TASTY PLC

Report and financial statements

52 weeks ended 27 December 2020

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Directors and information

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Daniel Jonathan Plant (Chief Executive Officer)
Mayuri Vachhani (Finance Director)
Samuel Kaye (Non-Executive Director)

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Chairman's statement

I am pleased to be reporting on the Group's annual results for the 52 week period ended 27 December 2020 and the comparative 52 week period ended 29 December 2019. The Group currently operates 54 restaurants, comprising of five dim t and 49 Wildwood restaurants.

The last 12 months have been extremely tough and required swift action to mitigate the extraordinary challenges and uncertainty following the outbreak of the pandemic. From the onset, the Group quickly implemented various measures to stabilise the business and ensure the safety of our staff and customers. We navigated our way through the cycle of various lockdown restrictions and consequent reopenings, through agility and quick responses to the everchanging constraints. The Board would like to thank our loyal staff, suppliers, customers, landlords and other trade creditors who have supported us throughout this unprecedented difficult period.

Following the sale of More London dim t for £2m in January 2020, we repaid our bank loan and were fortunate to have no banking covenant pressure when we shut down our estate in March 2020. As previously communicated, cash preservation has been key to maximising the Group's ability to manage the impact of the pandemic. With lockdown continuing into this year, in January 2021, the Group drew down its £1.25 million, four year term loan from its existing bankers, Barclays Bank plc, secured in September 2020, in order to strengthen its balance sheet and provide additional working capital.

In common with much of the UK hospitality industry we have where possible, utilised the various Government support schemes, including furloughing our staff during periods of full or partial closure, VAT reductions and business rate holidays. Sadly, as previously announced, we had to make a significant part of our workforce redundant to preserve the business for our remaining stakeholders, including our current employees.

While the economic and retail environment continues to be challenging, trading in between lockdowns and restrictions has been encouraging. We currently have 38 restaurants open for takeaway only. With the bank facility and continued support from our creditors and landlords, we expect to get through these difficult times due to our responsiveness and restructured operational base. Cash preservation and maintaining our staff and customers' wellbeing continues to be paramount.

The cash balance at year-end reflects our cash preservation strategy and a deferral of payments due to landlords, HMRC, and other trade creditors. When these outstanding payments are allowed for, our net cash at year-end is approximately £1.5m.

We believe that the lessons we have learnt over the last 12 months have strengthened our operating model. We have found new ways of operating the business and have become agile at adapting to the current conditions. This includes new delivery partnerships which we envisage will continue in the future. Having survived the turmoil of the past 12 months, and as we come out of this pandemic and restrictions are lifted, we are confident that we are in a good position to service the pent-up customer demand and take advantage of the reduced competition.

As previously announced, Adam Kaye stepped down from the Board on 15 September 2020. In addition, the Board is sad to announce that Samuel Kaye will be stepping down as Non-Executive Director following the 2021 Annual General Meeting ('AGM') (date to be confirmed). Samuel stepped down as Joint CEO to become Non-Executive Director in December 2020 and both Adam and Samuel are leaving the Board to focus on their other commercial interests. The Board regrets that they are departing and would like to thank both of them for the enormous support and invaluable experience that they have provided to the Board from the Group's inception and continue to on an ongoing basis

Chairman's statement

as substantial shareholders. The Board has commenced the search for an additional independent non-executive director and an announcement will be made, as appropriate.

Dividend

The Board does not propose to recommend a dividend (2019: £nil).

Keith Lassman
Chairman

6 April 2021

Strategic report for the 52 weeks ended 27 December 2020

Tasty operates two concepts in the casual dining market: Wildwood and dim t.

Wildwood

Aimed at a broad market, our 'Pizza, Pasta, Grill' restaurant remains the Group's main focus. Our sites are primarily based on the high street. However, we have a number of leisure, retail and tourist locations that have historically traded well, highlighting the broad appeal of the offering. Located nationally, mainly outside of London, Wildwood is currently open for takeaway service from 34 of the 49 Wildwood branded restaurants.

dim t

Our pan-Asian restaurant now trades from 5 sites, serving a wide range of dishes including dim sum, noodles, soup and curry. Currently, 4 of the 5 sites are open for takeaway service only.

Introduction and Covid-19

The beginning of 2020 was generally encouraging; however, the pandemic meant that the year played out very differently from what was anticipated.

In line with Government restrictions, we closed all our restaurants for eat-in on 20 March 2020, and decided to close all remaining open sites for takeaway and delivery on 24 March 2020. At the end of May 2020, we gradually started to reopen for takeaway service only whilst strictly following social distancing and health and safety guidelines. When the first lockdown was lifted, on 4 July 2020, the Group began a phased reopening programme for eat-in; though 6 sites remained closed during this period and have not reopened since March 2020.

The "Eat Out To Help Out" ("EOTHO") Scheme was a great Government initiative and helped trade recover in August 2020. The Group experienced a favourable level of sales during this period, due to the increase in UK residents staying in the UK during the summer of 2020, Government initiatives and pent up demand built up since March 2020. This positive trading was short-lived as stricter measures were imposed in September 2020, including the 10 pm curfew and "work from home if you can", followed by subsequent lockdowns and the introduction of the tier system. As with other UK hospitality operators, the tier system in December 2020 had a considerable impact on our Christmas trade. The mild optimism we had in the Summer was dampened by the end of the year, and trading during this historically crucial period was poor. However, with the vaccination programme on target, staycation demand, and the prediction of an initial "surge" in the economy, we hope that the future will be more promising once lockdown ends. However, this will depend on when we can return to some kind of normality. In line with the latest Government announcements, we will open outdoor spaces where feasible in April 2021 and gradually open dine-in from May 2021; although the timing is subject to change depending on infection levels and the progress of the vaccination programme. Although closing and reopening, often with very little notice, has impacted our operating costs including inventory write-off, we have become acclimatised and effective at operating within this cycle.

Currently, we are operating under the third national lockdown, and 38 sites are open for takeaway and delivery. We are in the fortunate position that many of our sites are in residential areas and, consequently, less dependent on trade from office workers. To optimise the delivery trade, we now partner with Uber Eats and Just Eat in addition to Deliveroo. While delivery helps keep some sites open, the high cost of delivery erodes our margin. Dine-in is central to the business, and we look forward to welcoming customers back into our restaurants in the early summer.

Government support
The Government initiatives, including the Job Retention Scheme ("CJRS"), business rates holiday, deferral of HMRC payments, EOTHO and VAT reduction, have proved invaluable in supporting the Group during this difficult time. With the restrictions for dine-in remaining in place until May 2021, there will be further pressure on our cash reserves. The only way to alleviate this is to reopen our restaurants and utilise Government support. Government initiatives alone do not compensate for lost trade.

Suppliers
Since the first lockdown last March, we have worked with our food and beverage suppliers to negotiate extended payment terms and/or discounts; when we reopened for trade in the summer, they supported us in mobilising the business again. We are most thankful to everyone that helped and continues to assist us through these difficult times.

Rent negotiations
The Group has now successfully achieved consensual lease concessions and rent reductions to March 2021 on more than two-thirds of the estate. The Group is continuing negotiations with landlords and other creditors regarding outstanding debts. Given the current third lockdown and the moratorium expected to end in June 2021, we now anticipate that we may require further landlord support.

The Board believes that with continued creditor assistance, a more formal procedure such as a company voluntary arrangement ("CVA") may be avoided but we continue to consider all options.

The Group will constantly review its existing estate to consider whether some restaurants should close permanently. The pandemic accelerated the decision to surrender the following two restaurants:

Oakham Wildwood
On 24 September 2020, this site was surrendered at £nil.

Letchworth Wildwood
On 9 December 2020, this site was surrendered at £nil.

Oakham was one of the six sites that had not reopened since the first lockdown. In respect of other sites, we will review our options to assign or surrender if we are unable to negotiate a favourable rent, and reopening is not viable.

The following site was disposed of due to the attractive premium:

More London dim t
On 7 January 2020, this site was assigned for a total consideration of £2m.

Financial stability
From the onset of the pandemic, the Group reviewed all business costs and took steps very early to reduce outgoings, including salary reductions, reduced services, and ensuring only necessary costs were incurred.

We operated at a minimum staffing level during the first lockdown in March 2020, with over 98% of our staff furloughed. To secure the longer-term future of the Group and support maximum employee levels, we also took the agonising decision to make approximately one-third of our staff redundant across our restaurants and head office. This was a very difficult decision and process, but our priority was to save the business and support those affected as best we could. Currently, the majority of our eligible staff are on flexible furlough.

We have sought to preserve cash by deferring creditor, landlord and HMRC payments, and the Group drew down a bank loan of £1.25m in January 2021.

Appointment of strategic advisers

The Group is continuing to work with its advisers, KPMG, to assess the potential impact of Covid-19 on the business and the various strategic options available to the Group. With the progress made on consensual negotiations with landlords and other creditors, the Group has to date managed to prevent a CVA. However, with dine-in restrictions in place until May 2021, there is additional pressure on cash reserves. The Board will continue to explore all options but are hopeful that with continued creditor assistance, a more formal procedure may be avoidable.

People

We recognise that this has been a difficult time for everyone across our business, including those working remotely or in environments with additional protocols and reduced teams, and those on furlough. At one stage, 98% of our employees were furloughed and, while unfortunately, we have not been able to retain all our staff, we still employ approximately 650 people.

Every team member has played their part in helping us survive this unprecedented year. We have been overwhelmed with the dedication of our teams over the last 12 months. Despite personal and professional challenges, our colleagues have shown outstanding commitment and support throughout, for which we are incredibly grateful.

We believe in nurturing talent and are committed to training and, where possible, this continued in last year's more challenging environment. Ten apprentices completed their training programme, six with distinction and 35 functional skill exams were passed.

Throughout this difficult year, we communicated regularly with our teams and offered support, including mental health and volunteering advice.

Board Changes

As previously announced, Adam Kaye stepped down from the Board on 15 September 2020. In addition, the Board is sad to announce that Samuel Kaye will be stepping down as Non-Executive Director following the 2021 Annual General Meeting ('AGM') (date to be confirmed). Samuel stepped down as Joint CEO to become Non-Executive Director in December 2020 and both Adam and Samuel are leaving the Board to focus on their other commercial interests. The Board regrets that they are departing and would like to thank both of them for the enormous support and invaluable experience that they have provided to the Board from the Group's inception and continue to on an ongoing basis as substantial shareholders. The Board has commenced the search for an additional independent non-executive director and an announcement will be made, as appropriate.

Food and drink proposition

We continuously look at ways to make our menu more exciting and broaden its appeal, including the launch of specific vegetarian, vegan, and non-gluten menus. However, in 2020 with the new restrictions in place, a different type of innovation was required. With reduced restaurant teams due to social distancing, we simplified our menu and reviewed the menu again when the restaurants were open for takeaway only. We have introduced new menu items such as cocktails and ice-creams, which have enhanced the dine at home experience.

Customer engagement

We pioneered asking our customers what they expected of us when we reopened our doors after the first lockdown. We have been using several tools to measure and improve customer experience: mystery diner reports, online customer feedback and Trip Advisor scores.

Current trading and outlook for the coming year

With the current restrictions in place, the focus during lockdown is to preserve cash and maintain team engagement. Trading outside of lockdown has been encouraging, and we look forward to a promising period after the current lockdown ends. In the coming months we expect to be able to assess the opportunities available in the post Covid-19 world.

Highlighted Items

The Group recognises a number of charges in the accounts which arise under accounting rules and have no cash impact. These charges include share-based payments and impairments to fixed assets. The above items are included under 'highlighted items' in the statement of comprehensive income and further detailed in Note 5. These items, due to their nature, will fluctuate significantly year on year and are, therefore, highlighted to give more detail on the Group's trading performance.

Full year results and key performance indicators

The Directors continue to use a number of performance metrics to manage the business but, as with most businesses, the focus on the income statement at the top level is on sales, EBITDA before highlighted items and operating loss before highlighted items compared to the previous year. All key performance indicators that adjust for highlighted items do not constitute Statutory or GAAP measures.

The table below shows key performance indicators both before and after IFRS 16:

	Post IFRS 16 **52 weeks ended 27 December 2020 £'000**	Pre IFRS 16 **52 weeks ended 27 December 2020 £'000**	**52 weeks ended 29 December 2019 £'000**
Sites at year end	**54**	**54**	**57**
Sales	**24,228**	**24,228**	**44,573**
EBITDA before highlighted items	**2,702**	**(1,537)**	**1,055**
Depreciation and amortisation	**(1,345)**	**(1,386)**	**(1,557)**
Incremental depreciation resulting due to IFRS 16	**(3,592)**	**-**	-
Operating loss before highlighted items	**(2,235)**	**(2,923)**	**(502)**

Strategic report for the 52 weeks ended 27 December 2020

Due to the lockdown and Covid-19 restrictions, sales were down 46% on the corresponding period to £24.2m (2019: £44.6m). In the period leading up to the closures, revenue had been ahead of management expectations. The adjusted EBITDA loss before IFRS 16 adjustments was £1.5m (2019: profit £1.1m). EBITDA post IFRS 16 adjustments was £2.7m.

Operating loss before highlighted items was £2.2m (pre-IFRS 16 equivalent: loss £2.9m, 2019: loss £0.5m).

The impact of the implementation of the new IFRS 16 "Leases", has resulted in depreciation on Right-of-use (ROU) assets for leases and the interest charge on lease liabilities being greater than the charge for rent that would have been reported pre-IFRS 16; net impact on reported loss is £1.8m. The interest charge on the lease liabilities is higher in the earlier years of a lease. We have reviewed the impairment provision across the ROU assets, fixed assets and goodwill and have made a net provision of £8.1m (2019: £nil). After taking into account all non-trade adjustments, the Group reports a loss after tax for the period of £12.7m (2019: loss of £0.3m). Net cash inflow for the period before financing was £9.4m (2019 - inflow £2.3m). This is generated from operations and proceeds from the sale of property. Net cash flows generated from operations were £7.5m and impacted by IFRS 16 (2019 - £2.2m).

As at 27 December 2020, the Group had an outstanding bank loan of £nil (2019 - £1.7m). At 27 December 2020 cash at bank was £8.0m (2019: £4.6m). Net cash before outstanding bank loan at the balance sheet date was £8.0m (2019 – net cash £2.9m). The outstanding bank debt of £1.7m was repaid in full in January 2020. The cash balance at year-end reflects our cash preservation strategy and deferring payments due to landlords, HMRC, and other trade creditors. After reflecting these outstanding payments, our net cash at year-end is approximately £1.5m. The Group has secured a £1.25m, four year term loan from its existing bankers, Barclays Bank plc (the "Facility"), in order to strengthen its balance sheet and provide additional working capital support. The Facility was fully drawn down in January 2021.

Principal risks and uncertainties

The Directors have the primary responsibility for identifying the principal risks the business faces and for developing appropriate policies to manage those risks.

Risks and uncertainties	Mitigation
COVID-19 Uncertainty and impact of Covid-19 impacting staff, restaurants and supply.	Adapting to the ever-changing situation. Government guidelines followed. When able to open, restaurants are operating with social distancing measures and in line with Government guidance. Currently, all open sites are open for take away only. Outbreak protocol for staff, restaurants and suppliers. Cash preservation was the key concern from the onset. We have worked with our suppliers to review credit terms, manage variable costs and review the cost base.

	The Group has now successfully achieved consensual rent reductions and lease concessions on more than two-thirds of the estate to March 2021. The Group is continuing negotiations with landlords and other creditors regarding outstanding rents and with the progress made the Group, to date has managed to prevent a CVA. Given the current third lockdown and the moratorium expected to end in June 2021 we now anticipate that we may require further landlord support. The Group will again be relying on Government support for employees' pay and VAT, and business rate holidays and grants, where available. The bank facility of £1.25m secured to strengthen the Group's balance sheet and provide additional working capital, was drawn down in full post year end. Unfortunately, due to Covid-19 we had to make a third of our staff redundant.
Market Conditions and Brexit Economic uncertainty and impact of Brexit could reduce customer confidence / spending.	To date, the Group has not had any significant supply issues due to Brexit. However, we have only been operating for takeaway and product demand is limited. The full impact of Brexit will be seen on reopening in particular the impact on labour due to migration. Whilst we work closely with our suppliers and on assured supply and price negotiation, we are also constantly reviewing ways to keep food cost increases minimal. We ensure that headroom on cashflow is maintained.
Competition The casual dining market faces new competition on a regular basis.	To mitigate this risk, we continue to invest and renew our offering whilst maintaining accessibility without compromising quality or the customer experience. We constantly review marketing initiatives to ensure that we remain relevant to our consumers and ahead of the competition. We review performance and seek new opportunities.
People Loss of key staff and inability to hire the right people in competitive labour market.	We have continued to focus on selection, induction, training and retention of our employees. The Group has made significant improvements in its training programme including the apprenticeship scheme. The Group offers a competitive remuneration package which during a normal trading year includes sales and gross profit-based bonuses and share options. We anticipate that Brexit will reduce the number of eligible employees however this is likely to be more than

	offset by the numbers displaced in the industry through closures and downscaling.
Food standards and safety Failing to meet safety standards	The Group engages in regular internal and external compliance audits to ensure all sites are complying with regulations. Job-specific training that covers relevant regulations is provided to all staff on induction and whenever else necessary. Online reporting systems are utilised on a daily basis to gather relevant information on compliance. Regular review of latest Government guidelines and best practice regarding allergens. The Group's activities are subject to a wide range of laws and regulations and we seek to comply with legislation and best practice at all times.
Supply Chain A major failure of key supplier or distributor could cause significant business interruption.	The Group monitors suppliers closely and if there was failure of a key supplier, we have contingency plans in place to minimise disruption particularly in the light of Covid-19. We are grateful to all the suppliers who have supported us during these challenging times. To date, the Group has not had any significant supply issues due to Brexit.

On behalf of the Board.

Daniel Jonathan Plant
Chief Executive Officer

6 April 2021

Report of the directors for the 52 weeks ended 27 December 2020

The Directors present their report together with the audited financial statements for the 52 weeks ended 27 December 2020 (comparative period 52 weeks to 29 December 2019).

New legislation became effective in the UK during the financial year, aimed at helping shareholders better understand how directors discharged their duty to promote the success of companies under Section 172 of the Companies Act 2006 ("S172 Matters"). Throughout the year, in performance of its duties, the Board has had regard to the interests of the Group's key stakeholders and taken account of the potential impact on these stakeholders of the decisions it has made. Details of how the Board had regard to the following S172 Matters are as follows:

S172 Matters	Specific examples
1. The likely consequences of any decision in the long term	• Our corporate governance framework as described in this annual report • Communications with our shareholders through our website, circulars, AGM and investor meetings
2. The interests of the Group's employees	• Prioritising teams' safety in the Covid-19 pandemic • Employee engagement through newsletters, communication tools, surveys and career development opportunities including apprenticeship • Established whistleblowing procedures
3. The need to foster the Group's business relationships with suppliers, customers and others	• Protecting our customers and suppliers during the Covid-19 pandemic • Building long-term relationships with suppliers • Encouraging and responding to customer feedback through websites, social media and our feedback system
4. The impact of the Group's operations on the community and the environment	• Local community involvement with the NHS • Working with the local community impacted by floods
5. The desirability of the Group maintaining a reputation for high standards of business conduct	• Regular staff training and communication • Restaurant visits and audit processes
6. The need to act fairly between members of the Group	• Maintaining an open dialogue with our shareholders • Stakeholder engagement

Report of the directors for the 52 weeks ended 27 December 2020

Results and dividends

The consolidated statement of comprehensive income is set out on page 32 and shows the loss for the period.

The Directors do not recommend the payment of a dividend (2019 - £nil).

Post balance sheet events

Post balance sheet events are set out in Note 32.

Future developments

The outlook and future developments are set out in the Chairman's statement on page 3 and the Strategic Report on page 5.

Principal activities

The Group's principal activity is the operation of restaurants.

Directors

The Directors of the Group during the period were as follows:

Executive

Daniel Jonathan Plant
Mayuri Vachhani

Non-Executive

Keith Lassman
Samuel Kaye (executive until 23 December 2020)
Adam Kaye (resigned 15 September 2020)

Report of the directors for the 52 weeks ended 27 December 2020

Directors' interest in shares

Director	As at 27 December 2020 Ordinary shares of 0.1p each	%	As at 29 December 2019 Ordinary shares of 0.1p each	%
Daniel Jonathan Plant	7,091,902	5.0%	7,091,902	5.0%
Samuel Kaye	20,882,197	14.8%	20,750,588	14.7%
Keith Lassman	806,599	0.6%	806,599	0.6%
Adam Kaye (resigned 15 September 2020)	12,368,168	8.8%	12,236,560	8.7%
Mayuri Vachhani	-	-	-	-

On 19 January 2021, Keith Lassman purchased 615,384 ordinary shares of 0.1 pence each in the Company ("Ordinary Shares"). Following this purchase, Keith now holds 1,421,983 Ordinary Shares representing approximately 1.01% of the Company's issued share capital.

Share options

Director	**Number**	**Exercise price**	**Grant date**	**Vesting period**	**Expiry date**
Mayuri Vachhani	750,000	£0.03	17/10/2019	3 years	17/10/2029

At the start of the year certain of the Directors had interests in 'A' and 'B' shares in Took Us a Long Time Limited, the subsidiary company. The benefit of holding these shares is considered by the Board to be similar to the benefit of holding an EMI option.

Director	**Class of share**	**Number**	**Exercise price**	**Price condition**	**Exercisable date**	**Expiry date**
Samuel Kaye	A	500,000	£1.00	£1.50	31/03/2014	30/03/2024
Daniel Jonathan Plant	A	500,000	£1.00	£1.50	31/03/2014	30/03/2024
Daniel Jonathan Plant	B	600,000	£1.20	£2.00	30/04/2015	29/04/2025

In March 2020 to simplify the Group and the tax structure, the above shares were bought back by Took Us a Long Time Limited and cancelled at a nominal cost of £15.65 and in aggregate at a cost of £28.37.

In January 2021 Daniel Jonathan Plant was awarded 15,676,640 'B' shares in Tasty plc which can be converted to 'A' shares subject to achievement of hurdle rates.

Employees

Applications from disabled persons are given full consideration providing the disability does not seriously affect the performance of their duties. Such persons, once employed, are given appropriate training and equal opportunities.

The Group takes a positive view toward employee communication and has established systems for ensuring employees are informed of developments and that they are consulted regularly.

Environment

Despite the Covid-19 pandemic disruption we have managed to maintain an average of 45% recycling across both brands with less than 1% of waste going to landfill.

As part of our ongoing energy efficiency programme there has been a focus on energy saving. This includes a rigorous check list for branches which have been and may be required to close during the pandemic.

Our waste oil is collected and converted into Bio Diesel and Bio Gas to ensure that none is wasted.

The Group continues to work with its delivery partners in converting all our delivery packaging to biodegradable and recyclable materials.

The Group presents its greenhouse gases ("GHG") emissions and energy use data for the first time under Streamlined Energy and Carbon Reporting ("SECR") for the year ended 27 December 2020:

	tCO2e
	52 weeks ended
	27 December 2020
Scope 1 – Natural Gas	1,141
Scope 2 - Electricity	1,328
Scope 3 – Grey Fleet Mileage	78
Total	2,547

Energy Intensity ratio of 0.127 has been measured using the metric of Tonnes CO2e per m2 floor area ("tCO2e").

The Group's total energy consumption for the year ended 27 December 2020 was 12,216,634 kWh.

Donations

The Group made no charitable or political donations in the period (2019 - none).

Financial Instruments

Details of the use of financial instruments and the principal risks faced by the Group are contained in Note 28 to the financial statements.

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. In reaching this conclusion the Directors have considered the financial position of the Group, together with its forecasts for the next 12 months and taking into account possible changes in trading performance. The going concern basis of accounting has, therefore, been adopted in preparing the financial statements. However, the Directors note that the effects of Covid-19 and the impact of ongoing losses indicate the existence of a material uncertainty that may cast doubt over the Group's ability to continue to apply the going concern basis of accounting. The Board's assessment of going concern can be found in note 1(c) to the financial statements.

Auditors

All of the current Directors have taken all reasonable steps necessary to make themselves aware of any information needed by the Group's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The Directors are not aware of any relevant audit information of which the auditors are unaware.

Haysmacintyre LLP were appointed as the auditors and have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

On behalf of the Board.

Daniel Jonathan Plant
Chief Executive Officer

6 April 2021

Corporate Governance for the 52 weeks ended 27 December 2020

The Directors recognise the importance of sound corporate governance and intend to comply with the Corporate Governance Guidelines, to the extent appropriate for a company of its nature and size.

Changes to corporate governance regime

The Group adopted the Quoted Companies Alliance (QCA) Corporate Governance Code ("Code") following the changes to the AIM Rules for Companies implemented in September 2018. We will provide annual updates on our compliance with the Code. Set out below is how we comply with the Code:

Principle 1: Establish a strategy and business model which promotes long-term value for shareholders

The Group owns and operates mid-priced pan-Asian and "pizza, pasta, grill" restaurants throughout the UK. Our objectives are to provide an excellent customer experience and thereby nurture and develop our brands through our branches to promote long term value for our shareholders.

2020 was an extremely difficult year which required swift action to mitigate the extraordinary challenges faced. The Group was quick to react to the Covid-19 outbreak, implementing various measures to stabilise the business and safeguard and preserve the wellbeing of our people and customers.

Principle 2: Seek to understand and meet shareholder needs and expectations

An open dialogue with shareholders is important to the Group. At both the Group's AGM and separate meetings with institutional shareholders following the publication of the Group's year-end and half-yearly results, the Group seeks to engage with shareholders to better understand their concerns and objectives. Feedback following these meetings is reviewed and analysed by the Board.

The AGM is led by the Chairman, Keith Lassman, and the Board attends. Individual investor meetings are generally attended by the CEO and the Finance Director.

The results of the AGM are announced to the market and uploaded to the Group's website (www. dimt.co.uk/investor-relations).

The point of contact for shareholder liaison is:

Jonny Plant, Chief Executive Officer Tel: 020 7637 1166

Principle 3: Take into account wider stakeholder and social responsibilities and their implications for long- term success.

The Group recognises the importance of good relations with stakeholders, both internal and external and we strive to improve and develop this. Feedback on how we perform as a Group and how we can improve is the key to its success.

Customers

We have invested in systems which allow us to access customer feedback on a daily basis, allowing us to harness the opinions of thousands of customers each month. Through our developing systems, we now know more about our customers and importantly what they like and want when dining out. We will continue to leverage this improved knowledge to test menu development, promotional activity and continue to build loyalty to the brands.

Consumer tastes and habits are continually changing and the ability to keep pace with the demands of the consumer is integral to long term growth. The Group has invested in increasing the level of feedback received from customers using several channels, including mini wi-fi surveys in-store, a detailed customer feedback system and technology to collate online opinions. The Group has increased social media and marketing engagement and continually reviews ways of improving customer engagement. Offering new menu items on our menu is a key focus, however, due to lockdown and dine in restrictions, the focus during 2020 was on a reduced menu and offering products that worked well for delivery/takeout.

Employees

We ask our employees to complete an engagement survey bi-annually. The senior management team reviews the feedback and implements changes where appropriate. Also, managers are invited to roadshows; in 2020, we held one roadshow pre the pandemic, and 2019, we held two.

We continuously review and improve our teams' training to ensure development and engagement and ensure an exceptional customer experience. We believe that this focus has been a key driver of significant improvements in our staff retention over the last three years. Although the challenges of the last year have made it impossible to meaningfully measure retention, we remain confident of seeing increased returns in both engagement and retention over the next year. We have had significant engagement with our e-learning platform that launched at the end of 2019; this has ensured new employees receive the information they need for their role as well as an overview of the Group, our culture and the opportunities we offer new employees. Also, we have utilised the platform to provide a general wellbeing module and a module specifically aimed at promoting wellbeing during the pandemic. It has also enabled us to prepare our teams for returning to work with modules about how to work in a Covid-19 secure environment.

As one of the few hospitality businesses to have been awarded 'employer provider' apprenticeship status by the Education and Skills Funding Agency ("ESFA") we have had a significant proportion of our apprentices complete their apprenticeship with almost all our learners on track to finish in the next two to three months. The majority have achieved the highest grade possible of distinction. We believe that offering high class apprenticeships will be a significant strength in attracting and retaining strong teams.

Currently, we have five apprenticeship programmes available, ranging from level 2 to level 4. This will allow us to pro-actively respond to current and future skills shortage in our sector by providing a comprehensive career pathway from entry-level to general management and beyond.

This year has highlighted more than ever the importance of wellbeing. To support this, we use our management newsletter to regularly emphasise the importance of caring for their own and their teams' wellbeing. We have used the newsletter to provide posters, advice, and packs to assist general managers in supporting their teams. We also have a module within all of our apprenticeship programmes which focuses on mental health and wellbeing. This information is then filtered by learners into the rest of the organisation. As mentioned above we also have a wellbeing module that is mandatory for all of our General Managers and optional for all of our staff. This continues to be a big focus for us in 2021.

Also, we have several customer-focused training courses at all levels across the business. This has also linked in with a sophisticated system for tracking customer experience across our estate.

Due to Brexit we have ensured our EU employees are aware of the need to apply for their settled status and have included information from the Home Office in a number of staff newsletters. We were preparing for the tightened labour market by investing in training and career developments such as apprenticeships.

Diversity

We continue to work to create and maintain a caring and open environment. To this end, we are delighted that our mean Gender Pay Gap (GPG) has fallen to 7% down from 11% in 2018 and is over 10 percentage points better than the National Average (17%). However, we are not complacent and continue to work to understand the reasons for our gap.

Our Gender Pay Gap is explained by the difference in roles that males and females fulfil within the business. 81% of our back of house teams are male, and these tend to be higher-paid roles, this is also reflected in the fact that our upper pay quartile is 70% male because of the dominance of kitchen roles in this quartile. Unfortunately, this bias is typical across our industry. We are pleased however that our restaurant management teams are very evenly representative of both genders, with a female majority of 58%.

The Group does not have an equal pay problem. The action that we noted coming out of our last GPG was to increase the proportion of females within our back of house roles. This is still a key focus, but we are delighted that the proportion of females in our kitchen team has risen from 14% to 19%. We recognise that there is still significant room for improvement and whilst this is an industry wide issue, we aim to be a leader for improvement in this area. A key focus as an employer is to ensure our kitchen career paths are attractive to the widest possible group of people.

In addition, we continue to have the privilege of having a highly diverse workforce. This allows us to make sure we can attract the most talented employees regardless of background. This includes applications from disabled persons which are given full consideration providing the disability does not seriously affect the performance of their duties. Such persons, once employed, are given appropriate training and equal opportunities.

Equality and diversity training is a mandatory course for all general managers.

Communication

Additionally, we believe having open communication lines between leadership and the team, and team to leadership is key to our success. We have implemented communication structures that allow us to more effectively and efficiently consult with our team and effect change within our restaurants. This also increases the availability of feedback to the leadership team. We also send out weekly newsletters to all of our managers, which allows us to update on all changes, share best practice, celebrate success, and highlight learning and development opportunities for our managers and teams. To support communication with our wider teams during lockdown we used a Facebook page to host live quizzes, run our own "Tasty Bake off", and keep up to date with one another. We have also trialled Yapster "a mobile communications platform to align and inspire hard-to-reach colleagues".

Modern day slavery

As part of our Group mission to "Do the Right Thing for our People, Customers and Suppliers" we oppose modern slavery in all its forms and will try to prevent it by any means that we can. We expect anyone who has any suspicions of modern slavery in our business or our supply chain to raise their concerns with us without delay.

We are committed to conducting our business activities with integrity and holding ourselves to a high ethical standard. To this end we have implemented an Anti-Slavery policy which will be reviewed annually. Our policy is available on the Wildwood website: https://wildwoodrestaurants.co.uk/terms/. This policy aims to minimise the risk of modern-day slavery within our restaurants or our extensive supply chain.

Suppliers

We have built up a close relationship with most of our suppliers over a number of years and have a good understanding of our mutual business needs. To date, the Group has not had any significant supply issues due to Brexit to date.

Principle 4: Embed effective risk management, considering both opportunities and threats, throughout the organisation

Audit, risk and internal control financial and non-financial controls

The Board has overall accountability for ensuring that risk is effectively managed across the Group and the Audit Committee has responsibility for reviewing the effectiveness of the Group's risk processes. The Board has overall responsibility for the Group's policies and procedures and for ensuring that they are in line with regulations and are sufficiently robust to ensure appropriate internal controls are maintained, while also providing a suitable framework within which the Group's function can operate.

The Group, in common with all businesses, could be affected by risks and uncertainties that may have a material effect on its business operations and achieving its strategic objectives including its business model, future performance, solvency or liquidity. Similarly, the risk management process and systems of internal control are designed to manage rather than eliminate the risk of failures to achieve the Group's objectives. Where possible, the Group seeks to mitigate these risks through these internal controls, but this can only provide reasonable, and not absolute, assurance against material misstatement or loss.

The Group has established internal financial controls, the effectiveness of which is regularly reviewed by the executive Board and the Audit Committee, in light of an ongoing assessment of significant risks facing the Group.

The Directors utilise a large number of detailed performance indicators to manage the business.

- The Board is responsible for reviewing and approving overall Group strategy, approving budgets, plans and capital expenditure, and for determining the financial structure of the Group including treasury, tax and dividend policy (if applicable). Weekly and monthly results and variances from plans and forecasts are reviewed by the Board.

- The Audit Committee assists the Board in discharging its duties regarding the financial statements, accounting policies and the maintenance of proper financial controls. The Board liaises with the Group's auditors in respect of both the half-yearly and year-end results.

- Procedures are in place for budgeting and planning, for monitoring and reporting to the Board business performance against those weekly and monthly budgets and plans, and for forecasting expected performance over the remainder of the financial period. These cover profits, cash flows, capital expenditure and balance sheets. Weekly and monthly results are reported against budget and compared with prior periods, and forecasts for the current financial year are regularly revised in light of actual performance. Both weekly and daily figures are circulated to the Board.

The Group also has in place other internal controls which are appropriate for the size, complexity and risk profile of the Group. The principal elements of the Group's internal control system include:

- close management of the day-to-day activities of the Group by the Executive Directors;
- a structure with defined levels of responsibility, which promotes decision-making and rapid implementation while minimising risks;
- central control over key areas such as capital expenditure authorisation and banking facilities; and
- whilst there is no dedicated control manager there are clearly defined roles, responsibilities and practices to ensure that compliance is adhered to.

The Group continues to review its system of internal controls to ensure compliance with best practice, while also having regard to its size and the resources available. They also investigate any significant breaches of control and recommend how to prevent such breaches in future. As part of the Group's review a number of non-financial controls covering areas such as regulatory compliance, business integrity, health and safety, risk management, business continuity and corporate social responsibility (including ethical trading, supplier standards, environmental concerns and employment diversity) have been assessed. The key elements of those non-financial controls are set out below.

Standards and policies

The Board is committed to maintaining appropriate standards for all the Group’s business activities and ensuring that these standards are set out in written policies.

Approval process

All material contracts are required to be reviewed and signed by a Director of the Group and, where necessary, legal advice is obtained.

Re-assessment

The Group has business continuity plans to address key risks that have an immediate impact. Risks facing the business are re-assessed, and potential mitigating actions are considered and implemented to help protect against those risks.

Code of Conduct

Our Code of Conduct includes guidance on anything that is considered inappropriate; (including business integrity, anti-bribery, gifts, bullying, discrimination and racism) they are sent to everyone in the Group and are visible in all workplaces.

Principle 5: Maintaining the Board as a well-functioning, balanced team led by the Chair

The Board comprises a Non-Executive Chairman, Keith Lassman, two Executive Directors, Jonny Plant and Mayuri Vachhani, and one Non-Executive Director, Samuel Kaye. Samuel Kaye is a director with many years' experience in the industry and was joint CEO of the Group until December 2020 when he moved to become a Non-Executive Director. Adam Kaye, former Non-Executive Director, retired from the Board in September 2020. The Board has commenced the search for an additional independent non-executive director..

The Board is satisfied that it has an appropriate balance between independence on the one hand, and knowledge of the Group and sector experience on the other, to enable it to discharge its duties and responsibilities effectively.

All Directors are encouraged to use their independent judgement and challenge all matters, whether strategic or operational. There would be monthly board meetings with supplementary board meetings held as needed in normal circumstances. Since March 2020, following lockdown restrictions imposed by the UK Government, the Board has held weekly board calls which continued for the majority of the year. Almost all of the Board meetings were attended by the full Board and at minimum on a monthly basis. The Board is fully committed to the Group and will contribute hours as required.

The Group has effective procedures in place to monitor and deal with conflicts of interest. The Board is aware of its directors' other commitments and interests, and changes to these commitments and interests are reported to and, where appropriate, disclosed to and agreed with the rest of the Board.

Principle 6: Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities

The Board is satisfied that, between the Directors, it has an effective and appropriate balance of skills and experience, including in the food and beverage sector. All Directors receive regular and timely information on the Group's operational and financial performance. Relevant information is circulated to the Directors in advance of meetings. The business reports weekly and monthly on its headline performance against its agreed budget. The Board reviews the weekly and monthly updates on performance, and any significant variances are examined at each meeting.

The Company's Articles of Association require that one-third of the Directors must retire and, if desired, may stand for re-election by shareholders annually in rotation; and that any new Directors appointed during the year must stand for election at the AGM immediately following their appointment. Two Directors retired and stood for re-election at the AGM in August 2020.

Independent advice

All Directors are able to take independent professional advice in respect of their duties at the Group's expense. In addition, the Directors have direct access to the advice and services of the Group's legal and accounting advisers, and the Nominated Adviser.

Principle 7: Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

Due to the relatively small size of the Group and the Board, there is no formal process to assess the performance of each Board member. However, on an ongoing basis through regular meetings there is an opportunity to discuss development and training needs. Also, as part of this ongoing process the following is reviewed:

- their contribution is relevant and effective;
- that they are committed; and
- where relevant, they have maintained their independence.

Principle 8: Promote a culture that is based on ethical values and behaviours

The Board aims to lead by example and do what is in the best interests of the Group. The culture of the Group is to go the extra mile for customers, suppliers, shareholders and people. In order to grow our customer base, it is vital that all our employees act in a way that reflects the values of the business. Examples of this are:

- supporting local communities events;
- supporting NHS and local hospitals during Covid-19;
- a company wide “Tasty's Run for Heroes” during lockdown to raise money for NHS charities;
- helping local communities during flooding;
- sponsoring charitable events such as 'Tri for life'; and
- group participation in many charitable events.

We have recently abolished plastic straws and committed to a policy recommended by the Humane League.

Principle 9: Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board

Board programme

The Board meets monthly, and prior to the meeting sets an agenda, agreed by all members for discussion at the meeting. Additional meetings are convened should the need arise, and from March 2020, as a consequence of the pandemic, Board meetings have been held weekly Board packs are provided in advance of each meeting to allow time for review beforehand and subsequent discussion at the meeting. Minutes are taken at the meeting to record discussions, actions and resolutions.

Roles of the Board, Chairman and Chief Executive Officer

The Board, which comprises two executive directors and two non-executive directors, one of whom is independent, is responsible for the long-term success of the Group. The Board is responsible for overall Group strategy; approval of major investments; approval of the annual and interim results; annual budgets and Board structure. It monitors the exposure to key business risks and reviews the strategic direction of the Group's branches, their annual budgets and their performance in relation to those budgets. There is a clear division of responsibility at the head of the Group. The Chairman is responsible for running the business of the Board. The Chief Executive Officer is responsible for proposing the strategic focus to the Board, implementing it once it has been approved and overseeing the management of the Group through the team.

All Directors receive regular and timely information on the Group's operational and financial performance. Relevant information is circulated to the Directors in advance of meetings. The business reports weekly and monthly on its headline performance against its agreed budget, and the Board reviews the monthly update on performance and any significant variances are reviewed at each meeting. The CEO has weekly meetings and conference calls with the area managers and department heads.

Board committees

The Board is supported by the Audit and Remuneration Committees. Each committee has access to such resources, information and advice as it deems necessary, at the cost of the Group, to enable the committee to discharge its duties.

The Audit and Remuneration Committees comprise the two Non-Executive Directors and are chaired by the Chairman. Other Directors are invited to attend as appropriate and only if they do not have a conflict of interest. The Audit and Remuneration Committees' members meet twice a year.

The Audit Committee receives and reviews reports from management and the auditors relating to the annual and interim accounts and the accounting and internal control systems used by the Group. The Group last tendered the Audit in 2019 and Haysmacintyre LLP were appointed to replace the previous auditors. The external auditors may perform certain non-audit services for the Group. Any such non-audit services require pre-approval by the Audit Committee and are only permitted to the extent allowed by relevant laws and regulations. During the period ended 29 December 2019, the non-audit services provided by Haysmacintyre LLP primarily related to tax compliance activities and a review of the interim reporting. Full details of auditor's remuneration are shown in note 4 to the Financial Statements.

The Remuneration Committee's principal responsibility is to review the scale and structure of the Executive Directors remuneration and the terms of their service contracts. The Audit Committee receives, and reviews reports from management and the auditors relating to the annual and interim accounts and the accounting and internal control systems used by the Group.

The Remuneration Committee intends that its policy and practice should align with and support the implementation of the Group's strategy and effective risk management for the long term. The policy is intended to motivate the right behaviours and to ensure that any risk created by the remuneration structure is acceptable to the Committee and within the risk appetite of the Board and its strategy.

The Committee considers the expectation of shareholders when setting pay structure and incentive policies. The Committee also considers whether the remuneration package should consist of fixed and variable pay elements.

Principle 10: Communicate how the Group is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

The Group communicates with shareholders through the Annual Report and Accounts, full-year and half-year announcements, the Annual General Meeting (AGM) and one-to-one meetings with significant existing or potential new shareholders.

The Board receives regular updates on the views of shareholders through briefings and reports from the Group's brokers. The Group meets with institutional investors after the half-yearly and year-end results.

Where a significant proportion of votes (e.g. 20% of independent votes) have been cast against a resolution at any general meeting, the Group will on a timely basis, include an explanation of what actions it intends to take to understand the reasons behind that vote result, and, where appropriate, any different action it has taken, or will take, as a result of the vote.

For all historical annual reports and other governance-related material including notices of all general meetings over the last five years please refer to our website https://dimt.co.uk/investor-relations/profile/

Statement of directors' responsibilities

The Directors are responsible for preparing the strategic report, 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 Group and Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 the Company and of the profit or loss of the Group for that period. The Directors are also required to prepare financial statements in accordance with the AIM Rules for Companies issued by the London Stock Exchange.

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 they have been prepared in accordance with IFRSs as adopted by the European Union, 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 Group will continue in business.

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

Website publication

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website (www.dimt.co.uk) in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Independent auditors' report to the members of Tasty plc

Opinion
We have audited the financial statements of Tasty plc (the 'parent company') and its subsidiaries (the 'group') for the 52 week period ended 27 December 2020 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statement of Changes in Equity, the Consolidated and Company Balance Sheet, the Consolidated and Company Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 27 December 2020 and of the group's loss for the period then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; 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 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 as applied to listed entities, 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.

Material uncertainty in relation to going concern
We draw attention to note 1(c) in the financial statements, which indicates that the Group has been impacted by the Covid-19 pandemic. These events or conditions, along with other matters as set forth in note 1(c), indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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. They have concluded that there is a material uncertainty which could cast significant doubt over the going concern status of the Group due to the impact of the Covid-19 pandemic, and we agree that this is adequately disclosed in the Strategic Report and the accounting policies.

Our evaluation of the director's assessment of the entity's ability to continue to adopt the going concern basis of accounting included an assessment of the inherent risks to the Group's business model and how such risks may impact the ability to continue operations over the going concern assessment period, together with a review of the Group's cash flow forecasts. The key risk identified was the uncertainty around future trade due to the Covid-19 pandemic. While there is currently a reopening plan in place, there is a risk that this could be delayed due to further government imposed public health restrictions on the group's trade. A significant delay in the ability to return to indoor dining would negatively impact the group's ability to generate cash to meet its liabilities and a potential future breach of covenants.

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

Independent auditors' report to the members of Tasty plc

An overview of the scope of our audit

As the Group comprises a parent holding company and one trading subsidiary the scope of our work was the audit of the financial statements of the Group and its trading subsidiary. The scope of the audit and our audit strategy was developed by using our audit planning process to obtain and update our understanding of the Group, its activities, its internal control environment, and likely future developments. Our audit testing was informed by this understanding of the Group and accordingly was designed to focus on areas where we assessed there to be the most significant risks of material misstatement.

Audit work to respond to the assessed risks was performed directly by the audit engagement team who performed full scope audit procedures on the Parent Company and the Group as a whole.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

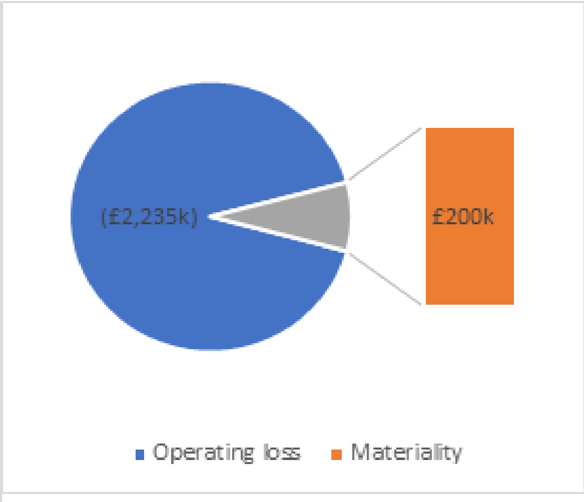
Key audit matter	How we addressed the key audit matter in the audit
Transition to IFRS 16 Note 1(d) IFRS 16 is applicable to financial statements with accounting year ends commencing on or after 1 January 2019 and requires lessees to account for leases 'on-balance sheet' by recognising a 'right-of-use' asset and a lease liability. This is a complex accounting standard, requiring significant elements of judgement and applies to highly material areas of the financial statements. Also as a result of the first-time adoption there is increased complexity and a further increased risk of material misstatement. We therefore identified the adoption of IFRS 16 as a significant risk, and a key audit matter.	Our audit work included, but was not restricted to: • Reviewing management's adoption and accounting for IFRS 16. • Testing management's model for the transition to IFRS 16 including, the consideration of the model used, the challenge of judgements and estimates applied in the calculations, the assessment of the incremental cost of borrowing rates applied and the practical expedients that were taken were in accordance with the accounting standard. • Verifying the arithmetically accuracy and integrity of the transition model. • Testing that key terms have been accurately extracted from the lease agreements and inputted into the model. • The performance of procedures to assess completeness to consider whether all applicable leases have been appropriately identified.

Impairment of property, plant and equipment and right of use assets Note 2(d)/ 13 For the period ended 27 December 2020 management assessed for indicators of impairment in each of the cash-generating units (CGU's) which is each of the restaurant sites. The process for measuring and recognising impairment under International Accounting Standard (IAS) 36 'Impairment of Assets' is complex and highly judgemental. Significant management judgement and estimation uncertainty is involved in this area. Given the value of the tangible fixed assets and the impact of trading restrictions due to Covid-19 we consider this to be a significant risk and a key audit matter.	Our audit work included, but was not restricted to, the following: • The assessment of whether disclosures made in the financial statement relating to IFRS 16 are appropriate. • The assessment of Management's impairment review process and the consideration and challenge of Managements' assumptions. • The review of each cash generating unit for indicators of impairment and assessment of whether all sites showing risk indicators were considered in the impairment assessment. • The verification of the arithmetically accuracy and integrity of the value in use model prepared by management. • The review and assessment of cash flows as forecast by Management and as used in their calculations of the value in use of the assets. • The assessment and challenge of assumptions used in the impairment calculation with reference to data such as historic results, market trends and future expectations. • The assessment of the appropriateness of the growth and discount rates used by Management and the challenge of Management of those that fell outside of our expectations. • The assessment of whether disclosures made in the financial statement relating to impairments are appropriate.

Our application of materiality

The scope and focus of our audit was influenced by our assessment and application of materiality. We define materiality as the magnitude of misstatement that could reasonably be expected to influence the readers and the economic decisions of the users of the financial statements. We use materiality to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole.

The materiality for the Group financial statements as a whole was set at £200,000 (29 December 2019 – £130,000). This was determined as being 7% of draft operating loss before highlighted items.



Operating loss before highlighted items has been selected as a benchmark because it is a Key Performance Indicator of the Group and stakeholders are principally interested in the underlying performance of the group.

Materiality was reassessed during the audit and following reclassifications to items included as highlighted items it was considered reasonable to maintain materiality as £200,000.

We have determined Parent Company materiality to be the same level as the Group. As the Parent company is a holding company materiality was initially based on 2% of gross assets, but this exceeded the Group level, and therefore was capped

On the basis of our risk assessment and review of the Group's control environment, performance materiality was set at 65% of materiality, being £130,000 (29 December 2019 – 75% of materiality being £97,500).

The reporting threshold to the audit committee was set as 5% of materiality, being £10,000 (29 December 2019 – £6,500). If, in our opinion in differences below this level warranted reporting on qualitative grounds, these would also be reported.

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 directors' report for the financial period 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 or the directors' 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 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 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 directors either intend to liquidate the group or the parent 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.

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:

Independent auditors' report to the members of Tasty plc

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to regulatory requirements in respect of employment law, including but not limited to minimum wage regulation, foods standards requirements, and alcohol licencing. We considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, income tax, payroll tax and sales tax.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting inappropriate manual journal entries to revenue and the risk of management bias in accounting estimates. Audit procedures performed by the engagement team included:

− Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
− The evaluation of management's controls designed to prevent and detect irregularities;
− The identification and review of manual journals, in particular journal entries which shared key risk characteristics; and
– The review and challenge of assumptions, estimates and judgements made by management in their recognition of accounting estimates.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

Tom Stock FCA (Senior Statutory Auditor)
10 Queen Street Place
For and on behalf of Haysmacintyre LLP, Statutory Auditors
London
Date
EC4R 1AG

Consolidated statement of comprehensive income

for the 52 weeks ended 27 December 2020

	Note	52 weeks ended 27 December 2020 £'000	52 weeks ended 29 December 2019 £'000
Revenue	3	**24,228**	44,573
Cost of sales		**(30,330)**	(43,921)
Gross (loss)\ profit		**(6,102)**	652
Other income	3	**5,413**	245
Total operating expenses		**(9,328)**	(949)
Operating loss before highlighted items		**(2,235)**	(502)
Highlighted items	5	**(7,782)**	450
Operating loss	4	**(10,017)**	(52)
Finance income	6	**4**	8
Finance expense	6	**(2,548)**	(222)
Loss before income tax		**(12,561)**	(266)
Income tax	9	**(105)**	-
Loss and total comprehensive loss for the period		**(12,666)**	(266)
Loss per share			
Basic and diluted	10	**(8.98p)**	(0.23p)

The notes on pages 39 to 75 form part of these financial statements.

Consolidated statement of changes in equity

for the 52 weeks ended 27 December 2020

	Share capital £'000	Share premium £'000	Merger reserve £'000	Retained earnings £'000	Total £'000
Balance at 30 December 2018	5,980	21,376	992	(17,792)	10,556
Issue of ordinary shares	81	3,170	-	-	3,251
Cost of placing of ordinary shares	-	(295)	-	-	(295)
Total comprehensive loss for the period	-	-	-	(266)	(266)
Share based payments	-	-	-	40	40
Balance at 29 December 2019	6,061	24,251	992	(18,018)	13,286
Cost of issue of ordinary shares	-	-	-	(68)	(68)
Total comprehensive loss for the period	-	-	-	(12,666)	(12,666)
Share based payments	-	-	-	44	44
Balance at 27 December 2020	6,061	24,251	992	(30,708)	596

The notes on pages 39 to 75 form part of these financial statements.

Company statement of changes in equity

for the 52 weeks ended 27 December 2020

	Share capital £'000	Share premium £'000	Retained profit £'000	Total £'000
Balance at 30 December 2018	5,980	21,376	(16,826)	10,530
Issue of ordinary shares	81	3,170	-	3,251
Cost of placing of ordinary shares	-	(295)	-	(295)
Total comprehensive loss for the period	-	-	(3,056)	(3,056)
Share based payments	-	-	40	40
Balance at 29 December 2019	6,061	24,251	(19,842)	10,470
Cost of issue of ordinary shares	-	-	(68)	(68)
Total comprehensive loss for the period	-	-	(3,254)	(3,254)
Share based payments	-	-	44	44
Balance at 27 December 2020	6,061	24,251	(23,120)	7,192

The notes on pages 39 to 75 form part of these financial statements.

Consolidated balance sheet

At 27 December 2020

	Note	27 December 2020 £'000	29 December 2019 £'000
Non-current assets			
Intangible assets	12	**26**	352
Property, plant and equipment	13	**15,572**	14,570
Right-of-use assets	1(d)/13	**39,811**	-
Pre-paid operating lease charges	14	**-**	573
Other non-current assets	17	**129**	197
		55,538	15,692
Current assets			
Inventories	16	**1,822**	2,650
Trade and other receivables	17	**1,363**	3,148
Pre-paid operating lease charges	14	**-**	50
Cash and cash equivalents		**8,028**	4,570
		11,213	10,418
Assets held for sale	31	**-**	800
Total assets		**66,751**	26,910
Current liabilities			
Trade and other payables	18	**(10,617)**	(7,834)
Lease liabilities	1(d)	**(2,904)**	-
Borrowings	21	**-**	(800)
		(13,521)	(8,634)
Non-current liabilities			
Provisions	19	**(335)**	(2,783)
Lease incentives		**-**	(1,227)
Lease liabilities	1(d)	**(52,219)**	-
Long-term borrowings	21	**-**	(852)
Other Payables	18	**(80)**	(128)
		(52,634)	(4,990)
Total liabilities		**(66,155)**	(13,624)
Total net assets		**596**	13,286
Equity			
Share capital	22	**6,061**	6,061
Share premium	23	**24,251**	24,251
Merger reserve	23	**992**	992
Retained deficit	23	**(30,708)**	(18,018)
Total equity		**596**	13,286

The financial statements were approved by the Board of Directors of the Company and authorised for issue on 6 April 2021 and signed on their behalf by Daniel Jonathan Plant.

The notes on pages 39 to 75 form part of these financial statements.

Company balance sheet

At 27 December 2020

Company number: 5826464

	Note	27 December 2020 £'000	29 December 2019 £'000
Non-current assets			
Investments	15	**3,214**	3,170
Other non-current assets	17	**3,978**	7,300
Total net assets		**7,192**	10,470
Equity			
Share capital	22	**6,061**	6,061
Share premium	23	**24,251**	24,251
Retained deficit	23	**(23,120)**	(19,842)
Total equity		**7,192**	10,470

The Parent Company, Tasty plc, has taken advantage of the exemption in s 408 of the Companies Act 2006 not to publish its own income statement. The Parent Company made a loss of £3.2m (2019 – loss of £3.1m) for the period. The Parent Company has not recognised leases under IFRS 16 in its balance sheet as management have concluded that the substance of the leases is held by the subsidiary, Took Us A Long Time Ltd ("TUALT") and recognised within its Company accounts (page 42).

The financial statements were approved by the board of directors of the Company and authorised for issue on 6 April 2021 and signed on their behalf by Daniel Jonathan Plant.

The notes on pages 39 to 75 form part of these financial statements.

Consolidated cash flow statement

For the 52 weeks ended 27 December 2020

	Note	52 weeks ended 27 December 2020 £'000	52 weeks ended 29 December 2019 £'000
Operating activities			
Cash generated from operations	29	**7,575**	2,226
Corporation tax received		**(105)**	-
Net cash inflow from operating activities		**7,470**	2,226
Investing activities			
Proceeds from sale of property, plant and equipment		**2,039**	508
Purchase of property, plant and equipment		**(120)**	(453)
Interest received		**4**	8
Net cash inflow from investing activities		**1,923**	63
Financing activities			
Net proceeds from issues of ordinary shares		**-**	2,956
Bank loan repayment	30	**(1,652)**	(4,765)
Interest paid		**(2,548)**	(222)
Principal paid on lease liabilities	30	**(1,735)**	-
Net cash used in from financing activities		**(5,935)**	(2,031)
Net increase in cash and cash equivalents		**3,458**	258
Cash and cash equivalents brought forward		**4,570**	4,312
Cash and cash equivalents as at the end of the period		**8,028**	4,570

The notes on pages 39 to 75 form part of these financial statements.

Company cash flow statement

For the 52 weeks ended 27 December 2020

	Note	52 weeks ended 27 December 2020 £'000	52 weeks ended 29 December 2019 £'000
Operating activities			
Cash generated from operations		-	-
Corporation tax paid		-	-
Net cash outflow from operating activities		-	-
Investing activities		-	-
Purchase of property, plant and equipment		-	-
Net cash in flow / (used in) investing activities		-	-
Financing activities			
Net proceeds from issues of ordinary shares		-	-
Net cash flows used in financing activities		-	-
Net increase in cash and cash equivalents		-	-
Cash and cash equivalents brought forward		-	-
Cash and cash equivalents as at the end of the period		-	-

The notes on pages 39 to 75 form part of these financial statements.

Notes

forming part of the financial statements for the 52 weeks ended 27 December 2020

1 Accounting policies

Tasty plc is a public listed company incorporated and domiciled in England and Wales. The Company's ordinary shares are listed on AIM. Its registered address is 32 Charlotte Street, London, WC1T 2NQ.

(a) Statement of compliance

These financial statements of the Group and Company have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRS) issued by the International Accounting Standards Board (IASB) as adopted by European Union ("adopted IFRSs"). These financial statements have also been prepared in accordance with those parts of the Companies Act 2006 that are relevant to companies that prepare their financial statements in accordance with IFRS.

(b) Basis of preparation

The financial statements cover the 52 week period ended 27 December 2020, with a comparative period of the 52 week period ended 29 December 2019. The financial statements are presented in sterling, rounded to the nearest thousand and are prepared on the historical cost basis. Accounting policies of the Company are consistent with the policies adopted by the Group.

(c) Going concern

As at 27 December 2020, the Group had net assets of £0.6m (2019: £13.3m). The Group meets its day-to-day working capital requirements through the generation of operating cashflow, equity raise and bank finance. The Group's principal sources of funding are:

- Issues of ordinary share capital in the Company on AIM.
- a £1.25m, four year term loan from its existing bankers, Barclays Bank plc (the "Facility"), in order to strengthen its balance sheet and provide additional working capital support. The Facility was drawn down in January 2021. The Facility has a capital repayment holiday of 12 months and carries interest at a rate of 4.5% per annum over the Bank of England Base Rate, following drawdown. The Group has also secured a £250,000 overdraft facility.

Covid-19 has led to a high level of uncertainty within the UK economy in general and has had a devastating impact on the hospitality industry in particular following the initial Government announcement requiring the closure of all restaurants from 20 March 2020 for the first lockdown. Action was immediately taken to minimise costs and cash outflows, including use of the Government's Job Retention Scheme to furlough all restaurant employees. During the first lockdown, 98% of staff had been furloughed on the Government's Job Retention Scheme. The Directors' and head-office staff salaries were also reduced while sites remained closed. Rates relief and grants have been received where relevant. Currently the majority of staff which are eligible are on flexible furlough.

1 Accounting policies (continued)

The Group experienced a positive level of sales during August 2020 due to initiatives and pent-up demand. This positive trading was short-lived as stricter measures were imposed in September 2020, including the 10 pm curfew, "work from home if you can", and followed by subsequent lockdowns and tier system. However, with the vaccination programme on target, staycation demand, and the prediction of a "surge" in the economy, we hope that the future will be more promising once lockdown ends. However, this will depend on when we can return to some kind of "normal". With the latest Government announcements, we will open outdoor spaces where feasible in April and a gradual opening of dine-in from May; although the timing is subject to change depending on infection levels and the progress of the vaccination programme. Trading outside of lockdown has been encouraging, and we look forward to a promising period after lockdown ends.

Discussions are also continuing with landlords and trade creditors to reduce current and future liabilities. The Group monitors cash balances and prepares regular forecasts, which are reviewed by the Board. These forecasts include our best estimates and judgements based on currently available information and Government announcements. Judgement is particularly required as to the expected level of future trade and forecast reopening dates of our sites, which as above, we expect a gradual opening of dine-in from May 2021.

Having reviewed the updated forecast and given the ability of the Group to manage costs, utilise government support, the bank loan and other available measures, including ongoing discussions with landlords, the Directors believe that it remains appropriate to prepare the financial statements on a going concern basis. However, the combined circumstances and risk that the mitigating actions available to the Directors are not sufficient represent a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and, therefore, to continue realising their assets and discharging their liabilities in the normal course of business.

(d) Changes in accounting policies and disclosures

New standards, amendments to standards or interpretations adopted by the Group
IFRS 16 'Leases' (effective January 2019)

Impact on Lessee accounting

Effective for periods starting on or after 1 January 2019, IFRS 16 has replaced IAS 17 and IFRIC4 (Determining whether an arrangement contains a lease).

The change in definition of a lease mainly relates to the concept of control. IFRS 16 distinguishes between leases and service contracts on the basis of whether the use of an identified asset is controlled by the customer. Control is considered to exist if the customer has:

- The right to obtain substantially all of the economic benefits from the use of an identified asset; and
- The right to direct the use of that asset in exchange for consideration.

The Group adopted IFRS 16 for its period starting 30 December 2019 using the modified retrospective approach on transition, recognising leases at the carried forward value had they been treated as such from inception, without restatement of comparative figures. On adoption of IFRS 16, the Group recognised right-of-use assets and lease liabilities in relation to the restaurant sites it leases for its business . The remaining average length of the lease is 13 years. Up to 29 December 2019 the Group classified leases as finance or operating leases under IAS17: leases and payments made under operating leases (net of any incentives received from the lessor) were charged to profit and loss on a straight-line basis over the period of the lease.

When applying IFRS 16, the group applied the following practical expedients on transition date:

- Reliance on the previous identification of a lease (as provided by IAS 17) for all contracts that existed on the date of initial applications;
- Exclusion of initial direct costs from the measurement of the right-of-use asset as the date of initial application.

The change in accounting policy affected the following items in the balance sheet on 30 December 2019:

- Right-of-use assets (“ROU”) - increased by £55.1m
- Lease liabilities - increased by £57.4m

Right-of-use assets are measured on transition at an amount equal to the minimum lease liability at the date of initial application and adjusted for an onerous lease provision of £2.8m and a lease incentive of £1.3m. In addition, £0.6m was reclassified from prepaid operating lease to ROU.

The recognised right-of-use assets all relate to property leases. During the period ended 27 December 2020 the Group made a provision for impairment of the right-of-use assets against a number of sites totalling £10.0m. The right-of-use assets as at 27 December 2020 were £39.8m.

Lease liabilities are measured on transition at the carried forward present value of the remaining lease payments discounted using the Group’s incremental borrowing rate of 4.5% plus the Bank of England base rate of 0.1%. Lease liabilities are measured on transition at the present value of the minimum lease payments discounted using the incremental borrowing rate associated with the lease. This was identified as 4.6%. The lease liabilities as at 27 December 2020 were £55.1m.

Included in profit and loss for the period is £3.6m depreciation of right-of-use assets and £2.5m financial expenses on lease liabilities.

The Group’s leases are held across Tasty plc or Took Us Long Time Ltd (“TUALT”). In determining where the assets and liabilities should be accounted for, we have reviewed which entity derives the benefit and rights to use the asset. In assessing this we have reviewed where the trade occurs, where staff are employed and where day to day activity is managed from. We have concluded that the substance of the lease is that it is held by TUALT and accordingly recognised the lease liabilities within the TUALT company accounts.

The lease liabilities recognised in TUALT but in the name of Tasty plc totalled £44m at 27 December 2020. Accordingly, this balance represents a contingent liability for the Company only.

Impact on Lessor accounting

Under IFRS 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently.

Notes

forming part of the financial statements for the 52 weeks ended 27 December 2020

1 Accounting policies (continued)

Based on an analysis of the Group's operating leases as at 27 December 2020 on the basis of the facts and circumstances that exist at that date, the Directors of the Group have assessed that the impact of this change has not had any impact on the amounts recognised in the Group's consolidated financial statements.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low value assets. The Group recognises these payments as an expense on a straight-line basis over the lease term. Currently the Group has no low value assets or short term leases.

Amounts Recognised in the Balance Sheet

	52 weeks ended 27 December 2020 £'000	52 weeks ended 29 December 2019 £'000
Right-of-use assets		
Recognition of adoption of IFRS 16	**55,119**	-
Reassessment of leases	**(814)**	-
Reassessment due to disposal	**(859)**	
Provided for the period	**(3,592)**	-
Impairment of right-of-use assets	**(10,043)**	-
At 27 December 2020	**39,811**	-
Lease liabilities		
Recognition of adoption of IFRS 16	**(57,408)**	-
Reassessment in 2020	**814**	-
Reassessment due to disposal	**1,039**	
Interest	**(2,514)**	-
Lease payment	**2,946**	-
At 27 December 2020	**(55,123)**	-
Current	**(2,904)**	-
Non-current	**(52,219)**	-
At 27 December 2020	**(55,123)**	-

Notes
forming part of the financial statements for the 52 weeks ended 27 December 2020

1 Accounting policies (continued)

Lease liabilities under IFRS 16

Adjustments Recognised on Adoption of IFRS 16

	£'000
Operating lease commitments disclosed at 29 December 2019	
Within one year	5,488
Within two to five years	20,647
Over five years	57,499
Total operating lease liabilities disclosed at 29 December 2019	83,634
Effect of discounting	(26,226)
Lease liabilities under IFRS 16	57,408

Amounts Recognised in the Income Statement

	52 weeks ended 27 December 2020 £'000	52 weeks ended 29 December 2019 £'000
Depreciation charge of right-of-use assets	**3,592**	-
Interest expense (included in finance cost)	**2,514**	-
	6,106	-

Note the Group has elected to use the modified retrospective approach on transition, without restatement of comparative figures.

1 Accounting policies (continued)

New standards, amendments to standards or interpretations not yet adopted by the Group

The following new standards, amendments to standards or interpretations are mandatory for the first time for the financial year beginning 1 January 2020. No standards have been early adopted by the Company.

Definition of Material – Amendments to IAS 1 and IAS 8 (effective 1 January 2020)

The IASB has made amendments to IAS 1, 'Presentation of Financial Statements', and IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', which use a consistent definition of materiality throughout International Financial Reporting Standards and the Conceptual Framework for Financial Reporting, clarify when information is material and incorporate some of the guidance in IAS 1 about immaterial information.

In particular, the amendments clarify:

a) That the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the financial statements as a whole, and;

b) The meaning of 'primary users of general purpose financial statements' to whom those financial statements are directed, by defining them as 'existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of the financial information they need.

The amendment is not expected to have any impact on the Group.

(e) Basis of consolidation
The consolidated financial statements incorporate the results of the Company and its subsidiary, Took Us A Long Time Limited. The accounting period of the subsidiary is co-terminous with that of the parent undertaking.

(f) Revenue
The Group's revenue is derived from goods and services provided to the customers with revenue recognised at the point in time when control of the goods has transferred to the customer. Control passes to the customers at the point at which food and drinks are provided and the Group has a present right for payment.

(g) Other income
Included in Other income is the rental income from operating leases. Rental income is recognised in the period to which it relates, and rent free periods would be spread over the terms of the lease. The cost of these leases is included within the cost of sales. The Group has received Government grants in relation to the Coronavirus Job Retention Scheme ("CJRS") and "Retail and Hospitality Business Grants", provided by the Government in response to Covid-19's impact on the business. In accordance with IAS 20 (Accounting for Government Grants and Disclosure of Government Assistance) guidelines, the Group has recognised the salary expense as normal and recognised the CJRS grant income in profit

1 Accounting policies (continued)

and loss as the Group becomes entitled to the grant. "Retail and Hospitality Business Grants" are not recognised until there is reasonable assurance that the Group would qualify and meet the conditions attaching to them.

(h) Retirement benefits: Defined contribution schemes
Contributions to defined contribution pension schemes are charged to the consolidated income statement in the period to which they relate.

(i) Share based payments
The Group operates a number of equity-settled share-based payment schemes under which share options are granted to certain employees. Options granted to employees are measured at fair value at the date of grant and the fair value is charged to the statement of comprehensive income over the vesting period. Fair value is measured using the Black-Scholes or binomial model. In determining fair value, no account is taken of any vesting conditions, other than conditions linked to the price of the Group's shares (market-based conditions).

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided all other conditions are satisfied. The fair value determined at the grant date is then expensed on a straight line over the vesting period, based on the directors' best estimate of the number of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions. The movement in the cumulative expense since the previous balance sheet date is recognised in the Income Statement, with the corresponding movement taken to equity.

Where the terms and conditions of options are modified before they vest or where options have been cancelled and reissued with modified terms, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the income statement over the remaining vesting period. Where options have been cancelled and no re-issue made, the remaining expense is recognised in the period the option was cancelled.

The grant by the parent Company of options over its equity instruments to the employees of its subsidiary in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

(j) Borrowing costs
Borrowing costs are recognised in the income statement in the period in which they are incurred.

(k) Externally acquired intangible assets
Externally acquired intangible assets are initially recognised at cost and subsequently amortised on a straight-line basis over their useful economic lives. The amortisation expense is included within the cost of sales line in the consolidated income statement.

1 Accounting policies (continued)

The significant intangibles recognised by the Group and their useful economic lives are as follows:

Intangible asset	Useful economic life
Trade marks	10 years

(l) Property, plant and equipment
Items of property, plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses.

Depreciation is provided to write off the cost or valuation, less estimated residual values, of all fixed assets, evenly over their expected useful lives and it is calculated at the following rates:

Leasehold improvements	over the period of the lease
Fixtures, fittings and equipment	10% per annum straight line
Computers	20% per annum straight line

Property, plant and equipment are reviewed for impairment in accordance with IAS 36 Impairment of Assets, when there are indications that the carrying value may not be recoverable. Impairment charges are recognised in the statement of comprehensive income. See note 2(d) for further details.

(m) Non-current assets held for sale
Non-current assets are classified as held for sale when the Board plans to sell the assets and no significant changes to this plan are expected. The assets must be available for immediate sale, an active programme to find a buyer must be underway and be expected to be concluded within 12 months with the asset being marketed at a reasonable price in relation to the fair value of the asset.

Non-current assets classified as held for sale are measured at the lower of their carrying amount immediately prior to being classified as held for sale and fair value less costs of disposal. Following their classification as held for sale, non-current assets are not depreciated.

(n) Provisions
In the period to 29 December 2019, Provisions for onerous contracts were recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligation under the contract. Estimates had been made with respect to the time to exit and associated costs, for example lease incentives which may be required to be paid as part of the sublet process. Judgement is required by management when making such estimates. In the period to 27 December 2020, the Group has recognised a provision for dilapidations for a number of sites, where the need to carry out the work has been identified but a full survey and commission has not been undertaken and therefore management has applied their judgment in determining the provision.

1 Accounting policies (continued)

(o) Loans and receivables

These assets arise principally from the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The Group's loans and receivables comprise trade and other receivables and cash and cash equivalents in the balance sheet. The Company's loans and receivables comprise only inter-Company receivables. Cash and cash equivalents include cash in hand and deposits held with banks.

(p) Apprenticeship funding and levy

The payments made under the levy represent a prepayment for training services expected to be received and is recognised as an asset until the receipt of the service. When the training service is received, an appropriate expense is recognised. The grant income is deferred until apprentices receive training under the rule of the scheme and we are satisfied that we have fully complied with the scheme. We have applied an element of judgement until a full inspection is carried out.

(q) Financial liabilities

Financial liabilities include trade payables, accrued lease charges, other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost.

Bank borrowings are initially recognised at fair value and are subsequently measured at amortised costs using the effective interest method. Interest expense includes initial transaction costs and any premium payable on redemption as well as any interest payable while the liability is outstanding.

Notes

forming part of the financial statements for the 52 weeks ended 27 December 2020

1 Accounting policies (continued)

(r) Inventories

Raw materials and consumables

Inventories are stated at the lower of cost and net realisable value. Cost comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is based on estimated selling price less costs incurred up to the point of sale.

Crockery and utensils (Smallwares)

Smallware inventories are held at cost which is determined by reference to the quantity in issue to each restaurant. Smallware inventory relates to small value items which have short life spans relating to kitchen and bar equipment. These items are recorded under inventory as they are utilised in providing food and beverage to customers.

(s) Leased assets

Until transition to IFRS 16 on 30 December 2019, leases were classified as finance leases whenever the terms of the lease are such that they transfer substantially all the risks and rewards of ownership to the Group. All other leases were classified as operating leases.

Fixed payments made under operating leases were recognised in the income statement on a straight-line basis over the term of the lease. Contingent rent, such as turnover related rents, were recognised in the income statement as incurred. Incentives to enter into an operating lease were spread on a straight-line basis over the lease term as a reduction in rental expense.

Payments made to acquire operating leases were treated as pre-paid lease expenses and amortised over the term of the lease.

(t) Taxation

Tax on the profit and loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the balance sheet differs from its tax base, except for differences arising on:

- The initial recognition of goodwill
- The initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

Deferred tax is provided using the balance sheet liability method, providing for all temporary differences between the carrying amounts of assets and liabilities recorded for reporting purposes and the amounts used for tax purposes.

Notes

forming part of the financial statements for the 52 weeks ended 27 December 2020

1 Accounting policies (continued)

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities or assets are settled or recovered. Deferred tax balances are not discounted.

(u) Goodwill
Goodwill represents the difference between the fair value of consideration paid and the carrying value of the assets and liabilities acquired. Goodwill arose on acquisition of a group of leases.

Goodwill is stated as originally calculated less any accumulated provision for impairment. Goodwill is allocated to individual CGUs, where each CGU is a restaurant, and is subject to an impairment review at each reporting date.

(v) Investments
Investments in subsidiaries are included in the Company's Statement of Financial Position at cost less provision for impairment.

(w) Share capital
The Company's ordinary shares are classified as equity instruments.

(x) Operating profit
Operating profit is stated after all expenses, but before financial income or expenses. Highlighted items are items of income or expense which because of their nature and the events giving rise to them, are not directly related to the delivery of the Group's restaurant service to its patrons and merit separate presentation to allow shareholders to understand better the elements of financial performance in the year, so as to facilitate comparison with prior periods and to assess better trends in financial performance.

(y) Earnings per share
Basic earnings per share values are calculated by dividing net profit/(loss) for the year attributable to Ordinary equity holders of the parent by the weighted average number of Ordinary shares outstanding during the year.

2 Critical accounting estimates and judgements

The preparation of the Group's financial statements requires management to make certain estimates, judgements and assumptions that affect the reported amount of assets and liabilities, and the disclosure of contingent liabilities at the statement of financial position date and amounts reported for revenues and expenses during the year. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the assets or liability affected in the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below.

Notes

forming part of the financial statements for the 52 weeks ended 27 December 2020

(a) Share based payments (Note 26)

The Group operates equity share-based remuneration schemes for employees. Employee services received and the corresponding increase in equity are measured by reference to the fair value of the equity instruments at the date of grant, excluding the impact of any non-market vesting conditions. The fair value of share options is estimated by using valuation models, such as Black Scholes or binomial on the date of grant based on certain assumptions. Those assumptions are described in note 27 and include, among others, the dividend growth rate, expected volatility, expected life of the options (for options with market conditions) and number of options expected to vest.

(b) Accruals (Note 18)

In order to provide for all valid liabilities which exist at the balance sheet date, the Group is required to accrue for certain costs or expenses which have not been invoiced and therefore the amount of which cannot be known with certainty. Such accruals are based on management's best estimate and past experience. Delayed billing in some significant expense categories such as utility costs can lead to sizeable levels of accruals. The total value of accruals as at the balance sheet date is set out in note 18.

(c) Useful lives of Right-of-use assets, property, plant and equipment (Note 13)

Property, plant and equipment are amortised or depreciated over their useful lives. Useful lives are based on management estimates of the period that the assets will generate revenue, which are periodically reviewed for continued appropriateness. Right-of-use assets are depreciated over the life of the lease. The life of the lease is the minimum committed lease period.

(d) Impairment reviews (Note 13)

In carrying out an impairment review in accordance with IAS 36 it has been necessary to make estimates and judgements regarding the future performance and cash flows generated by individual trading units which cannot be known with certainty. The Group views each restaurant as a separate cash generating unit ("CGU"). Past performance is often used as a guide in estimating future performance, or comparison with similar sites. Where the circumstances surrounding a particular trading unit have changed then forecasting future performance becomes extremely judgemental and for these reasons the actual impairment required in the future may differ from the charge made in the financial statements. When assessing a CGU recoverable amount, the value in use calculation uses a discounted cash flow model which is sensitive to the discount rate and the growth rate used after taking into account potential sale value. The cashflow projections are influenced by factors which are inherently uncertain such as footfall and non-controllable costs such as rates and license costs. The future cashflows are harder to predict due to the pandemic.

All assets (ROU, fixed assets and goodwill) are reviewed for impairment in accordance with IAS 36 Impairment of Assets, when there are indications that the carrying value may not be recoverable. Impairment charges are recognised in the statement of comprehensive income.

All assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the recoverable amount is higher than the carrying amount of the CGU, no further assessment is required. Where the carrying value of an asset or a CGU exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to dispose of the asset), the asset is written down accordingly. In the absence of any information about the fair value of a CGU, the recoverable amount is deemed to be its value in use. Value in use is calculated using cash flows over the remaining life of the lease for the CGU discounted at 6% (2019: 10%), being the rate considered to reflect the risks associated with the CGUs. The discount rate is based on the Group's weighted average cost of capital ("WACC") which is used across all CGUs due to their similar characteristics. This rate is considered more appropriate than the 10% applied to more limited scope impairment reviews in prior years.

In the prior years, we have applied a growth rate across all CGUs, in 2019 this was 3%. This was because in the prior years, each CGU shared similar risks and had similar characteristics. The Covid-19 pandemic has resulted in an increased uncertainty and greater difference in performance across CGUs depending on whether it is located in a residential, city centre, high street or tourist location. The location also impacts when site can resume normal trading. Due to lockdowns in 2021, the forecast cashflow in 2021 is not always indicative of the future cashflows. The cashflow of each CGU has been determined based on management's judgement of future performance based on a combination of historical performance, impact of the pandemic and expected recovery in future years and therefore each CGU's cashflow has been selected on an individual criteria. Management's conservative judgement has been applied in selecting this criteria but full impact of the pandemic has yet to be materialise and therefore 0.5% growth rate (2019 – 3%) has been applied. Included within the cashflow is management's estimate of the capital expenditure in the future years.

(e) Goodwill impairment reviews (Note 12)

The Group determines whether goodwill is impaired on an annual basis and this requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. This involves estimation of future cash flows and choosing a suitable discount rate. Full details are supplied in note 12, together with an analysis of the key assumptions.

(f) Intercompany provision (Note 17)

In carrying out a review of intercompany loan in accordance with IFRS 9 it has been necessary to make estimates and judgements regarding the repayment of the loan by its subsidiary to the Company. A sensitivity analysis has been performed on the repayment of loan value.

(g) Onerous contract provision (Note 19)

In the period to 29 December 2019, the amounts provided were based on expected future rental obligations, legal costs, associated exit costs and potential lease incentives which may be required to be paid as part of the sub-let/surrender process. Significant judgements were used in calculating these provisions and changes to these assumptions or future events could have caused the value of these provisions to change. On transition to IFRS 16 on 30 Dec 2019, the onerous lease provision was removed from the accounts as IFRS 16 does not require this. Provisions for sites are assessed as part of the impairment review with further details in note 2(d).

(h) Crockery and utensils (Smallwares) inventory

The cost of replenishing smallwares is expensed directly through the income statement. Smallwares is recognised at historic cost and tested for impairment on an annual basis. Due to Covid-19 affecting menu and sales and introduction of a simplified menu, some of the smallware items were redundant. We have impaired smallware inventory value to reflect usage.

(i) Lease liabilities (Note 1(d))

The calculation of lease liabilities requires the Group to determine an incremental borrowing rate ("IBR") to discount future minimum lease payments. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR rate of 4.6% therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. As at 27 December 2020, a sensitivity analysis has been conducted on the lease liabilities which shows that increasing the IBR rate by 1% will decrease the lease liability by £3.6m and decrease the right-of-use asset pre-impairment by £3.7m.

(j) Dilapidations provision

The Group has recognised a provision of £0.3m for dilapidations for a number of sites, where the need to carry out the work has been identified but a full survey and commission has not been undertaken and therefore management has applied their judgment in determining the provision. The Group has not made a provision for the costs of restoring the condition of sites at the end of the leases. This is based on management experience and judgement.

(k) Lease recognition

The Group's leases are held across Tasty plc or Took Us Long Time Ltd ("TUALT"). In determining where the assets and liabilities should be accounted for, we have reviewed which entity derives the benefit and rights to use the asset. In assessing this we have reviewed where the trade occurs, where staff are employed and where day to day activity is managed from. We have adjudged that the substance of the lease is that it is held by TUALT and accordingly recognised the lease liabilities within the TUALT company accounts.

3 Revenue, other income and segmental analysis

The Group's activities, comprehensive income, assets and liabilities are wholly attributable to one operating segment (operating restaurants) and arises solely in one geographical segment (United Kingdom). All the Group's revenue is recognised at a point in time.

An analysis of the Group's total revenue is as follows:

	52 weeks ended 27 December 2020 £'000	52 weeks ended 29 December 2019 £'000
Sale of goods and services	**24,228**	44,573
	24,228	44,573

An analysis of the Group's other income is as follows:

	52 weeks ended 27 December 2020 £'000	52 weeks ended 29 December 2019 £'000
Sub-let site rental income	**267**	245
Coronavirus Job Retention Scheme (CJRS) and Business Grants	**5,146**	-
	5,413	245

The Group has received Government grants in relation to the Coronavirus Job Retention Scheme ("CJRS") and Covid-19 Business Grants, provided by the Government in response to Covid-19's impact on the business.

In accordance with IAS 20 (Accounting for Government Grants and Disclosure of Government Assistance) guidelines, the Group has recognised the salary expense as normal and recognised the grant income in profit and loss as the Group becomes entitled to the grant. The CJRS grant and business grants of £5.1m have been recognised within other income. "Retail and Hospitality Business Grants" are not recognised until there is reasonable assurance that the Group would qualify and meet the conditions attaching to them.

4 Operating loss

This has been arrived at after charging	**52 weeks ended 27 December 2020 £'000**	52 weeks ended 29 December 2019 £'000
Staff costs	**14,841**	18,195
Share based payments	**44**	40
Operating lease rentals	**-**	5,496
Amortisation of intangible assets	**3**	3
Depreciation	**4,934**	1,507
Amortisation of prepaid operating leases	**-**	50
Onerous provision utilisation	**-**	(1,024)
Onerous provision charge in the period	**-**	460
Dilapidations provision	**335**	-
Restructure and consultancy	**408**	31
Impairment of smallware inventory due to Covid-19	**400**	-
Impairment of Goodwill	**326**	-
Impairment release of property, plant and equipment	**(2,255)**	-
Impairment of right-of-use assets	**10,043**	-
(Profit)/ loss on disposal of property, plant and equipment	**(1,184)**	43
Auditor remuneration:		
Audit fee - Parent Company	**8**	8
- Group financial statements	**31**	26
- Subsidiary undertaking	**8**	8
Other services – Taxation compliance	**-**	6

5 Highlighted items – charged to operating expenses

	52 weeks ended 27 December 2020 £'000	52 weeks ended 29 December 2019 £'000
Profit/ (loss)on disposal of property, plant and equipment	**1,184**	(43)
Onerous provision utilisation	**-**	1,024
Onerous provision charge in the period	**-**	(460)
Restructure and consultancy	**(408)**	(31)
Impairment of Goodwill	**(326)**	-
Impairment release of property, plant and equipment	**2,255**	-
Impairment of right-of-use assets	**(10,043)**	-
Share based payments	**(44)**	(40)
Impairment of smallware inventory due to Covid-19	**(400)**	-
	(7,782)	450

The above items have been highlighted to give more detail on items that are included in the consolidated statement of comprehensive income and which when adjusted shows a profit or loss that reflects the ongoing trade of the business.

6 Finance income and expense

	52 weeks ended 27 December 2020 £'000	52 weeks ended 29 December 2019 £'000
Interest receivable	**(4)**	(8)
Interest payable	**2,548**	222
	2,544	214

7 Employees

Staff costs (including Directors) consist of	**52 weeks ended 27 December 2020 £'000**	52 weeks ended 29 December 2019 £'000
Wages and salaries	**13,668**	16,637
Social security costs	**951**	1,313
Other pension costs	**222**	245
Equity settled share based payment expense	**44**	40
	14,885	18,235

The average number of persons, including Directors, employed by the Group during the period was 810 of which 796 were restaurant staff and 14 were administration staff, (2019 – 1,028 of which 1,006 were restaurant staff and 22 were administration staff).

No staff are employed by the Company (2019 – no staff).

Of the total staff costs £13.8m was classified as cost of sales (2019 - £17.2m) and £1.0m as operating expenses (2019 - £1.0m). Redundancy costs of £0.09m (2019 - £0.0m) have been included as a cost of Restructure and Consultancy in Note 5.

8 Directors and key management personnel remuneration

Key management personnel identified as the Directors are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, and represent the Directors of the Group listed on page 2.

		52 weeks ended 27 December 2020	52 weeks ended 29 December 2019
	£'000	**£'000**	
Directors remuneration			
Emoluments		**352**	70
Bonus		**10**	-
Share based payments		**24**	17
Pensions		**5**	1
Benefits		**7**	-
Social security costs		**42**	10
		440	98

	52 weeks ended 27 December 2020	52 weeks ended 29 December 2019
	£'000	**£'000**
Individual directors' emoluments		
J Plant	**103**	30
S Kaye	**89**	-
A Kaye (resigned 15 September 2020)	**22**	-
K Lassman	**16**	8
M Vachhani	**132**	32
	362	70

In addition to the above, a pension contribution was provided to M Vachhani of £5,000 (2019 - £1,000). Also benefits paid to J Plant and M Vachhani of £7,000 (2019 - £nil)

Company
The Company paid no director emoluments during the year (2019 – none).

9 Income tax expense

	52 weeks ended 27 December 2020 £'000	52 weeks ended 29 December 2019 £'000
UK Corporation tax		
Adjustment in respect to previous years	**105**	-
Total current tax	**105**	-
Deferred tax		
Origination and reversal of temporary differences	**-**	-
Total deferred tax	**-**	-
Total income tax credit	**-**	-

The tax credit for the period is lower than the standard rate of (2019 – lower than) corporation tax in the UK. The differences are explained below:

	52 weeks ended 27 December 2020 £'000	52 weeks ended 29 December 2019 £'000
Loss before tax	**(12,561)**	(266)
Tax on loss at the ordinary rate of corporation tax in UK of 19% (2019 – 19%)	**(2,387)**	(51)
Effects of		
Expenses not deductible for tax	**283**	23
Income not taxable for tax purposes	**(448)**	56
Remeasurement of deferred tax for changes in tax rates	**(98)**	-
Deferred tax not recognised	**2,462**	(336)
Adjustment in respect of previous years	**105**	-
Depreciation/impairment on ineligible fixed assets	**-**	308
Other movements	**188**	-
Total tax charge	**105**	-

Factors effecting future tax charges

Deferred taxes at the balance sheet date have been measured using the enacted tax rates at each date. These rates are 19% at 27 December 2020, and 17% at 29 December 2019. In November 2019, the Prime Minister announced the intention to cancel the future reduction in corporation tax from 19% to 17%. This announcement did not constitute substantive enactment until 22 July 2020.

Post year end in March 2021 it was announced the UK corporation tax rate would increase to 25% in April 2023. This announcement does not constitute substantive enactment and therefore deferred taxes at the balance sheet date continue to be measured at the enacted tax rate of 19%.

Notes

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10 Loss per share

	27 December 2020 Pence	29 December 2019 Pence
Basic and diluted loss per ordinary share	**(8.98)**	(0.23)

	2020 Number '000	2019 Number '000
Loss per share has been calculated using the numbers shown below:		
Weighted average ordinary shares (basic)	**141,090**	113,379

	2020 £'000	2019 £'000
Loss for the financial period	**(12,666)**	(266)

Due to the loss made in the year, all share options are anti dilutive. No share options would otherwise be considered dilutive (2019 – nil).

11 Dividend

No final dividend has been proposed by the Directors (2019 – £nil).

12 Intangibles

	Trademarks £'000	Goodwill £'000	Total £'000
At 30 December 2018	26	326	352
Additions	3	-	3
Amortisation of trademarks	(3)	-	(3)
At 29 December 2019	26	326	352
Additions	3	-	3
Amortisation of trademarks	(3)	-	(3)
Impairments		(326)	(326)
At 27 December 2020	26	-	26

The recoverable amount of goodwill has been determined on a value in use basis. This has been based on the performance of the units since they were acquired and management's forecasts, which assume the sites will perform at least as well as the market generally. The forecast cash flows cover a period of the committed lease length, assuming a nil growth rate and are discounted at a rate of 6% (2019 – 10%). During the 52 weeks ended 27 December 2020, the Group recognised an impairment loss of £0.3m in relation to previously acquired goodwill recognised on acquisition of the restaurants noted in the table below. The impairment charge reflects the forecast cashflow following the pandemic. Goodwill has been allocated to CGUs as follows;

	27 December 2020 £'000	29 December 2019 £'000
Shaftesbury Avenue	-	196
Cambridge	-	130
	-	326

Notes

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13 Property, plant and equipment and right-of-use assets

	Leasehold improvements £'000	Furniture fixtures and computer equipment £'000	Total fixed assets £'000	Right-of-use assets £'000	Total £'000
Cost					
At 30 December 2018	39,977	10,463	50,440	-	50,440
Additions	120	247	367	-	367
Disposals	(351)	(101)	(452)	-	(452)
Reclassified as held for sale	(1,085)	(502)	(1,587)	-	(1,587)
At 29 December 2019	**38,661**	**10,107**	**48,768**	**-**	**48,768**
Recognition on adoption of IFRS 16	-	-	-	55,119	55,119
At 30 December 2019	**38,661**	**10,107**	**48,768**	**55,119**	**103,887**
Additions	2	118	120	-	120
Reassessment of leases	-	-	-	(1,673)	(1,673)
Disposals	(1,487)	(333)	(1,820)	-	(1,820)
At 27 December 2020	**37,176**	**9,892**	**47,068**	**53,446**	**100,514**
Depreciation					
At 30 December 2018	26,550	7,336	33,886	-	33,886
Provided for the period	892	615	1,507	-	1,507
Disposals	(351)	(57)	(408)	-	(408)
Reclassified as held for sale	(417)	(370)	(787)	-	(787)
At 29 December 2019	**26,674**	**7,524**	**34,198**	**-**	**34,198**
Provided for the period	757	585	1,342	3,592	4,934
Impairment	(2,133)	(122)	(2,255)	10,043	7,788
Disposals	(1,464)	(325)	(1,789)	-	(1,789)

At 27 December 2020	**23,834**	**7,662**	**31,496**	**13,635**	**45,131**
Net book value					
At 27 December 2020	**13,342**	**2,230**	**15,572**	**39,811**	**55,383**
At 29 December 2019	11,987	2,583	14,570	-	14,570

During the 52 weeks ended 27 December 2020, the Group recognised an impairment charge of £7.8m (2019: £nil) due to impairment of ROU assets (£10.0m) and release on fixed assets (£2.2m). The impairment is due to IFRS 16 and the pandemic while the release of the impairment on fixed assets is primarily due to the reassessment of impairment by site and asset following the transition to IFRS 16. A 1% decrease in the discount rate would reduce the net impairment charge by £1.3m, an increase of 1% would increase the impairment charge by £1.2m and a 1% growth rate would reduce the impairment charge by £0.6m.

The total carrying value of the assets that have been impaired in the period is £21.8m (2019 - £nil). These have been impaired to their value in use of £10.9m. The impairment losses were driven principally by the significant impact Covid-19 has had and will continue to have on the hospitality sector.

The key judgements and estimates in the inputs in calculating the impairments are outlined in note 2(d).

Assets held for sale accounted for a carrying value of £nil (2019 - £0.8m).

Company

The Company holds no property, plant and equipment.

14 Prepaid operating leases

	27 December 2020 £'000	29 December 2019 £'000
Held within current assets	-	50
Held within non-current assets	-	573
	-	623

Prepaid operating leases represent lease premiums paid on the acquisition of sites, amortised evenly over the lease term. On transition to IFRS 16, £0.06m of prepaid operating leases has been reclassed as Right-of-use assets.

Notes

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15 Investments

	£'000
Company	
At 30 December 2018	3,130
Share based payment in respect of subsidiary	40
At 29 December 2019	3,170
Share based payment in respect of subsidiary	44
At 27 December 2020	**3,214**

The Company's investments are wholly related to a 100% ordinary shareholding in Took Us a Long Time Limited (2019 – 53% holding), a company registered in England and Wales with registered offices at 32 Charlotte Street, London. Took Us a Long Time Limited is primarily engaged with the operation of restaurants.

At the start of the year certain of the Directors and employees had interests in 'A', 'B' and 'C' shares in Took Us a Long Time Limited, the subsidiary company. The benefit of holding these shares is considered by the Board to be similar to the benefit of holding an EMI option. In March 2020 to simplify the Group and the tax structure, the above shares were bought back by Took Us a Long Time Limited and cancelled at a nominal cost of £28.37. The cancellation of this resulted in the holding moving from 53% to 100%.

Under IFRS any "non-Controlling Interest" must be recognised based on the ownership percentage, unless there is a separate agreement meaning the share of profits is allocated on another basis. In the period to 29 December 2019, the nature of the shares held by other parties meant that the shareholders would only receive profits when certain thresholds are met, and would never be liable for any of the losses. As the Group was loss making in the period to 29 December 2019, no share of the losses was allocated and therefore a "non-Controlling Interest" was not shown.

16 Inventories

	27 December 2020 £'000	29 December 2019 £'000
Raw materials and consumables	**591**	871
Smallware inventories	**1,231**	1,779
	1,822	2,650

In the Directors' opinion there is no material difference between the replacement cost of inventories and the amounts stated above. Raw material and consumable inventory purchased and recognised as an expense in the period was £6.1m (2019 - £11.4m). In the period to 27 December 2020, £0.4m of smallware inventories was written off due to Covid-19 affecting menu and sales. Due to restricted trade the Group is offering a simplified menu and hence some of the smallware items were redundant.

17 Trade and other receivables

	27 December 2020 £'000	29 December 2019 £'000
Trade receivables	**245**	267
Prepayments and other receivables	**1,247**	3,078
Total trade and other receivables	**1,492**	3,345
Less non-current portion (Deposits)	**(129)**	(197)
	1,363	3,148
Company		
Amounts due from subsidiary	3,978	7,300
Total trade and other receivables	3,978	7,300
Classified as non-current	**3,978**	7,300

There has been an increase in the credit risk of this loan since it was advanced due to the deterioration in the market and the resulting impact on the performance of the trading company. The Company has previously made loans to the trading subsidiary of £28.4m (2019 - £28.5m).

The Directors of the Company consider this loan to be classed as Stage 2 under the General Approach set out in IFRS 9. The Company has made provisions of £24.4m (2019 - £21.2m) which represents the lifetime expected credit losses. In assessing the lifetime expected credit losses consideration has been given to a number of factors including internal forecasts of EBITDA, cashflow and the consolidated net asset value of the Group at the balance sheet date.

Notes

forming part of the financial statements for the 52 weeks ended 27 December 2020

18 Trade and other payables

	27 December 2020 £'000	29 December 2019 £'000
Trade payables	**3,865**	3,651
Taxations and social security	**3,154**	1,804
Accruals and deferred income	**2,451**	1,771
Other payables	**1,227**	736
Total trade and other payables	**10,697**	7,962
Less non-current portion (Deposits)	**(80)**	(128)
	10,617	7,834

Included within trade payables are £0.20m (2019 - £0.15m) due to related parties (note 29).

19 Provisions

	27 December 2020 £'000	29 December 2019 £'000
IFRS 16 adjustment	**(2,783)**	-
Revised brought forward balance	**-**	-
At the beginning of the period	**-**	3,347
Onerous provision utilisation in the period	**-**	(1,024)
Onerous provision charge in the period		460
Dilapidation's provision	**335**	-
At the end of the period	**335**	2,783

In the period to 29 December 2019, onerous provision movement was £0.6m (A provision charge of £0.4m and a release of £1m). This provision has been made against sites where projected future trading income is insufficient to cover the unavoidable costs under the lease. The provision is based on the expected cash out flows of these sites and the associated costs of exiting these leases and the time expected to sell.

In the period to 27 December 2020, the Group has recognised a provision of £0.3m for dilapidations for a number of sites, where the need to carry out the work has been identified but a full survey and commission has not been undertaken and therefore management has applied their judgment in determining the provision.

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forming part of the financial statements for the 52 weeks ended 27 December 2020

20 Deferred tax

	27 December 2020 £'000	29 December 2019 £'000
At the beginning of the period	**-**	-
Profit and loss credit/(charge)	**-**	-
	-	-
Accelerated capital allowances	-	-
Tax losses carried forward	-	-
At the end of the period	-	-

Due to the uncertainty of future profits, a deferred tax asset of £2.5m (2019 - £0.3m) is not recognised in these financial statements.

21 Borrowings

	27 December 2020 £'000	29 December 2019 £'000
Current		
Secured bank borrowings	**-**	800
	-	800
Non-current		
Secured bank borrowings	**-**	852
	-	852
	-	1,652
Maturity of secured bank borrowings		
Due within one year	**-**	1,055
Due In more than one year but less than two years	**-**	669
Due In more than two years but less than five years	**-**	-
	-	1,724
Future interest payments	**-**	(72)
	-	1,652

The outstanding loan of £1.7m was paid in full in January 2020.

Notes

forming part of the financial statements for the 52 weeks ended 27 December 2020

22 Share capital

Called up and fully paid:	Number Ordinary	Number Deferred	£'000
Ordinary shares at 0.1 pence	59,795,496	-	60
Deferred shares at 9.9 pence (as a result of sub-division	-	59,795,496	5,920
Ordinary shares issued at 0.1 pence	81,294,262	-	81
At 27 December 2020 and as at 29 December 2019	**141,089,758**	**59,795,496**	**6,061**

Share Capital Reorganisation, placing and open offer

On 1 May 2019 the Group sub-divided each existing ordinary share into one ordinary share of 0.1 pence each and one deferred share of 9.9 pence each. Following this, the Group issued 81,294,262 Ordinary Shares through a placing and open offer at 4 pence, each at nominal value of 0.1 pence.

23 Reserves

Share capital comprises of the nominal value of the issued shares.

Share premium reserve is the amount subscribed in excess of the nominal value of shares net of issue costs.

Cumulative gains and losses recognised in the income statement are shown in the Retained deficit reserves, together with other items taken direct to equity.

The merger reserve arose in 2006 on the creation of the Group.

Notes

forming part of the financial statements for the 52 weeks ended 27 December 2020

24 Leases

Operating leases where the Group is the lessor

The total future value of minimum operating lease receipts are shown below. The receipts are from sub-tenants on contractual sub-leases.

	27 December 2020 £'000	29 December 2019 £'000
Within one year: receipts	**253**	278
Within two to five years: receipts	**1,158**	1,158
Over five years: receipts	**2,135**	2,428
	3,546	3,864

25 Pensions

The Group made contributions of £5,000 (2019 - £1,000) to the personal pension plan of the Directors. During the year the Group made contributions to employee pensions of £0.2m (2019 - £0.2m). As at 27 December 2020, contributions of £99,000 due in respect of the current reporting period had not been paid over to the schemes (2019 - £12,000).

26 Share based payments

	Weighted average exercise price (pence)	Number '000
At 30 December 2018	105.4	2,883
Lapsed	70.1	(190)
Cancelled	131.2	(293)
Granted	4.1	4,525
At 29 December 2019	39.5	6,925
Lapsed	4.4	(745)
Cancelled	105.0	(2,400)
At 27 December 2020	**4.1**	**3,780**

The exercise price of options outstanding at the end of the period ranged between 3p and 4p (2019 – 3p and 120p) and their weighted average remaining contractual life was 9 years (2019 – 8.4 years).

Of the total number of options outstanding at the end of period none (2019 – 2.4m weighted average exercise price of 105p) had vested and were exercisable at the end of the period.

The market price of the Company's ordinary shares as at 27 December 2020 was 3.3p and the range during the financial year was from 1.3p to 4.5p (as at 29 December 2019 was 2.7p and the range during the financial year was from 2.7p to 10.7p).

No option was exercised in 2020 (2019 £nil) and or granted in 2020 (2019 – 4.5m).

On 29 July 2019 options of 3.5m were granted at a grant price of 4.4p reflecting the opening share price. The options vest in three years and expire in 10 years and no other conditions are attached. A charge of £61,000 will be recognised over the three years based on a volatility of 63.5% and risk rate of 0.5% using the Binomial method. The volatility is weighted on a four year basis and the risk free rate is based on risk free rate on the mid point between the vesting date and expiry.

On 17 October 2019 options of 1m were granted at a grant price of 3.3p reflecting the opening share price. The options vest in three years and expire in 10 years and no other conditions are attached. A charge of £12,000 will be recognised over the three years based on a volatility of 61.6% and risk rate of 0.5% using the Binomial method. The volatility is weighted on a four year basis and the risk free rate is based on risk free rate on the mid point between the vesting date and expiry.

The 3.8m shares outstanding as at 27 December 2020 comprise of the options issued in July and October 2019. There are no other outstanding options.

27 Financial instruments

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

The Group is exposed through its operations to the following financial risks:

- Credit risk
- Interest rate risk
- Liquidity risk

The Group does not have any material exposure to currency risk or other market price risk.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:-

- loans and borrowings
- trade receivables
- cash and cash equivalents
- trade and other payables

The Group's financial instruments apart from cash and cash equivalents are measured on an amortised cost basis. Due to the short-term nature of trade receivables and trade/ other payables, the carrying value approximates their fair value.

Financial assets	**27 December 2020 £'000**	29 December 2019 £'000
Cash and cash equivalents	**8,028**	4,570
Trade and other receivables	**374**	464
Total financial assets	**8,402**	5,034

Financial liabilities (amortised cost)		
Trade and other payables	**5,329**	4,387
Loans and borrowings	**-**	1,652
Finance leases	**55,123**	-
Total financial liabilities	**60,452**	6,039

Company - Financial assets (amortised cost)	27 December 2020 £'000	29 December 2019 £'000
Intercompany loan	**3,978**	7,300

General objectives, policies and processes

The Board has overall responsibility for the determination of the Group's risk management objectives and policies.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

Credit risk

The Group’s assets and liabilities are wholly attributable to one operating segment (operating restaurants) and arises solely in one geographical segment (United Kingdom).

Credit risk is the risk of the financial loss to the Group if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from rebates from suppliers, sub-letting income and trade receivables.

Trade and other receivables are disclosed in note 17 and represent the maximum credit exposure for the Group.

The following table sets out the ageing of trade receivables:

Ageing of receivables	27 December 2020 £'000	29 December 2019 £'000
<30 days	**58**	106
31-60 days	**(7)**	67
61-120 days	**83**	48
>120 days	**111**	46
	245	267

The Group's principal financial assets are cash and trade receivables. There is minimal credit risk associated with the Group's cash balances. Cash balances are all held with recognised financial institutions. Trade receivables arise in respect of rebates from a major supplier and therefore they are largely offset by trade payables. As such the net amounts receivable form an insignificant part of the Group's business model and therefore the credit risk associated with them is also insignificant to the Group as a whole.

The Company’s principal financial assets are intercompany receivables. These balances arise due to the funds flow from the listed Company to the trading subsidiary and are repayable on demand. The credit risk arising from these assets are linked to the underlying trading performance of the trading subsidiary. See note 17 for further details on intercompany debt.

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Liquidity risk

Liquidity risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, the Group seeks to maintain cash balances to meet its expected cash requirements as determined by regular cash flow forecasts prepared by management.

The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities:

	Up to 3 months	Between 3 and 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	£'000	£'000	£'000	£'000	£'000
Trade & other payables	5,249	-	24	-	56
Loan and other borrowings	-	-	-	-	-
Finance leases	689	2,215	2,952	8,955	40,312
As at 27 December 2020	**5,938**	**2,215**	**2,976**	**8,955**	**40,368**

	Up to 3 months	Between 3 and 12 months	Between 1 and 2 years	Between 2 and 3 years	Over 5 years
	£'000	£'000	£'000	£'000	£'000
Trade & other payables	4,307	-	24	-	56
Loan and other borrowings	417	638	669	-	-
As at 29 December 2019	**4,724**	**638**	**693**	**-**	**56**

Non-current other payables are sub-let site rent deposits.

Interest rate risk

The Group seeks to minimise interest costs by regularly reviewing cash balances.

Interest rate risk arises from the Group's use of interest bearing loans linked to LIBOR. The Group is exposed to cash flow interest rate risk from long term borrowings at variable rate. The Board considers the exposure to the interest rate risk to be acceptable.

Surplus funds are invested in interest bearing, instant access bank accounts.

Loans and borrowings

During the year the Group had a loan facility with Barclays Bank Plc. On 8 January 2020 the Group repaid the outstanding bank loan of £1.7m.

Capital disclosures

The Group's capital is made up of ordinary share capital, deferred share capital, share premium, merger reserve and retained deficit totalling £0.6m (2019 - £13.2m).

The Group's objective when maintaining capital is to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Group manages its capital structure and makes adjustments to it in the light of strategic plans. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

28 Related party transactions

The Directors are considered to be the key management personnel. Details of directors' remuneration are shown in Note 8.

The Group pays fees, rent and associated insurance to a number of companies considered related parties by virtue of the interests held by the Directors in such companies. The Group also reimburses expenses incurred by such companies on behalf of the Group.

	52 weeks ended 27 December 2020 £'000	52 weeks ended 29 December 2019 £'000
Rent, insurance and legal services		
- Kropifko Properties Ltd	**(78)**	(52)
- KLP Partnership	**(72)**	(83)
- ECH Properties Ltd	**(52)**	(79)
- Proper Proper T Ltd	**(80)**	(52)
- Super Hero Properties	**(68)**	(135)
- Benja Properties Ltd	**(76)**	(154)
- Howard Kennedy LLP	**(10)**	(18)
Expenses reimbursed	**-**	-
Balance due to related parties	**198**	152

The rent paid to related parties are considered to be a reasonable reflection of the market rate for the properties.

29 Reconciliation of loss before tax to net cash inflow from operating activities

	52 weeks ended 27 December 2020 £'000	52 weeks ended 29 December 2019 £'000
Group		
Loss before tax	**(12,561)**	(266)
Finance income	**(4)**	(8)
Finance expense	**34**	222
Finance expense (IFRS 16)	**2,514**	-
Share based payment charge	**44**	40
Share issue costs	**(68)**	-
Depreciation	**4,934**	1,557
Amortisation of intangible assets	**3**	3
Impairment of goodwill	**326**	-
Impairment of property, plant and equipment	**(2,255)**	-
Impairment of Right-of-use assets	**10,043**	-
Profit from sale of property plant and equipment	**(1,184)**	43
Amortisation of intangible assets	**3**	3
Onerous provision utilisation	**-**	(1,024)
Onerous provision charge in the period	**-**	460
Dilapidations provision	**335**	-
Other non cash	**(2)**	-
Decrease / (increase) in inventories	**827**	(102)
Decrease / (increase) in trade and other receivables	**1,852**	477
(Decrease)/ Increase in trade and other payables	**2,734**	824
	7,575	2,226

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30 Reconciliation of financing activity

	Lease liabilities	Lease liabilities	Bank Loan	Bank Loan	Total
	Due within 1 year £'000	Due after 1 year £'000	Due within 1 year £'000	Due after 1 year £'000	£'000
Net debt as at 29 December 2019	-	-	800	852	1,652
IFRS 16 transitional adjustment	1,647	55,761	-	-	57,408
Net debt as at 30 December 2019	**1,647**	**55,761**	**800**	**852**	**59,060**
Cashflow	(1,735)	-	(800)	(852)	(3,387)
Addition / (decrease) to lease liability	2,992	(3,542)	-	-	(550)
Net debt as at 27 December 2020	**2,904**	**52,219**	**-**	**-**	**(55,123)**

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31 Assets held for sale

The following major classes of assets have been classified as held for sale on the consolidated balance sheet.

	27 December 2020 £'000	29 December 2019 **£'000**
Leasehold improvements	-	668
Furniture, fixtures and computer equipment	-	132
Total assets held for sale	-	800

The assets held for sale at 29 December 2019 related to More London dim t and sold for a gross consideration of £2m.

32 Post Balance Sheet Events

The Group has secured a £1.25m, four year term loan from its existing bankers, Barclays Bank plc (the "Facility"), in order to strengthen its balance sheet and provide additional working capital support. The Facility was drawn down in January 2021. The Facility has a capital repayment holiday of 12 months and carries interest at a rate of 4.5% per annum over the Bank of England Base Rate, following drawdown.

In January 2021 Daniel Jonathan Plant was awarded 15,676,640 'B' share at a nominal value of £157 and premium of £2,843 in Tasty plc which can be converted to 'A' shares subject to achievement of hurdle rates.

From 5 January 2021 we have been operating under the third national lockdown. In line with the latest Government announcements, we will open outdoor spaces where feasible in April 2021 and a gradual opening of dine-in from May 2021; although the timing is subject to change depending on infection levels and the progress of the vaccination programme.