TASTY PLC

Report and financial statements

52 weeks ended 29 December 2019

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Directors and information

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Keith Lassman (Non-Executive Chairman)
Daniel Jonathan Plant (Joint Chief Executive Officer)
Samuel Kaye (Joint Chief Executive Officer)
Adam Kaye (Non-Executive Director)
Mayuri Vachhani (Finance 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 29 December 2019 and the comparative 52 week period ended 30 December 2018. The Group currently operates 56 restaurants, comprising 5 dim t and 51 Wildwood restaurants.

In May 2019 we successfully raised £3.25m through an institutional placing and open offer to existing shareholders and since the start of 2019, we have also received gross proceeds of £2.6m through asset sales. As announced in January 2020, following the sale of our dim t More London site, we were able to fully pay off our bank loan (£1.7m was outstanding at year-end (2018: £6.4m)). With no bank debt the Group is now in a strong position to invest free cash-flow back into the business.

2019 continued to be a challenging year for the casual dining and retail markets and the Group's priority was to achieve financial stability and stem the sales decline. This included; optimising the current estate, turning around underperforming sites, improving the customer experience and investing in our people. Over the next year we plan to refurbish a few sites and refresh some of the older restaurants in the estate. All underperforming sites remain under close review but there are currently no plans to dispose of any existing restaurants or to open any new sites in 2020.

In the first half of 2019 the Group experienced particularly difficult trading conditions which were impacted by the uncertainty of Brexit and the political environment. Since the General Election in December to date, we have witnessed a recovery in consumer confidence. Trading over the Christmas period was positive and ensured that we delivered an adjusted EBITDA in line with our expectations. Notwithstanding the Coronavirus (COVID-19) outbreak, the start of 2020 has continued to be encouraging. However, the full impact of Brexit remains unclear. The likely upward pressure on food cost and the reduction in the supply of labour and the availability of certain food items all remain a concern to the business. Whilst we have measures in place to reduce the anticipated impact of Brexit or COVID-19 issues, it is impossible to mitigate all potential risks but we are constantly monitoring the situation

Despite all the challenges we faced during 2019 we were cash generative and achieved our expected results.

With our continued focus on enhancing the food offering and customer experience, we believe that both brands will remain relevant and we should be well placed to take advantage of any opportunities in the casual dining market as consumer confidence improves.

Once again, I would like to recognise our great team and thank them for their continued effort and support and for helping us to overcome the issues encountered throughout these testing times.

Dividend

The Board does not propose to recommend a dividend (2018: £nil).

Keith Lassman

Chairman

16 March 2020

Strategic report for the 52 weeks ended 29 December 2019

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 Group's main focus. 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 mainly outside of London, Wildwood is currently trading from 51 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.

Business review

We continue to make progress on our key strategies and have undertaken various initiatives to, optimise the estate, improve the food and drink offering, customer engagement and our people development.

Optimise the estate
We have addressed optimising the estate in two key ways. Firstly, we have disposed of sites which were underperforming, not trading or have attracted considerable premiums. The following sites have been disposed of since 31 December 2018:

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 31 January 2019 this was assigned for a total consideration of £0.15m.

Tunbridge Wells
This site was previously sub-let to Cau which went into administration and was sub-let to a new tenant on 6 March 2019 for a consideration of £0.05m.

Worcester Park Wildwood
On 28 March 2019 this site was assigned for a total consideration of £0.035m.

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

In addition, in 2019, we sub-let a site in Highgate which had operated as a test brand called "Centuno" but which had been closed prior to the sale.

The Group continues to review the estate and will consider any appropriate offers but no further disposals in 2020 are currently planned.

In addition to site disposals we engaged with our landlord's for assistance. Our collaborative approach has been well received and generally we have found landlords to be supportive and cooperative. We have been successful in achieving rent reductions and lease concessions on a number of sites.

Food and drink proposition

We remain focused on offering a wide choice to our customers. We continue to offer seasonal specials and are constantly looking at ways of making the menu more exciting and broadening its appeal, including the launch of specific vegetarian, vegan and non-gluten menus. Since trialling the "Beyond Meat" plant-based vegan burger as part of our specials' menu it has now been introduced onto our main menu.

In Wildwood we offered four turkey-based dishes including a roast dinner which proved to be popular and we believe a better choice and more competitively priced Christmas menu than our competitors was one of the key reasons we performed well over the period.

Customer engagement

Our aspiration is to be the high street brand with highest standard of customer service in the casual dining sector. We have been using a number of tools to help us measure this including; mystery diner reports, online customer feedback and Trip Advisor scores. We use data from all these reviews to improve the overall customer experience and enjoyment.

People Development

We know that our people are integral to our business and we are committed to providing an engaging, open and honest environment for our teams. We believe in nurturing talent and are committed to training. We are running our apprenticeship scheme which was launched in 2017 and expect 25 to 30 learners to achieve a pass or distinction this year. Some of the modules run as part of the apprenticeship scheme have been extended to the wider workforce and this scheme we will allow us to develop our best employees and engender a loyal and motivated group who will be able to push the business forward.

In 2019 we granted share options to a number of employees, which we believe will improve retention and over the longer-term will allow our employees to financially benefit from their hard work and the growth of the business.

Current trading and Outlook for the coming year

Following a positive Christmas trading period, the start to 2020 has generally been encouraging. The Group is planning a modest investment in the existing estate and the infrastructure of the business to sustain its recovery. We continue to monitor closely the rapidly evolving COVID-19 outbreak with its attendant risks to the business and will make further announcements as and when appropriate. Despite the challenging and uncertain trading environment we hope 2020 will be a year in which trading will continue to improve.

Strategic report for the 52 weeks ended 29 December 2019

Highlighted Items

The Group recognises a number of charges in the accounts which arise under accounting rules which have no 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 on the income statement at the top level is on sales, EBITDA before highlighted items and operating loss 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 29 December 2019	**52 weeks ended 30 December 2018**
Revenue	£44.57m	£47.28m
Cost of sales	(£43.92m)	(£46.55m)
Gross profit	£0.65m	£0.73m
Other income	£0.24m	£0.18m
Administrative costs	(£1.40m)	(£1.28m)
EBITDA before highlighted items	£1.06m	£1.58m
Operating loss before highlighted items	(£0.50m)	(£0.37m)

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

Revenue for the period decreased 6% on last year to £44.6m (2018 - £47.3m). This was mainly due to the closure of sites and partly due to like-for-like decline. EBITDA before highlighted items was £1.1m (2018 - £1.6m). Pressure on food cost and labour inflation continued and impacted gross margins. Some of this was improved by rent negotiations.

Impairment provision for the year was £nil (2018 - £11.1m) with an onerous lease provision release of £0.6m (2018 – charge of £1.7m).

The Group has disposed of a number of properties during the period resulting in a loss on disposal, as included in highlighted items, of £0.04m (2018 – profit £2.1m).

Operating loss before highlighted items increased in the period to a loss of £0.5m (2018 - £0.4m) and the Group achieved a pre-tax loss (after highlighted items) of £0.3m (2018 – loss of £11.8m).

Net cash inflow for the period before financing was £2.3m (2018- inflow £3.3m). This is generated from operations and proceeds from the sale of property. Net cash flows generated from operations were £2.2m (2018 - £0.4m).

As at 29 December 2019, the Company had an outstanding bank loan of £1.7m (2018 - £6.4m). At 29 December 2019 cash at bank was £4.6m (2018: £4.3m). Net cash at the balance sheet date was £2.9m (2018 – net debt £2.1m). The outstanding bank debt of £1.7m was repaid in full in January 2020.

Strategic report for the 52 weeks ended 29 December 2019

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

	52 weeks ended 29 December 2019 **£'000**	52 weeks ended 30 December 2018 **£'000**
EBITDA before highlighted items	**1,055**	1,581
Depreciation and amortisation	**(1,557)**	(1,948)
Operating loss before highlighted items	**(502)**	(367)
Highlighted items	**450**	(11,198)
Operating loss	**(52)**	(11,565)

Strategic report for the 52 weeks ended 29 December 2019

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 could impact staff, restaurants and supply.	Adapting to the ever-changing situation Government guidelines will be followed. Outbreak protocol for staff, restaurants and suppliers. Working with the suppliers to ensure back-up supplies available and stock piling where necessary in central kitchen. Cash preservation is of primary concern and we will be working with suppliers to review credit terms, manage variable costs and review restaurant opening times. We are now constantly reviewing any capital expenditure commitments.
Market Conditions and Brexit Economic uncertainty and impact of Brexit could reduce customer confidence / spending.	The uncertainty of the impact 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 We are now debt free. We also 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 offer whilst maintaining accessibility without compromising quality or the customer experience. We constantly review marketing offers 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 includes sales and gross profit-based bonuses and share options.

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.

On behalf of the Board.

Daniel Jonathan Plant
Joint Chief Executive Officer

16 March 2020

Report of the directors for the 52 weeks ended 29 December 2019

The Directors present their report together with the audited financial statements for the 52 weeks ended 29 December 2019 (comparative period 52 weeks to 30 December 2018).

Results and dividends

The consolidated statement of comprehensive income is set out on page 28 and shows the loss for the period.

The Directors do not recommend the payment of a dividend (2018 - £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 3 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

Daniel Jonathan Plant
Samuel Kaye
Mayuri Vachhani (appointed 26 September 2019)

Non-Executive

Keith Lassman
Adam Kaye

Report of the directors for the 52 weeks ended 29 December 2019

Directors' interest in shares

Director	As at 29 December 2019 Ordinary shares of 0.1p each	%	As at 30 December 2018 Ordinary shares of 10p each	%
Daniel Jonathan Plant	7,091,902	5.0%	4,154,579	6.9%
Samuel Kaye	20,750,588	14.7%	10,750,588	18.0%
Keith Lassman	806,599	0.6%	333,185	0.6%
Adam Kaye	12,236,560	8.7%	7,236,560	12.1%
Mayuri Vachhani (appointed 26 September 2019)	-	-	-	-

As at 16 March 2020 the shares held were as above.

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 end of 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 a cost of £28.37..

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.

Report of the directors for the 52 weeks ended 29 December 2019

Environment

Working alongside our primary waste contractor we have achieved an average of 45% recycling across both brands with minimal waste going to landfill.

An energy efficiency programme is currently being implemented which is aimed at reducing electricity and gas usage in both brands. By educating our employees on the impact they can have we hope to inspire change in both the business and at home.

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

The Group has discontinued the use of plastic straws and are currently working with the delivery partner to convert all our delivery packaging to biodegradable.

Donations

The Group made no charitable or political donations in the period (2018 - 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(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
Joint Chief Executive Officer
16 March 2020

Corporate Governance for the 52 weeks ended 29 December 2019

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 a number of 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.

One of the main challenges facing the industry is recruiting and retaining the right employees, particularly as we come out of the EU. We are currently addressing this issue though training and apprenticeship schemes and establishing clear development paths.

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 in full. Individual investor meetings are generally attended by one or both of the CEOs 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:

Daniel Jonathan Plant, Joint Chief Executive Tel: 020 7637 1166

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

Tasty plc 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.

During 2020 we will be leveraging this improved knowledge to test menu developments, 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 to increase the level of feedback received from customers using a number of channels which include mini wi-fi surveys in store, a detailed customer feedback system and technology to collate on-line opinion. The Group has increased the level of social media and marketing engagement and is reviewing other options to further increase customer engagement. Menu development continues, with new items tested each month through our monthly specials menu.

Employees

We ask our employees to complete an engagement survey bi-annually. The senior management team reviews the feedback and implements changes where appropriate. In addition, managers are invited to roadshows; last year we held two roadshows.

We constantly review and improve the training for our teams to ensure development and engagement, and also to 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 3 years. However, the impact of the changes we have made have yet to be fully realised, and we look forward to seeing increased returns in both engagement and retention over the next year. We have also just introduced a new e-learning platform, this has significantly improved new employees' induction to the Group and empowers current teams to manage their personal development, as well as giving us a powerful tool to introduce training targeted at the right people. In addition, 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 significantly improved the curriculum we offer. This has led to engaged learners who are also having positive impacts at their site and amongst their colleagues

Currently, we have three apprenticeship programmes in operation and this will be increased to four or possibly five in 2020. This will allow us to pro-actively respond to current and any future skills shortage in our sector by providing a comprehensive career pathway from entry level to general management and beyond. We have also invested in mental health training for our training teams to ensure that they are supporting our staff in providing a safe and supportive environment for all. We have also introduced a module within all of our apprenticeship programmes focussed on mental health and wellbeing. This information is then filtered by learners into the rest of the organisation. We also communicate with general managers to help them understand how to support their team, particularly in busy trading periods like Christmas. This will continue to be a big focus for us in 2020. We will introduce e-learning training for all managers to support them in promoting the welfare of their teams.

In addition, a number of new customer focussed training courses have been developed at all levels across the business. This has also linked in with a sophisticated system for tracking customer experience across our estate. This will allow us in the coming year to be far more focussed with our training.

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.

Corporate Governance for the 52 weeks ended 29 December 2019

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 has fallen (10.6%) and is over 7 percentage points better than the National Average (17.9%). However, we are not complacent and continue to work to understand the reasons for our gap.

We found that our Gender Pay Gap can be explained by the difference in roles that males and females fulfil. 86% of our back of house teams are male and these tend to be higher paid roles. Whilst this is an industry wide issue, we aim to be a leader for improvement in this area. To this end we aim to create back of house career paths that are attractive to the widest possible group of people. We are pleased however that our restaurant management teams are very evenly representative of both genders, with a slight female majority of 54%. Our Gender Pay Gap analysis can be found in full on our website.

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.

We have also introduced equality and diversity training as a mandatory course for all general managers. We are also exploring the opportunity of expanding our mental health and wellbeing training to include all general managers to ensure that they can pro-actively encourage their teams to maintain and improve their mental health and wellbeing.

Communication

Additionally, we believe having open lines of communication between leadership and team, and team to leadership is key to our success. We have implemented structures for communication which 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

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.

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

Audit, risk, 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 Company 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 control 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 where necessary legal advice is obtained.

Re-assessment

The Group has business continuity plan 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, three Executive Directors, Daniel Jonathan Plant, Samuel Kaye and Mayuri Vachhani, and one further Non-Executive Director, Adam Kaye. Adam Kaye is a director with many years experience in the industry and in business who is capable of providing objective and independent advice.

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 to challenge all matters, whether strategic or operational. During the year, 12 regular board meetings were held and supplementary board meetings were held as needed.

Keith Lassman and Daniel Jonathan Plant attended all 12 regular board meetings, Adam Kaye 10 and Sam Kaye nine. Mayuri Vachhani has attended all three board meetings since her appointment to the Board.

The Board is committed to Tasty plc 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 the other commitments and interests of its Directors, 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 both weekly and monthly on its headline performance against its agreed budget, and the Board reviews the weekly and monthly updates on performance and any significant variances are reviewed at each meeting.

The Group'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 from the Board at the AGM in June 2019.

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 Group’s 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. In addition, 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;
- 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. 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 joint Chief Executive Officers

The Board, which comprises three executive directors and two independent non-executive directors, is responsible for the long-term success of the Group. It 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 joint Chief Executive Officers are responsible for proposing the strategic focus to the Board, implementing it once it has been approved and overseeing the management of the Group through their 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 CEOs have weekly meetings and conference calls with their area managers and department heads and general managers meet periodically.

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.

Both the Audit and Remuneration Committee comprise the two independent 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 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 is 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 including salary, pension and share options. Details of Directors' remuneration is disclosed in note 8.

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 Company 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 large 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 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 (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 subsidiary (the 'Group') for the period ended 29 December 2019 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 29 December 2019 and of the Group's loss for the year 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.

Conclusions relating to going concern
We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

• the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
• the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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
Impairment of property, plant and equipment *Note 1(l)/ 13* For the period ended 29 December 2029 management assessed for indicators of impairment in each of the cash-generating units (CGU's) which is each of the restaurant sites. The assessment was based on the future cash flows of each site using a discounted cash flow model (being the value in use) and the potential sale value (where identifiable). The higher of these amounts, being the recoverable amount, was then compared to the carrying value of fixed assets for that site. An impairment was recognised when the fixed asset value exceeded the recoverable amount. Significant management judgement and estimation uncertainty is involved in this area, where the primary inputs are: • Estimating cash flow forecasts; • Selecting an appropriate discount rate. The impairment loss is treated as a highlighted item in the Statement of Comprehensive Income. Given the value of the tangible fixed assets and the underperformance of some restaurants over the period, we consider this to be a significant risk.	Our audit work included, but was not restricted to, the following: • We assessed Management's impairment review process and performed analysis to challenge Managements' assumptions. • We reviewed each cash generating unit for indicators of impairment and ensured that all sites showing this were considered for impairment. • We verified the arithmetically accuracy of the impairment model. • We reviewed Management's forecasted cash flows that feed into the discounted cash flow model and challenged assumptions around this with reference to historic results, market trends and future expectations. • We assessed the appropriateness of the growth and discount rates used by Management and challenged Management on those that fell outside of our expectations. • We verified that any impairment charge not posted was as a result of asset additions in 2019 that were loose assets that could be used in other sites. • We verified that the nil impairment charge in the year does not reflect material overstatement of fixed assets.
Onerous contracts *Note 1(n)/ 19* For the period ended 29 December 2029 management assessed for onerous leases at restaurant sites where the cost of exiting the lease is greater than the anticipated income from the site. This is driven by underperforming restaurants.	Our audit work included, but was not restricted to, the following: • We challenged Management on all restaurants where there is negative EBITDA as to if an onerous contract provision was required. • We verified the key inputs of the onerous lease calculation.

Significant management judgement and estimation uncertainty is involved in this area, where the primary inputs are: • Estimating cash flow forecasts; • Estimated cost to sell; • Number of years it would take to sell. The net onerous lease charge/release is treated as a highlighted item in the Statement of Comprehensive Income. Given complexities and the quantum of the balance, along with the underperformance of some restaurants in the period, we consider this to be a significant risk.	• We verified the arithmetically accuracy of the onerous lease model. • We obtained evidence to support Management assumptions on the timing and potential to sub-let or surrender leases and the quantum of any income. • For changes in onerous lease provision, we understood and discussed the rationale with reference to supporting evidence. • We assessed whether the exceptional item treatment if the onerous lease release is in accordance with appropriate guidance and practice.
Going concern *Note 1(c)* The Group is financed by a mixture of debt and equity. The debt has been fully repaid post year end ahead of the repayment schedule. An equity raise was completed during the year following a sub-division of shares. Despite generating £2.2m of cash in the period the Group made a loss of £266,000 in the period before tax and has been loss making in prior periods. The nature of the group means it operates on relatively low margins and the restaurant industry is under pressure with rising food and labour costs as a result of Brexit and other matters. A number of restaurants have also under performed in the year generating negative EBITDA. Given the above factors, we consider this to be a significant risk area.	Our audit work included, but was not restricted to, the following: • We obtained budgets and cashflow forecasts, reviewed the methodology behind these, ensure arithmetically correct and challenged the assumptions. • We obtained post year end trading results and compared these to budget to ensure budgeting is reasonable and results are in line with expectations. • We completed sensitivity analysis on the budgets provided to assess the change in turnover or costs that would need to occur to push the Group into a cash negative position. • We reviewed the reviews and ratings for a number of sites to ensure no reputation issues that could contribute to a fall in trade. • We discussed plans for the Group going forward with management, ensuring these had been incorporated into the budgeting and would not have an impact on the going concern status of the group. • We reviewed the post year end activity which included the repayment of the bank loan and the sale of one site for £2m. • We reviewed the post year end cash balance to ensure no evidence of liquidity issues.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, in evaluating the effect of misstatements and in forming an option. For the purpose of determining whether the financial statements are free from material misstatement, we define materiality as the magnitude of a misstatement or an omission from the financial statements, or related disclosures, that would make it probable that the judgemental of a reasonable person, relying on the information would have been changed or influenced by the misstatement or omission. We also determine a level of performance materiality, which we used to determine the extent of testing need, to reduce to an appropriately low level that the aggregate of uncorrected and undetected misstatement exceeds materiality for the financial statements as a whole.

The materiality for the Group financial statements as a whole was set at £130,000 (30 December 2018 – £230,000). This was determined with reference to 0.5% of turnover, reduced by an appropriate level to take into account operating loss.

We have determined Parent Company materiality to be the same level as the Group. As the company is a holding company materiality was initially based on 2% of gross assets, but this exceeded the Group level therefore was capped. The Group has one subsidiary which undertakes all trading activity which is the reason for this.

On the basis of our risk assessment and review of the Groups control environment, performance materiality was set at 75% of materiality, being £97,500 (30 December 2018 – 75% of materiality being £155,000).

The reporting threshold to the audit committee was set as 5% of materiality, being £6,500 (30 December 2018 – £4,000). If in our opinion in differences below this level warranted reporting on qualitative grounds, these would also be reported.

An overview of the scope of our audit

Our audit scope included obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement at the Group level. 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.

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 year for which the financial statements are prepared is consistent with the financial statements; and
• the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report 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.

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.

Independent auditors' report to the members of Tasty plc

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.

Laura Mott (Senior Statutory Auditor)	10 Queen Street Place
For and on behalf of Haysmacintyre LLP, Statutory Auditors	London
16 March 2020	EC4R 1AG

Consolidated statement of comprehensive income

for the 52 weeks ended 29 December 2019

	Note	52 weeks ended 29 December 2019 £'000	52 weeks ended 30 December 2018 £'000
Revenue	3	**44,573**	47,278
Cost of sales		**(43,921)**	(46,547)
Gross profit		**652**	731
Other income	3	**245**	177
Total operating expenses		**(949)**	(12,473)
Operating loss before highlighted items		**(502)**	(367)
Highlighted items	5	**450**	(11,198)
Operating loss	4	**(52)**	(11,565)
Finance income	6	**8**	-
Finance expense	6	**(222)**	(252)
Loss before income tax		**(266)**	(11,817)
Income tax	9	**-**	204
Loss and total comprehensive loss for the period and attributable to owners of the parent		**(266)**	(11,613)
Loss per share attributable to the ordinary equity owners of the parent			
Basic and diluted	10	**(0.23p)**	(19.42p)

The notes on pages 35 to 65 form part of these financial statements.

Consolidated statement of changes in equity

for the 52 weeks ended 29 December 2019

	Share capital	Share premium	Merger reserve	Retained (loss)/ profit	Total
	£'000	£'000	£'000	£'000	£'000
Balance at 31 December 2017	5,980	21,376	992	(6,290)	22,058
Issue of ordinary shares	-	-	-	-	-
Cost of placing of ordinary shares	-	-	-	-	-
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
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

The notes on pages 35 to 65 form part of these financial statements.

Company statement of changes in equity

for the 52 weeks ended 29 December 2019

	Share capital £'000	Share premium £'000	Retained profit £'000	Total £'000
Balance at 31 December 2017	5,980	21,376	(5,297)	22,059
Issue of ordinary shares	-	-	-	-
Cost of placing of ordinary shares	-	-	-	-
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
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

The notes on pages 35 to 65 form part of these financial statements.

Consolidated balance sheet

At 29 December 2019

	Note	29 December 2019 £'000	30 December 2018 £'000
Non-current assets			
Intangible assets	12	**352**	352
Property, plant and equipment	13	**14,570**	16,554
Pre-paid operating lease charges	14	**573**	507
Other non-current assets	17	**197**	283
		15,692	17,696
Current assets			
Inventories	16	**2,650**	2,548
Trade and other receivables	17	**3,148**	3,538
Pre-paid operating lease charges	14	**50**	87
Cash and cash equivalents		**4,570**	4,312
		10,418	10,485
Assets held for sale	33	**800**	505
Total assets		**26,910**	28,686
Current liabilities			
Trade and other payables	18	**(7,834)**	(7,045)
Borrowings	21	**(800)**	(2,867)
		(8,634)	(9,912)
Non-current liabilities			
Provisions	19	**(2,783)**	(3,347)
Lease incentives		**(1,227)**	(1,266)
Long-term borrowings	21	**(852)**	(3,550)
Other Payables	28	**(128)**	(55)
		(4,990)	(8,218)
Total liabilities		**(13,624)**	(18,130)
Total net assets		**13,286**	10,556
Equity			
Share capital	22	**6,061**	5,980
Share premium	23	**24,251**	21,376
Merger reserve	23	**992**	992
Retained deficit	23	**(18,018)**	(17,792)
Total equity		**13,286**	10,556

The financial statements were approved by the Board of Directors of the Company and authorised for issue on 16 March 2020 and signed on their behalf by Daniel Jonathan Plant.

The notes on pages 35 to 65 form part of these financial statements.

Company balance sheet

At 29 December 2019

Company number: 5826464

	Note	29 December 2019 £'000	30 December 2018 £'000
Non-current assets			
Investments	15	**3,170**	3,130
Other non-current assets	17	**7,300**	7,400
Total net assets		**10,470**	10,530
Equity			
Share capital	22	**6,061**	5,980
Share premium	23	**24,251**	21,376
Retained deficit	23	**(19,842)**	(16,826)
Total equity		**10,470**	10,530

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 £3.1m (2018 – loss of £11.6m) for the period.

The financial statements were approved by the board of directors of the Company and authorised for issue on 16 March 2020 and signed on their behalf by Daniel Jonathan Plant.

The notes on pages 35 to 65 form part of these financial statements.

Consolidated cash flow statement

For the 52 weeks ended 29 December 2019

	Note	52 weeks ended 29 December 2019 £'000	52 weeks ended 30 December 2018 £'000
Operating activities			
Cash generated from operations	30	**2,226**	389
Corporation tax received		**-**	26
Net cash inflow from operating activities		**2,226**	415
Investing activities			
Proceeds from sale of property, plant and equipment		**508**	4,150
Purchase of property, plant and equipment		**(453)**	(1,261)
Interest received		**8**	-
Net cash inflow from investing activities		**63**	2,889
Financing activities			
Net proceeds from issues of ordinary shares		**2,956**	-
Bank loan repayment	31	**(4,765)**	(583)
Interest paid		**(222)**	(252)
Net cash used in from financing activities		**(2,031)**	(835)
Net increase in cash and cash equivalents		**258**	2,469
Cash and cash equivalents brought forward		**4,312**	1,843
Cash and cash equivalents as at the end of the period		**4,570**	4,312

The notes on pages 35 to 65 form part of these financial statements.

Company cash flow statement

For the 52 weeks ended 29 December 2019

	Note	52 weeks ended 29 December 2019 £'000	52 weeks ended 30 December 2018 £'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 35 to 65 form part of these financial statements.

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 29 December 2019, with a comparative period of the 52 week period ended 30 December 2018. 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 29 December 2019, the Group had net assets of £13.3m (2018: £10.6m). The Group meets its day-to-day working capital requirements through the generation of operating cashflow and equity raise. The Group's principal sources of funding are:

- Issue of ordinary share capital in the Company on the Alternative Investment Market.
- Placing and open offer in May 2019 raised £3.25m gross
- The term loan, of which £6.4m was outstanding at the start of year, was reduced to £1.65m. This was fully repaid in January 2020.

The Group is currently monitoring the COVID-19 situation and more information can be found on page 8 in the Principal Risks and Uncertainties section. The Board regulary reviews cashflow and sensitivity forecasts and they 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) Standard amendments and interpretations in issue but not yet effective

The new standards impacting the Group, both of which will be adopted in the next annual financial statements for the period ended 27 December 2020 are:

- IAS 1 and IAS 8
- IFRS 16 'Leases'

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, to 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 a material impact on the Group.

IFRS 16 'Leases'

IFRS 16 replaces IAS 17 and completes the IASB's long-running project to overhaul lease accounting. Leases will be recorded on the statement of financial position in the form of a right-of-use asset and a lease liability. IFRS 16 is mandatorily effective from reporting periods beginning on or after 1 January 2019. The Group will therefore adopt IFRS 16 for the reporting period ended 27 December 2020.

The Group has chosen the modified retrospective application of IFRS 16 in accordance with IFRS 16:C5(b). Consequently, the Group will not restate the comparative information.

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17.

Impact of the new definition of 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.

The Group will apply the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or modified on or after 1 January 2019 (whether it is a lessor or a lessee in the lease contract).

Impact on Lessee Accounting

IFRS 16 will change how the Group accounts for leases in which the Group is a lessee previously classified as operating leases under IAS 17, which were off-balance sheet.

On initial application of IFRS 16, for all leases (except for short-term or low value assets), the Group will:

a) Recognise right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of the future lease payments;

b) Recognise depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of profit or loss;

Lease incentives (e.g. rent-free period) will be recognised as part of the measurement of the right-of-use assets whereas under IAS 17 they resulted in the recognition of a lease liability incentive, amortised as a reduction of rental expenses on a straight-line basis.

As at 29 December 2019, the Group has non-cancellable operating lease commitments of £83.6m.

The Group will initially recognise a right-of-use asset of £56.5m and a corresponding lease liability of £57.7m in respect of all these leases on 30 December 2019.

Prepaid rent on these leases amounting to £1.1m which is currently recognised within prepayments will be reclassified and the amount factored into the measurement of the right to use assets on 30 December 2019.

As a result of implementing IFRS 16, it is expected that operating profit will increase by £1.5m in period to 27 December 2020. This is based on the rental charge of £5.5m which is no longer expensed, being offset with expected depreciation of £4.0m recognised on the right-of-use asset. Interest unwinding on the lease liability of £2.8m will also be recognised as a finance cost, reducing the overall profit before tax by £1.3m.

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. However, IFRS 16 has changed and expanded the disclosures required, in particular regarding how a lessor manages the risks arising from its residual interest in leased assets.

Based on an analysis of the Group's operating leases as at 29 December 2019 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 will not have an impact on the amounts recognised in the Group's consolidated financial statements.

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 the Group has a present right for payment.

(g) Other income
Included in Other income is the rental income from operating leases. The cost of these leases is included within the cost of sales.

(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.

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.

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	5% 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% (2018: 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.

(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) 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. Estimates have 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.

(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.

(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.

(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 stock relates to small value items which have short life spans relating to kitchen and bar equipment. These items are recorded under stock as they are utilised in providing food and beverage to customers.

(s) 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.

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

Payments made to acquire operating leases are treated as pre-paid lease expenses and are 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.

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 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 after taking into account potential sale value.

(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 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 are used in calculating these provisions and changes to these assumptions or future events could cause the value of these provisions to change.

(g) Crockery and utensils (Smallwares)

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.

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 29 December 2019 £'000	52 weeks ended 30 December 2018 £'000
Sale of goods	**44,573**	47,278
	44,573	47,278

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

	52 weeks ended 29 December 2019 £'000	52 weeks ended 30 December 2018 £'000
Sub-let site rental income	**245**	177
	245	177

4 Operating loss

This has been arrived at after charging	**52 weeks ended 29 December 2019 £'000**	52 weeks ended 30 December 2018 £'000
Staff costs	**18,195**	19,056
Share based payments	**40**	111
Operating lease rentals	**5,496**	5,858
Amortisation of intangible assets	**3**	3
Depreciation	**1,507**	1,861
Amortisation of prepaid operating leases	**50**	87
Onerous lease provision	**(564)**	1,687
Restructure and consultancy	**31**	457
Impairment of lease premiums	**-**	897
Impairment of Goodwill	**-**	115
Impairment of property, plant and equipment	**-**	10,063
Loss/(profit) on disposal of property, plant and equipment	**43**	(2,132)
Auditor remuneration:		
Audit fee - Parent Company	**8**	10
- Group financial statements	**26**	30
- Subsidiary undertaking	**8**	10
Other services – Taxation compliance	**6**	11

5 Highlighted items – charged to operating expenses

	52 weeks ended 29 December 2019 £'000	52 weeks ended 30 December 2018 £'000
(Loss)/profit on disposal of property, plant and equipment	**(43)**	2,132
Onerous leases	**564**	(1,687)
Restructure and consultancy	**(31)**	(457)
Impairment of lease premiums	**-**	(897)
Impairment of Goodwill	**-**	(115)
Impairment of property, plant and equipment	**-**	(10,063)
Share based payments	**(40)**	(111)
	450	(11,198)

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 29 December 2019 £'000	52 weeks ended 30 December 2018 £'000
Interest receivable	**(8)**	-
Interest payable	**222**	252
	214	252

7 Employees

Staff costs (including Directors) consist of	**52 weeks ended 29 December 2019 £'000**	52 weeks ended 30 December 2018 £'000
Wages and salaries	**16,637**	17,493
Social security costs	**1,313**	1,415
Other pension costs	**245**	148
Equity settled share based payment expense	**40**	111
	18,235	19,167

The average number of persons, including Directors, employed by the Group during the period was 1,028 of which 1,006 were restaurant staff and 22 were administration staff, (2018 – 1,049 of which 1,030 were restaurant staff and 19 were administration staff).

No staff are employed by the Company (2018 – no staff).

Of the total staff costs £17.2m was classified as cost of sales (2018 - £18.1m) and £1.0m as operating expenses (2018 - £1.1m). Redundancy costs of £0.0m (2018 - £0.2m) 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 29 December 2019	52 weeks ended 30 December 2018
	£'000	**£'000**
Directors remuneration		
Emoluments	**70**	252
Share based payments	**17**	70
Pensions	**1**	-
Social security costs	**10**	30
	98	352

	52 weeks ended 29 December 2019	52 weeks ended 30 December 2018
	£'000	**£'000**
Individual directors' emoluments		
J Plant	**30**	120
S Kaye	**-**	55
T Cundy (resigned 13 March 2018)	**-**	27
A Kaye	**-**	20
K Lassman	**8**	30
M Vachhani (appointed 26 September 2019)	**32**	-
	70	252

In addition to the above, a pension contribution was provided to M Vachhani of £1,000 (2018- £nil).

Share based payments for the period that are attributable to the Directors are £17,000 (2018 - £70,000).

Company
The Company paid no director emoluments during the year (2018 – none).

9 Income tax expense

	52 weeks ended 29 December 2019 £'000	52 weeks ended 30 December 2018 £'000
UK Corporation tax		
Adjustment in respect to previous years	**-**	(48)
Total current tax	**-**	(48)
Deferred tax		
Origination and reversal of temporary differences	**-**	252
Total deferred tax	**-**	252
Total income tax credit	**-**	204

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 29 December 2019 £'000	52 weeks ended 30 December 2018 £'000
Loss before tax	**(266)**	(11,817)
Tax on loss at the ordinary rate of corporation tax in UK of 19% (2018 – 19%)	**(51)**	(2,245)
Effects of		
Expenses not deductible for tax	**23**	21
Onerous lease provision not deductible for tax	**56**	168
Deferred tax not recognised	**(336)**	-
Adjustment in respect of previous years		(48)
Depreciation/impairment on ineligible fixed assets	**308**	1,900
Total tax charge	**-**	(204)

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 6 September 2016). These include reductions to the main rate to reduce the rate to 17% from 1 April 2020.

In March 2020, the budget announced the intention to cancel the future reduction in corporation tax rate from 19% to 17%. This announcement constitutes a post year-end substantive enactment and therefore deferred taxes at the balance sheet date continue to be measured at the enacted tax rate of 17%. As the deferred tax balance is currently £nil there is no impact on the accounts going forward. The corporation tax rate will now remain at 19% after 1 April 2020.

10 Loss per share

	29 December 2019 Pence	30 December 2018 Pence
Basic and diluted loss per ordinary share	**(0.23)**	(19.42)

	2019 Number '000	2018 Number '000
Loss per share has been calculated using the numbers shown below:		
Weighted average ordinary shares (basic)	**113,379**	59,795

	2019 £'000	2018 £'000
Loss for the financial period	**(266)**	(11,613)

Due to the loss made in the year, all share options are anti dilutive. No share options would otherwise be considered dilutive (2018 – nil).

11 Dividend

No final dividend has been proposed by the Directors (2018 – £nil).

12 Intangibles

	Trademarks £'000	Goodwill £'000	Total £'000
At 31 December 2017	29	441	470
Impairments	-	(115)	(115)
Amortisation of trademarks	(3)	-	(3)
At 30 December 2018	26	326	352
Additions	3	-	3
Amortisation of trademarks	(3)	-	(3)
At 29 December 2019	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 10 years, if shorter), assuming a growth rate of 3% and are discounted at a rate of 10% (2018 – 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;

	29 December 2019 £'000	30 December 2018 £'000
Shaftesbury Avenue	**196**	196
Cambridge	**130**	130
	326	326

13 Property, plant and equipment

	Leasehold improvements £'000	Furniture fixtures and computer equipment £'000	Assets in the course of construction £'000	Total £'000
Cost				
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
Additions	120	247	-	367
Disposals	(351)	(101)	-	(452)
Reclassified as held for sale	(1,085)	(502)	-	(1,587)
At 29 December 2019	**38,661**	**10,107**	**-**	**48,768**
Depreciation				
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
Provided for the period	892	615	-	1,507
Disposals	(351)	(57)	-	(408)
Reclassified as held for sale	(417)	(370)	-	(787)
At 29 December 2019	**26,674**	**7,524**	**-**	**34,198**
Net book value				
At 29 December 2019	**11,987**	**2,583**	**-**	**14,570**
At 30 December 2018	13,427	3,127	-	16,554

The total carrying value of the assets that have been impaired in the period is £nil (2018 - £14.0m). These have been impaired to their value in use of £nil (2018 - £3.0m).

The key judgements and estimates in the inputs in calculating the impairments are outlined in note 1(l).

A sensitivity analysis has been performed on each of the key assumptions noted with other variables held constant. Increasing the growth rate by 1% or decreasing the discount rate by 1% has no impact on current year impairment charge.

Assets held for sale accounted for a carrying value of £0.8m (2018 - £1m carrying value impaired to value in use of £0.6m).

Company
The Company holds no property, plant and equipment.

14 Prepaid operating leases

	29 December 2019 £'000	30 December 2018 £'000
Held within current assets	**50**	87
Held within non-current assets	**573**	507
	623	594

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

15 Investments

	£'000
Company	
At 31 December 2017	3,019
Share based payment in respect of subsidiary	111
At 30 December 2018	3,130
Share based payment in respect of subsidiary	40
At 29 December 2019	**3,170**

The Company's investments are wholly related to a 53% 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.

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 this instance, the nature of the shares held by other parties mean that the shareholders only receive profits when certain thresholds are met, and would never be liable for any of the losses. As the Group is currently loss making, no share of the losses should be allocated and therefore a "non-Controlling Interest" has not been shown.

16 Inventories

	29 December 2019 £'000	30 December 2018 £'000
Raw materials and consumables	**871**	798
Crockery and utensils	**1,779**	1,750
	2,650	2,548

In the Directors' opinion there is no material difference between the replacement cost of stocks and the amounts stated above. Raw material and consumable inventory purchased and recognised as an expense in the period was £11.4m (2018 - £12.2m).

17 Trade and other receivables

	29 December 2019 £'000	30 December 2018 £'000
Trade receivables	**267**	240
Prepayments and other receivables	**3,078**	3,581
Total trade and other receivables	**3,345**	3,821
Less non-current portion (Deposits)	**(197)**	(283)
	3,148	3,538
Company		
Amounts due from subsidiary	7,300	7,400
Total trade and other receivables	7,300	7,400
Classified as non-current	**7,300**	7,400

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 £28.5m (2018 - £25.6m).

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 £21.2m (2018 - £18.2m) 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.

18 Trade and other payables

	29 December 2019 £'000	30 December 2018 £'000
Trade payables	**3,651**	3,690
Taxations and social security	**1,804**	1,649
Accruals and deferred income	**1,771**	1,269
Other payables	**736**	492
	7,962	7,100

Included within trade payables are £0.10m (2018 - £0.15m) due to related parties (note 29).

19 Provisions

	29 December 2019 £'000	30 December 2018 £'000
At the beginning of the period	**3,347**	1,660
Movement in the period	**(564)**	1,687
At the end of the period	**2,783**	3,347

During the period an onerous leases provision of £0.6m was released (2018 – provision of £1.7m). 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.

20 Deferred tax

	29 December 2019 £'000	30 December 2018 £'000
At the beginning of the period	**-**	(252)
Profit and loss credit/(charge)	**-**	252
	-	-

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 £0.3m (2018 - £0.9m) is not recognised in these financial statements.

21 Borrowings

	29 December 2019 £'000	30 December 2018 £'000
Current		
Secured bank borrowings	**800**	2,867
	800	2,867
Non-current		
Secured bank borrowings	**852**	3,550
	852	3,550
	1,652	6,417
Maturity of secured bank borrowings		
Due within one year	**1,055**	3,083
Due In more than one year but less than two years	**669**	927
Due In more than two years but less than five years	**-**	2,846
	1,724	6,856
Future interest payments	**(72)**	(439)
	1,652	6,417

During the year £4.8m was repaid to the bank and post year end the outstanding loan of £1.7m was paid in full in January 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 29 December 2019	**141,089,758**	**-**	**6,061**

Share Capital Reorganisation, placing and open offer

At start of the year the Group had 59,795,496 ordinary shares at 10 pence per share in issue.

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.

24 Capital commitments

At the balance sheet date the Group and the Company had no capital commitments which were contracted but not provided for (2018 - £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 and receipts 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.

	29 December 2019 £'000	30 December 2018 £'000
Within one year: payments	**5,488**	5,521
Within one year: receipts	**(278)**	(237)
	5,210	5,284
Within two to five years: payments	**20,647**	20,808
Within two to five years: receipts	**(1,158)**	(930)
	19,489	19,878
Over five years: payments	**57,499**	60,579
Over five years: receipts	**(2,428)**	(2,485)
	55,071	58,094
	79,770	83,256

26 Pensions

The Group made contributions of £1,000 (2018 - £nil) to the personal pension plan of the Directors. During the year the Group made contributions to employee pensions of £0.2m (2018 - £0.1m). As at 29 December 2019, contributions of £12,000 due in respect of the current reporting period had not been paid over to the schemes (2018 - £13,000).

27 Share based payments

	Weighted average exercise price (pence)	Number '000
At 31 December 2017	97.2	3,489
Lapsed	31.5	(440)
Cancelled	129.8	(166)
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**

The exercise price of options outstanding at the end of the period ranged between 3p and 120p (2018 – 35p and 147p) and their weighted average remaining contractual life was 8.4 years (2018 – 6.3 years).

Of the total number of options outstanding at the end of period 6.3m (2018 – 2.1m) had vested and were exercisable at the end of the period with a weighted average exercise price of 31p.

The market price of the Company's ordinary shares 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 2019 (2018 £nil) and 4.5m were granted in 2019 as detailed below (2018 nil).

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. 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. 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.

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 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	**29 December 2019 £'000**	30 December 2018 £'000
Cash and cash equivalents	**4,570**	4,312
Trade and other receivables	**464**	523
Total financial assets	**5,034**	4,835

Financial liabilities (amortised cost)		
Trade and other payables	**4,387**	4,182
Loans and borrowings	**1,652**	6,417
Total financial liabilities	**6,039**	10,599

Company - Financial assets (amortised cost)	29 December 2019 £'000	30 December 2018 £'000
Intercompany loan	**7,300**	7,400

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	29 December 2019 £'000	30 December 2018 £'000
<30 days	**106**	94
31-60 days	**67**	45
61-120 days	**48**	29
>120 days	**46**	72
	267	240

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.

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	4,259	-	56	-	72
Loan and other borrowings	417	638	669	-	-
As at 29 December 2019	**4,676**	**638**	**725**	**-**	**72**

	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	4,127	-	-	-	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**

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. Of the £7 million term loan £1.7m was outstanding at the year-end. In January 2020 the £1.7m was repaid to the bank.

Capital disclosures

The Group's capital is made up of ordinary share capital, deferred share capital, share premium, merger reserve and retained deficit totalling £13.2m (2018 - £10.5m).

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 are 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 29 December 2019 £'000	52 weeks ended 30 December 2018 £'000
Rent, insurance and legal services		
- Kropifko Properties Ltd	**(52)**	(167)
- KLP Partnership	**(83)**	(84)
- ECH Properties Ltd	**(79)**	(75)
- Proper Proper T Ltd	**(52)**	(105)
- Super Hero Properties	**(135)**	(69)
- Benja Properties Ltd	**(154)**	(154)
- Howard Kennedy LLP	**(18)**	(5)
Expenses reimbursed		
Balance due to related parties	**97**	152

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 29 December 2019	52 weeks ended 30 December 2018
	£'000	£'000
Group		
Loss before tax	**(266)**	(11,817)
Finance income	**(8)**	-
Finance expense	**222**	252
Share based payment charge	**40**	111
Depreciation and impairment	**1,557**	13,016
Profit from sale of property plant and equipment	**43**	(2,132)
Amortisation of intangible assets	**3**	3
Onerous lease provision movement	**(564)**	1,687
Decrease / (increase) in inventories	**(102)**	107
Decrease / (increase) in trade and other receivables	**477**	1,231
(Decrease)/ Increase in trade and other payables	**824**	(2,069)
	2,226	389

31 Reconciliation of financing activity

	Non-current loans and borrowings (note 21)	**Current loans and borrowings (note 21)**	**Total**
	£'000	**£'000**	**£'000**
At 30 December 2018	3,550	2,867	6,417
Borrowings becoming current in 2019 (non-cash movement)	2,067	(2,067)	-
Loan repayment	(4,765)	-	(4,765)
As at 29 December 2019	852	800	1,652

32 Effects of changes in accounting policies

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

Due to the nature of trade, IFRS 15 did not have an impact on the recognition of revenue. This accounting policy is outlined in note 1(f).

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 1(n).

33 Assets held for sale

At year end the Group had exchanged contracts for the sale of dim t More London. The completion was subject to completion of conditions which were met post year-end (see note 34). The assets of More London were treated as assets held for sale.

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

	29 December 2019 £'000	30 December 2018 **£'000**
Leasehold improvements	**668**	350
Furniture, fixtures and computer equipment	**132**	155
Total assets held for sale	**800**	505

The assets held for sale at 29 December 2020 related to More London dim t and sold for a gross consideration of £2m.

34 Post Balance Sheet Events

On 7 January 2020 dim t More London site was assigned for a gross consideration of £2m and on 8 January 2020 the Group repaid the outstanding bank loan of £1.7m.