensity Metrics

Annual Turnover **£43,412,436**

Emissions per unit of turnover (tCO₂e/£) **0.01**

**1 January 2020 - 31
December 2020**

Energy Consumption by source

Electricity	6,689,938
Gas	872,631
Purchased fuel	-
Company car	4,695
Grey Fleet Vehicle	4,695
Total	7,571,959

In an effort to reduce our emissions we have undertaken carbon efficiency measures in the year that include the continued purchase of renewable energy across the estate and the transition to LED lighting throughout all restaurants. Over 120,000 LED lights have been installed across McDonald's restaurants, right down to the bulbs in our emergency lighting.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

AUDITORS

The auditors, The Barnbrook Sinclair Partnership LLP, have indicated their willingness to continue in office.

ON BEHALF OF THE BOARD:

T. Bennett

A P Bennett - Director

25 October 2021

Bennett Restaurants Ltd

Statement of Directors' Responsibilities for the Year Ended 31 December 2020

The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

The above are approved statements of Bennett Restaurants Limited and are not approved statements by McDonald's Restaurants Limited.