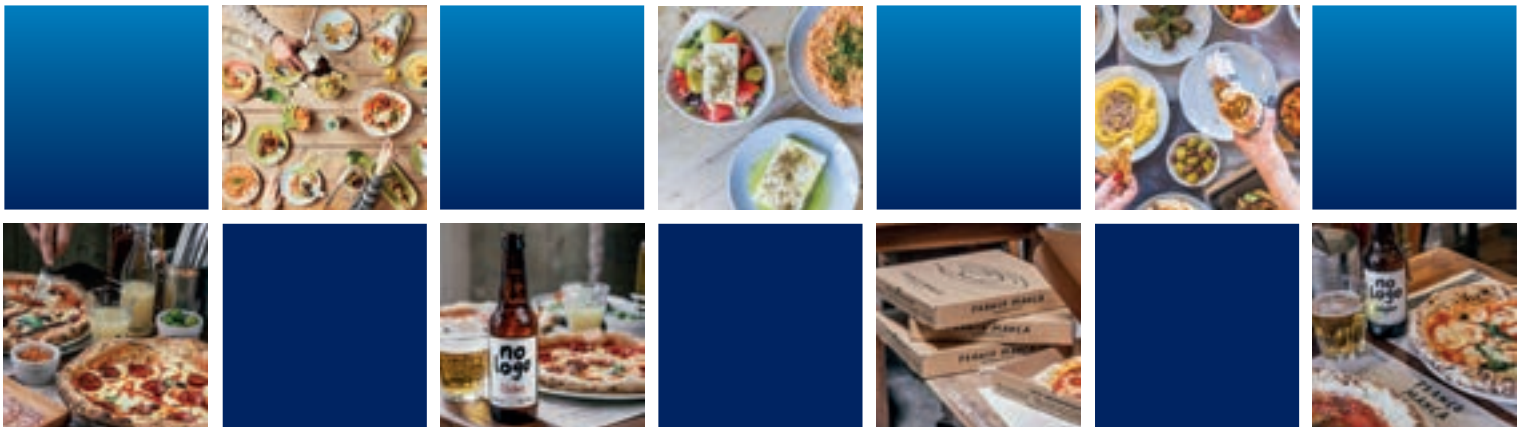


THE FULHAM SHORE PLC

REPORT & FINANCIAL STATEMENTS

Year ended 29 March 2020



Our Restaurants

**FRANCO
MANCA**
SOVROUGH PIZZA



www.francomanca.co.uk

THE REAL GREEK
EAT. TOGETHER.

www.therealgreek.com



THE FULHAM SHORE PLC
TABLE OF CONTENTS

	Page
BACKGROUND AND HIGHLIGHTS	2
STRATEGIC REPORT	
CHAIRMAN'S STATEMENT	4
FINANCIAL REVIEW	8
SECTION 172 STATEMENT	16
GOVERNANCE	
BOARD OF DIRECTORS	18
CORPORATE GOVERNANCE STATEMENT	20
REPORT ON DIRECTORS' REMUNERATION	23
DIRECTORS' REPORT	27
STATEMENT ON DIRECTORS' RESPONSIBILITIES	32
FINANCIAL STATEMENTS	
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE FULHAM SHORE PLC	33
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	41
CONSOLIDATED AND COMPANY BALANCE SHEETS	42
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	44
COMPANY STATEMENT OF CHANGES IN EQUITY	45
CONSOLIDATED AND COMPANY CASH FLOW STATEMENT	46
ACCOUNTING POLICIES	47
NOTES TO THE FINANCIAL STATEMENTS	58
ADDITIONAL INFORMATION	
DIRECTORS, OFFICERS AND ADVISERS	98
NOTICE OF ANNUAL GENERAL MEETING	99

THE FULHAM SHORE PLC
BACKGROUND AND HIGHLIGHTS
for the year ended 29 March 2020

Background

The Fulham Shore PLC (the “Company” or “Fulham Shore”) was incorporated in March 2012 to make investments in the UK restaurant and food service sector. The ordinary shares of the Company were admitted to trading on AIM in October 2014.

Fulham Shore currently operates 70 restaurants in the UK: 18 The Real Greek (www.therealgreek.com) and 52 Franco Manca (www.francomanca.co.uk).

Highlights – Year ended 29 March 2020

- Revenue growth of 7% to £68.6m (2019: £64.0m) driven by improved trading in the Company’s existing restaurant estate and new openings
- Headline EBITDA* of £15.2m after adoption of IFRS 16 and £8.3m before adoption of IFRS 16** (2019: £7.8m)
- EBITDA* of £14.3m after adoption of IFRS 16 and £7.2m before adoption of IFRS 16** (2019: £7.1m)
- Headline Operating Profit of £4.4m after adoption of IFRS 16 and £3.6m before adoption of IFRS 16** (2019: £3.5m)
- Impairment charge on property, plant and equipment and change in fair value of investments of £0.5m (2019: £0.2m)
- Operating Profit of £1.8m after adoption of IFRS 16 and £0.7m before adoption of IFRS 16** (2019: £1.8m)
- Loss before tax of £0.8m after adoption of IFRS 16 and profit before tax of £0.4m before adoption of IFRS 16** (2019: profit before tax of £1.4m)
- Loss after tax of £1.2m after adoption of IFRS 16 and £0m before adoption of IFRS 16** (2019: Profit of £0.7m)
- Net debt before lease liabilities recognised under IFRS 16 as at 29 March 2020 of £9.5m (2019: £9.4m)
- 7 new Franco Manca pizzeria and 2 new The Real Greek restaurants were opened during the year ended 29 March 2020 in the UK (2019: 4 Franco Manca pizzeria)

THE FULHAM SHORE PLC
BACKGROUND AND HIGHLIGHTS
for the year ended 29 March 2020

- Since the year end:
 - As directed by the UK Government, the restaurant sector was ordered to close for dine-in customers on 20 March 2020, before the Company's year end. The Group's restaurants then re-opened gradually for takeaway and delivery from the end of April 2020 and for dining in from July 2020
 - 68 of 70 restaurants now fully open and trading supported by additional safety precautions and training instigated throughout the Group's estate prior to re-opening
 - Thanks to the UK Government's "Eat Out to Help Out" scheme, revenues for the days supported by the scheme increased markedly compared to those of the previous year
 - 1 further Franco Manca pizzeria opened in September on The Cut by Waterloo station making 52 Franco Manca operated by the Group
 - Completion of an equity fundraise for £2.25m
 - The Group's banking facilities were extended to £25.75m from £15.0m
 - Net debt (before lease liabilities recognised under IFRS 16) as at 13 October 2020 was £3.4m

The above numbers are for continuing operations.

* Definition of Headline EBITDA and EBITDA can be found on pages 9 and 57.

** The Group adopted the IFRS 16 accounting standard for leases at the beginning of the financial year but, in line with transition rules, the comparatives have not been restated. Further details on the impact of IFRS 16 can be found on pages 93 to 96.

Introduction

Coronavirus has had an unprecedented impact on communities across the UK and, in turn, the UK restaurant sector. Your Chairman started his restaurant career as a student dishwasher during the 'miners strikes' of 1973/74. During those times of social and economic unrest restaurants remained open, albeit with limited hours due to power shortages. However, even the significant challenges presented to our industry during that period do not compare to what we have experienced in recent months as a result of the coronavirus pandemic, including the complete shutdown of restaurants during the Spring.

I am pleased to report that the Company has emerged in robust shape from this critical period and in some locations is now serving more daily customers than ever before, despite reduced seating capacity in our restaurants. These customers are returning for our high quality, well sourced, ingredients, everyday day low pricing and motivated and enthusiastic staff.

We traded profitably at Headline EBITDA level for the financial year ended 29 March 2020. I am pleased to report, post lockdown, we have continued to trade profitably at the Headline EBITDA level.

Financial year ended 29 March 2020

During the year ended 29 March 2020, Fulham Shore had a successful year up until the final few weeks of the financial year, achieving a 7% increase in revenue to £68.6m (2019: £64.0m).

This is the first financial year in which we are reporting our figures after adopting the new IFRS 16 accounting standard for leases ("IFRS 16"). The main impact of this standard is to capitalise the Group's property rental leases as "right of use assets" within non-current assets, along with the corresponding lease liabilities representing the leases' cash flow obligations. The right of use assets are then depreciated over the life of the lease and a notional interest charge is recorded on the lease liabilities.

Headline EBITDA* increased to £15.2m (2019: £7.8m) incorporating the application of IFRS 16. If we had not adopted IFRS 16, our Headline EBITDA** for the year would have been £8.3m (2019: 7.8m), an increase of 6%. Net debt before lease liabilities recognised under IFRS 16 as at 29 March 2020 was £9.5m (2019: £9.4m).

Both The Real Greek and Franco Manca traded well throughout the year until March. The increase in revenue and Headline EBITDA was achieved despite the enforced restaurant closures at the end of March that impacted both revenue and Headline EBITDA for our two businesses.

The year's figures closed slightly below the market expectations that were set before the impact of the coronavirus was known. Without the closure of our restaurants in March, we would have slightly exceeded those market expectations.

The figures for our full financial year were better than could have been hoped for given the events of February and March when the closure of restaurants was first announced. However they are now truly historic in every sense of the word. This report is therefore concentrating on the current trading environment and the long-term growth prospects for the Company in the future.

Coronavirus effect, current trading and outlook

How the Company pivoted during the period 16 March 2020 to 2 August 2020

In line with UK government instructions, we closed all restaurants by 23 March 2020. Trade had been diminishing over the previous few weeks as the public's concern about coronavirus increased.

During April 2020, in a few locations, we gradually opened for delivery and click and collect. Within a few weeks some of our sites were busier than the previous year. They were breaking trading records without any dine-in customers.

Approximately half of our restaurants were operating profitably at Headline EBITDA level on this basis by June 2020. The UK Government then announced the reopening of dine-in to commence on 4 July 2020. We proceeded carefully throughout July 2020 and slowly the majority of our estate opened its doors. We have two sites still closed, being Franco Manca Aldwych and The Real Greek Strand. These two locations rely on offices, theatregoers and tourists, none of whom are around at present.

Due to the closure of our restaurants in accordance with UK Government instructions, the Group was loss making both in March 2020 and in the first quarter of the financial year ending 28 March 2021 (April, May and June 2020). We returned to profit in the second quarter at Headline EBITDA level, thanks to our customers returning in great numbers.

Our colleagues in all parts of the business have worked tirelessly to get the Company back on its feet, our waiting staff and kitchen brigades striving hard to satisfy the large volume of customers we serve wearing uncomfortable PPE and observing different, strange, but safer working practices. The UK Government's Job Retention Bonus scheme will make £1000 available per eligible employee retained after furlough in February 2021. This will, if we qualify, contribute towards our own job retention actions and incentives that were put in place back in March 2020.

It is thanks to the commitment of our people that we are back open and in certain instances able to serve more customers than last year despite our reduced seating capacity. Head office staff were on both full and flexi furlough, which for everyone has been a strange and novel experience. All the above deserve both praise and thanks for their commitment to the Group.

We are ready to flex the business should the UK Government regulations change again. We believe that our previous experience means we will be even better prepared for any significant future changes.

Market overview

We believe that the restaurant market in the UK was heading for a correction well before the Coronavirus outbreak.

There were too many restaurant businesses with owners and managers convinced they could swim like Mark Spitz, but which were actually being kept afloat by some badly made rubber rings and various leaky flotation devices. They were driven to expand by historically cheap debt, supposed high exit multiples on sale of the businesses and run by management teams who had never experienced either a downturn in the UK economy or an oversupply in the restaurant sector.

Successful restaurant businesses will continue to be those offering reasonably priced food, made with quality ingredients, served by motivated teams. At Fulham Shore we offer all these things. In addition, we operate from a well-positioned, carefully chosen, fairly rented estate.

Before the onset of the coronavirus the busiest UK restaurants were those in the West End of London and metropolitan areas such as central Manchester. The suburbs of these large cities together with regional towns around the UK were very much distant cousins. Since 4 July 2020 this situation has completely reversed. We believe this will remain the case for the foreseeable future.

Some of our regional and suburban restaurants are currently breaking trading records on a weekly basis. This is unprecedented in my 47 years in the restaurant industry. Fulham Shore's estate is well positioned to benefit from these structural changes.

The medium term

Predicting the UK economy, and the restaurant sector within it, is probably more difficult now than at any time since 1945. Our experience over the last six months has shown that the restaurants that provide what customers want will thrive under the most difficult of circumstances.

Ploughing the same old hackneyed furrow of formulaic me-too offerings won't work anymore in the UK, especially in times of societal turmoil and economic upheaval. We believe that the public want food sourcing that is trustworthy; they want to know that the owner of a restaurant knows the farm or vineyard that the food and wine on the menu comes from. Combine this with menu pricing that doesn't leave them with bill shock and servers who are seen to be having a good time while working makes for a great atmosphere and, consequently, high customer numbers per site.

Purchasing directly from our growers and producers cuts out one, two or even three wholesalers, agents and middlemen. This enables us to pass on these savings to our customers in the form of more affordable menu prices. This results in the high numbers of customers visiting our restaurants per week and means that our turnover per site continues to be strong.

This is the future - high quality ingredients combined with low prices, delivering high turnover per site. With rents likely to be falling for the next few years and more sites becoming available, the future looks promising for Fulham Shore. A post coronavirus era will, I believe, see less competition. We will go prospecting in areas of the country where we can open more of our restaurants, in towns and cities such as Newcastle, Canterbury, Cardiff and Glasgow.

Franco Manca

London suburbs and regional towns with a Franco Manca have been the stars of the restaurant sector over the last few months. Our policy of opening in London villages has borne fruit, as many commuters are now working from home. These Franco Manca sites are busier than they have ever been.

We have always felt that a Franco Manca pizzeria thrives better in a local neighbourhood where it can build a loyal local following rather than rely on passing trade. Due to our reduced seating capacity and low prices we have demand for tables at peak times. We have introduced our own virtual queuing system which enables us to control the queue and also doubles as a track and trace system as per UK Government guidelines.

Franco Manca continues to serve made to order sourdough pizza, with dough freshly made every day at each location.

The Real Greek

The absence of tourists in London, office workers in the City and theatregoers in the West End has impacted our The Real Greek restaurants. These are normally bustling locations with queues and a great vibe. The staff in these restaurants need special praise as it must be difficult when your site is serving half your normal number of customers with social distancing.

The complete opposite has occurred in our The Real Greek locations around the country. Some of our regional locations are twice as busy as they were last year. We have widened our use of our booking system which enables us both to manage when customers dine and which acts as a track and trace system as required by the government.

Property

Landlords prior to COVID-19 were facing falling retail and restaurant demand for their sites, due to the continued shift to online shopping, the contraction of some large restaurant chains, and the challenging economic backdrop over the past three years.

The bottom has now truly fallen out of their world. There is no safety net for landlords that relied on fee-based agents who played naive prospective tenants against each other and then used this "evidence" at the next rent review, to other operators, that this was the new 'market rent' for the street.

Many of these landlords and their commercial agents benefited from a constant and seemingly forever rising rent roll. Some, over the last 40 years, were convinced that it was their financial acumen and 'the property' which was contributing to their increased wealth. It now turns out, and some have now realized, that it was 'the tenant' that was making them rich, not the building they owned. The building now may turn out to be a liability rather than an asset over the next few years.

There are some positive stories about some of our landlords. More than 50% of our UK based landlords have worked with us and we have come to an arrangement where we share the financial pain of the closure period. We are still negotiating with the remainder but astonishingly there are around 5% who cannot admit their world has changed and are demanding money with legal menaces.

The tribulations of distressed UK businesses and their landlords has resulted in the Group being offered more new sites than we can possibly view. These are ex retail shops, ex ground floor offices, ex chain restaurants, plus new build sites which were some years in the planning, but now have no tenants. We feel the longer we wait for even the best of these sites the lower the rents we can achieve. We believe this situation may last at least 5 years.

Dividend policy

Although we were considering a dividend policy, the impact of COVID-19 has meant that any plans for a dividend policy will be delayed until the full effects of the pandemic are over. No dividend is therefore being proposed for the year ended 29 March 2020.

Current outlook

As we write this report the UK government has once again imposed trading restrictions in some areas of the country to combat the spread of COVID-19. We do not believe that a 10pm curfew will have a significant effect on our business, as the majority of our customers eat before then. We can only react as and when these new regulations come onto force in the areas where we have our restaurants. If, as before, delivery and collect services are permitted and dine-in curtailed we will pivot the business in this direction once more.

Franco Manca and The Real Greek are popular with the public. Fulham Shore is well capitalised and we have ample headroom in our borrowing facilities. We are confident that this, combined with our cash balances, will see us emerge from this period as a successful survivor in an albeit reduced UK restaurant sector.

DM Page
Chairman

14 October 2020

THE FULHAM SHORE PLC
STRATEGIC REPORT – FINANCIAL REVIEW

Fulham Shore's performance in the year ended 29 March 2020 is summarised in the table below:

	Year ended 29 March 2020 (IFRS 16) £m	Year ended 29 March 2020 (IAS 17) £m	Year ended 31 March 2019 (IAS 17) £m	Change (IAS 17) %
For continuing operations				
Revenue	68.6	68.6	64.0	+7.2%
Headline EBITDA*	15.2	8.3	7.8	+6.4%
Headline operating profit	4.4	3.6	3.5	+2.9%
EBITDA*	14.3	7.2	7.1	+1.4%
Operating profit	1.8	0.7	1.8	-61.1%
(Loss)/profit before taxation	(0.8)	0.4	1.4	-71.4%
(Loss)/profit for the year	(1.2)	–	0.7	-100%
Basic earnings per share	(0.2p)	0.0p	0.1p	
Diluted earnings per share	(0.2p)	0.0p	0.1p	
Headline basic earnings per share	0.2p	0.4p	0.4p	
Headline diluted earnings per share	0.2p	0.4p	0.4p	
Cash flow from operating activities	14.8	8.2	6.1	+34.4%
Development capital expenditure*	7.2	7.2	3.5	+105.7%
Net Debt	77.7	9.5	9.4	+1.1%
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Number of restaurants operated in the UK	No.	No.	No.	
Franco Manca	51	51	44	+15.9%
The Real Greek	18	18	16	+12.5%
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	69	69	60	+15.0%
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

THE FULHAM SHORE PLC
STRATEGIC REPORT – FINANCIAL REVIEW

* Reconciliation of profit before taxation to EBITDA and Headline EBITDA for continuing operations:

	Year ended 29 March 2020 (IFRS 16) £m	Year ended 29 March 2020 (IAS 17) £m	Year ended 31 March 2019 (IAS 17) £m
(Loss)/profit before taxation	(0.8)	0.4	1.4
Finance costs	2.6	0.3	0.3
Depreciation and amortisation	10.8	4.8	4.3
Amortisation of brand	0.8	0.8	0.8
Exceptional costs:			
– change in fair value of investments	0.2	0.2	0.1
– impairment of property, plant and equipment	0.3	0.3	0.2
– Loss on disposal of property, plant and equipment	–	–	0.2
– Covid-19	0.4	0.4	–
EBITDA	14.3	7.2	7.3
Share based payments	0.2	0.2	0.1
Pre-opening costs	0.7	0.9	0.4
Headline EBITDA	15.2	8.3	7.8

This year ended 29 March 2020 comprised of 52 full weeks of trading compared to the previous financial year ended 31 March 2019, which comprised 53 full weeks of trading.

Total Group revenue from continuing operations for the year ended 29 March 2020 grew by 7.2% to £68.6m from £64.0m last year. This was driven by full year revenues from restaurants opened in the previous year, new openings during the year, and improved trading for many existing restaurants. However the Group lost almost two weeks of revenue at the year end as a result of the UK Governments COVID-19 lockdown.

During the year, we opened seven new Franco Manca pizzeria across the UK and two new The Real Greek restaurants in London. This takes the total restaurants operated by the Group in the UK to 69 (2019: 60) at year end. During the year, our franchisee in Italy again opened the Franco Manca pizzeria on the island of Salina to trade through the busy summer season.

THE FULHAM SHORE PLC
STRATEGIC REPORT – FINANCIAL REVIEW

This is the first year in which we are reporting our figures after adopting the new IFRS 16 accounting standard for leases (“IFRS 16”). IFRS 16 came into effect for accounting periods commencing on or after 1 January 2019.

The main impact of the standard is to capitalise the Group’s property rental leases as “right-of-use assets” within non-current assets along with corresponding lease liabilities representing the leases’ cash flow obligations. The right-of-use assets are then depreciated over the life of the lease and a notional interest charge is recorded on the lease liabilities.

The standard allows for different transition options and the Group has adopted the modified retrospective approach where the cumulative effect of initially applying IFRS 16 is recognised at the date of initial application (1 April 2019) and the right of use asset is calculated based on the corresponding lease liability. Therefore, the Group has not restated the comparatives. The impact of IFRS 16 on the financial year is summarised on page 10 (further information can also be found in note 23):

Reconciliation between IAS 17 and IFRS 16 for the year ended 29 March 2020:

	Year ended 29 March 2020 (IFRS 16) £m	IFRS 16 Removal of rent expenses £m	IFRS 16 Depr- eciation £m	IFRS 16 Interest expense £m	IFRS 16 Other Movement £m	Year ended 29 March 2020 (IAS 17) £m
For continuing operations						
Revenue	68.6	–	–	–	–	68.6
Headline EBITDA	15.2	6.9	–	–	–	8.3
Headline operating profit	4.4	6.9	(6.0)	–	–	3.6
EBITDA	14.3	7.1	–	–	–	7.2
Operating profit	1.8	7.1	(6.0)	–	–	0.7
(Loss)/profit before taxation	(0.8)	7.1	(6.0)	(2.3)	–	0.4
(Loss)/profit for the year	(1.2)	7.1	(6.0)	(2.3)	–	–
Basic eps	(0.2p)	1.2p	(1.0p)	(0.4p)	–	-p
Diluted eps	(0.2p)	1.2p	(1.0p)	(0.4p)	–	-p
Headline basic eps	0.2p	1.2p	(1.0p)	(0.4p)	–	0.4p
Headline diluted eps	0.2p	1.2p	(1.0p)	(0.4p)	–	0.4p
Cash flow from operating activities	14.8	7.1	–	–	(0.5)	8.2
Development capital expenditure	7.2	–	–	–	–	7.2
Net Debt	77.7	–	–	–	68.2	9.5

Although IFRS 16 depreciation is on a straight line basis, IFRS 16 interest expense is higher during the first years of recognition than later in the lease as the lease liability balance is the greatest at the beginning. Therefore reported profitability improves over time under IFRS 16, all things being equal.

Group Headline EBITDA (as defined in page 57 of the financial statements and reconciled on page 9) continues to be a key measure for the Group as well as industry analysts as it is indicative of ongoing EBITDA of the businesses.

For the following narrative over the following five paragraphs on Group performance for the year ended 29 March 2020, in order to compare like with like, the comparisons take the numbers from the financial year ended 29 March 2020 as if IAS 17 has applied.

Headline EBITDA for the year was £8.3m (2019: £7.8m), an increase of 6.4% on the prior year while the Group's EBITDA increased 1.4% to £7.2m (2019: £7.1m).

Group depreciation and amortisation, excluding amortisation of the Franco Manca brand, increased 9.4% to £4.7m (2019: £4.3m) following the number of new restaurants opened during the year and the previous year. The Group incurred one off costs in the year of £0.3m (2019: £0.2m) from impairment charges for 4 restaurants (2019: 3) which are, this year, impacted by COVID-19 and therefore underperforming management's expectations and £0.4m (2019: £Nil) of exceptional costs relating to the temporary closure of the restaurants from middle of March 2020 following instructions received from the UK Government as part of the COVID-19 lockdown. These one off costs, even though partially offset by the improved EBITDA, have led to a decrease in operating profit by 61.1% to £0.7m (2019: £1.8m).

With our new openings, we have invested £0.9m (2019: £0.4m) in pre-opening costs. Finance costs have remained static at £0.3m (2019: £0.3m) as the Group maintained the same level of net debt. Overall this has resulted in a profit before taxation of £0.4m (2019: £1.4m).

The Group's tax charge has decreased to £0.4m (2019: £0.7m). Although the Group reported a loss before tax, much of the exceptional costs incurred in the year do not benefit from corporation tax relief. The Group's loss after tax was £0.0m (2019: profit after tax of £0.7m).

Our basic and diluted earnings per share from continuing operations was 0.0p (2019: 0.1p) while Headline diluted earnings per share also remained at 0.4p (2019: 0.4p).

Cost inflation

During the year, weakness of Sterling against both the Euro and the US Dollar from uncertainty over Brexit and the need to increase stock levels in case of a hard Brexit has continued to put pressure on food cost inflation. Where possible, we have benefited from additional volume discounts due to our opening programme and changes in suppliers which have helped to mitigate some of the cost pressures.

We also saw 4.9% (2019: 4.4%) increase in the Government's National Living Wage at the beginning of the financial year for employees over 25 years old. Both of our businesses have chosen to treat all staff members the same irrespective of age and have therefore paid at least the National Living Wage to all employees. Employer's pension auto-enrolment contribution rate also increased at the beginning of the financial year from 2% to 3% (effectively a 50% increase in this cost).

Our other two material cost items are rent and utility costs. Rental inflation of our estate continues to increase modestly. However this is likely to be impacted by COVID-19 effects going forward as we enter more short term rent deals with landlords following the year end. Utility cost inflation continues to be volatile as the wholesale cost of energy has been impacted by the movement of Sterling and global economic adjustments.

Cash flows and balance sheets

The Group's cash flow from operating activities has increased significantly to £14.8m as a result of the adoption of IFRS 16 but by a more modest 34.4% to £8.2m (2019: £6.1m) under IAS 17 as the benefit from improved cash generation from restaurants and better cash management flowed through. This was also after an additional £0.1m (2019: £0.2m) in operating cash flow being applied to increased stock holding at year end as part of risk mitigation planning for Brexit.

We invested £7.4m (2019: £3.6m), before right of use assets additions, in development capital. This was primarily in new restaurants but also included investment in IT systems to introduce advanced customer relationship management facilities to both businesses including the launch of a new loyalty programme for Franco Manca in October 2019. In addition we recognised £9.2m (2019: £Nil) right-of-use assets in relation to the short term leasehold properties acquired during the year for new restaurant openings. At the same time an equal and opposite additional lease liabilities were recognised on the balance sheet for £9.2m (2019: £Nil).

During the year we acquired approximately 1% minority interests in the Group's two subsidiaries: Kefi Limited ("Kefi"), which owns the subsidiary that owns and operates The Real Greek; and Franco Manca Holdings Limited (formerly Rocca Limited) ("FM Holdings"), which owns the subsidiary that owns and operates Franco Manca, for a consideration of £628,026 in cash. Following these transactions Fulham Shore now owns 100% of each subsidiary.

Resultant net debt from our activities before lease liabilities recognised under IFRS 16 as at 29 March 2020 was £9.5m (2019: £9.4m). This is financed by our facilities with HSBC Bank PLC, made up of a £14.25m revolving credit facility ("RCF") and a £0.75m overdraft.

Despite the reduced trading as a result of COVID-19 at the end of the financial year, the Group funded its nine restaurant openings during the year largely through existing operational cash flow.

Post balance sheet events

On 20 March 2020, the UK Government issued direct instructions to temporarily close all restaurants to dine-in trade as part of wider efforts in the fight against Covid-19. Following the year end, costs were reduced to a minimum and all but essential or committed capital expenditures were halted in order to manage cash flow, including halting the build of a new Franco Manca in Glasgow. To conserve further the Group's cash resources, all Directors of the Company and certain members of the senior management team agreed to waive 20 per cent of remuneration due to them with effect from 1 April 2020 and until such time as the majority of the Company's restaurants were back open and trading.

Since 4 July 2020, the date from which the UK Government determined that restaurants could reopen to serve dine-in customers if safe to do so, the Group has undertaken a gradual reopening of its restaurants, serving customers through a combination of dine-in, takeaway, click and collect and delivery services. By the first weeks of August 2020, 67 of the 69 restaurants at the time had reopened to trading.

On 9 April 2020, Debenhams Retail Limited (formerly Debenhams Retail PLC) ("Debenhams"), with whom the Group has concession agreements for four restaurants, appointed Administrators. The Group has been in contact with Debenhams, its Administrators and the superior landlords of the various locations to ensure the four restaurants were able to reopen at an appropriate time after the COVID-19 lockdown. The Group has not had full clarity on the status of the four concessions but it is expected that three of them may have been terminated by Debenhams. Therefore for these three locations, the associated right-of-use asset and recognised lease under IFRS 16 will be disposed of when a new lease is entered into with the superior landlord.

On 20 August 2020, the Company completed a facility agreement for an increase in the amount available under its debt facilities with HSBC Bank plc and the waiver of certain banking covenants. Under the new arrangements, the term of the Company's existing £14.25m revolving credit facility was extended by 12 months from March 2021 to March 2022 and the Company increased its banking facilities with HSBC to a total of £25.75m including the existing £0.75m overdraft facility (from £15m). This increase of £10.75m is provided under the government backed Coronavirus Large Business Interruption Loan Scheme, which has a term of three years, with repayments due over the second and third years of the term.

On 20 August 2020, the Company raised £2,250,000 (before expenses) from the issue of 36,000,000 new ordinary shares in the Company. These new funds, together with the new banking facilities, will give the Group substantial headroom over its net debt at a time of uncertainty of impact from COVID-19.

People

During the year, the Group's key operations were within the UK. With our opening programme, the Group continued to create more new jobs in its new restaurants. We continue to invest in our staff through training, incentives and personal development as well as investing in a stronger people and human resource team.

As the sector closed during the final weeks of March 2020, the Group joined the UK Government's Coronavirus Jobs Retention Scheme and furloughed nearly all operational staff across the Group when the restaurants temporarily closed for the lockdown. Nearly all our restaurant staff were brought back from full time furlough as we reopened our restaurants following lock down.

Principal risks and uncertainties

The Directors consider the following to be the principal risks faced by the Group:

COVID-19

The macro economic impact of the COVID-19 pandemic is uncertain, and continues to evolve, with potential disruption to financial markets including currencies, interest rates, borrowing costs and the availability of debt financing. However, the Group's financial risk management strategies seek to reduce our potential exposure in relation to these risks. Following the year end, the Group, as described above:

- raised further funds of £2.25m from an equity placing and subscription;
- extended the maturity date of the RCF facility by 12 months to March 2022; and
- completed a new loan facility of £10.75m under the UK Government's CLBIL scheme for a three year term.

The combined effect of these actions have added an additional £13m of headroom to the Group's capital structure. Overall the headroom will provide a good buffer if another lockdown is introduced by the UK Government. The impact of further lockdowns or different restrictions may affect the carrying values of goodwill and/or property, plant and equipment including right of use assets. However the Group, through its learnings over the last six months, and investment in personal protective equipment, additional training and innovative systems, is prepared to respond to changing situations quickly.

Development programme

The Group's development programme is dependent on securing the requisite number of new properties at sensible rents. Despite the impact on the restaurant sector from COVID-19 and a general trend downwards on rents, the UK restaurant property market remaining competitive at the right locations and rents. To mitigate these issues, the Group has an experienced property team concentrating on securing new sites for the Group.

Supply chain

The Group focuses on the freshness and quality of the produce used in its restaurants. It is exposed to potential supply chain disruptions due to the delay or losses of inventory in transit. The Group seeks to mitigate this risk through effective supplier selection and an appropriate back-up supply chain. To help mitigate potential delays as a result of Brexit, the Group is building up stock, where possible, to allow for longer transit times and have changed some of its ingredients to UK grown ingredients.

Employees

The Group's performance depends largely on its management team and its restaurant teams. The inability to recruit people with the right experience and skills could adversely affect the Group's results. The result of the EU Referendum has created considerable uncertainty over the immigration status of EU nationals. To mitigate these issues the Group has invested in its human resources team and has implemented a number of incentive schemes designed to retain key individuals.

Brexit

Brexit may have an adverse impact on the wider economic environment in the UK and across the EU, resulting in weaker consumer spending in the travel and food and beverage markets. The potential further depreciation of Sterling could lead to cost inflation pressures, particularly in the food commodity markets. Any interruption to cross border trading with the EU could lead to delays in deliveries of some raw ingredients. Potential restrictions on mobility of EU nationals post-Brexit may limit the availability of labour resource in the UK. These risks are discussed separately above.

Competition

The Group operates in a competitive and fragmented market which regularly sees new concepts come to the market. However, the Directors believe that the strength of the Group's existing restaurant brands, value offer and constant strive towards delivering the best product and service will help the business to mitigate competitive risk.

Landlords

The Group operates four restaurants within the Debenhams estate. The existing restaurants may be at risk from any possible future structural changes in Debenhams as it entered administration in April 2020. The Directors have therefore not committed the Group to further restaurants with Debenhams in the short term, have opened up discussions with the ultimate landlord and to mitigate the risk, in part, have ensured that the four restaurants have separate street entrances.

Cyber security

The Group has been operating an online "click and collect" service, an online loyalty programme and various customer relationship management tools which rely on online systems that may experience cyber security failure leading to loss of revenue or reputation loss. The Group utilises robust supplier selection processes and third party reviews and testing on a regular basis to identify weaknesses and improve on existing protection and processes.

Regulatory compliance

The Group is growing and the UK Government is increasing the number of areas requiring additional regulatory compliance including GDPR. This may increase the Group's expenditure to ensure compliance and the Group may experience a failure to comply thus leading to significant fines. The Group reviews regulatory changes on a regular basis.

Risks are formally reviewed by the Board regularly and appropriate processes are put in place to monitor and mitigate them.

Financial risk management

The Board regularly reviews the financial requirements of the Group and the risks associated therewith. The Group does not use complicated financial instruments, and where financial instruments are used it is for reducing interest rate risk. The Group does not trade in financial instruments. Group operations are primarily financed from equity funds raised, bank borrowings and retained earnings. In addition to the financial instruments described above, the Group also has other financial instruments such as receivables, trade payables and accruals that arise directly from the Group's operations. Further information is provided in note 15 to the financial statements.

Key performance indicators

The Board receives a range of management information delivered in a timely fashion. The principal measures of progress, both financial and non-financial, that are reviewed on a regular basis to monitor the development of the Company and the Group are shown in the table at the beginning of this section.

Approved on behalf of the Board.

NCW Wong
Finance Director

14 October 2020

THE FULHAM SHORE PLC
 STRATEGIC REPORT – SECTION 172 STATEMENT

New legislation became effective in the UK during the financial year, aimed at helping shareholders better understand how directors discharged their duty to promote the success of companies under Section 172 of the Companies Act 2006 (“S172 Matters”). Throughout the year, in performance of its duties, the Board has had regard to the interests of the Group’s key stakeholders and taken account of the potential impact on these stakeholders of the decisions it has made. Details of how the Board had regard to the following S172 Matters are as follows:

<u>S172 Matters</u>	<u>Specific examples</u>
(a) The likely consequences of any decision in the long term	<ul style="list-style-type: none"> ● Our corporate governance framework as described in this annual report ● Communications with our shareholders through our website, circulars, AGM and investor meetings
(b) The interests of the company’s employees	<ul style="list-style-type: none"> ● Protecting our teams in the COVID-19 pandemic ● Employee engagement through newsletters, communication tools, surveys and career development opportunities ● Ongoing training and development ● Established whistleblowing procedures
(c) The need to foster the Groups business relationships with suppliers, customers and others	<ul style="list-style-type: none"> ● Partnering and regular communications with suppliers ● Protecting our customers and suppliers during the COVID-19 pandemic ● Encouraging and responding to customer feedback through websites, social media and our feedback management system ● Launch of the loyalty application in Franco Manca
(d) The impact of the Group’s operations on the community and the environment	<ul style="list-style-type: none"> ● Local community action working with food banks ● Recruitment undertaken locally ● Local sourcing of some products to establish stronger bonds with the local community ● Ongoing focus on environmentally friendly operating procedures

S172 Matters

- (e) The desirability of the Group maintaining a reputation for high standards of business

- (f) The need to act fairly between members of the company

Specific examples

- Upholding ethical standards in HR practices and ingredients sourcing
- Regular compliance updates at Board meetings
- Ongoing staff training and communication
- Regular restaurant visits and audit processes

- Stakeholder engagement
- Maintaining an open dialogue with our shareholders
- One class of share capital ensures all shareholders are treated equally

Approved on behalf of the Board.

DM Page
Chairman

14 October 2020

THE FULHAM SHORE PLC

BOARD OF DIRECTORS

The Directors of The Fulham Shore PLC are:

David Page – *Executive Chairman*

David trained as both a cartographer and a teacher. He was the owner and managing director of the largest PizzaExpress franchisee organisation - the G&F Group - from 1973 to 1993. The flotation of PizzaExpress PLC took place in 1993. David was chief executive of PizzaExpress and then chairman until it was acquired by a private equity house in 2002. Following the sale of PizzaExpress in 2003, David founded and was chairman of The Clapham House Group PLC from 2003 to 2010, the owner of Gourmet Burger Kitchen (“GBK”) and Bombay Bicycle Club. David’s investment portfolio in the sector includes shareholdings in a range of restaurants, including: Rocca di Papa and MEATliquor.

Nabil Mankarious – *Managing Director*

Nabil came to the United Kingdom from Alexandria, Egypt in 1986 to study medicine. Whilst a student, he started work in the kitchen of a PizzaExpress restaurant and rose through the ranks to become Regional Director for PizzaExpress London in 2001. From 2006 until 2011, Nabil was head of Group Purchasing at The Clapham House Group PLC and head of operations at GBK, its largest subsidiary company.

Nicholas Donaldson – *Director and Company Secretary*

Nick, a barrister by profession, has spent the majority of his career in the corporate finance field. Nick worked as Head of Corporate Finance and M&A at Credit Lyonnais Securities from 1996 until 2000. Thereafter he was Head of Investment Banking in Europe for Robert W. Baird and subsequently Head of Corporate Finance at Arbutnot Securities. Nick has spent the majority of his career providing strategic advice to companies in a range of sectors, including the restaurant sector. Nick is non-executive chairman of AIM quoted DP Poland PLC and of the fully listed Games Workshop Group PLC. He was a co-founder of The Clapham House Group PLC, which was the subject of a recommended takeover in 2010.

Nicholas Wong – *Finance Director*

Nick qualified as a chartered accountant with Baker Tilly and specialised, pre and post qualification in corporate finance. From 2005 to 2013, Nick was the Group Finance Director and Company Secretary of The Clapham House Group PLC and worked on the acquisitions of several restaurant businesses including GBK, the disposals of several restaurant businesses and the recommended takeover of The Clapham House Group PLC in 2010. During this time GBK grew from 6 to over 60 restaurants in the UK and over 10 internationally. Nick also looked after the IT and online strategy of various restaurant businesses, introducing numerous loyalty and social media systems into the businesses.

Martin Chapman – *Independent Non-executive Director*

In November 2012, Martin exercised his option to take early retirement after a 38 year career with HSBC Bank plc. For the 10 years prior to his retirement, Martin held the position of Head of Corporate Banking for HSBC’s largest Corporate Banking team based in the West End of London. In addition to managing and leading a large team of senior managers, Martin had ultimate responsibility for managing the Bank’s relationship with a large number of corporate customers covering almost all industry sectors and included a substantial number of publicly quoted companies. As well as the general mid market corporate business, Martin was also responsible for the Bank’s Corporate Real Estate business for Southern England as well the Bank’s Corporate Hotel business for the whole of the UK. Martin has spent the majority of his career in Corporate Banking where he has gained considerable experience in leading strategic discussion with management teams/shareholders and stakeholders in exploring debt financing options and Capital Market solutions for supporting growth, whether organically or by way of acquisition or merger activities. Martin is also a Non Executive Director of Weston Group plc.

Desmond Gunewardena – *Independent Non-executive Director*

Des qualified as a chartered accountant at Ernst & Young and was responsible for financial planning at property conglomerate Heron International during the mid-80's. In 1991 he joined design entrepreneur Sir Terence Conran as his business partner and CEO. During their 15 year period together Terence and Des built Conran from a small design company into a global restaurant, retail, hotel and design company employing 2,000 staff in the major cities of the world. In 2006 Des, as its Chairman and CEO led a buyout of Conran Restaurants (now renamed D&D London) a luxury restaurant group that owns and operates over 40 venues in London, Leeds, Manchester, Paris and New York. D&D also owns South Place, an 80 bedroom luxury hotel in the City of London. Des has previously held non-executive directorships of publicly listed restaurant and design companies. For a number of years Des has been listed as one the Evening Standard's Top 1,000 most influential Londoners and in 2013 was shortlisted as EY's London Entrepreneur of the year.

THE FULHAM SHORE PLC

CORPORATE GOVERNANCE STATEMENT

I have pleasure in introducing the Company's Corporate Governance Statement. As an AIM quoted company the Board of The Fulham Shore PLC recognises the importance of sound corporate governance. In line with updated AIM Rules, the Company adopted the QCA Guidelines during our 2019 Financial Year. As Chairman I am responsible for ensuring that the Board operates effectively and that a high standard of corporate governance is upheld throughout the Group. The Board is accountable to the Company's shareholders for good governance. We believe that our corporate culture is consistent with the Company's objectives, its strategy and business model. We work hard to ensure that the whole Fulham Shore team is properly engaged with our business, including our risks and opportunities. Through our in-house training systems, regular communications to staff members and through visiting our restaurants 'ad hoc' and speaking to the staff there, we believe that we have a good understanding of the mood and the aspirations of the Fulham Shore team. We believe that, thanks to these processes and despite COVID-19, we have a consistent, strong corporate culture. The enthusiasm to grow the business remains strong.

The Board

The Board is the body responsible for the Group's objectives, its policies and the stewardship of its resources. The Board comprises four executive directors and two non-executive directors. The profiles of the Board members appear on pages 18 and 19 of this report. These indicate the high level and range of business experience held by the directors which enables the Group to be managed effectively. Details of the Directors' shareholdings in the Company are given on page 28. All members of the Board have access to the services and advice of the company secretary.

The Board has a schedule of matters reserved for its decision which includes material capital commitments, business acquisitions and disposals and Board appointments. Directors are given appropriate information for each Board meeting, including reports on the current financial and trading position. The Board is required to act in the way it considers would be most likely to promote the success of the Company for the benefit of its members as a whole, and in so doing, have regard to the interests of certain stakeholders and the other matters set out in section 172 of the Companies Act 2006.

As noted in the section headed "Principal risks and uncertainties" in the "Strategic Report – Financial Review" on page 14 of this report, the Board has in place effective procedures for identifying and addressing risks which might affect the business of the Group.

Board Committees

The Board considers its governance framework to be appropriate for the Group at the present time. The Board has delegated authority to the following Committees and there are written terms of reference for each committee outlining its authority and duties:

The Audit Committee

The Audit Committee comprises DAL Gunewardena, who acts as chairman of the Audit Committee, and MA Chapman. During the year, in support of better corporate governance, NJ Donaldson and NCW Wong resigned from the Audit Committee. A quorum shall be two members of the Audit Committee. The Audit Committee will meet at least twice a year and at such other times as the chairman of the Audit Committee shall deem necessary. The Audit Committee receives and reviews reports from management and the Company's auditors relating to the interim and annual accounts and keeps under review the accounting and internal controls which the Company has in place.

Remuneration Committee

The Remuneration Committee comprises MA Chapman, who acts as chairman of the Remuneration Committee, and DAL Gunewardena. During the year, in support of better corporate governance, DM Page resigned from the Remuneration Committee. A quorum shall be two members of the Remuneration Committee. The Remuneration Committee will meet at such times as the chairman of the Remuneration Committee or the Board deem necessary. The Remuneration Committee shall determine and review the terms and conditions of service of the executive directors and the non-executive directors. The Remuneration Committee will also review the terms and conditions of any proposed share incentive plans, to be approved by the Board and the Company's shareholders.

Board appointments

The Company does not have a Nomination Committee. Any Board appointments are dealt with by the Board itself. Any Director appointed during the year is required to retire and seek election by shareholders at the next Annual General Meeting following their appointment. The Articles of Association of the Company provide that any Directors who were not appointed or re-appointed at one of the two preceding Annual General Meetings must retire and may offer themselves for re-appointment.

Board attendance

Directors are expected to attend all of the meetings of the Board and the Committees on which they sit, and to devote sufficient time to the Group's affairs to enable them to fulfil their duties as Directors. In the event that Directors are unable to attend a meeting their comments on board papers to be considered at the meeting are discussed in advance with the Chairman or the Finance Director so that their contribution can be included in the wider Board discussions.

Attendance of each board member during the financial year ended 29 March 2020 was as follows:

	Attended Meetings	Board Meetings % of Meetings Attended	Attended Meetings	Audit Committee % of Meetings Attended	Attended Meetings	Remuneration Committee % of Meetings Attended
DM Page	12	100%	N/A	N/A	1*	100%
NAG Mankarious	11	92%	N/A	N/A	N/A	N/A
NJ Donaldson	11	92%	1*	100%	N/A	N/A
NCW Wong	12	100%	1*	100%	N/A	N/A
MA Chapman	12	100%	2	100%	2	100%
DAL Gunewardena	12	100%	2	100%	2	100%

* The director resigned from the committee during the year

External appointments

Executive Directors are permitted to accept external appointments with the prior approval of the Board, where there is no adverse impact on their role with the Group. Such appointments should broaden their experience. Any fees arising from such roles may be retained by the Director.

Directors' liability insurance and indemnity

The Group has arranged insurance cover in respect of legal action against its Directors. To the extent permitted by UK law, the Group also indemnifies the Directors. These provisions were in force throughout the year and in force at the date of this report.

Board performance evaluation

During the year, the Board undertook internal performance evaluation of the Directors and the Board Committees addressing, above all, the effectiveness and continuing commitment of the Directors. The Board continues to believe that the Company has a well-balanced Board with a good range of skills. Succession planning continues to be a key area of focus to support the Company's long-term plans. The Board believes that the Board and its Committees continue to work well together with the right balance of skills and expertise. The Board is satisfied that the Non-Executive Directors continue to be effective and remain independent.

Independence of the Auditor

The Audit Committee undertakes a formal assessment of the auditor's independence each year which will include:

- a review of non-audit services provided to the Group and related fees;
- discussion with the auditor of a written report detailing all relationships with the Group and any other parties which could affect independence or the perception of independence;
- a review of the auditor's own procedures for ensuring the independence of the audit firm and partners and staff involved in the audit, including the regular rotation of the audit partner; and
- obtaining written confirmation from the auditor that, in their professional judgment, they are independent.

An analysis of the fees payable to the external audit firm in respect of both audit and non-audit services during the year is set out in note 2 to the financial statements.

Annual General Meeting

Throughout the ongoing COVID-19 pandemic, the health and safety of our staff, customers and shareholders has remained our priority. With this in mind and following the UK Government's guidelines, we regret that it will not be possible for shareholders to attend our AGM this year. The AGM will be run as a closed meeting and shareholders will not be permitted to attend in person. The AGM will be attended only by two directors who hold shares in the Company such that they can form a quorate meeting and duly record the proxy votes. The chairman of each of the Audit Committee and the Remuneration Committee will answer any emailed questions from shareholders, as detailed in the notice of meeting. Separate resolutions are proposed for substantially separate issues at the meeting and the chairman will declare the number of proxy votes received both for and against each resolution.

DM Page
Chairman

14 October 2020

THE FULHAM SHORE PLC
REPORT ON DIRECTORS' REMUNERATION

Remuneration Committee

The Remuneration Committee is authorised by the Board to determine the Company's remuneration policy on executive and non-executive Directors' service contracts and remuneration including share based incentive awards. The Remuneration Committee is chaired by MA Chapman, non-executive director. DM Page and DAL Gunewardena also served on the committee during the year although DM Page resigned from the Remuneration Committee in August 2019 as part of the Company's process of improving corporate governance.

The Company has chosen to apply the Corporate Governance Code published by the Quoted Companies Alliance. This report has been prepared taking account of this Corporate Governance Code.

Remuneration policy

The Company's executive remuneration packages are designed to attract, motivate and retain personnel of the high calibre needed to create value for shareholders. There are three components to the executive Directors' remuneration, being basic salary and benefits, annual bonus scheme and share based incentive schemes. The performance measurement of the executive Directors and key members of senior management and the determination of their annual remuneration packages is undertaken by the remuneration committee.

Directors' remuneration

Below is a summary of the pay packages awarded to the Directors including bonuses earned in respect of the financial year (which will be paid in cash in the following year).

Year ended 29 March 2020:

	Salary £'000	Fees £'000	Bonus £'000	Benefits £'000	Pensions £'000	Total £'000
Executive Directors						
DM Page	195	–	57	5	–	257
NAG Mankarious	212	–	61	2	11	286
NJ Donaldson	–	59	17	4	–	80
NCW Wong	189	–	55	1	9	254
	<u>596</u>	<u>59</u>	<u>190</u>	<u>12</u>	<u>20</u>	<u>877</u>
Non-executive Director						
MA Chapman	47	–	–	–	1	48
DAL Gunewardena	38	–	–	–	1	39
	<u>681</u>	<u>59</u>	<u>190</u>	<u>12</u>	<u>22</u>	<u>964</u>

Year ended 31 March 2019

	Salary £'000	Fees £'000	Bonus £'000	Benefits £'000	Pensions £'000	Total £'000
Executive Directors						
DM Page	123	–	54	4	–	181
NAG Mankarious	201	–	88	2	1	292
NJ Donaldson	–	56	25	4	–	85
NCW Wong	179	–	79	1	1	260
	<u>503</u>	<u>56</u>	<u>246</u>	<u>11</u>	<u>2</u>	<u>818</u>
Non-executive Director						
MA Chapman	45	–	–	–	1	46
DAL Gunewardena	36	–	–	–	–	36
	<u>584</u>	<u>56</u>	<u>246</u>	<u>11</u>	<u>3</u>	<u>900</u>

THE FULHAM SHORE PLC
REPORT ON DIRECTORS' REMUNERATION

The fees, bonus and benefits in respect of NJ Donaldson were paid to London Bridge Capital Partners LLP for his services as a Director of the Company for both financial years.

Retirement benefits

During the year ended 29 March 2020, the Company made pension contributions for eligible directors into a defined contribution scheme at a rate of 5% of basic salary (2019: up to 3% of basic salary based on the limits of auto-enrolment). The Company also provided death in service benefits to all Directors and certain members of the senior management team.

Incentive arrangements

The Directors and employees of the Group also participate in incentive arrangements to reward individuals if shareholder value is created.

Under these arrangements, certain Directors are entitled to performance related bonuses and participation in share based incentive schemes. The performance related bonuses for Executive Directors are based 70% on achieving and overdelivering on the Group's budgeted Headline EBITDA for the financial year and 30% on non-financial performance (board effectiveness, successful restaurant openings and customer satisfaction). The details of the share based incentive schemes are given in note 18 to the Financial Statements.

Directors' interests in Group share based incentive schemes

The interests of the Directors under the Group's share based incentive schemes as at 29 March 2020 were as follows:

	Options outstanding as at 31 March 2019 No.	Options exercised during the year No.	Options outstanding as at 29 March 2020 No.	Exercise Price £	Exercisable Date	Expiry Date
<i>Enterprise Management Incentives</i>						
DM Page	1,115,917	(1,115,917)	–	0.02	01/03/2016	01/03/2020
	554,200	–	554,200	0.05	25/02/2017	25/02/2021
	3,332,842	–	3,332,842	0.06	20/10/2017	20/10/2021
NAG Mankarious	1,115,917	(1,115,917)	–	0.02	01/03/2016	01/03/2020
	554,200	–	554,200	0.05	25/02/2017	25/02/2021
	3,332,842	–	3,332,842	0.06	20/10/2017	20/10/2021
NCW Wong	1,670,172	–	1,670,172	0.05	25/02/2017	25/02/2021
	2,774,856	–	2,774,856	0.06	20/10/2017	20/10/2021
<i>Unapproved</i>						
DM Page	1,647,256	–	1,647,256	0.06	20/10/2017	20/10/2021
	4,732,795	–	4,732,795	0.11	21/04/2018	21/04/2022
NAG Mankarious	1,647,256	–	1,647,256	0.06	20/10/2017	20/10/2021
	4,732,795	–	4,732,795	0.11	21/04/2018	21/04/2022
NCW Wong	2,205,242	–	2,205,242	0.06	20/10/2017	20/10/2021
	4,732,795	–	4,732,795	0.11	21/04/2018	21/04/2022
NJ Donaldson	554,200	–	554,200	0.05	25/02/2017	25/02/2021
	4,980,098	–	4,980,098	0.06	20/10/2017	20/10/2021
	4,732,795	–	4,732,795	0.11	21/04/2018	21/04/2022
MA Chapman	3,325,135	–	3,325,135	0.06	20/10/2017	20/10/2021
	2,366,397	–	2,366,397	0.11	21/04/2018	21/04/2022

THE FULHAM SHORE PLC

REPORT ON DIRECTORS' REMUNERATION

All share options above have been issued at the market price of the ordinary shares at the date of grant. During the year ended 29 March 2020, the market price of ordinary shares in the Company ranged from £0.0450 (2019: £0.0910) to £0.1290 (2019: £0.1288). The share price as at 29 March 2020 was £0.0550 (2019: £0.1125). There are no performance conditions attached to vesting of the share options.

DM Page and NAG Mankarious exercised options over 1,115,972 ordinary shares each during the year ended 29 March 2020 (2019: Nil). The aggregate gains made on the exercise of options during the year was £223,194 (2019: £Nil).

The total share based payments charge in relation to the Directors' interest in share options recognised in the Group during the year was £Nil (2019: £31,000).

Details of the Directors' shareholdings are given in the Directors' Report on page 28.

Arrangements for 2021

Board remuneration is reviewed annually for 1 April each year. For the financial year ended 29 March 2020, the Remuneration Committee had engaged independent remuneration advisers, FIT Remuneration Consultants ("FIT") to benchmark the Company's remuneration packages for executive directors ("2020 Review") and advise the Remuneration Committee. FIT is a member of the Remuneration Consultants Group and the voluntary code of conduct of that body is designed to ensure objective and independent advice is given to remuneration committees. In light of current trading impacted by the coronavirus, the 2020/2021 annual review of salary, bonus scheme, benefits and pension contributions for the Board and for the whole Group have been deferred until later in the year.

In addition all Directors of the Company and certain members of the senior management team agreed to waive 20 per cent of remuneration due to them with effect from 1 April 2020 and until such time as the majority of the Company's restaurants were back open and trading. This waiver is expected to last until the end of October 2020.

Similarly the completion of the review of the Company's long term incentive schemes for the Directors, which commenced during the year as there has been no grants under the Company's share incentive schemes to Directors since April 2015, will also be deferred to later in the year.

Directors' service agreements

DM Page was appointed as a Director and Executive Chairman on 2 March 2012. On 30 September 2014 DM Page entered into a service agreement with the Company under the terms of which he agreed to act as Executive Chairman of the Company. The agreement is terminable on 12 months' notice to be given by either party.

NAG Mankarious was appointed as a Director on 2 March 2012. On 30 September 2014 NAG Mankarious entered into a service agreement with the Company under the terms of which he agreed to act as Managing Director of the Company. The agreement is terminable on 12 months' notice to be given by either party.

NJ Donaldson was appointed as a Director on 2 March 2012. On 30 September 2014 London Bridge Capital Limited entered into a consultancy agreement with the Company under the terms of which London Bridge Capital Limited has agreed to provide the services of NJ Donaldson to act as a Director of the Company. The agreement (which was novated by deed to London Bridge Capital Partners LLP in April 2016) is terminable on 12 months' notice to be given by either party.

NCW Wong was appointed as the Finance Director on 13 January 2014. On 30 September 2014 NCW Wong entered into a service agreement with the Company under the terms of which he agreed to act as Finance Director of the Company. The agreement is terminable on 12 months' notice to be given by either party.

THE FULHAM SHORE PLC
REPORT ON DIRECTORS' REMUNERATION

MA Chapman was appointed as a Director on 1 July 2014. On 11 June 2014 MA Chapman entered into a letter of appointment with the Company under the terms of which he agreed to act as a non-executive director. The agreement is terminable on 3 months' notice to be given by either party.

DAL Gunewardena was appointed as a Director on 26 September 2016. On the same day DAL Gunewardena entered into a letter of appointment with the Company under the terms of which he agreed to act as a non-executive director. The agreement is terminable on 3 months' notice to be given by either party.

Although the review of existing contracts commenced during 2020, this has also been deferred until later in the year.

Approval

This report was approved by the Board of Directors on 14 October 2020 and signed on its behalf by:

MA Chapman

Chairman of the Remuneration Committee

THE FULHAM SHORE PLC

DIRECTORS' REPORT

The Directors have pleasure in presenting their report on the affairs of the Group, together with the audited financial statements for the year ended 29 March 2020.

Principal activity

The principal activity of the Group and Company is the operation and management of restaurants.

Review of the business and future developments

Information about the progress of the business and the Group's corporate activities is given in the Chairman's Statement on pages 4 to 7 and the Financial Review on pages 8 to 15.

Matters of strategic importance

The business review and future outlook, key performance indicators, principal risks and uncertainties required by Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 have been included in the separate Strategic Report in accordance with section 414C (11) of the Companies Act 2006.

Results and dividends

Revenue for the year ended 29 March 2020 was £68,565,000 (2019: £63,985,000), Headline Operating Profit for the same period was £4,437,000 (2019: £3,495,000) and Operating Profit for the same period was £1,832,000 (2019: £1,753,000).

No final dividend is being proposed by the Board. It remains the Board's policy that, subject to the availability of distributable reserves, dividends will be paid to shareholders when the Directors believe it is appropriate and prudent to do so.

Directors

The following Directors of the Company have held office since 31 March 2019:

DM Page
NAG Mankarious
NJ Donaldson
NCW Wong
MA Chapman
DAL Gunewardena

The Directors at the date of this report, together with their biographical details, are set out on pages 18 and 19.

At the 2020 Annual General Meeting, in accordance with the Company's Articles of Association, MA Chapman, DAL Gunewardena and NCW Wong will retire from the Board. Being eligible, and with the Board's recommendation, they will offer themselves for re-election.

Directors' interests in shares

Directors' interests in the shares of the Company, including family interests, were as follows:

Director	As at 29 March 2020		As at 31 March 2019	
	<i>Ordinary shares of 1p each</i>	%	<i>Ordinary shares of 1p each</i>	%
DM Page	81,267,120	14.17%	81,267,120	14.22%
NAG Mankarious	113,927,434	19.86%	113,927,434	19.94%
NJ Donaldson	13,190,573	2.30%	13,190,573	2.31%
NCW Wong	8,995,593	1.57%	8,909,093	1.56%
MA Chapman	766,818	0.13%	766,818	0.13%
DAL Gunewardena	454,545	0.08%	454,545	0.08%

Details of the Directors' interests in share options during the year are disclosed in the Report on Directors' Remuneration on pages 23 to 26.

Directors' liability insurance and indemnity

The Group has arranged insurance cover in respect of legal action against its Directors. To the extent permitted by UK law, the Group also indemnifies the Directors. These provisions were in force throughout the year and in force at the date of this report.

Substantial shareholders

The Directors' interests in the shares of the Company have been disclosed above. On 14 October 2020, the Company had been notified of the following interests in the ordinary share capital of the Company:

	As at 14 October 2020	
	<i>Ordinary shares of 1p each</i>	%
NAG Mankarious	116,879,434	19.17%
S Wasif	84,870,414	13.92%
DM Page	83,515,120	13.70%
P Solari	22,670,250	3.72%
G Mascoli	21,677,246	3.56%
Canaccord Genuity Group Inc	19,912,732	3.27%

No other person has reported an interest of more than 3% in the ordinary shares.

Employment policy

The Group's policies respect the individual regardless of gender, age, race or religion. Where reasonable and practical under existing legislation, all persons, including disabled persons, have been treated fairly and consistently, including matters relating to employment, training and career development.

The Group takes a positive view of employee communication and has established and maintains systems for employee consultation, feedback and communication of developments in each business and as a Group. These systems include:

- Line manager briefings and weekly bulletins;
- Communication forums and roadshows held by functions or brands across the Group;
- A dedicated intranet system and e-mail news alerts; and
- Focus groups and staff surveys.

The Group operates employee share schemes and a number of profit-related pay schemes as a means of further encouraging the involvement of employees in the Group's performance.

Political and charitable contributions

During the year ended 29 March 2020 the Group made no political contributions (2019: £Nil). The Group made charitable donations during the year ended 29 March 2020 by contributing £5,000 (2019: £5,000) to local charities and good causes.

In addition, Franco Manca donated over 15,000 (2019: 4,000) pizzas to local food banks and homeless shelters throughout the year.

Energy Consumption

The Group presents its greenhouse gases ("GHG") emissions and energy use data for the first time under Streamlined Energy and Carbon Reporting ("SECR") for the year ended 29 March 2020:

	Year ended 29 March 2020 UK Only tCO ₂ (e)
Energy consumption used to calculate emissions:	
Scope 1 – Natural Gas	607
Scope 2 – Electricity	1,696
Scope 3	20
Total	<u>2,323</u>
Energy Intensity (Tonnes CO ₂ e per £1,000 of Revenue)	<u>0.03</u>

The Group's total energy consumption for the year ended 29 March 2020 was 10,259,526 kWh.

As the Group only controls operations within the UK, no data is presented for non-UK consumption.

Annual general meeting

On pages 99 to 100 is a notice convening the annual general meeting of the Company for 25 November 2020 and the notice sets out the resolutions to be proposed at that meeting. The Board believes that the proposed resolutions to be put to the annual general meeting to be held on 25 November 2020 are in the best interests of shareholders and, accordingly, recommends that shareholders vote in favour of the resolutions.

Statement as to disclosure of information to auditors

The Directors who were in office on the date of approval of these financial statements have confirmed that as far as they are aware, there is no relevant audit information of which the auditors are unaware. The Directors have confirmed that they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Going concern

The Company's and Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 4 to 17. In addition, note 15 to the financial statements includes the company's objectives, policies and processes for managing its capital, its financial risk management objectives and its exposures to credit risk and liquidity risk.

At the end of financial year ended 29 March 2020, the Group was trading significantly within its banking covenants and debt facilities.

The Group's net current liabilities position at the year end is due to the first time recognition of short term lease liabilities from adoption of IFRS 16 and an increase of short term trade creditors and accruals as the UK went into lockdown as a result of COVID-19. Net current liabilities can be covered by day to day operational cash flow, where revenues are normally received within 7 days of recognition, short term overdraft facilities and utilising undrawn long term borrowing facilities. The main long term borrowing facilities do not require repayment before March 2022. Additionally following the year end, as described below under subsequent events, the Group increased its headroom during these volatile trading times by raising further capital by way of an equity placing and an additional government backed £10.75m bank facility.

COVID-19 and government action from 20 March 2020 has a significant impact on forecasts used for going concern analysis. The Directors have reviewed the rapidly evolving situation relating to COVID-19 and have modelled a series of downside case scenarios including the closure of all restaurants for a prolonged period time. These downside cases, whilst being considered by the Board to be extremely prudent, as to date the Government has not fully closed restaurants to takeaway and delivery sales, have a significant adverse impact on sales, margin and cash flow. As detailed in the Strategic report, various mitigating actions were taken by the Board during and after the first national lockdown. Such mitigating actions and other additional actions have been factored into the scenarios. Even in the most severe scenario where restaurants are closed for 26 weeks, the Group has adequate liquidity to cover the losses and recommence trading as we have done following the initial lockdown. In any other scenario where the Group is only closing restaurants to dine-in and allowed to be open for takeaway and delivery service, the impact on cash flow is significantly lower.

The Directors have reviewed the Group's net current liabilities position, forecasts, sensitivity from further impact of COVID-19, other longer term plans and the financial resources and bank facilities in place that is available to deal with the business risks of the Company and the Group. The Group had net debt, before lease liabilities recognised under IFRS 16, as at 13 October 2020 of £3,378,000 thus having headroom of £22,350,000. Additionally, the Group's opening programme can be adjusted fluidly to take account of business risks and the wider economic risks. The Directors feel well placed to manage the business risks successfully within the present financial arrangements.

The Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Subsequent Events

Impact of Covid-19

On 20 March 2020, the UK Government issued direct instructions to temporarily close all restaurants to dine-in trade as part of wider efforts in the fight against Covid-19. Following the year end, costs were reduced to a minimum and all but essential or committed capital expenditures were halted in order to manage cash flow. To conserve further the Group's cash resources, all Directors of the Company and certain members of the senior management team agreed to waive 20 per cent of remuneration due to them with effect from 1 April 2020 and until such time as the majority of the Company's restaurants were back open and trading.

Since 4 July 2020, the date from which the UK Government determined that restaurants could reopen to serve dine-in customers if safe to do so, the Group has undertaken a gradual reopening of its restaurants, serving customers through a combination of dine-in, takeaway, click and collect and delivery services.

New banking facilities

Following the year end, on 20 August 2020 the Company completed a facility agreement for an increase in the amount available under its debt facilities with HSBC Bank plc and the waiver of certain banking covenants. Under the new arrangements, the term of the Company's existing £14.25 million revolving credit facility was extended by 12 months from March 2021 to March 2022 and the Company increased its banking facilities with HSBC to a total of £25.75 million including the existing £0.75 million overdraft facility (from £15 million). This increase of £10.75 million is provided under the government backed Coronavirus Large Business Interruption Loan Scheme, which has a term of three years, with repayments due over the second and third years of the term.

Equity fundraise

On 20 August 2020, the Company raised £2,250,000 (before expenses) from the issue of 36,000,000 new ordinary shares in the Company.

Debenhams

On 9 April 2020, Debenhams Retail Limited (formerly Debenhams Retail PLC) ("Debenhams"), with whom the Group has concession agreements for four restaurants, appointed Administrators. The Group has been in contact with Debenhams, its Administrators and the superior landlords of the various locations to ensure the four restaurants were able to reopen at an appropriate time after the COVID-19 lockdown. The Group has not had full clarity on the status of the four concessions but it is expected that three of them may have been terminated by Debenhams. For these three locations, therefore, the associated right-of-use asset and recognised lease under IFRS 16 will be disposed when a new lease is entered into with the superior landlord.

Auditors

RSM UK Audit LLP has indicated its willingness to continue in office.

Approved on behalf of the Board.

DM Page

Chairman

14 October 2020

THE FULHAM SHORE PLC

STATEMENT ON DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. The directors are required under the AIM Rules of the London Stock Exchange to prepare Group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and have elected under company law to prepare the Company financial statements in accordance with IFRS as adopted by the EU.

The financial statements are required by law and IFRS as adopted by the EU to present fairly the financial position of the Group and the Company and the financial performance of the Group. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period.

In preparing each of the Group and Company financial statements, the Directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and accounting estimates that are reasonable and prudent;
- c. state whether they have been prepared in accordance with IFRS as adopted by the EU; and
- d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and 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 Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on The Fulham Shore PLC website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Board.

DM Page
Chairman

14 October 2020

Opinion

We have audited the financial statements of The Fulham Shore Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 29 March 2020 which comprise the consolidated statement of comprehensive income, consolidated and company balance sheets, consolidated and company statement of changes in equity, consolidated and company cash flow statements and 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 29 March 2020 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the Companies Act 2006; and
- the financial statements 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 group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to SME listed entities 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 group's or the parent 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.

Summary of our audit approach

Key audit matters	Group
	<ul style="list-style-type: none"> ● Goodwill impairment ● Impairment of property, plant and equipment ● Adoption and implementation of IFRS 16
Key audit matters	Group and Parent Company
	<ul style="list-style-type: none"> ● Impact of Covid-19, including on going concern
Materiality	Group
	<ul style="list-style-type: none"> ● Overall materiality: £289,000 (2019: £310,000) ● Performance materiality: £217,000 (2019: £232,500)
	Parent Company
	<ul style="list-style-type: none"> ● Overall materiality: £264,700 (2019: £310,000) ● Performance materiality: £198,000 (2019: £232,500)
Scope	Our audit procedures covered 100% of revenue, 100% of total assets and 100% of profit before tax.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the group and parent company financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the group and parent company financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Goodwill and intangibles impairment

Key audit matter description	<i>Refer to pages 54-55 (Accounting Estimates – Assessment of the recoverable amounts in respect of assets tested for impairment) and note 7 on intangible assets)</i>
-------------------------------------	--

At the year-end date, the Group had a total Goodwill balance of £20.7m arising from past acquisitions. The balance is attributable as follows:

- Franco Manca cash generating unit (“CGU”) – £18.9m
- The Real Greek CGU - £1.8m

Management considers that these are the smallest groups of CGUs to which goodwill can be allocated without making an arbitrary allocation. In addition, at the year-end date the brand intangible in relation to Franco Manca had a carrying value of £4.1m and remaining useful life of five years.

Management are required by IAS 36 to test for impairment of goodwill on an annual basis. Management carefully considered the carrying value of goodwill and whether any impairment existed at the year-end date.

For the impairment testing at 29 March 2020 management prepared discounted cash flow forecasts using a pre-tax discount rate based on a weighted average cost of capital (WACC) and comparisons to the Group’s peers of 6.9% (2019: 12.4%). Management have stated in the Accounting Policies note that this discount rate is the rate considered by the Board to reflect the risk associated with each group of CGUs.

Given the value of the balances, the challenging conditions the restaurant industry is currently facing along with the impact the Coronavirus pandemic (“Covid-19”) is having, and the significant management judgements involved in forecasting the cash flows and in determining the assumptions used, assessing whether goodwill is impaired could have a material impact on the financial statements and was therefore determined to be a key audit matter.

Our audit approach included:

- Auditing management's annual impairment reviews by comparing the value in use to the carrying value of the goodwill and attributable operating assets of each group of CGUs
- Agreeing the mathematical accuracy and integrity of the calculations
- Considering the reasonableness of management's key assumptions and judgements in preparing the discounted cash flow forecasts, and challenging them where appropriate using our knowledge of comparable businesses and market data
- Reviewing management's sensitivity analysis and considering the headroom on both CGUs shown by management's value in use calculations
- Considering the sensitivity analysis performed by management and the reasonableness and likelihood of changes in key assumptions that would result in an impairment
- Consulting internal valuations experts over the inputs to the calculation of the discount rate
- Challenging the discount rate used by management, the assumptions used and whether it was appropriate for there to be no change in the rate from the prior year
- Comparing forecast cash flows to actual results observed to date
- Discussing with management the impact of Covid-19 on the forecast and actual results post-year end
- Considering any evidence of management bias in assumptions used in the annual impairment review
- Reviewing disclosures in the financial statements

How the matter was addressed in the audit

Key observations

Based on the headroom shown by management's calculations and the work performed we did not identify any significant matters requiring adjustment in the impairment models used.

Impairment of property, plant and equipment

Key audit matter description

Refer to page 54-55 (Accounting Estimates – Assessment of the recoverable amounts in respect of assets tested for impairment) and note 2 – Operating profit, note 8 – Property, plant and equipment

The total carrying value of property, plant and equipment (PPE) at the year-end was £33.3m (2019: £30.8m) excluding the Right of Use assets, and £100.9m including Right of Use assets. Given the challenging conditions at the year end and that the restaurant industry is currently facing, and with the added impact of Covid-19, management considered the carrying value of PPE on an individual restaurant basis, each of which is a CGU for testing impairment of PPE and Right of Use assets, and whether any individual restaurant showed indications of impairment.

For those individual sites which showed indications of impairment, management carried out detailed impairment testing to consider whether assets attributable to the underperforming restaurants were impaired at the year end. In addition, it was noted that as a result of the Covid-19 pandemic all sites were closed at the year-end.

During the year ended 29 March 2020, management has recognised a total impairment charge of £0.26m (2019: £0.13m) in respect of four (2019: three) sites which are forecast to underperform in the short to medium term either partly or wholly as a result of the Covid-19 pandemic.

For the impairment testing at 29 March 2020 a pre-tax discount rate based on a weighted average cost of capital (WACC) and comparisons to the Group's peers of 6.9% (2019: 12.4%) was used. Management has stated in the Accounting Policies note that this discount rate used is the rate considered by the Board to reflect the risk associated with each CGU.

Because of the significant management judgement involved in forecasting the cash flows, in considering when sites would recommence generating cash flows and in the assumptions used, a change in the total impairment charge recognised could have a material impact on the financial statements and this was therefore determined to be a key audit matter.

How the matter was addressed in the audit

Our audit approach included:

- Reviewing management's initial assessment of indicators of impairment for the CGUs and challenging management on those sites not identified but showing possible signs of impairment.
- For those sites for which triggers for impairment were noted, we obtained and audited management's detailed impairment reviews, comparing their discounted cash flow forecasts to the carrying value of property, plant and equipment and Right of Use Asset of each CGU.
- Agreeing the mathematical accuracy and integrity of calculations
- For those sites where detailed impairment calculations were not carried out, we obtained and challenged management's explanations as to why they were not considered to be showing indicators of impairment, and tested the explanations to supporting documentation where possible.
- Obtaining and challenging management's key assumptions and discussing with management the impacts of Covid-19 on individual sites.
- Comparing forecast cash flows with actual results observed post year end to assess the reasonableness of management's assumptions and the accuracy of forecasting
- Reviewing disclosures in the financial statements.

Key observations

As a result of our work, management identified additional impairments of certain sites which have been recognised in the financial statements.

Adoption and implementation of IFRS 16

Key audit matter description

Refer to page 47 (Accounting Policies – New Standards), page 56 (Accounting Estimates – Incremental Borrowing Rate), note 8 – Property, plant and equipment, note 14 – Borrowings and note 23 – Adoption of IFRS 16 Accounting Standards for Leases

During the year ended 29 March 2020, the Group applied IFRS 16 Leases for the first time, utilising the modified retrospective approach to transition. Adoption of the standard results in recognition of significant new Right of Use ("RoU") assets and associated lease liabilities on the balance sheet and as at the year-end the Group had RoU assets and lease liabilities of £67.5m and £68.2m respectively.

The implementation of IFRS 16 Leases involves a significant level of judgement in respect of key assumptions including lease terms and the incremental borrowing rates, where the rate implicit in the lease cannot be determined.

Because of the materiality of the figures and the degree of management estimation and judgement required we have determined the adoption and implementation of IFRS 16 to be a key audit matter.

How the matter was addressed in the audit

Our audit approach included:

- Obtaining management's calculation and schedule of leases at the transition and year-end dates, and reviewing the mechanics and mathematical integrity of management's model.
- Agreeing lease terms and annual lease amounts from management's schedule to the respective lease agreements.
- Testing for completeness to ensure all leases in the Group's portfolio were included in management's calculations by checking against a list of all sites operated by the Group

- Reviewing the treatment of related items including lease incentives, rent accruals and prepayments, and variable rents to confirm these items had been appropriately treated in the transition adjustments.
- Critically assessing the key assumptions utilised by management in determining transition adjustments, including the incremental borrowing rate used and consideration of their use of the portfolio expedient.
- Auditing lease movements during the year, including recognition of new leases, lease modifications, depreciation on RoU assets and recognition of interest and capital payments in respect of lease liabilities.
- Performing sensitivity analysis and considering the impact of changes to the incremental borrowing rate.
- Assessing the disclosures within the financial statements.

Key observations We noted that management had included variable rent payments in the initial IFRS 16 model and that there were some errors in the calculations. These were subsequently amended.

Impact of Covid-19 including on going concern

Key audit matter description The effects on the Group, and on the hospitality sector, of the outbreak and escalation of the Coronavirus pandemic (“Covid-19”) are set out in the Group’s strategic report on pages 4 to 17. The Directors need to exercise judgements and make estimates in respect of future trading, cash flows and financing in determining whether the preparation of the financial statements on a going concern basis is appropriate for the Group.

Covid-19 resulted in a national lockdown and the temporary closure of restaurants just before the year-end. While the Group was able to trade takeaway sales subsequent to the year-end, and the Group has benefitted from the Government’s furlough scheme, loan guarantee scheme and the “Eat Out to Help Out” (“EOTHO”) initiative, the longer-term impacts of eating out habits and risks of global recession are very difficult to predict.

Subsequent to the year-end, the Group has successfully raised £2.25m in additional equity and increased its banking facilities to £25.75m, of which £10.75m is under the Government backed Coronavirus Large Business Interruption Scheme (“CLBILS”) with a term of three years. Given the above, and the successful re-opening of restaurants boosted by EOTHO and the Group’s own continuation of the scheme, management considers that the Group has sufficient resources available to enable the Group and Company to meet their liabilities as they fall due for a period of at least 12 months from the date of approval of the financial statements and that there are no material uncertainties that cast significant doubt on the Group’s or the Company’s ability to continue as a going concern.

Given the uncertainty in the trading environment and the judgements and estimates required by management we have determined going concern to be a key audit matter.

How the matter was addressed in the audit Our audit approach included:

- Obtaining and reviewing the extended banking facility agreement, including details of repayments and covenants.
- Obtaining an understanding of management’s going concern models and cash flow forecasts for a period of at least 12 months from approval date, discussing key assumptions used.
- Checking the mathematical accuracy of management’s cashflow models and burn rate.
- Checking management’s covenant compliance to determine whether there is a risk of breach in the forecast period.
- Comparing forecasts to post year-end trading results and cash position.

- Challenging management's forecasts and consideration of a second lockdown scenario.
- Reviewing the sensitivity analyses prepared by management to understand the likelihood of the occurrence of the alternative scenarios, and checking the mathematical accuracy of the sensitivity calculations.
- Reviewing disclosures in the financial statements.

Key observations	In response to our challenges, management considered a scenario in which there is a further extended nationwide closure of the hospitality sector and whether the Group has sufficient cash resources to withstand a prolonged period with little or no revenue. In addition, as a result of our review, management enhanced the disclosures in the financial statements on page 48, including to explain the uncertainties over the future impact the coronavirus pandemic might have on the group.
-------------------------	--

Our application of materiality

When establishing our overall audit strategy, we set certain thresholds which help us to determine the nature, timing and extent of our audit procedures. When evaluating whether the effects of misstatements, both individually and on the financial statements as a whole, could reasonably influence the economic decisions of the users we take into account the qualitative nature and the size of the misstatements.

	Group	Parent company
Overall materiality	£289,000 (2019: £310,000)	£264,700 (2019: £310,000)
Basis for determining overall materiality	3.5% of Headline EBITDA (pre-IFRS 16)	1% of net assets
Rationale for benchmark applied	Headline EBITDA is considered to be the primary measure used by shareholders and management in assessing the performance of the Group.	The parent company does not trade and therefore net assets is considered to be the most appropriate benchmark.
Performance materiality	£217,000 (2019: £232,500)	£198,000 (2019: £232,500)
Basis for determining performance materiality	75% of overall materiality	75% of overall materiality
Reporting of misstatements to the Audit Committee	Misstatements in excess of £14,400 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.	Misstatements in excess of £13,200 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

The group consists of six components, all of which are based in the UK.

The coverage achieved by our audit procedures was:

	Number of components	Revenue	Total assets	Loss before tax
Full scope audit	6	100%	100%	100%
Specific audit procedures	–	–	–	–
Total	6	100%	100%	100%

Full scope audits were performed for all components in the Group.

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 the Directors' Report for the financial year 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 group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 32 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

THE FULHAM SHORE PLC
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE FULHAM SHORE PLC

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the 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.

GEOFF WIGHTWICK (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory
Auditor Chartered Accountants
25 Farringdon Street
London
EC4A 4AB

14 October 2020

THE FULHAM SHORE PLC
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 29 March 2020

	<i>Notes</i>	Year ended 29 March 2020 £'000	Year ended 31 March 2019 £'000
Revenue	1	68,565	63,985
Cost of sales		(40,628)	(38,237)
Gross profit		27,937	25,748
Administrative expenses		(23,500)	(22,253)
Headline operating profit		4,437	3,495
Share based payments	18	(157)	(138)
Pre-opening costs	2	(683)	(386)
Amortisation of brand	7	(821)	(821)
Exceptional costs:			
– impairment of property, plant and equipment	8	(260)	(130)
– Change in fair value of investment	9	(248)	(80)
– loss on disposal of property, plant and equipment		–	(187)
– cost of acquisition		(3)	–
– COVID-19 temporary closure costs		(718)	–
– COVID-19 grants received against temporary closure costs		285	–
Operating profit	2	1,832	1,753
Finance income		10	8
Finance costs	4	(2,596)	(327)
(Loss)/profit before taxation		(754)	1,434
Income tax expense	5	(421)	(714)
(Loss)/profit for the year		(1,175)	720
Other comprehensive income		–	–
Total comprehensive (loss)/income		(1,175)	720
(Loss)/profit for the year attributable to:			
Owners of the company		(1,193)	698
Non-controlling interests		18	22
		(1,175)	720
Earnings per share			
Basic	6	(0.2p)	0.1p
Diluted	6	(0.2p)	0.1p

THE FULHAM SHORE PLC
CONSOLIDATED AND COMPANY BALANCE SHEETS
29 MARCH 2020

	Notes	29 March 2020 £'000	Group 31 March 2019 £'000	Parent company 29 March 2020 £'000	Parent company 31 March 2019 £'000
Non-current assets					
Intangible assets	7	25,017	25,767	–	–
Property, plant and equipment	8	100,606	30,806	151	173
Investments	9	–	201	44,347	43,563
Trade and other receivables	11	1,081	1,020	10,567	11,863
Deferred tax assets	16	9	301	3	287
		<u>126,713</u>	<u>58,095</u>	<u>55,068</u>	<u>55,886</u>
Current assets					
Inventories	10	1,906	1,764	–	–
Trade and other receivables	11	2,342	3,597	150	118
Cash and cash equivalents	12	2,056	1,835	1,030	22
		<u>6,304</u>	<u>7,196</u>	<u>1,180</u>	<u>140</u>
Total assets		<u>133,017</u>	<u>65,291</u>	<u>56,248</u>	<u>56,026</u>
Current liabilities					
Trade and other payables	13	(12,480)	(11,881)	(1,309)	(1,312)
Borrowings	14	(5,163)	–	–	–
Income tax payable		(135)	(93)	–	–
		<u>(17,778)</u>	<u>(11,974)</u>	<u>(1,309)</u>	<u>(1,312)</u>
Net current liabilities		<u>(11,474)</u>	<u>(4,778)</u>	<u>(129)</u>	<u>(1,172)</u>
Non-current liabilities					
Trade and other payables	13	–	(1,601)	–	–
Borrowings	14	(74,591)	(11,240)	(14,737)	(13,721)
Deferred tax liabilities	16	(1,888)	(1,733)	–	–
		<u>(76,479)</u>	<u>(14,574)</u>	<u>(14,737)</u>	<u>(13,721)</u>
Total liabilities		<u>(94,257)</u>	<u>(26,548)</u>	<u>(16,046)</u>	<u>(15,033)</u>
Net assets		<u>38,760</u>	<u>38,743</u>	<u>40,202</u>	<u>40,993</u>
Equity					
Share capital	17	5,736	5,714	5,736	5,714
Share premium		6,911	6,889	6,911	6,889
Merger relief reserve		30,459	30,459	30,459	30,459
Reverse acquisition reserve		(9,469)	(9,469)	–	–
Retained earnings		5,123	5,025	(2,904)	(2,069)
		<u>38,760</u>	<u>38,618</u>	<u>40,202</u>	<u>40,993</u>
Equity attributable to owners of the company		38,760	38,618	40,202	40,993
Non-controlling interest		–	125	–	–
Total Equity		<u>38,760</u>	<u>38,743</u>	<u>40,202</u>	<u>40,993</u>

THE FULHAM SHORE PLC
CONSOLIDATED AND COMPANY BALANCE SHEETS
29 MARCH 2020

The loss for the financial year dealt with in the financial statements of the Company is £739,000 (2019: £878,000). The financial statements on pages 41 to 97 were approved by the board of Directors and authorised for issue on 14 October 2020 and are signed on its behalf by:

DM Page
Chairman

Company registration number: 07973930

THE FULHAM SHORE PLC
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 29 March 2020

	Attributable to owners of the Company							
	Share Capital £'000	Share Premium £'000	Merger Relief Reserve £'000	Reverse Acquisition Reserve £'000	Retained Earnings £'000	Equity Share- holders' Funds £'000	Non- Controlling Interests £'000	Total Equity £'000
At 26 March 2018	5,714	6,889	30,459	(9,469)	3,936	37,529	103	37,632
Profit for the year	–	–	–	–	698	698	22	720
Total comprehensive income	–	–	–	–	698	698	22	720
Transactions with owners								
Share based payments	–	–	–	–	138	138	–	138
Deferred tax on share based payments	–	–	–	–	253	253	–	253
Total transactions with owners	–	–	–	–	391	391	–	391
At 31 March 2019	5,714	6,889	30,459	(9,469)	5,025	38,618	125	38,743
Adjustment on adoption of IFRS 16 (note 23)	–	–	–	–	1,872	1,872	–	1,872
At 1 April 2019	5,714	6,889	30,459	(9,469)	6,897	40,490	125	40,615
Loss for the year	–	–	–	–	(1,193)	(1,193)	18	(1,175)
Total comprehensive income	–	–	–	–	(1,193)	(1,193)	18	(1,175)
Transactions with owners								
Share based payments	–	–	–	–	157	157	–	157
Deferred tax on share based payments	–	–	–	–	(253)	(253)	–	(253)
Acquisition of non-controlling interests	–	–	–	–	(485)	(485)	(143)	(628)
Exercise of share options	22	22	–	–	–	44	–	44
Total transactions with owners	22	22	–	–	(581)	(537)	(143)	(680)
At 29 March 2020	5,736	6,911	30,459	(9,469)	5,123	38,760	–	38,760

THE FULHAM SHORE PLC
COMPANY STATEMENT OF CHANGES IN EQUITY
for the year ended 29 March 2020

	Share Capital £'000	Share Premium £'000	Merger Relief Reserve £'000	Retained Earnings £'000	Total Equity £'000
At 26 March 2018	5,714	6,889	30,459	(1,582)	41,480
Loss for the year	—	—	—	(878)	(878)
Total comprehensive income for the year	—	—	—	(878)	(878)
Transactions with owners					
Share based payments	—	—	—	138	138
Deferred tax on share based payments	—	—	—	253	253
Total transactions with owners	—	—	—	391	391
At 31 March 2019	5,714	6,889	30,459	(2,069)	40,993
Loss for the year	—	—	—	(739)	(739)
Total comprehensive income for the year	—	—	—	(739)	(739)
Transactions with owners					
Share based payments	—	—	—	157	157
Deferred tax on share based payments	—	—	—	(253)	(253)
Exercise of share options	22	22	—	—	44
Total transactions with owners	22	22	—	(96)	(52)
At 29 March 2020	<u>5,736</u>	<u>6,911</u>	<u>30,459</u>	<u>(2,904)</u>	<u>40,202</u>

THE FULHAM SHORE PLC
CONSOLIDATED AND COMPANY CASH FLOW STATEMENT
for the year ended 29 March 2020

		Year ended 29 March 2020 £'000	Group Year ended 31 March 2019 £'000	Year ended 29 March 2020 £'000	Parent company Year ended 31 March 2019 £'000
Net cash flow from/(used in) operating activities	19	14,842	6,132	(724)	(313)
Investing activities					
Acquisition of property, plant and equipment		(7,214)	(3,457)	(10)	(4)
Acquisition of intangible assets		(145)	(99)	–	–
Acquisition of investments		(47)	–	–	–
Acquisition of non-controlling interests		(641)	–	(641)	–
Disposal of discontinued operations		–	329	–	–
Loan repaid by subsidiary undertakings		–	–	2,012	1,366
Net cash flow (used in)/from investing activities		<u>(8,047)</u>	<u>(3,227)</u>	<u>1,361</u>	<u>1,362</u>
Financing activities					
Proceeds from issuance of new ordinary shares (net of expenses)		44	–	44	–
Capital received from bank borrowings		1,000	–	1,000	–
Capital repaid on bank borrowings		(700)	(1,110)	(700)	(1,110)
Principal element of lease payments		(4,332)	–	–	–
Interest received		10	8	466	468
Interest paid		(2,596)	(327)	(439)	(392)
Net cash flow (used in)/from financing activities		<u>(6,574)</u>	<u>(1,429)</u>	<u>371</u>	<u>(1,034)</u>
Net increase in cash and cash equivalents		221	1,476	1,008	15
Cash and cash equivalents at the beginning of the year	12	<u>1,835</u>	<u>359</u>	<u>22</u>	<u>7</u>
Cash and cash equivalents at the end of the year	12	<u><u>2,056</u></u>	<u><u>1,835</u></u>	<u><u>1,030</u></u>	<u><u>22</u></u>

THE FULHAM SHORE PLC

ACCOUNTING POLICIES

GENERAL INFORMATION

The Fulham Shore PLC is a public company limited by shares incorporated and domiciled in England and Wales with registration number 07973930 and registered office at 1st Floor, 50-51 Berwick Street, London, W1F 8SJ, United Kingdom. The Company's ordinary shares are traded on the AIM Market.

BASIS OF PREPARATION

On 20 October 2014, The Fulham Shore PLC acquired 99.04% of the issued share capital of Kefi Limited. The combination has been accounted for as a reverse acquisition as if Kefi Limited had issued new shares in exchange for The Fulham Shore PLC's net assets. During the year, the Company acquired the remaining 0.96% of the issued share capital of Kefi Limited.

The Fulham Shore PLC is presenting audited consolidated financial statements for the year ended 29 March 2020. The comparative period presented is audited financial statements for the year ended 31 March 2019.

The accounting year for the Group runs to a Sunday within seven days of 31 March each year which will be a 52 or 53 week period. The year ended 29 March 2020 was a 52 week period, with the comparative year to 31 March 2019 being a 53 week period.

The Company accounts have been prepared for the same periods as the Group.

The financial statements have been prepared under the historical cost convention and, as permitted by EU Law, the Financial Statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards as adopted by the EU ("IFRS").

The financial statements for the year ended 29 March 2020 are presented in Sterling because that is the primary currency of the primary economic environment in which the Group operates. All values are rounded to the nearest thousand pounds (£'000) except when otherwise indicated.

The parent company has not presented its own income statement, statement of total comprehensive income and related notes as permitted by section 408 of the Companies Act 2006.

NEW STANDARDS

The following new accounting standards are effective for the year ended 29 March 2020 and have been adopted in these financial statements:

IFRIC Interpretation 23 Uncertainty over Income Tax Treatments (became effective for accounting periods commencing on or after 1 January 2019)

This standard clarifies how to apply the recognition and measurement requirements in IAS12 when there is uncertainty over income tax treatments. The Group has adopted this accounting standard during the year and the implementation has not had a material impact on the Group.

IFRS 16 Leases (became effective for accounting periods commencing on or after 1 January 2019)

The Group has adopted the standard for the first time using the modified retrospective approach. In doing so, the Group initially applied the standard at the date of the initial application on 1 April 2019 where the cumulative effect of initially applying IFRS 16 is recognised at this date of initial application.

On transition to IFRS 16, the Group has elected to apply the following practical expedients permitted by the standard:

- Applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Excluding initial direct costs from measuring the right-of-use assets at the transition date;
- Using hindsight when determining the lease term where the contract contains options to break or renew; and
- For leases determined to be onerous before the transition date, relying on this assessment as an indicator of impairment as an alternative to performing an impairment review.

Further disclosures on such contracts can be found in Note 23.

NEW STANDARDS THAT ARE NOT YET EFFECTIVE

At the date of authorisation of these financial statements, the following Standards and Interpretations relevant to the Group operations that have not been applied in these financial statements were in issue but not yet effective:

IAS 1 (Amendment)	Definition of Material
IAS 8 (Amendment)	Definition of Material
IFRS 3 (Amendment)	Definition of Business in Business Combinations
IFRS 9 (Amendment)	Interest rate benchmark reform
IAS 39 (Amendment)	Interest rate benchmark reform
IFRS 7 (Amendment)	Interest rate benchmark reform

The Directors anticipate that the adoption of these Standards and Interpretations as appropriate in future years will have no material impact on the financial statements of the Group other than the interest rate benchmark reforms which are due to take place in 2021. As the replacement to Libor has not yet been agreed, the impact cannot be assessed until the new benchmark is available.

GOING CONCERN

The consolidated financial statements have been prepared on a going concern basis. The Board has reviewed the risk analysis set out in the Strategic Report on pages 13 to 14, the Group's net current liabilities position as at 29 March 2020, the forecasts for the next financial year, other longer term plans, financial resources including undrawn but available short term and long term facilities described in note 14, the subsequent renewal and increase in facilities post year end and operational cash flow where cash from revenues are received within 7 days.

COVID-19 and government action from 20 March 2020 has significant impact on forecasts used for going concern analysis. The Directors have reviewed the rapidly evolving situation relating to COVID-19 and have modelled a series of downside case scenarios. These downside cases represent increasingly severe but plausible scenarios and include assumptions relating to the estimates of the impact of:

- The closure of all restaurants to dine-in, takeaway and delivery for a period of 13 weeks and then a reopening programme over 2 months;
- The closure of all restaurants to dine-in, takeaway and delivery for a period of 26 weeks and then a reopening programme over 2 months;

These downside cases, whilst considered by the Directors to be extremely prudent, as to date the Government has not fully closed restaurants to takeaway and delivery sales, have a significant adverse impact on sales, margin and cash flow. In response, the Directors have taken immediate and significant actions, all within management's control, to reduce costs and optimise the Group's cash flow and liquidity. Amongst these are the following mitigating actions: reducing capital and investment expenditure through postponing or pausing projects and change activity; deferring or cancelling discretionary spend; freezing non-essential recruitment and reducing marketing spend; and reducing indirect costs and central costs. Even in the most severe scenario where restaurants are closed for 26 weeks, the Group has adequate liquidity to cover the losses and recommence trading as we have done following the initial lockdown. Any other scenario where the Group is only closing restaurants to dine-in and allowed to be open for takeaway and delivery service, the impact on cash flow is significantly lower.

Taking the reviews and analysis, the Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Therefore the Board is satisfied that, at the time of approving the financial statements, it is appropriate to adopt the going concern basis in preparing the financial statements.

SIGNIFICANT ACCOUNTING POLICIES

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate those of The Fulham Shore PLC and all of its subsidiary undertakings for the period. Subsidiaries acquired are consolidated from the date that the Group has the power to control, exposure or rights to variable returns, and the ability to use its power over the returns and will continue to be consolidated until the date that such control ceases.

Although the legal form of the transaction during the period ended 29 June 2015 was an acquisition of Kefi Limited by The Fulham Shore PLC, the substance is the reverse of this. Accordingly the business combination has been prepared using reverse acquisition accounting.

The acquisition of other subsidiaries is accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Any costs directly attributable to the business combination are expensed to the Statement of Comprehensive Income. The acquiree's identifiable assets and liabilities are recognised at their fair values at the acquisition date.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation.

INTANGIBLE ASSETS

Goodwill

Goodwill arising on the acquisition of an entity represents the excess of the cost of an acquisition over the Group's interest in the fair value attributed to the identifiable net assets at acquisition. Goodwill is not subject to amortisation but is tested for impairment at least annually. After initial recognition, goodwill is stated at cost less any accumulated impairment losses. Any impairment is recognised immediately in the income statement and is not subsequently reversed. Goodwill is allocated to an associated operating segment made up of a group of cash generating units for the purpose of impairment testing. Each of these groups of cash generating units represents the Group's investment in a subsidiary which is equivalent to an operating segment of the Group. On disposal of a subsidiary the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Trademarks and licences

The fair value of the intangible assets acquired through the reverse acquisition was determined using discounted cash flow models. The key assumptions for the valuation method are those regarding future cash flows, tax rates and discount rates. The cash flow projections were based on management forecasts for the subsequent four years period. The estimated useful lives range from 4 to 20 years, amortised on a straight-line basis.

Brand

The fair value of the brand intangible assets acquired through an acquisition of a subsidiary was determined using discounted royalty relief models. The key assumptions for the valuation method are those regarding future cash flows, tax rates and discount rates. The cash flow projections were based on management forecasts for the subsequent ten year period.

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of brand from the beginning of the financial year that they are available for use. The estimated useful lives are 10 years on a straight-line basis.

THE FULHAM SHORE PLC
ACCOUNTING POLICIES

Computer software

Computer software licences are capitalised on the basis of the costs incurred to acquire and bring into use the specific software. These costs are amortised on a straight line basis over their estimated useful lives, being between 3 and 5 years. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that are expected to generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include software development, employee costs and directly attributable overheads. Software integral to a related item of hardware equipment is accounted for as property, plant and equipment. Costs associated with maintaining computer software programmes are recognised as an expense when they are incurred.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at historical cost less depreciation and any recognised impairment loss. The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation is provided on property, plant and equipment at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:-

Leasehold properties and improvements	over lease term or renewal term
Plant and equipment	20% to 33% straight line
Furniture, fixtures and fittings	10% to 20% straight line

Assets in the course of construction are carried at cost, less any recognised impairment loss. Depreciation of these assets commences when the assets are ready for their intended use.

Residual values, useful lives and methods of depreciation are reviewed and adjusted if appropriate on an annual basis. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

Right-of-use assets arising from the Group's lease arrangements are depreciated over their reasonably certain lease term, as determined under the Group's leases policy.

IMPAIRMENT OF ASSETS

Goodwill is not subject to amortisation but is tested for impairment annually or whenever there is an indication that the asset may be impaired. For the purpose of impairment testing, assets which have separately identifiable cash flows, known as cash generating units, are grouped into their operating segment. If the recoverable amount of a group of cash generating units is less than the carrying amount of that group's assets, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the group of cash generating units and then to the other assets of the group pro-rata on the basis of the carrying amount of each asset in the group. Impairment losses recognised for goodwill are not reversed in a subsequent period. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

THE FULHAM SHORE PLC

ACCOUNTING POLICIES

At each balance sheet date, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent, if any, of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit, predominantly an individual restaurant for the purposes of property, plant and equipment, to which the asset belongs. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement. Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in the income statement.

OTHER INVESTMENTS

Other investments comprising debt and equity instruments are recognised and derecognised on a trade date where a purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe. Other investments are initially measured at fair value, including transaction costs and subsequently remeasured less any impairment.

Debt securities that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost using the effective interest method, less any impairment. Debt securities that do not meet the criteria for amortised cost are measured at fair value through profit and loss.

Equity securities are classified and measured at fair value through other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following derecognition of the investment.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities, in respect of financial instruments, are recognised on the balance sheet when the Group becomes a party to the contractual provisions of the instrument.

INVENTORIES

Inventories are valued at the lower of cost and net realisable value. Cost is determined on a first in, first out basis. Net realisable value is based upon estimated selling price less further costs expected to be incurred to completion and disposal. Provision is made for obsolete and slow-moving items.

TRADE AND OTHER RECEIVABLES

Trade receivables represent amounts owed by customers where the right to payment is conditional only on the passage of time and are recorded at amortised cost. Other receivables represent amounts owed by third parties and intra group balances in the parent company where the right to payment is conditional on the passage of time and the occurrence of certain event. The carrying value of all trade and other receivables recorded at amortised cost is reduced by allowances for lifetime estimated credit losses other than expected credit losses on group balances which are based on expected 12 month credit losses. Estimated future credit losses are first recorded on the initial recognition of a receivable and are based on the ageing of the receivable balances, historical experience and forward looking considerations. Individual balances are written off when management deems them not to be collectible.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand and call deposits and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

TRADE AND OTHER PAYABLES

Payables are initially recognised at fair value and subsequently at amortised cost using the effective interest method.

THE FULHAM SHORE PLC

ACCOUNTING POLICIES

SHARE CAPITAL

Share capital represents the nominal value of ordinary shares issued.

SHARE PREMIUM

Share premium represents the amounts subscribed for share capital in excess of nominal value less the related costs of share issue.

MERGER RELIEF RESERVE

In accordance with Companies Act 2006 S.612 'Merger Relief', the company issuing shares as consideration for a business combination, accounted at fair value, is obliged, once the necessary conditions are satisfied, to record the excess of the consideration received over the nominal value of the shares issued to the merger relief reserve.

REVERSE ACQUISITION RESERVE

Reverse accounting under IFRS 3 'Business Combinations' requires the difference between the equity of the legal parent and the issued equity instruments of the legal subsidiary pre-combination to be recognised as a separate component of equity.

RETAINED EARNINGS

Retained earnings represents the cumulative profit and loss net of distributions.

NON-CONTROLLING INTERESTS

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

FOREIGN CURRENCIES

Assets and liabilities denominated in foreign currencies are translated into sterling, the presentational and functional currency of the Group, at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the income statement.

FINANCIAL LIABILITIES AND EQUITY INSTRUMENTS

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities and includes no obligation to deliver cash or other financial assets. Interest bearing loans and overdrafts are initially measured at fair value (which is equal to cost at inception), and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowing. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

TAXATION

Income tax expense represents the sum of the current tax payable and deferred tax.

Current tax payable or recoverable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because some items of income or expense are taxable or deductible in different years or may not be taxable or deductible. The Group's liability for current tax is calculated using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable in the future arising from temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. It is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit or the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset realised, based on tax rates that have been enacted or substantively enacted by the balance sheet date. Tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they either relate to income taxes levied by the same taxation authority on either the same taxable entity or on different taxable entities which intend to settle the current tax assets and liabilities on a net basis.

Tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the tax is also recognised directly in equity.

LEASES

When the Group leases an asset, a right of use asset is recognised for the leased item and a lease liability is recognised for any lease payments to be paid over the lease term at the lease commencement date. The right of use asset is initially measured at cost, being the present value of the lease payments paid or payable, plus any initial direct costs incurred in entering the lease and less any lease incentives received. Right of use assets are depreciated on a straight-line basis from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. The lease term is the non-cancellable period of the lease plus any periods for which the Group is reasonably certain to exercise any extension options. The useful life of the asset is determined in a manner consistent to that for owned property, plant and equipment. If right of use assets are considered to be impaired, the carrying value is reduced accordingly. Lease liabilities are initially measured at the value of the lease payments over the lease term that are not paid at the commencement date and are discounted for the portfolio of leases using the incremental borrowing rate of the Group as the rate implicit in individual leases is not readily ascertainable. After initial recognition, the lease liability is recorded at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate or if the Group's assessment of the lease term changes; any changes in the lease liability as a result of these changes also results in a corresponding change in the recorded right-of-use asset.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

PROVISIONS

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material.

RETIREMENT BENEFITS

The amount charged to the income statement in respect of pension costs is the contributions payable to money purchase schemes in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

REVENUE RECOGNITION

The Group's revenue is derived from the sale of food and drink in its restaurants, or as deliveries or takeaways. The performance obligation is fulfilled when control is transferred to the customer at the point of sale. All sales are settled at the point of sale and the group does not, therefore, have any contract assets or liabilities. Revenue is recognised net of VAT, discounts and returns.

INTEREST INCOME

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

GOVERNMENT GRANTS

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in the statement of comprehensive income over the period necessary to match them with the costs that they are intended to compensate.

SHARE BASED PAYMENTS

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of the shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

Fair value is measured using a Black-Scholes valuation model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of the Group's accounting policies, described above, with respect to the carrying amounts of assets and liabilities at the date of the financial statements, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting year. These judgements, estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, including current and expected economic conditions. Although these judgements, estimates and associated assumptions are based on management's best knowledge of current events and circumstances, the actual results may differ. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in any future years affected.

The judgements, estimates and assumptions which are of most significance to the Group are detailed below:

Assessment of the recoverable amounts in respect of assets tested for impairment

The Group tests goodwill for impairment on an annual basis or more frequently if there are indications that amounts may be impaired. For property, plant and equipment, including right of use assets and intangible assets, other than goodwill, the Group tests for impairment when there is an indication of impairment.

The impairment analysis for such assets is principally based upon discounted estimated future cash flows from the use and eventual disposal of the assets (see notes 7 and 8). Such an analysis includes an estimation of the future anticipated results and cash flows, annual growth rates, whether short term or long term, future capital expenditures and the appropriate discount rates (see notes 7 and 8 for key assumptions). Changes in the estimates which underpin the Group's forecasts and selection of appropriate discount rate could have an impact on the value in use of the cash generating units and group of cash generating units being tested.

Valuation of share based payments

The charge for share based payments is calculated in accordance with the methodology described in note 18. The model requires highly subjective assumptions to be made including the future volatility of the Company's share price, expected dividend yield, risk-free interest rates, expected time of exercise and employee attrition rates. Changes in such estimates may have a significant impact on the original fair value calculation at the date of grant and the employee attrition rate will impact the judgement relating to the number of share based incentives that would vest and therefore the share based payments charge.

Finite lived intangible assets

Intangible assets include amounts spent by the Group acquiring brands and the costs of purchasing and/or developing computer software.

Where intangible assets are acquired through business combinations and no active market for the assets exists, the fair value of these assets is determined by discounting estimated future net cash flows generated by the asset. Estimates relating to the future cash flows and discount rates used may have a material effect on the reported amounts of finite lived intangible assets.

The useful life over which intangible assets are amortised depends on management's estimate of the period over which economic benefit will be derived from the asset. Reducing the useful life will increase the amortisation charge in the consolidated income statement. Useful lives are periodically reviewed to ensure that they remain appropriate. For an one year reduction in useful life of the brand, an additional £91,000 of amortisation would be charged to the income statement.

Property, plant and equipment

Property, plant and equipment represents 75.6% (2019: 47.1%) of the Group's total assets; estimates and assumptions made may have a material impact on their carrying value and related depreciation charge. The percentage has increased during the year following adoption of IFRS 16 and recognition of right of use assets. The depreciation charge for an asset is derived using estimates of its expected useful life and expected residual value, which are reviewed periodically. Increasing an asset's expected life or residual value would result in a reduced depreciation charge in the consolidated income statement. Management determines the useful lives and residual values for assets, other than right of use assets, when they are acquired, based on experience with similar assets and taking into account other relevant factors such as any expected changes in technology. The useful life of equipment is assumed not to exceed the duration of restaurant property lease unless there is a reasonable expectation of renewal or ability for the equipment to be transferred for use in another restaurant.

Accounting treatment of other investments

Investments are recognised at fair value at the time of acquisition. Management judgement is used to determine whether the Group has significant influence or control over the investment which would give rise to different accounting methodology being applied as an associate or subsidiary.

Lease accounting

Lease accounting under IFRS 16 is significantly more complex than under previous reporting requirements under IAS 17 and necessitates the collation and processing of very large amounts of data and the increased use of management judgements and estimates to produce financial information. The most significant accounting judgements are disclosed below:

- The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by a break clause to terminate the lease, if it is reasonably certain not to be exercised.
- When the interest rate implicit in the lease is not readily determinable, the Group estimates the incremental borrowing rate ("IBR") based on a risk-free rate adjusted for the effect of the Group's theoretical credit risk. As the Group has external borrowings, judgement is required to compute an appropriate discount rate which was calculated based on UK bank borrowings and adjusted by an indicative credit premium that reflects the credit risk of the Group. This has resulted in a weighted average IBR of 3.3% applied to the leases.

Loyalty programme

The Group operates a loyalty programme in its Franco Manca business. The scheme enables members to earn stamps from each qualifying purchase from a Franco Manca restaurant. Rewards that can be used against future purchases are earned on collection of a number of stamps. The Group recognises deferred revenue in an amount that reflects the scheme's unsatisfied performance obligations, valued at the stand-alone selling price of the future benefit to the member. The amount of revenue recognised and deferred is impacted by 'breakage'. On an annual basis the Group estimate the number of rewards that will never be consumed ('breakage'). Significant estimation uncertainty exists in projecting members' future consumption activity.

OPERATING SEGMENTS

The Group considers itself to have two key operating segments, being the management and operation of The Real Greek restaurants and the management and operation of Franco Manca restaurants. The Group operates in only one geographical segment, being the United Kingdom.

DEFINITIONS OF ALTERNATIVE PERFORMANCE MEASURES

OPERATING PROFIT

Operating profit is defined as profit before taxation, finance income and finance costs.

HEADLINE OPERATING PROFIT

Headline operating profit is defined as operating profit before amortisation of brand, impairment of property, plant and equipment, impairment of goodwill and intangible assets, impairment and changes in fair value of investments, temporary closure costs relating to COVID-19, restructuring costs, costs of reverse acquisition, cost of acquisition, share based payments, loss on disposal of property, plant and equipment and pre-opening costs.

HEADLINE PROFIT BEFORE TAXATION

Headline profit before taxation is defined as profit/loss before taxation before amortisation of brand, impairment of property, plant and equipment, impairment of goodwill and intangible assets, impairment and changes in fair value of investments, temporary closure costs relating to COVID-19, restructuring costs, costs of reverse acquisition, costs of acquisition, share based payments, loss on disposal of property, plant and equipment and pre-opening costs.

PRE-OPENING COSTS

The restaurant pre-opening costs represent costs incurred up to the date of opening a new restaurant that are written off to the profit and loss account in the period in which they are incurred.

HEADLINE EBITDA

Headline EBITDA is defined as EBITDA before temporary closure costs relating to COVID-19, restructuring costs, costs of reverse acquisition, cost of acquisition, share based payments, loss on disposal of property, plant and equipment and pre-opening costs.

EBITDA

EBITDA is defined as Headline EBITDA less share based payments and pre-opening costs.

HEADLINE EPS

Headline basic EPS and Headline diluted EPS are defined in note 6.

1 SEGMENT INFORMATION

For management purposes, the Group was organised into two operating divisions during the year ended 29 March 2020. These divisions, The Real Greek and Franco Manca, are the basis on which the Group reports its primary segment information as identified by the chief operating decision maker which is the Group's board of directors.

For the year ended 29 March 2020:

	The Real Greek segment £'000	Franco Manca segment £'000	Other unallocated £'000	Total £'000
Revenue from:				
External customers	20,004	48,525	36	68,565
Headline EBITDA	3,655	12,229	(690)	15,194
Depreciation and amortisation	(2,898)	(7,828)	(31)	(10,757)
Headline operating profit	757	4,401	(721)	4,437
Pre-opening costs	(120)	(563)	–	(683)
Impairment of investments	–	(248)	–	(248)
Operating profit	275	2,292	(735)	1,832
Finance income	4	6	–	10
Finance costs	(724)	(1,564)	(308)	(2,596)
Segment profit/(loss) before taxation	(445)	734	(1,043)	(754)
Income tax expense				(421)
Loss for the year from continuing operations				(1,175)
Assets	32,712	98,972	1,333	133,017
Liabilities	(25,254)	(55,982)	(12,021)	(94,257)
Net assets	7,458	42,990	(10,688)	36,760
Capital expenditure	5,678	10,698	9	16,385
Capital expenditure excluding right of use assets	1,650	5,555	9	7,214

In addition to the revenues generated from external customers, The Real Greek segment also generated internal revenues from another segment to the value of £643,000 (2019: £1,250,000).

1 SEGMENT INFORMATION (continued)

For the year ended 31 March 2019:

	The Real Greek segment £'000	Franco Manca segment £'000	Other unallocated £'000	Total £'000
Revenue from:				
External customers	20,700	43,285	–	63,985
Headline EBITDA	2,746	5,814	(742)	7,818
Depreciation and amortisation	(1,048)	(3,242)	(33)	(4,323)
Headline operating profit	1,698	2,572	(775)	3,495
Pre-opening costs	–	(386)	–	(386)
Impairment investments	–	(80)	–	(80)
Impairment property, plant and equipment	(29)	(101)	–	(130)
Operating profit	1,617	924	(788)	1,753
Finance income	3	5	–	8
Finance costs	–	–	(327)	(327)
Segment profit/(loss) before taxation	1,620	929	(1,115)	1,434
Income tax expense				(714)
Profit for the year from continuing operations				720
Assets	11,408	53,281	602	65,291
Liabilities	(3,814)	(10,177)	(12,557)	(26,548)
Net assets	7,594	43,104	(11,955)	38,743
Capital expenditure excluding right of use assets	407	3,046	4	3,457

Head office and PLC costs are not related to the Group's two business segments and are therefore included in other unallocated and are not part of a business segment. The Group's two business segments primarily operate in one geographical area which is the United Kingdom.

2 OPERATING PROFIT

	Year ended 29 March 2020 £'000	Year ended 31 March 2019 £'000
Operating profit is stated after charging:		
Staff costs (note 3)	25,524	23,956
Share based payments	157	138
Depreciation of property, plant and equipment		
– Owned assets	4,657	4,261
– Leased assets	6,025	–
Amortisation of intangible assets:		
– Trademarks, licenses and franchises	74	61
– Brand	821	821
Operating lease rentals:		
Land and buildings	–	6,361
Inventories – amounts charged as an expense	12,710	12,371
Auditor's remuneration:		
– for statutory audit services	169	111
– for other assurance services	–	13
– for tax services	42	24
– for transactional services	–	11
Pre-opening costs	683	386
Exceptional costs:		
– change in fair value of investments	248	80
– impairment of property, plant and equipment	260	130
– loss on disposal of property, plant and equipment	–	187
– COVID-19 temporary closure costs	718	–
– COVID-19 grants received against closure costs	(285)	–

COVID-19 temporary closure costs of £718,000 (2019: £Nil) relates to the one off cost of temporarily closing of all restaurants following UK government instructions and includes staff costs (which were partly covered by grants received), stock wastage and other costs.

3 EMPLOYEES

	Year ended 29 March 2020 No.	Year ended 31 March 2019 No.
The average monthly number of persons (including Directors) employed by the Group during the year was:		
Administration and management	32	26
Restaurants	1,243	1,075
	<u>1,275</u>	<u>1,101</u>
The average monthly number of persons (including Directors) employed by the Company during the year was:		
Administration and management	<u>7</u>	<u>6</u>

3 EMPLOYEES (continued)

	Year ended 29 March 2020 £'000	Year ended 31 March 2019 £'000
Staff costs for above persons		
Salaries and fees	23,379	21,959
Defined contribution pension costs	407	263
Social security costs	1,738	1,734
	<u>25,524</u>	<u>23,956</u>
Share based payments	157	138
	<u>25,681</u>	<u>24,094</u>

DIRECTORS' REMUNERATION

The remuneration of Directors, who are the key management personnel of the company, is set out in aggregate and on a paid basis below. Further details of directors' emoluments can be found in the tables of directors' remuneration on pages 23 to 26.

	Year ended 29 March 2020 £'000	Year ended 31 March 2019 £'000
Salaries, fees and other short term employee benefits	942	897
Defined contribution pension costs	22	3
Social security costs	115	116
Share based payments	–	31
	<u>1,079</u>	<u>1,047</u>

Included above are fees paid to related parties for the provision of directors' services which are further described in note 22.

The Directors are the only employees of the Company. The Directors' remuneration above represents the only staff costs for the Company.

4 Directors received pension contributions during the year (2019: 4).

During the year two directors (2019: Nil) exercised share options over a total of 2,231,944 ordinary shares of the Company.

4 FINANCE COSTS

	Year ended 29 March 2020 £'000	Year ended 31 March 2019 £'000
Interest expenses on bank loans and overdrafts	309	327
Interest on lease liabilities recognised under IFRS 16	2,287	–
	<u>2,596</u>	<u>327</u>

5 INCOME TAX EXPENSE

	Year ended 29 March 2020 £'000	Year ended 31 March 2019 £'000
Income tax expense on continuing operations		
Based on the result for the year:		
UK corporation tax at 19% (2019: 19%)	446	669
Adjustment in respect of prior periods	(28)	(54)
Total current taxation	<u>418</u>	<u>615</u>
Deferred taxation:		
Origination and reversal of temporary timing differences		
Current year	<u>3</u>	<u>99</u>
Total deferred tax	<u>3</u>	<u>99</u>
Total tax expense on (loss)/profit on continuing operations	<u>421</u>	<u>714</u>

Further information on the movement on deferred taxation is given in note 16.

5 INCOME TAX EXPENSE (continued)

Factors affecting tax charge for year:

	Year ended 29 March 2020 £'000	Year ended 31 March 2019 £'000
(Loss)/profit before taxation from continuing operations	(754)	1,434
Taxation at UK corporation tax rate of 19% (2019: 19%)	(143)	272
Expenses not deductible for tax purposes	56	31
Depreciation/impairment on non-qualifying fixed assets	231	290
Tax effect from right of use asset accounting	205	–
Share based payments	70	171
Rate change on deferred tax liability	30	–
Tax effect of utilisation of tax losses not previously recognised	–	4
Adjustment to previously recognised deferred tax	–	–
Adjustment to tax charge in respect of previous periods	(28)	(54)
Total income tax expense in the income statement	<u>421</u>	<u>714</u>

Factors that may affect deferred tax charges are disclosed in note 16 including a breakdown of the adjustment to previously recognised deferred tax.

6 EARNINGS PER SHARE

	Year ended 29 March 2020 £'000	Year ended 31 March 2019 £'000
Profit/(loss) for the purposes of basic and diluted earnings per share:	(1,193)	698
Share based payments	157	138
Deferred tax on share based payments	39	146
Pre-opening costs	683	386
Amortisation of brand	821	821
Deferred tax on amortisation of brand	(137)	(137)
Exceptional costs		
– change in fair value of investment	248	80
– impairment of property, plant and equipment	260	130
– loss on disposal	–	187
– cost of acquisition	3	–
– COVID-19 closure costs (net)	433	–
	<u>1,314</u>	<u>2,449</u>
Headline profit for the year for the purposes of headline basic and diluted earnings per share:	<u>1,314</u>	<u>2,449</u>
	Year ended 29 March 2020 No. '000	Year ended 31 March 2019 No. '000
Weighted average number of ordinary shares in issue for the purposes of basic earnings per share	572,885	571,385
Effect of dilutive potential ordinary shares from share options	1,030	10,230
	<u>573,915</u>	<u>581,615</u>
Weighted average number of ordinary shares in issue for the purposes of diluted earnings per share	<u>573,915</u>	<u>581,615</u>

6 EARNINGS PER SHARE (continued)

Further details of the share options that could potentially dilute basic earnings per share in the future are provided in note 18.

	Year ended 29 March 2020	Year ended 31 March 2019
Earnings per share:		
Basic	<u>(0.2p)</u>	<u>0.1p</u>
Diluted	<u>(0.2p)</u>	<u>0.1p</u>
Headline Basic	0.2p	0.4p
Headline Diluted	0.2p	0.4p

7 INTANGIBLE ASSETS

Group	Trademarks, License and franchises £'000	Software £'000	Brand £'000	Goodwill £'000	Total £'000
Cost					
25 March 2018	58	103	8,211	20,705	29,077
Additions	5	94	–	–	99
31 March 2019	63	197	8,211	20,705	29,176
Additions	–	145	–	–	145
29 March 2020	63	342	8,211	20,705	29,321
Accumulated amortisation					
25 March 2018	31	33	2,463	–	2,527
Charge in the year	6	55	821	–	882
31 March 2019	37	88	3,284	–	3,409
Charge in the year	5	69	821	–	895
29 March 2020	42	157	4,105	–	4,304
Net book value					
29 March 2020	21	185	4,106	20,705	25,017
31 March 2019	26	109	4,927	20,705	25,767

The amortisation charges for trademarks, license and franchises and software for the year are recognised within administrative expenses. The amortisation charges for brand for the year are recognised within exceptional costs.

As at 29 March 2020 brand intangible assets which relates to Franco Manca has a remaining amortisation period of 5 years (2019: 6 years).

Goodwill of £1,774,000 relates to The Real Greek and is attributable to its group of cash generating units.

Goodwill of £18,931,000 relates to the acquisition of Franco Manca Holdings Limited (“Franco Manca Holdings”). The goodwill is attributable to the cash generating units held within Franco Manca 2 UK Limited.

7 INTANGIBLE ASSETS (continued)

For the purposes of impairment testing, the Directors consider each of Franco Manca and The Real Greek, operating segments of the Group, as the lowest level within the Group at which the goodwill is monitored for internal management purposes. Each of these segments is made up of a group of separate restaurants which are cash generating units (CGUs) in their own right.

The recoverable amount for each segment and group of CGUs was determined using a value in use calculation based upon management forecasts for the trading results for that segment. Value in use calculations are based on:

- cash flow forecasts derived from the most recent financial forecasts for the 2021 financial year for the sites open at the end of March 2020;
- extrapolated cash flow forecasts over twenty five years, an appropriate timeframe for branded restaurant businesses, using forecast growth rates based on past and current run-rates for the initial five years that then reduce to the long term industry growth rate of 2%;
- less estimated annual capital expenditure required to maintain the existing restaurants' look and feel in each segment based on historic refurbishment programmes and investments in IT systems;
- a pre-tax discount rate of 6.9% (2019: 12.4%) which is the rate believed by the Directors to reflect the risks associated with the group of CGUs using a WACC model, and comparison to other available restaurant businesses. During the year, the Group's capital structure had a significant increase in debt from the recognition of lease liabilities on adopting IFRS 16 compared to the year ended 31 March 2019.

Other than as disclosed below and any further impact on trade from COVID-19, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of any segment to materially exceed its recoverable amount. The estimated recoverable amount of The Real Greek and Franco Manca segments exceed their carrying values by £46,149,000 and £96,845,000 respectively. If assumptions used in the impairment review are to change as below, each change would, in isolation, lead to an impairment loss being recognised for the year ended 29 March 2020:

	The Real Greek %	Franco Manca %
Percentage point change:		
Reduction in long term growth rate	5.3%	4.7%
Increase in pre-tax discount rate	12.3%	8.7%

Similarly, given the impact of COVID-19 on trading, if, in the unlikely event, all restaurants in each CGU had to close temporarily to trading, the closure period will need to be, in isolation, over 3 years to lead to an impairment loss being recognised.

8 PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold improvements £'000	Right of use assets £'000	Plant and equipment £'000	Furniture, fixtures and fittings £'000	Assets under construction £'000	Total £'000
Cost						
25 March 2018	32,685	–	5,887	2,423	220	41,215
Additions	2,020	–	605	166	666	3,457
Reclassification	24	–	8	65	(97)	–
Disposals	(438)	–	(139)	(40)	(5)	(622)
31 March 2019	34,291	–	6,361	2,614	784	44,050
Recognition on adoption of IFRS 16	–	64,388	–	–	–	64,388
1 April 2019	34,291	64,388	6,361	2,614	784	108,438
Additions	4,879	9,171	1,366	656	313	16,385
Reclassification	551	–	36	97	(684)	–
Disposals	–	–	(8)	–	(26)	(34)
29 March 2020	39,721	73,559	7,755	3,367	387	124,789
Accumulated depreciation and impairment						
25 March 2018	6,380	–	2,286	781	–	9,447
Charge in the year	2,656	–	1,198	407	–	4,261
Impairment	130	–	–	–	–	130
Disposals	(438)	–	(120)	(36)	–	(594)
31 March 2019	8,728	–	3,364	1,152	–	13,244
Charge in the year	2,892	6,025	1,300	465	–	10,682
Impairment	260	–	–	–	–	260
Disposals	–	–	(3)	–	–	(3)
29 March 2020	11,880	6,025	4,661	1,617	–	24,183
Net book value						
29 March 2020	27,841	67,534	3,094	1,750	387	100,606
31 March 2019	25,563	–	2,997	1,462	784	30,806

The net book value of right of use assets include £67,534,000 (2019: £Nil) in relation to assets held under finance leases.

8 PROPERTY, PLANT AND EQUIPMENT (continued)

Impairment review of property, plant and equipment is reviewed when there is indication of impairment. For the purposes of impairment testing of property, plant and equipment, the Directors consider each restaurant unit as a separate cash generating units (CGUs). The recoverable amount for each CGU was determined using a value in use calculation based upon management forecasts for the trading results for those restaurants. Value in use calculations are based on:

- cash flow forecasts derived from the most recent financial forecasts for the 2021 financial year for the sites open at the end of March 2020;
- extrapolated cash flow forecasts over the remaining unexpired length of the lease years using forecast growth rates based on run rate expectations for the initial five years that then reduce to the long term industry growth rate of 2%;
- incorporate any expected trading or cash flow impact from COVID-19;
- less estimated annual capital expenditure required to maintain the existing restaurants' look and feel in each segment based on historic refurbishment programmes;
- a pre-tax discount rate to cash flow projections of 6.9% (2019: 12.4%) which is the rate believed by the Directors to reflect the risks associated with the CGU using a WACC model with comparison to other available restaurant businesses.

The Group has also conducted a sensitivity analysis on the impairment test of the CGU carrying value including reducing sales level by reducing long term growth rate by 1 % and there is no reasonably expected change that would give rise to an impairment charge other than the CGUs listed below, where the overall impairment charge would increase by £387,000.

The following impairment charges have been recognised in the Statement of Comprehensive Income as exceptional costs – impairment of property, plant and equipment.

	29 March 2020 £'000	29 March 2020 £'000	31 March 2019 £'000	31 March 2019 £'000
	Impairment charge	Recoverable amount	Impairment charge	Recoverable amount
For continuing operations				
Franco Manca restaurant 1	71	1,869	–	–
Franco Manca restaurant 2	–	–	75	487
Franco Manca restaurant 3	–	–	26	838
Total for Franco Manca operating segment	71	1,869	101	1,325
The Real Greek restaurant 1	20	1,278	–	–
The Real Greek restaurant 2	10	110	29	87
The Real Greek restaurant 3	159	1,383	–	–
Total for The Real Greek operating segment	189	2,771	29	87
Total for the Group	260	4,640	130	1,412

The recoverable amounts shown above include the right of use assets recognised under IFRS 16 relating to the relevant CGU.

8 PROPERTY, PLANT AND EQUIPMENT (continued)

During the year ended 31 March 2019, the Group impaired the short term leasehold improvements in relation to two properties trading as Franco Manca, which are trading financially below management expectations, and one property trading as The Real Greek, which has just over two years left on the lease and the lease has not yet been extended or renewed.

Parent Company	Leasehold improvements £'000	Plant and equipment £'000	Furniture, fixtures and fittings £'000	Total £'000
Cost				
25 March 2018	205	55	25	285
Additions	–	4	–	4
31 March 2019	205	59	25	289
Additions	1	8	1	10
Disposals	–	(1)	–	(1)
29 March 2020	206	66	26	298
Accumulated depreciation				
25 March 2018	37	38	7	82
Charge in the year	22	9	3	34
31 March 2019	59	47	10	116
Charge in the year	21	7	3	31
29 March 2020	80	54	13	147
Net book value				
29 March 2020	126	12	13	151
31 March 2019	146	12	15	173

All depreciation charges have been recognised in administrative expenses in the income statement.

All non-current assets are located in the United Kingdom.

9 INVESTMENTS

	29 March 2020 £'000	31 March 2019 £'000
Group		
Unlisted shares	245	201
Change in fair value	(245)	
Loans at cost	83	80
Impairment of investments and loans	(83)	(80)
Carrying amount	<u>–</u>	<u>201</u>

Investments are recognised and derecognised on a trade date where a purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, including transaction costs and subsequently measured.

During the year ended 31 March 2019 the Group made an investment in Made of Dough Limited subscribing for 25% of the equity. Following a further funding round during the year ended 29 March 2020, the Group holds 24% of the equity of Made of Dough Limited. Although the investment is for more than 20% of the investee and includes one board representation, the structure of the investee board, the shareholder agreement and the start up nature of the business operations has led the Group to conclude that the Group does not have significant influence over its operations and therefore it is not an associate.

Other investments classified as financial assets are stated at amortised cost using the effective interest method, less any impairment. During the year ended 29 March 2020, the Group recognised a movement in fair value of the unlisted shares in Made of Dough Limited given the uncertainty in valuation given the ongoing impact of COVID-19 on the sector. Also during the year, the Group recognised an impairment of the loan investment based on estimated future credit loss.

	29 March 2020 £'000	31 March 2019 £'000
Parent Company		
Cost and net book value		
Opening position	43,563	43,439
Investment in subsidiaries	784	124
Closing position	<u>44,347</u>	<u>43,563</u>

9 INVESTMENTS (continued)

As at 29 March 2020, the Company had the following subsidiary undertakings which are all registered at 1st Floor, 50-51 Berwick Street, London W1F 8SJ:

Name of subsidiary	Class of Holding	Proportion of shares held, ownership interest and voting power	Nature of business
<i>Incorporated in England and Wales</i>			
FM98 LTD Limited*	Ordinary	100%	Operation of restaurants
10DAS Limited	Ordinary	100%	Operation of restaurants
Café Pitfield Limited	Ordinary	100%	Dormant
Kefi Limited	Ordinary	100%	Dormant
The Real Greek Food Company Limited*	Ordinary	100%	Operation of restaurants
The Real Greek Wine Company Limited*	Ordinary	100%	Restaurant property
Souvlaki & Bar Limited*	Ordinary	100%	Dormant
CHG Brands Limited*	Ordinary	100%	Dormant
The Real Greek International Limited*	Ordinary	100%	Dormant
Franco Manca Holdings Limited	Ordinary	100%	Dormant
Franco Manca 2 UK Limited*	Ordinary	100%	Operation of restaurants
FM6 Limited*	Ordinary	100%	Restaurant property
FM111 Limited*	Ordinary	100%	Restaurant property
FM Catherine The Great Limited*	Ordinary	100%	Restaurant property
Franco Manca International Limited*	Ordinary	100%	Dormant

* Held by subsidiary undertaking

10 INVENTORIES

	29 March 2020 £'000	Group 31 March 2019 £'000	29 March 2020 £'000	Parent company 31 March 2019 £'000
Raw materials	528	656	–	–
Consumables	1,378	1,108	–	–
	<u>1,906</u>	<u>1,764</u>	<u>–</u>	<u>–</u>

Inventories are charged to cost of sales in the consolidated comprehensive statement of income.

11 TRADE AND OTHER RECEIVABLES

	29 March 2020 £'000	Group 31 March 2019 £'000	29 March 2020 £'000	Parent company 31 March 2019 £'000
Included within non-current assets:				
Amounts receivable from subsidiaries	–	–	10,567	11,863
Other receivables	1,081	1,020	–	–
	<u>1,081</u>	<u>1,020</u>	<u>10,567</u>	<u>11,863</u>
Included within current assets:				
Trade receivables	606	1,470	–	–
Other receivables	235	176	61	–
Prepayments and accrued income	1,501	1,951	89	118
	<u>2,342</u>	<u>3,597</u>	<u>150</u>	<u>118</u>
	<u>3,423</u>	<u>4,617</u>	<u>10,717</u>	<u>11,981</u>

Other receivables due after more than one year relate to rent deposits.

Amounts receivable from subsidiaries in the Company due after more than one year are unsecured and earn interest at 3.5% above LIBOR.

Receivables are denominated in sterling.

The Group and Company hold no collateral against these receivables at the balance sheet date. The Directors consider that the carrying amount of receivables are recoverable in full and approximates to their fair value. As the risk of a credit loss is low there is no material ECL adjustment required.

12 CASH AND CASH EQUIVALENTS

	29 March 2020 £'000	Group 31 March 2019 £'000	Parent company 29 March 2020 £'000	Parent company 31 March 2019 £'000
Cash at bank and in hand	2,056	1,835	1,030	22
Cash and cash equivalents as presented in the balance sheet	2,056	1,835	1,030	22
	<u>2,056</u>	<u>1,835</u>	<u>1,030</u>	<u>22</u>

Bank balances comprise cash held by the company on a short term basis with maturity of three months or less. The carrying amount of these assets approximates to their fair value.

13 TRADE AND OTHER PAYABLES

	29 March 2020 £'000	Group 31 March 2019 £'000	Parent company 29 March 2020 £'000	Parent company 31 March 2019 £'000
Included in current liabilities:				
Trade payables	5,386	4,202	83	67
Other taxation and social security payable	1,661	1,600	86	88
Other payables	808	843	–	1
Accruals	4,625	4,844	1,140	1,156
Deferred income	–	392	–	–
	<u>12,480</u>	<u>11,881</u>	<u>1,309</u>	<u>1,312</u>
Included in non-current liabilities:				
Deferred income	–	1,601	–	–
	<u>–</u>	<u>1,601</u>	<u>–</u>	<u>–</u>

Trade payables are all denominated in sterling and comprise amounts outstanding for trade purchases and ongoing costs and are non-interest bearing.

The Directors consider that the carrying amount of trade payables approximate to their fair value.

Deferred income relates to lease incentives received by the Group on restaurant leases acquired. Following the adoption of IFRS 16 this is no longer recognised.

14 BORROWINGS

	29 March 2020 £'000	Group 31 March 2019 £'000	Parent company 29 March 2020 £'000	Parent company 31 March 2019 £'000
Short term borrowings:				
Lease liabilities	5,163	–	–	–
Long term borrowings:				
Bank loans	11,540	11,240	11,540	11,240
Lease liabilities	63,051	–	–	–
Amounts owed to subsidiary undertakings	–	–	3,197	2,481
	<u>74,591</u>	<u>11,240</u>	<u>14,737</u>	<u>13,721</u>
	<u>79,754</u>	<u>11,240</u>	<u>14,737</u>	<u>13,721</u>

As at 29 March 2020, the Group's committed Sterling borrowing facilities comprises a revolving credit facility of £14,250,000 (2019: £14,250,000) expiring between two and five years and a bank overdraft facility of £750,000 (2019: £750,000) from HSBC Bank PLC, repayable on demand, which are secured by a mortgage debenture in favour of HSBC Bank PLC representing fixed or floating charges over all assets of the Group.

The interest rate applicable on the revolving credit facility is 2.50% above LIBOR. The interest rate applicable on the bank overdraft is 2.5% over base rate. The overdraft facility was undrawn as at 29 March 2020.

Amounts owed to subsidiary undertakings are amounts borrowed from The Real Greek Food Company Limited, a subsidiary of the Company and are repayable on 31 March 2021. The interest rate applicable on the amounts owed to subsidiary undertakings is 3.5%.

The maturity profile of the Group's lease liabilities as at 29 March 2020 was as follows:

	29 March 2020 £'000
Within one year	5,163
In more than one year but less than two years	5,354
In more than two years but less than three years	5,270
In more than three years but less than four years	5,085
In more than four years but less than five years	4,778
In more than five years	44,899
	<u>70,549</u>
Effect of discounting	2,335
Lease liabilities	<u>68,214</u>

14 BORROWINGS (continued)

There are no committed lease liabilities not yet commenced at 29 March 2020.

Interest expense on borrowings for the year is disclosed in Note 4 finance costs.

15 CAPITAL AND FINANCIAL MANAGEMENT

The Group is exposed to financial risks which could affect the Group's future financial performance.

This note describes the objectives, policies and processes of the Group for managing those risks and the methods used to measure them.

The Group finances its operations through equity, borrowings and cash generated from operations. For borrowings other than lease liabilities, the Group's policy is to borrow centrally using a mixture of long-term and short-term borrowing facilities to meet anticipated funding requirements. These borrowings, together with cash generated from operations, are loaned internally or contributed as equity to certain subsidiaries.

Financial assets and liabilities

The Group and Company had the following financial assets and liabilities:

	29 March 2020 £'000	Group 31 March 2019 £'000	Parent company 29 March 2020 £'000	Parent company 31 March 2019 £'000
<i>Non-current financial assets</i>				
Other investments	–	201	–	–
Amounts owed by subsidiary undertakings	–	–	10,567	11,863
Other receivables	1,081	1,020	–	–
<i>Current financial assets</i>				
Cash at bank and in hand	2,056	1,835	1,030	22
Trade and other receivables*	841	1,646	–	–
	<u>3,978</u>	<u>4,702</u>	<u>11,597</u>	<u>11,885</u>
<i>Current financial liabilities</i>				
At amortised cost – borrowings	5,163	–	–	–
At amortised cost – payables**	10,819	9,889	1,223	1,224
<i>Non-current financial liabilities</i>				
At amortised cost – borrowings	74,591	11,240	11,540	11,240
At amortised cost – payables	–	–	3,197	2,481
	<u>90,573</u>	<u>21,129</u>	<u>15,960</u>	<u>14,945</u>

* excludes other taxation and social security receivable and prepayments included in trade and other receivables in note 11.

** excludes other taxation and social security and deferred income included in trade and other payables in note 13.

15 CAPITAL AND FINANCIAL MANAGEMENT (continued)

The maturity analysis table below analyses the Group's financial assets and liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are contractual undiscounted cash flows.

For the year ended 29 March 2020

	Less than 1 year £'000	Between 1 and 5 years £'000	More than 5 years £'000	Total £'000
Cash at bank and in hand	2,056	–	–	2,056
Trade and other receivables	841	93	988	1,922
Bank loans and overdrafts	–	(11,540)	–	(11,540)
Lease liabilities	(30)	(4,056)	(64,128)	(68,214)
Trade and other payables	(10,819)	–	–	(10,819)
	<u>(7,952)</u>	<u>(15,503)</u>	<u>(63,140)</u>	<u>(86,595)</u>

For the year ended 31 March 2019

	Less than 1 year £'000	Between 1 and 5 years £'000	More than 5 years £'000	Total £'000
Other investments	–	–	201	201
Cash at bank and in hand	1,835	–	–	1,835
Trade and other receivables	1,646	57	963	2,666
Bank loans and overdrafts	–	(11,240)	–	(11,240)
Trade and other payables	(9,889)	–	–	(9,889)
	<u>(6,408)</u>	<u>(11,183)</u>	<u>1,164</u>	<u>(16,427)</u>

The financial instruments recognised on the balance sheets and shown above are all loans and receivables and financial liabilities at amortised cost.

15 CAPITAL AND FINANCIAL MANAGEMENT (continued)

The maturity analysis table below analyses the Company's financial assets and liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are contractual undiscounted cash flows.

For the year ended 29 March 2020

	Less than 1 year £'000	Between 1 and 5 years £'000	Total £'000
Cash at bank and in hand	1,030	–	1,030
Trade and other receivables	–	10,567	10,567
Bank loans and overdrafts	–	(11,540)	(11,540)
Trade and other payables	(1,223)	(3,197)	(4,420)
	<u>(193)</u>	<u>(4,170)</u>	<u>(4,363)</u>

For the year ended 31 March 2019

	Less than 1 year £'000	Between 1 and 5 years £'000	Total £'000
Cash at bank and in hand	22	–	22
Trade and other receivables	–	11,863	11,863
Bank loans and overdrafts	–	(11,240)	(11,240)
Trade and other payables	(1,224)	(2,481)	(3,705)
	<u>(1,202)</u>	<u>(1,858)</u>	<u>(3,060)</u>

The financial instruments recognised on the balance sheets and shown above are all loans and receivables and financial liabilities at amortised cost.

Liquidity Risks

The Group and Company had a committed long term revolving credit facility of £14,250,000 (2019: £14,250,000) and short term bank overdraft facilities available to manage its liquidity as at 29 March 2020 of £750,000 (2019: £750,000).

15 CAPITAL AND FINANCIAL MANAGEMENT (continued)

Market Risks

The Group's market risk exposure arises mainly from its floating interest rate interest bearing borrowings. Only the following financial assets and liabilities were interest bearing:

	29 March 2020 £'000	Group 31 March 2019 £'000	Parent company 29 March 2020 £'000	31 March 2019 £'000
<i>Floating rate</i>				
Cash at bank and in hand	2,056	1,835	1,030	22
Bank loans	<u>(11,540)</u>	<u>(11,240)</u>	<u>(11,540)</u>	<u>(11,240)</u>
	<u>(9,484)</u>	<u>(9,405)</u>	<u>(10,510)</u>	<u>(11,218)</u>

Trade and other receivables and trade and other payables are all non-interest bearing.

Weighted average interest rates paid for bank loans during the year ended 29 March 2020 were 1.9% and year ended 31 March 2019 were 1.9% and the weighted average interest rates paid for bank overdrafts during the year ended 29 March 2020 were 2.5% and year ended 31 March 2019 were 2.5%.

The Group has performed a sensitivity analysis based on a 0.5% variance in LIBOR element of floating interest rates. The annualised impact of an increase in LIBOR by 0.5% applied to the balance of floating rate bank loans at the year end would result in increased finance costs of £57,700 (2019: £56,200).

Foreign Exchange Risks

During the years ended 29 March 2020 and 31 March 2019, the Group did not receive or pay significant amounts denominated in foreign currencies. As purchasing from foreign franchised territories that is not denominated or agreed in Sterling increase to a significant level, the Group will implement a foreign exchange management policy.

15 CAPITAL AND FINANCIAL MANAGEMENT (continued)

Credit Risks

The Group's exposure to credit risk arises mainly from as follows:

	29 March 2020 £'000	Group 31 March 2019 £'000	Parent company 29 March 2020 £'000	Parent company 31 March 2019 £'000
Cash at bank and in hand	2,056	1,835	1,030	22
Trade receivables and other receivables	841	1,646	10,567	11,863
	<u>2,897</u>	<u>3,481</u>	<u>11,597</u>	<u>11,885</u>

The Group estimated that a future credit loss was likely in relation to the other investments held by the Group. Therefore the Group has recognised an impairment of £3,000 during the year ended 29 March 2020 (2019: £80,000). The carrying amounts of the other financial assets above are considered to be recoverable in full and approximate to their fair value. They are neither past due nor impaired and the expected credit loss is not considered to be material.

The majority of the Group's cash balances have been held in current accounts savings accounts at HSBC Bank PLC during the years ended 29 March 2020 and 31 March 2019 and did not earn any significant interest. The Group estimates that there is no material expected credit loss.

The majority of the Group's trade receivables are due for settlement within 7 days and largely comprise amounts receivable from credit and debit card clearing houses. As the Group has no material credit facilities granted to customers no credit losses have been estimated.

The Company's trade and other receivables are made up of loans to its subsidiary undertaking, Franco Manca 2 UK Limited. The Company has undertaken procedures to determine whether there has been a significant increase in credit risk. Where these procedures identify a significant increase in credit risk, the loss allowance is measured based on the risk of a default occurring over the expected life of the instrument. No increase in credit risk has been identified and given the nature of the balances held, there is no additional credit risk expected from the impact of COVID-19.

COVID-19 risks

The macro economic impact of the COVID-19 pandemic is uncertain, and continues to evolve, with potential disruption to financial markets including to currencies, interest rates, borrowing costs and the availability of debt financing. However, the Group's financial risk management strategies seek to reduce our potential exposure in relation to these risks. Following the year end, the Group, as described in Note 24:

- raised further funds from an equity placing and subscription;
- extended the maturity date of the RCF facility by 12 months to March 2022; and
- completed a new loan facility under the UK Government's CLBIL scheme for a three year term.

The combined effect of these actions have added an additional £13m of headroom to the Group's capital structure.

Fair Values of Financial Assets and Financial Liabilities

The fair value amounts of the Group's and Company's financial assets and liabilities as at 29 March 2020 and 31 March 2019 did not materially vary from the carrying value amounts.

16 DEFERRED TAXATION

Analysis of movements in net deferred tax balance during the period:

	29 March 2020 £'000	Group 31 March 2019 £'000	Parent company 29 March 2020 £'000	31 March 2019 £'000
Opening position	(1,432)	(1,586)	287	185
Effect of adoption of IFRS 16	(191)	–	–	–
As at 1 April 2019	(1,623)	(1,586)	287	185
Tax on share based payments	(253)	253	(253)	253
Transfer from/(to) reserves	(253)	253	(253)	253
Movement in accelerated capital Allowances	(100)	(90)	–	–
Tax on share based payments	(39)	(146)	(31)	(151)
Tax on intangible assets	137	137	–	–
Transfer from/(to) profit and loss	(2)	(99)	(31)	(151)
Net deferred tax (liability)/asset	<u>(1,878)</u>	<u>(1,432)</u>	<u>3</u>	<u>287</u>

During the year ended 29 March 2020, the Group transferred £253,000 deferred tax charge to reserves (2019: £253,000 from reserves) in relation to deferred tax on share based payments.

16 DEFERRED TAXATION (continued)

The Group's deferred taxation liability disclosed above relates to the following:

	29 March 2020 £'000	Group 31 March 2019 £'000	Parent company 29 March 2020 £'000	Parent company 31 March 2019 £'000
Deferred tax assets				
Share options	9	301	3	287
Deferred taxation assets	<u>9</u>	<u>301</u>	<u>3</u>	<u>287</u>
Deferred tax liabilities				
Accelerated capital allowances	1,203	912	–	–
Intangible assets	684	821	–	–
Deferred taxation liabilities	<u>1,887</u>	<u>1,733</u>	<u>–</u>	<u>–</u>

The Company has losses of £285,000 (2019: £283,000) which, subject to agreement with HM Revenue & Customs, are available to offset against the Company's future profits. A deferred taxation asset in respect of these losses of £54,000 (2019: £51,000) has not been recognised in the financial statements. Although the directors are confident that the Company will achieve future profitability in line with current expectations, the timing of such profits is uncertain and therefore the directors have not recognised the entire deferred tax asset. The Directors have recognised deferred tax assets in relation to the share based payment charge recognised in the year as such deferred tax asset may be used against future group tax relief.

17 SHARE CAPITAL

	29 March 2020 £'000	Group 31 March 2019 £'000	Parent company 29 March 2020 £'000	Parent company 31 March 2019 £'000
Allotted, issued called up and fully paid: 573,617,181 (2019: 571,385,237) ordinary shares of 1p each	<u>5,736</u>	<u>5,714</u>	<u>5,736</u>	<u>5,714</u>

The Company has one class of ordinary share which carries no rights to fixed income.

During the year the Company issued 2,231,944 ordinary shares of 1p each for proceeds of 2p each following the exercise of share options.

18 SHARE BASED PAYMENTS

The Group currently uses a number of equity settled share plans to incentivise to its Directors and employees.

The Group operates four share plans:

- The Fulham Shore Enterprise Management Incentive (“EMI”) Share Option Plan;
- The Fulham Shore Unapproved Share Option Plan (“Unapproved Plan”);
- The Fulham Shore Company Share Option Plan (“CSOP”); and
- The Fulham Shore Share Incentive Plan (“SIP”)

The Group’s Share Plans provide for a grant price equal to the market price of the Company shares on the date of grant. The vesting period on all Share Plans except the SIP is 3 years with an expiration date 7 to 10 years from the date of grant. Furthermore, share options are forfeited if the employee leaves the Group before the options vest unless forfeiture is waived at the discretion of the Remuneration Committee. For the SIP, the vesting period ranges from 1 day to 3 years with an expiration date 10 years from the date of grant. For the initial grant under the SIP, the shares are not forfeited if the employee leaves the Group before vesting. On all schemes, there are no other material vesting conditions.

The charge recorded in the financial statements of the Group in respect of share-based payments is £157,000 (2019: £138,000).

The Fulham Shore EMI, Unapproved Plan and CSOP

Outstanding share options under The Fulham Shore EMI, The Fulham Shore Unapproved Share Option Plan and The Fulham Shore CSOP to acquire ordinary shares of 1 pence each as at 29 March 2020 are as follows:

	Year ended 29 March 2020 '000	Year ended 31 March 2019 '000
At the beginning of the year	63,808	62,633
Granted during the year	4,225	3,800
Exercised during the year	(2,232)	–
Lapsed during the year	(950)	(2,625)
At the end of the year	<u>64,851</u>	<u>63,808</u>

18 SHARE BASED PAYMENTS (continued)

Weighted average exercise price

	Year ended 29 March 2020 £	Year ended 31 March 2019 £
At the beginning of the year	0.09	0.10
Granted during the year	0.11	0.10
Exercised during the year	(0.02)	–
Lapsed during the year	(0.15)	(0.16)
At the end of the year	<u>0.10</u>	<u>0.09</u>

Outstanding and exercisable share options to acquire ordinary shares of 1 pence each as at 29 March 2020 under various Group share plans are as follows:

For the year ended 29 March 2020

Range of exercise prices	Options outstanding			Options exercisable		
	Number of shares '000	Weighted average exercise price £	Weighted average remaining contractual life months	Number of shares '000	Weighted average exercise price £	Weighted average remaining contractual life months
EMI						
£0.05	2,779	0.0500	11	2,779	0.0500	11
£0.06	9,440	0.0600	19	9,440	0.0600	19
	<u>14,451</u>	<u>0.0519</u>	<u>14</u>	<u>5,011</u>	<u>0.0519</u>	<u>14</u>
Unapproved						
£0.05	554	0.0500	11	554	0.0500	11
£0.06	13,805	0.0600	19	13,805	0.0600	19
£0.1015	1,692	0.1015	99	–	–	–
£0.11	23,873	0.1100	25	23,873	0.1100	25
£0.1125	1,695	0.1125	112	–	–	–
£0.17625	1,085	0.1763	87	–	–	–
£0.1775	162	0.1775	83	162	0.1775	83
£0.1825	1,557	0.1825	75	1,557	0.1825	75
	<u>44,423</u>	<u>0.0979</u>	<u>33</u>	<u>39,951</u>	<u>0.0950</u>	<u>25</u>
CSOP						
£0.1015	1,733	0.1015	99	–	–	–
£0.1125	2,530	0.1125	112	–	–	–
£0.17625	915	0.1763	87	–	–	–
£0.1775	638	0.1775	83	638	0.1775	83
£0.1825	2,393	0.1825	75	2,393	0.1825	75
	<u>8,309</u>	<u>0.1427</u>	<u>93</u>	<u>3,031</u>	<u>0.1814</u>	<u>77</u>

18 SHARE BASED PAYMENTS (continued)

For the year ended 31 March 2019

Range of exercise prices	Options outstanding			Options exercisable		
	Number of shares '000	Weighted average exercise price £	Weighted average remaining contractual life months	Number of shares '000	Weighted average exercise price £	Weighted average remaining contractual life months
EMI						
£0.02	2,232	0.0200	11	2,232	0.0200	11
£0.05	2,779	0.0500	23	2,779	0.0500	23
£0.06	9,440	0.0600	31	9,440	0.0600	31
	<u>14,451</u>	<u>0.0519</u>	<u>26</u>	<u>5,011</u>	<u>0.0519</u>	<u>26</u>
Unapproved						
£0.05	554	0.0500	23	554	0.0500	23
£0.06	13,805	0.0600	31	13,805	0.0600	31
£0.1015	1,792	0.1015	111	–	–	–
£0.11	24,023	0.1100	37	24,023	0.1100	37
£0.17625	1,185	0.1763	99	–	–	–
£0.1775	162	0.1775	95	–	–	–
£0.1825	1,692	0.1825	87	–	–	–
	<u>43,213</u>	<u>0.0988</u>	<u>42</u>	<u>38,382</u>	<u>0.0596</u>	<u>35</u>
CSOP						
£0.1015	1,808	0.1015	111	–	–	–
£0.17625	1,065	0.1763	99	–	–	–
£0.1775	638	0.1775	95	–	–	–
£0.1825	2,633	0.1825	87	–	–	–
	<u>6,144</u>	<u>0.1802</u>	<u>97</u>	<u>–</u>	<u>–</u>	<u>–</u>

During the year ended 29 March 2020, the market price of ordinary shares in the Company ranged from £0.0450 (2019: £0.0910) to £0.1290 (2019: £0.1288). The share price as at 29 March 2020 was £0.055 (2019: £0.1125).

The fair value of the options is estimated at the date of grant using a Black-Scholes valuation model.

Expected life of options used in the model is based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

18 SHARE BASED PAYMENTS (continued)

Expected volatility was determined by calculating the historical 90 days volatility of the Group's share price over the previous 180 days. The inputs to the Black Scholes model were as follows:

	Year ended 29 March 2020	Year ended 31 March 2019
Weighted average expected life	3 years	3 years
Weighted average exercise price	11.25 pence	10.15 pence
Risk free rate	0.75%	0.50%
Expected volatility	52.5%	69.8%
Expected dividends	—	—

The Fulham Shore SIP

The Fulham Shore SIP was introduced during the year ended 27 March 2015. Outstanding ordinary shares of 1 pence each granted under The Fulham Shore SIP as at 29 March 2020 are as follows:

	Year ended 29 March 2020 '000	Year ended 31 March 2019 '000
At the beginning and end of the year	<u>591</u>	<u>591</u>

For the year ended 29 March 2020

Range of exercise prices	SIP shares outstanding			SIP shares exercisable		
	Number of shares '000	Weighted average exercise price £	Weighted average remaining contractual life months	Number of shares '000	Weighted average exercise price £	Weighted average remaining contractual life months
Nil	591	—	61	591	—	61
	<u>591</u>	<u>—</u>	<u>61</u>	<u>591</u>	<u>—</u>	<u>61</u>

18 SHARE BASED PAYMENTS (continued)

For the year ended 31 March 2019

Range of exercise prices	SIP shares outstanding			SIP shares exercisable		
	Number of shares '000	Weighted average exercise price £	Weighted average remaining contractual life months	Number of shares '000	Weighted average exercise price £	Weighted average remaining contractual life months
Nil	591	–	73	591	–	73
	<u>591</u>	<u>–</u>	<u>73</u>	<u>591</u>	<u>–</u>	<u>73</u>

The fair value of the SIP shares is estimated at the date of grant using a Black-Scholes valuation model.

19 NOTE TO CASH FLOW STATEMENTS

Reconciliation of net cash flows from operating activities

	Year ended 29 March 2020 £'000	Group Year ended 31 March 2019 £'000	Year ended 29 March 2020 £'000	Parent company Year ended 31 March 2019 £'000
(Loss)/profit for the year	(1,175)	720	(739)	(878)
Income tax expense	421	714	31	150
(Loss)/profit before tax	(754)	1,434	(708)	(728)
Finance income	(10)	(8)	(466)	(468)
Finance costs	2,596	327	439	392
Operating profit/(loss) for the year	1,832	1,753	(735)	(804)
Adjustments				
Depreciation and amortisation	11,577	5,144	31	34
Impairment	263	210	–	–
Change in fair value	245	–	–	–
Loss on disposal of fixed assets	23	27	1	–
Share based payments expense	157	138	4	14
Cost of acquisition	14	–	10	–
Operating cash flows before movements in working capital	14,111	7,272	(689)	(756)
Increase in inventories	(142)	(274)	–	–
(Increase)/decrease in trade and other receivables	(59)	(349)	(32)	18
Increase/(decrease) in trade and other payables	1,307	491	(3)	425
Cash generated from/(used in) operations	15,217	7,140	(724)	(313)
Income taxes paid	(375)	(1,008)	–	–
Net cash flow from operating activities	14,842	6,132	(724)	(313)

19 NOTE TO CASH FLOW STATEMENTS (continued)

Changes in liabilities from financing activities

	Cash and Cash Equivalents £'000	Lease liabilities due within 1 year £'000	Lease liabilities due after 1 year £'000	Bank loans due after 1 year £'000	Total £'000
Net debt as at 25 March 2018	359	–	–	(12,350)	(11,991)
Cash flows	1,476	–	–	1,110	2,586
Net debt as at 31 March 2019	1,835	–	–	(11,240)	(9,405)
IFRS 16 transitional adjustment	–	(4,668)	(58,715)	–	(63,383)
Net debt as at 1 April 2019	1,835	(4,668)	(58,715)	(11,240)	(72,788)
Cash flows	221	4,332	–	(300)	4,253
Addition to lease liabilities	–	(4,827)	(4,336)	–	(9,163)
Net debt as at 29 March 2020	2,056	(5,163)	(63,051)	(11,540)	(77,698)

Net debt before lease liabilities recognised under IFRS 16 as at 29 March 2020 was £9,484,000 (2019: £9,405,000).

20 COMMITMENTS UNDER OPERATING LEASES

The Group had aggregate minimum lease payments under non-cancellable operating leases which fall due as follows:

	29 March 2020 £'000	Group 31 March 2019 £'000	Parent company 29 March 2020 £'000	Parent company 31 March 2019 £'000
Land and buildings within one year	6	6,697	–	136
in two to five years	–	24,246	–	123
after five years	–	47,271	–	–
	6	78,214	–	259
Others within one year	–	60	–	–
	–	60	–	–
	6	78,274	–	259

Included above are certain annual lease commitments relating to a subsidiary company that have been guaranteed by the parent company.

Following adoption of IFRS 16, leases for land and buildings are disclosed under borrowings.

21 CAPITAL COMMITMENTS

The Group capital expenditure contracted for but not provided in the financial statements as follows:

	29 March 2020 £'000	Group 31 March 2019 £'000	Parent company 29 March 2020 £'000	Parent company 31 March 2019 £'000
Committed new restaurant builds	<u>503</u>	<u>1,040</u>	<u>–</u>	<u>–</u>

22 RELATED PARTY DISCLOSURES

Remuneration of key management personnel

The remuneration of the directors, who are the key management personnel of the Group, is provided in the Report on Directors' Remuneration on pages 23 to 26, and in note 3. Details of share options granted to Directors are also shown in the Report on Directors' Remuneration.

Transactions with Directors other than compensation

During the year ended 29 March 2020, the Group acquired approximately 1% minority interests in its two subsidiaries: Kefi Limited ("Kefi"), which owns the subsidiary that owns and operates The Real Greek; and Franco Manca Holdings Limited (formerly Rocca Limited) ("FM Holdings"), which owns the subsidiary that owns and operates Franco Manca, for a total consideration of £628,026 in cash from DM Page and NAG Mankarious, both directors of the Company.

During the year ended 29 March 2020, DM Page and NAG Mankarious, both directors of the Company, each exercised options over 1,115,972 ordinary shares (2019: Nil). The aggregate gains made on the exercise of the options during the year was £223,000 (2019: £Nil).

Other related party transactions

During the year, the Group was invoiced £101,000 (2019: £84,000) for the services of NJ Donaldson by London Bridge Capital Partners LLP, a company in which NJ Donaldson is a director, and the balance outstanding at 29 March 2020 was £18,000 (2019: £17,000).

During the year, the Group was invoiced £Nil (2019: £6,000) for franchise fees and products by Bukowski Limited, a company in which NAG Mankarious is a director and DM Page and NAG Mankarious are shareholders. The balance outstanding at 29 March 2020 was £Nil (2019: £Nil).

During the year, Room 307 Limited and Restaurants IT Limited, previously identified as a related party, no longer is a related party with effect from 31 March 2019.

During the year, the Group invoiced £Nil (2019: credited £2,000) in rent relating to a property leased to Fixed Restaurants Limited, a company in which DM Page, NAG Mankarious, NJ Donaldson and NCW Wong are directors and indirect shareholders and MA Chapman is an indirect shareholder. The balance outstanding as at 29 March 2020 owed to Fixed Restaurants Limited was £Nil (2019: £37,000).

22 RELATED PARTY DISCLOSURES (continued)

During the year, the Group and Company invoiced £Nil (2019: £12,000) for desk space provided to Meatailer Limited, a company in which DM Page and NAG Mankarious are directors and shareholders and NJ Donaldson and NCW Wong are shareholders. Further, during the year the Group invoiced and £71,000 (2019: £76,000) in rent relating to a property leased to Meatailer Limited. The balance outstanding as at 29 March 2020 owed by Meatailer was £1,000 (2019: £21,000). During the year Meatailer Limited invoiced the Group and Company £30,000 (2019: £Nil) for a volume rebate on a joint purchasing deal earned from a third party supplier and the Group £2,000 (2019: £Nil) for a staff Christmas Party. The balance outstanding as at 29 March 2020 owed to Meatailer was £2,000 (2019: £Nil).

Transactions between the Company and its subsidiaries

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation. During the year, the Company provided restaurant management services to the following subsidiaries:

Amounts invoiced (including VAT)

	Parent company	
	Year ended	Year ended
	29 March 2020	31 March 2019
	£'000	£'000
10DAS Limited	–	9
The Real Greek Food Company Limited	636	615
Franco Manca 2 UK Limited	845	791
	<u>1,481</u>	<u>1,415</u>

22 RELATED PARTY DISCLOSURES (continued)

During the year the Company also loaned amounts to the following subsidiaries:

Amounts loaned/(repaid)	Parent company	
	Year ended 29 March 2020 £'000	Year ended 31 March 2019 £'000
10DAS Limited	(1)	(245)
The Real Greek Food Company Limited	(716)	(1,489)
Franco Manca 2 UK Limited	(1,296)	368
	<u>(2,013)</u>	<u>(1,366)</u>

Amounts outstanding at year end	Parent company	
	29 March 2020 £'000	31 March 2019 £'000
10DAS Limited	(16)	(16)
The Real Greek Food Company Limited	(3,180)	(2,464)
Franco Manca 2 UK Limited	10,567	11,863
	<u>7,371</u>	<u>9,383</u>

The Company was a legal guarantor and a party to an agreement in which 10DAS Limited during the year, a subsidiary company, entered into a lease of a restaurant space. The total potential aggregate minimum lease payments that has been called under this guarantee at the end of the year were £Nil (2019: £Nil).

23 ADOPTION OF IFRS 16 ACCOUNTING STANDARD FOR LEASES

During the year ended 29 March 2020, the Group has adopted and applied IFRS 16 using the modified retrospective approach, and therefore comparative information has not been restated and continues to be reported under IAS 17 'Leases'.

Under IFRS 16, on commencement of a contract that gives the Group the right to use an asset for a period of time in exchange for consideration, the Group recognises a right-of-use asset and a lease liability except for low value leases (for assets that are of value less than £5,000 that do not highly depend on other assets) and those with a term of less than 12 months. Such contracts were previously treated as operating leases under IAS17 Leases.

A right-of-use asset is recognised at commencement of the lease and is initially measured at the amount of the lease liability, plus any incremental costs of obtaining the lease, any lease payments made at or before the leased asset is available for use by the Group less any lease incentives received, plus any estimate of costs to be incurred in respect of dismantling or restoring the underlying asset to its original condition.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses. Right-of-use assets are depreciated straight line over the shorter of the period of the lease term or the remaining useful life of the underlying asset. Termination, extension and purchase options are considered in determining the appropriate remaining lease term. The right-of-use asset is depreciated from the date it is 'available for use' even if the entity does not use it until a later date.

Thus right of use assets are measured at cost comprising the following:

- The amount of the initial measurement of the lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- Restoration costs.

Impairment losses are determined and accounted for in accordance with IAS 36 'Impairment of Assets'. An estimate of costs to be incurred in restoring the right-of-use asset to the condition required under the terms and conditions of the lease is recognised as part of the cost of the right-of-use asset when the Group incurs the obligation for these costs. The provision is measured at the best estimate of the expenditure required to settle the obligation.

23 ADOPTION OF IFRS 16 ACCOUNTING STANDARD FOR LEASES (continued)

The Group has applied this approach subject to the transition provisions set out below:

- A single discount rate has been applied to portfolios of leases with similar characteristics;
- The right-of-use assets have not been assessed for impairment at 1 April 2019 but have been reduced by the amount of any onerous lease provisions at that date, if any;
- Initial direct costs have been excluded from the measurement of the right-of-use assets at the date of initial application;
- Hindsight has been applied in determining the lease term for contracts that contain lease extension or termination options; and
- Right-of-use assets and lease liabilities for short term leases that have a lease term of less than 12 months have not been recognised.

As at the date of initial application, for all contracts, the Group assessed whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group identified 70 open contracts at the date of initial application that are, or contain, a lease. On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 'Leases'. These liabilities were measured at the present value of the remaining lease payments, discounted using applicable discount rate as of 31 March 2019 estimated using the Group's Incremental Borrowing Cost as a single rate for the whole portfolio, given the similarity between all leases.. Corresponding right of use assets were recognised based on these calculated lease liabilities.

Variable lease payments are initially measured using the index or rate when the right-of-use asset is available for use. Turnover rents on property leases are not included in the above calculation and are therefore recognised to the Statement of Comprehensive Income as they are incurred.

In determining the lease liability, management considered any lease extension option or break clauses that management is reasonably certain to exercise or not to exercise. In doing so, the Group considered all relevant factors that create an economic incentive to do so. At the date of initial application, management was of the view that break clauses for 4 leases would not be exercised.

The lease liability is subsequently increased for a constant periodic rate of interest on the remaining balance of the lease liability and reduced for lease payments.

Interest on the lease liability is recognised in profit or loss, and variable lease payments not included in the measurement of the lease liability are also recognised in profit or loss in the period in which the event or condition that triggers those payments occurs.

23 ADOPTION OF IFRS 16 ACCOUNTING STANDARD FOR LEASES (continued)

The impact on the Consolidated Balance Sheet on adoption of IFRS 16 is summarised below:

	As at 31 March 2019 £'000	IFRS 16 Adjustments On adoption £'000	Post IFRS 16 As at 1 April 2019 £'000
Right-of-use assets	–	64,388	64,388
Current trade and other receivables	3,597	(1,252)	2,345
Current trade and other payables	(11,881)	709	(11,172)
Non-current trade and other payables	(1,601)	1,601	–
Current lease liability	–	(4,668)	(4,668)
Non-current lease liability	–	(58,715)	(58,715)
Non-current deferred tax liability	–	(191)	(191)
	<u>(9,885)</u>	<u>1,872</u>	<u>(8,013)</u>

The impact on the Group's retained earnings reserves on adoption of IFRS 16 is summarised below:

	Post IFRS 16 As at 1 April 2019 £'000
Lease incentives previously recognised	1,891
Rent review liabilities previously recognised	172
Deferred tax recognition	(191)
Adjustment to reserves on adoption of IFRS 16	<u>1,872</u>

Reconciliation of the Group's operating lease liabilities on transition:

	£'000
Operating lease commitments at 31 March 2019	78,274
Add lease liabilities in respect of lease breaks unlikely to be taken	688
Additional leases identified	1,587
Less effect of discounting payments included in the operating lease commitment	(17,166)
Lease liability opening balance reported at 1 April 2019	<u>63,383</u>

23 ADOPTION OF IFRS 16 ACCOUNTING STANDARD FOR LEASES (continued)

The impact on the Consolidated Statement of Comprehensive Income on adoption of IFRS 16 is summarised below for the year ended 29 March 2020:

	Year ended 29 March 2020 £'000 (IFRS 16)	IFRS 16 Remove rent expense £'000	IFRS 16 Depreciation £'000	IFRS 16 Interest and tax Expense £'000	Year ended 29 March 2020 £'000 (IAS 17)	Year ended 31 March 2019 £'000 (IAS 17)
Revenue	68,565	–	–	–	68,565	63,985
Cost of sales	(40,628)	–	–	–	(40,628)	(38,237)
Gross profit	27,937	–	–	–	27,937	25,748
Administrative expenses (before depreciation and amortisation)	(12,743)	(6,909)	–	–	(19,652)	(17,930)
Headline EBITDA	15,194	(6,909)	–	–	8,285	7,818
Depreciation and amortisation	(10,757)	–	6,025	–	(4,732)	(4,323)
Headline operating profit	4,437	(6,909)	6,025	–	3,553	3,495
Share based payments	(157)	–	–	–	(157)	(138)
Pre-opening costs	(683)	(215)	–	–	(898)	(386)
Amortisation of brand	(821)	–	–	–	(821)	(821)
Exceptional costs:	(944)	–	–	–	(944)	(397)
Operating profit	1,832	(7,124)	6,025	–	733	1,753
Finance income	10	–	–	–	10	8
Finance costs	(2,596)	–	–	2,287	(309)	(327)
(Loss)/profit before taxation	(754)	(7,124)	6,025	2,287	434	1,434
Income tax expense	(421)	–	–	(21)	(442)	(714)
(Loss)/profit for the year	<u>(1,175)</u>	<u>(7,124)</u>	<u>6,025</u>	<u>2,266</u>	<u>(8)</u>	<u>720</u>
Earnings per share						
Basic	(0.2p)				0.0p	0.1p
Diluted	(0.2p)				0.0p	0.1p
Headline Basic	0.2p				0.4p	0.4p
Headline Diluted	0.2p				0.4p	0.4p

There are no committed lease liabilities not yet commenced at 29 March 2020.

24 SUBSEQUENT EVENTS

Impact of Covid-19

On 20 March 2020, the UK Government issued direct instructions to temporarily close all restaurants to dine-in trade as part of wider efforts in the fight against Covid-19. Following the year end, costs were reduced to a minimum and all but essential or committed capital expenditures were halted in order to manage cash flow. To conserve further the Group's cash resources, all Directors of the Company and certain members of the senior management team agreed to waive 20 per cent of remuneration due to them with effect from 1 April 2020 and until such time as the majority of the Company's restaurants were back open and trading.

Since 4 July 2020, the date from which the UK Government determined that restaurants could reopen to serve dine-in customers if safe to do so, the Group has undertaken a gradual reopening of its restaurants, serving customers through a combination of dine-in, takeaway, click and collect and delivery services.

Debenhams Concessions

On 9 April 2020, Debenhams Retail Limited (formerly Debenhams Retail PLC) ("Debenhams"), with whom the Group has concession agreements for four restaurants, appointed Administrators. The Group has been in contact with Debenhams, its Administrators and the superior landlords of the various locations to ensure the four restaurants were able to reopen at an appropriate time after the COVID-19 lockdown. The Group has not had full clarity on the status of the four concessions but it is expected that three of them may have been terminated by Debenhams. Therefore for these three locations, the associated right-of-use asset and recognised lease under IFRS 16 will be disposed when a new lease is entered into with the superior landlord.

New banking facilities

Following the year end, on 20 August 2020 the Company completed a facility agreement for an increase in the amount available under its debt facilities with HSBC Bank plc and the waiver of certain banking covenants. Under the new arrangements, the term of the Company's existing £14.25 million revolving credit facility was extended by 12 months from March 2021 to March 2022 and the Company increased its banking facilities with HSBC to a total of £25.75 million including the existing £0.75 million overdraft facility (from £15 million). This increase of £10.75 million is provided under the government backed Coronavirus Large Business Interruption Loan Scheme, which has a term of three years, with repayments due over the second and third years of the term.

Equity fundraise

On 20 August 2020, the Company raised £2,250,000 (before expenses) from the issue of 36,000,000 new ordinary shares in the Company.

THE FULHAM SHORE PLC
DIRECTORS, OFFICERS AND ADVISERS

DIRECTORS

DM Page	Executive Chairman
NAG Mankarious	Managing Director
NJ Donaldson	Director
NCW Wong	Finance Director
MA Chapman	Independent Non-executive Director
DAL Gunewardena	Independent Non-executive Director

COMPANY SECRETARY

NJ Donaldson

REGISTERED OFFICE

1st Floor
50-51 Berwick Street
London W1F 8SJ

REGISTERED IN ENGLAND

Number 07973930

AUDITOR

RSM UK Audit LLP
25 Farringdon Street
London EC4A 4AB

SOLICITORS

Marriott Harrison LLP
11 Staple Inn
London WC1V 7QH

**NOMINATED ADVISER, JOINT
FINANCIAL ADVISER AND BROKER**

Allenby Capital Limited
5 St. Helen's Place
London EC3A 6AB

JOINT FINANCIAL ADVISER

London Bridge Capital Partners LLP
No.4, 81 Alderney Street
London SW1V 4HF

REGISTRARS

Equiniti David Venus Limited
(trading as SLC Registrars)
Elder House,
St. Georges Business Park,
Brooklands Road,
Weybridge,
Surrey, KT13 0TS

BANKERS

HSBC Bank PLC
71 Queen Victoria Street
London, EC4V 4AY

THE FULHAM SHORE PLC

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the Company will be held at 09.00am on 25 November 2020 at 50-51 Berwick Street, London, W1F 8SJ to consider, and if thought fit, pass the following resolutions. Resolutions 1, 2, 3, 4, 5, 6 and 7 shall be proposed as ordinary resolutions and resolution 8 as a special resolution:

ORDINARY RESOLUTIONS

1. to receive and adopt the Report of the Directors, the financial statements and the report of the auditors for the period ended 29 March 2020.
2. to receive and approve the Report on Directors' Remuneration for the period ended 29 March 2020.
3. to re-appoint Mr Martin Chapman, who retires by rotation under the Company's Articles of Association, as a director of the Company.
4. to re-appoint Mr Desmond Gunewardena, who retires by rotation under the Company's Articles of Association, as a director of the Company.
5. to re-appoint Mr Nicholas Wong, who retires by rotation under the Company's Articles of Association, as a director of the Company.
6. to re-appoint RSM UK Audit LLP as auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next general meeting at which financial statements are laid before the Company and to authorise the Directors to determine their remuneration.
7. in accordance with section 551 of the Companies Act 2006, the directors of the Company (the "Directors") be generally and unconditionally authorised to allot shares in the Company or grant rights to subscribe for or convert any security into shares in the Company with the meaning of that section on and subject to such terms as the Directors may determine up to an aggregate nominal amount of £3,048,085 provided that this authority shall, unless renewed, varied or revoked by the Company, expire at the conclusion of the Company's next annual general meeting, save that the Company may, before such expiry, make an offer or agreement which would or might require shares to be allotted and the Directors may allot shares in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired. This resolution revokes and replaces all unexercised authorities previously granted to the Directors to allot shares in the Company or grant rights to subscribe for or convert any security into shares in the Company but without prejudice to any allotment of shares or grant of rights already made, offered or agreed to be made pursuant to such authorities.

SPECIAL RESOLUTION

8. subject to and conditional upon the passing of resolution 7 and in accordance with section 570 of the Companies Act 2006 (the "Act"), the Directors be generally empowered to allot equity securities (as defined in section 560 of the Act) pursuant to the authority conferred by resolution 7, as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities up to an aggregate nominal value of £914,425. This resolution revokes and replaces all unexercised powers previously granted to the Directors to allot equity securities as if section 561(1) of the Act did not apply but without prejudice to any allotment of equity securities already made or agreed to be made pursuant to such authorities.

BY ORDER OF THE BOARD

DM Page
Chairman
1st Floor
50-51 Berwick Street
London W1F 8SJ

29 October 2020

THE FULHAM SHORE PLC

NOTICE OF ANNUAL GENERAL MEETING

Notes

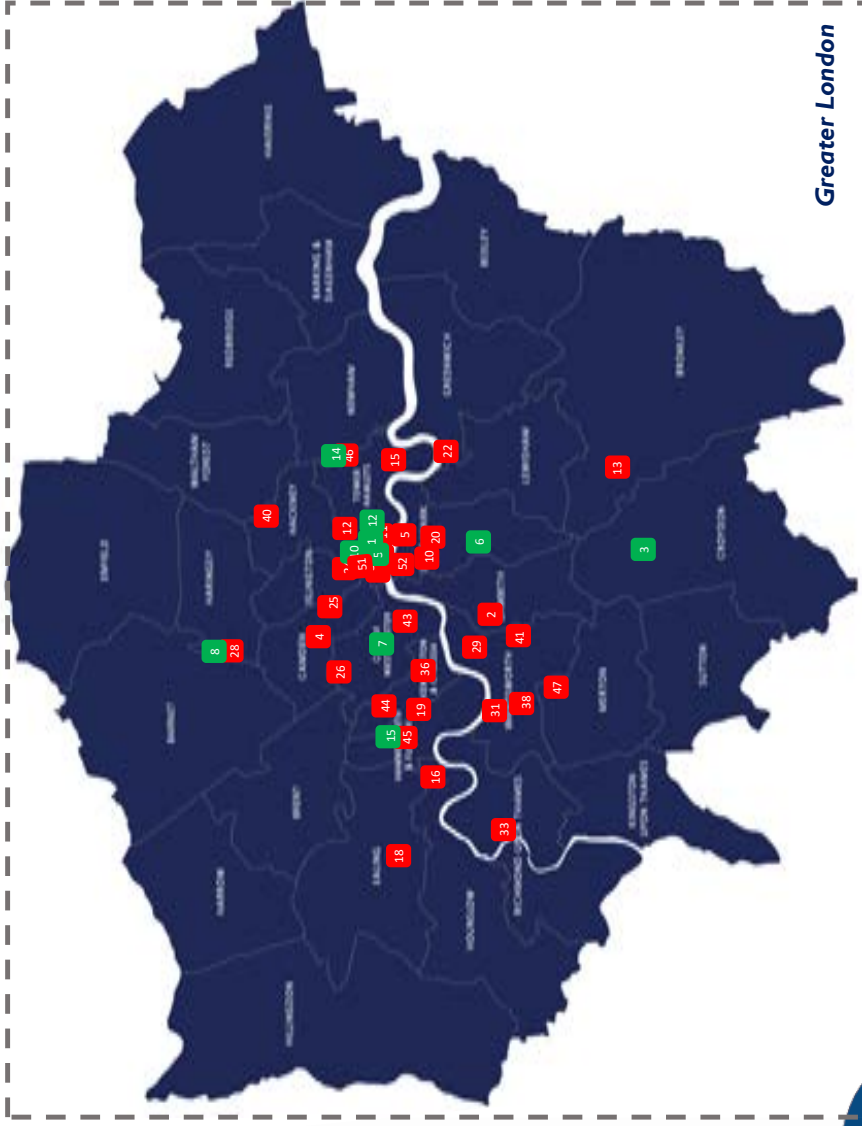
1. Shareholders entitled to attend and vote at the AGM may appoint a proxy or proxies to attend and speak on their behalf. A shareholder may appoint more than one proxy in relation to the AGM provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a member of the Company. However, in light of the Covid-19 pandemic situation, unless both the COVID-19 situation and the applicable guidance and law have changed substantially prior the date of the meeting, no shareholders, proxies or corporate representatives will be permitted to attend the AGM in person. The Company will notify shareholders if this position changes. Shareholders are therefore urged to appoint the Chair of the AGM, and only the Chair, as their proxy.
2. Investors who hold their shares through a nominee may wish to appoint a proxy, in which case they should discuss this with their nominee or stockbroker.
3. To be effective, a form of proxy must be deposited at SLC Registrars (trading name of Equiniti David Venus Limited), Elder House, St. Georges Business Park, Brooklands Road, Weybridge, Surrey, KT13 0TS by not later than 09:00am on 23 November 2020 or, in the case of an adjournment, 48 hours prior to the time of the adjourned AGM (Saturdays and Public Holidays excluded).
4. The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those holders of ordinary shares in the capital of the Company registered in the register of members of the Company at 6:30pm (London time) on 23 November 2020 or, in the case of an adjournment, at close of business on the date which is two days before the day of the adjourned general meeting, shall be entitled to attend and vote at the AGM in respect of such number of shares registered in their name at that time. In each case, changes to entries in the register of members after such time shall be disregarded in determining the rights of any person to attend or vote at the AGM.
5. Details of those Directors seeking re-election are given on page 27 of the Report and Financial Statements. The details of the service contracts for the Executive Directors are set out in the Report on Directors' Remuneration on pages 23 to 26 of the Report and Financial Statements. The Register of Directors' Interests and the Directors' service agreements will be available for inspection during usual business hours on any weekday (Saturdays and Public Holidays excluded) at the registered office of the Company until the date of the Annual General Meeting and at the place of the meeting for 15 minutes prior to and until the termination of the meeting.
6. At the date of the notice of AGM, due to the restrictions imposed by Government guidance to address the COVID-19 outbreak and to protect the health and well-being of shareholders, the Company's Directors, employees and advisers, the Directors have reluctantly decided that the AGM cannot follow the usual format which enables face to face discussion in person. The Corporate Insolvency and Governance Act 2020 (as amended), introduced as a response to the COVID-19 situation, sets out that companies may hold closed general meetings up to 30 December 2020. Therefore, together with the continuing potential risk of localised restrictions, the Company has taken the decision that a conventional AGM is not practical. Unless, in the unlikely event, Shareholders are notified otherwise by the Company prior to the date of the AGM, the AGM will be held with only the minimum number of shareholders present as required to form a quorum under the Company's Articles of Association and only to conduct the formal business of the AGM. To ensure everyone's safety, no other shareholders or proxies or corporate representatives will be permitted entry to the AGM. Shareholders are strongly encouraged to appoint the Chairman of the AGM as their proxy in order that the Chairman can vote according to the shareholder's wishes at the AGM to ensure their votes on the resolutions are counted. Other named proxies will not be allowed to attend the AGM and therefore votes of such proxies will not be counted at the AGM. Shareholders can vote ahead of the AGM by completing and returning a form of proxy as described above. All resolutions for consideration at the AGM will be voted on a poll, rather than a show of hands, and all valid proxy votes cast will count towards the poll votes. The results will be announced via a regulatory announcement and will be posted on the Company's website as soon as practicable after the AGM has concluded.

Franco Manca (52 restaurants)

1. Aldwych
2. Balham
3. Bath
4. Belsize Park
5. Bermondsey
6. Birmingham
7. Bournemouth
8. Brighton
9. Bristol
10. Brixton
11. Broadgate Circle
12. Broadway Market
13. Bromley
14. Cambridge
15. Canary Wharf
16. Chiswick
17. Covent Garden
18. Ealing
19. Earl's Court
20. East Dulwich
21. Exeter
22. Greenwich
23. Guildford
24. Islington
25. Kentish Town
26. Kilburn
27. King's Cross
28. Muswell Hill
29. Northcote Road
30. Oxford
31. Putney
32. Reading
33. Richmond
34. Russell Square
35. Soho
36. South Kensington
37. Southampton
38. Southfields
39. St. Paul's
40. Stoke Newington
41. Tooting Market
42. Tottenham Court Road
43. Victoria Nova
44. Westbourne Grove
45. Westfield London
46. Westfield Stratford
47. Wimbledon
48. Edinburgh
49. Leeds
50. Manchester
51. Bishopsgate
52. Waterloo

The Real Greek (18 restaurants)

1. Bankside
2. Bournemouth
3. Boxpark Croydon (Greek on the Street)
4. Bristol
5. Covent Garden
6. Dulwich
7. Marylebone
8. Muswell Hill
9. Reading
10. Soho
11. Southampton
12. Spitalfields
13. St. Martin's Lane
14. Strand
15. Tower Bridge
16. Westfield Stratford
17. Westfield London
18. Windsor



The Fulham Shore PLC
1st Floor 50-51 Berwick Street
London W1F 8SJ

Tel: 020 3026 8129
Email: info@fulhamshore.com
www.fulhamshore.com

