

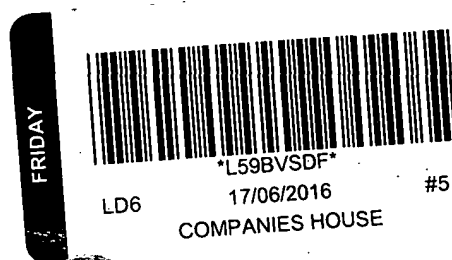
# **Tossed Holdings Limited**

Report and Financial Statements

Year Ended

31 March 2016

Company Number 08422056



# **Tossed Holdings Limited**

## **Report and financial statements for the year ended 31 March 2016**

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### **Directors**

V D McKevitt  
N Sebba  
B C Davis  
R W McKie

### **Registered office**

31-33 Baker Street, London, W1U 8EJ

### **Company number**

08422056

### **Auditors**

BDO LLP, 55 Baker Street, London, W1U 7EU

# **Tossed Holdings Limited**

## **Strategic report for the year ended 31 March 2016**

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The directors present their strategic report for the year ended 31 March 2016.

### **Business review**

#### **Overview**

The group operates healthy-eating retail outlets under the brand "Tossed". Our stores offer a range of fresh, made-to-order salads, wraps, hot food, smoothies and juices and breakfast. Our view is that healthy eating doesn't have to be boring, and we present our offer within a likeable, eye-catching brand. The business is built on the "Tossed Square" which outlines its ethos and areas of focus: service, quality, people and fun.

Whilst healthy eating in the UK is still relatively underdeveloped in the mainstream consumer market, particularly when compared to the US, it is regularly identified as a growing area of interest in the trade press and analysis. The commercial team review our product range regularly against the competition to ensure that we balance being current and on-trend against remaining mainstream enough to appeal to the general public. Long-term trends in consumer tastes should support the offering that we provide, being a quality healthier eating alternative to mainstream fast-food.

#### **New store openings**

The group operated from fourteen company-owned stores at the start of the year, and opened three more during the year. These comprise thirteen high street stores in London which each serve the local working population, and four island units in the food courts at Westfield London, Westfield Stratford, Bluewater and Fulham Broadway tube. The key operational development within the business was the launch of Europe's first cash-free stores, with the sites at Coleman Street and Upper Thames Street launched using cash-less kiosk ordering points.

During the year, the store-count of our franchise partners also grew. Welcome Break opened two new stores, such that their Tossed estate had grown to six by year-end, and Vivanta General Trading LLC opened their first store.

#### **People**

In January, the board appointed James Halsall as Operations Director to oversee the continued growth in the operations of the owned-store and franchise portfolios. James joins us from Yum Brands plc and we look forward to his part in the future successes of the business. He joins the four statutory board directors and Angelina Harrison on the operational and strategic board that manages the day-to-day activities of the group.

#### **Financing**

On 6 July 2015, the company offered new shares on crowdfunding site Seedrs, inviting the public to acquire newly issued ordinary shares in order to fund the group's growth plans. Having initially targeted a raise of £750k, the round was successfully closed on 28 August 2015 having secured £1,270k from 661 new shareholders, forming the largest amount raised via crowdfunding in our sector at that date.

We were delighted to see key suppliers, team members and franchise partners join guests and professional investors as new shareholders.

This fundraising combined with continued growth in Normalised EBITDA place the business in an excellent position to scale our owned-store rollout whilst supporting our franchisees with their expansion plans.

Following the year-end, the group renegotiated £1,800k new facilities with Santander, its corporate bank, providing a strong financial footing for growth and reducing its cost of capital in the process.

# **Tossed Holdings Limited**

## **Strategic report for the year ended 31 March 2016 (*continued*)**

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### **Principal risks and uncertainties**

#### **UK macro-economy**

As a London-based consumer and office-facing business, the group is exposed to general economic risks, in particular how they may impact on the headcount and disposable incomes of the London office-worker and shopper populations. The business is protected to some extent by the long-term positive trends towards healthier eating and to eating out in general, but the economy remains fragile (a risk may be particularly exacerbated in the event of "Brexit" in the forthcoming referendum), and retaining increased cash reserves and/or covenant headroom will stand us in good stead in the event of any downturn.

#### **Property prices and competition**

There is ongoing upward pressure on rental gearing and the challenge remains to deliver consistent and continued growth in top line in the face of increased competitive tension and rental pressure to ensure that stores convert profitably and we remain an attractive tenant to landlords. As we become a better-known brand (supported by our growth in store numbers, franchise expansion and crowdfunding) and improve our covenant strength, we hope to become a more sought-after offering that landlords seek to have in their tenant mix.

#### **Reputational risk**

Following the crowdfunding and as we open into new locations and franchise to third-party operators we are becoming an increasingly high profile brand. This has implicit upside in protecting the business against other risks such as a macro-economic downturn, but we need to ensure that quality standards continue to be delivered. Our guests trust us to provide a high standard of quality food and drinks in a welcoming environment, and we implement standards and controls to ensure this is delivered across the estate. These include training programmes, store audits, mystery guest visits and ensuring that our supply chain sourcing is consistent.

#### **Cost inflationary pressures**

The market landscape in which we operate is presently subject to a combination of legislative pressures on wages and rating reforms, and an increasing scarcity of resources in utilities and the high-quality raw materials that we source for our menu. To some extent, these pressures can be mitigated by economies of scale, and we utilise fixed price contracts to ensure that volatility is minimised whilst quality is maintained.

#### **Technology**

The business seeks to push the boundaries of technological development, and launched the first cash-less stores in Europe during the year. With plans to expand this guest engagement process into the business over the coming year along with other technological solutions, there is a requirement to ensure that we have the right IT partners who are providing the correct levels of support. All partners are engaged on support contracts and we have fail-safes built into the connectivity of the kiosks to minimise downtime.

#### **Financial structuring and liquidity**

It is widely expected that interest rates will rise in the coming year, although we expected the same last year. As a business with bank and shareholder lending on variable rates, shareholder value will be eroded as this happens unless we can compensate in other ways. We must ensure that there is sufficient headroom available to ensure liquidity, particularly around the rental quarter date when cash flow is at its tightest, which we do by stress-testing our weekly cash forecasts on a regular basis to ensure that the business is well funded. This will be increasingly important if we increase the pace of rollout of new stores.

# Tossed Holdings Limited

## Strategic report for the year ended 31 March 2016 (continued)

### Performance summary

	FY16	FY15
<b>Operational KPIs</b>		
Team headcount (average over the year)	197	183
Store numbers (trading at year-end):		
Company owned	17	14
Franchised	7	4
	<hr/>	<hr/>
	24	18
	<hr/>	<hr/>
<b>Financial KPIs</b>		
Group turnover	£8,816k	£8,324k
Normalised EBITDA *	£444k	£343k
Banking Leverage Multiple **	1.22x	1.99x

We are delighted to report improvements in each of our key performance indicators shown above. Like-for-like growth of 2.2% supported a 6.0% increase in group turnover to £8,816k, and fourteen new jobs were created as we expanded our operations steadily. The impact of the increased sales at an EBITDA level was restricted by reinvestment in the estate and in developing the franchising opportunities, which included the creation of two new central roles. We are pleased with the results for FY16 and have built a strong base on which to grow, having increased profitability and reduced banking leverage during the year.

\* The directors consider that earnings before interest, tax, depreciation and amortisation adjusted for store pre-opening and closure costs and other exceptional costs is one of the group's key performance indicators, and this is a view shared by the group's bankers for the purposes of covenant testing, and presented as "Normalised EBITDA". This represents the operating loss of £659k, with company loss of £32k, amortisation of £376k, depreciation of £525k, new site opening losses of £122k and exceptional legal costs of £48k added back.

\*\* Similarly, the "Banking Leverage Multiple" reflects this adjustment and shows the ratio of the group's non-shareholder debt to its Normalised EBITDA.

### Approval

This strategic report was approved on behalf of the Board on 15 June 2016



N Sebba

Director

# **Tossed Holdings Limited**

## **Report of the directors for the year ended 31 March 2016**

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The directors present their report together with the audited financial statements for the year ended 31 March 2016.

### **Results and dividends**

The consolidated statement of comprehensive income is set out on page 8 and shows the loss for the year.

The directors do not recommend the payment of a dividend.

### **Principal activities**

The principal activity of the group is to operate healthy eating retail outlets under the "Tossed" brand through company owned stores in the UK and franchise agreements in the UK and overseas.

The principal activity of the company is that of investment holding and financing company.

### **Directors**

The directors of the company during the year were:

V D McKevitt  
N Sebba  
B C Davis  
R W McKie

### **Directors' responsibilities**

The directors are responsible for preparing the strategic report, the directors' 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 company and of the profit or loss of the group and company for that period.

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 applicable UK Accounting Standards have been followed, 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 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.

# **Tossed Holdings Limited**

## **Report of the directors for the year ended 31 March 2016 (*continued*)**

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### **Auditors**

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company'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 as auditors will be proposed at the next annual general meeting.

### **On behalf of the Board**

  
N Sebba  
Director

15 June 2016

# **Tossed Holdings Limited**

## **Independent auditor's report**

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### **TO THE MEMBERS OF TOSSED HOLDINGS LIMITED**

We have audited the financial statements of Tossed Holdings Limited for the year ended 31 March 2016 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated and company balance sheets, the consolidated and company statement of changes in equity, the consolidated statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 102, the financial reporting standard applicable in the UK and Republic of Ireland.

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](http://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 31 March 2016 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.



# Tossed Holdings Limited


## Independent auditor's report (*continued*)

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### 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.



Mark RA Edwards (*senior statutory auditor*)  
For and on behalf of BDO LLP, statutory auditor  
London  
United Kingdom

15 June 2016

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

# Tossed Holdings Limited

## Consolidated statement of comprehensive income for the year ended 31 March 2016

	Note	2016 £	2015 £
<b>Turnover</b>	3	<b>8,816,285</b>	8,324,217
Cost of sales		<b>(2,748,115)</b>	(2,741,846)
<b>Gross profit</b>		<b>6,068,170</b>	5,582,371
Administrative expenses (2016 includes exceptional fundraising costs of £43,770 and legal fees of £48,234)		<b>(6,727,018)</b>	(6,568,088)
<b>Group operating loss</b>	4	<b>(658,848)</b>	(985,717)
Other interest receivable and similar income	7	<b>2,151</b>	6,656
Interest payable and similar charges	8	<b>(275,321)</b>	(294,190)
<b>Loss on ordinary activities before taxation</b>		<b>(932,018)</b>	(1,273,251)
Tax on loss on ordinary activities	9	-	-
<b>Loss and total comprehensive income for the year</b>		<b>(932,018)</b>	(1,273,251)

All activities relate to continuing operations.

The notes on pages 14 to 26 form part of these financial statements.

# Tossed Holdings Limited

## Consolidated statement of financial position at 31 March 2016

<i>Company number 08422056</i>	<i>Note</i>	<b>2016</b> £	<b>2016</b> £	<b>2015</b> £	<b>2015</b> £
<b>Fixed assets</b>					
Intangible assets	11		<b>2,529,800</b>		2,845,359
Tangible assets	12		<b>1,537,694</b>		1,182,474
			<hr/>		<hr/>
			<b>4,067,494</b>		4,027,833
<b>Current assets</b>					
Stock	14	<b>112,892</b>		92,350	
Debtors	15	<b>802,983</b>		671,171	
Cash at bank and in hand		<b>663,043</b>		206,643	
		<hr/>		<hr/>	
		<b>1,578,918</b>		970,164	
<b>Creditors: amounts falling due within one year</b>	16	<b>(1,639,653)</b>		(1,466,965)	
		<hr/>		<hr/>	
<b>Net current liabilities</b>			<b>(60,735)</b>		(496,801)
			<hr/>		<hr/>
<b>Total assets less current liabilities</b>			<b>4,006,759</b>		3,531,032
			<hr/>		<hr/>
<b>Creditors: amounts falling due after more than one year</b>	17		<b>3,845,878</b>		3,655,962
<b>Capital and reserves</b>					
Called up share capital	19	<b>11,478</b>		10,448	
Share premium account		<b>3,851,555</b>		2,612,006	
Profit and loss account		<b>(3,702,152)</b>		(2,747,384)	
		<hr/>		<hr/>	
			<b>160,881</b>		(124,930)
			<hr/>		<hr/>
			<b>4,006,759</b>		3,531,032
			<hr/>		<hr/>

The financial statements were approved by the Board of Directors and authorised for issue on 15 June 2016.



N Sebba  
Director

The notes on pages 14 to 26 form part of these financial statements.

# Tossed Holdings Limited

## Consolidated statement of changes in equity for the year ended 31 March 2016

	Share capital £	Share premium £	Profit and loss account £	Total equity £
<b>01 April 2015</b>	<b>10,448</b>	<b>2,612,006</b>	<b>(2,747,384)</b>	<b>(124,930)</b>
<b>Comprehensive income for the year</b>				
Loss for the year	-	-	(932,018)	<b>(932,018)</b>
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>(932,018)</b>	<b>(932,018)</b>
<b>Contributions by and distributions to owners</b>				
Issue of shares (net of costs of £29,750)	1,030	1,239,549	-	<b>1,240,579</b>
Purchase of non-controlling interest	-	-	(22,750)	<b>(22,750)</b>
<b>Total contributions by and distributions to owners</b>	<b>1,030</b>	<b>1,239,549</b>	<b>(22,750)</b>	<b>1,217,829</b>
<b>31 March 2016</b>	<b>11,478</b>	<b>3,851,555</b>	<b>(3,702,152)</b>	<b>160,881</b>

During the year, share options in Tossed Limited, a wholly owned subsidiary of Tossed Holdings Limited, were exercised resulting in the creation of a non-controlling interest. This non-controlling interest was immediately settled by the purchase of the shares by Tossed Holdings Limited, at a cost of £22,750.

The notes on pages 14 to 26 form part of these financial statements.

# Tossed Holdings Limited

## Consolidated statement of cash flows for the year ended 31 March 2016

	Note	2016 £	2015 £
<b>Cash flows from operating activities</b>			
Loss before taxation		(932,018)	(985,718)
Adjustments for:			
Depreciation, impairment and amortisation of fixed assets		900,792	905,150
(Increase)/decrease in trade and other debtors		(131,812)	117,958
(Increase)/decrease in stocks		(20,542)	14,108
Increase/(decrease) in trade and other creditors		295,880	(153,232)
Loss/(profit) on disposal		1,202	(9,988)
Net interest expense		273,170	294,190
<b>Net cash generated from operating activities</b>		<b>386,672</b>	<b>(175,199)</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of tangible fixed assets		-	23,013
Purchases of tangible fixed assets		(880,965)	(135,103)
Purchases of intangible assets		(60,690)	(21,213)
Interest received		2,151	6,656
<b>Net cash from investing activities</b>		<b>(939,504)</b>	<b>(126,647)</b>
<b>Cash flows from financing activities</b>			
Issue of shares (net of issue costs of £29,250)		1,240,581	-
Capital element of lease repaid		(49,323)	(76,471)
New bank loans		15,327	59,758
Bank loan repaid		(109,856)	(120,228)
Purchase of non-controlling interest		(22,750)	-
Interest paid		(64,747)	(63,477)
<b>Net cash generated from/(used in) financing activities</b>		<b>1,009,232</b>	<b>(136,941)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>456,400</b>	<b>(438,786)</b>
Cash and cash equivalents at beginning of year		206,643	645,429
<b>Cash and cash equivalents at end of year</b>		<b>663,043</b>	<b>206,643</b>

The notes on pages 14 to 26 form part of these financial statements.

# Tossed Holdings Limited

## Company statement of financial position at 31 March 2016

<i>Company number 08422056</i>	<i>Note</i>	<b>2016</b> £	<b>2016</b> £	<b>2015</b> £	<b>2015</b> £
<b>Fixed assets</b>					
Investments	13		<b>5,572,912</b>		4,295,759
<b>Current assets</b>					
Debtors	15	<b>505,749</b>		802,483	
Cash at bank and in hand		<b>310,699</b>		6,169	
		<u>816,448</u>		<u>808,652</u>	
<b>Creditors: amounts falling due within one year</b>	16	<b>(31,191)</b>		<b>(8,500)</b>	
<b>Net current assets</b>			<b>785,257</b>		800,152
<b>Total assets less current liabilities</b>			<b>6,358,169</b>		5,095,911
			<u>6,358,169</u>		<u>5,095,911</u>
<b>Creditors: amounts falling due after more than one year</b>	17		<b>3,372,989</b>		3,162,414
<b>Capital and reserves</b>					
Called up share capital	19	<b>11,478</b>		10,448	
Share premium account		<b>3,851,555</b>		2,612,006	
Profit and loss account		<b>(877,853)</b>		(688,957)	
		<u>2,985,180</u>		<u>1,933,497</u>	
			<b>6,358,169</b>		5,095,911
			<u>6,358,169</u>		<u>5,095,911</u>

The financial statements were approved by the Board of Directors and authorised for issue on 15 June 2016.

N Sebba  
Director



The notes on pages 14 to 26 form part of these financial statements.

# Tossed Holdings Limited

## Company statement of changes in equity for the year ended 31 March 2016

	Share capital £	Share premium £	Profit and loss account £	Total equity £
<b>01 April 2015</b>	<b>10,448</b>	<b>2,612,006</b>	<b>(688,957)</b>	<b>1,933,497</b>
<b>Comprehensive income for the year</b>				
Loss for the year	-	-	(188,896)	(188,896)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>(188,896)</b>	<b>(188,896)</b>
<b>Contributions by and distributions to owners</b>				
Issue of shares	1,030	1,239,549	-	1,240,579
<b>Total contributions by and distributions to owners</b>	<b>1,030</b>	<b>1,239,549</b>	<b>-</b>	<b>1,240,579</b>
<b>31 March 2016</b>	<b>11,478</b>	<b>3,851,555</b>	<b>(877,853)</b>	<b>2,985,180</b>

The notes on pages 14 to 26 form part of these financial statements.

# Tossed Holdings Limited

## Notes forming part of the financial statements for the year ended 31 March 2016

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### 1 Accounting policies

Tossed Holdings Limited is a company incorporated in England & Wales under the Companies Act. The address of the registered office is given on the contents page and the nature of the group's operations and its principal activities are set out in the strategic report. The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

These financial statements are the first financial statements prepared under FRS 102 and information on the impact of first-time adoption of FRS 102 is given in note 24.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies.

#### *Basis of consolidation*

The consolidated financial statements incorporate the results of Tossed Holdings Limited and all of its subsidiary undertakings as at 31 March 2016 using the acquisition method of accounting as required. Where the acquisition method is used, the results of subsidiary undertakings are included from the date of acquisition.

#### *Going concern*

The directors have prepared the financial statements on a going concern basis having prepared forecasts showing the group has more than adequate cash and bank loan facility headroom to fund its ongoing activities. Furthermore, on 2 September 2015, the company issued 102,987 new shares, following a successful fund raising on crowd funding site, Seedrs, which resulted in £1,196,809 new capital being injected into the business.

#### *Turnover*

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

Turnover is recognised at the moment the goods or services are delivered.

Turnover from franchised operations represents recurring royalties receivable from franchises of the Group, commission receivable from third parties on supplies to franchises, together with franchise and development fees.

#### *Fixed assets*

All fixed assets are initially recorded at cost.

#### *Investments*

Fixed asset investments are stated at cost less provision for diminution in value.



# Tossed Holdings Limited

## Notes forming part of the financial statements for the year ended 31 March 2016 (continued)

### 1 Accounting policies (continued)

#### *Fixed assets, depreciation and amortisation*

Fixed assets are classified by reference to their use in the business and amortised/depreciated over their useful economic life. Amortisation/depreciation is provided to write off the cost of all fixed assets other than investments, evenly over their expected useful lives. It is calculated at the following rates:

Goodwill	-	10% straight line
Trademarks	-	10% straight line
Website and software	-	33.33% straight line
Leasehold improvements	-	20% straight line
Plant and machinery	-	20-50% straight line
Motor vehicles	-	33.33% straight line

#### *Stock*

Stocks are valued at the lower of cost and net realisable value.

#### *Current and deferred taxation*

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a charge attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company's subsidiaries operate and generate taxable income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where timing differences relate to interests in subsidiaries, associates, branches and joint ventures and the group can control their reversal and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

#### *Operating leases*

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term.

# Tossed Holdings Limited

## Notes forming part of the financial statements for the year ended 31 March 2016 (continued)

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### 1 Accounting policies (continued)

#### *Finance Leases*

Where leases are financed by leasing agreements that give rights approximating to ownership, the assets are treated as if they have been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding lease commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account over the shorter of the estimated useful economic life and the period of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduced the finance liability.

#### *Pension costs*

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable.

### 2 Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

- Determine whether leases entered into by the group either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the group's tangible and intangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.
- Determine whether the Employee Share Ownership Plan (ESOP) should be considered to be under the control or de facto control of the parent company. The judgement that the parent company does exert de facto control has resulted in the ESOP's assets and liabilities being recognised on the parent company and consolidated balance sheets.

#### *Other key sources of estimation uncertainty*

- *Tangible fixed assets (see note 12)*

Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

# Tossed Holdings Limited

Notes forming part of the financial statements  
for the year ended 31 March 2016 (continued)

## 3 Turnover

	2016 £	2015 £
Analysis by class of business		
Restaurant Operations	8,602,089	8,225,607
Restaurant Franchising	214,196	68,610
	<u>8,816,285</u>	<u>8,324,217</u>
Analysis of turnover by country of destination		
United Kingdom	8,729,767	8,255,607
Rest of the World	86,518	68,610
	<u>8,816,285</u>	<u>8,324,217</u>

## 4 Operating loss

	2016 £	2015 £
This is arrived at after charging/(crediting):		
Amortisation of intangible fixed assets	376,249	356,446
Depreciation of tangible fixed assets	524,543	548,704
Loss/(Gain) on disposal of tangible assets	1,202	(9,988)
Hire of other assets - operating leases	1,190,768	1,085,109
Auditors' remuneration:		
- fees payable to the group's auditor for the audit of the group's annual accounts	21,995	22,000
- tax compliance	11,300	9,000
- other (2016 – fundraising advice)	6,800	4,000
	<u></u>	<u></u>

# Tossed Holdings Limited

## Notes forming part of the financial statements for the year ended 31 March 2016 (continued)

### 5 Employees

	2016 £	2015 £
Staff costs (including directors) consist of:		
Wages and salaries	2,773,605	2,609,927
Social security costs	196,336	197,717
Cost of defined contribution scheme	10,572	6,680
	<u>2,980,513</u>	<u>2,814,324</u>
The average monthly number of employees, (including directors) during the year was:	Number	Number
Central staff	16	14
Store staff	182	169
	<u>198</u>	<u>183</u>

A defined contribution pension scheme is operated by the group on behalf of the employees of one of the subsidiary undertakings. The assets of the scheme are held separately from those of the group in an independently administered fund. Contributions amounting to £nil (2015 - £nil) were payable to the fund at year end.

### 6 Directors' remuneration

	2016 £	2015 £
Directors' remuneration consists of:		
Emoluments	267,000	213,900

There were no (2015 - Nil) directors in the company's defined contribution scheme during the year.

Emoluments of the highest paid director were £120,000 (2015- £94,000).

During the year no directors (including the highest paid director) received shares under the long term incentive schemes (2015 - Nil). During the year, no directors exercised shares (2015 - Nil).

# Tossed Holdings Limited

Notes forming part of the financial statements  
for the year ended 31 March 2016 (continued)

## 7 Interest receivable and similar income

	2016 £	2015 £
Other interest	2,151	6,656

## 8 Interest payable and similar charges

	2016 £	2015 £
Bank loans and overdrafts	57,543	66,895
Loan notes	210,575	210,009
Finance leases	7,203	17,286
	<b>275,321</b>	<b>294,190</b>

## 9 Taxation on loss on ordinary activities

The tax assessed for the year is higher than the standard rate of corporation tax in the UK applied to profit before tax. The differences are explained below:

	2016 £	2015 £
Loss on ordinary activities before tax	(932,018)	(1,474,133)
Loss on ordinary activities at the standard rate of corporation tax in the UK of 20% (2015 - 21%)	(186,404)	(339,051)
Effects of:		
Expenses not deductible for tax purposes	109,131	63,404
Income not taxable for tax purposes	(5,404)	-
Group relief surrendered	-	83,780
Deferred tax not recognised	82,677	191,867
Total tax charge for the year	-	-

The group has gross tax losses of £2,315,614 available for use against future trading profits. A deferred tax asset has not been recognised in respect of these losses due to the uncertainty around the timing of recovery.

## 10 Parent company profit for the year

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The profit after tax of the parent company for the year was £145,126 (2015 - £531,244).

# Tossed Holdings Limited

Notes forming part of the financial statements  
for the year ended 31 March 2016 (*continued*)

## 11 Intangible fixed assets

Group	Goodwill on consolidation £	Trademarks £	Website and software £	Total £
<i>Cost</i>				
At 1 April 2015	3,533,991	4,748	16,465	3,555,204
Additions		3,215	57,475	60,690
At 31 March 2016	<b>3,533,991</b>	<b>7,963</b>	<b>73,940</b>	<b>3,615,894</b>
<i>Amortisation</i>				
At 1 April 2015	706,798	212	2,835	709,845
Provision for the year	353,399	661	22,189	376,249
At 31 March 2016	<b>1,060,197</b>	<b>873</b>	<b>25,024</b>	<b>1,086,094</b>
<i>Net book value</i>				
At 31 March 2016	<b>2,472,794</b>	<b>7,090</b>	<b>48,916</b>	<b>2,529,800</b>
At 31 March 2015	2,827,193	4,536	13,630	2,845,359

# Tossed Holdings Limited

Notes forming part of the financial statements  
for the year ended 31 March 2016 (*continued*)

## 12 Tangible fixed assets

	Leasehold improvements £	Plant and machinery £	Motor vehicles £	Total £
<i>Cost</i>				
At 1 April 2015	1,468,392	1,436,624	5,440	2,910,456
Additions	437,350	443,615	-	880,965
Disposals	(12,600)	(461,560)	(1,100)	(475,160)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2016	<b>1,893,142</b>	<b>1,418,679</b>	<b>4,341</b>	<b>3,316,262</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>				
At 1 April 2015	717,034	1,007,196	3,753	1,727,983
Provision for the year	279,937	243,159	1,447	524,543
Disposals	(12,600)	(460,258)	(1,100)	(473,958)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2016	<b>984,371</b>	<b>790,097</b>	<b>4,100</b>	<b>1,778,568</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 31 March 2016	<b>908,771</b>	<b>628,582</b>	<b>241</b>	<b>1,537,694</b>
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2015	751,358	429,428	1,688	1,182,474
	<hr/>	<hr/>	<hr/>	<hr/>

The net book value of tangible fixed assets includes £156,537 (2015 - £269,952) in respect of assets held under finance leases or hire purchase contracts. The depreciation charge in respect of such assets amounted to £133,121 (2015 - £135,596) for the year.

The opening balances for the cost of leasehold improvements have been restated by £5,290 with £nil net impact on the overall cost of fixed assets.

The opening balances for the cost of plant and machinery has been restated by £18,865 with £nil net impact on the overall cost of fixed assets.

# Tossed Holdings Limited

Notes forming part of the financial statements  
for the year ended 31 March 2016 (*continued*)

## 13 Fixed asset investments

Company	Shares in group undertakings and participating interests £
<i>Cost and net book value</i> At 1 April 2015 and 31 March 2016	<b>5,572,912</b>

The principal undertakings in which the company has an interest at the year-end are as follows:

Name	Country of incorporation	Class	Shares held %	Nature of business
<i>Subsidiary undertakings:</i>				
Tossed Limited	UK	Ordinary	100	Holding company
<i>The following investments are held indirectly:</i>				
Zest Food Ltd	UK	Ordinary A & B	100	Restaurant operator
Tossed Partners Ltd	UK	Ordinary	100	Restaurant franchising
Tossed Overseas Operations Limited	UK	Ordinary	100	Restaurant franchising

## 14 Stock

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Raw materials and consumables	<b>112,892</b>	92,350	-	-



# Tossed Holdings Limited

Notes forming part of the financial statements  
for the year ended 31 March 2016 (*continued*)

## 15 Debtors

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Trade debtors	63,811	127,019	-	-
Amounts owed by group undertakings	-	-	505,744	802,483
Taxation and social security	45,956	-	5	-
Other debtors	693,216	544,152	-	-
	<u>802,983</u>	<u>671,171</u>	<u>505,749</u>	<u>802,483</u>

## 16 Creditors: amounts falling due within one year

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Bank loans	57,024	136,052	-	-
Obligations under finance lease and hire purchase contracts	9,131	53,297	-	-
Trade creditors	656,586	441,856	-	-
Taxation and social security	65,482	85,899	-	-
Other creditors	851,430	749,861	31,191	8,500
	<u>1,639,653</u>	<u>1,466,965</u>	<u>31,191</u>	<u>8,500</u>

# Tossed Holdings Limited

Notes forming part of the financial statements  
for the year ended 31 March 2016 (continued)

## 17 Creditors: amounts falling due after more than one year

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Loan notes	3,372,989	3,162,414	3,372,989	3,162,414
Bank loans	472,888	488,391	-	-
Obligations under finance lease and hire purchase contracts	-	5,157	-	-
	<u>3,845,877</u>	<u>3,655,962</u>	<u>3,372,989</u>	<u>3,162,414</u>

Maturity of debt:

Group	Loans and Finance leases 2016 £	Loans and Finance leases 2015 £
In one year or less, or on demand	66,156	189,349
In more than one year but not more than two years	472,888	189,349
In more than two years but not more than five years	-	304,199
In more than five years	3,372,989	3,162,414
	<u>3,845,877</u>	<u>3,655,962</u>
Company	Loans and Finance leases 2016 £	Loans and Finance leases 2015 £
In one year or less, or on demand	-	-
In more than five years	3,372,989	3,162,414

## 19 Share capital

	2016 £	2015 £
<i>Allotted, called up and fully paid</i>		
1,147,793 (2015 – 1,044,806) ordinary shares of 1p each	11,478	10,448

During the year, 102,987 shares were issued at a price of £12.33 per share. Cost of £29,250 were offset against the share premium.

# Tossed Holdings Limited

## Notes forming part of the financial statements for the year ended 31 March 2016 (continued)

### 20 Commitments under operating leases

The group had minimum lease payments under non-cancellable operating leases as set out below:

	Land and buildings 2016 £	Other 2016 £	Land and buildings 2015 £	Other 2015 £
Not later than 1 year	1,228,600	9,131	1,068,600	48,058
Later than 1 year and not later than 5 years	4,116,483	-	3,335,233	9,131
Later than 5 years	5,496,750	-	4,268,683	-
	<u>10,841,833</u>	<u>9,131</u>	<u>8,672,517</u>	<u>57,189</u>

### 21 Related party transactions

The company has taken advantage of the exemption conferred by Financial Reporting Standard 102 s.33 "Related party disclosures" not to disclose transactions with members of the group headed by Tossed Holdings Limited on the grounds that it is a wholly owned subsidiary within the group and the company is included in the consolidated financial statements.

The company provided an unsecured loan to Gemini One Two Three Limited, which is a related company due to common shareholders and directors. As at 31 March 2016, the balance outstanding was £nil (2015 - £410,000). The balance outstanding was fully provided against in 2015 and, after the voluntary winding up of Gemini One Two Three Limited, a repayment was received which resulted in a net credit to the statement of comprehensive income of £25,820.

Gemini One Two Three Limited is a related company due to common shareholders and directors. The company received a management fee of £45,600 (2015 - £3,200) from Gemini One Two Three Limited during the year. At 31 March 2016, Gemini One Two Three Limited owed the company £nil (2015 - £7,194).

Gemini Restaurants LLP is a related company due to its partners being common to the company's shareholders and directors. At 31 March 2016 Gemini Restaurants LLP owed Zest Food Ltd £1,500 (2015 - £57,730).

V D Mckevitt is also a director of Chelsea Fine Foods Limited. Sales of £8,766 (2015 - £6,559) were made to Chelsea Fine Foods Limited during the year, whilst purchases of £577 (2015 - £nil) were made in the same period. All transactions were conducted on an arm's length basis on normal trading terms. At 31 March 2016, £466 (2015 - £nil) was owed to Chelsea Fine Foods Limited and £290 (2015 - £3,026) was owed by Chelsea Fine Foods Limited.

# **Tossed Holdings Limited**

## **Notes forming part of the financial statements for the year ended 31 March 2016 (*continued*)**

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### **22 Contingent Liabilities**

On 3 September 2015, Tossed Partners Ltd were served notice of a claim by agents acting on behalf of a former franchisee.

Having consulted with the company's legal advisers, the directors believe that the claim is unmeritorious, and that consequently a provision for the estimated economic outflow of losing the case is not required.

At this time it is not possible to quantify the possible costs nor provide certainty on the timing of the claim but the directors are confident that in the event the claim proceeds then a successful defence will result in the recovery of the majority of costs incurred.

### **23 First time adoption of FRS 102**

The directors have assessed the new requirements associated with first time adoption of FRS 102 and any required changes and believe that there are no areas which require an accounting policy adjustment.

The directors consider that, other than in primary statement presentation, the first financial statements prepared under FRS 102 do not differ materially from those under UK GAAP and therefore do not require a detailed reconciliation of profit and loss and equity to be presented.