

COMPANY REGISTRATION NUMBER: 05165526

Kram Restaurants Limited
Financial Statements
31 December 2020

Kram Restaurants Limited

Financial Statements

Period from 30 December 2019 to 31 December 2020

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Kram Restaurants Limited

Officers and Professional Advisers

The board of directors

Mr M Issa
Mr Z V Issa

Company secretary

Mr I Patel

Registered office

Waterside Head Office
Haslingden Road
Guide
Blackburn
Lancashire
England
BB1 2FA

Auditor

Maneely Mc Cann
Chartered Accountants & Statutory Auditors
Aisling House
50 Stranmillis Embankment
Belfast
BT9 5FL

Bankers

Lloyds Bank Plc
32 Oxford Street
London
W1R 2BS
Lloyds
45 High Street
Maidenhead
Berkshire
SL6 1JL

Solicitors

Everheds Sutherland
Eversheds House
70 Great Bridgewater Street
Manchester
M1 5ES

Shoosmiths (Manchester)
The XYZ Building
2 Hardman Boulevard
Spinningfields
Manchester
M3 3AZ

Shoosmiths (Birmingham)
2 Colmore Square
38 Queensway
Birmingham
B4 6BJ

Hill Dickinson
50 Fountain Street
Manchester
M2 2AS

Freeths
Cumberland Court
80 Mount Street
Nottingham
NG1 6HH

Skadden, Arps, Slate, Meagher & Flom LLP
40 Bank Street
Canary Wharf
London

E14 5DS
Allen & Overy
One Bishops Square
London
E1 6AD

Kram Restaurants Limited

Strategic Report

Period from 30 December 2019 to 31 December 2020

Principal activities and business review

The principal activity of the company during the year continues to be that of the provision of fast food services under franchises with Kentucky Fried Chicken (Great Britain) Limited. The company's revenues are generated by fast food sales. The company operates throughout England. The COVID-19 pandemic has been without precedent in living memory and continues to impact our operations, as it has since early March 2020. The pandemic has seen repercussions for our customers, colleagues and business partners across all business streams. We have seen restrictions and adaptations to our portfolio of stores - limitations on in-store dining, which has been offset through the growth in demand for take-out and home delivery. Our outlets were temporarily closed from the end of March 2020, substantially reopening in May 2020 albeit with some restrictions on operations. The strong growth in demand for delivery and drive-thru food service has meant that our business has largely traded at or slightly above expected levels. Overall the directors are satisfied with the company's results for the period. The KFC franchise business continues to trade strongly. The key performance indicators that management monitored on a monthly basis during the year were as follows: - store by store growth compared to prior period - food costs as a percentage of sales - labour costs as a percentage of sales - labour hours used on a weekly, store by store basis compared to sales achieved and same week prior year. The company is well placed to deal with any uncertainties that may arise and the directors are involved in prudent business planning and working closely with the company's key stakeholders. The directors continue to seek opportunities for investment and development that fit with the company's strategic objectives. The company's actual result for the year is an operating profit of £1.1m (2019: £0.9m) and a profit on ordinary activities before tax of £1.1m (2019: £0.9m). At the year end net assets of the company were £6.9m (2019: £6.01m).

Future developments

The company transferred its trade to a fellow group company, Scotco Restaurants Limited, on 29 November 2020, consequently the trading results for the period have been included in 'Discontinued operations' in the Statement of Income and Retained Earnings.

Principal risks and uncertainties

The KFC business is sensitive to consumer spending habits, inflation and increased costs which include wages, energy costs and direct costs. The directors however focus strongly on managing and mitigating these risks as well as exploring new opportunities for the business.

Financial risk management

The company's operations expose it to a variety of financial risks in respect to its use of financial instruments that include liquidity risk and interest rate risk. Credit risk is negligible as the company does not make any credit sales. Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub committee. The policies are set and reviewed by the directors, and are implemented by the company's finance team. The main risks are summarised below: Liquidity risk The company actively maintains a mixture of long-term and short-term finance to ensure sufficient liquidity available for operations and any planned expansions. Interest rate risk The company finances its operations through a combination of bank overdrafts and loans from related parties, and has a policy of maintaining debt at competitive rates to ensure a reasonable degree of certainty over future interest cash flows. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature.

This report was approved by the board of directors on 12 September 2022 and signed on behalf of the board by:

Mr Z V Issa

Director

Registered office:

Waterside Head Office

Haslingden Road

Guide

Blackburn

Lancashire

England

BB1 2FA

Kram Restaurants Limited

Directors' Report

Period from 30 December 2019 to 31 December 2020

The directors present their report and the financial statements of the company for the period ended 31 December 2020 .

Directors

The directors who served the company during the period were as follows:

Mr M Issa	(Appointed 10 March 2020)
Mr Z V Issa	(Appointed 10 March 2020)
Mrs L E Herbert	(Resigned 10 March 2020)
Mr A G Pumell	(Resigned 25 February 2020)
Mr M A Herbert	(Resigned 10 March 2020)
Mr J Carlisle	(Resigned 10 March 2020)

Dividends

The directors do not recommend the payment of a dividend.

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, 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 period. 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). 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 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 judgments 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. Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and - they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board of directors on 12 September 2022 and signed on behalf of the board by:

Mr Z V Issa

Director

Registered office:

Waterside Head Office

Haslingden Road

Guide

Blackburn

Lancashire

England

BB1 2FA

Kram Restaurants Limited

Independent Auditor's Report to the Members of Kram Restaurants Limited

Period from 30 December 2019 to 31 December 2020

Qualified opinion

We have audited the financial statements of Kram Restaurants Limited (the 'company') for the period ended 31 December 2020 which comprise the statement of income and retained earnings, statement of financial position and the related notes, 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 FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice). In our opinion, except for the effects of the matter described in the basis for qualified opinion section of our report, the financial statements: - give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the period then ended; - have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; - have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for qualified opinion

Payroll records for the period from 29 December 2019 to 2 July 2020, and, 31 October 2020 to 29 November 2020, and Furlough Grant Claim records for the period were not made available to us. We were unable to obtain sufficient appropriate audit evidence regarding the Wages and salaries, Social security costs, Other pension costs, and Government grant income. Consequently we were unable to determine whether any adjustments to these amounts were necessary. We did not receive all of the purchase invoices requested in our sample for testing the completeness and accuracy of purchases included in Cost of Sales. We were unable to obtain sufficient appropriate audit evidence regarding purchases included in Cost of Sales. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

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 qualified opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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 the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the 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 or the directors' report. Arising from the limitation of our work referred to above: - we have not received all the information and explanations we require for our audit. - we were unable to determine whether adequate accounting records have been kept. 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: - 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.

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 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. Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below: Identifying and assessing potential risks related to irregularities In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the Group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the Group's documentation of their policies and procedures relating to:

- identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
- detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
- the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. We also obtained an understanding of the legal and regulatory frameworks that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the Companies Act 2006 and Taxation Legislation. Audit response to risks identified Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management and external legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in new making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business. We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit. As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the

disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. 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.

Cathal Maneely

(Senior Statutory Auditor)

For and on behalf of

Maneely Mc Cann

Chartered Accountants & Statutory Auditors

Aisling House

50 Stranmillis Embankment

Belfast

BT9 5FL

12 September 2022

Kram Restaurants Limited

Statement of Income and Retained Earnings

Period from 30 December 2019 to 31 December 2020

	Note	31 Dec 20			29 Dec 19		
		Continuing operations	Discont'd operations	Total	Continuing operations	Discont'd operations	Total
		£	£	£	£	£	£
Turnover	4	–	6,658,327	6,658,327	–	6,962,468	6,962,468
Cost of sales		–	3,821,865	3,821,865	–	4,073,533	4,073,533
Gross profit		–	2,836,462	2,836,462	–	2,888,935	2,888,935
Administrative expenses		–	1,775,093	1,775,093	–	2,114,112	2,114,112
Other operating income	5	69,920	–	69,920	–	123,880	123,880
Operating profit	6	69,920	1,061,369	1,131,289	–	898,703	898,703
Profit before taxation		69,920	1,061,369	1,131,289	–	898,703	898,703
Taxation on ordinary activities	9	245,811	(28,117)	217,694	–	23,018	23,018
Profit for the financial period and total comprehensive income		(175,891)	1,089,486	913,595	–	875,685	875,685
Retained earnings at the start of the period				6,005,037			5,129,352
Retained earnings at the end of the period				6,918,632			6,005,037

Kram Restaurants Limited
Statement of Financial Position
31 December 2020

		31 Dec 20	29 Dec 19
	Note	£	£
Fixed assets			
Intangible assets	10	–	122,245
Tangible assets	11	–	1,026,334
		–	1,148,579
Current assets			
Stocks	12	–	48,326
Debtors	13	7,075,567	5,289,989
Cash at bank and in hand		163,749	201,119
		7,239,316	5,539,434
Creditors: amounts falling due within one year	14	319,684	653,859
Net current assets		6,919,632	4,885,575
Total assets less current liabilities		6,919,632	6,034,154
Provisions			
Taxation including deferred tax	15	–	28,117
Net assets		6,919,632	6,006,037
Capital and reserves			
Called up share capital	20	1,000	1,000
Profit and loss account	21	6,918,632	6,005,037
Shareholders funds		6,919,632	6,006,037

These financial statements were approved by the board of directors and authorised for issue on 12 September 2022 , and are signed on behalf of the board by:

Mr Z V Issa

Director

Company registration number: 05165526

Kram Restaurants Limited

Notes to the Financial Statements

Period from 30 December 2019 to 31 December 2020

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Waterside Head Office, Haslingden Road, Guide, Blackburn, Lancashire, BB1 2FA, England.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the financial statements of EG Group Limited which can be obtained from Waterside Head Office, Haslingden Road, Blackburn, Lancashire, BB1 2FA. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

Disclosure exemptions

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the financial statements of EG Group Limited which can be obtained from Waterside Head Office, Haslingden Road, Blackburn, Lancashire, BB1 2FA. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102: No cash flow statement has been presented for the company.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax. Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have transferred to the buyer (usually on despatch of the goods); the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the entity; and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively. Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date. Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference. Operating Leases Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term. Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

Intangible assets

Intangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses. Any intangible assets carried at revalued amounts, are recorded at the fair value at the date of revaluation, as determined by reference to an active market, less any subsequent accumulated amortisation and subsequent accumulated impairment losses. Intangible assets acquired as part of a business combination are only recognised separately from goodwill when they arise from contractual or other legal rights, are separable, the expected future economic benefits are probable and the cost or value can be measured reliably.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Goodwill	-	5% straight line
Franchise Licenses	-	10% straight line

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Leasehold Improvements	-	over the term of the lease
Fixtures, fittings & equipment	-	over 3, 4 and 10 years

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date. For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets. For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

Government grants

Government grants are recognised at the fair value of the asset received or receivable. Grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received. Government grants are recognised using the accrual model and the performance model. Under the accrual model, government grants relating to revenue are recognised on a systematic basis over the periods in which the company recognises the related costs for which the grant is intended to compensate. Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in income in the period in which it becomes receivable. Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income and not deducted from the carrying amount of the asset. Under the performance model, where the grant does not impose specified future performance-related conditions on the recipient, it is recognised in income when the grant proceeds are received or receivable. Where the grant does impose specified future performance-related conditions on the recipient, it is recognised in income only when the performance-related conditions have been met. Where grants received are prior to satisfying the revenue recognition criteria, they are recognised as a liability.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense. Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument. Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Debt instruments are subsequently measured at amortised cost. Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately. Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

Defined contribution plans

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

4. Turnover

Turnover arises from:

	Period from 30 Dec 19 to 31 Dec 20 £	Period from 24 Dec 18 to 29 Dec 19 £
Sale of goods	6,658,327	6,962,468

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

5. Other operating income

	Period from 30 Dec 19 to 31 Dec 20 £	Period from 24 Dec 18 to 29 Dec 19 £
Government grant income	51,284	—
Other operating income	18,636	123,880
	69,920	123,880

6. Operating profit

Operating profit or loss is stated after charging:

	Period from 30 Dec 19 to 31 Dec 20 £	Period from 24 Dec 18 to 29 Dec 19 £
Amortisation of intangible assets	9,670	23,479
Depreciation of tangible assets	237,780	228,414
Operating lease rentals	215,923	197,554

7. Auditor's remuneration

	Period from 30 Dec 19 to 31 Dec 20 £	Period from 24 Dec 18 to 29 Dec 19 £
Fees payable for the audit of the financial statements	355	3,750

8. Particulars of employees

The average number of persons employed by the company during the period, including the directors, amounted to:

	31 Dec 20 No.	29 Dec 19 No.
Distribution staff	103	103
Management staff	9	9
	112	112

The aggregate payroll costs incurred during the period, relating to the above, were:

	Period from 30 Dec 19 to 31 Dec 20	Period from 24 Dec 18 to 29 Dec 19
	£	£
Wages and salaries	1,515,382	1,596,845
Social security costs	103,292	100,959
Other pension costs	22,947	18,794
	<u>1,641,621</u>	<u>1,716,598</u>

9. Taxation on ordinary activities

Major components of tax expense

	Period from 30 Dec 19 to 31 Dec 20	Period from 24 Dec 18 to 29 Dec 19
	£	£
Current tax:		
UK current tax expense	245,811	197,200
Adjustments in respect of prior periods	—	(140,715)
Total current tax	<u>245,811</u>	<u>56,485</u>
Deferred tax:		
Origination and reversal of timing differences	(28,117)	(33,467)
Taxation on ordinary activities	<u>217,694</u>	<u>23,018</u>

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the period is higher than (2019: lower than) the standard rate of corporation tax in the UK of 19 % (2019: 19 %).

	Period from 30 Dec 19 to 31 Dec 20	Period from 24 Dec 18 to 29 Dec 19
	£	£
Profit on ordinary activities before taxation	1,131,289	898,703
Profit on ordinary activities by rate of tax	214,945	170,754
Adjustment to tax charge in respect of prior periods	—	(140,715)
Effect of capital allowances and depreciation	30,866	26,446
Deferred Tax	(28,117)	(33,467)
Tax on profit	<u>217,694</u>	<u>23,018</u>

10. Intangible assets

	Goodwill £	Franchise Licences £	Total £
Cost			
At 30 December 2019	340,000	109,468	449,468
Additions	—	20,748	20,748
Disposals	(340,000)	(130,216)	(470,216)
	-----	-----	-----
At 31 December 2020	—	—	—
	-----	-----	-----
Amortisation			
At 30 December 2019	253,693	73,530	327,223
Charge for the period	3,924	5,746	9,670
Disposals	(257,617)	(79,276)	(336,893)
	-----	-----	-----
At 31 December 2020	—	—	—
	-----	-----	-----
Carrying amount			
At 31 December 2020	—	—	—
	-----	-----	-----
At 29 December 2019	86,307	35,938	122,245
	-----	-----	-----

11. Tangible assets

	Leasehold Improvements £	Fixtures and fittings £	Total £
Cost			
At 30 December 2019	1,140,100	2,616,913	3,757,013
Additions	—	261,498	261,498
Disposals	(1,140,100)	(2,878,411)	(4,018,511)
	-----	-----	-----
At 31 December 2020	—	—	—
	-----	-----	-----
Depreciation			
At 30 December 2019	712,200	2,018,479	2,730,679
Charge for the period	60,941	176,839	237,780
Disposals	(773,141)	(2,195,318)	(2,968,459)
	-----	-----	-----
At 31 December 2020	—	—	—
	-----	-----	-----
Carrying amount			
At 31 December 2020	—	—	—
	-----	-----	-----
At 29 December 2019	427,900	598,434	1,026,334
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12. Stocks

	31 Dec 20 £	29 Dec 19 £
Finished goods	—	48,326
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13. Debtors

	31 Dec 20 £	29 Dec 19 £
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Amounts owed by group undertakings	7,075,567	5,114,783
Prepayments and accrued income	—	83,192
Other debtors	—	92,014
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	7,075,567	5,289,989
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14. Creditors: amounts falling due within one year

	31 Dec 20	29 Dec 19
	£	£
Trade creditors	—	245,603
Accruals and deferred income	—	22,052
Corporation tax	319,684	73,873
Social security and other taxes	—	156,844
Other creditors	—	155,487
	319,684	653,859

15. Provisions

	Deferred tax (note 16) £
At 30 December 2019	28,117
Charge against provision	(28,117)
At 31 December 2020	—

16. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	31 Dec 20	29 Dec 19
	£	£
Included in provisions (note 15)	—	28,117

The deferred tax account consists of the tax effect of timing differences in respect of:

	31 Dec 20	29 Dec 19
	£	£
Accelerated capital allowances	—	28,117

17. Employee benefits**Defined contribution plans**

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £ 22,947 (2019: £ 18,794).

18. Government grants

The amounts recognised in the financial statements for government grants are as follows:

	31 Dec 20	29 Dec 19
	£	£
Recognised in other operating income:		
Government grants recognised directly in income	51,284	—

19. Financial instruments

The carrying amount for each category of financial instrument is as follows:

	31 Dec 20	29 Dec 19
	£	£
Financial assets that are debt instruments measured at amortised cost		
Financial assets that are debt instruments measured at amortised cost	—	5,407,916

Financial liabilities measured at amortised cost

Financial liabilities measured at amortised cost	—	631,807
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20. Called up share capital**Issued, called up and fully paid**

	31 Dec 20		29 Dec 19	
	No.	£	No.	£
Ordinary shares of £ 1 each	1,000	1,000	1,000	1,000

21. Reserves

Profit and loss account - This reserve records retained earnings and accumulated losses.

22. Commitments under operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	31 Dec 20	29 Dec 19
	£	£
Not later than 1 year	203,918	203,918
Later than 1 year and not later than 5 years	637,746	768,492
Later than 5 years	599,070	813,966
	1,440,734	1,786,376

23. Contingencies

Bank loans and overdrafts of the group are secured by way of fixed and floating charges on the company's assets, and by a composite debenture between group companies.

24. Related party transactions

Control: Transactions The company has taken advantage of the exemption from disclosing related party transactions with group companies, in accordance with Financial Reporting Standard No 102 Section 33, Related Party Disclosures.

25. Controlling party

In the opinion of the Directors, the Company's ultimate parent Company and ultimate controlling party is Optima Bidco (Jersey) Limited , a company registered in Jersey, Channel Islands. The Company's immediate controlling party is Kram Management Limited . The parent undertaking of the largest group, which includes the Company and for which group accounts are prepared, is EG Group Holdings Limited , a company incorporated in Great Britain, registered at Waterside Head Office, Haslingden Road, Guide, Blackburn, Lancashire, BB1 2FA, United Kingdom.

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