TASTY PLC

Report and financial statements

52 weeks ended 27 December 2015

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Directors and information

Directors
Keith Lassman (Non-Executive Chairman)
Jonny Plant (Joint Chief Executive Officer)
Samuel Kaye (Joint Chief Executive Officer)
Adam Kaye (Non-Executive Director)

Secretary and registered office
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32 Charlotte Street
London W1T 2NQ

Company number
5826464

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55 Baker Street
London W1U 7EU

Solicitors
Howard Kennedy LLP
No. 1 London Bridge
London SE1 9BG

Glovers LLP
115 Park Street
London W1K 7DY

Bankers
Barclays Bank plc
1 Churchill Place
London E14 5HP

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Cenkos Securities plc
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London EC2R 7AS

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Computershare Investor Services plc
P O Box 82
The Pavilions
Bridgwater Road
Bristol BS99 6ZY

Chairman’s statement

I am pleased to be reporting on the Group's profitable results of £2,467,000 (December 2014 - £2,052,000). The results are for the 52 weeks period ended 27 December 2015 and a comparative with the 52 week period ended 28 December 2014.

Results

Revenue for the year was up 20% on last year to £35,794,000 (2014 - £29,734,000). Operating profit before pre-opening costs and non-trading items was up 28% on last year at £3,951,000 (2014 - £3,090,000). Pre-opening costs for the period totalled £644,000 (2014 - £360,000).

The overall statutory pre-tax profit was up by some 20% at £3,067,000 (2014 - £2,552,000).

The Board does not recommend the payment of a dividend at this stage of the Group's development.

Openings

Twelve Wildwood and Wildwood Kitchen restaurants were opened during the year: Plymouth, Hereford, Telford, Chichester and Taunton were opened in the first half of the year with Royal William Yard, Worcester, Port Solent, Brentwood, Whiteley, Kingston and Liverpool opening in the second half of the year. The Company opened a Dim t restaurant in Whiteley in November.

Since the year end the Company has continued its expansion programme with two new sites opened, two sites under construction and a number of other sites at various stages of completion and negotiation.

Cash flows

Net cash outflow for the period before financing was £4,759,000 (2014- £1,061,000). This is largely represented by capital expenditure on the expansion of the business through the opening of the above sites. Cash flows from operating activities were £5,076,000 (2014 - £5,308,000).

During the year the Group updated its banking facility with Barclays, increasing the facility to £8,000,000 (2014 – available facility of £4,000,000) to be used for future capital expenditure. As at 27 December 2015 the Company had drawn £5,750,000 of the available facility.

Cash and cash equivalents held at the end of the period were £2,221,000 (2014 - £2,044,000).

Chairman's statement

Review of the business

The Group delivered another good performance in 2015, with an improvement in operating profit margin and a 20% increase in pre-tax profits.

The Group continued its expansion during the year, adding thirteen new sites to the estate. The rate of development will accelerate in the medium term. Openings in the coming 12 months will expand the UK geographical footprint of the Group.

At the end of the period the Group operated 48 restaurants. Currently, the Group has 50 restaurants in operation - 7 DimTs and 43 Wildwoods and Wildwood Kitchens.

Pre-opening costs and accounting adjustments

Pre-opening costs have been highlighted in the income statement as these costs represent revenue expenses, such as rent, rates and training costs, which are necessarily incurred in the period before a new unit is opened, but which are specific to the opening of that unit and not part of the Group's normal ongoing trading performance.

The Group recognises a number of charges in the accounts which arise under accounting rules which have no transactional cash impact. These charges include share based payments.

Staff

As ever, it is our dedicated staff that have contributed significantly throughout the year to the Group's much improved performance, and I would like to take this opportunity of thanking them again for their hard work and effort.

Current Trading

Since the year end trading has been broadly in line with expectations.

Keith Lassman

Chairman

30 March 2016

Chief Executive's statement

2015 was another strong year for Tasty across all aspects of the business. We continued to grow at a rapid rate, with 13 new openings achieved in 2015, taking the estate to 48 restaurants, an increase of 37% on the previous year.

Improvements in Tasty's trading profits have been achieved through a combination of increased sales and cost reductions which has resulted in the adjusted EBITDA margin increasing by 1 % to 16.3%. Adjusted EBITDA (excluding pre-opening and non-operating costs) increased by 28% to £5.8m for the year.

Since the year end we have opened two more restaurants and a further two sites are under construction. The property pipeline is looking strong for 2016 and we expect to open 15 sites.

Brands

Expansion has focussed on the Wildwood (43) brands and this will continue in the future. The 'all day' appeal of these brands has been improved by the development of a delicatessen which has driven additional morning and mid-afternoon trade.

Our sites are primarily based on the high street. However, we have a number of leisure, retail and tourist locations which all trade well, highlighting the broad appeal and scalability of the offering. Continued expansion across all of these location types are planned in the coming year.

A review of the Dimt (7) brand has identified mixed retail and leisure developments as a key area of expansion. An additional Dimt site was opened in the year in the Whiteley Development in Fareham.

Alongside the Dimt in Whiteley, we opened a Wildwood, the first time the Group have operated these two brands in the same location. Both sites are trading above expectations and pave the way for similar future openings if the opportunity should arise.

Expansion

We are now preparing for an acceleration in the rollout programme with the appointment of David Street as property director and a number of key business functions will be expanded and strengthened to facilitate this more rapid growth.

A significant investment will be made to upgrade the existing restaurant websites and greatly enhance the entire digital marketing strategy for the Group, which will increase the reach and recognition of all the Tasty brands.

Chief Executive's statement

To ensure that we retain our high level of food quality and consistency we will be investing in Tasty's Central Kitchen's infrastructure.

Additionally, a number of appointments are being made in our Operations, Marketing, Finance and People departments, along with a number of systems upgrades, to ensure a continued successful expansion programme.

Outlook

The business is at an exciting stage and is well positioned to expand. 2016 will be a year of growth and investment as we lay the foundations for the future.

Strategic report for the 52 weeks ended 27 December 2015

Business review and key performance indicators

Revenue for the 52 week period increased 20% on last year to £35,794,000 (2014 - £29,734,000). Operating profit before pre-opening costs and non-operating items was £3,951,000 (2014 - £3,090,000). Pre-opening costs for the period totalled £644,000 (2014 - £360,000). The overall statutory pre-tax profit was £3,067,000 (2014 - £2,552,000).

The Directors utilise a large number of detailed performance indicators which are used to manage the business but, as with most businesses, the focus in the Income Statement is on sales, margins and overheads compared to budget and the previous year. In the balance sheet the focus is on managing working capital.

The Directors recognise the importance of customer relations and staff are extensively trained in this regard. Performance is monitored by reference to the results of regular “mystery diner” visits , and staff bonuses are calculated on the basis of the results and comments arising from these visits and other customer feedback.

A further review of the business and KPIs is included in the Chairman's Statement on page 3 and in the Chief Executive’s statement on Page 5

Principal uncertainties and risks

Economic conditions

There have been a number of encouraging signs regarding the UK economic outlook. However, there still remains a high level of uncertainty. Deterioration in consumer confidence due to future economic conditions could have a detrimental impact on the Group in terms of footfall and sales. This risk is mitigated by the positioning of the Group’s brands, which is within the affordable segment of the casual dining market. Continued focus on customer relations and targeted and adaptable marketing initiatives help the Group retain and drive sales where footfall declines.

Input cost inflation

The Group’s key variable inputs are the cost of food and labour, both of which face inflationary pressures in the medium term. The Group monitors its food supply chain closely, regularly reviewing food costs and implementing a variety of strategies to mitigate the impact of increases. Labour cost pressures which are outside of the control of the Group, such as the recently introduced National Living Wage and annual minimum wage increases, are suffered by the Group and its competitors. However, labour cost are regularly monitored and on-going initiatives are used to reduce the impact of such pressures.

Strategic risks

The acquisition of suitable and well located quality sites in order to continue the Group's expansion is necessary to achieve the Group’s strategic aims. The Group has a strong and experienced property acquisition team with good relationships with external agents and advisers.

On behalf of the Board.

Jonny Plant
Joint Chief Executive Officer

30 March 2016

Report of the directors for the 52 weeks ended 27 December 2015

The Directors present their report together with the audited financial statements for the 52 weeks ended 27 December 2015 (comparative period 52 weeks to 28 December 2014).

Results and dividends

The consolidated statement of comprehensive income is set out on page 13 and shows the profit for the period.

The Directors do not recommend the payment of a dividend (2014 - £nil).

Principal activities

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

Directors

The Directors of the Group during the period were as follows

Executive
Jonny Plant
Samuel Kaye

Non-Executive
Keith Lassman
Adam Kaye

Creditor payment policy

The Group has a standard code and also agrees specific individual terms with certain suppliers. Payment is normally made in accordance with those terms, subject to the suppliers' own performance.

Employees

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

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

Donations

The Group made no charitable or political donations in the period (2014 - none).

Report of the directors for the 52 weeks ended 27 December 2015

Financial Instruments

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

Future developments

Details of future developments are contained in the Strategic report (page 7) and the Chief Executive’s report (page 5).

Auditors

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

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

On behalf of the Board.

Jonny Plant
Joint Chief Executive Officer

30 March 2016

Statement of directors' responsibilities

The Directors are responsible for preparing the strategic report, annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group and Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

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

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

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

Website publication

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

Independent auditors' report to the members of Tasty plc

We have audited the financial statements of Tasty plc for the period ended 27 December 2015 which comprise the consolidated statement of comprehensive income, the consolidated and Company statements of changes in equity, the consolidated and Company balance sheets, the consolidated and Company cash flow statements and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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.

Respective responsibilities of directors and auditors
As explained more fully in the statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements
A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and the parent Company's affairs as at 27 December 2015 and of the Group's profit for the period then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and as regard to the Group financial statements, Article 4 of the IAS regulation.

Opinion on other matters prescribed by the Companies Act 2006
In our opinion 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.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where 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.

Geraint Jones (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom

30 March 2016

BDO is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated statement of comprehensive income

for the 52 weeks ended 27 December 2015

	Note	2015 £'000	2014 £'000
Revenue	3	**35,794**	29,734
Cost of sales		**(31,594)**	(26,207)
Gross profit		**4,200**	3,527
Administrative costs		**(1,026)**	(901)
Operating profit excluding non-trading items and pre-opening costs		**3,951**	3,090
Pre-opening costs		**(644)**	(360)
Non-trading items	5	**(133)**	(104)
Operating profit	4	**3,174**	2,626
Finance income		**9**	9
Finance expense	6	**(116)**	(83)
Profit before tax		**3,067**	2,552
Income tax expense	9	**(600)**	(500)
Profit and total comprehensive income for the period attributable to shareholders		**2,467**	2,052
Earnings per share			
Basic	10	**4.64p**	3.88p
Diluted	10	**4.58p**	3.83p

The notes on pages 20 to 43 form part of these financial statements.

Consolidated statement of changes in equity

for the 52 weeks ended 27 December 2015

	Share capital	Share premium	Merger reserve	Retained deficit / earnings	Total
	£'000	£'000	£'000	£'000	£'000
Balance at 29 December 2013	5,293	13,317	992	(2,157)	17,445
Issue of ordinary shares	12	19	-	-	31
Total comprehensive income for the period	-	-	-	2,052	2,052
Share based payments - credit to equity	-	-	-	104	104
Balance at 28 December 2014	5,305	13,336	992	(1)	19,632
Issue of ordinary shares	17	35	-	-	52
Total comprehensive income for the period	-	-	-	2,467	2,467
Share based payments - credit to equity	-	-	-	133	133
Balance at 27 December 2015	5,322	13,371	992	2,599	22,284

The notes on pages 20 to 43 form part of these financial statements.

Company statement of changes in equity

for the 52 weeks ended 27 December 2015

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
Balance at 29 December 2013	5,293	13,317	310	18,920
Issue of ordinary shares	12	19	-	31
Total comprehensive income for the period	-	-	-	-
Share based payments - credit to equity	-	-	104	104
Balance at 28 December 2014	5,305	13,336	414	19,055
Issue of ordinary shares	17	35	-	52
Total comprehensive income for the period	-	-	(35)	(35)
Share based payments - credit to equity	-	-	133	133
Balance at 27 December 2015	5,322	13,371	512	19,205

The notes on pages 20 to 43 form part of these financial statements.

Consolidated balance sheet

At 27 December 2015

	Note	2015 £'000	2014 £'000
Non-current assets			
Intangible assets	12	**470**	444
Property, plant and equipment	13	**28,496**	20,391
Pre-paid operating lease charges	14	**1,936**	1,731
Other non-current assets		**148**	341
		31,050	22,907
Current assets			
Inventories	16	**1,812**	1,051
Trade and other receivables	17	**2,529**	1,801
Pre-paid operating lease charges	14	**140**	152
Cash and cash equivalents		**2,221**	2,044
		6,702	5,048
Total assets		**37,752**	27,955
Current liabilities			
Trade and other payables	18	**(8,076)**	(6,536)
Borrowings	21	**(750)**	(500)
		(8,826)	(7,036)
Non-current liabilities			
Provisions	19	**(45)**	(55)
Lease incentives		**(715)**	(367)
Deferred tax liability	20	**(882)**	(615)
Long-term borrowings	21	**(5,000)**	(250)
		(6,642)	(1,287)
Total liabilities		**(15,468)**	(8,323)
Total net assets		**22,284**	19,632
Equity			
Share capital	22	**5,322**	5,305
Share premium	23	**13,371**	13,336
Merger reserve	23	**992**	992
Retained deficit / earnings	23	**2,599**	(1)
Total equity		**22,284**	19,632

The financial statements were approved by the board of directors of the Company and authorised for issue on 30 March 2016 and signed on their behalf by Jonny Plant.

The notes on pages 20 to 43 form part of these financial statements.

Company balance sheet

At 27 December 2015

Company Number 5826464

	Note	2015 £'000	2014 £'000
Non-current assets			
Investments	15	**2,785**	2,652
Other non-current assets	17	**16,420**	16,403
		19,205	19,055
Total net assets		**19,205**	**19,055**
Equity			
Share capital	22	**5,322**	5,305
Share premium	23	**13,371**	13,336
Retained earnings	23	**512**	414
Total equity		**19,205**	19,055

The financial statements were approved by the board of directors of the Company and authorised for issued on 30 March 2016 and signed on their behalf by Jonny Plant.

The notes on pages 20 to 43 form part of these financial statements.

Consolidated cash flow statement

for the 52 weeks ended 27 December 2015

	Note	2015 £'000	2014 £'000
Operating activities			
Cash generated from operations	30	**5,076**	5,308
Corporation tax paid		**-**	-
Net cash inflow from operating activities		**5,076**	5,308
Investing activities			
Purchase of property, plant and equipment		**(9,844)**	(6,378)
Interest received		**9**	9
Net cash flows used in investing activities		**(9,835)**	(6,369)
Financing activities			
Net proceeds from issues of ordinary shares		**52**	31
Bank loan receipt		**5,750**	-
Bank loan repayment		**(750)**	(250)
Interest paid		**(116)**	(83)
Net cash flows used in financing activities		**4,936**	(302)
Net increase in cash and cash equivalents		**177**	(1,363)
Cash and cash equivalents as at 28 December 2014		**2,044**	3,407
Cash and cash equivalents as at 27 December 2015		**2,221**	2,044

The notes on pages 20 to 43 form part of these financial statements.

Company cash flow statement

for the 52 weeks ended 27 December 2015

	Note	2015 £'000	2014 £'000
Operating activities			
Cash generated from operations		-	-
Corporation tax paid		-	-
Net cash outflow from operating activities		-	-
Financing activities			
Net proceeds from issues of ordinary shares		-	
Net cash flows used in financing activities		-	-
Net increase in cash and cash equivalents		-	-
Cash and cash equivalents as at 28 December 2014		-	-
Cash and cash equivalents as at 27 December 2015		-	-

Significant non-cash transaction

During the period the Company issued share capital for net proceeds of £52,000 due to the exercise of employee options.. (2014 - £31,000). The cash receipt was processed by the trading subsidiary and as such the transaction has been recorded through the inter-company account between the Company and the trading subsidiary.

The notes on pages 20 to 43 form part of these financial statements.

Notes

forming part of the financial statements for the 52 weeks ended 27 December 2015

1 Accounting policies

(a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRS) issued by the International Accounting Standards (IASB) as adopted by European Union ("adopted IFRSs").

(b) Basis of preparation

The financial statements cover the 52 week period ended 27 December 2015, with a comparative period of the 52 week period ended 28 December 2014. The financial statements are presented in sterling, rounded to the nearest thousand and are prepared on the historical cost basis.

(c) Changes in accounting policy

Standards amendments and interpretations, issued by the IASB or the International Financial Reporting Interpretations Committee (IFRIC) and endorsed by the EU, which were effective for the first time in the current financial year did not have a significant impact on these financial statements.

The following standards and interpretations (including updates and amendments) are not yet effective and have not been early adopted by the Group. The Group is assessing the impact these standards and interpretations will have on the presentation of results in future periods.

- Annual improvements to IFRSs (2012 – 2014 Cycle) – effective from 1 January 2018
- IFRS 15 'Revenue' – effective from 1 January 2018
- IFRS 16 'Leases' – effective from 1 January 2019*
- IFRS 9 'Financial Instruments' – effective from 1 January 2018
- Clarification of Acceptable Methods of Depreciation and Amortisation: Amendments to IAS 16 and IAS 38 – effective from 1 January 2016
- Recognition of deferred tax assets for unrealised losses: Amendment to IAS 12 – effective from 1 January 2017*

* not yet endorsed by EU

(d) Basis of consolidation

The consolidated financial statements incorporate the results of the Company and its subsidiary, Took Us A Long Time Limited. The parent Company has taken advantage of the exemption in s 408 of the Companies Act 2006 not to publish its own income statement. The accounting period of the subsidiary is co-terminous with that of the parent undertaking.

The merger method of accounting was used to consolidate the results of the subsidiary undertaking because the transaction was a Group reconstruction. The merger of the two companies took place on 26 June 2006 and the shares issued were recorded in the Company's balance sheet at nominal value of the shares issued plus fair value of any additional consideration. The difference between the nominal value of the shares issued and the nominal value of the shares acquired was taken to a merger reserve in the Group accounts.

(e) Revenue

Revenue represents amounts received and receivable for goods and services provided (excluding value added tax) in the normal course of business. Revenue is recognised at the point goods and services are provided.

(f) Pre-opening costs

Property rentals and other related overhead expenses incurred prior to a new restaurant opening are written off to the income statement in the period that they are incurred. Similarly, the costs of training new staff during the pre-opening phase are written-off as incurred. These expenses are included within cost of sales and are specific to the opening of that unit and not part of the Group's normal ongoing trading performance.

(g) 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.

(h) Share based payments

The Company operates a number of equity-settled share-based payment schemes under which share options are granted to certain employees. The costs of equity-settled transactions are measured at fair value at the date of grant. Fair value is measured using the Black-Scholes or binomial model. In determining fair value, no account is taken of any vesting conditions, other than conditions linked to the price of the Company's shares (market-based conditions).

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

Where the terms and conditions of options are modified before they vest or where options have been cancelled and reissued with modified terms, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the income statement over the remaining vesting period. Where vesting conditions are satisfied and options are exercised before the end of the vesting period the fair value of the award not yet expensed is taken to the Income Statement.

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

Notes

forming part of the financial statements for the 52 weeks ended 27 December 2015

(i) Investments

Investments in subsidiaries are valued at cost less impairment.

(j) Externally acquired intangible assets

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

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

Intangible asset	Useful economic life
Trade marks	10 years

(k) Property, plant and equipment

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

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

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

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

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

(l) Impairment of non-financial assets (excluding inventories and deferred tax assets)

Non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Impairment charges are included in the administrative expenses line item in the consolidated statement of comprehensive income.

(m) Onerous contracts

Provisions for onerous contracts are recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligation under the contract.

(n) Loans and receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. 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, less provision for impairment.

Impairment provisions are recognised when there is objective evidence that the Group will be unable to collect all of the amounts due under the terms of the receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the income statement. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

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

(o) Financial liabilities

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

(p) Inventories

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

(q) Leased assets

Leases are classified as finance leases whenever the terms of the lease are such that they transfer substantially all the risks and rewards of ownership to the Group. All other leases are classified as operating leases. The Group currently has no finance leases. Assets leased under operating leases are not recorded on the balance sheet.

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

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

(r) Deferred taxation

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.

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

Deferred tax is provided using the balance sheet liability method, providing for all temporary differences between the carrying amounts of assets and liabilities recorded for reporting purposes and the amounts used for tax purposes. Deferred tax is calculated on an undiscounted basis, at the tax rates that are expected to apply when the liability is settled or the asset is realised. Deferred tax is charged or credited to the Statement of Comprehensive income, except when it relates to items charged or credited directly to equity, in which case deferred tax is also dealt with in equity.

The carrying value of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

(s) Business combinations

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

(t) Goodwill

Goodwill represents the difference between the fair value of consideration paid and the fair value of the net identifiable assets acquired in a business combination.

Goodwill is stated as originally calculated less any accumulated provision for impairment. Goodwill is allocated to individual cash generating units and is subject to an impairment review at each reporting date.

(u) Contingent liabilities

Where the Company enters into financial guarantee contracts and guarantees the indebtedness of other companies within the Group, the Company considers these to be insurance arrangements and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time that it becomes probable that the Company will be required to make a payment under the guarantee.

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

(w) Dividend policy
Dividends declared after the balance sheet date are not recognised as a liability at that balance sheet date, and are recognised in the financial statements when they have received approval by shareholders.

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

2 Critical accounting estimates and judgements

The Group makes certain estimates and judgements that affect the application of policies and reported amounts. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below.

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

(b) Accruals
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 judgement and past experience. Delayed billing in some significant expense categories such as utility costs can lead to sizeable levels of accruals. The total value of accruals as at the balance sheet date is set out in note 18.

(c) Useful lives of property, plant and equipment

Property, plant and equipment are amortised or depreciated over their useful lives. Useful lives are based on management estimates of the period that the assets will generate revenue, which are periodically reviewed for continued appropriateness.

(d) Impairment reviews

In carrying out an impairment review in accordance with IAS 36 it has been necessary to make estimates and judgements regarding the future performance and cash flows generated by individual trading units which cannot be known with certainty. Past performance is often used as a guide in estimating future performance, or comparison with similar sites. Where the circumstances surrounding a particular trading unit have changed then forecasting future performance becomes extremely judgemental and for these reasons the actual impairment required in the future may differ from the charge made in the financial statements.

(e) Deferred tax

The deferred tax liability provided in the accounts is based on temporary difference between the tax written down values of assets and liabilities and their carrying values in the accounts and as such it is dependent on assumptions made in the Company's corporation tax computations. The assumptions on the proportion of certain elements of capital expenditure which will be eligible for tax relief are subjective and the final calculations agreed with HMRC could differ from the provision made in the financial statements.

3 Revenue and segmental analysis

The revenue for the Group is wholly attributable to one operating segment (operating restaurants) and arises solely in one geographical segment (United Kingdom).

4 Operating profit

This has been arrived at after charging	**2015** **£'000**	2014 £'000
Staff costs	**13,730**	10,691
Share based payments	**133**	104
Operating lease rentals	**3,765**	3,101
Amortisation of intangible assets	**2**	2
Depreciation	**1,710**	1,310
Amortisation of prepaid operating leases	**170**	164
Loss on disposal	**-**	61
Auditor remuneration:		
Audit fee - Parent Company	**8**	8
- Group financial statements	**10**	10
- Subsidiary undertaking	**22**	20
Other services - Taxation compliance	**6**	6
- Other taxation advisory	**6**	6

Notes

forming part of the financial statements for the 52 weeks ended 27 December 2015

5 Non-trading items – charged to administrative expenses

	2015 £'000	2014 £'000
Reversal of Impairment of property, plant and equipment	**-**	-
Share based payments	**(133)**	(104)
	(133)	(104)

During the year a review of impairments and site performance was undertaken resulting in no net adjustment to non-current asset value.

Share based payments are valued at the date of grant and amortised over the vesting period, the current year charge is £133,000 (2014 - £104,000).

6 Finance expense

	2015 £'000	2014 £'000
Loan interest payable	**116**	83
	116	83

7 Employees

Staff costs (including directors) consist of	2015 £'000	2014 £'000
Wages and salaries	**12,699**	9,779
Social security costs	**979**	849
Other pension costs	**52**	63
Equity settled share based payment expense	**133**	104
	13,863	10,795

The average number of persons, including directors, employed by the Group during the period was 846, of which 836 were restaurant staff and 10 were administration staff, (2014 - 642 of which 634 were restaurant staff and 8 were administration staff).

No staff are employed by the Company.

Of the total staff costs £13,028,000 was classified as cost of sales (2014 - £10,099,000) and £835,000 as administrative expenses (2014 - £788,000).

8 Directors and key management personnel remuneration

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

	2015	2014
	£'000	£'000
Directors remuneration		
Emoluments	**320**	360
Share based payments	**71**	69
Benefits in Kind	**13**	13
	404	442

	2015	2014
	£'000	£'000
Individual Directors' emoluments		
J Plant	**140**	140
S Kaye	**110**	130
A Kaye	**40**	60
K Lassman	**30**	30
	320	360

In addition to the above, benefits in kind for the period were provided to J Plant of £5,000, S Kaye of £4,000 and A Kaye of £4,000.

Share based payments for the period that are attributable to the directors are £31,000 to J Plant, £20,000 to S Kaye and £20,000 to A Kaye.

Company
The Company paid no director emoluments during the year.

9 Income tax expense

	2015	2014
	£'000	£'000
UK Corporation tax		
Current tax on profits for the period	(333)	-
Total current tax	(333)	-
Deferred tax		
Total deferred tax	(267)	(500)
Total income tax charge	(600)	(500)

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

	2015	2014
	£'000	£'000
Profit before tax	3,067	2,552
Tax on profit at the ordinary rate of corporation tax in UK of 20.25% (2014 - 21.5%)	621	549
Effects of		
Expenses not deductible for tax	8	8
Depreciation on ineligible fixed assets	80	63
Utilisation of tax losses	(109)	(120)
Total tax charge	600	500

Notes

forming part of the financial statements for the 52 weeks ended 27 December 2015

10 Earnings per share

	2015 pence	2014 Pence
Basic earnings per ordinary share	**4.64**	3.88
Diluted earnings per ordinary share	**4.58**	3.83

	2015 Number '000	2014 Number '000
Earnings per share have been calculated using the numbers shown below:		
Weighted average ordinary shares (basic)	**53,189**	52,954
Dilutive shares to be issued in respect of option granted	**697**	662
Weighted average ordinary shares (diluted)	**53,886**	53,616

	2015 £'000	2014 £'000
Profit for the financial period	**2,467**	2,052

1,263,785 share options have been used when calculating the diluted EPS (2014 – 1,091,888). 2,900,000 share options have been excluded when calculating the diluted EPS as they were anti-dilutive and did not meet performance conditions (2014 – 2,021,785).

11 Dividend

No final dividend has been proposed by the Directors (2014 – nil).

Notes
forming part of the financial statements for the 52 weeks ended 27 December 2015

12 Intangibles

	Trademarks £'000	Goodwill £'000	Total £'000
At 29 December 2013	5	441	446
Amortisation of trademarks	(2)	-	(2)
At 28 December 2014	3	441	444
Additions	28	-	28
Amortisation of trademarks	(2)	-	(2)
At 27 December 2015	**29**	**441**	**470**

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 are discounted at a rate of 10%.

Notes

forming part of the financial statements for the 52 weeks ended 27 December 2015

13 Property, plant and equipment

	Leasehold improvements	Furniture fixtures and computer equipment	Assets in the course of construction	Total
	£'000	£'000	£'000	£'000
Cost				
At 29 December 2013	15,128	5,429	298	20,855
Additions	4,736	1,462	180	6,378
Disposals	(120)	(11)	-	(131)
Transfers	197	85	(282)	-
At 28 December 2014	19,941	6,965	196	27,102
Additions	7,442	2,134	239	9,815
Disposals	-	-	-	-
Transfers	115	49	(164)	-
At 27 December 2015	**27,498**	**9,148**	**271**	**36,917**
Depreciation	3,468	2,003	-	5,471
At 29 December 2013	748	562	-	1,310
Provided for the period	(62)	(8)		(70)
Disposals		-	-	-
At 28 December 2014	4,154	2,557	-	6,711
Provided for the period	958	752	-	1,710
Disposals			-	-
At 27 December 2015	**5,112**	**3,309**	**-**	**8,421**
Net book value				
At 27 December 2015	**22,386**	**5,839**	**271**	**28,496**
At 28 December 2014	15,787	4,408	196	20,391

Company

The Company holds no property, plant and equipment.

14 Prepaid operating leases

	2015	2014
	£'000	£'000
Held within current assets	**140**	152
Held within non-current assets	**1,936**	1,731
	2,076	1,883

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

15 Investments

	£'000
Company	
At 29 December 2013	2,548
Share based payment in respect of subsidiary	104
At 28 December 2014	2,652
Share based payment in respect of subsidiary	133
At 27 December 2015	**2,785**

The Company's investments are wholly related to a 100% ordinary shareholding in Took Us a Long Time Limited, a company registered in England and Wales. Took Us a Long Time Limited is primarily engaged with the operation of restaurants.

Notes

forming part of the financial statements for the 52 weeks ended 27 December 2015

16 Inventories

	2015	2014
	£'000	£'000
Raw materials and consumables	**774**	531
Crockery and utensils	**1,038**	520
	1,812	1,051

In the Directors' opinion there is no material difference between the replacement cost of stocks and the amounts stated above. Inventory purchased and recognised as an expense in the period is £8,410,000 (2014 - £7,145,000).

17 Trade and other receivables

	2015	2014
	£'000	£'000
Group		
Trade receivables	**179**	353
Prepayments and other receivables	**2,498**	1,789
Total trade and other receivables	**2,677**	2,142
Less non-current portion	**(148)**	(341)
	2,529	1,801
Company		
Amounts due from subsidiary	**16,420**	16,403
Total trade and other receivables	**16,420**	16,403
Classified as non-current	**16,420**	16,403

During the year the Company issued shares and passed the net proceeds of £52,000 (2014 - £31,000) to its subsidiary.

18 Trade and other payables

	2015	2014
	£'000	£'000
Trade payables	3,309	3,422
Taxation and social security	1,475	957
Accruals	2,810	1,803
Other payables	482	354
	8,076	6,536

19 Provisions

	2015	2014
	£'000	£'000
At 28 December 2014	**55**	65
Utilisation in period	**(10)**	(10)
At 27 December 2015	**45**	55

20 Deferred tax

	2015	2014
	£'000	£'000
At 28 December 2014	(615)	(115)
Profit and loss charge	(267)	(500)
	(882)	(615)
Accelerated capital allowances	(882)	(766)
Tax losses carried forward	-	151
At 27 December 2015	(882)	(615)

Notes

forming part of the financial statements for the 52 weeks ended 27 December 2015

21 Borrowings

	2015 £'000	2014 £'000
Current		
Secured bank borrowings	**750**	500
	750	500
Non-current		
Secured bank borrowings	**5,000**	250
	5,000	250
	5,750	750
Maturity of secured bank borrowings		
Due within one year	**881**	518
Due In more than one year but less than two years	**530**	259
Due In more than two years but less than five years	**4,741**	-
	6,152	777
Future interest payments	**(402)**	(27)
	5,750	750

Bank borrowings comprise of a term loan of £5,000,000 and an additional committed facility of £3,000,000 of which £750,000 was drawn down at the balance sheet date. There were no instances of default, including covenant terms, in either the current or prior period. The bank loan is secured by a charge on Group assets and a cross guarantee from the parent and subsidiary company. The Company's maximum exposure to this loan is shown above.

22 Share capital

	Number	£'000
Authorised, issued, called up and fully paid:		
At 29 December 2013	52,927,101	5,293
Exercise of share options	121,335	12
At 28 December 2014	53,048,436	5,305
Exercise of share options	166,888	17

At 27 December 2015	**53,215,324**	**5,322**

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 is the difference between the nominal value of shares issued and the nominal value of shares acquired on merger.

24 Capital commitments

At the balance sheet date the Group and the Company had no capital commitments which were contracted but not provided for (2014 - £nil). Capital commitments relate to committed expenditure in respect of restaurants under construction.

25 Operating lease commitments

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

	2015 **£'000**	2014 £'000
Within one year: payments	**4,465**	3,016
Within one year: receipts	**(230)**	(230)
	4,235	2,786
Within two to five years: payments	**17,679**	12,663
Within two to five years: receipts	**(920)**	(920)
	16,759	11,743
Over five years: payments	**57,161**	40,759
Over five years: receipts	**(3,647)**	(4,086)
	53,514	36,673
	74,508	51,202

26 Pensions

The Group, last year, made contributions of £nil to the personal pension plan of the Directors. The total amount paid during the period was also £nil. During the year the Group made contributions to employee pensions of £52,000 (2014 - £63,000).

27 Share based payments

	Weighted average exercise price (pence)	**Number '000**
At 29 December 2013	44.2	1,594
Exercised	26.9	(522)
Granted	101.4	2,042
At 28 December 2014	80.6	3,114
Exercised	31.3	(167)
Cancelled	112.0	(20)
Granted	114.0	1,237
At 27 December 2015	**92.4**	**4,164**

The exercise price of options outstanding at the end of the period ranged between 31.5p and 139p (2014 - 18p and 112p) and their weighted average remaining contractual life was 8 years (2014 – 8 years).

Of the total number of options outstanding at the end of period 2,505,000 (2014 – 1,071,888) had vested and were exercisable at the end of the period.

The market price of the Company's ordinary shares as at 27 December 2015 was 191p and the range during the financial year was from 115p to 200p.

On 30 April 2015 the Company's subsidiary issued 500,000 'A' ordinary shares of £0.0001 each that carry rights enabling the holder of those 'A' ordinary shares to exchange such shares for ordinary shares in the Company subject to the share price of the Company remaining at or above £1.50 for fifteen consecutive days and satisfying length of service conditions of 1 to 4 years. 'A' ordinary shares convey similar rights to the holder as EMI options with an exercise price of £1.00 and a contractual life of 10 years. These shares have been valued as a share based payment with conditional performance options ("ESOP A").

On 30 April 2015 the Company's subsidiary issued 600,000 'B' ordinary shares of £0.0001 each that carry rights enabling the holder of those 'B' ordinary shares to exchange such shares for ordinary shares in the Company subject to the share price of the Company remaining at or above £2.00 for fifteen consecutive days. 'B' ordinary shares convey similar rights to the holder as EMI options with an exercise price of £1.20 and a contractual life of 10 years. These shares have been valued as a share based payment with conditional performance options (“ESOP B”).

On 9 April 2015 the Company issued a further 137,000 options in the Company Share Option Plan (“CSOP”). These options have an exercise price of 139p, a vesting period of 3 years and a contractual life of 10 years.

In the current period 166,888 (2014 – 121,335) options were exercised. The weighted average share price at the date of exercise was 31.3p (2014 – 26.9p).

The following information is relevant in the determination of the fair value of options granted during the period under the equity settled shared based remuneration schemes operated by the group.

	CSOP	ESOP A	ESOP B
Option pricing model used	Binomial	Binomial	Binomial
Weighted average share price at grant date (pence)	138.5	136.5	136.5
Exercise price	139	100	120
Vesting period	3 years	3-4 years	6 years
Contractual life	10 years	10 years	10 years
Expected volatility	21%	21%	21%
Expected dividend growth rate	0%	0%	0%
Staff turnover	12%	7%	7%

The volatility assumption, measured at the standard deviation of expected share price returns, is based on a statistical analysis of daily share prices over the last three periods.

28 Financial instruments

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

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

- Credit risk
- Interest rate risk
- Liquidity risk

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

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

Principal financial instruments

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

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

General objectives, policies and processes

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

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

Credit risk

Credit risk is the risk of the financial loss to the Group if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from rebates from suppliers and the risk is considered minimal

Trade and other receivables, which are neither past due nor impaired, are disclosed in note 17 and represent the maximum credit exposure for the Group.

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.

Liquidity risk

Liquidity risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due.

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

Interest rate risk

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

Interest rate risk arises from the Group's use of interest bearing financial instruments. This is the risk that the future cash flows of the financial instrument will fluctuate because of changes in the interest rates.

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

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

Loans and borrowings

The Group has a loan facility with Barclays Bank Plc. Under the terms of the facility the Group may borrow up to a maximum of £3.0m on flexible loan terms and £5.0m on a 5 year fixed term. Interest on this facility is charged at 1.7% above LIBOR plus a variable charge for mandatory associated costs of the lender for all amounts drawn down, with a 0.68% charge on any amounts of the facility that is not drawn down.

At 27 December 2015 if the Bank of England base rate had been 1% higher / lower with all other variables held constant this would not have resulted in any significant variance in the profit or loss or net assets of the Group.

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

Capital disclosures

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

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

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

29 Related party transactions

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

The Group pays rent and associated insurance to a number of companies considered related parties by virtue of the interests held by the directors in such companies. The Group also reimburses expenses incurred by such companies on behalf of the Group. The Group receives income from related parties for fees in relation to consultancy services offered.

	2015	2014
	£'000	£'000
Rent and insurance		
- Kropifko Properties Limited	**(371)**	(371)
- KLP Partnership	**(336)**	(184)
- ECH Properties Limited	**(69)**	(69)
Expenses reimbursed	**(6)**	(4)
Income	**-**	5
Balance due to related parties	**4**	176
Balance due from related parties	**-**	1

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

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

	2015	2014
	£'000	£'000
Group		
Profit before tax	**3,067**	2,552
Finance income	**(9)**	(9)
Finance expense	**116**	83
Share based payment charge	**133**	104
Depreciation and impairment	**1,710**	1,310
Amortisation of intangible assets	**2**	2
Loss on disposal	**-**	61
Onerous lease provision movement	**(10)**	(10)
(Increase) / decrease in inventories	**(761)**	(240)
(Increase) / decrease in trade and other receivables	**(535)**	(411)
Increase / (decrease) in trade and other payables	**1,363**	1,866
Net cash generated from operations	**5,076**	5,308

NOTICE OF ANNUAL GENERAL MEETING

TASTY PLC

(Registered in England and Wales with no. 5826464)

Notice is hereby given that the 2016 Annual General Meeting of Tasty plc will be held at 3 Heath Street, Hampstead, London, NW3 6TP on 20th May 2016 at 10.30 a.m. for the transaction of the following business:

ORDINARY BUSINESS
As ordinary business to consider and, if thought fit, to pass the following resolutions, each of which will be proposed as ordinary resolutions:

1 THAT, the Company's annual accounts for the 52 weeks ended 27 December 2015, together with the report of the auditors and the directors thereon, be received and adopted.

2 THAT, Keith Lassman, who retires in accordance with the Company's articles of association, be re-elected as a director.

3 THAT, Jonny Plant, who retires in accordance with the Company's articles of association, be re-elected as a director.

4 THAT, BDO LLP be re-appointed as auditors to the Company until the conclusion of the next Annual General Meeting at which accounts of the Company are presented and the directors be authorised to fix their remuneration.

SPECIAL BUSINESS
As special business to consider and, if thought fit, to pass the following resolutions, of which resolution 5 will be proposed as an ordinary resolution and resolution 6 as a special resolution:

5 THAT, the directors be and they are generally and unconditionally authorised for the purposes of section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot shares, or to grant rights to subscribe for or to convert any securities into shares, of up to an aggregate nominal amount of £530,000 during the period commencing on the passing of this resolution and expiring on the date of the next annual general meeting of the Company (unless previously revoked, varied or extended by the Company in general meeting), but so that the Company may before such expiry make an offer or agreement which would or might require shares to be allotted, or rights to subscribe for or to convert any securities into shares to be granted, after such expiry and the directors may allot shares, or grant rights to subscribe for or to convert any securities into shares, in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired. This authority is in substitution for all subsisting authorities, to the extent unused.

6 THAT, the directors be and they are empowered during the period commencing on the passing of this resolution and expiring on the date of the next annual general meeting of the Company (unless previously revoked, varied or extended by the Company in general meeting) pursuant to section 570(1) of the Act to allot equity securities (within the meaning of section 560(1) of the Act) wholly for cash pursuant to the authority conferred by resolution 5 above as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to:

(i) the allotment of equity securities for cash up to an aggregate nominal amount of £530,000; and

(ii) the allotment of equity securities in connection with an offer of such securities by way of rights to holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings of such shares, but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or any legal or practical problems under the laws of any territory, or the requirements of any regulatory body or stock exchange, but so that this authority shall allow the Company to make offers or agreements before the expiry and the directors may allot equity securities in pursuance of such offers or agreements as if the powers conferred hereby had not so expired.

By order of the Board

K Lassman

Secretary

7 April 2016

Registered Office: 32 Charlotte Street London W1T 2NQ

Information regarding the Annual General Meeting, including the information required by section 311A of the Companies Act 2006, is available from: www.dimt.co.uk.

Notes:

(a) Any member of the Company entitled to attend and vote at the Annual General Meeting is also entitled to appoint one or more proxies to attend, speak and vote instead of that member. A member may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A proxy may demand, or join in demanding, a poll. A proxy need not be a member of the Company but must attend the Annual General Meeting in order to represent his appointor. A member entitled to attend and vote at the Annual General Meeting may appoint the Chairman or another person as his proxy although the Chairman will not speak for the member. A member who wishes his proxy to speak for him should appoint his own choice of proxy (not the Chairman) and give instructions directly to that person. If you are not a member of the Company but you have been nominated by a member of the Company to enjoy information rights, you do not have a right to appoint any proxies under the procedures set out in these Notes. Please read Note (h) below. Under section 319A of the Companies Act 2006, the Company must answer any question a member asks relating to the business being dealt with at the Annual General Meeting unless:

- answering the question would interfere unduly with the preparation for the Annual General Meeting or involve the disclosure of confidential information;
- the answer has already been given on a website in the form of an answer to a question; or
- it is undesirable in the interests of the Company or the good order of the Annual General Meeting that the question be answered.

(b) To be valid, a Form of Proxy and the power of attorney or other written authority, if any, under which it is signed or an office or notarially certified copy or a copy certified in accordance with the Powers of Attorney Act 1971 of such power and written authority, must be delivered to the Company's registrars, Computershare Investor Services Plc, PO Box 82, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY or electronically at info@dimt.co.uk, in each case not less than 48 hours (excluding weekends and public holidays) before the time appointed for holding the Annual General Meeting or adjourned meeting at which the person named in the Form of Proxy proposes to vote. In the case of a poll taken more than 48 hours (excluding weekends and public holidays) after it is demanded, the document(s) must be delivered as aforesaid not less than 24 hours (excluding weekends and public holidays) before the time appointed for taking the poll, or where the poll is taken not more than 48 hours (excluding weekends and public holidays) after it was demanded, be delivered at the meeting at which the demand is made.

(c) In order to revoke a proxy instruction a member will need to inform the Company using one of the following methods:

- by sending a signed hard copy notice clearly stating the intention to revoke the proxy appointment to the Company's registrars, Computershare Investor Services Plc, PO Box 82, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.
- by sending an e-mail to info@dimt.co.uk.

In either case, the revocation notice must be received by the Company's registrars, Computershare Investor Services Plc, PO Box 82, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY before the Annual General Meeting or the holding of a poll subsequently thereto. If a member attempts to revoke his or her proxy appointment but the revocation is received after the time specified then, subject to Note (d) directly below, the proxy appointment will remain valid.

(d) Completion and return of a Form of Proxy will not preclude a member of the Company from attending and voting in person. If a member appoints a proxy and that member attends the Annual General Meeting in person, the proxy appointment will automatically be terminated.

(e) Copies of the Directors' Letters of Appointment, the Register of Directors' interests in the Shares of the Company kept and a copy of the current Articles of Association will be available for inspection at the registered office of the Company during usual business hours on any weekday (Saturday and Public Holidays excluded) from the date of this notice, until the end of the Annual General Meeting and at the place of the Annual General Meeting for at least 15 minutes prior to and during the Annual General Meeting.

(f) Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company has specified that only those holders of the Company's shares registered on the Register of Members of the Company as at 5.30 p.m. on 18 May 2016 or, in the event that the Annual General Meeting is adjourned, on the Register of Members 48 hours before the time of any adjourned meeting, shall be entitled to attend and vote at the said Annual General Meeting in respect of such shares registered in their name at the relevant time. Changes to entries on the Register of Members after 5.30 p.m. on 18 May 2016 or, in the event that the Annual General Meeting is adjourned, on the Register of Members less than 48 hours before the time of any adjourned meeting, shall be disregarded in determining the right of any person to attend and vote at the Annual General Meeting.

(g) As at 7 April 2016 the Company's issued share capital comprised 53,235,324 Ordinary Shares. The total number of voting rights in the Company as at 7 April 2016 is 53,235,324. The website referred to above will include information on the number of shares and voting rights.

(h) If you are a person who has been nominated under section 146 of the Companies Act 2006 to enjoy information rights ("Nominated Person"):

- You may have a right under an agreement between you and the member of the Company who has nominated you to have information rights ("Relevant Member") to be appointed or to have someone else appointed as a proxy for the Annual General Meeting;
- If you either do not have such a right or if you have such a right but do not wish to exercise it, you may have a right under an agreement between you and the Relevant Member to give instructions to the Relevant Member as to the exercise of voting rights;
- Your main point of contact in terms of your investment in the Company remains the Relevant Member (or, perhaps your custodian or broker) and you should continue to contact them (and not the Company) regarding any changes or queries relating to your personal details and your interest in the Company (including any administrative matters). The only exception to this is where the Company expressly requests a response from you.

(i) A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.

(j) A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, the proxy will vote or abstain from voting at his or her discretion. The proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Annual General Meeting.

(k) Except as provided above, members who have general queries about the General Meeting should call the Company's registrars, Computershare Investor Services Plc, PO Box 82, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY on 0870 707 1580 (no other methods of communication will be accepted).

(l) Members may not use any electronic address provided either in this notice of Annual General Meeting, or any related documents (including the Chairman's letter and proxy form), to communicate with the Company for any purposes other than those expressly stated.