REGISTERED NUMBER: 10303138 (England and Wales)

STRATEGIC REPORT,

REPORT OF THE DIRECTORS AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

FOR

TH UK & IRELAND LIMITED

CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

TH UK & IRELAND LIMITED

COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2019

DIRECTORS:	G Dhaliwal J S Dhillon S S Kandola K J Hydes A G De Macedo L L Muniz
REGISTERED OFFICE:	Fortune House Crabtree Office Village Eversley Way Egham Surrey TW20 8RY
REGISTERED NUMBER:	10303138 (England and Wales)
AUDITORS:	BDO LLP Newton House Cambridge Business Park Cambridge Cambridgeshire CB4 0WZ

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their strategic report for the year ended 31 December 2019.

REVIEW OF BUSINESS

The directors aim to present a balanced and comprehensive review of the developments and performance of the business during the period and its position at the period end. This review is consistent with the size and complexity of the business and is written in the context of the risks and uncertainties faced by the business.

The company's trade continued to be that of providing goods and services in respect of fast food and drink restaurants. We aim to deliver quality products with a range of price points to ensure value for all customers. We continue to monitor macroeconomic conditions and ensure that our New product development and innovation, marketing and pricing strategies respond to changing market conditions.

The directors are pleased with the results for the year, which are in line with their expectations. The focus upon Drive Thru restaurant openings and sites in high footfall, high street locations has proven to provide highly profitable sales.

Four new restaurants were successfully opened including three new Drive Thru restaurants in Paisley, Glengormley, Cumbernauld and one flagship site in Leicester. There were no closures. Turnover amounted to £934,000 for the year.

The directors consider that the key financial performance indicators are those that communicate the financial performance and strengths of the company, these being Turnover and Profitability. Compared to prior year the turnover of the company increased by 42% and the earnings before interest tax depreciation and amortisation (EBITDA) for the financial year improved by 67% demonstrating substantial positive trajectory.

Future Developments

The Quick Service Restaurant industry remains a strongly competitive environment. We continue to invest in new restaurants and are continually looking at innovative concepts which will increase our sales revenue and market share.

PRINCIPAL RISKS AND UNCERTAINTIES

The company faces a number of risks and uncertainties which may have an adverse impact on its operations, performance, future targets and the ability to deliver its targets. The risks and uncertainties noted below do not comprise all of the risks associated with the company and are not set out in any order of priority.

Financial Instruments

The company makes little use of financial instruments other than an operational bank account and so its exposure to price risk, liquidity and cash flow is not material for the assessment of the assets, liabilities and financial position of the company,

Interest Rate Risk

The company finances its operations through investment and generated cash flows. As a result, there is minimal risk associated in this area.

Brexit

In common with many other businesses, we share concerns relating to the withdrawal of the UK from the EU, commonly referred to as Brexit. While we are in the transition period we consider the possibility of the UK leaving the EU without any form of a trade agreement is unlikely, we feel secure that we have preparations in place with our key suppliers to ensure minimal disruption regardless of the output of Brexit negotiations.

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

COVID-19
From an operational perspective, our response to COVID-19 has been in-line with U.K. Government guidance, and we have implemented new measures to ensure the safe welfare of our employees and customers. Our supply chain is stable, and we are confident we can meet the fast-changing environment.

The continued uncertainty surrounding the impact of the COVID-19 pandemic remains a key focus for the directors. Management are confident that the measures introduced, and experience gained as a result of the initial outbreak, will mean any future impact should be less severe and disruptive and that the company will be able to mitigate the risk effectively and take opportunities arising from it to grow and strengthen the business.

Going concern assessment
The financial statements have been prepared on a going concern basis. In making their assessment, the directors have considered the impact of COVID-19 on the company's customers, suppliers and staff and welfare is a top priority.

Our trading performance prior to COVID-19 was on an upward trajectory and has been excellent following the national lockdown and during the period of any regional restrictions. Our customer proposition is well placed to highly satisfy customers seeking quick service, freshly prepared food and beverages in a safe, clean and welcoming environment. We are seeing strong transactional growth and an increase in new customer visits and expect this to continue.

The challenges and negative impact on other operators within the hospitality sector are providing significant opportunities for new restaurant growth as more sites become available and the displacement of employees is providing us the opportunity to hire experienced, talented operators.

The company has prepared budgets and forecasts for the next twelve months, which consider changes in trading conditions because of the COVID-19 pandemic. These demonstrate that the company has the financial strength to cope with any uncertainties, and capitalise upon new opportunities to grow the business faster.

Based on the above the directors believe that the company will continue to have adequate financial resources for the foreseeable future and additional investment secured from its shareholders will support its continued expansion.

ON BEHALF OF THE BOARD:

....
S S Kandola - Director

Date: 18th February 2021

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their first report with the financial statements of the company for the year ending 31 December 2019.

PRINCIPAL ACTIVITY
The principal activity of the company in the year under review was that of providing goods and services in respect of fast food and drink restaurants.

The following stores were opened in year to 31 December 2019:

Paisley - Renfrew Road Retail Park (Scotland)	25/09/2019
Glengormley (NI)	19/11/2019
Leicester - East Gates (England)	28/11/2019
Cumbernauld - Westfield Road Retail Park (Scotland)	10/12/2019

DIVIDENDS
No dividends will be distributed for the year ended 31 December 2019.

DIRECTORS
The directors shown below have held office during the whole of the period from 1 January 2019 to the date of this report.

G Dhaliwal
J S Dhillon
S S Kandola
K J Hydes
A G De Macedo
L L Muniz

POST BALANCE SHEET EVENTS
Since the year the company has been affected by the impact of the coronavirus (COVID-19) pandemic. Details of this are set out in the principal risk and uncertainties section in the Strategic Report and in Note 19. No adjustments are required to the accounts of the company for the year as the effects of the pandemic are not considered an adjusting post balance sheet event.

Since the year end the company took a commercial decision to close two under performing stores and any impairment relating to these have been fully provided in these accounts. The company has also secured substantial further investment and support from its shareholders to enable it to fund the agreed expansion plans.

BUSINESS REVIEW
A review of the business and its principal risks and uncertainties is set out in the strategic report on pages 2 and 3 of these financial statements.

EMPLOYMENT OF DISABLED PERSONS
The company is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind. Particular attention is given to the training and promotion of disabled employees to ensure that their career development is not unfairly restricted by their disability, or perceptions of it.

The company's HR procedures make clear that full and fair consideration must be given to applications made by and the promotion of disabled persons. Where an employee becomes disabled whilst employed by the company, the HR procedures also require that reasonable effort is made to ensure they have the opportunity for continued employment within the company. Retraining of employees who become disabled whilst employed by the company is offered where appropriate.

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2019

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors 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 financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 company and of the profit or loss of the 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;
- 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, BDO LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

....

S S Kandola - Director

Date: 18th February 2021

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TH UK & IRELAND LIMITED

Opinion

We have audited the financial statements of TH UK & Ireland Limited ("the Company") for the year ended 31 December 2019 which comprise Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and 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 Company's affairs as at 31 December 2019 and of its 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.

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 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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

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 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, or returns adequate for our audit have not been received from branches not visited by us; or

- the financial statements are not in agreement with the accounting records and returns; or

- certain disclosures of Directors' remuneration specified by law are not made; or

- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the 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, 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 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 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 on the Financial Reporting Council's website at:
https://www.frc.org.uk/auditorsresponsibilities . This description forms part of our auditor's report.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TH UK & IRELAND LIMITED

Use of our report

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

BDO LLP

Piers Harrison (Senior Statutory Auditor)
for and on behalf of BDO LLP
Cambridge

Date: 19 February 2021

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

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	31.12.19 £	31.12.18 £
TURNOVER		14,595,211	10,282,404
Cost of sales		14,320,512	13,743,568
GROSS PROFIT/(LOSS)		274,699	(3,461,164)
Administrative expenses		4,767,302	4,951,797
		(4,492,603)	(8,412,961)
Other operating income		539,039	107,907
OPERATING LOSS and LOSS BEFORE TAXATION		(3,953,564)	(8,305,054)
Tax on loss	6	-	-
LOSS FOR THE FINANCIAL YEAR		(3,953,564)	(8,305,054)

The notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2019

	Notes	31.12.19 £	31.12.19 £	31.12.18 £	31.12.18 £
FIXED ASSETS					
Intangible assets	7		134,040		162,412
Tangible assets	8		12,064,939		11,475,129
			12,198,979		11,637,541
CURRENT ASSETS					
Stocks	9	600,252		693,987	
Debtors	10	1,752,433		6,221,213	
Cash at bank and in hand		1,743,525		1,061,134	
		4,096,210		7,976,334	
CREDITORS					
Amounts falling due within one year	11	4,120,259		3,597,881	
NET CURRENT (LIABILITIES)/ASSETS			(24,049)		4,378,453
TOTAL ASSETS LESS CURRENT LIABILITIES			12,174,930		16,015,994
PROVISIONS FOR LIABILITIES	13		112,500		-
NET ASSETS			12,062,430		16,015,994
CAPITAL AND RESERVES					
Called up share capital	14		1,000		1,000
Share premium	15		31,999,000		31,999,000
Retained earnings	15		(19,937,570)		(15,984,006)
SHAREHOLDERS' FUNDS			12,062,430		16,015,994

The financial statements were approved by the Board of Directors and authorised for issue on ....18th February 2021......... and were signed on its behalf by:

....

S S Kandola - Director

The notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up share capital £	Retained earnings £	Share premium £	Total equity £
Balance at 1 January 2018	1,000	(7,678,952)	31,999,000	24,321,048
Changes in equity				
Total comprehensive loss	-	(8,305,054)	-	(8,305,054)
Balance at 31 December 2018	1,000	(15,984,006)	31,999,000	16,015,994
Changes in equity				
Total comprehensive loss	-	(3,953,564)	-	(3,953,564)
Balance at 31 December 2019	1,000	(19,937,570)	31,999,000	12,062,430

The notes form part of these financial statements

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	31.12.19 £	31.12.18 £
Cash flows from operating activities			
Cash generated from operations	1	(387,108)	(7,736,809)
Net cash from operating activities		(387,108)	(7,736,809)
Cash flows from investing activities			
Purchase of intangible fixed assets		-	(72,464)
Purchase of tangible fixed assets		(2,931,401)	(5,259,368)
Sale of tangible fixed assets		900	282,766
Net cash from investing activities		(2,930,501)	(5,049,066)
Cash flows from financing activities			
Receipt of amounts owed from share issue		4,000,000	13,000,000
Net cash from financing activities		4,000,000	13,000,000
Increase in cash and cash equivalents		682,391	214,125
Cash and cash equivalents at beginning of year	2	1,061,134	847,009
Cash and cash equivalents at end of year	2	1,743,525	1,061,134

The notes form part of these financial statements

NOTES TO THE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2019

1. RECONCILIATION OF LOSS BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	31.12.19	31.12.18
	£	£
Loss before taxation	(3,953,564)	(8,305,054)
Depreciation charges	1,866,081	1,879,072
Loss on disposal of fixed assets	85,095	423,715
Amortisation of intangible fixed assets	8,531	7,607
Impairment of intangible fixed assets	19,839	-
Impairment of tangible fixed assets	502,015	-
	(1,472,003)	(5,994,660)
Decrease/(increase) in stocks	93,735	(391,973)
Decrease in trade and other debtors	468,780	293,630
Increase/(decrease) in trade and other creditors	522,380	(1,643,806)
Cash generated from operations	(387,108)	(7,736,809)

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31 December 2019

	31/12/19	1/1/19
	£	£
Cash and cash equivalents	1,743,525	1,061,134

Year ended 31 December 2018

	31/12/18	1/1/18
	£	£
Cash and cash equivalents	1,061,134	847,009

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1/1/19	Cash flow	At 31/12/19
	£	£	£
Net cash			
Cash at bank and in hand	1,061,134	682,391	1,743,525
	1,061,134	682,391	1,743,525
Total	1,061,134	682,391	1,743,525

1. STATUTORY INFORMATION

TH UK & Ireland Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The functional and presentation currency of the financial statements is the Pound Sterling (£).

Monetary amounts in these financial statements are rounded to the nearest £.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006.

3. ACCOUNTING POLICIES

Basis of preparing the financial statements
The financial statements have been prepared under the historical cost convention.

Going Concern
The financial statements have been prepared on a going concern basis. In making their assessment, the directors have considered the impact of COVID-19 on the company's customers, suppliers and staff and welfare is a top priority.

Our trading performance prior to COVID-19 was on an upward trajectory and has been excellent following the national lockdown and during the period of any regional restrictions. Our customer proposition is well placed to highly satisfy customers seeking quick service, freshly prepared food and beverages in a safe, clean and welcoming environment. We are seeing strong transactional growth and an increase in new customer visits and expect this to continue.

The challenges and negative impact on other operators within the hospitality sector are providing significant opportunities for new restaurant growth as more sites become available and the displacement of employees is providing us the opportunity to hire experienced, talented operators.

The company has prepared budgets and forecasts for the next twelve months, which consider changes in trading conditions because of the COVID-19 pandemic. These demonstrate that the company has the financial strength to cope with any uncertainties, and capitalise upon new opportunities to grow the business faster.

The company's financial resources are supported by a legally binding agreement from its shareholders to invest further funds into the company by increasing their equity which will ensure that additional funding is available to support the company's continued expansion.

The directors have considered the cashflow requirements of the company for a period of twelve months from the date of approval of these financial statements and are satisfied that sufficient financial resources will continue to be made available for the foreseeable future and that there are sufficient financial resources available to meet capital expenditure targets under its master franchise agreement.

continued...

3. ACCOUNTING POLICIES - continued

Significant judgements and estimates

In applying the company's accounting policies, the directors are required to make judgements, estimates and assumptions in determining the carrying value of assets and liabilities. The directors' judgement, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made and are based on historical experience and other factors that considered to be applicable. Due to the inherent sensitivity involved in making judgements, estimates and assumptions, the actual results and outcomes may differ.

The estimates and underlying assumptions are reviewed on an ongoing basis. Any revisions to accounting estimates are recognised prospectively.

The directors have made key assumptions regarding the expected useful life of tangible fixed assets, these being depreciated at the rates documented in the accounting policies. The expected useful life for each asset class has been determined by the director's expectation for the store operating life and their experience of the industry.

As the company undertakes further growth of the sites it operates, professional costs are incurred. These costs where applicable to a new store opening are capitalised, otherwise they are treated as abortive legal costs in the statement of Comprehensive Income.

Key assumptions have also been made in respect of the calculation of leasing agreements.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Turnover is recognised when the amount of revenue can be measured reliably, when it is probable that future economic benefits will flow to the entity and when specific criteria have been met.

Turnover represents amounts receivable for the provision of the company's principal activity wholly undertaken in the the United Kingdom, revenue is recognised at the date the goods and services are provided to the customer.

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

An impairment loss has been recognised in the Statement of Comprehensive Income, following an assessment at the Statement of Financial Position date indicating the recoverable amount was less than its carrying value.

Franchise fees are being amortised evenly over their estimated useful life of twenty years.

Intangible asset amortisation is included in administrative expenses in the statement of comprehensive income.

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3. ACCOUNTING POLICIES - continued

Tangible fixed assets
Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Improvements to property	- 10% on reducing balance
Plant and machinery	- 25% on reducing balance
Fixtures and fittings	- 25% on reducing balance
Motor vehicles	- 25% on reducing balance

Tangible fixed assets are initially measured at cost and subsequently measured at cost net of depreciation and any impairment losses. Depreciation of a tangible fixed assets begins when it is in the location and condition necessary available for the use intended.

Tangible fixed assets include assets under construction which are not depreciated. Upon completion, the depreciation rates above will be applied to write the cost over the assets expected useful life.

Tangible fixed asset depreciation is included in administrative expenses in the statement of comprehensive income.

Stocks
Stocks are measured at the lower of cost and net realisable value to complete and sell. Cost is calculated on a first in, first out basis (FIFO) and includes all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Allowances for obsolete and slow moving items are provided for.

Taxation
Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax
Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Foreign currencies
Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Pension costs and other post-retirement benefits
The company operates a defined contribution pension scheme. Company contributions payable to the company's pension scheme are charged to the statement of comprehensive income in the period to which they relate.

continued...

3. ACCOUNTING POLICIES - continued

Impairment of non-financial assets
At each reporting date non-financial assets not carried at fair value, like intangible assets and plant, property and equipment, are reviewed to determine whether there is an indication that an asset may be impaired. If there is an indication of possible impairment, the recoverable amount of any asset or group of related assets, which is the higher of value in use and the fair value less cost to sell, is estimated and compared with its carrying amount. If the recoverable amount is lower, the carrying amount of the asset is reduced to its recoverable amount and an impairment loss is recognised *immediately in profit or loss.*

Inventories are also assessed for impairment at each reporting date. The carrying amount of each item of inventory, or group of similar items, is compared with its selling price less costs to complete and sell. If an item of inventory or group of similar items is impaired, its carrying amount is reduced to selling price less costs to complete and sell, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss is subsequently reversed, the carrying amount of the asset or group of related assets is increased to the revised estimate of its recoverable amount, but not to exceed the amount that would have been determined had no impairment loss been recognised for the asset or group of related assets in prior periods. A reversal of an impairment loss is recognised immediately in profit or loss.

Leasing commitments
Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the lease term.

4. EMPLOYEES AND DIRECTORS

	31.12.19	31.12.18
	£	£
Wages and salaries	5,996,576	5,986,291
Social security costs	413,808	419,160
Other pension costs	106,651	61,918
	6,517,035	6,467,369

The average number of employees during the year was as follows:

	31.12.19	31.12.18
Directors	6	4
Employees	418	512
	424	516

	31.12.19	31.12.18
	£	£
Directors' remuneration	186,289	294,827
Directors' pension contributions to money purchase schemes	5,190	4,612

continued...

5. OPERATING LOSS

The operating loss is stated after charging:

	31.12.19	31.12.18
	£	£
Depreciation - owned assets	1,866,082	1,879,072
Loss on disposal of fixed assets	85,095	175,071
Franchise fees amortisation	8,532	7,607
Auditors' remuneration	28,500	28,750
Operating leases	1,841,030	929,223
New store development abortive costs	151,525	248,644
Impairment of intangible fixed assets	19,839	-
Impairment of tangible fixed assets	502,015	-

6. TAXATION

Analysis of the tax charge
No liability to UK corporation tax arose for the year ended 31 December 2019 nor for the year ended 31 December 2018.

Reconciliation of total tax charge included in profit and loss
The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	31.12.19	31.12.18
	£	£
Loss before tax	(3,953,564)	(8,305,054)
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	(751,177)	(1,577,960)
Effects of:		
Expenses not deductible for tax purposes	30,363	75,048
Deferred tax asset not recognised	720,814	1,502,912
Total tax charge	-	-

The company has approximately £18.3m (2018: £14.6m) of taxable losses carried forward.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Due to uncertainty concerning the recoverability of the tax losses carried forward, no deferred tax asset has been recognised.

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7. INTANGIBLE FIXED ASSETS

	Franchise fees £
COST	
At 1 January 2019	170,626
Impairments	(22,012)
At 31 December 2019	148,614
AMORTISATION	
At 1 January 2019	8,214
Amortisation for year	8,532
Impairments	(2,172)
At 31 December 2019	14,574
NET BOOK VALUE	
At 31 December 2019	134,040
At 31 December 2018	162,412

8. TANGIBLE FIXED ASSETS

	Improvements to property £	Plant and machinery £	Fixtures and fittings £
COST			
At 1 January 2019	7,938,898	4,746,673	668,498
Additions	1,545,383	1,090,657	191,265
Disposals	(92,627)	(3,240)	-
Impairments	(597,624)	(67,979)	(16,014)
Reclassification/transfer	93,300	-	-
At 31 December 2019	8,887,330	5,766,111	843,749
DEPRECIATION			
At 1 January 2019	796,201	1,252,676	184,962
Charge for year	752,355	950,132	140,186
Eliminated on disposal	(8,449)	(1,424)	-
Impairments	(115,996)	(56,220)	(7,386)
At 31 December 2019	1,424,111	2,145,164	317,762
NET BOOK VALUE			
At 31 December 2019	7,463,219	3,620,947	525,987
At 31 December 2018	7,142,697	3,493,997	483,536

continued...

8. TANGIBLE FIXED ASSETS - continued

	Motor vehicles £	Assets under construction £	Totals £
COST			
At 1 January 2019	133,783	261,263	13,749,115
Additions	-	216,596	3,043,901
Disposals	-	-	(95,867)
Impairments	-	-	(681,617)
Reclassification/transfer	-	(93,300)	-
At 31 December 2019	133,783	384,559	16,015,532
DEPRECIATION			
At 1 January 2019	40,147	-	2,273,986
Charge for year	23,409	-	1,866,082
Eliminated on disposal	-	-	(9,873)
Impairments	-	-	(179,602)
At 31 December 2019	63,556	-	3,950,593
NET BOOK VALUE			
At 31 December 2019	70,227	384,559	12,064,939
At 31 December 2018	93,636	261,263	11,475,129

9. STOCKS

	31.12.19 £	31.12.18 £
Finished goods	600,252	693,987

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.19 £	31.12.18 £
Trade debtors	448,630	208,918
Other debtors	606,247	893,670
VAT	-	105,472
Called up share capital not paid	-	4,000,000
Accrued income	5,415	390,672
Prepayments	692,141	622,481
	1,752,433	6,221,213

continued...

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.19	31.12.18
	£	£
Trade creditors	1,942,504	1,298,849
Amounts owed to related parties	212,791	458,667
Social security and other taxes	115,526	112,503
VAT	152,885	-
Other creditors	121,568	14,674
Deferred income	51,630	113,895
Accrued expenses	1,523,355	1,599,293
	4,120,259	3,597,881

12. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	31.12.19	31.12.18
	£	£
Within one year	1,818,613	1,653,113
Between one and five years	6,994,362	6,635,905
In more than five years	7,003,709	7,292,820
	15,816,684	15,581,838

13. PROVISIONS FOR LIABILITIES

	31.12.19	31.12.18
	£	£
Other provisions	112,500	-

	Dilapidation
	£
Charge to Statement of Comprehensive Income during year	112,500
Balance at 31 December 2019	112,500

Dilapidation provisions are expected to be utilised within the lease term applicable, unless existing store leases are renewed.

14. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31.12.19	31.12.18
			£	£
100	Ordinary A	£1	100	100
900	Ordinary B	£1	900	900
			1,000	1,000

continued...

14. CALLED UP SHARE CAPITAL - continued

The holders of 50% or more of the A Shares and B Shares shall be entitled to appoint two directors. Otherwise, on a show of hands every shareholder shall have one vote for each share of which he is the holder. Shares rank equally for dividends, distributions and capital and are not liable to be redeemed.

15. RESERVES

	Retained earnings £	Share premium £	Totals £
At 1 January 2019	(15,984,006)	31,999,000	16,014,994
Deficit for the year	(3,953,564)		(3,953,564)
At 31 December 2019	(19,937,570)	31,999,000	12,061,430

Called up share capital - represents the nominal value of shares that have been issued.

Share premium account - includes any premiums received on issue of share capital.

Retained earnings - includes all current retained profits and losses.

16. PENSION COMMITMENTS

The company operates a defined contribution pension scheme. The assets of the scheme are held separate from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund.

17. RELATED PARTY DISCLOSURES

At the balance sheet date TH UK & Ireland Limited were due £nil (2018: £4,000,000) from the shareholding directors being unpaid share capital.

Other related parties

	31.12.19 £	31.12.18 £
Purchases	1,653,089	1,982,269
Amount due to related party	212,791	458,667

The amounts included above concern transactions with another company in which Mr S Kandola and Mr G Dhaliwal are directors and have a controlling interest.

There are also transactions concerning Tim Hortons Restaurants International GMBH.

There are no terms and conditions attached to the amounts owing which are unsecured.

Guarantees
DPSK Limited, a company in which Mr S Kandola and Mr G Dhaliwal are directors with a controlling interest has provided guarantees of £1,195,000. This total covers £825,000 for rental of leasehold property and £370,000 for a trade supplier.

18. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is S S Kandola.

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19. POST BALANCE SHEET EVENTS

Since the year end the company has been affected by the worldwide outbreak of coronavirus (COVID-19) pandemic. The company has experienced disruption due to the Government ordered lockdown, which all of the Company's stores were closed from 23 March 2020. At the date of the approval of these financial statements, the stores have since reopened and have been doing progressively well over recent months. While the company could experience further business disruption, there is uncertainty around when and to what extent such disruption will occur. Management is monitoring the business closely and is actively planning various scenarios to manage cash flows through any uncertain period.

The company is also continuing with its planned expansion and has secured further investment from its shareholders to provide the funding required. In December 2020 the company entered into a revised Master Franchise agreement which ensures that the company's strategic plan meets the terms of that agreement.

The directors continue to closely monitor the performance of the company's stores and since the year end has closed two under performing stores to enable the company to concentrate and target its expansion on more profitable locations.

At the year end, coronavirus (COVID-19) had not been identified as a worldwide threat and accordingly the impact of any factors resulting from the virus are considered in these financial statements to be a non-adjusting post balance sheet event.