

COMPANY REGISTRATION NUMBER: 03107170

Scotco Restaurants Limited

Financial Statements

31 December 2020

Scotco Restaurants Limited

Financial Statements

Period from 30 December 2019 to 31 December 2020

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Scotco Restaurants Limited
Officers and Professional Advisers

The board of directors	Mr M Issa
	Mr Z Issa
Company secretary	Imraan Patel
Registered office	Waterside Head Office
	Haslingden Road
	Guide
	Blackburn
	Lancashire
Auditor	BB1 2FA
	Maneely Mc Cann
	Chartered Accountants & Statutory Auditors
	Aisling House
	50 Stranmillis Embankment
Bankers	Belfast
	BT9 5FL
	Danske Bank
	Donegall Square West
	Belfast
Solicitors	BT1 6JS
	Skadden, Arps, Slate, Meagher & Flom LLP
	40 Bank Street
	Canary Wharf
	London
	E14 5DS
	Freeths
	Cumberland Court
	80 Mount Street
	Nottingham
	NG1 6HH

Scotco 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 continued 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 due to the current economic downturn and in response to this 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 was an operating profit of £7.09m (2019: £1.97m) and a profit on ordinary activities before tax of £7.09m (2019: £1.97m). At the year end net assets of the company were £18.3m (2019: £13.60m)

Future developments

The directors continue to seek opportunities for retail fast food operations that fit with the company's strategic objectives.

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 29 September 2022 and signed on behalf of the board by:

Mr Z Issa

Director

Registered office:

Waterside Head Office

Haslingden Road

Guide

Blackburn

Lancashire

BB1 2FA

Scotco 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 Issa	(Appointed 10 March 2020)
Mr J Carlisle	(Resigned 10 March 2020)
Mrs L E Herbert	(Resigned 10 March 2020)
Mr A Purnell	(Resigned 25 February 2020)
Mr M A Herbert	(Resigned 10 March 2020)

Dividends

Particulars of recommended dividends are detailed in note 12 to the financial statements.

Greenhouse gas emissions and energy consumption

	Unit	31 Dec 20	29 Dec 19
Emissions resulting from activities for which the company is responsible	tCO2e	371	—
Emissions resulting from the purchase of electricity by the company for its own use	tCO2e	1,598	—
Total emissions	tCO2e	1,969	—
Total energy consumption	kWh	8,872,306	—

Methodologies for energy and emissions calculations

In line with the government's streamlined energy and carbon reporting requirements we are required to report our organisation's carbon emissions for the period.

Our methodology aligns with Defra's Environmental reporting guidelines (2020) and uses the government's greenhouse gas reporting conversion factors (2020) to quantify emissions.

Principal measures taken to increase energy efficiency

In an effort to reduce our emissions we have undertaken a number of energy efficiency measures in the period, including actions to reduce plastic waste and improve sustainable packaging and expanding deforestation commitments to palm oil, soy, paper and beef.

Employment of disabled persons

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training, career development and promotion wherever appropriate. The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person.

Employee involvement

It is the policy of the company to provide employees with information on matters of concern to them through the normal management channels. The involvement of the employees in the company's performance is encouraged by the provision of relevant information aimed at achieving employee awareness of the various factors affecting the company.

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; - state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; - prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business. The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. 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 29 September 2022 and signed on behalf of the board by:

Mr Z Issa

Director

Registered office:

Waterside Head Office

Haslingden Road

Guide

Blackburn

Lancashire

BB1 2FA

Scotco Restaurants Limited

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

Period from 30 December 2019 to 31 December 2020

Disclaimer of opinion

We were engaged to audit the financial statements of Scotco 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). We do not express an opinion on the accompanying financial statements of the company. Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

The company was taken over on 10 March 2022 by Euro Garages Ltd. Fourteen days later the national lockdown, as a result of the COVID-19 pandemic, completely restricted access to manual records in the head office, which continued until the Belfast office was closed in July 2020. As a result of the lockdown, attempts to obtain information by the new head office staff were severely restricted. This hindered their accounting function in seeking explanations and reconciliations. The issues identified above were further exacerbated by incorporating the old accounting system into the new accounting system at head office. As a result, we were unable to obtain all of the information we required for the purpose of our audit.

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 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 are unable to determine if the financial statements are in agreement with the accounting records and the returns. - we are unable to determine if certain disclosures of directors remuneration specified by law are not made; or

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 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

29 September 2022

Scotco Restaurants Limited

Statement of Income and Retained Earnings

Period from 30 December 2019 to 31 December 2020

		Period from 30 Dec 19 to 31 Dec 20	Period from 24 Dec 18 to 29 Dec 19
	Note	£	£
Turnover	4	51,987,767	41,842,043
Cost of sales		30,169,151	23,704,618
		-----	-----
Gross profit		21,818,616	18,137,425
Administrative expenses		16,433,831	16,618,416
Other operating income	5	1,702,635	451,888
		-----	-----
Operating profit	6	7,087,420	1,970,897
Interest payable	10	4	—
		-----	-----
Profit before taxation		7,087,416	1,970,897
Taxation on ordinary activities	11	2,339,115	(307,517)
		-----	-----
Profit for the financial period and total comprehensive income		4,748,301	2,278,414
		-----	-----
Dividends paid and payable	12	—	(1,500,000)
Retained earnings at the start of the period		13,556,887	12,778,473
		-----	-----
Retained earnings at the end of the period		18,305,188	13,556,887
		-----	-----

All the activities of the company are from continuing operations.

Scotco Restaurants Limited

Statement of Financial Position

31 December 2020

		31 Dec 20	29 Dec 19
	Note	£	£
Fixed assets			
Intangible assets	13	12,534,781	1,329,425
Tangible assets	14	26,510,325	8,643,078
Investments	15	6,826,753	6,826,753
		<u>45,871,859</u>	<u>16,799,256</u>
Current assets			
Stocks	16	1,099,816	339,985
Debtors	17	13,747,177	2,062,355
Cash at bank and in hand		5,474,623	63,452
		<u>20,321,616</u>	<u>2,465,792</u>
Creditors: amounts falling due within one year	18	46,110,124	5,116,554
Net current liabilities		<u>25,788,508</u>	<u>2,650,762</u>
Total assets less current liabilities		<u>20,083,351</u>	<u>14,148,494</u>
Provisions			
Taxation including deferred tax	19	1,216,472	297,703
Other provisions	19	518,852	251,065
		<u>1,735,324</u>	<u>548,768</u>
Net assets		<u>18,348,027</u>	<u>13,599,726</u>
Capital and reserves			
Called up share capital	23	42,839	42,839
Profit and loss account	24	18,305,188	13,556,887
Shareholders funds		<u>18,348,027</u>	<u>13,599,726</u>

These financial statements were approved by the board of directors and authorised for issue on 29 September 2022 , and are signed on behalf of the board by:

Mr Z Issa

Director

Company registration number: 03107170

Scotco 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.

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 financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

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 Holdings 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: (a) No cash flow statement has been presented for the company. (b) Disclosures in respect of financial instruments have not been presented. (c) No disclosure has been given for the aggregate remuneration of key management personnel.

Consolidation

The entity has taken advantage of the exemption from preparing consolidated financial statements contained in Section 400 of the Companies Act 2006 on the basis that it is a subsidiary undertaking and its immediate parent undertaking is established under the law of an EEA State.

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 comprises revenue recognised by the company in respect of goods supplied during the period, exclusive of Value Added Tax and trade discounts. Revenue is recognised at the point of sale.

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.

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

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

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the profit and loss account over its estimated economic life. Licences are shown at their original cost and are amortised to the profit and loss account over the licence period.

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
Licences	-	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.

Investment properties Investment property is initially recorded at cost, which includes purchase price and any directly attributable expenditure. Investment property is revalued to its fair value at each reporting date and any changes in fair value are recognised in profit or loss. If a reliable measure of fair value is no longer available without undue cost or effort for an item of investment property, it shall be transferred to tangible assets and treated as such until it is expected that fair value will be reliably measurable on an on-going basis.

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:

Short Leasehold	-	the period of the lease
Shopfitting	-	7 years/the period of the lease
Fixtures and fittings	-	3 - 10 years
Short Life Assets	-	3 - 4 years

Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Listed investments are measured at fair value with changes in fair value being recognised in profit or loss.

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

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund. When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

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	51,987,767	41,842,043

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 £
Rental income	–	44,866
Government grant income	1,702,635	–
Other operating income	–	407,022
	1,702,635	451,888

6. Operating profit

Operating profit or loss is stated after charging/crediting:

	Period from 30 Dec 19 to 31 Dec 20 £	Period from 24 Dec 18 to 29 Dec 19 £
Amortisation of intangible assets	466,906	146,249
Depreciation of tangible assets	1,047,142	1,281,934
Impairment of tangible assets recognised in:		
Administrative expenses	–	336,977
Loss on disposal of tangible assets	–	41,673
Gains on disposal of intangible assets	(124,327)	–
Operating lease rentals	2,524,786	2,121,448
Foreign exchange differences	78	–

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	129,435	18,200

8. Particulars of employees

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

	31 Dec 20	29 Dec 19
	No.	No.
Production staff	907	734
Management staff	65	53
	972	787

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	13,095,281	10,918,811
Social security costs	808,529	719,905
Other pension costs	199,543	176,831
	14,103,353	11,815,547

9. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	Period from 30 Dec 19 to 31 Dec 20	Period from 24 Dec 18 to 29 Dec 19
	£	£
Remuneration	—	336,189

Remuneration of the highest paid director in respect of qualifying services:

	Period from 30 Dec 19 to 31 Dec 20	Period from 24 Dec 18 to 29 Dec 19
	£	£
Aggregate remuneration	—	336,189

10. Interest payable

	Period from 30 Dec 19 to 31 Dec 20	Period from 24 Dec 18 to 29 Dec 19
	£	£
Interest on banks loans and overdrafts	4	—

11. Taxation on ordinary activities

Major components of tax expense/(income)

	Period from 30 Dec 19 to 31 Dec 20	Period from 24 Dec 18 to 29 Dec 19
	£	£
Current tax:		
UK current tax expense	1,394,960	50,404
Adjustments in respect of prior periods	45,145	(346,704)

Total current tax	1,440,105	(296,300)
	<u> </u>	<u> </u>

Deferred tax:

Origination and reversal of timing differences	899,010	(11,217)
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Taxation on ordinary activities	2,339,115	(307,517)
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Reconciliation of tax expense/(income)

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	7,087,416	1,970,897
Profit on ordinary activities by rate of tax	1,346,609	374,470
Adjustment to tax charge in respect of prior periods	45,145	(346,704)
Effect of expenses not deductible for tax purposes	–	79,443
Effect of capital allowances and depreciation	48,351	58,538
Group relief	–	(462,047)
Movement in deferred tax	899,010	(11,217)
Tax on profit	2,339,115	(307,517)

12. Dividends

	31 Dec 20 £	29 Dec 19 £
Dividends paid during the period (excluding those for which a liability existed at the end of the prior period)	–	1,500,000

13. Intangible assets

	Goodwill £	Licences £	Total £
Cost			
At 30 December 2019	6,913,709	996,440	7,910,149
Additions	11,022,817	863,121	11,885,938
Disposals	–	(38,307)	(38,307)
Acquisitions through business combinations	(329,859)	–	(329,859)
At 31 December 2020	17,606,667	1,821,254	19,427,921
Amortisation			
At 30 December 2019	5,971,584	609,140	6,580,724
Charge for the period	353,150	113,756	466,906
Disposals	–	(154,490)	(154,490)
At 31 December 2020	6,324,734	568,406	6,893,140
Carrying amount			
At 31 December 2020	11,281,933	1,252,848	12,534,781
At 29 December 2019	942,125	387,300	1,329,425

14. Tangible assets

	Land and buildings £	Short leasehold property £	Shopfitting costs £	Fixtures and fittings £	Short life assets £	Total £
Cost						
At 30 Dec 2019	2,046,531	948,910	9,071,490	8,942,177	588,146	21,597,254
Additions	–	6,850,053	10,548,499	2,413,115	1,419,775	21,231,442
Disposals	(2,005,000)	(486,023)	(2,464)	(706,471)	(29,979)	(3,229,937)
At 31 Dec 2020	41,531	7,312,940	19,617,525	10,648,821	1,977,942	39,598,759
Depreciation						
At 30 Dec 2019	–	63,344	6,763,125	5,906,767	220,940	12,954,176
Charge for the period	–	192,841	521,477	280,467	52,357	1,047,142
Disposals	–	(192,415)	(1,826)	(696,734)	(21,909)	(912,884)
At 31 Dec 2020	–	63,770	7,282,776	5,490,500	251,388	13,088,434
Carrying amount						
At 31 Dec 2020	41,531	7,249,170	12,334,749	5,158,321	1,726,554	26,510,325
At 29 Dec 2019	2,046,531	885,566	2,308,365	3,035,410	367,206	8,643,078

Land and buildings are valued by the directors on an open market value for existing use basis, having regard to any recent professional valuations and marketing material provided by external agents. The directors are of the opinion that the market valuations of the land and buildings are not materially different from that shown in the accounts. Depreciation has not been charged on the grounds of immateriality.

Tangible assets held at valuation

Revaluation of fixed assets The historical cost of land and buildings at 31 December 2020 was £41,531 (29 December 2019: £2,383,508).

15. Investments

	Shares in group undertakings £
Cost	
At 30 December 2019 and 31 December 2020	6,826,753
Impairment	
At 30 December 2019 and 31 December 2020	–
Carrying amount	
At 31 December 2020	6,826,753
At 29 December 2019	6,826,753

Subsidiaries, associates and other investments

	Registered office	Class of share	Percentage of shares held
Subsidiary undertakings			
Scotco Restaurants Southern Limited	England	Ordinary Shares	100

The above company is involved in fast food retail.

16. Stocks

	31 Dec 20	29 Dec 19
	£	£
Food and packaging	1,099,816	339,985

17. Debtors

	31 Dec 20	29 Dec 19
	£	£
Amounts owed by group undertakings	11,141,023	688,194
Prepayments and accrued income	365,521	436,312
Other debtors	2,240,633	937,849
	13,747,177	2,062,355

18. Creditors: amounts falling due within one year

	31 Dec 20	29 Dec 19
	£	£
Bank loans and overdrafts	155,678	157,637
Trade creditors	1,978,840	1,746,409
Amounts owed to group undertakings	36,799,167	—
Accruals and deferred income	4,279,991	1,591,869
Corporation tax	1,107,987	50,404
Social security and other taxes	1,066,866	651,060
Other creditors	721,595	919,175
	46,110,124	5,116,554

19. Provisions

	Deferred tax (note 20)	Dilapidations	Total
	£	£	£
At 30 December 2019	297,703	251,065	548,768
Additions	918,769	267,787	1,186,556
At 31 December 2020	1,216,472	518,852	1,735,324

20. 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 19)	1,216,472	297,703
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The deferred tax account consists of the tax effect of timing differences in respect of:

	31 Dec 20	29 Dec 19
	£	£
Accelerated capital allowances	1,216,472	297,703
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21. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £ 199,543 (2019: £ 176,831).

22. 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	1,702,635	—
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23. Called up share capital

Issued, called up and fully paid

	31 Dec 20		29 Dec 19	
	No.	£	No.	£
Ordinary shares of £ 0.10 each	428,390	42,839	428,390	42,839
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24. Reserves

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

25. 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	1,765,888	1,751,279
Later than 1 year and not later than 5 years	5,817,260	6,234,624
Later than 5 years	5,035,103	9,393,128
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	12,618,251	17,379,031
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26. Contingencies

The company acts as a guarantor over a lease held by a fellow subsidiary. The annual lease payments are £152,500 and the lease term is 10 years. Bank loans and overdrafts of the group are secured by way of fixed and floating charges on the company's and group's assets, and by a composite debenture between group companies.

27. Directors' advances, credits and guarantees

During the period the directors entered into the following advances and credits with the company:

31 Dec 20			
	Balance	Advances/ (credits) to the	Balance
	brought forward	directors	outstanding
	£	£	£
Mr A Purnell	—	—	—
	----	----	----
29 Dec 19			
	Balance	Advances/ (credits) to the	Balance
	brought forward	directors	outstanding
	£	£	£
Mr A Purnell	6,175	(6,175)	—
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28. Related party transactions

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.

29. 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 JRC Holdings 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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