TASTY PLC

Report and financial statements

52 weeks ended 26 December 2021

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Directors and information

Directors
Keith Lassman (Non-Executive Chairman)
Daniel Jonathan Plant (Chief Executive Officer)
Mayuri Vachhani (Chief Financial Officer)
Harald Samúelsson (Non-Executive Director – appointed 19 May 2021)

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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 26 December 2021 and the comparative 52 week period ended 27 December 2020. The Group currently comprises 54 restaurants: five dim t and 49 Wildwood restaurants.

We are currently trading from 50 of those restaurants out of a total estate of 54. The four restaurants that remain closed due to predicted poor trading conditions in their locality or labour shortages but are at different stages of re-opening planning. However, the Group will continue to consider selling two or three of those restaurants or re-gearing their leases to reflect current market conditions.

During the two years of the Covid-19 pandemic we have had to deal with and adapt to unexpected challenges. It has been a test of endurance, strength and resilience and our success has been testament to our dedicated teams and management, and our customers. The Board would like to thank our much valued loyal staff, suppliers, customers, landlords and other trade creditors who have assisted and supported us throughout this unprecedented period.

The support we have received from creditors, landlords, and the Government has seen us through the difficulties we have faced. In addition, the bank facility of £1.25m drawn in January 2021 and not yet utilised, has provided additional headroom and confidence to our creditors of sufficient liquidity. At year-end, our cash balance reflects our cash preservation strategy and a deferral of payments due to creditors and HMRC. When these outstanding payments and bank debt are deducted, our net cash at year-end was approximately £6.8m.

Trading was highly encouraging when dine-in was permitted from May 2021, but impacted in December 2021 as the Omicron variant took hold and spread amongst the UK population. Subsequent Government advice meant that Christmas trade, traditionally our most profitable period, and specifically December 2021, was much weaker than we had anticipated.

In response to the experience of the last two years we have strengthened our operating model. We have increased our delivery offering and avenues of delivery. Having survived the pandemic and, now that the restrictions have been lifted, we are cautiously optimistic that we will be able to expand the estate and are rebuilding our operational and head-office structure to support this anticipated growth and property pipeline. During 2022 we expect to facilitate a measured expansion plan for a pipeline of five to six new units, however, any expansion will be at a steady pace as 2022 will not be without its challenges with labour shortages, food inflation, the ending of Government support in terms of reduced VAT and business rates and utility price volatility, impacting profitability.

Dividend

The Board does not propose to recommend a dividend (2020: £nil).

Chairman’s statement

Future Trading

Trading prior to Christmas was strong and the start of 2022 is encouraging, but this must be tempered by the challenges which the Group expects following the end of Government support including VAT and business rates, the risk of a reduction in pent-up demand, disposable income and staycations as well as a steep rise in inflation in relation to wages, utilities and input supplier costs as the UK adjusts to Brexit, the aftermath of the pandemic and the current war in Ukraine. Accordingly, the Board views the future with cautious optimism.

Keith Lassman
Chairman

22 March 2022

Strategic report for the 52 weeks ended 26 December 2021

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

Wildwood

Aimed at a broad market, our 'Pizza, Pasta, Grill' restaurant remains the Group's main focus. Our sites are primarily based on the high street. However, our estate comprises a number of leisure, retail and tourist locations that have historically traded well, highlighting the broad appeal of the offering. Located nationally, mainly outside of London, Wildwood is currently open for business from 45 of the 49 Wildwood branded restaurants.

dim t

Our pan-Asian restaurant now trades from five sites, serving a wide range of dishes, including dim sum, noodles, soup and curry. This cuisine has fared particularly well over the last two years due to a rise in its popularity and increased demand for takeaway.

Introduction
The second half pre-Omicron was better than we anticipated. With staycation, pent-up demand, and increased disposable income, which was to be spent in the UK, the majority of our restaurants benefited from changing eating habits and working patterns. However, some of the sites, mainly those in city centres, that historically performed well and benefitted from work commuters, tourists and theatregoers have not performed as well. Fortunately, most of Tasty's estate is located in residential areas, and outside of the larger cities which has meant we have benefitted from this change in consumer habits.

We are conscious that performance was assisted by VAT and business rate support, staycations, pent-up demand and unusually high level of disposable income. We are expecting that most of the support and peaks in consumer trends will follow a more normalised path during 2022 and we have planned for rising costs and labour shortages. However, we are cautiously optimistic about 2022 and our ability to expand.

With an increased appetite for delivery and takeaway, we have seen strong sales growth. We plan to capitalise on this by expanding our virtual brands and different formats in new locations to optimise growth. Dim t has been rejuvenated through its successful takeaway and delivery sales growth.

Customers
It was great to welcome customers back in for dine-in, and our focus remains that we offer better value and an improved experience. We are constantly reviewing our menu and increasing the choice of vegetarian, vegan, gluten-free and lighter options. We use our guest feedback system to improve the menu and the offering. Our customer engagement has significantly improved due to the segmentation of our database into relevant and specific groups.

People
We are pleased to report that on 26 December 2021, we employed just under 1,000 people across the business: an increase of 330 from the previous year. Like many competitors and other industries, we have been impacted by labour shortages and are currently 5% short of the full employment levels required. Targeted wage increases have been applied, which should help us retain our teams in the long-run. Since Brexit and the pandemic, we found that flexible working has helped to attract a different demographic. This change provides us with new opportunities as we grow our talent pool. Whilst 2021 was challenging in retention levels due to the pandemic and Brexit, more recent data suggests our team is more stable, and there are encouraging signs that the length of service is growing.

Even though we are operating with a shortfall in staff numbers, overall we have managed to keep the "open" sites trading. Occasionally, positive Covid cases have resulted in short-term closures but overall those instances have been kept to a minimum. We understand that at times this has stretched the existing teams and we thank and appreciate all of them for their hard work.

With the increase in National Insurance of 1.25%, National Living Wage and wage increases, there will inevitably be wage inflation, which will be impossible to completely absorb.

We believe in rewarding our loyal staff and nurturing talent and we remain committed to training and this continued last year despite the challenging environment. Ten apprentices completed their training programme, six with distinction and 18 functional skill exams were passed.

In anticipation of expansion, we are strengthening our management structure and senior teams across all areas but our initial focus is on food, marketing, people and the learning and development team.

An in-depth review into the people aspects of Tasty has been completed and a two-year strategy developed with the focus on becoming a market-leading employer with a diverse and inclusive team, creating a learning culture, using data to support decision making and growing our apprenticeship programmes. New HR and recruitment systems have been established and proposed to provide consistent and swift support to all colleagues.

Government support

The Government initiatives, including the Job Retention Scheme ("CJRS"), business rates relief, deferral of HMRC payments, Eat Out To Help Out ("EOTHO") and VAT reduction, have proved invaluable in supporting the Group over the last two years. With business rates and VAT reductions ending at the end of March 2022 and an additional National Insurance contribution of 1.25% we expect greater pressure on business performance and cash generation, but with the planned improvements to operations and the structural changes proposed, we should be able to adapt our business model to these additional costs.

Suppliers

Our suppliers have suffered from rising fuel costs, lack of drivers, workers and general shortages. This inevitably has impacted our costs, and while there have been some shortages, on the whole, these have been manageable. We are thankful to our suppliers that continue to work through the challenges and support us.

Rent negotiations

The Group has successfully achieved consensual lease concessions and rent reductions for the lockdown period for most of the estate. There remain a few sites for which negotiations are ongoing. Through the pragmatic approach and support of our landlords we have managed to avoid a formal procedure such as a company voluntary arrangement ("CVA"). We are extremely grateful for all the assistance received.

Financial stability
Over the last few years, we have focussed on cost reduction and reduced outgoings, including salary reductions, reduced services, and ensuring only necessary expenditure was incurred. As we come out of the pandemic, we are gearing towards investment in our existing sites, new sites, people and development.

The Group drew down a bank loan of £1.25m in January 2021 which is unutilised and is currently reviewing options to refinance or repay this loan.

Board Changes
As previously announced, Sam Kaye stepped down from the Board on 14 May 2021 to allow him to focus on his other commercial interests. The Board would once again like to thank Sam for the enormous support and invaluable experience that he has provided to the Group from inception. Sam remains a supportive shareholder.

Harald Samúelsson was appointed as a Non-Executive Director in May 2021. Harald has over 20 years of experience in the UK restaurant industry, including as joint managing director of Côte Restaurants, and we are delighted to have him on our Board.

Current trading and outlook for the coming year

As we are coming out of the pandemic we are optimistic about sales performance compared to 2019 though this is tempered by rising costs. In particular the end of the rates relief, reduced VAT rates and the introduction of 1.25% additional National Insurance will all impact profitability.

Having built strong foundations over lockdown we are quietly confident about our prudent expansion plans and we expect to take on another five to six units in the current year.

Financial review

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

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

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

	Post IFRS 16 **52 weeks ended 26 December 2021 £'000**	Pre IFRS 16 **52 weeks ended 26 December 2021 £'000**	Post IFRS 16 52 weeks ended 27 December 2020 £'000
Sites at year end	**54**	**54**	54
Open sites	**50**	**50**	42
Sales	**34,909**	**34,909**	24,228
EBITDA before highlighted items	**7,991**	**3,943**	2,702
Depreciation of PP&E and amortisation	**(1,300)**	**(1,351)**	(1,345)
Depreciation of right-of-use assets (IFRS 16)	**(3,142)**	**-**	(3,592)
Operating profit\(loss) before highlighted items	**3,549**	**2,592**	(2,235)

Sales were up 44% on the corresponding period to £34.9m (2020: £24.2m). Since dine-in reopened in May 2021, trading until December 2021 sales were higher than management expectations and EBITDA was £8.0m (2020: £2.7m). The adjusted EBITDA profit before IFRS 16 adjustments was £3.9m (2020: loss £1.5m).

Operating profit before highlighted items was £3.5m (pre-IFRS 16 equivalent: profit £2.6m, 2020: loss £2.2m).

The impact of the implementation of IFRS 16 “Leases” in the prior year, has resulted in depreciation on Right-of-use (ROU) assets for leases and the interest charge on lease liabilities being greater than the charge for rent that would have been reported pre-IFRS 16; net impact on reported loss is £1.5m (2020: £1.8m). The interest charge on the lease liabilities is higher in the earlier years of a lease. We have reviewed the impairment provision across the ROU assets, fixed assets and goodwill and have made a net provision of £nil (2020: £8.1m).

After taking into account all non-trade adjustments, the Group reports a profit after tax for the period of £1.2m (2020: loss of £12.7m). Net cash inflow for the period before financing was £7.3m (2020 - inflow £9.4m). This is generated from operations and proceeds from the sale of property. Net cash flows generated from operations were £7.8m and impacted by IFRS 16 (2020 - £7.5m).

As at 26 December 2021, the Group had an outstanding bank loan of £1.25m (2020 - £nil). At 26 December 2021 cash at bank was £11.0m (2020: £8.0m). Net cash after outstanding bank loan at the balance sheet date was £9.8m (2020 – net cash £8.0m). The cash balance at year-end reflects our cash preservation strategy and deferring payments due to landlords, HMRC, and other trade creditors. After reflecting these outstanding payments, our net cash at year-end was approximately £6.8m. The Group drew down the £1.25m, four-year term loan from its existing bankers, Barclays Bank plc in January 2021.

Principal risks and uncertainties

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

Risks and uncertainties	Mitigation
Covid-19 Uncertainty and impact of Covid-19 impacting staff, restaurants and supply.	Management have become adept at managing cost and revenue through lockdowns and restrictions and flexible at localised closures due to Covid outbreaks and/or shortages of staff. Government guidelines have been followed at all times and often to a higher standard than required e.g. cleaning, mask wearing, etc. Outbreak protocols established for staff, restaurants, and suppliers and implemented where necessary. Cash preservation has been a key focus over the last few years. This has been successfully achieved with the help of our suppliers, creditors, and landlords and Government assistance. The Group has successfully achieved consensual lease concessions, rent reductions and lease amendments for the lockdown period for most of the estate. There remain a few sites for which the negotiation is ongoing. We have avoided a more formal procedure such as a CVA as a result of the support of our landlords. The Government support for employees' pay, VAT reduction, business rate relief and grants has been invaluable to the Group. The bank facility of £1.25m secured to strengthen the Group’s balance sheet and provide additional working capital, was drawn down in full in January 2021 but remains unutilised.
Market Conditions and “Brexit” Economic uncertainty and impact of the UK leaving the European Union (“Brexit”) could reduce customer confidence / spending.	Brexit has impacted food and drink primarily in the form of inflation and shortages. We work closely with our suppliers on assured supply and regularly retender prices. To minimise the impact of food cost increases we consider menu engineering and review recipes.
Competition The casual dining market faces new competition on a regular basis.	To mitigate this risk, we continue to invest in and renew our offering whilst maintaining accessibility without compromising quality or the customer experience.

	We constantly review marketing initiatives to ensure that we remain relevant to our consumers and ahead of the competition. We review performance and success whilst exploring 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 selection process, onboarding training programmes and career development paths. New HR and recruitment systems have been established and proposed to provide consistent and swift support to all colleagues. We have also strengthened our teams. The Group offers competitive remuneration and is reviewing its overall benefits package.
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 a failure of a key supplier we have contingency plans in place to minimise disruption and where possible we maintain buffer stock of high-risk products.

On behalf of the Board.

Daniel Jonathan Plant
Chief Executive Officer

22 March 2022

Report of the directors for the 52 weeks ended 26 December 2021

The Directors present their report together with the audited financial statements for the 52 week period ended 26 December 2021 (comparative period 52 weeks to 27 December 2020).

Throughout the year, in performance of its duties, and in compliance with Section 172 of the Companies Act, the Board has had regard to the interests of the Group's key stakeholders and taken account of the potential impact on these stakeholders of the decisions it has made. In order to comply with Section 172, the Board is required to include a statement setting out the way in which Directors have discharged these duties during the year. Details of how the Board had regard to the following S172 Matters are as follows:

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

Report of the directors for the 52 weeks ended 26 December 2021

Results and dividends

The consolidated statement of comprehensive income is set out on page 33 and shows the profit for the period.

The Directors do not recommend the payment of a dividend (2020 - £nil).

Post balance sheet events

Post balance sheet events are set out in Note 31.

Future developments

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

Principal activities

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

Directors

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

Executive

Daniel Jonathan Plant
Mayuri Vachhani

Non-Executive

Keith Lassman
Samuel Kaye (resigned 14 May 2021)
Harald Samúelsson (appointed 19 May 2021)

Report of the directors for the 52 weeks ended 26 December 2021

Directors' interest in shares

Director	As at 26 December 2021 Ordinary shares of 0.1p each	%	As at 27 December 2020 Ordinary shares of 0.1p each	%
Daniel Jonathan Plant	7,091,902	5.0%	7,091,902	5.0%
Samuel Kaye (resigned 14 May 2021)	20,882,197	14.8%	20,882,197	14.8%
Keith Lassman	1,421.983	1.0%	806,599	0.6%
Mayuri Vachhani	-	-	-	-
Harald Samúelsson	-	-	-	-

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

B ordinary shares

Director	Number	Exercise price	Grant date	Vesting period	Expiry date
Daniel Jonathan Plant	15,676,640	£0.00	15/1/2021	1,2 4 years	15/1/2026

In January 2021 Daniel Jonathan Plant was awarded 15,676,640 'B' shares in Tasty plc which can be converted to ordinary shares subject to achievement of hurdle rates relating to the Company's share price.

Employees

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

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

Environment

We continue to maintain an average of 45% recycling across both brands with a negligible amount of waste going to landfill.

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

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

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

We have stopped using plastic straws, committed to a policy recommended by the Humane League and currently looking at ways to reduce our carbon footprint.

The Group presents its greenhouse gases ("GHG") emissions and energy use data under Streamlined Energy and Carbon Reporting ("SECR") for the year ended 26 December 2021:

	tCO2e	tCO2e
	52 weeks ended	**52 weeks ended**
	26 December 2021	**27 December 2020**
Scope 1 – Natural Gas	1,061	1,141
Scope 2 - Electricity	1,431	1,328
Scope 3 – Grey Fleet Mileage	83	78
Total	2,575	2,547

Energy Intensity ratio of 0.142 (2020: 0.131) has been measured using the metric of Tonnes CO_2e per m^2 floor area ("tCO_2e").

The Group's total energy consumption for the year ended 26 December 2021 was 12,872,041 kWh (2020 - 12,216,634 kWh).

Donations

The Group made no charitable or political donations in the period (2020 - none).

Report of the directors for the 52 weeks ended 26 December 2021

Financial Instruments

Details of the use of financial instruments and the principal risks faced by the Group are contained in Note 27 to the financial statements.

Going concern

At the time of approving the financial statements, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. In reaching this conclusion the Directors have considered the financial position of the Group, together with its forecasts for the next 12 months and taking into account possible changes in trading performance. The going concern basis of accounting has, therefore, been adopted in preparing the financial statements.

Auditors

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

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

On behalf of the Board.

Daniel Jonathan Plant
Chief Executive Officer

22 March 2022

Corporate Governance for the 52 weeks ended 26 December 2021

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

Changes to corporate governance regime

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

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

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

Throughout the pandemic the Group has been quick to implement various measures to stabilise the business and safeguard and preserve the wellbeing of our people and customers. In response to the experience of the last two years we have strengthened our operating model. We have increased our delivery offering and avenues of delivery.

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 full Board attends. Individual investor meetings are generally attended by the CEO and the CFO.

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

The point of contact for shareholder liaison is:

Jonny Plant, Chief Executive Officer Tel: 020 7637 1166

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

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

Customers

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

Corporate Governance for the 52 weeks ended 26 December 2021

Consumer tastes and habits are continually changing and the ability to keep pace with the demands of the consumer is integral to long term growth. The Group has invested in increasing the level of feedback received from customers using several channels, including mini wi-fi surveys in-store, a detailed customer feedback system and technology to collate online opinions. The Group has increased social media and marketing engagement and continually reviews ways of improving customer engagement. Offering new menu items on our menu is a key focus however this has sometime had to be adjusted due to the pandemic.

Employees

Since Brexit and the pandemic, we have seen a shift in the demographics of the team with an increasing number of younger team members. This change provides us with many opportunities as we grow our talent pool. We recognise that there are also challenges so we have established a safeguarding group and launched a confidential route to encourage anyone to report any concerns they may have. Whilst 2021 was challenging in terms of retention due to the pandemic and Brexit, more recent data suggests our team is more stable and there are encouraging signs that length of service is growing.

We have been able to reintroduce manager roadshows to make our wider team feel included in our business and to have time away from their restaurants to sample new recipes, network and chat to our Board members and senior leadership team. In March 2022 we will also reinstate the delayed post-Christmas party for head office, managers, and head chefs, providing a chance to get together and share the vision for Tasty.

We have reintroduced both online and face-to-face exit surveys to gather as much information as possible regarding how colleagues regard their experiences at Tasty. In 2022 we will also reintroduce engagement surveys, having taken a break due to the pandemic. The results will, again, support our planning and decision making.

A full pay and benefits review has been completed to make sure we continue to be seen as an attractive company to work for whilst remaining financially prudent.

Training and development

We continually review and update “Flow”, our online learning platform, to make sure all modules are as effective and relevant as possible and the number of restaurants with 100% completion scores continues to grow.

In 2021 we began our ambitious leadership development programme and launched discrimination, recruitment, and onboarding training to our senior team.

Our restaurant managers are all focusing on delivering an exceptional customer experience and train their teams on a daily basis to achieve this. “Feeditback”, our sophisticated system for tracking customer experience across our estate, provides regular information to restaurants and this data is used to promote excellent service.

Having the in-house apprenticeship team has allowed us to become a centre for the British Institute of Innkeeping (“BIIAB”), so we can deliver accredited training and examinations within food safety, health and safety and licensing law, with further scope to offer this commercially and to add in additional courses.

As one of the few hospitality businesses to have been awarded 'employer provider' apprenticeship status by the Education and Skills Funding Agency ("ESFA") we have had a significant proportion of our apprentices complete their apprenticeship, with almost all our learners on track to finish in the spring and the majority have achieved Distinctions. We believe that offering high class apprenticeships will be a significant strength in attracting and retaining strong teams. The pandemic saw significant challenges, yet our apprentices were able to continue with remote technology.

Currently, we are running four Government funded apprenticeship programmes, Levels 2 to 4. A fifth programme for Production Chefs will start in the Spring and a sixth programme, Level 3 Team Leading will be piloted in the summer. This investment will allow us to pro-actively respond to current and future skills shortage by providing a comprehensive career pathway from entry-level to general management and beyond: 80% of our current apprentices have gained promotions in the workplace. We are building relationships with Further Education ("FE") colleges to further build our talent pipeline as young people look for an alternative to universities and working with external training organisations to be able to offer short courses and one day skill academies.

Coming out of the pandemic, our staff's wellbeing continues to be a focus for us. This year we will be increasing the number of Mental Health First Aiders as we recognise the importance of easy to access, local support. We also have a module within our apprenticeship programmes which focuses on mental health and wellbeing. This information is then filtered by learners into the rest of the organisation. As mentioned above we also have a wellbeing module on Flow that is mandatory for our General Managers and optional for all our staff. Managers are tasked with making sure their teams take their holiday allowance throughout the year and to maintain a healthy work-life balance.

Diversity

We continue to work to create and maintain a caring and open environment. Our new recruitment practices are designed to be bias-free and to attract as wide an applicant base as possible.

For our Gender Pay Gap ("GPG") figures for 2021, we reported on a smaller number of "full-pay relevant employees" ("FPE") at 149 employees of the 707 "relevant employees" ("RE"). The FPE accounted for 21% of RE mainly due to the pandemic and many employees receiving furlough pay. Pre pandemic in 2019, we had 867 FPE. Even without the benefit of including the wider workforce, this measure is a valuable exercise for us.

Our median GPG is 2.6% which shows a significant improvement on our 2019 figure of 7.4% although down from the 2020 result of -11.5% (a figure that was severely affected by a reduced FPR of 59 due to the pandemic and furlough). The 2021 figure of 2.6% is better than the 2021 ONS of 7.9%.

We are delighted that we have almost achieved a 50:50 female/male split of the RE. However, as at the snapshot date in April 2021, female staff account for only 42% of the FPE; impacted by the number of employees on furlough. Of our management teams, including restaurant and central, 54% are females.

We are focused on offering flexible working and contracts to attract a broader and more diverse workforce. We are not complacent, and rigorous pay review, reward and recruitment processes are in place to ensure we are doing all we can to eliminate any gender pay gaps.

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.

As well as equality and diversity training being a mandatory course for all general managers on our e-learning platform, we are also rolling out face-to-face training on these important topics.

Communication

We believe having open two-way communication lines between leadership and the team, is key to our success. We have implemented communication structures that allow us to consult with our team and effect change more effectively and efficiently within our restaurants. This also increases the availability of feedback to the leadership team. In addition, weekly newsletters are shared with all restaurants which allows us to update on all changes, share best practice, celebrate success, advertise internal vacancies and highlight learning and development opportunities for our managers and teams.

Modern day slavery

As part of our Company 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. We have worked with them to ensure shortages do not impact the business longer-term, however we are beginning to see inflationary impact.

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

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

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

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

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

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

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

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

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

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

- close management of the day-to-day activities of the Group by the Executive Directors;

- a structure with defined levels of responsibility, which promotes decision-making and rapid implementation while minimising risks;

- central control over key areas such as capital expenditure authorisation and banking facilities; and

- whilst there is no dedicated control manager there are clearly defined roles, responsibilities and practices to ensure that compliance is adhered to.

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

Standards and policies

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

Approval process

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

Re-assessment

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

Code of Conduct

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

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

The Board comprises a Non-Executive Chairman, Keith Lassman, two Executive Directors, Jonny Plant and Mayuri Vachhani, and one Non-Executive Director, Harald Samúelsson who joined the board in May 2021. Harald Samúelsson is a director with many years' experience in the hospitality industry and was previously joint managing director of Côte. During his tenure at Côte he was also joint managing director of Bill’s restaurant from 2010 to 2012.

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

All Directors are encouraged to use their independent judgement and challenge all matters, whether strategic or operational. Board meetings were held monthly, with supplementary board meetings, as needed, in normal circumstances pre pandemic. In 2021 we held 23 board calls/meetings and in 2022 we plan to revert to monthly meetings. Almost all of the Board meetings were attended by the full Board. The Board is fully committed to Tasty plc and will contribute hours as required.

Attendance by directors	**Board meetings**
Keith Lassman	**23**
Daniel Jonathan Plant	**23**
Mayuri Vachhani	**23**
Samuel Kaye (resigned 14 May 2021)	**12**
Harald Samúelsson (appointed 19 May 2021)	**11**

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

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

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

The Board ensures that they are kept up to date of industry developments, changes and new legislation through news updates and training where necessary.

The Company's Articles of Association require that one-third of the Directors must retire and, if desired, may stand for re-election by shareholders annually in rotation; and that any new Directors appointed during the year must stand for election at the AGM immediately following their appointment. Samuel Kaye stood down from the board at the AGM on 14 May 2021 and Harald Samúelsson joined the board on 19 May 2021.

Independent advice

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

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

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

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

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

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

- supporting local communities events;
- supporting NHS local hospitals and armed forces;
- group participation in many charitable events.

We have stopped using 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 Chief Executive Officer

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

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

Board committees

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

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

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

The Committee has primary responsibility for ensuring that the financial performance of the Group is properly measured and reported on. The Committee receives and reviews reports from the Group's management and auditor relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Group. The Committee meets at least twice times a year at appropriate intervals in the financial reporting and audit cycle and otherwise as required. The

Committee has unrestricted access to the Group's auditor. The principal areas of focus during the year included the following items:

- review of the Annual Report and financial statements.
- approval of the management representation letter.
- review of the auditors fees and engagement letter. The Committee met with the external auditors to review their Audit Plan, their report and significant findings arising during the audit.

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

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

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

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

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

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

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

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

Executive Directors' Remuneration report

The Group's remuneration policy is designed to provide competitive rewards for its Executive Directors, taking into account the performance of the Group and the individual Executives, together with comparisons to pay conditions in the sector in which the Group operates. The committee seeks to establish a basic salary for each Executive determined by individual responsibilities and performance, taking into account comparable salaries for similar positions in companies of a similar size and sector.

Basic Salary

Basic salaries are reviewed on an annual basis or following a significant change in responsibilities. The committee seeks to establish a basic salary for each Executive by references to individual responsibilities and performance, taking into account comparable salaries for similar positions in companies of a similar size and sector.

Incentive Shares

These are designed to reflect the Group's share price performance, aligning participants interests with those of shareholders. Further details of the scheme are set out on page 66.

Benefits

The Executive Directors are entitled to a range of benefits, including contributions to individual personal pension plans, private medical insurance and reviewing life assurance.

Service Contracts and Notice Periods

The Executive Directors are employed on rolling contracts subject to three or six months' notice. Service contracts do not provide explicitly for termination payments, but the Group may make payments in lieu of notice, being basic salary and other relevant emoluments for the notice period.

Non-Executive Directors

All Non-Executive Directors have a letter of appointment subject to three months' notice. In the event of termination of their appointment they are not entitled to any compensation. Non-Executive Directors' fees are determined by the Executive Directors having regard to the needs of the Group and comparative fees paid in the sector in which the Group operates. They are not eligible for pensions or other benefits.

Directors' Emoluments

The remuneration of each Director is set on page 54.

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 United Kingdom. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. The Directors are also required to prepare financial statements in accordance with the AIM Rules for Companies issued by the London Stock Exchange.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the United Kingdom, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

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

Website publication

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

Independent auditors' report to the members of Tasty plc

Opinion
We have audited the financial statements of Tasty plc (the 'parent company') and its subsidiaries (the 'group') for the 52-week period ended 26 December 2021 which comprise:

Group	Company
• the Consolidated Statement of Comprehensive Income;	• the Company Statement of Changes in Equity;
• the Consolidated Statement of Changes in Equity;	• the Company Balance Sheet;
• the Consolidated Balance Sheet;	• the Company Cash flow statement;
• the Consolidated Cash flow statement;	• and related notes to the financial statements
• and related notes to the financial statements	

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted International Financial Reporting Standards (IFRSs).

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 26 December 2021 and of the group's profit for the period then ended;
• have been properly prepared in accordance with UK adopted IFRSs; 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.

An overview of the scope of our audit
As the Group comprises a parent holding company and one trading subsidiary the scope of our work was the audit of the financial statements of the Group and its trading subsidiary. The scope of the audit and our audit strategy was developed by using our audit planning process to obtain and update our understanding of the Group, its activities, its internal control environment, current and where relevant to our audit, likely future developments.

Our audit testing was informed by this understanding of the Group and accordingly was designed to focus on areas where we assessed there to be the most significant risks of material misstatement.

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

Key audit matters

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

Key audit matter	How we addressed the key audit matter in the audit
Revenue recognition	We performed perform specific tests to consider whether revenue has been recorded in the correct period and is free from misstatement. • We completed a cash reconciliation test, as well as test a test in total between the till system and the accounting system; • As part of this review, we considered the operating effectiveness of the relevant accounting systems; • We reviewed a sample of the weekly reconciliations of till system to bank receipts/credit card receipts to consider the accuracy of information included within the respective accounting systems; • Our review also included an assessment of the appropriateness of the recognition of trade receivables; • We performed analytical review procedures over the revenue levels to help identify periods in which further audit work may be required; • We performed specific testing on revenue recognised around the year end ("cut off" testing) to assess the risk that revenue had been recognised in the wrong periods, this testing included a review of revenue from takeaway orders which was considered to be a higher risk.
Risk of Impairment of property, plant and equipment and other assets	• We obtained and reviewed management's impairment review for each restaurant site which management consider to represent cash generating units ("CGUs"); • We reviewed the calculations and assessed whether these correctly identified the value in use of each site; • We assessed and challenged the judgements made and assumptions used, the key assumptions being:

Key audit matter	How we addressed the key audit matter in the audit
	○ Discount rate ○ Future cashflow forecast, including capital spend ○ Growth rate ○ Lease length • We obtained evidence to support the assumptions used and performed sensitivity analysis on the growth rate and discount rate; • We compared the capital spend to that in previous years. We considered the allocation of impairment between each class of fixed asset; • We reviewed the financial statement disclosures and recommended that additional sensitivities were included.
Recognition of Covid-19 grants receivable	• We reviewed management's grant recognition assessment and supporting documentation to assess the appropriateness of the accounting policy; • We tested a sample of grants to ensure that that the publicised terms and conditions set out by the local authorities which provided the grants had been complied with; • We tested the sample to ensure there was no indication in the application process that the group was not eligible for the grant; • For the same sample we assessed whether the value recognised in the financial statements is correct based on amount claimed by agreeing to bank receipts.

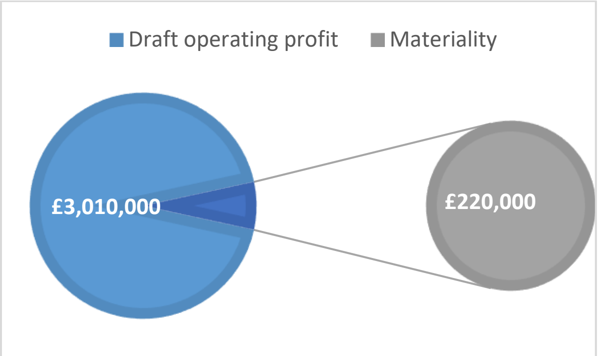
Our application of materiality

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

The materiality for the Group financial statements as a whole was set at £220,000 (29 December 2020 – £200,000). This was determined as being

Materiality was reassessed during the audit and following reclassifications to items included as highlighted items it was

7.5% of draft operating profit before highlighted items.



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

considered reasonable to maintain materiality as £220,000.

We have determined Parent Company materiality to be the same level as the Group.

On the basis of our risk assessment and review of the Group's control environment, performance materiality was set at 70% of materiality, being £154,000 (27 December 2020 – 65% of materiality being £130,000).

The reporting threshold to the audit committee was set as 5% of materiality, being £11,000 (27 December 2020 – £10,000). If, in our opinion in differences below this level warranted reporting on qualitative grounds, these would also be reported.

Conclusions relating to going concern

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

Our evaluation of the directors' assessment of the group's ability to continue to adopt the going concern basis of accounting included:

- Discussing management's assessment of the group's ability to remain a going concern;
- Reviewing and understanding the cash flow forecasts for the period to June 2023 which are the central element of management's going concern assessment;
- Assessing and challenging the inputs in and judgements made in the preparation of the cash flow forecasts for the period to June 2023;
- Performing stress tests including sensitivity analysis to model the effect of changing assumptions made or amending key data used in management's cash flow forecasts and considering the impact on the group's ability to adopt the going concern basis

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The 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.

Independent auditors' report to the members of Tasty plc

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

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:
• the information given in the strategic report and the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
• the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:
• adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
• the parent company financial statements are not in agreement with the accounting records and returns; or
• certain disclosures of directors' remuneration specified by law are not made; or
• we have not received all the information and explanations we require for our audit.

Responsibilities of directors
As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

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

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

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

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

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

Use of our report

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

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

Consolidated statement of comprehensive income

for the 52 weeks ended 26 December 2021

	Note	52 weeks ended 26 December 2021 £'000	52 weeks ended 27 December 2020 £'000
Revenue	3	**34,909**	24,228
Cost of sales		**(34,130)**	(30,330)
Gross profit\(loss)		**779**	(6,102)
Other income	3	**4,208**	5,413
Operating expenses		**(1,305)**	(9,328)
Operating profit\(loss) before highlighted items		**3,549**	(2,235)
Highlighted items	5	**133**	(7,782)
Operating profit\(loss)	4	**3,682**	(10,017)
Finance income	6	**-**	4
Finance expense	6	**(2,497)**	(2,548)
Profit\(loss) before income tax		**1,185**	(12,561)
Income tax	9	**-**	(105)
Profit\(loss) and total comprehensive income\(loss) for the period		**1,185**	(12,666)
Earnings per share for profit\(loss) attributable to the ordinary equity holders of the company			
Basic earnings per share	10	**0.84p**	(8.98p)
Diluted earnings per share	10	**0.74p**	(8.98p)

The notes on pages 40 to 73 form part of these financial statements.

Consolidated statement of changes in equity

for the 52 weeks ended 26 December 2021

	Share capital £'000	Share premium £'000	Merger reserve £'000	Retained earnings £'000	Total £'000
Balance at 29 December 2019	6,061	24,251	992	(18,018)	13,286
Cost of placing of ordinary shares	-	-	-	(68)	(68)
Total comprehensive loss for the period	-	-	-	(12,666)	(12,666)
Share based payments	-	-	-	44	44
Balance at 27 December 2020	6,061	24,251	992	(30,708)	596
Issue of ordinary shares	-	3	-	-	3
Total comprehensive income for the period	-	-	-	1,185	1,185
Share based payments	-	-	-	120	120
Balance at 26 December 2021	6,061	24,254	992	(29,403)	1,904

The notes on pages 40 to 73 form part of these financial statements.

Company statement of changes in equity

for the 52 weeks ended 26 December 2021

	Share capital £'000	Share premium £'000	Retained profit £'000	Total £'000
Balance at 29 December 2019	6,061	24,251	(19,842)	10,470
Cost of placing of ordinary shares	-	-	(68)	(68)
Total comprehensive loss for the period	-	-	(3,254)	(3,254)
Share based payments	-	-	44	44
Balance at 27 December 2020	6,061	24,251	(23,120)	7,192
Issue of ordinary shares	-	3	-	3
Total comprehensive loss for the period	-	-	(145)	(145)
Share based payments	-	-	120	120
Balance at 26 December 2021	6,061	24,254	(23,145)	7,170

The notes on pages 40 to 73 form part of these financial statements.

Consolidated balance sheet

At 26 December 2021

	Note	26 December 2021 £'000	27 December 2020 £'000
Non-current assets			
Intangible assets	12	**28**	26
Property, plant and equipment	13	**14,562**	15,572
Right-of-use assets	13	**37,047**	39,811
Other non-current assets	17	**105**	129
		51,742	55,538
Current assets			
Inventories	16	**2,103**	1,822
Trade and other receivables	17	**1,355**	1,363
Cash and cash equivalents		**11,005**	8,028
		14,463	11,213
Total assets		**66,205**	66,751
Current liabilities			
Trade and other payables	18	**(10,493)**	(10,617)
Lease liabilities	14	**(2,024)**	(2,904)
Borrowings	21	**(313)**	-
		(12,830)	(13,521)
Non-current liabilities			
Provisions	19	**(297)**	(335)
Lease liabilities	14	**(50,157)**	(52,219)
Long-term borrowings	21	**(937)**	-
Other Payables	18	**(80)**	(80)
		(51,471)	(52,634)
Total liabilities		**(64,301)**	(66,155)
Total net assets		**1,904**	596
Equity			
Share capital	22	**6,061**	6,061
Share premium	23	**24,254**	24,251
Merger reserve	23	**992**	992
Retained deficit	23	**(29,403)**	(30,708)
Total equity		**1,904**	596

The financial statements were approved by the Board of Directors of the Company and authorised for issue on 22 March 2022 and signed on their behalf by Daniel Jonathan Plant.

The notes on pages 40 to 73 form part of these financial statements.

Company balance sheet

At 26 December 2021

Company number: 5826464

	Note	26 December 2021 £'000	27 December 2020 £'000
Non-current assets			
Investments	15	**3,334**	3,214
Other non-current assets	17	**3,836**	3,978
Total net assets		**7,170**	7,192
Equity			
Share capital	22	**6,061**	6,061
Share premium	23	**24,254**	24,251
Retained deficit	23	**(23,145)**	(23,120)
Total equity		**7,170**	7,192

The Parent Company, Tasty plc, has taken advantage of the exemption in s408 of the Companies Act 2006 not to publish its own income statement. The Parent Company made a loss of £0.14m (2020 – loss of £3.2m) for the period. The Parent Company has not recognised leases under IFRS 16 in its balance sheet as management have concluded that the substance of the leases is held by the subsidiary, Took Us A Long Time Ltd ("TUALT") and recognised within its Company accounts (page 41).

The financial statements were approved by the board of directors of the Company and authorised for issue on 22 March 2022 and signed on their behalf by Daniel Jonathan Plant.

The notes on pages 40 to 73 form part of these financial statements.

Consolidated cash flow statement

For the 52 weeks ended 26 December 2021

	Note	52 weeks ended 26 December 2021 £'000	52 weeks ended 27 December 2020 £'000
Operating activities			
Cash generated from operations	29	**7,826**	7,575
Corporation tax received	9	**-**	(105)
Net cash inflow from operating activities		**7,826**	7,470
Investing activities			
Proceeds from sale of property, plant and equipment		**3**	2,039
Purchase of property, plant and equipment	13	**(544)**	(120)
Interest received		**-**	4
Net cash inflow from investing activities		**(541)**	1,923
Financing activities			
Net proceeds from issues of ordinary shares		**3**	-
Bank loan receipt	30	**1,250**	-
Bank loan repayment	30	**-**	(1,652)
Finance expense	6	**(59)**	(34)
Finance expense (IFRS 16)	6	**(2,438)**	(2,514)
Principal paid on lease liabilities	30	**(3,064)**	(1,735)
Net cash used in from financing activities		**(4,308)**	(5,935)
Net increase in cash and cash equivalents		**2,977**	3,458
Cash and cash equivalents brought forward		**8,028**	4,570
Cash and cash equivalents as at the end of the period		**11,005**	8,028

The notes on pages 40 to 73 form part of these financial statements.

Company cash flow statement

For the 52 weeks ended 26 December 2021

	Note	52 weeks ended 26 December 2021 £'000	52 weeks ended 27 December 2020 £'000
Operating activities			
Cash generated from operations		**(3)**	68
Corporation tax paid		**-**	-
Net cash outflow from operating activities		**(3)**	68
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		**3**	(68)
Net cash flows used in financing activities		**3**	(68)
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 40 to 73 form part of these financial statements.

Notes

forming part of the financial statements for the 52 weeks ended 26 December 2021

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 the United Kingdom ("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 26 December 2021, with a comparative period of the 52-week period ended 27 December 2020. The financial statements are presented in sterling, rounded to the nearest thousand and are prepared on the historical cost basis. The accounting policies of the Company are consistent with the policies adopted by the Group.

(c) Going concern

As at 26 December 2021, the Group had net assets of £1.9m (2020: £0.6m). The Group meets its day-to-day working capital requirements through the generation of operating cashflow, equity raise and bank finance. The Group's principal sources of funding are:

- Issues of ordinary share capital in the Company on AIM.

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

The pandemic led to a high level of uncertainty and disruption in the economy and hospitality industry. During this period costs were minimised and cash outflows reduced.

Since dine-in reopened in May 2021, trading until December 2021 was highly encouraging. Following the Government's advice in December and the spread of the Omicron variant impacted Christmas sales, December was weaker than we anticipated. Trade for the start of 2022 is encouraging.

The Group monitors cash balances and prepares regular forecasts, which are reviewed by the Board. These forecasts include our best estimates and judgements based on currently available information and current environment. Judgement is particularly required as to the impact on trade of the restrictions being eased as this will also mean that many more people will be holidaying abroad.

Having reviewed the updated forecast and given the ability of the Group to manage costs, cash position and the untilised bank loan, the Directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

Notes

forming part of the financial statements for the 52 weeks ended 26 December 2021

1 Accounting policies (continued)

(d) Leases

Group's accounting policies for leases are as follows:

Lessee accounting

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

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

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

The Group adopted IFRS 16 for its period starting 30 December 2019 using the modified retrospective approach on transition, recognising leases at the carried forward value had they been treated as such from inception, without restatement of comparative figures. On adoption of IFRS 16, the Group recognised right-of-use assets and lease liabilities in relation to the restaurant sites it leases for its business.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets, and
- Leases with a duration of 12 months or less.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease.

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

The lease liabilities recognised in TUALT but in the name of Tasty plc totalled £43m at 26 December 2021 (£44m at 27 December 2020). Accordingly, this balance represents a contingent liability for the Company only.

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.

Based on an analysis of the Group's operating leases as at 26 December 2021 on the basis of the facts and circumstances that exist at that date, the Directors of the Group have assessed that the impact of

1 Accounting policies (continued)

this change has not had any impact on the amounts recognised in the Group's consolidated financial statements.

Short-term leases and leases of low-value assets

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

Covid-19 related rent concessions

IFRS 16 defines a lease modification as a change in the scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease. The Group has considered the Covid-19 related rent concessions and applied the lease modifications accounting.

(e) Changes in accounting policies and disclosures

New standards, amendments to standards or interpretations adopted by the Group

Amendments to accounting standards applied in the year ended 26 December 2021 were as follows:

- Definition of Material – amendments to IAS 1 and IAS 8; and
- Revised Conceptual Framework for Financial Reporting; and

The application of these did not have a material impact on the group’s accounting treatment and has therefore not resulted in any material changes.

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

The following new standards, amendments to standards or interpretations are mandatory for the first time for the financial years beginning on or after 1 January 2021. No standards have been early adopted by the Group.

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Interest Rate Benchmark Reform Phase 2
- Amendment to IFRS 16 – Covid-19-Related Rent Concessions beyond 30 June 2021
- Annual Improvements to IFRS Standards 2018-2020 Cycle
- Amendment to IAS 37 – Onerous Contracts: Cost of Fulfilling a Contract
- Amendment to IAS 1 – Classification of Liabilities as Current or Non-current
- Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies
- Amendments to IAS 8 – Definition of Accounting Estimates

We are currently assessing the impact of these new accounting standards and amendments. The amendments will not have any significant impact on the Group.

Notes

forming part of the financial statements for the 52 weeks ended 26 December 2021

1 Accounting policies (continued)

(f) 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.

(g) Revenue

The Group's revenue is derived from goods and services provided to the customers from dine-in and delivery and takeaway. 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.

(h) Other income

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

(i) 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.

(j) Share based payments

Certain employees (including Directors and senior executives) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (e.g. options, shares etc).

The cost of this is measured by reference to the fair value at the date on which they are granted. The fair value is determined by using an appropriate pricing model (e.g. binomial or Monte Carlo model).

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting date). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

1 Accounting policies (continued)

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 that all other performance and/or service conditions are satisfied. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

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

(l) 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

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

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

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

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

(n) 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.

1 Accounting policies (continued)

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.

(o) Provisions
In the period to 26 December 2021, the Group has recognised a provision for dilapidations for a number of sites, where the need to carry out the work has been identified but a full survey and commission has not been undertaken and therefore management has applied their judgment in determining the provision.

(p) 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.

Notes

forming part of the financial statements for the 52 weeks ended 26 December 2021

1 Accounting policies (continued)

(q) 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 apprenticeship grant income is deferred until apprentices receive training under the rule of the scheme and we are satisfied that we have fully complied with the scheme. We have applied an element of judgement until a full inspection is carried out.

(r) Financial liabilities

Financial liabilities include trade payables, and 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.

(s) Inventories

Raw materials and consumables

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

Crockery and utensils (Smallwares)

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

(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.

1 Accounting policies (continued)

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 Group's restaurant service to its patrons and merit separate presentation to allow shareholders to understand better the elements of financial performance in the year, so as to facilitate comparison with prior periods and to assess better trends in financial performance.

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

2 Critical accounting estimates and judgements

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

(a) Share based payments (Note 26)

The Group operates equity share-based remuneration schemes for employees. Employee services received and the corresponding increase in equity are measured by reference to the fair value of the equity instruments at the date of grant, excluding the impact of any non-market vesting conditions. The fair value of share options is estimated by using valuation models, such as binomial or the Monte Carlo model on the date of grant based on certain assumptions. Those assumptions are described in note 26 and include, among others, the dividend growth rate, expected volatility, expected life of the options (for options with market conditions) and number of options expected to vest.

(b) Accruals (Note 18)

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

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

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

(d) Impairment reviews (Note 13)

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

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

All assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the recoverable amount is higher than the carrying amount of the CGU, no further assessment is required. Where the carrying value of an asset or a CGU exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to dispose of the asset), the asset is written down accordingly. In the absence of any information about the fair value of a CGU, the recoverable amount is deemed to be its value in use. Value in use is calculated using cash flows over the remaining life of the lease for the CGU discounted at 6% (2020: 6%), being the rate considered to reflect the risks associated with the CGUs. The discount rate is based on the Group's weighted average cost of capital ("WACC") which is used across all CGUs due to their similar characteristics.

The Covid-19 pandemic has resulted in an increased uncertainty and greater difference in performance across CGUs depending on whether it is located in a residential, city centre, high street or tourist location. The location also impacts when site can resume normal trading. Due to lockdowns in 2021, the cashflow in 2021 is not always indicative of the future cashflows. The cashflow of each CGU has been determined based on management's judgement of future performance based on a combination of historical performance, impact of the pandemic and expected recovery in future years and therefore each CGU's cashflow has been selected on an individual criterion. Management's conservative judgement has been applied in selecting this criterion due to the uncertainty arising from amongst other conditions, cost of living increases and utility cost pressures and therefore a 0.5% growth rate (2020 – 0.5%) has been applied. Included within the cashflow is management's estimate of the capital expenditure required to maintain performance of the sites in the future years.

(e) Goodwill impairment reviews (Note 12)

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

(f) Intercompany provision (Note 17)

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

(g) Crockery and utensils (Smallwares) inventory

The cost of replenishing smallwares is expensed directly through the income statement. Smallwares is recognised at historic cost and tested for impairment on an annual basis.

(h) Lease liabilities (Note 1(d))

The calculation of lease liabilities requires the Group to determine an incremental borrowing rate ("IBR") to discount future minimum lease payments. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR rate of 4.6% therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. As at 26 December 2021, a sensitivity analysis has been conducted on the lease liabilities which shows that increasing the IBR rate by 1% will decrease the lease liability by £3.3m and decrease the right-of-use asset pre-impairment by £3.3m.

(i) Provision

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

The apprenticeship grant income is deferred until apprentices receive training under the rule of the scheme and we are satisfied that we have fully complied with the scheme. We have applied an element of judgement until a full inspection is carried out.

(j) Lease recognition

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

Notes

forming part of the financial statements for the 52 weeks ended 26 December 2021

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 26 December 2021 £'000	52 weeks ended 27 December 2020 £'000
Sale of goods and services: dine-in	**26,319**	21,662
Sale of goods and services: delivery and takeaway	**8,590**	2,566
	34,909	24,228

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

	52 weeks ended 26 December 2021 £'000	52 weeks ended 27 December 2020 £'000
Sub-let site rental income	**295**	267
Coronavirus Job Retention Scheme (CJRS) and Business Grants	**3,913**	5,146
	4,208	5,413

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

In accordance with IAS 20 (Accounting for Government Grants and Disclosure of Government Assistance) guidelines, the Group has recognised the salary expense as normal and recognised the grant income in profit and loss as the Group becomes entitled to the grant. The CJRS grant and business grants of £3.9m have been recognised within other income. "Retail and Hospitality Business Grants" are recognised when there is reasonable assurance that the Group has met the conditions attaching to these grants.

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4 Operating loss

This has been arrived at after charging	**52 weeks ended 26 December 2021 £'000**	52 weeks ended 27 December 2020 **£'000**
Staff costs	**15,257**	14,841
Share based payments	**120**	44
Amortisation of intangible assets	**3**	3
Depreciation of right-of-use assets (IFRS16)	**3,142**	3,592
Depreciation property, plant and equipment	**1,297**	1,342
Dilapidations provision charge	**-**	335
Dilapidations provision utilisation	**(38)**	-
Restructure and consultancy	**7**	408
Impairment of smallware inventory due to Covid-19	**-**	400
Impairment of Goodwill	**-**	326
Impairment release of property, plant and equipment	**-**	(2,255)
Impairment of right-of-use assets	**-**	10,043
Profit on disposal of property, plant and equipment	**(3)**	(1,184)
Auditor remuneration:		
Audit fee - Parent Company	**10**	8
- Group financial statements	**45**	31
- Subsidiary undertaking	**10**	8
Audit related assurance services	**3**	5
Taxation advisory services	**2**	2

5 Highlighted items – charged to operating expenses

	52 weeks ended 26 December 2021 £'000	52 weeks ended 27 December 2020 £'000
Profit on disposal of property, plant and equipment	**3**	1,184
Restructure and consultancy	**(7)**	(408)
Impairment of Goodwill	**-**	(326)
Impairment release of tangible assets	**6,171**	2,255
Impairment of tangible assets	**(6,171)**	(10,043)
Share based payments	**(120)**	(44)
Impairment of smallware inventory due to Covid-19	**-**	(400)
Gain on lease modifications	**257**	-
	133	(7,782)

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.

This net impairment movement is £nil, however for some sites there was an impairment charge of £6.2m and for other sites a release of £6.2m.

6 Finance income and expense

	52 weeks ended 26 December 2021 £'000	52 weeks ended 27 December 2020 £'000
Interest receivable	**-**	(4)
Interest payable	**2,497**	2,548
	2,497	2,544

7 Employees

Staff costs (including Directors) consist of:	**52 weeks ended 26 December 2021 £'000**	52 weeks ended 27 December 2020 £'000
Wages and salaries	**13,933**	13,668
Social security costs	**1,101**	951
Other pension costs	**223**	222
Equity settled share based payment expense	**120**	44
	15,377	14,885

The average number of persons, including Directors, employed by the Group during the period was 821 of which 805 were restaurant staff and 16 were head-office (2020 – 810 of which 796 were restaurant staff and 14 were head-office staff). The second-half of 2021 the average number of staff was 934.

No staff are employed by the Company (2020 – no staff).

Of the total staff costs £14.3m was classified as cost of sales (2020 - £13.8m) and £1.1m as operating expenses (2020 - £1.0m). Redundancy costs of £0.0m (2020 - £0.09m) have been included as a cost of Restructure and Consultancy in Note 5.

Notes

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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. The remuneration of the Directors for the period ended 26 December 2021 is as follows:

	Emoluments £'000	**Bonus £'000**	**Share based payments £'000**	**Pensions £'000**	**Benefits £'000**	**Social security costs £'000**	**2021 Total £'000**	2020 Total £'000
J Plant	**135**	-	**101**	-	-	**17**	**253**	143
S Kaye (resigned 14 May 2021)	**12**	-	-	-	-	**1**	**13**	100
A Kaye (resigned 15 September 2020)	-	-	-	-	-	-	-	24
K Lassman	**36**	-	-	-	-	**4**	**40**	17
M Vachhani	**135**	-	**4**	**5**	**2**	**17**	**163**	156
Harald Samúelsson (appointed 19 May 2021)	**33**	-	-	**1**	-	**3**	**37**	-
Total	**351**	-	**105**	**6**	**2**	**42**	**506**	440

Company

The Company paid no director emoluments during the year (2020 – none).

9 Income tax expense

	52 weeks ended 26 December 2021 £'000	52 weeks ended 27 December 2020 £'000
UK Corporation tax		
Adjustment in respect to previous years	**-**	105
Total current tax	**-**	105
Deferred tax		
Origination and reversal of temporary differences	**-**	-
Total deferred tax	**-**	-
Total income tax credit	**-**	-

The tax charge for the period is lower than the standard rate of (2020 – lower than) corporation tax in the UK. The differences are explained below:

	52 weeks ended 26 December 2021 £'000	52 weeks ended 27 December 2020 £'000
Profit\ (loss) before tax	**1,185**	(12,561)
Tax on loss at the ordinary rate of corporation tax in UK of 19% (2020 – 19%)	**225**	(2,387)
Effects of		
Fixed assets differences	**101**	-
Expenses not deductible for tax	**22**	283
Income not taxable for tax purposes	**-**	(448)
Remeasurement of deferred tax for changes in tax rates	**(1,055)**	(98)
Movement in deferred tax not recognised	**713**	2,462
Adjustment in respect of previous years	**-**	105
Other movements	**(6)**	188
Total tax charge	**-**	105

Factors affecting future tax charges

Deferred taxes at the balance sheet date have been measured using the enacted tax rates at each date. These rates are 19% at 26 December 2021 (19% at 27 December 2020).

In March 2021 it was announced the UK corporation tax rate would increase to 25% in April 2023. This announcement does not constitute substantive enactment, however, the disclosed but unrecognised deferred tax disclosed in Note 20 is calculated at the future tax rate of 25%.

Notes

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10 Earnings per share

	26 December 2021 Pence	27 December 2020 Pence
Basic profit\ (loss) per ordinary share	**0.84**	(8.98)
Diluted profit\ (loss) per ordinary share	**0.74**	(8.98)

	2021 Number '000	2020 Number '000
Profit\ (loss) per share has been calculated using the numbers shown below:		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**141,090**	141,090
Adjustments for calculation of diluted earnings per share:		
Ordinary B shares	**14,815**	141,090
Options	**3,265**	-
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**159,170**	141,090

	2021 £'000	2020 £'000
Profit\ (loss) for the financial period	**1,185**	(12,666)

The weighted average number of ordinary shares outstanding is increased by the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares. Due to the profit made in the year; all share options are considered dilutive.

11 Dividend

No final dividend has been proposed by the Directors (2020 – £nil).

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12 Intangibles

	Trademarks £'000	Goodwill £'000	Total £'000
At 29 December 2019	26	326	352
Additions	3	-	3
Amortisation of trademarks	(3)	-	(3)
Impairments	-	(326)	(326)
At 27 December 2020	26	-	26
Additions	5	-	5
Amortisation of trademarks	(3)	-	(3)
Impairments	-	-	-
At 26 December 2021	28	-	28

The recoverable amount of goodwill has been determined on a value in use basis. This has been based on the performance of the units since they were acquired and management's forecasts, which assume the sites will perform at least as well as the market generally. The forecast cash flows cover a period of the committed lease length, assuming a growth rate of 0.5% (2020 – 0.5%) and are discounted at a rate of 6% (2020 – 6%). During the 52 weeks ended 26 December 2021, the Group recognised an impairment loss of £nil (2020 - £0.3m) in relation to previously acquired goodwill recognised on acquisition of the restaurants noted in the table below. The impairment charge reflects the forecast cashflow following the pandemic. Goodwill had been allocated to CGUs as follows;

Goodwill	**£'000**
Shaftesbury Avenue	**196**
Cambridge	**130**
At 29 December 2019	**326**
Impairments	**(326)**
At 27 December 2020	**-**

Notes

forming part of the financial statements for the 52 weeks ended 26 December 2021

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

	Leasehold improvements £'000	Furniture fixtures and computer equipment £'000	Total fixed assets £'000	Right-of-use assets £'000	Total £'000
Cost					
At 30 December 2019	**38,661**	**10,107**	**48,768**	**55,119**	**103,887**
Additions	2	118	120	-	120
Lease modifications	-	-	-	(814)	(814)
Disposals	(1,487)	(333)	(1,820)	(859)	(2,679)
At 27 December 2020	**37,176**	**9,892**	**47,068**	**53,446**	**100,514**
Additions	145	399	544	951	1,495
Lease modifications	-	-	-	(830)	(830)
At 26 December 2021	**37,321**	**10,291**	**47,612**	**53,567**	**101,179**
Depreciation					
At 29 December 2019	26,674	7,524	34,198	-	34,198
Provided for the period	757	585	1,342	3,592	4,934
Impairment	(2,133)	(122)	(2,255)	10,043	7,788
Disposals	(1,464)	(325)	(1,789)	-	(1,789)
At 27 December 2020	**23,834**	**7,662**	**31,496**	**13,635**	**45,131**
Provided for the period	743	554	1,297	3,142	4,439
Impairment	157	100	257	(257)	-
At 26 December 2021	**24,734**	**8,316**	**33,050**	**16,520**	**49,570**
Net book value					
At 26 December 2021	**12,587**	**1,975**	**14,562**	**37,047**	**51,609**
At 27 December 2020	13,342	2,230	15,572	39,811	55,383

During the 52 weeks ended 26 December 2021, the Group recognised an impairment charge of £nil (2020: £7.8m) due to impairment of ROU assets £0.26m (2020: £10.0m) and release on fixed assets £0.26m (2020: £2.2m). The impairment movement is due to the reassessment by each individual CGU following a change in performance and/or change in assets. The impairment calculation is sensitive to changes in the assumptions and estimates used. For example a 1% decrease in the discount rate would result in a release of the net impairment by £1.2m, an increase of 1% would result in an impairment charge of £1.2m and a 1% growth rate would result in a release of the impairment charge by £0.5m.

The total carrying value of the CGUs that have been impaired in the period is £15.4m (2020: £21.8m). These have been impaired to their value in use of £9.2m (2020: £10.9m). The total carrying value of the CGUs that have been released in the period is £11.3m (2020: £nil).

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

Assets held for sale accounted for a carrying value of £nil (2020 - £nil).

Company

The Company holds no property, plant and equipment.

14 Leases

	26 December 2021 £'000	27 December 2020 £'000
Current		
Lease liabilities	**2,024**	2,904
	2,024	2,904
Non-current		
Lease liabilities	**50,157**	52,219
	50,157	52,219
	52,181	55,123

Due within one year	**2,024**	2,904
Due two to five years	**12,371**	11,908
Due over five years	**37,786**	40,311
	52,181	55,123

Lease liabilities are measured at present value of the remaining lease payments discounted using the Group's incremental borrowing rate of 4.5% associated with the lease plus the Bank of England base rate of 0.1% (2020: 4.6%). The lease liabilities as at 26 December 2021 were £52.1m (2020: £55.1m).

In the period to 27 December 2020, right-of-use assets were measured on transition at an amount equal to the minimum lease liability at the date of initial application and adjusted for an onerous lease provision of £2.8m and a lease incentive of £1.3m. In addition, £0.6m was reclassified from prepaid operating lease to ROU.

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15 Investments

	£'000
Company	
At 29 December 2019	3,170
Share based payment in respect of subsidiary	44
At 27 December 2020	3,214
Share based payment in respect of subsidiary	120
At 26 December 2021	**3,334**

The Company's investments are wholly related to a 100% ordinary shareholding in Took Us a Long Time Limited (2020 – 100% holding), a company registered in England and Wales with registered offices at 32 Charlotte Street, London. Took Us a Long Time Limited is primarily engaged with the operation of restaurants.

16 Inventories

	26 December 2021 £'000	27 December 2020 £'000
Raw materials and consumables	**855**	591
Smallware inventories	**1,248**	1,231
	2,103	1,822

In the Directors' opinion there is no material difference between the replacement cost of inventories and the amounts stated above. Raw material and consumable inventory purchased and recognised as an expense in the period was £8.6m (2020 - £6.1m).

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17 Trade and other receivables

	26 December 2021 £'000	27 December 2020 £'000
Trade receivables	**211**	245
Prepayments and other receivables	**1,249**	1,247
Total trade and other receivables	**1,460**	1,492
Less non-current portion (Deposits)	**(105)**	(129)
	1,355	1,363
Company		
Amounts due from subsidiary	3,836	3,978
Total trade and other receivables	3,836	3,978
Classified as non-current	**3,836**	3,978

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 £28.2m (2020 - £28.4m).

The Directors of the Company consider this loan to be classed as Stage 2 under the General Approach set out in IFRS 9. The Company has made provisions of £24.4m (2020 - £24.4m) 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.

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18 Trade and other payables

	26 December 2021 £'000	27 December 2020 £'000
Trade payables	**3,952**	3,865
Taxations and social security	**1,506**	3,154
Accruals and deferred income	**3,314**	2,451
Other payables	**1,801**	1,227
Total trade and other payables	**10,573**	10,697
Less non-current portion (Deposits)	**(80)**	(80)
	10,493	10,617

Included within trade payables are £0.01m (2020 - £0.20m) due to related parties (note 28).

19 Provisions

	26 December 2021 £'000	27 December 2020 £'000
At 29 December 2019		2,783
IFRS 16 adjustment	**-**	(2,783)
At 27 December 2020	**335**	-
Dilapidations provision utilisation in the period	**(38)**	-
Dilapidations provision charge in the period	**-**	335
At 26 December 2021	**297**	335

On transition to IFRS 16, the right-of-use assets was adjusted for an onerous provision of £2.7m. This provision had been made against sites where projected future trading income was insufficient to cover the unavoidable costs under the lease. The provision was based on the expected cash out flows of these sites and the associated costs of exiting these leases and the time expected to sell.

In the period to 26 December 2021, the Group has recognised a provision of £0.3m for dilapidations for a number of sites, where the need to carry out the work has been identified but a full survey and commission has not been undertaken and therefore management has applied their judgment in determining the provision.

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20 Deferred tax

	26 December 2021 £'000	27 December 2020 £'000
At the beginning of the period	**-**	-
Profit and loss credit/(charge)	**-**	-
	-	-
Accelerated capital allowances	-	-
Tax losses carried forward	-	-
At the end of the period	-	-

Due to the uncertainty of future profits, a deferred tax asset of £4.5m (2020 - £3.4m) is not recognised in these financial statements.

21 Borrowings

	26 December 2021 £'000	27 December 2020 £'000
Current		
Secured bank borrowings	**313**	-
	313	-
Non-current		
Secured bank borrowings	**937**	-
	937	-
	1,250	-

The bank loan attracts interest at a margin of 4.5% over the Bank of England base rate and repayable in 12 instalments with a final repayment on 15 January 2024.

Maturity of secured bank borrowings		
Due within one year	**369**	-
Due In more than one year but less than two years	**455**	-
Due In more than two years but less than five years	**542**	-
	1,366	-
Future interest payments	**(116)**	-
	1,250	-

The bank borrowings are secured by legal charges over assets of the group's subsidiary Took Us A Long Time Limited, and Tasty Plc, as an individual company, has provided a cross guarantee and debenture in favour of the lender.

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22 Share capital

Called up and fully paid:	Number Ordinary	Number Ordinary B	Number Deferred	£'000
Ordinary shares at 0.1 pence	59,795,496	-	-	60
Deferred shares at 9.9 pence (as a result of sub-division	-	-	59,795,496	5,920
Ordinary shares issued at 0.1 pence	81,294,262	-	-	81
At 27 December 2020	**141,089,758**	**-**	**59,795,496**	**6,061**
Ordinary B shares at 0.00001 pence	-	15,676,640	-	0
At 26 December 2021	**141,089,758**	**15,676,640**	**59,795,496**	**6,061**

Share Capital Reorganisation, placing and open offer

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

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

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.

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24 Leases

Operating leases where the Group is the lessor

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

	26 December 2021 £'000	27 December 2020 £'000
Within one year: receipts	**290**	253
Within two to five years: receipts	**1,158**	1,158
Over five years: receipts	**1,845**	2,135
	3,293	3,546

25 Pensions

The Group made contributions of £6,000 (2020 - £5,000) to the personal pension plan of the Directors. During the year the Group made contributions to employee pensions of £0.2m (2020 - £0.2m). As at 26 December 2021, contributions of £99,000 due in respect of the current reporting period had not been paid over to the schemes (2020 - £99,000).

26 Share based payments

	Weighted average exercise price (pence)	Number '000
At 29 December 2019	39.5	6,925
Lapsed	4.4	(745)
Cancelled	105.0	(2,400)
At 27 December 2020	4.1	3,780
Lapsed	4.4	(515)
Cancelled	-	-
Issued	0.0	15,677
At 26 December 2021	**0.7**	**18,942**

The exercise price of options outstanding at the end of the period ranged between 0p and 4p (2020 – 3p and 4p) and their weighted average remaining contractual life was 3.9 years (2020 – 9 years).

Of the total number of options outstanding at the end of period none (2020 – none) had vested and were exercisable at the end of the period.

The market price of the Company's ordinary shares as at 26 December 2021 was 4.9p and the range during the financial year was from 2.9p to 7.9p (as at 27 December 2020 was 3.3p and the range during the financial year was from 1.3p to 4.5p).

No option was exercised in 2021 (2020 £nil) and 15.7m shares granted in 2021 (2020 – £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 over three years and expire in 10 years and no other conditions are attached. A charge of £61,000 will be recognised over the three years based on a volatility of 63.5% and risk rate of 0.5% using the Binomial method. The volatility is weighted on a four year basis and the risk free rate is based on risk free rate on the mid point between the vesting date and expiry.

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

In January 2021 Daniel Jonathan Plant was awarded 15,676,640 'B' shares in Tasty plc which can be converted to 'A' shares subject to achievement of certain hurdle rates. These 'B' shares were issued at nominal value of 0.00001 pence. The first hurdle has been achieved and 5,225,547 can be converted to 'A' shares from the first anniversary date. A charge of £181,000 will be recognised over the four years based on a volatility of 85% and risk rate of -0.05% using the Monte Carlo method. The volatility is weighted on a four year basis and the risk free rate is based on yield on a 4-year zero coupon government security at the grant date.

The 18.9m shares outstanding as at 26 December 2021 comprise of the options issued in July 2019, October 2019 and January 2021. There are no other outstanding options.

27 Financial instruments

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

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

- Credit risk
- Interest rate risk
- Liquidity risk

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

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

Principal financial instruments

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

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

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

Financial assets	26 December 2021 £'000	27 December 2020 £'000
Cash and cash equivalents	**11,005**	8,028
Trade and other receivables	**316**	374
Total financial assets	**11,321**	8,402

Financial liabilities (amortised cost)		
Trade and other payables	**5,753**	5,091
Loans and borrowings	**1,250**	-
Finance leases	**52,181**	55,123
Total financial liabilities	**59,184**	60,214

Company - Financial assets (amortised cost)	26 December 2021 £'000	27 December 2020 £'000
Intercompany loan	**3,836**	3,978

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	**26 December 2021 £'000**	27 December 2020 £'000
<30 days	**60**	58
31-60 days	**15**	(7)
61-120 days	**33**	83
>120 days	**194**	111
Provision for doubtful debt	**(91)**	-
	211	245

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	5,673	24	-	-	56
Loan and other borrowings	134	235	455	542	-
Finance leases	760	1,263	2,976	9,395	37,787
As at 26 December 2021	**6,567**	**1,522**	**3,431**	**9,937**	**37,843**

	Up to 3 months	Between 3 and 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	£'000	£'000	£'000	£'000	£'000
Trade & other payables	5,012	-	24	-	56
Loan and other borrowings	-	-	-	-	-
Finance leases	689	2,215	2,952	8,955	40,312
As at 27 December 2020	**5,701**	**2,215**	**2,976**	**8,955**	**40,368**

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.

Capital disclosures

The Group's capital is made up of ordinary share capital, deferred share capital, share premium, merger reserve and retained deficit totalling £1.9m (2020 - £0.6m).

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

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

28 Related party transactions

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

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

	52 weeks ended 26 December 2021 £'000	52 weeks ended 27 December 2020 £'000
Rent, insurance and legal services charged to the group:		
- Kropifko Properties Ltd	**(32)**	(78)
- KLP Partnership	**(28)**	(72)
- ECH Properties Ltd	**(25)**	(52)
- Proper Proper T Ltd	**(33)**	(80)
- Super Hero Properties	**-**	(68)
- Benja Properties Ltd	**-**	(76)
- Howard Kennedy LLP	**-**	(10)
Balance due to related parties:	**11**	198

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

Notes

forming part of the financial statements for the 52 weeks ended 26 December 2021

29 Reconciliation of profit\(loss) before tax to net cash inflow from operating activities

	52 weeks ended 26 December 2021 £'000	52 weeks ended 27 December 2020 £'000
Group		
Profit\ (loss) before tax	**1,185**	(12,561)
Finance income	**-**	(4)
Finance expense	**59**	34
Finance expense (IFRS 16)	**2,438**	2,514
Share based payment charge	**120**	44
Share issue costs	**-**	(68)
Depreciation of right-of-use assets (IFRS16)	**3,142**	3,592
Depreciation of property plant and equipment	**1,297**	1,342
Impairment of goodwill	**-**	326
Impairment of property, plant and equipment	**-**	(2,255)
Impairment of Right-of-use assets	**-**	10,043
Profit from sale of property plant and equipment	**(3)**	(1,184)
Amortisation of intangible assets	**3**	3
Dilapidations provision charge	**-**	335
Dilapidations provision utilisation	**(38)**	-
Other non cash	**-**	1
Decrease / (increase) in inventories	**(282)**	827
Decrease / (increase) in trade and other receivables	**(59)**	1,852
(Decrease)/ Increase in trade and other payables	**(36)**	2,734
	7,826	7,575

	52 weeks ended 26 December 2021 £'000	52 weeks ended 27 December 2020 £'000
Company		
Loss before tax	**(145)**	(3,254)
Decrease in trade and other receivables	**142**	3,322
	(3)	68

Notes

forming part of the financial statements for the 52 weeks ended 26 December 2021

30 Reconciliation of financing activity

	Lease liabilities Due within 1 year £'000	Lease liabilities Due after 1 year £'000	Bank Loan Due within 1 year £'000	Bank Loan Due after 1 year £'000	Total £'000
Net debt as at 29 December 2019	-	-	800	852	1,652
IFRS 16 transitional adjustment	1,647	55,761	-	-	57,408
Net debt as at 30 December 2019	**1,647**	**55,761**	**800**	**852**	**59,060**
Cashflow	(1,735)	-	(800)	(852)	(3,387)
Addition / (decrease) to lease liability	2,992	(3,542)	-	-	(550)
Net debt as at 27 December 2020	**2,904**	**52,219**	**-**	**-**	**55,123**
Cashflow	(3,064)	-	313	937	(1,814)
Addition / (decrease) to lease liability	2,184	(2,062)	-	-	122
Net debt as at 26 December 2021	**2,024**	**50,157**	**313**	**937**	**53,431**

31 Post Balance Sheet Events

There are none to report.