

## **Tossed Holdings Limited**

Report and Financial Statements

Year Ended

28 March 2019

Company Number 08422056



**BDO**

# **Tossed Holdings Limited**

**Report and financial statements  
for the year ended 28 March 2019**

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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 28 March 2019**

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The directors present their strategic report for the year ended 28 March 2019.

### **Business review**

#### **Overview**

The group operates healthy-eating retail outlets under the "Tossed" and "Vital Ingredient" brands. 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 likeable, eye-catching brands. The group acquired the Vital Ingredient business shortly before the start of the financial year and this business has been integrated into the group. The business is built on the "Tossed Square" which outlines its ethos and areas of focus: service, quality, people and fun. These principles have also been fully adopted by the Vital Ingredient brand.

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 had been the group's primary focus. All Tossed and Vital Ingredient stores are now cashless.

#### **Store portfolio developments**

The group started the year with 16 company-owned Tossed-branded stores. There was no overall change in this number during the year. While two stores were closed during the year, two other stores were rebranded from Vital Ingredient to Tossed.

The acquisition of Vital added thirteen stores to the London estate. Three of these stores have subsequently been closed during the year while two further stores were rebranded to Tossed resulting in the group operating 8 Vital stores at the year end. These stores were not cashless when acquired, but this change was made shortly after the start of the financial year, enabling us to streamline the business operations and remove risks associated with holding significant cash balances in stores.

During the year, our franchise partner in Dubai, Vivanta General Trading LLC operated from three stores, while Welcome Break operated from six stores. There was no change to these store numbers in the year. In addition, a new franchise store opened in the Co-op in Oxford. Further details on events affecting UK franchise operations are included in the section on post balance sheet events in the Directors' Report.

#### **Financing**

Further shareholder lending of £0.5m was extended to the group, predominantly to fund the conversion of two stores from Vital to Tossed and also to provide sufficient liquidity.

#### **Share options**

There were no new options issued in the Tossed Employee Share Option Plan during the year, whilst 3,600 options lapsed. At the balance sheet date, there were 46,300 shares under option. No director participates in the plan. The scheme is Enterprise Management Incentives compliant.

# Tossed Holdings Limited

## Strategic report for the year ended 28 March 2019 (continued)

### Performance summary

	FY19	FY18
<b>Operational KPIs</b>		
Team headcount (average over the year)	379	222
Store numbers (trading at year-end):		
Company owned – branded Tossed	16	16
Company owned – branded Vital Ingredient	8	13
Franchised	10	8
	34	37
<b>Financial KPIs</b>		
Group turnover	£17,904k	£9,872k
Adjusted EBITDA *	£300k	-£134k
Normalised Banking EBITDA *	£318k	-£107k

The group's turnover has increased significantly during the year. The principal driver of this increase has been the acquisition of the Vital business in March 2018. The impact on group revenue of the new stores acquired is £9.1m while the store closures in the past two years have had a corresponding negative impact on revenue of £900k. Despite considerable market uncertainty, which has been well-reported in the national and industry press, the LFL sales performance of the core Tossed estate has been positive throughout the current financial year although revenue has declined on a LFL basis across the Vital Ingredient estate.

The significant increase in the head count reflects the inclusion of the Vital stores for a full year compared to the final two weeks of the prior year.

Adjusted EBITDA has improved to £300k from a loss of £134k in the previous financial year. The improvement has been driven by increased revenues and also economies of scale following the acquisition of the Vital business. Despite this, the business has continued to experience cost inflationary pressures.

\* 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 Banking EBITDA", which is calculated at a Tossed Limited group level as that is the group for banking purposes.

### Current trading and outlook

Trading since the 2019 year-end and to the date of this report has been very challenging. While the performance of the core Tossed estate has continued to prove robust and remain in LFL growth, the performance of the Vital Ingredient estate has been extremely disappointing. The disparity in the performance of the two brands increased during the Summer of 2019 with Tossed stores reporting revenue growth of 6% in the six months to September 2019, while the Vital Ingredient stores reported a decline in revenue of 8% in the same period.

The ongoing deterioration of the Vital Ingredient trading performance therefore resulted in a significant drag on the overall performance and financial stability of the group. The directors have therefore taken steps to ensure the financial viability of the group including a restructuring of the business operations of Zest Food Limited, the company's principal trading subsidiary. This resulted in Zest Food Limited making a proposal to creditors in the form of a Company Voluntary Arrangement (CVA). This was approved by creditors on 12 December 2019.

# **Tossed Holdings Limited**

## **Strategic report for the year ended 28 March 2019 (continued)**

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### **Current trading and outlook (continued)**

The directors believe that the CVA will enable the business to address the underperforming Vital Ingredient stores. The business plans to re-brand certain of the Vital Ingredient stores as Tossed over the course of the next twelve months with the remainder expected to close during that period. As a result, the Directors look forward to the next twelve months with optimism for the Tossed brand.

The directors recognise the effort that all the team have made during this difficult period and would like to thank everyone for their continued hard work, support and contribution.

### **Principal risks and uncertainties**

The following are the principal risks and uncertainties that could impact on the group's ability to achieve its long term strategic and operational objectives.

#### **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, but the economy remains fragile, fuelled by political uncertainties. Understandably, the risks and uncertainties in this area have been exacerbated following the confusion and political turmoil since 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.

#### **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. 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.

#### **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 business. 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, but also supported by paperless back-of-house systems. 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.

# Tossed Holdings Limited

## Strategic report for the year ended 28 March 2019 (continued)

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### Financial structuring and liquidity

As a group with bank lending on variable rates, movements in interest rates mean that shareholder equity value may become eroded as this happens. We must ensure that there is enough headroom available to ensure liquidity, particularly following the approval of the CVA, which we do by stress-testing our cash forecasts on a regular basis to ensure that the business can meet its financial liabilities as they fall due.

### Approval

This strategic report was approved on behalf of the Board on 24 JANUARY 2020

N Sebba  
Director



Date 29 JANUARY 2020

# **Tossed Holdings Limited**

## **Directors' report for the year ended 28 March 2019**

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The directors present their report together with the audited financial statements for the year ended 28 March 2019. The financial year represents the period from 1 April 2018 to 28 March 2019. The prior financial year represents the period from 1 April 2017 to 31 March 2018.

### **Results and dividends**

The consolidated statement of comprehensive income is set out on page 11 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" and "Vital Ingredient" brands 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. The company is a private company limited by shares.

### **Post balance sheet events**

As described more fully in note 1 to the financial statements under the section on going concern, since the balance sheet date, the group has experienced difficult trading conditions, particularly in respect to the decline in the trading performance of the Vital Ingredient stores which were acquired in March 2018. This decline necessitated a restructuring of the business operations of Zest Food Limited, the company's principal trading subsidiary, with Zest Food Limited making a proposal to creditors in the form of a Company Voluntary Arrangement (CVA). On 12 December 2019, Zest Food Limited's creditors approved the company's plans for the CVA.

Under the terms of the CVA, no stores have been immediately closed, although rents have been significantly reduced on 14 of the group's stores until such time as the stores are vacated or a new lease agreement is reached with the respective landlords. The rents on the remaining 10 stores in the property estate have not been compromised as part of the CVA. Two months' notice can be served for these 14 stores by either the group or the landlord and therefore it is expected that a number of these 14 stores will close in the next twelve months. It is uncertain at this stage how many of these 14 stores will be retained under new lease agreements after this period. Under the terms of the CVA, rents to all landlords are now paid monthly for the remainder of their lease terms.

The impact of the CVA cannot be quantified at the current time and no adjustments have been made in these financial statements to reflect the outcome of the CVA as it is a non-adjusting post balance sheet event. The Directors are working closely with all key stakeholders of the business, including landlords, major suppliers and its bank, and believe that the CVA process will secure the long term future of the business.

The group has recently agreed with both Welcome Break and CoOp to terminate their franchise agreements and close the stores they operate. This will not have a material impact on next year's financial statements, but unless new franchisees are sourced, the group's franchise revenue, which currently represents less than 2% of group revenue, is expected to be materially reduced in the financial year ending in March 2021.

### **Directors**

The directors of the company during the year were:

V D Mckevitt  
N Sebba  
B C Davis  
R W McKie

# **Tossed Holdings Limited**

**Directors' report (*continued*)  
for the year ended 28 March 2019**

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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 29 JANUARY 2020



# **Tossed Holdings Limited**

## **Directors' responsibilities statement**

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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

## Independent auditor's report

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### INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF TOSSED HOLDINGS LIMITED

#### Opinion

We have audited the financial statements of Tossed Holdings Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 28 March 2019 which comprise the consolidated statement of comprehensive income, the consolidated and company statement of financial position, the consolidated and company statement of changes in equity, and the consolidated statement of cash flows, and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice)

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 28 March 2019 and of the Group's loss for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

#### Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the Group's ability to continue as a going concern. The Group was loss making in the year ended 28 March 2019 and had net current liabilities of £1,042,065 as at 28 March 2019.

Management have produced sensitised forecasts which show that there is a down-side scenario in which all 14 stores with compromised rents following CVA are closed during the next nine months. This down-side scenario demonstrates that the Group will have sufficient funds to meet its liabilities as they fall due for at least twelve months from the approval of the financial statements provided that existing banking facilities remain available on current terms.

Given the recent timing of the CVA, uncertainty over the ongoing store portfolio, and a need for a normalisation of its trading relationships and credit terms with key suppliers, there is no guarantee that the providers of banking facilities will continue to offer the same level of support on an ongoing basis nor that they would provide additional funding at peak periods over and above current overdraft levels should it be required.

These conditions, as disclosed in note 1 to these financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

# **Tossed Holdings Limited**

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

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### **Other information**

The Directors are responsible for the other information. The other information comprises the information included in the Directors report and financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and 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.

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

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion;

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

# **Tossed Holdings Limited**

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

### **Responsibilities of Directors**

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

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

### **Auditor's responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### **Use of our report**

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

*BDO LLP*

Jason Goodhind (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
London, UK

*31 January 2020*

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 28 March 2019

	Note	2019 £	2018 £
<b>Turnover</b>	3	<b>17,904,122</b>	9,872,352
<b>Cost of sales</b>		<b>(5,535,122)</b>	(3,104,041)
<b>Gross profit</b>		<b>12,369,000</b>	6,768,311
<b>Administrative expenses</b>		<b>(15,710,705)</b>	(8,668,818)
<b>Other income</b>		<b>14,408</b>	30,698
<b>Adjusted EBITDA*</b>		<b>300,257</b>	(134,371)
Exceptional profit on disposal of subsidiary	21	207,807	-
Exceptional legal costs	4	-	(314,152)
Store opening and disposal costs	4	(300,164)	(166,603)
Loss on disposal of fixed assets	4	(30,854)	(36,141)
Depreciation, amortisation and impairment	4	(3,504,343)	(1,218,542)
<b>Group operating loss</b>	4	<b>(3,327,297)</b>	(1,869,809)
Other interest receivable and similar income	7	823	149
Interest payable and similar charges	8	(730,299)	(313,260)
<b>Loss on ordinary activities before taxation</b>		<b>(4,056,773)</b>	(2,182,920)
Tax on loss on ordinary activities	9	-	-
<b>Loss and total comprehensive income for the year</b>		<b>(4,056,773)</b>	(2,182,920)

All activities relate to continuing operations.

\*Adjusted EBITDA represents earnings before interest, tax, depreciation, amortisation, loss on disposal of fixed assets, impairments, store opening and closure costs and other exceptional items.

The notes on pages 17 to 30 form part of these financial statements.

# Tossed Holdings Limited

## Consolidated statement of financial position at 28 March 2019

<b>Company number 08422056</b>	<b>Note</b>	<b>2019 £</b>	<b>2019 £</b>	<b>2018 £</b>	<b>2018 £</b>
<b>Fixed assets</b>					
Intangible fixed assets	11		<b>1,439,944</b>		<b>4,238,348</b>
Tangible fixed assets	12		<b>1,790,243</b>		<b>1,639,983</b>
Lease premiums	13		-		<b>108,489</b>
			<hr/>		<hr/>
			<b>3,230,187</b>		<b>5,986,820</b>
<b>Current assets</b>					
Lease premiums	13	-		23,664	
Stock	15	<b>143,725</b>		174,768	
Debtors	16	<b>2,455,799</b>		2,310,090	
Cash at bank and in hand		<b>401,639</b>		727,682	
		<hr/>		<hr/>	
		<b>3,001,163</b>		<b>3,236,204</b>	
<b>Creditors: amounts falling due within one year</b>	17	<b>(4,043,228)</b>		<b>(4,616,548)</b>	
		<hr/>		<hr/>	
<b>Net current liabilities</b>			<b>(1,042,065)</b>		<b>(1,380,344)</b>
			<hr/>		<hr/>
<b>Total assets less current liabilities</b>			<b>2,188,122</b>		<b>4,606,476</b>
			<hr/>		<hr/>
<b>Creditors: amounts falling due after more than one year</b>	18		<b>8,981,299</b>		<b>7,342,880</b>
<b>Capital and reserves</b>					
Called up share capital	20	<b>11,478</b>		11,478	
Share premium account		<b>3,851,555</b>		3,851,555	
Profit and loss account		<b>(10,656,210)</b>		<b>(6,599,437)</b>	
		<hr/>		<hr/>	
<b>Shareholders' deficit</b>			<b>(6,793,177)</b>		<b>(2,736,404)</b>
			<hr/>		<hr/>
			<b>2,188,122</b>		<b>4,606,476</b>
			<hr/>		<hr/>

The financial statements were approved by the Board of Directors and authorised for issue on 29 JANUARY 2020

  
N Sebba  
Director

The notes on pages 17 to 30 form part of these financial statements.

# Tossed Holdings Limited

## Consolidated statement of changes in equity for the year ended 28 March 2019

	Share capital £	Share Premium Account £	Profit and loss Account £	Total equity £
<b>1 April 2018</b>	<b>11,478</b>	<b>3,851,555</b>	<b>(6,599,437)</b>	<b>(2,736,404)</b>
<b>Comprehensive income for the year</b>				
Loss for the year	-	-	(4,056,773)	(4,056,773)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>(4,056,773)</b>	<b>(4,056,773)</b>
<b>28 March 2019</b>	<b>11,478</b>	<b>3,851,555</b>	<b>(10,656,210)</b>	<b>(6,793,177)</b>
<b>1 April 2017</b>	<b>11,478</b>	<b>3,851,555</b>	<b>(4,416,517)</b>	<b>(553,484)</b>
<b>Comprehensive income for the year</b>				
Loss for the year	-	-	(2,182,920)	(2,182,920)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>(2,182,920)</b>	<b>(2,182,920)</b>
<b>31 March 2018</b>	<b>11,478</b>	<b>3,851,555</b>	<b>(6,599,437)</b>	<b>(2,736,404)</b>

The notes on pages 17 to 30 form part of these financial statements.

# Tossed Holdings Limited

## Consolidated statement of cash flows for the year ended 28 March 2019

	2019 £	2018 £
<b>Cash flows from operating activities</b>		
<b>Loss for the financial year</b>	(4,056,773)	(2,182,920)
Adjustments for:		
Depreciation, impairment and amortisation of fixed assets	3,504,343	1,218,542
Increase in trade and other debtors	(145,709)	(1,106,742)
Decrease / (increase) in stocks	31,043	(6,455)
Increase in trade and other creditors	131,007	1,189,487
Loss on disposal	30,854	36,141
Net interest expense	729,476	313,111
<b>Net cash inflow / (outflow) from operating activities</b>	<b>224,241</b>	<b>(538,836)</b>
<b>Cash flows from investing activities</b>		
Costs incurred on disposal of tangible fixed assets	-	(2,725)
Proceeds from the disposal of tangible fixed assets	7,183	-
Purchases of tangible fixed assets	(725,789)	(544,087)
Purchases of intangible assets	(6,936)	(30,934)
Interest received	823	149
<b>Net cash outflow from investing activities</b>	<b>(724,719)</b>	<b>(577,597)</b>
<b>Acquisitions and disposals</b>		
Acquisition of subsidiary (gross of net debt on acquisition)	-	(2,329,991)
<b>Net cash outflow from acquisitions and disposals</b>	<b>-</b>	<b>(2,329,991)</b>
<b>Cash flows from financing activities</b>		
New bank loans	-	300,000
Shareholder loan	500,000	3,500,000
Bank loan repaid	(181,250)	(100,000)
Capital element of lease repaid	(2,421)	(18,562)
Interest paid	(41,589)	(36,563)
<b>Net cash inflow from financing activities</b>	<b>274,740</b>	<b>3,644,875</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(225,738)</b>	<b>198,451</b>
Cash and cash equivalents at beginning of year	627,377	428,926
<b>Cash and cash equivalents at end of year</b>	<b>401,639</b>	<b>627,377</b>
Cash at bank and in hand	401,639	727,682
Bank overdrafts	-	(100,305)
<b>Cash and cash equivalents</b>	<b>401,639</b>	<b>627,377</b>

The notes on pages 17 to 30 form part of these financial statements.



# Tossed Holdings Limited

## Company statement of financial position at 28 March 2019

<b>Company number 08422056</b>	<b>Note</b>	<b>2019 £</b>	<b>2019 £</b>	<b>2018 £</b>	<b>2018 £</b>
<b>Fixed assets</b>					
Intangible fixed assets	11		1,144		1,275
Investments	14		7,970,131		8,874,822
			<u>7,971,275</u>		<u>8,876,097</u>
<b>Current assets</b>					
Debtors	16	8,205		713,491	
Cash at bank and in hand		148,865		303,753	
		<u>157,070</u>		<u>1,017,244</u>	
<b>Creditors: amounts falling due within one year</b>	17	(56,500)		(45,600)	
<b>Net current assets</b>			<u>100,570</u>		<u>971,644</u>
<b>Total assets less current liabilities</b>			<u>8,071,845</u>		<u>9,847,741</u>
<b>Creditors: amounts falling due after more than one year</b>	18		8,504,431		7,342,880
<b>Capital and reserves</b>					
Called up share capital	20	11,478		11,478	
Share premium account		3,851,555		3,851,555	
Profit and loss account		(4,295,619)		(1,358,172)	
<b>Shareholders' (deficit) / surplus</b>			<u>(432,586)</u>		<u>2,504,861</u>
			<u>8,071,845</u>		<u>9,847,741</u>

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 loss after tax of the parent company for the year was £2,937,447 (2018 - £290,742).

The financial statements were approved by the Board of Directors and authorised for issue on 29 January 2020

  
N Sebba  
Director

The notes on pages 17 to 30 form part of these financial statements.

# Tossed Holdings Limited

## Company statement of changes in equity for the year ended 28 March 2019

	Share Capital £	Share premium account £	Profit and loss Account £	Total equity £
<b>1 April 2018</b>	<b>11,478</b>	<b>3,851,555</b>	<b>(1,358,172)</b>	<b>2,504,861</b>
<b>Comprehensive income for the year</b>				
Loss for the year	-	-	(2,937,447)	(2,937,447)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>(2,937,447)</b>	<b>(2,937,447)</b>
<b>28 March 2019</b>	<b>11,478</b>	<b>3,851,555</b>	<b>(4,295,619)</b>	<b>(432,586)</b>
<b>1 April 2017</b>	<b>11,478</b>	<b>3,851,555</b>	<b>(1,067,430)</b>	<b>2,795,603</b>
<b>Comprehensive income for the year</b>				
Loss for the year	-	-	(290,742)	(290,742)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>(290,742)</b>	<b>(290,742)</b>
<b>31 March 2018</b>	<b>11,478</b>	<b>3,851,555</b>	<b>(1,358,172)</b>	<b>2,504,861</b>

The notes on pages 17 to 30 form part of these financial statements.

# Tossed Holdings Limited

## Notes forming part of the financial statements for the year ended 28 March 2019

### 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 28 March 2019 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*

In adopting the going concern basis for preparing the financial statements, the Directors have considered the business activities of the group, as well as the group's principal risks and uncertainties. The group was loss making in the year ended 28 March 2019 and had net current liabilities of £1,042,065 as at 28 March 2019.

Since the balance sheet date, the group has experienced difficult trading conditions, particularly in respect to the decline in the trading performance of the Vital Ingredient stores which were acquired by the group in March 2018. This decline necessitated a restructuring of the business operations of the group's principal trading subsidiary, Zest Food Limited, with Zest Food Limited making a proposal to creditors in the form of a Company Voluntary Arrangement (CVA). On 12 December 2019, Zest Food Limited's creditors approved the plans for the CVA. The Directors believe that the CVA will secure the long term future of the business.

Under the terms of the CVA, no stores have been immediately closed, although rents have been significantly reduced on 14 of the group's stores until such time as the stores are vacated or a new lease agreement is reached with the respective landlords. The rents of the remaining 10 stores in the property estate have not been compromised as part of the CVA. Two months' notice can be served in respect of these 14 stores by either the group or the landlord and therefore it is expected that a number of these 14 stores will close in the next twelve months. It is uncertain at this stage how many of these 14 stores will be retained under new lease agreements after this period. Under the terms of the CVA, rents to all landlords are now paid monthly for the remainder of their lease terms.

The CVA has also impacted the group's relationship with key suppliers resulting in a material decline in available credit terms. Management are working with key suppliers to normalise these trading relationships and restore normal trading credit terms, but due to the short period since the conclusion of the CVA, this process is currently ongoing.

The group had bank loans totalling £678,749 at the balance sheet date. The decline in the group's trading performance since the year end and the resulting CVA means that the group is currently in breach of the financial covenants in place on these loans. However, the group has continued to meet its scheduled quarterly repayments on these facilities, forecasts that future repayments can all be made as they fall due and retains the current support of the bank. The scheduled repayments reduce the outstanding balance on these loans to £225,000 in April 2021, at which point the remaining balance falls due for repayment. The group has a reasonable expectation that it will be able to re-finance the reduced loan balance at this point.

In preparing the financial statements on a going concern basis, management have prepared forecasts based on assumptions for the number of the stores affected by the CVA which will close. In addition, assumptions have been made regarding the normalisation of credit terms and the continued availability of bank financing.

# Tossed Holdings Limited

## Notes forming part of the financial statements for the year ended 28 March 2019 (continued)

### 1 Accounting policies (continued)

#### *Going concern (continued)*

Management have also sensitised the forecasts for a down-side scenario in which all 14 stores affected by compromised rents are closed during the next nine months. This down-side scenario still demonstrates that the group has sufficient funds to meet its liabilities as they fall due for at least twelve months from the approval of the financial statements from the remaining 10 stores where rents were not compromised as part of the CVA provided that banking facilities remain available on current terms.

Given recent timing of the CVA, uncertainty over the ongoing store portfolio, and a need for a normalisation of its trading relationships and credit terms with key suppliers, there is no guarantee that the providers of banking facilities will continue to offer the same level of support on an ongoing basis nor that they would provide additional funding at peak periods over and above current overdraft levels.

These conditions indicate the existence of a material uncertainty which may cast doubt on the group's ability to continue as a going concern. However, the providers of banking facilities have recently waived certain covenant breaches and have indicated a willingness to continue to provide finance on current terms. The directors therefore consider that it is appropriate to prepare the financial statements on the going concern basis. The financial statements do not include the adjustments that would result if the group was unable to continue as a going concern.

#### *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 28 March 2019 (continued)

### 1 Accounting policies (continued)

#### *Intangible assets - goodwill*

Goodwill represents the excess of the cost of a business combination over the fair value of the group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is carried at cost less accumulated amortisation and accumulated impairment losses. Goodwill amortisation is calculated by applying the straight-line method to its estimated useful life. If a reliable estimate cannot be made, the useful life of goodwill is presumed to be 10 years. Goodwill is being amortised to 'administrative expenses' over 10 years.

Estimates of the useful economic life of goodwill are based on a variety of factors such as the expected use of the acquired business, the expected useful life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

#### *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 statement of comprehensive income 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 28 March 2019 (continued)

### 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 statement of comprehensive income 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 statement of comprehensive income 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 statement of comprehensive income 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 28 March 2019 (continued)

## 3 Turnover

	2019 £	2018 £
<i>Analysis by class of business</i>		
Restaurant Operations	17,602,617	9,601,499
Restaurant Franchising	301,505	270,853
	<hr/>	<hr/>
	17,904,122	9,872,352
	<hr/>	<hr/>
<i>Analysis of turnover by country of destination</i>		
United Kingdom	17,775,513	9,734,216
Rest of the World	128,609	138,136
	<hr/>	<hr/>
	17,904,122	9,872,352
	<hr/>	<hr/>

## 4 Operating loss

	2019 £	2018 £
This is arrived at after charging/(crediting):		
Amortisation of intangible fixed assets	623,051	383,674
Depreciation of tangible fixed assets	687,171	638,565
Depreciation leasehold premiums	11,832	2,847
Impairment of goodwill	2,182,289	-
Impairment of tangible fixed assets	-	193,456
Loss on disposal of tangible assets	30,854	36,141
Store opening and disposal costs	300,164	166,603
Hire of other assets - operating leases	2,734,663	1,607,639
Auditors' remuneration:		
- fees payable to the group's auditor for the audit of the group's annual Accounts	24,000	24,385
- tax compliance	-	14,700
- other tax services	4,500	8,056
	<hr/>	<hr/>

### Exceptional legal costs

During the prior year, £314,152 was incurred in respect of a claim served on 3 September 2015 by agents acting on behalf of a former franchisee. In the prior 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. Despite this, the agents proceeded with the claim and, whilst the Directors remained of the belief that the claim was unmeritorious, they deemed it preferable for the group's ongoing activities to settle the claim rather than proceed with the significant expense and uncertainty of a court case. The costs incurred in the prior year represent the final legal costs and settlement relating to the matter and no additional costs have been incurred in the current year.

# Tossed Holdings Limited

## Notes forming part of the financial statements for the year ended 28 March 2019 (continued)

### 5 Employees

	2019 £	2018 £
Team costs (including directors) consist of:		
Wages and salaries	6,003,680	3,515,299
Social security costs	442,949	256,536
Cost of defined contribution scheme	52,895	13,572
	<u>6,499,524</u>	<u>3,785,407</u>
The average monthly number of employees, (including directors) during the year was:	Number	Number
Central team	23	18
Store team	356	204
	<u>379</u>	<u>222</u>

A defined contribution pension scheme is operated by the group. The assets of the scheme are held separately from those of the group in an independently administered fund. Contributions amounting to £13,704 (2018 - £3,616) 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 46,300 shares under option. A total of 3,600 share options lapsed during the year. No director participates in the plan. The share-based payments charge is not material and so has not been recorded.

### 6 Directors' remuneration

	2019 £	2018 £
Directors' remuneration consists of:		
Emoluments	<u>292,028</u>	<u>288,764</u>

There were no (2018 - Nil) directors in the company's defined contribution scheme during the year.

Emoluments of the highest paid director were £133,250 (2018 - £133,081).

During the year no director (including the highest paid director) received shares under the long term incentive schemes (2018 - Nil). During the year, no directors exercised shares (2018 - Nil).



# Tossed Holdings Limited

Notes forming part of the financial statements  
for the year ended 28 March 2019 (continued)

## 7 Interest receivable and similar income

	2019 £	2018 £
Bank interest	823	149
	<u>          </u>	<u>          </u>

## 8 Interest payable and similar charges

	2019 £	2018 £
Bank loans and overdrafts	68,748	47,207
Loan notes	661,551	264,493
Finance leases	-	1,560
	<u>          </u>	<u>          </u>
	730,299	313,260
	<u>          </u>	<u>          </u>

## 9 Taxation on loss on ordinary activities

The tax assessed for the year is higher than (2018: higher than) the standard rate of corporation tax in the UK applied to loss before tax. The differences are explained below:

	2019 £	2018 £
Loss on ordinary activities before tax	(4,056,773)	(2,182,920)
	<u>          </u>	<u>          </u>
Loss on ordinary activities at the standard rate of corporation tax in the UK of 19% (2018 - 19%)	(770,787)	(414,754)
Effects of:		
Expenses not deductible for tax purposes	686,397	70,113
Fixed asset differences	14,428	49,998
Income not taxable for tax purposes	(31,243)	-
Utilisation of brought forward unrecognised tax losses	(13,604)	-
Deferred tax not recognised	114,809	294,643
	<u>          </u>	<u>          </u>
Total tax charge for the year	-	-
	<u>          </u>	<u>          </u>

The group has gross tax losses of £4,048,959 (2018: £3,850,294) 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 £2,937,447 (2018 - £290,742).

# Tossed Holdings Limited

Notes forming part of the financial statements  
for the year ended 28 March 2019 (*continued*)

## 11 Intangible fixed assets

<b>Company</b>	<b>Trademarks £</b>
<i>Cost</i>	
At 1 April 2018	1,430
Additions	-
	<hr/>
At 28 March 2019	1,430
	<hr/>
<i>Amortisation</i>	
At 1 April 2018	155
Provision for the year	131
	<hr/>
At 28 March 2019	286
	<hr/>
<i>Net book value</i>	
At 28 March 2019	1,144
	<hr/>
At 31 March 2018	1,275
	<hr/>

<b>Group</b>	<b>Goodwill on consolidation £</b>	<b>Trademarks £</b>	<b>Website £</b>	<b>Total £</b>
<i>Cost</i>				
At 1 April 2018	5,958,755	12,494	127,284	6,098,533
Additions	-	446	6,490	6,936
	<hr/>	<hr/>	<hr/>	<hr/>
At 28 March 2019	5,958,755	12,940	133,774	6,105,469
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Amortisation</i>				
At 1 April 2018	1,766,995	2,923	90,267	1,860,185
Provision for the year	595,875	1,369	25,807	623,051
Impairment	2,182,289	-	-	2,182,289
	<hr/>	<hr/>	<hr/>	<hr/>
At 28 March 2019	4,545,159	4,292	116,074	4,665,525
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 28 March 2019	1,413,596	8,648	17,700	1,439,944
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2018	4,191,760	9,571	37,017	4,238,348
	<hr/>	<hr/>	<hr/>	<hr/>

Amortisation and impairment are charged to administrative expenses in the consolidated statement of comprehensive income.

# Tossed Holdings Limited

Notes forming part of the financial statements  
for the year ended 28 March 2019 (continued)

## 12 Tangible fixed assets

Group	Leasehold improvements £	Plant and machinery £	Motor Vehicles £	Total £
<i>Cost</i>				
At 1 April 2018	2,243,618	2,351,011	4,341	4,598,970
Additions	321,246	404,543	-	725,789
Transfer of leasehold premiums	135,000	-	-	135,000
Disposals	(268,816)	(289,250)	-	(558,066)
	<hr/>	<hr/>	<hr/>	<hr/>
At 28 March 2019	2,431,048	2,466,304	4,341	4,901,693
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>				
At 1 April 2018	1,409,923	1,544,723	4,341	2,958,987
Provision for the year	280,389	406,782	-	687,171
Disposals	(238,537)	(281,492)	-	(520,029)
Transfer of leasehold premiums	(14,679)	-	-	(14,679)
	<hr/>	<hr/>	<hr/>	<hr/>
At 28 March 2019	1,437,096	1,670,013	4,341	3,111,450
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 28 March 2019	993,952	796,291	-	1,790,243
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2018	833,695	806,288	-	1,639,983
	<hr/>	<hr/>	<hr/>	<hr/>

The net book value of tangible fixed assets includes £nil (2018 - £8,622) in respect of assets held under finance leases or hire purchase contracts. The depreciation charge in respect of such assets amounted to £8,622 (2018 - £65,805) for the year.

Depreciation is charged to administrative expenses in the consolidated statement of comprehensive income.

# Tossed Holdings Limited

Notes forming part of the financial statements  
for the year ended 28 March 2019 *(continued)*

## 13 Lease premiums

	Total £
<b>Group</b>	
<i>Cost</i>	
At 1 April 2018	135,000
Transferred to tangible fixed assets	(135,000)
	<hr/>
At 28 March 2019	-
	<hr/>
<i>Depreciation</i>	
At 1 April 2018	2,847
Provision for the year	11,832
Transferred to tangible fixed assets	(14,679)
	<hr/>
At 28 March 2019	-
	<hr/>
<i>Net book value</i>	
At 28 March 2019	-
	<hr/>
At 31 March 2018	132,153
	<hr/>

## 14 Fixed asset investments

	Total £
<b>Company</b>	
Shares in group undertakings	
At 1 April 2018	8,874,822
Additions	1,367,061
Impairment	(2,271,752)
	<hr/>
At 28 March 2019	7,970,131
	<hr/>

During the year, the company purchased 102,917 shares in Tossed Limited, at a price of £11.21 for a total of £1,153,709. In addition, the company made a further investment in Vital 1 Limited of £213,352.

# Tossed Holdings Limited

Notes forming part of the financial statements  
for the year ended 28 March 2019 (continued)

## 14 Fixed asset investments (continued)

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 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

In addition, the company directly held 100% of the ordinary shares of Vital 1 Limited until 9 November 2018. This company was treated as a subsidiary until that date. The registered address for all direct and indirect subsidiaries is 31-33 Baker Street, London, W1U 8EJ.

## 15 Stock

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Raw materials and consumables	143,725	174,768	-	-

## 16 Debtors

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Trade debtors	192,458	152,839	-	-
Prepayments	1,788,205	1,700,066	-	18
Amounts owed by group undertakings	-	-	-	700,904
Taxation and social security	-	68,603	8,205	12,569
Other debtors	475,136	388,582	-	-
	2,455,799	2,310,090	8,205	713,491

Included within other debtors are rent deposits of £473,569 (2018: £348,713) which fall due for repayment after more than one year. All other amounts shown under debtors fall due for payment within one year.

# Tossed Holdings Limited

Notes forming part of the financial statements  
for the year ended 28 March 2019 (*continued*)

## 17 Creditors: amounts falling due within one year

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Bank overdrafts	-	100,305	-	-
Bank loans	201,881	835,827	-	-
Obligations under finance lease and hire purchase contracts	-	2,421	-	-
Trade creditors	2,166,559	2,432,730	49,200	33,600
Taxation and social security	133,230	101,996	-	-
Accruals	973,991	879,739	7,300	12,000
Other creditors	567,567	263,530	-	-
	<u>4,043,228</u>	<u>4,616,548</u>	<u>56,500</u>	<u>45,600</u>

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

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Loan notes	8,504,431	7,342,880	8,504,431	7,342,880
Bank loans	476,868	-	-	-
	<u>8,981,299</u>	<u>7,342,880</u>	<u>8,504,431</u>	<u>7,342,880</u>

Maturity of debt:

Group	Loans and overdrafts 2019 £	Loans and overdrafts 2018 £
In one year or less, or on demand	201,881	277,523
In more than one year but not more than two years	201,880	201,880
In more than two years but not more than five years	8,779,419	459,150
In more than five years	-	7,342,880
	<u>9,183,180</u>	<u>8,281,433</u>

Bank loans and overdrafts are secured by fixed and floating charge over the assets of the group.

# Tossed Holdings Limited

Notes forming part of the financial statements  
for the year ended 28 March 2019 (continued)

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

Company	Loan notes 2019 £	Loans notes 2018 £
In more than two years but not more than five years	8,504,431	-
In more than five years	-	7,342,880
	<u>8,504,431</u>	<u>7,342,880</u>

The loan notes, including accrued rolled up interest, fall due for repayment on 18 April 2023.

## 19 Financial instruments

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

	Group 2019 £	Group 2018 £
<b>Financial assets</b>		
Financial assets that are debt instruments measured at amortised cost	<u>1,069,233</u>	<u>1,337,704</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<u>12,891,297</u>	<u>11,959,436</u>

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.

## 20 Share capital

	2019 £	2018 £
<i>Allotted, called up and fully paid</i>		
1,147,793 (2018 - 1,147,793) ordinary shares of 1p each	<u>11,478</u>	<u>11,478</u>

# Tossed Holdings Limited

## Notes forming part of the financial statements for the year ended 28 March 2019 (continued)

### 21 Disposal of subsidiary

#### Disposal of Vital 1 Limited

On 9 November 2018, the group disposed of its 100% interest in the ordinary share capital of Vital 1 Limited as this company was placed into creditors voluntary liquidation. The disposal was undertaken as part of a group restructuring which resulted in the trade and assets of Vital 1 Limited being transferred to Zest Food Limited, another wholly owned subsidiary of the group.

The net liabilities of Vital 1 Limited at the point of the disposal were £207,807. No proceeds were received from the disposal and therefore, the profit on disposal recorded in the group accounts was £207,807.

### 22 Commitments under operating leases

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

	Land and buildings 2019 £	Other 2019 £	Land and Buildings 2018 £	Other 2018 £
Not later than 1 year	2,412,702	54,170	2,629,000	43,944
Later than 1 year and not later than 5 years	8,997,373	108,675	9,637,666	16,910
Later than 5 years	11,190,306	-	12,313,375	-
	<u>22,600,381</u>	<u>162,845</u>	<u>24,580,041</u>	<u>60,854</u>

### 23 Related party transactions

V D Mckevitt is also a director of Chelsea Fine Foods Limited. Sales of £724 (2018 - £1,840) were made to Chelsea Fine Foods Limited during the year, whilst purchases of £4,158 (2018 - £18,292) were made in the same period. All transactions were conducted on an arm's length basis on normal trading terms. At 28 March 2019, £Nil (2018 - £Nil) was owed to Chelsea Fine Foods Limited and £Nil (2018 - £286) was owed by Chelsea Fine Foods Limited.

### 24 Post balance sheet events

As described in note 1 to the financial statements under the section on going concern, the group's principal trading subsidiary, Zest Food Limited agreed with its creditors, proposals for a Company Voluntary Arrangement (CVA) on 12 December 2019.

Under the terms of the CVA, no stores have been immediately closed, although rents have been significantly reduced on 14 of the group's stores until such time as the stores are vacated or a new lease agreement is reached with the respective landlords. The rents on the remaining 10 stores in the property estate have not been compromised as part of the CVA. Two months' notice can be served on these 14 stores by either the group or the landlord and therefore it is expected that a number of these stores will close in the next twelve months. It is uncertain at this stage how many of these 14 stores will be retained under new lease agreement after this period.

The impact of this cannot be quantified at the current time and no adjustments have been made in these financial statements to reflect the outcome of the CVA as it is a non-adjusting post balance sheet event.

The group has recently agreed with both Welcome Break and CoOp to terminate their franchise agreements and close the stores they operate. This will not have a material impact on next year's financial statements, but unless new franchisees are sourced, the group's franchise revenue is expected to materially reduced in the financial year ending in March 2021.