

# **Tossed Holdings Limited**

Report and Financial Statements

Year Ended

31 March 2017

Company Number 08422056



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# Tossed Holdings Limited

## Report and financial statements for the year ended 31 March 2017

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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 2017**

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The directors present their strategic report for the year ended 31 March 2017.

### **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.

#### **"Cashless" stores**

Since Tossed launched Europe's first cashless stores in March 2016, the business has become increasingly technology-led. Diverting capital to the rollout of this solution and implementing successful change management in its operating systems have been the business's primary focuses over the past year. The tablet ordering systems are now in place in, and cash removed from, most of the estate. We are excited to see the results in FY18 as the system is fully embedded in the business.

#### **Store portfolio developments**

The group operated from seventeen company-owned stores at the start of the year, opened one more and closed one during the year. The seventeen in operation at the end of the year comprise thirteen high street stores in London which each serve the local working population (of which twelve are now cashless), and four island units in the food courts at Westfield London, Westfield Stratford, Bluewater and Fulham Broadway tube. The new store opening was Brunswick, which effectively replaces the store at Copthall Avenue which was sold back to the landlord for redevelopment.

During the year, our franchise partner in Dubai, Vivanta General Trading LLC, opened two more stores taking their store count to three. Welcome Break are operating five Tossed stores at year end. Unfortunately, a fire at Fleet South in December 2016 meant that the services there have been significantly reduced until the end of the year.

#### **Financing**

On 15 April 2016, the group completed a refinancing of its banking facilities with Santander UK plc. Existing debts were repaid and new facilities totalling £1.8m were secured, with a significantly reduced cost of capital. These facilities are in place to support the group's ongoing expansion.

#### **Share options**

On 31 August 2016, the board approved the adoption of the Tossed Employee Share Option Plan, and Enterprise Management Incentives compliant share option scheme for employees of the group. At the balance sheet date, there were 23,100 shares under option. No director participates in the plan.

# **Tossed Holdings Limited**

## **Strategic report for the year ended 31 March 2017 (*continued*)**

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### **Principal risks and uncertainties**

#### **UK macro-economy / “Brexit”**

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 toward healthier eating and to eating out in general, but the economy remains fragile, fuelled by political uncertainties. Understandably, the risks and uncertainties in this area have been exacerbated following the “Brexit” vote, the effects of which have so far been confined to exchange-rate driven cost inflation and heightened concerns over potential shortage of labour. Retaining sufficient cash headroom to protect the business remains imperative.

#### **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 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. However, as margins come under increased pressure, it has become increasingly important to drive sale growth in order to ensure EBITDA is maintained.

#### **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 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 in September 2015 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 well across the estate. These include training programmes, store audits, mystery guest visits and ensuring that our supply chain sourcing is consistent.

#### **Technology**

The business seeks to push the boundaries of technological development, primarily with its pioneering of cashless stores. There is therefore 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**

With inflationary pressures looming it is expected that interest rates will rise in the coming year, although we expected the same last year and they were, in fact, reduced. As a group with bank and shareholder lending on variable rates, residual shareholder value may become eroded as this happens. 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 2017 (*continued*)

### Performance summary

	FY17	FY16
<b>Operational KPIs</b>		
Team headcount (average over the year)	217	198
Store numbers (trading at year-end):		
Company owned	17	17
Franchised	8	7
	25	24
<b>Financial KPIs</b>		
Group turnover	£10,042k	£8,792k
Normalised EBITDA *	£389k	£447k
Banking Leverage Multiple **	1.73x	1.21x

We are delighted to again report improvements in each of our financial key performance indicators. Group turnover increased 14.2% to £10,042k, predominantly as the stores opened in FY16 traded a full year. During FY17, nineteen new jobs were created as we expanded our operations, despite no net increase in company-owned store numbers.

The impact of the increased sales at an EBITDA level was restricted by cost inflationary pressures. Predominantly these arose from exchange rate driven cost inflation and by a conscious decision by the business to increase investment in our people over and above the statutory minimum. The business has undertaken a period of great change throughout FY17 and operates in a sector undergoing some high-profile difficulties as outlined in this report. Bearing this in mind, we are pleased to report Normalised Trading EBITDA that is not significantly diminished on FY16.

\* 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. This metric is adjusted to remove the performance of the company itself, which is not included in the banking group, and presented as "Normalised Trading EBITDA".

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

### Approval

This strategic report was approved on behalf of the Board on 16 JUNE 2017

N Sebba



Director

# **Tossed Holdings Limited**

## **Report of the directors for the year ended 31 March 2017**

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The directors present their report together with the audited financial statements for the year ended 31 March 2017.

### **Results and dividends**

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

### **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; and
- 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 2017 (*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



Date 16 JUNE 2017

# **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 2017 which comprise the consolidated statement of comprehensive income, the consolidated and company balance sheets, the consolidated and company statements 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).

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 2017 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, based on the work undertaken in the course of the audit:

- 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; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.



# Tossed Holdings Limited

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

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### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters 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

Date 16/06/2017

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 2017

	Note	2017 £	2016 £
<b>Turnover</b>	3	<b>10,041,695</b>	8,792,139
Cost of sales		<b>(3,116,534)</b>	(2,748,116)
<b>Gross profit</b>		<b>6,925,161</b>	6,044,023
Underlying administrative expenses		<b>(8,027,866)</b>	(6,678,783)
Exceptional profit on disposal of stores		<b>586,349</b>	-
Exceptional legal costs		<b>(73,114)</b>	(48,234)
Administrative expenses		<b>(7,514,631)</b>	(6,727,017)
Other income		<b>132,717</b>	24,146
<b>Group operating loss</b>	4	<b>(456,753)</b>	(658,848)
Other interest receivable and similar income	7	<b>893</b>	2,151
Interest payable and similar charges	8	<b>(258,505)</b>	(275,321)
<b>Loss on ordinary activities before taxation</b>		<b>(714,365)</b>	(932,018)
Tax on loss on ordinary activities	9	-	-
<b>Loss and total comprehensive income for the year</b>		<b>(714,365)</b>	(932,018)

All activities relate to continuing operations.

The notes on pages 14 to 25 form part of these financial statements.

# Tossed Holdings Limited

## Consolidated statement of financial position at 31 March 2017

<i>Company number 08422056</i>	<i>Note</i>	<b>2017</b> £	<b>2017</b> £	<b>2016</b> £	<b>2016</b> £
<b>Fixed assets</b>					
Intangible assets	11		<b>2,166,323</b>		2,529,800
Tangible assets	12		<b>1,742,985</b>		1,537,694
			<hr/>		<hr/>
			<b>3,909,308</b>		4,067,494
<b>Current assets</b>					
Stock	14	<b>109,170</b>		112,892	
Debtors	15	<b>975,467</b>		802,983	
Cash at bank and in hand		<b>428,926</b>		663,042	
		<hr/>		<hr/>	
		<b>1,513,563</b>		1,578,917	
<b>Creditors: amounts falling due within one year</b>	16	<b>(1,874,579)</b>		<b>(1,636,268)</b>	
		<hr/>		<hr/>	
<b>Net current liabilities</b>			<b>(361,016)</b>		<b>(57,351)</b>
			<hr/>		<hr/>
<b>Total assets less current liabilities</b>			<b>3,548,292</b>		4,010,143
			<hr/>		<hr/>
<b>Creditors: amounts falling due after more than one year</b>	17		<b>4,101,776</b>		3,849,262
<b>Capital and reserves</b>					
Called up share capital	19	<b>11,478</b>		11,478	
Share premium account		<b>3,851,555</b>		3,851,555	
Profit and loss account		<b>(4,416,517)</b>		<b>(3,702,152)</b>	
		<hr/>		<hr/>	
			<b>(553,484)</b>		160,881
			<hr/>		<hr/>
			<b>3,548,292</b>		4,010,143
			<hr/>		<hr/>

The financial statements were approved by the Board of Directors and authorised for issue on **16 JUNE 2017**

N Sebba  
Director



The notes on pages 14 to 25 form part of these financial statements.

# Tossed Holdings Limited

## Consolidated statement of changes in equity for the year ended 31 March 2017

	Share capital £	Share premium account £	Profit and loss account £	Total equity £
<b>1 April 2016</b>				
<b>Comprehensive income for the year</b>	11,478	3,851,555	(3,702,152)	160,881
Loss for the year	-	-	(714,365)	(714,365)
<b>Total comprehensive income for the year</b>	<u>-</u>	<u>-</u>	<u>(714,365)</u>	<u>(714,365)</u>
<b>31 March 2017</b>	<u><b>11,478</b></u>	<u><b>3,851,555</b></u>	<u><b>(4,416,517)</b></u>	<u><b>(553,484)</b></u>
<b>1 April 2015</b>	10,448	2,612,006	(2,747,384)	(124,930)
<b>Comprehensive income for the year</b>				
Loss for the year	-	-	(932,018)	(932,018)
<b>Total comprehensive income for the year</b>	<u>-</u>	<u>-</u>	<u>(932,018)</u>	<u>(932,018)</u>
<b>Contributions by and distributions to owners</b>				
Issue of shares (net of costs of £29,750)	1,030	1,239,549	-	1,240,579
Purchase of non-controlling interest	-	-	(22,750)	(22,750)
<b>Total contributions by and distributions to owners</b>	<u>1,030</u>	<u>1,239,549</u>	<u>(22,750)</u>	<u>1,217,829</u>
<b>31 March 2016</b>	<u><b>11,478</b></u>	<u><b>3,851,555</b></u>	<u><b>(3,702,152)</b></u>	<u><b>160,881</b></u>

The notes on pages 14 to 25 form part of these financial statements.

# Tossed Holdings Limited

## Consolidated statement of cash flows for the year ended 31 March 2017

	2017 £	2016 £
<b>Cash flows from operating activities</b>		
<b>Loss before taxation</b>	<b>(714,365)</b>	<b>(932,010)</b>
Adjustments for:		
Depreciation, impairment and amortisation of fixed assets	1,202,337	900,792
Increase in trade and other debtors	(172,484)	(131,812)
Decrease/(Increase) in stocks	3,722	(20,542)
Increase in trade and other creditors	185,706	295,880
(Profit)/Loss on disposal	(578,503)	1,202
Net interest expense	257,612	273,170
<b>Net cash generated from operating activities</b>	<b>184,025</b>	<b>386,672</b>
<b>Cash flows from investing activities</b>		
Proceeds from sale of tangible fixed assets	625,050	-
Purchases of tangible fixed assets	(1,063,755)	(880,965)
Purchases of intangible assets	(26,942)	(60,690)
Interest received	893	2,151
<b>Net cash from investing activities</b>	<b>(464,754)</b>	<b>(939,504)</b>
<b>Cash flows from financing activities</b>		
Issue of shares (2016: net of issue costs of £29,250)	-	1,240,581
New bank loans (2017: net of issue costs of £36,764)	688,236	15,327
Bank loan repaid	(535,083)	(109,856)
Capital element of lease repaid	(59,963)	(49,323)
Purchase of non-controlling interest	-	(22,750)
Interest paid	(46,577)	(64,747)
<b>Net cash from financing activities</b>	<b>46,613</b>	<b>1,009,232</b>
<b>Net increase in cash and cash equivalents</b>	<b>(234,116)</b>	<b>456,400</b>
Cash and cash equivalents at beginning of year	663,042	206,642
<b>Cash and cash equivalents at end of year</b>	<b>428,926</b>	<b>663,042</b>

The notes on page 14 to 25 form part of these financial statements.

# Tossed Holdings Limited

## Company statement of financial position at 31 March 2017

<i>Company number 08422056</i>	<i>Note</i>	<b>2017</b> £	<b>2017</b> £	<b>2016</b> £	<b>2016</b> £
<b>Fixed assets</b>					
Intangible Assets	11		<b>1,418</b>		-
Investments	13		<b>6,114,831</b>		5,572,912
			<hr/>		<hr/>
			<b>6,116,249</b>		5,572,912
<b>Current assets</b>					
Debtors	15	<b>100,502</b>		505,749	
Cash at bank and in hand		<b>170,469</b>		310,699	
		<hr/>		<hr/>	
		<b>270,971</b>		816,448	
<b>Creditors: amounts falling due within one year</b>	16	<b>(13,230)</b>		<b>(31,191)</b>	
		<hr/>		<hr/>	
<b>Net current assets</b>			<b>257,741</b>		785,257
			<hr/>		<hr/>
<b>Total assets less current liabilities</b>			<b>6,373,990</b>		6,358,169
			<hr/>		<hr/>
<b>Creditors: amounts falling due after more than one year</b>	17		<b>3,578,387</b>		3,372,989
<b>Capital and reserves</b>					
Called up share capital	19	<b>11,478</b>		11,478	
Share premium account		<b>3,851,555</b>		3,851,555	
Profit and loss account		<b>(1,067,430)</b>		<b>(877,853)</b>	
		<hr/>		<hr/>	
			<b>2,795,603</b>		2,985,180
			<hr/>		<hr/>
			<b>6,373,990</b>		6,358,169
			<hr/>		<hr/>

The financial statements were approved by the Board of Directors and authorised for issue on **16 June 2017**

N Sebba  
Director



The notes on pages 14 to 25 form part of these financial statements.

# Tossed Holdings Limited

## Company statement of changes in equity for the year ended 31 March 2017

	Share capital £	Share premium account £	Profit and loss account £	Total equity £
<b>1 April 2016</b>				
<b>Comprehensive income for the year</b>	11,478	3,851,555	(877,853)	2,985,180
Loss for the year	-	-	(189,577)	(189,577)
<b>Total comprehensive income for the year</b>	<u>-</u>	<u>-</u>	<u>(189,577)</u>	<u>(189,577)</u>
<b>31 March 2017</b>	<u><b>11,478</b></u>	<u><b>3,851,555</b></u>	<u><b>(1,067,430)</b></u>	<u><b>2,795,603</b></u>
<b>1 April 2015</b>	10,448	2,612,006	(688,957)	1,933,497
<b>Comprehensive income for the year</b>				
Loss for the year	-	-	(188,896)	(188,896)
<b>Total comprehensive income for the year</b>	<u>-</u>	<u>-</u>	<u>(188,896)</u>	<u>(188,896)</u>
<b>Contributions by and distributions to owners</b>				
Issue of shares (net of costs of £29,750)	1,030	1,239,549	-	1,240,579
<b>Total contributions by and distributions to owners</b>	<u>1,030</u>	<u>1,239,549</u>	<u>-</u>	<u>1,240,579</u>
<b>31 March 2016</b>	<u><b>11,478</b></u>	<u><b>3,851,555</b></u>	<u><b>(877,853)</b></u>	<u><b>2,985,180</b></u>

The notes on pages 14 to 25 form part of these financial statements.

# Tossed Holdings Limited

## Notes forming part of the financial statements for the year ended 31 March 2017

### 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.

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 2017 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.

#### *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, 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:

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

#### *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 2017 (continued)

### 1 Accounting policies (continued)

#### *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.

#### *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.

# Tossed Holdings Limited

## Notes forming part of the financial statements for the year ended 31 March 2017 (*continued*)

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### 1 Accounting policies (*continued*)

#### *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.

#### *Financial assets*

Financial assets, other than investments and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

#### *Financial liabilities and equity*

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities, excluding convertible debt and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

### 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.

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

- *Tangible fixed assets (see note 12)*

Tangible fixed assets 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 2017 (*continued*)

## 3 Turnover

	2017 £	2016 £
Analysis by class of business		
Restaurant Operator	9,801,868	8,577,942
Restaurant Franchising	239,827	214,197
	<u>10,041,695</u>	<u>8,792,139</u>
Analysis of turnover by country of destination		
United Kingdom	9,940,263	8,705,622
Rest of the World	101,432	86,517
	<u>10,041,695</u>	<u>8,792,139</u>

## 4 Operating loss

	2017 £	2016 £
This is arrived at after charging/(crediting):		
Amortisation of intangible fixed assets	390,419	376,249
Depreciation of tangible fixed assets	681,150	524,543
Impairment of tangible fixed assets	130,768	-
(Profit)/Loss on disposal of tangible assets	(578,503)	583
Hire of other assets - operating leases	1,434,635	1,190,768
Auditors' remuneration:		
- fees payable to the group's auditor for the audit of the group's annual accounts	19,885	21,995
- tax compliance	10,700	11,300
- other tax services	7,406	9,800
	<u></u>	<u></u>

Other income includes a business interruption insurance claim of £70,909 and a R&D credit of £29,257 (net of associated professional fees).

# Tossed Holdings Limited

## Notes forming part of the financial statements for the year ended 31 March 2017 (continued)

### 5 Employees

	2017 £	2016 £
Staff costs (including directors) consist of:		
Wages and salaries	3,490,683	2,924,805
Social security costs	258,737	196,336
Cost of defined contribution scheme	12,260	10,572
	<u>3,761,680</u>	<u>3,131,713</u>
The average monthly number of employees, (including directors) during the year was:	Number	Number
Central staff	17	16
Store staff	200	182
	<u>217</u>	<u>198</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 £1,507 (2016 - £1,534) were payable to the fund at year end.

On 31 August 2016, the board approved the adoption of the Tossed Employee Share Option Plan, and Enterprise Management Incentives compliant share option scheme for employees of the group. At the balance sheet date, there were 23,100 shares under option. No director participates in the plan. The share based payments charge is not material and so has not been recorded.

### 6 Directors' remuneration

	2017 £	2016 £
Directors' remuneration consists of:		
Emoluments	<u>287,105</u>	<u>267,000</u>

There were no (2016 - Nil) directors in the company's defined contribution scheme during the year.

Emoluments of the highest paid director were £131,010 (2016 - £120,000).

During the year no director (including the highest paid director) received shares under the long term incentive schemes (2016 - Nil). During the year, no directors exercised shares (2016 - Nil).

# Tossed Holdings Limited

Notes forming part of the financial statements  
for the year ended 31 March 2017 (*continued*)

## 7 Interest receivable and similar income

	2017 £	2016 £
Other interest	893	2,151

## 8 Interest payable and similar charges

	2017 £	2016 £
Bank loans and overdrafts	47,051	46,574
Loan notes	205,396	210,575
Finance leases	6,058	19,155
Other	-	(983)
	<u>258,505</u>	<u>275,321</u>

## 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:

	2017 £	2016 £
Loss on ordinary activities before tax	(714,365)	(932,018)
Loss on ordinary activities at the standard rate of corporation tax in the UK of 20% (2016 - 20%)	(142,873)	(186,404)
Effects of:		
Expenses not deductible for tax purposes	109,248	109,131
Income not taxable for tax purposes	(61,425)	(5,404)
R&D tax credit	(1,781)	-
Deferred tax not recognised	96,831	82,677
Total tax charge for the year	<u>-</u>	<u>-</u>

The group has gross tax losses of £2,393,545 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 £189,577 (2016 - £188,896).

# Tossed Holdings Limited

Notes forming part of the financial statements  
for the year ended 31 March 2017 (*continued*)

## 11 Intangible fixed assets

Company	Trademarks £	Total £
<i>Cost</i>		
At 1 April 2016	-	-
Additions	1,430	1,430
	<hr/>	<hr/>
At 31 March 2017	<b>1,430</b>	<b>1,430</b>
	<hr/>	<hr/>
<i>Amortisation</i>		
At 1 April 2016	-	-
Provision for the year	12	12
	<hr/>	<hr/>
At 31 March 2017	<b>12</b>	<b>12</b>
	<hr/>	<hr/>
<i>Net book value</i>		
At 31 March 2017	<b>1,418</b>	<b>1,418</b>
	<hr/>	<hr/>
At 31 March 2016	-	-
	<hr/>	<hr/>

Group	Goodwill on consolidation £	Trademarks £	Website £	Total £
<i>Cost</i>				
At 1 April 2016	3,533,991	7,963	73,940	3,615,894
Additions	-	1,780	25,162	26,942
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2017	<b>3,533,991</b>	<b>9,743</b>	<b>99,102</b>	<b>3,642,836</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Amortisation</i>				
At 1 April 2016	1,060,197	873	25,024	1,086,094
Provision for the year	353,399	837	36,183	390,419
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2017	<b>1,413,596</b>	<b>1,710</b>	<b>61,207</b>	<b>1,476,513</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 31 March 2017	<b>2,120,395</b>	<b>8,033</b>	<b>37,895</b>	<b>2,166,323</b>
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2016	2,473,794	7,090	48,916	2,529,800
	<hr/>	<hr/>	<hr/>	<hr/>

# Tossed Holdings Limited

Notes forming part of the financial statements  
for the year ended 31 March 2017 (*continued*)

## 12 Tangible fixed assets

Group	Leasehold improvements £	Plant and machinery £	Motor vehicles £	Total £
<i>Cost</i>				
At 1 April 2016	1,893,142	1,418,779	4,341	3,316,262
Additions	301,169	762,586	-	1,063,755
Disposals	(138,190)	(79,257)	-	(217,447)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2017	<b>2,056,121</b>	<b>2,102,108</b>	<b>4,341</b>	<b>4,162,570</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>				
At 1 April 2016	984,371	790,097	4,100	1,778,568
Provision for the year	299,436	381,473	241	681,150
Disposals	(133,040)	(37,861)	-	(170,901)
Impairment	57,490	73,278	-	130,768
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2017	<b>1,208,257</b>	<b>1,206,987</b>	<b>4,341</b>	<b>2,419,585</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 31 March 2017	<b>847,864</b>	<b>895,121</b>	<b>-</b>	<b>1,742,985</b>
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2016	908,771	628,582	241	1,537,694
	<hr/>	<hr/>	<hr/>	<hr/>

The net book value of tangible fixed assets includes £74,427 (2016 - £156,537) in respect of assets held under finance leases or hire purchase contracts. The depreciation charge in respect of such assets amounted to £82,111 (2016 - £133,121) for the year.

# Tossed Holdings Limited

Notes forming part of the financial statements  
for the year ended 31 March 2017 (*continued*)

## 13 Fixed asset investments

Company	2017 £	2016 £
Shares in group undertakings and participating interest	<b>6,114,831</b>	5,572,912

During the year, the company purchased 48,342 shares in Tossed Limited, at a price of £11.21.

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

Name	Country of registration or 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 Limited	UK	Ordinary A & B	100	Restaurant operator
Tossed Partners Limited	UK	Ordinary	100	Restaurant franchising
Tossed Overseas Operations Limited	UK	Ordinary	100	Restaurant franchising

## 14 Stock

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Raw materials and consumables	<b>109,170</b>	112,892	-	-

## 15 Debtors

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Trade debtors	<b>84,200</b>	63,811	-	-
Prepayments	<b>443,633</b>	384,642	-	-
Amounts owed by group undertakings	-	-	<b>100,000</b>	505,744
Taxation and social security	-	45,956	<b>502</b>	5
Other debtors	<b>447,634</b>	308,574	-	-
	<b>975,467</b>	802,983	<b>100,502</b>	505,749



# Tossed Holdings Limited

Notes forming part of the financial statements  
for the year ended 31 March 2017 (continued)

## 16 Creditors: amounts falling due within one year

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Bank loans	103,173	2,805	-	-
Obligations under finance lease and hire purchase contracts	18,562	59,964	-	-
Trade creditors	729,063	656,586	1,230	-
Taxation and social security	176,235	65,482	-	-
Accruals	666,746	687,565	12,000	31,191
Other creditors	180,800	163,866	-	-
	<u>1,874,579</u>	<u>1,636,268</u>	<u>13,230</u>	<u>31,191</u>

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

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Loan notes	3,578,387	3,372,989	3,578,387	3,372,989
Bank loans	520,970	455,291	-	-
Obligations under finance lease and hire purchase contracts	2,419	20,982	-	-
	<u>4,101,776</u>	<u>3,849,262</u>	<u>3,578,387</u>	<u>3,372,989</u>

Maturity of debt:

Group	Loans and overdrafts 2017 £	Loans and overdrafts 2016 £
In one year or less, or on demand	<u>121,735</u>	<u>62,769</u>
In more than one year but not more than two years	125,968	476,276
In more than two years but not more than five years	397,423	-
In more than five years	3,578,385	3,372,986
	<u>4,101,776</u>	<u>3,849,262</u>

Loans and overdrafts shown above includes obligations under finance leases and hire purchase contracts.

# Tossed Holdings Limited

Notes forming part of the financial statements  
for the year ended 31 March 2017 *(continued)*

## 17 Creditors: amounts falling due after more than one year *(continued)*

Company	Loans and overdrafts 2017 £	Loans and overdrafts 2016 £
In one year or less, or on demand	-	-
In more than five years	<b>3,578,387</b>	3,372,989

Loans and overdrafts shown above includes obligations under finance leases and hire purchase contracts.

## 18 Financial instruments

The Group's financial instruments may be analysed as follows:

	Group 2017 £	Group 2016 £
<b>Financial assets</b>		
Financial assets that are debt instruments measured at amortised cost	<b>960,760</b>	1,035,495
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<b>5,976,355</b>	5,485,530

Financial assets measured at amortised cost comprise cash, trade debtors, other debtors, amounts owed by joint ventures and associated undertakings.

Financial liabilities measured at amortised cost comprise convertible loan notes, bank loans and overdrafts, trade creditors, other creditors and accruals.

Information regarding the group's exposure to and management of credit risk, liquidity risk, market risk, cash flow interest rate risk, and foreign exchange risk is included in the Directors' report.

# Tossed Holdings Limited

Notes forming part of the financial statements  
for the year ended 31 March 2017 (continued)

## 19 Share capital

	2017 £	2016 £
<i>Allotted, called up and fully paid</i>		
1,147,793 (2016 - 1,147,793) ordinary shares of 1p each	<b>11,478</b>	11,478

## 20 Commitments under operating leases

The group had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings 2017 £	Other 2017 £	Land and buildings 2016 £	Other 2016 £
Not later than 1 year	<b>1,387,750</b>	<b>60,624</b>	1,228,600	9,131
Later than 1 year and not later than 5 years	<b>4,908,750</b>	<b>61,529</b>	4,116,483	-
Later than 5 years	<b>5,194,875</b>	-	5,496,750	-
	<b>11,491,375</b>	<b>122,153</b>	10,841,833	9,131

## 21 Related party transactions

Vincent Mckevitt is the ultimate controlling party of the group by virtue of his majority shareholding.

Gemini Restaurants LLP is a related company due to its partners being V D Mckevitt and N Sebba, who are directors of the company. At 31 March 2017 Gemini Restaurants LLP owed Zest Food Ltd £nil (2016 - £1,500).

V D Mckevitt is also a director of Chelsea Fine Foods Limited. Sales of £247 (2016 - £8,766) were made to Chelsea Fine Foods Limited during the year, whilst purchases of £1,611 (2016 - £577) were made in the same period. All transactions were conducted on an arm's length basis on normal trading terms. At 31 March 2017, £nil (2016 - £466) was owed to Chelsea Fine Foods Limited and £nil (2016 - £290) was owed by Chelsea Fine Foods Limited.

## 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.

During the year, a significant part of the claim was struck out and a court order was issued to the claimant to repay a portion of the costs incurred by the group to date. This was received subsequent to the balance sheet date.

Having consulted with the company's legal advisers, the directors believe that the remaining 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 ongoing costs 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.