20 March 2019

Tasty plc

("Tasty" or the "Company")

Preliminary results for the 52 weeks ended 30 December 2018

Financial Highlights:

- Revenue down 6% to £47.28m (2017: £50.31m). This was due to closure of sites and like-for-like decline.
- The Company generated adjusted EBITDA of £1.58m (2017: £3.5m)
- The Company sold three restaurants and closed one in 2018. Post year end, the Company sold one and assigned two. One further site has been exchanged and waiting for completion.
- The Company does not intend to open any new restaurants in 2019, with management focused on restructuring and improving profitability from the existing portfolio.

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Mark Connelly / Cameron MacRitchie

This announcement contains the preliminary results of the Company which are an extract of the fully audited accounts.

The information contained within the announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 ("MAR"). Upon the publication of this announcement via Regulatory Information Service ("RIS"), this inside information is now considered to be in the public domain

Chairman's statement

I am pleased to be reporting on the Group's annual results for the 52 week period ended 30 December 2018 and the comparative 52 week period ended 31 December 2017. The Group currently operates 58 restaurants, comprising 6 Dim t and 52 Wildwood restaurants.

As highlighted previously, the market conditions for 2018 continued to remain extremely challenging. In addition, unfavourable weather conditions and the World Cup impacted 2018 performance. The exceptionally cold and snowy winter supressed sales. During the World Cup and an unusually hot summer, customers favoured wet-led establishments and outside seating. Trading over the Christmas period was positive, though the uncertainty of Brexit has meant that 2019 has started slowly.

The challenging conditions continue to affect the casual dining sector as evidenced by the well-publicised closures across the market and on the high street.

2018 has been a transitional year for Tasty. We implemented key operational changes in February 2018, which have improved our ability to rollout changes in an agile way and get feedback from our operators in a more effective and efficient manner. As previously reported, these changes resulted in annualised cost savings of approximately £300,000 per annum.

We launched the apprenticeship scheme in 2017 and this is growing at a good pace. We currently have 3 courses with 48 apprentices on the course at year-end. The in-house apprenticeship scheme and improved training courses are helping to reduce staff turnover and are providing a career development programme for our workforce.

In line with the agreed strategy, three restaurants were sold, one closed and no new restaurants were opened in 2018. There are a number of sites that the Group is still planning to dispose of and at present the Board has no plans to open any new sites in 2019.

As previously announced, we have revised our funding arrangements. The term loan of £7 million was revised in November 2018. The key effects of the Revised Loan Facility are to extend the final repayment date from July 2021 to March 2022 and to significantly reduce the quarterly repayments with effect from July 2019. We also took the opportunity to reduce our funding costs by cancelling the unutilised £5 million Revolving Credit Facility that was previously earmarked for new restaurant openings. This will reduce financing costs by approximately £35,000 per annum.

In connection with the Revised Loan Facility the Directors have undertaken to provide, in aggregate, £500,000 of new capital , into the business by 30 June 2019. This new capital is to be in the form of either new subordinated loan or equity capital, or a combination of the two. The Company is evaluating the optimum method of raising such capital and will inform shareholders accordingly.

Brexit and the general economic climate continue to affect trading. We expect 2019 to be a challenging year. While we have put measures in place that should help mitigate some of the challenges it is impossible to cover every consequence of Brexit, in whatever form it takes, if at all. Should a form of Brexit take place, there is risk of inflationary food pressure and supply of certain food items and labour remain uncertain.

Despite the fall in financial performance experienced in 2018 the Group remains cash generative. Financial highlights are included in the strategic report.

We have undertaken a full review of our food offering and customer journey and we continue to take steps to ensure our menu remains relevant and we are able to differentiate ourselves from the competition in the sector. The Directors believe that the Group's brands remain attractive to customers and the Group has the right strategic plan in place to ensure future growth.

Finally, I would like to thank our dedicated staff who have responded well to the challenges of 2018 and I look forward to their continued support in 2019.

Dividend

The Board does not propose to recommend a dividend (2017: £nil).

Keith Lassman

Chairman

20 March 2019

Strategic report for the 52 weeks ended 30 December 2018

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

Wildwood
Aimed at a wide market, our 'Pizza, Pasta, Grill' restaurant remains the main focus for the Group. Our sites are primarily based on the high street. However, we have a number of leisure, retail and tourist locations which trade well, highlighting the broad appeal and scalability of the offering. Located nationally, Wildwood is currently trading from 52 restaurants.

dim t
Our pan-Asian restaurant trades from 6 sites, serving a wide range of dishes including, dim sum, noodles, soup and curry.

Business review
We continue to make good progress on our key strategies and our focus for 2019 is as follows:

- rationalise the estate;
- food and drink proposition;
- engage with our customers;
- invest in our staff ; and
- streamline our structure.

Rationalise the estate
The Group has previously noted that it had a number of sites which were underperforming. For each of these sites turnaround strategies have been introduced and where these have not been successful, the Group has sought to dispose of the property. Since 1st January 2018 a number of disposals have taken place as described below:

Canary Wharf Wildwood
The lease for this property was assigned on 5 January 2018 for a premium receivable by the Group of £1.45m. This contract was unconditional at the 31st December 2017 and was therefore recognised in the financial statements for the prior year.

Abingdon Wildwood Kitchen
A surrender of the lease was agreed on 14 January 2018.

Barnes Wildwood Kitchen
This was assigned at £nil value to the Group.

Gloucester Road Wildwood
On 8 March 2018 this unit was sold as a going concern for £2.7m.

Highgate Centuno
This was closed in May 2018 and we are looking to dispose of the site.

Cobham Wildwood
On 8 January 2019 this unit was sold as a going concern for a consideration of £0.35m to the landlord of the site.

South Woodford Wildwood
On 31st January 2019 this was assigned for a total consideration of £0.15m.

Tunbridge Wells
This site was previously sub-let to Cau and a new tenant from 6th March 2019 for a consideration of £0.05m.

One further site has been exchanged and waiting for completion.

The Group continues to review the estate and will make further disposals in 2019 if appropriate.

Food and drink proposition
We are passionate about our food and drink and are constantly look into ways of improving our offer. We recognise that customers are looking for choice and in line with current consumer demands, we offer a good range of delicious vegan, vegetarian and healthier dishes. However, we do not forget those that want be indulged. We are increasing our cocktail range and offering more exciting desserts and "hero" dishes.

Engage with our customers
We have strengthened our marketing structure and are now starting to see the changes in the following areas:

- Increased customer engagement;
- Increased customer feedback;
- Increased customer database; and
- Increased group bookings.

Our focus remains on providing great customer experience and as we have refocused our attention on the steps of service. We want to ensure that we create a seamless customer experience. At the centre of service is our people and we have focused on recruiting people with the right energy and attitude to ensure they do things in the 'Wildwood/dim t way'.

Invest in our staff
We have invested in our training infrastructure and launched additional apprenticeship programmes, which will be expanded over the next 6 months. For every level of the team, we will be introducing a comprehensive career pathway to support their development, enhance job satisfaction and increase staff retention.

Invest in our structure

During 2018 the operational team was restructured. This resulted in a flatter, more agile structure and reduced headcount. This restructuring has resulted in annualised savings of approximately £300,000, lower costs, faster decision making and a more nimble approach to marketing.

The roll out of the new electronic point of sale (EPOS) system across the estate is now complete.
The EPOS upgrade provides integrated credit card terminals and improved controls around discounting which has helped reduce risk areas.

In 2018 we also fully rolled out a new labour scheduling software, an online booking system and customer complaints system.

Outlook for the coming year

Market conditions have been increasingly challenging through 2018 and the Board's expectation is that there will be no significant improvement in 2019. We will continue to focus on sales and cost control to ensure that the impact of the challenging economic environment is minimised.

Highlighted Items

Pre-opening costs for the year were nil (2017: £413,000). In prior years these costs represent revenue expenses, such as rent, rates and training costs, which are necessarily incurred in the period before a new unit is opened, but which are specific to the opening of that unit and not part of the Group's normal ongoing trading performance.

The Group recognises a number of charges in the accounts which arise under accounting rules which have no transactional cash impact. These charges include share based payments and impairments to property, plant and equipment. The above items are included under 'highlighted items' on 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 in the income statement at the top level is on sales, EBITDA before highlighted items and operating profit before highlighted items compared to previous year. All key performance indicators that adjust for highlighted items do not constitute Statutory or GAAP measures.

	52 weeks ended 30 December 2018	**52 weeks ended 31 December 2017**
Revenue	£47.28m	£50.31m
Cost of sales	(£46.37m)	(£48.40m)
Gross profit	£0.91m	£1.91m
Administrative costs	(£1.28m)	(£0.67m)
EBITDA before highlighted items	£1.58m	£3.52m
Operating profit before highlighted items	(£0.37m)	£1.24m

These figures are reconciled to the Statement of Comprehensive Income below.

Revenue for the period decreased 6% on last year to £47,278,000 (2017 - £50,310,000) which was partly due to the closure of sites and partly due to like-for-like decline. EBITDA before highlighted items was £1,581,000 (2017 - £3,520,000). Margins saw significant decline in the year which is due to a number of underperforming sites as well as underlying inflationary pressures experienced through labour, food and business rates.

Due to the declining performance, further site impairments have been made during the year resulting in an impairment charge including goodwill of £11,075,000 (2017 - £9,558,000) and an onerous lease provision charge of £1,687,000 (2017 - £1,635,000).

The Group has disposed of a number of properties during the period resulting in a profit on disposal, as included in highlighted items, of £2,132,000 (2017 - £1,237,000).

Operating loss before highlighted items decreased in the period to a loss of £367,000 (2017 - £1,235,000) and the Group achieved a pre-tax loss (after highlighted items) of £11,817,000 (2017 – loss of £9,470,000).

Net cash inflow for the period before financing was £3,304,000 (2017- outflow £2,991,000). This is generated from operations and proceeds from the sale of property. Net cash flows generated from operations were £389,000 (2017 - £2,785,000).

The Group has an available banking facility with Barclays Bank of £7,000,000 with the intention to pay down the balance. As at 30 December 2018, the Company had an outstanding balance of £6,417,000 (2017 - £7,000,000).

Net debt at the balance sheet date was £2,105,000 (2017 - £5,157,000). At 30 December 2018 cash at bank was £4,312,000 (2017: £1,843,000).

The table below gives additional information to shareholders on key performance indicators

	52 weeks ended 30 December 2018	**52 weeks ended 31 December 2017**
	£'000	**£'000**
EBITDA before highlighted items	**1,581**	**3,524**
Depreciation and amortisation	**(1,948)**	**(2,289)**
Operating (loss)/profit before highlighted items	**(367)**	**1,235**
Highlighted items	**(11,198)**	**(10,503)**
Operating loss	**(11,565)**	**(9,268)**

Principal uncertainties and risks

Economic conditions and Brexit

Brexit continues to create a high level of uncertainty across the economy.

Continued deterioration in consumer confidence due to future economic conditions could have a detrimental impact on the Group in terms of footfall and sales. To mitigate this risk we continue to invest and renew our offer whilst maintaining accessibility without compromising quality or the customer experience.

Adapting marketing initiatives should help the Group retain and drive sales where footfall declines.

The uncertainty of Brexit has increased the inflationary pressure on food cost. 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.

Labour cost inflation

We are faced with cost pressures that are outside of the control of the Group, such as auto enrolment pension costs, minimum wage / living wage increases in addition to apprenticeship levy, which have impacted the Group and its competitors.

The Group, under the new operational structure, has improved labour control to mitigate some of the increases.

Labour supply

There are two key forces that are impacting the labour market. Due to restaurant closures amongst our competitors in the sector, we have been able to secure high calibre candidates that would previously have been harder to secure. However, working against this is the uncertainty caused by Brexit and its consequent pressure on the supply of labour continues.

We have continued to focus on selection, induction, training and retention of our employees. The Group has made significant improvements on its training programme including the apprenticeship scheme.

The Group offers a competitive remuneration package which includes sales and gross profit based bonuses and share options.

Supplier failure

A major failure of key supplier or distributor could cause significant business interruption. This is mitigated through contingency planning throughout our supply chain and open lines of communications with our suppliers. In 2018 some of our suppliers suffered with the declining market and went into administration. However, we ensured that disruption to supply was kept to a minimum through our contingency planning.

To minimise the risk of Brexit we are working with our suppliers and in particular the fresh produce supplier.

Strategic risks

The Group intends to dispose of underperforming sites if necessary, but has been successful with a number of turnaround plans implemented on selected restaurants.

Focusing on our current estate and strengthening trading performance will remain the main priority in 2019. Thereafter in future years, we will be looking to acquire sites. The Group has strong property experience and good relationships with external agents and advisers.

Consumer habits and competition

Failure to respond to changing consumer habit and tastes could impact sales. Therefore, it is important that we keep ahead of the changes, review customer feedback and adapt.

We are engaging more frequently with the customer through the in-store surveys and online reviews.

In addition, we are engaging more effectively through social media.

Our customer database has increased by 80% since the end of the previous financial year.

Regulatory risk

The Group’s activities are subject to a wide range of laws and regulations which include health and safety, food safety and sanitation, alcohol licensing and control, data protection, employment, minimum wage and pension regulation.

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.

On behalf of the Board.

Daniel Jonathan Plant
Joint Chief Executive Officer

20 March 2019

Report of the directors for the 52 weeks ended 30 December 2018

The Directors present their report together with the audited financial statements for the 52 weeks ended 30 December 2018 (comparative period 52 weeks to 31 December 2017)

Results and dividends

The consolidated statement of comprehensive income is set out on page 14 and shows the loss for the period.

The Directors do not recommend the payment of a dividend (2017 - £nil).

Post balance sheet events

Post balance sheet events are set out in note 34.

Future developments

The outlook and future developments are set out in the Chairman's statement on page 2 and the strategic report on page 4.

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

Jonny Plant
Samuel Kaye
Timothy Cundy (resigned 13 March 2018)

Non-Executive

Keith Lassman
Adam Kaye

Directors' interest in shares

	As at 30 December 2018		**As at 31 December 2017**	
Director	Ordinary shares of 10p each	%	Ordinary shares of 10p each	%
Jonny Plant	4,154,579	6.9%	3,843,329	6.4%
Samuel Kaye	10,750,589	18.0%	10,750,589	18.0%
Keith Lassman	333,185	0.6%	168,185	0.3%
Adam Kaye	7,236,559	12.1%	7,236,559	12.1%
Tim Cundy (Resigned 13th March 2018)	-	-	-	-

As at the date of this document 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
Jonny Plant	A	500,000	£1.00	£1.50	31/03/2014	30/03/2024
	B	600,000	£1.20	£2.00	30/04/2015	29/04/2025

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.

Donations

The Group made no charitable or political donations in the period (2017 - 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

The Board have a reasonable expectation that the Group has adequate resources to continue in operational existence for a period of at least twelve months since the Board approved these financial statements. Accordingly, a going concern basis of accounting is adopted in preparing the annual financial statements. The Board's assessment of going concern can be found in Note 1 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.

BDO LLP 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
Joint Chief Executive Officer
20 March 2019

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 rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

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 Company will continue in business.

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

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 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.

Consolidated statement of comprehensive income

for the 52 weeks ended 30 December 2018

	Note	52 weeks ended 30 December 2018 £'000	52 weeks ended 31 December 2017 £'000
Revenue	3	**47,278**	50,309
Cost of sales		**(46,370)**	(48,402)
Gross profit		**908**	1,907
Total operating expenses		**(12,473)**	(11,175)
Operating (loss)/profit before highlighted items		**(367)**	1,235
Highlighted items	5	**(11,198)**	(10,503)
Operating loss	4	**(11,565)**	(9,268)
Finance income		**-**	1
Finance expense	6	**(252)**	(203)
Loss before income tax		**(11,817)**	(9,470)
Income tax	9	**204**	**1,195**
Loss and total comprehensive loss for the period and attributable to owners of the parent		**(11,613)**	(8,275)
Loss per share attributable to the ordinary equity owners of the parent			
Basic and diluted	10	**(19.42p)**	(13.84p)

Consolidated statement of changes in equity

for the 52 weeks ended 30 December 2018

	Share capital £'000	Share premium £'000	Merger reserve £'000	Retained (loss)/ profit £'000	Total £'000
Balance at 1 January 2017	5,975	21,348	992	1,851	30,166
Issue of ordinary shares	5	28	-	-	33
Total comprehensive income for the period	-	-	-	(8,275)	(8,275)
Share based payments	-	-	-	134	134
Balance at 31 December 2017	5,980	21,376	992	(6,290)	22,058
Total comprehensive loss for the period	-	-	-	(11,613)	(11,613)
Share based payments	-	-	-	111	111
Balance at 30 December 2018	5,980	21,376	992	(17,792)	10,556

Company statement of changes in equity

for the 52 weeks ended 30 December 2018

	Share capital £'000	Share premium £'000	Retained profit £'000	Total £'000
Balance at 1 January 2017	5,975	21,348	605	27,928
Issue of ordinary shares	5	28	-	33
Total comprehensive income for the period	-	-	(6,036)	(6,036)
Share based payments	-	-	134	134
Balance at 31 December 2017	5,980	21,376	(5,297)	22,059
Total comprehensive loss for the period	-	-	(11,640)	(11,640)
Share based payments	-	-	111	111
Balance at 30 December 2018	5,980	21,376	(16,826)	10,530

Consolidated balance sheet

At 30 December 2018

	Note	30 December 2018 £'000	31 December 2017 £'000
Non-current assets			
Intangible assets	12	**352**	470
Property, plant and equipment	13	**16,554**	28,331
Pre-paid operating lease charges	14	**507**	1,428
Other non-current assets		**283**	278
		17,696	30,507
Current assets			
Inventories	16	**2,548**	2,655
Trade and other receivables	17	**3,538**	6,257
Pre-paid operating lease charges	14	**87**	143
Cash and cash equivalents		**4,312**	1,843
		10,485	10,898
Assets held for sale	33	**505**	-
Total assets		**28,686**	41,405
Current liabilities			
Trade and other payables	18	**(7,100)**	(9,201)
Borrowings	21	**(2,867)**	(583)
		(9,967)	(9,784)
Non-current liabilities			
Provisions	19	**(3,347)**	(1,660)
Lease incentives		**(1,266)**	(1,233)
Deferred tax liability	20	**-**	(252)
Long-term borrowings	21	**(3,550)**	(6,417)
		(8,163)	(9,562)
Total liabilities		**(18,130)**	(19,347)
Total net assets		**10,556**	22,058
Equity			
Share capital	22	**5,980**	5,980
Share premium	23	**21,376**	21,376
Merger reserve	23	**992**	992
Retained profit	23	**(17,792)**	(6,290)
Total equity		**10,556**	22,058

The financial statements were approved by the Board of Directors of the Company and authorised for issue on 20 March 2019 and signed on their behalf by Daniel Jonathan Plant.

Company balance sheet

At 30 December 2018

	Note	**30 December 2018 £'000**	**31 December 2017 £'000**
Non-current assets			
Investments	15	**3,130**	3,019
Other non-current assets	17	**7,400**	19,040
		10,530	22,059
Total net assets		**10,530**	**22,059**
Equity			
Share capital	22	**5,980**	5,980
Share premium	23	**21,376**	21,376
Retained deficit	23	**(16,826)**	(5,297)
Total equity		**10,530**	22,059

The Parent Company 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 £11,640,000 (2017 – loss of £6,036,000) for the period.

The financial statements were approved by the board of directors of the Company and authorised for issue on 20 March 2019 and signed on their behalf by Daniel Jonathan Plant.

Consolidated cash flow statement

for the 52 weeks ended 30 December 2018

	Note	**52 weeks ended 30 December 2018 £'000**	**52 weeks ended 31 December 2017 £'000**
Operating activities			
Cash generated from operations	30	**389**	2,785
Corporation tax received		**26**	-
Net cash inflow from operating activities		**415**	2,785
Investing activities			
Proceeds from sale of property, plant and equipment		**4,150**	975
Purchase of property, plant and equipment		**(1,261)**	(6,752)
Interest received		**-**	1
Net cash in flow / (used in) investing activities		**2,889**	(5,776)
Financing activities			
Net proceeds from issues of ordinary shares		**-**	33
Bank loan receipt		**-**	-
Bank loan repayment	31	**(583)**	-
Interest paid		**(252)**	(203)
Net cash (used in) / in flow from financing activities		**(835)**	(170)
Net increase/(decrease) in cash and cash equivalents		**2,469**	(3,161)
Cash and cash equivalents brought forward		**1,843**	5,004
Cash and cash equivalents as at the end of the period		**4,312**	1,843

Company cash flow statement

for the 52 weeks ended 30 December 2018

	Note	52 weeks ended 30 December 2018 £'000	52 weeks ended 31 December 2017 £'000
Operating activities			
Cash generated from operations		-	-
Corporation tax paid		-	-
Net cash outflow from operating 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		-	-

Significant non-cash transaction

In the previous period the Company purchased and disposed of a freehold property in a sale and leaseback transaction. Net proceeds of this transaction in the previous period was an inflow of £620,000 and all cash movements in relation to this transaction were processed by the trading subsidiary and recognised in the inter-company account between the Company and the trading subsidiary.

Notes

forming part of the financial statements for the 52 weeks ended 30 December 2018

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. The consolidated financial information has been prepared in accordance with International Financial Reporting Standards adopted for use in the European Union ("IFRS").

The financial information contained in this announcement has been prepared on the basis of the accounting policies set out in the financial statements for the 52 week period ended 30 December 2018. Whilst the financial information included in this announcement has been computed in accordance with IFRS, as adopted by the European Union, this announcement does not itself contain sufficient information to comply with IFRS. The financial information does not constitute the Group's financial statements for the periods ended 30 December 2018 or 31 December 2017, but is derived from those financial statements. Those financial statements give a true and fair view of the assets, liabilities, financial position and results of the Group. Financial statements for the year ended 31 December 2017 have been delivered to the Registrar of Companies and those for the period ended 30 December 2018 will be delivered following the Company's AGM. The auditors' reports on both the 30 December 2018 and 31 December 2017 financial statements were unqualified; did not draw attention to any matters by way of emphasis; and did not contain statements under section 498 (2) or (3) of the Companies Act 2006.

(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.

Tasty plc is a public limited company. The Company's ordinary shares are traded on AIM. Its registered address is 32 Charlotte Street, London, WC1T 2NQ.

(b) Basis of preparation

The financial statements cover the 52 week period ended 30 December 2018, with a comparative period of the 52 week period ended 31 December 2017. 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 30 December 2018, the Group had net assets of £10,556,000 (2017: £22,058,000). The Group meets its day-to-day working capital requirements through its bank facilities. The Group's principal sources of funding are:

- Term loan to March 2022 of which £6,417,000 was outstanding at the year end. Minimum loan repayments of £2,867,000 are payable over the next twelve months with plans to raise additional funds as set out in note 21.

- issue of ordinary share capital in the Company on the Alternative Investment Market.

- We are also continuing to review our funding arrangements and as a result, we have decided to reduce our funding costs by cancelling the unutilised £5 million Revolving Credit Facility, that was previously earmarked for new restaurant openings.

- The Directors have undertaken to provide, in aggregate, £500,000 of new capital into the business by 30 June 2019. This new capital is to be in the form of either new subordinated loan or equity capital, or a combination of the two.

The Group was covenant compliant at the 30 December 2018. Based on current and forecasted performance, the Board expect there will continue to be covenant headroom for the foreseeable future.

Based on the above, the Board have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, the going concern basis of accounting is adopted in preparing the annual financial statements.

(d) Changes in accounting policy

New standards impacting the Group that have been adopted in the annual financial statements for the year ended 31 December 2018, and which have given rise to a change in Group accounting policies are:

- IFRS 9 Financial Instruments; and
- IFRS 15 Revenue from contracts with customers.

The impact that these standards have had on the financial statements are given in note 32.

The following are new standards, interpretations and amendments, which are not yet effective and have not been early adopted in this financial information, that will or may have an effect on the Group's future financial statements:

- IFRS 16 Leases (effective for annual periods beginning on or after 1 January 2019).

The directors note that there may be a potential material impact on the financial statements from the adoption of these standards as follows:

- The Group is party to a number of operating leases and as such IFRS 16 is expected to have a material impact on the reported assets, liabilities, income statement and cash flows of the Group. It is expected that each operating lease will be capitalised as a right of use asset on the Statement of Financial Position, together with the recognition of a liability for the corresponding lease payments. IFRS 16 will also require extensive disclosures to be made in the financial statements.

The Directors intend to use the modified retrospective approach in the first year the standard is applied to the financial statements, meaning that the comparative period will not be restated and the cumulative impact of applying the standard would be an adjustment to equity. The assessment of the potential impact of this standard on the financial statements is ongoing and the conclusions of the Directors will be finalised in due course.

The Group does not expect any other standards issued by the IASB, but not yet effective, to have a material 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 Tasty plc has a present right for payment.

(g) Pre-opening costs
Property rentals and other related overhead expenses incurred prior to a new restaurant opening are written off to the income statement in the period that they are incurred. Similarly, the costs of training new staff during the pre-opening phase are written-off as incurred.

(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 Company 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 Company'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.

The grant by the 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) 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.

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

Intangible asset	Useful economic life
Trade marks	10 years

(k) 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

Restaurants under construction are included in Property, plant and equipment. No depreciation is provided on restaurants under construction until the asset is available for use.

All property, plant and equipment is reviewed for impairment in accordance with IAS36 Impairment of Assets, when there are indications that the carrying value may not be recoverable.

Property, plant and equipment are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset or a cash generating unit (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. The Group view each restaurant as a separate CGU. Value in use is calculated using cash flows over the remaining life of the lease for the CGU discounted at 10% (2017: 10%), being the rate considered to reflect the risks associated with the CGUs. Cash flows are determined using a one year forecasting period after which cash flows are extrapolated at a 3% growth rate.

Impairment charges are recognised in the statement of comprehensive income.

(l) 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.

(m) Onerous contracts

Provisions for onerous contracts are 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.

(n) Loans and receivables

These assets arise principally from the provision of goods and services to customers (eg 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.

(o) 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.

(p) Inventories

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.

(q) Leased assets

Leases are 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 are classified as operating leases. The Group currently has no finance leases. Assets leased under operating leases are not recorded on the balance sheet.

The total rentals payable under the operating leases are charged to the consolidated income statement on a straight-line basis over the lease term. Where the Group sub-let sites to tenants, the rental income and expense are offset within administrative expenses.

Lease incentives received, primarily rent-free periods, are capitalised and then systematically released to the income statement over the period of the lease term. Payments made to acquire operating leases are treated as pre-paid lease expenses and are amortised over the term of the lease.

(r) 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.

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.

(s) Business combinations & goodwill

The financial statements incorporate the results of business combinations using the purchase method. In the balance sheet, the identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

Goodwill represents the difference between the fair value of consideration paid and the carrying value of the assets and liabilities acquired in the business combination.

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.

(t) Investments

Investments in subsidiaries are included in the Company’s Statement of Financial Position at cost less provision for impairment.

(u) Share capital

The Company's ordinary shares are classified as equity instruments.

(v) 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 Company'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.

2 Critical accounting estimates and judgements

The Group makes certain estimates and judgements that affect the application of policies and reported amounts. 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.

(a) Share based payments (note 27)

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 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.

(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. 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.

(e) Intercompany provision

In carrying out a review of intercompany loan in accordance with IRFS9 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.

(f) Onerous contract provision (note 19)

The amount provided is based on 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 are used in calculating these provisions and changes to these assumptions or future events could cause the value of these provisions to change.

3 Revenue 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.

4 Operating profit

This has been arrived at after charging	**52 weeks ended 30 December 2018 £'000**	52 weeks ended 31 December 2017 £'000
Staff costs	**19,056**	20,483
Share based payments	**111**	134
Operating lease rentals	**5,858**	6,045
Amortisation of intangible assets	**3**	3
Depreciation	**1,861**	2,146
Amortisation of prepaid operating leases	**87**	143
Pre-opening costs	**-**	413
Onerous lease provision	**1,687**	1,635
Restructure and consultancy	**457**	-
Impairment of lease premiums	**897**	96
Impairment of Goodwill	**115**	-
Impairment of property, plant and equipment	**10,063**	9,462
Profit on disposal of property, plant and equipment	**(2,132)**	(1,237)
Auditor remuneration:		
Audit fee - Parent Company	**10**	10
- Group financial statements	**30**	27
- Subsidiary undertaking	**10**	8
Other services – Taxation compliance	**11**	6

5 Highlighted items – charged to operating expenses

	52 weeks ended 30 December 2018 £’000	52 weeks ended 31 December 2017 £’000
Profit on disposal of property, plant and equipment	**2,132**	1,237
Pre-opening costs	**-**	(413)
Onerous leases	**(1,687)**	(1,635)
Restructure and consultancy	**(457)**	-
Impairment of lease premiums	**(897)**	(96)
Impairment of Goodwill	**(115)**	-
Impairment of property, plant and equipment	**(10,063)**	(9,462)
Share based payments	**(111)**	(134)
	(11,198)	(10,503)

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 expense

	52 weeks ended 30 December 2018 £'000	52 weeks ended 31 December 2017 £'000
Loan interest payable	**252**	203
	252	203

7 Employees

Staff costs (including Directors) consist of	52 weeks ended 30 December 2018 £'000	52 weeks ended 31 December 2017 £'000
Wages and salaries	**17,493**	18,936
Social security costs	**1,415**	1,459
Other pension costs	**148**	88
Equity settled share based payment expense	**111**	134
	19,167	20,617

The average number of persons, including Directors, employed by the Group during the period was 1,049 of which 1,030 were restaurant staff and 19 were administration staff, (2017 – 1,184 of which 1,169 were restaurant staff and 15 were administration staff).

No staff are employed by the Company.

Of the total staff costs £18,106,000 was classified as cost of sales (2017 - £19,716,000) and £1,061,000 as operating expenses (2017 - £901,000). Redundancy costs of £185,000 (2017 - £nil) have been included as a cost of Restructure and Redundancy in note 5.

8 Directors and key management personnel remuneration

Key management personnel 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 30 December 2018 £'000	52 weeks ended 31 December 2017 **£'000**
Directors remuneration		
Emoluments	**252**	405
Share based payments	**70**	88
Benefits in Kind	**-**	6
Social security costs	**30**	50
	352	549

	52 weeks ended 30 December 2018 £'000	52 weeks ended 31 December 2017 **£'000**
Individual directors' emoluments		
J Plant	**120**	120
S Kaye	**55**	110
T Cundy (resigned 13 March 2018)	**27**	105
A Kaye	**20**	40
K Lassman	**30**	30
	252	405

In addition to the above, benefits in kind for the period were provided to S Kaye of £nil (2017 - £3,000) and A Kaye of £nil (2017 - £3,000).

Share based payments for the period that are attributable to the Directors are £70,000 (2017 - £88,000).

Company
The Company paid no director emoluments during the year.

9 Income tax expense

	52 weeks ended 30 December 2018 £'000	52 weeks ended 31 December 2017 £'000
UK Corporation tax		
Current tax credit/(charge) on loss for the period	**-**	396
Adjustment in respect to previous years	**(48)**	85
Total current tax	**(48)**	481
Deferred tax		
Utilisation of tax losses	**-**	-
Origination and reversal of temporary differences	**252**	714
Impact of change in future rate of taxation	**-**	-
Total deferred tax	**252**	714
Total income tax credit	**204**	1,195

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

	52 weeks ended 30 December 2018 £'000	52 weeks ended 31 December 2017 £'000
Loss before tax	**(11,817)**	(9,470)
Tax on loss at the ordinary rate of corporation tax in UK of 19% (2017 – 19.25%)	**(2,245)**	(1,823)
Effects of		
Expenses not deductible for tax	**21**	54
Onerous lease provision not deductible for tax	**168**	154
Adjustment in respect of previous years	**(48)**	85
Depreciation/impairment on ineligible fixed assets	**1,900**	335
Total tax charge	**(204)**	(1,195)

10 Loss per share

	30 December 2018 Pence	31 December 2017 Pence
Basic and diluted loss per ordinary share	**(19.42)**	(13.84)

	2018 Number '000	2017 Number '000
Loss per share have been calculated using the numbers shown below:		
Weighted average ordinary shares (basic)	**59,795**	59,787

	2018 £'000	2017 £'000
Loss for the financial period	**(11,613)**	(8,275)

Due to the loss made in the year, all share options are anti dilutive. No share options would otherwise be considered dilutive (2017 – 565,000).

11 Dividend

No final dividend has been proposed by the Directors (2017 – nil).

12 Intangibles

	Trademarks £'000	Goodwill £'000	Total £'000
At 1 January 2017	32	441	473
Additions	-	-	-
Amortisation of trademarks	(3)	-	(3)
At 31 December 2017	29	441	470
Impairments	-	(115)	(115)
Amortisation of trademarks	(3)	-	(3)
At 30 December 2018	26	326	352

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 (or 5 years if shorter), assuming a growth rate of 3% and are discounted at a rate of 10% (2017 – 10%). Management has performed sensitivity testing on all inputs to the model and noted no highly sensitive variables. Goodwill has been allocated to CGUs as follows;

	30 December 2018 £'000	31 December 2017 £'000
Shaftesbury Avenue	**196**	196
Cambridge	**130**	130
Stratford-upon-Avon	**-**	65
Loughton	**-**	25
Billericay	**-**	25
	326	441

During the year Goodwill for the sites at Stratford-upon-Avon, Loughton and Billericay has been fully impaired.

13 Property, plant and equipment

	Freehold property £'000	Leasehold improvements £'000	Furniture fixtures and computer equipment £'000	Assets in the course of construction £'000	Total £'000
Cost					
At 1 January 2017	-	37,245	10,774	221	48,240
Additions	417	5,648	687	-	6,752
Disposals	(417)	(1,836)	(515)	-	(2,768)
Transfers	-	174	-	(174)	-
At 31 December 2017	-	41,231	10,946	47	52,224
Additions	-	863	398	-	1,261
Disposals	-	(1,187)	(470)	(47)	(1,704)
Reclassified as held for sale	-	(930)	(411)	-	(1,341)
At 30 December 2018	**-**	**39,977**	**10,463**	**-**	**50,440**
Depreciation					
At 1 January 2017	-	9,593	4,447	-	14,040
Provided for the period	-	1,155	991	-	2,146
Impairments	-	9,069	393		9,462
Disposals	-	(1,540)	(215)	-	(1,755)
At 31 December 2017	-	18,277	5,616	-	23,893
Provided for the period	-	1,070	791	-	1,861
Impairments	-	8,601	1,462	-	10,063
Disposals	-	(817)	(278)		(1,095)
Reclassified as held for sale	-	(581)	(255)	-	(836)
At 30 December 2018	**-**	**26,550**	**7,336**	**-**	**33,886**
Net book value					
At 30 December 2018	**-**	**13,427**	**3,127**	**-**	**16,554**
At 31 December 2017	-	22,954	5,330	47	28,331

Due to the declining performance of the Group, and a number of underperforming sites in the year, the Group has recognised impairments across a number of assets. The key judgements and estimates in the inputs in calculating the impairments are outlined in note 1k.

A sensitivity analysis has been performed on each of the key assumptions noted with other variables held constant. Increasing the growth rate by 1% would reduce impairments by £136,000. Decreasing the discount rate by 1% would reduce impairments by £142,000.

The total carrying value of the assets that have been impaired in the period is £13,984,000 (2017 - £17,520,000). These have been impaired to their value in use of £3,024,000 (2017 - £8,058,000).

Of which assets held for sale accounted for a carrying value of £1,050,000 (2017-£nil) and impaired to value in use of £505,000.

Company
The Company holds no property, plant and equipment.

14 Prepaid operating leases

	30 December 2018 £'000	31 December 2017 £'000
Held within current assets	**87**	143
Held within non-current assets	**507**	1,428
	594	1,571

Prepaid operating leases represent lease premiums paid on the acquisition of sites, amortised evenly over the lease term.

15 Investments

	£'000
Company	
At 1 January 2017	2,885
Share based payment in respect of subsidiary	134
At 31 December 2017	3,019
Share based payment in respect of subsidiary	111
At 30 December 2018	**3,130**

The Company's investments are wholly related to a 100% ordinary shareholding in Took Us a Long Time Limited, 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.

16 Inventories

	30 December 2018 £'000	31 December 2017 **£'000**
Raw materials and consumables	**798**	918
Crockery and utensils	**1,750**	1,737
	2,548	2,655

In the Directors' opinion there is no material difference between the replacement cost of stocks and the amounts stated above. Inventory purchased and recognised as an expense in the period was £12,118,000 (2017 - £13,357,000).

17 Trade and other receivables

	30 December 2018 £'000	31 December 2017 **£'000**
Trade receivables	**240**	141
Corporation tax	**-**	74
Prepayments and other receivables	**3,581**	6,320
Total trade and other receivables	**3,821**	6,535
Less non-current portion	**(283)**	(278)
	3,538	6,257
Company		
Amounts due from subsidiary	7,400	19,040
Total trade and other receivables	7,400	19,040
Classified as non-current	**7,400**	19,040

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 £25,611,000 (2017 - £25,666,000).

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 £18,211,000 (2017 - £6,626,000) 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, sale value of company assets and the consolidated net asset value of the Group at the balance sheet date.

18 Trade and other payables

	30 December 2018 £'000	31 December 2017 £'000
Trade payables	**3,690**	4,666
Taxations and social security	**1,649**	1,981
Accruals and deferred income	**1,269**	2,194
Other payables	**492**	361
	7,100	9,202

Included within trade payables are £152,000 (2017 - £137,000) due to related parties (note 29).

19 Provisions

	30 December 2018 £'000	31 December 2017 £'000
At the beginning of the period	**1,660**	35
Utilisation in period	**(10)**	(10)
Charge in the period	**1,697**	1,635
At the end of the period	**3,347**	1,660

During the period a provision for onerous leases was made of £1,687,000 (2017 - £1,625,000). 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. The provision covers a three year period and it is expected the majority of the provision will be utilised over the next 24 months.

20 Deferred tax

	30 December 2018 £'000	31 December 2017 £'000
At the beginning of the period	(252)	(966)
Profit and loss credit/(charge)	252	714
	-	(252)

	30 December 2018 £'000	31 December 2017 £'000
Accelerated capital allowances	-	(252)
Tax losses carried forward	-	-
At the end of the period	-	(252)

Due to the uncertainty of future profits, a deferred tax asset of £862,000 is not recognised in these financial statements.

21 Borrowings

	30 December 2018 £'000	31 December 2017 £'000
Current		
Secured bank borrowings	**2,867**	583
	2,867	583
Non-current		
Secured bank borrowings	**3,550**	6,417
	3,550	6,417
	6,417	7,000
Maturity of secured bank borrowings		
Due within one year	**3,083**	739
Due In more than one year but less than two years	**927**	2,456
Due In more than two years but less than five years	**2,846**	4,167
	6,856	7,362
Future interest payments	**(439)**	(362)
	6,417	7,000

In November 2018 the Group revised its £7,000,000 term loan facility with its existing lender Barclays plc (the "Revised Loan Facility") which amends the Company's existing £7,00,000 term loan facility (the "2016 Term Loan Facility"). The key effects of the Revised Loan Facility are to extend the final repayment date from July 2021 to March 2022 and to significantly reduce the quarterly repayments with effect from July 2019.

Under the terms of the Revised Loan Facility agreement, the Company is to pay interest on the amount drawn down of between 2.5% and 4% over LIBOR with the interest rate payable dependent upon the ratio of the amount drawn down to adjusted EBITDA.

In addition to the quarterly repayments referred to above, the Company has undertaken to reduce the amount drawn down under the Revised Loan Facility by an aggregate of £1.1 million on or before 30 June 2019. The Directors have undertaken to provide, in aggregate, £500,000 of new capital into the business by 30 June 2019. This new capital is to be in the form of either new subordinated loan or equity capital, or a combination of the two. In addition, the Company intends to raise new equity and sell assets. To date over £600,000 has been raised through the sale of assets.

In our current forecast a repayment of £1.75 million is assumed in addition to the quarterly repayments. Any sum above a £2.25 million repayment will avoid an additional interest fee on a sliding scale from 1% to 6%.

The current outstanding loan is £5.2 million.

The Group continues to review its funding arrangements and as a result, the unutilised £5 million Revolving Credit Facility, that was previously earmarked for new restaurant openings, has been cancelled.

22 Share capital

	Number	£'000
Ordinary shares at 10p each called up and fully paid:		
At 1 January 2017	59,745,496	5,975
Exercise of share options	50,000	5
At 31 December 2017	59,795,496	5,980
Exercise of share options	-	-
At 30 December 2018	**59,795,496**	**5,980**

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.

24 Capital commitments

At the balance sheet date the Group and the Company had no capital commitments which were contracted but not provided for (2017 - £nil). Capital commitments relate to committed expenditure in respect of restaurants under construction.

25 Operating lease commitments

The total future value of minimum lease payments under non-cancellable operating leases are shown below. The receipts are from sub-tenants on contractual sub-leases, the net position represents the cash liability of the Group.

	30 December 2018 £'000	31 December 2017 £'000
Within one year: payments	**5,521**	5,641
Within one year: receipts	**(237)**	(230)
	5,284	5,411
Within two to five years: payments	**20,808**	22,082
Within two to five years: receipts	**(930)**	(920)
	19,878	21,162
Over five years: payments	**60,579**	68,622
Over five years: receipts	**(2,485)**	(3,187)
	58,094	65,435
	83,256	92,008

26 Pensions

The Group, last year, made contributions of £nil to the personal pension plan of the Directors. The total amount paid during the period was £nil. During the year the Group made contributions to employee pensions of £148,000 (2017 - £88,000).

27 Share based payments

	Weighted average exercise price (pence)	Number '000
At 1 January 2017	96.5	3,664
Exercised	66.5	(50)
Lapsed	87.5	(125)
At 31 December 2017	97.2	3,489
Lapsed	31.5	(440)
Cancelled	129.8	(166)
At 30 December 2018	**105.4**	**2,883**

The exercise price of options outstanding at the end of the period ranged between 35p and 147p (2017 – 31.5p and 147p) and their weighted average remaining contractual life was 6.3 years (2017 – 6.5 years).

Of the total number of options outstanding at the end of period 2,147,785 (2017 – 2,866,785) had vested and were exercisable at the end of the period with a weighted average exercise price of 103p.

The market price of the Company's ordinary shares as at 30 December 2018 was 11p and the range during the financial year was from 10.5p to 32.5p.

In the previous period 50,000 options were exercised. The weighted average share price at the date of exercise was 66.5p.

There were no share options issued or exercised in the period.

28 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 Groups financial instruments are measured on an amortised cost basis. Due to the short-term nature of cash and cash equivalents, trade receivables and trade and other payable, the carrying value approximates their fair value.

Financial assets (amortised cost)	**30 December 2018 £'000**	31 December 2017 **£'000**
Cash and cash equivalents	**4,312**	1,843
Trade and other receivables	**240**	141
Total financial assets	**4,552**	1,984

Financial liabilities (amortised cost)		
Trade and other payables	**4,182**	5,027
Loans and borrowings	**6,417**	7,000
Total financial liabilities	**10,599**	12,027

Company - Financial assets (amortised cost)	**30 December 2018 £'000**	31 December 2017 **£'000**

Intercompany loan	**7,400**	19,040

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

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.

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

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. The Credit risk arising from these assets are linked to the underlying trading performance of the trading subsidiary. See note 17 and note 28 for further details on intercompany debt.

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.

The Group seeks to manage its financial risk to ensure that sufficient liquidity is available to meet foreseeable needs both in the short and long term (note 21). The Board consider detailed cash flow forecasts together with future obligations from capital projects in progress and the resulting impact on its cash balances.

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	4,127	-	-	-	55
Loan and other borrowings	1,800	1,282	927	2,846	-
As at 30 December 2018	**5,927**	**1,282**	**927**	**2,846**	**55**

	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	4,972	-	-	-	55
Loan and other borrowings	-	736	2,456	4,167	-
As at 31 December 2017	**4,972**	**736**	**2,456**	**4,167**	**55**

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 financial instruments. This is the risk that the future cash flows of the financial instrument will fluctuate because of changes in the interest rates.

The Group is exposed to cash flow interest rate risk from long term borrowings at variable rate. The Group does not seek to fix interest rates on these borrowings because the Board considers the exposure to the interest rate risk to be acceptable.

Surplus funds are invested in interest bearing, instant access bank accounts. The Group also holds short term deposit accounts in relation to tenant deposits received on sublet sites.

Loans and borrowings

The Group has a loan facility with Barclays Bank Plc. Of the £7 million term loan £6.42 million was outstanding at the year-end. Interest is payable between 2.5% and 4% over LIBOR dependent upon the ratio of the amount drawn down to adjusted EBITDA.

We cancelled the unutilised £5 million Revolving Credit Facility, that was previously earmarked for new restaurant openings.

At 30 December 2018 if the Bank of England base rate had been 1% higher / lower with all other variables held constant this would not have resulted in any significant variance in the profit or loss or net assets of the Group.

The bank loans are secured by a legal charge over the issued share capital of the Group companies, a legal charge over all the Group's trading sites and a cross guarantee between Group companies.

Capital disclosures

The Group considers its capital to comprise the ordinary share capital, share premium and retained earnings.

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.

29 Related party transactions

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

The Group pays 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. The Group receives income from related parties for fees in relation to consultancy services offered.

	52 weeks ended 30 December 2018 £'000	52 weeks ended 31 December 2017 £'000
Rent, insurance and legal services		
- Kropifko Properties Ltd	**(167)**	(240)
- KLP Partnership	**(84)**	(88)
- ECH Properties Ltd	**(75)**	(68)
- Proper Proper T Ltd	**(105)**	(105)
- Super Hero Properties	**(69)**	-
- Howard Kennedy LLP	**(5)**	(5)
Expenses reimbursed	**-**	(8)
Income	**-**	-
Balance due to related parties	**152**	137
Balance due from related parties	**-**	-

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

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

	52 weeks ended 30 December 2018 £'000	52 weeks ended 31 December 2017 £'000
Group		
Loss before tax	**(11,817)**	(9,470)
Finance income	**-**	(1)
Finance expense	**252**	203
Share based payment charge	**111**	134
Depreciation and impairment	**13,016**	11,847
Profit from sale of property plant and equipment	**(2,132)**	(1,237)
Amortisation of intangible assets	**3**	3
Onerous lease provision movement	**1,687**	1,625
Decrease / (increase) in inventories	**107**	(190)
Decrease / (increase) in trade and other receivables	**1,231**	(392)
(Decrease)/ Increase in trade and other payables	**(2,069)**	263
	389	2,785

31 Reconciliation of financing activity

	Non-current loans and borrowings (note 21) £'000	**Current loans and borrowings (note 21) £'000**	**Total £'000**
At 31 December 2017	6,417	583	7,000
Borrowings becoming current in 2018 (non-cash movement)	(2,284)	2,284	-
Loan repayment	(583)	-	(583)
As at 30 December 2018	3,550	2,867	6,417

32 Effects of changes in accounting policies

The Group adopted IFRS 9 and IFRS 15 with a transition date of 1 January 2018.

Due to the nature of trade IFRS 15 has not had an impact on the recognition of revenue for the current or previous period. This accounting policy is outlined in note 1f

IFRS 9 applies to classification and measurement of financial assets and financial liabilities, impairment provisioning and hedge accounting. IFRS 9 replaces IAS 39 Financial Instrument: Recognition and Measurement and introduces a single model that has initially only two classification categories rather than the multiple classification and measurement models in the previous standard. The new models are amortised at cost and fair value. For both the Group and Company there has been no change to the measurement of financial instruments on adoption of IFRS 9. See the accounting policy outlined in note 1n.

The company has made provisions against intercompany debts. Details of the impairment model applied and the significant estimates and judgements are outlined in note 17. Movements in the impairment allowance for intercompany receivables are as follows:

	£'000
At 1 January 2018 under IAS 39	6,626
Restated through retained earnings	-
Opening position	6,626
Increase during the year	11,585
As at 30 December 2018	18,211

33 Assets held for sale

The Group looks to dispose of sites which are underperforming or no longer fit its restaurant portfolio. In line with this strategy, the Group was marketing two properties at 30 December 2018 which have been sold post year-end (see note 34).

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

	30 December 2018 £'000	31 December 2017 **£'000**
Leasehold improvements	**350**	-
Furniture, fixtures and computer equipment	**155**	-
Total assets held for sale	**505**	-

On 8 March 2018 the Group sold its Gloucester Road site as a going concern for consideration of £2.7m, which has been recognised in these financial statements. The assets for this site are not disclosed in the comparative figures as this site did not meet the criteria to be held for sale.

34 Post Balance Sheet Events

On 8 January 2019 the Group sold its Cobham site as a going concern for a consideration of £0.35m. On 31 January 2019 South Woodford was assigned at a total consideration of £0.15m. On 6th March 2019 Tunbridge Wells was assigned at a total consideration of £0.05m. One further site has been exchanged and waiting for completion.