Splendid Holdings Ltd

Annual Report and Financial Statements

Period Ended

25 December 2022

Company Number 13562705

Splendid Holdings Ltd

Company Information

Directors	Shiraz Boghani Nadeem Boghani
Registered number	13562705
Registered office	2 Regal Way Watford Hertfordshire WD24 4YJ
Independent auditor	BDO LLP First Floor Franciscan House 51 Princes Street Ipswich Suffolk IP1 1UR

Splendid Holdings Ltd

Contents

Splendid Holdings Ltd

Group Strategic Report
For the Period Ended 25 December 2022

Introduction

Splendid Holdings Ltd was incorporated on 12 August 2021. The parent company financial statements cover the period from incorporation to 25 December 2022, with no comparative period.

During the period the company became the holding company of a group by way of a share for share exchange with the ultimate controlling party of the company, and the companies acquired. The directors have elected to use merger accounting to prepare the consolidated financial statements. As such the consolidated financial statements cover the 52 week period from 27 December 2021 to 25 December 2022, with the comparatives covering the 52 week period from 28 December 2020 to 26 December 2021.

The directors present their Group strategic report together with the audited financial statements for Splendid Holdings Ltd ("the company") and its subsidiaries Splendid Real Estate Limited, Splendid (Park Royal) Ltd, Splendid Restaurants (Colonel) Ltd and Splendid Restaurants (Harland) Limited, together the group.

Business review

The group's trading subsidiaries Splendid Restaurants (Colonel) Ltd and Splendid Restaurants (Harland) Limited ("the KFC subsidiaries") operate KFC stores in the North East and Midlands under franchise agreements with Kentucky Fried Chicken (Great Britain) Limited.

For the KFC subsidiaries, the COVID-19 pandemic continued to have an impact on the UK economy with the Omicrom variant slowing trading volumes during early 2022. The pandemic subsided during the year with the UK economy returning to pre-pandemic levels, however this was short lived with the UK subsequently facing tough macroeconomic conditions with persistent supply chain challenges coupled with geopolitical factors which drove increases in inflation and energy prices. Although they initially benefitted from the temporary reduced rate of VAT of 12.5% until 31 March 2022, the sharp increase in energy prices and the persistently high food cost inflation observed throughout the remainder of the year had an adverse impact on the trading results.

The portfolio of the KFC subsidiaries consists predominantly of DriveThru restaurants, which has enabled them to withstand the turbulent trading conditions with store counter sales also seeing a notable increase during the year following the lifting of all COVID-19 restrictions.

The resilience demonstrated by the KFC subsidiaries and the agility of the management team through 2022 has enabled them to navigate a challenging year. With inflationary pressure and macroeconomic uncertainty continuing into 2023, we expect a challenging year ahead.

Splendid Real Estate Limited holds freehold properties that are leased back another group member, whilst Splendid (Park Royal) Ltd holds land for future development.

The bank loan from HSBC Bank PLC ("HSBC") was fully refinanced following the reorganisation of the group on 8 July 2022. The group obtained bank loans for £22.61m and £5.74million from HSBC under a three year term. HSBC also provided a revolving credit facility up to £5million. These term loan funds were then utilized to settle the legacy term loans in Colonel and Harland and thereby fully refinance the group on an "Opco/Propco" platform. The bank loans require debt service and covenant compliance at a Real Estate ("Propco") and Colonel and Harland (together "Opco") level.

Actual sales were £71,897,488 (period ended 26 December 2021 - £76,674,161). The group's average sales per week (ASPW) decreased in 2022 to £35,298 (2021 - £37,823). The group recorded an EBITDA (Earnings Before Interest, Tax, Depreciation, Amortisation and Exceptional Items) of £446,096 (period ended 26 December 2021 - £11,767,306). The loss for the period after taxation was £8,232,157 (period ended 26 December 2021 - profit of £1,783,660). Net assets at the year end were £21,075,271 (period ended 26 December 2021 - (£6,165,920)).

Principal risks and uncertainties

The Quick Service Restaurant sector remains a competitive environment within a challenging UK economic climate. High street and shopping centre footfall could take several years to return to pre-COVID levels. Whilst this could impact the profitability of the group's high street and shopping centre assets in the short term, the predominantly DriveThru weighting of the portfolio offers strong mitigation.

Recent events in Ukraine and their knock on impact on energy costs, coupled with inflationary headwinds across food costs and wages, will mean that the coming months will prove challenging for the business. As with other QSR brands, it is widely accepted that price, which is controlled by the franchisor, Kentucky Fried Chicken (Great Britain) Limited, will need to increase in the short term to mitigate these cost pressures. The directors will continue to liaise with the franchisor, assess and monitor the potential risks and impacts on the group, and take mitigation measures to address challenges as appropriate.

Financial key performance indicators

Revenue: £71,897,488 (period ended 26 December 2021 - £76,674,161)
Average Sales Per Week (ASPW): £35,298 (period ended 26 December 2021 - £-)
EBITDA: £446,096 (period ended 26 December 2021 - £11,767,306)
Net Asset Value (NAV): £21,075,271 (period ended 26 December 2021: Net liabilities of £6,165,920).

The Directors do not consider it necessary to monitor any non-financial performance indicators in measuring the performance of the group.

Directors' statement of compliance with duty to promote the success of the group

Section 172 of the Companies Act 2006 require a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In doing this, section 172 (1) (a) – (f) requires a director to have regard, amongst other matters, to the:

- likely consequences of any decisions in the long term;
- interest of the company's employees;
- need to foster the company's business relationships with suppliers, customers and others;
- impact of the company's operations on the community and environment;
- desirability of the company maintaining a reputation for high standards of business conduct; and
- need to act fairly as between members of the company.

In discharging our section 172 duties we have regard to factors as set out above. We also have regard to other factors which we consider relevant to the decisions to be made. We acknowledge that every decision we make will not necessarily result in positive outcomes for all our stakeholders. By considering the group's purpose, vision and values together with its strategic priorities and having a process in place for decision making, we do, however, aim to make sure that our decisions are consistent and predictable.

We delegate authority for day-to-day management of the group to senior management in setting, approving and overseeing execution of the business strategy and related policies. We review matters relating to financial and operational performance, business strategy, key risks, stakeholder matters, health and safety, environmental matters, governance, compliance, legal and regulatory matters over the course of the financial period. This is done through regular meetings and dialogue with senior management.

Directors' statement of compliance with duty to promote the success of the group (continued)

The group's key stakeholders are its employees, customers, suppliers, shareholders, funders, the franchisor and communities in which we operate. The views of and impact of the group's activities on those stakeholders are an important consideration for the directors when making relevant decisions. Whilst there are cases where the Board itself judges that it should engage directly with certain stakeholder groups or on certain issues, the size and spread of the wider Splendid Group means that generally our stakeholder engagement best takes place at an operational level.

During the period we received information to help us understand the interests and views of the group's key stakeholders and other relevant factors when making decisions. This information was distributed in a range of different formats including reports and presentations on our financial and operational performance, nonfinancial KPIs, risk matters and the outcome of specific pieces of engagement (for example, results of employee surveys and customer feedback). As a result of this, we have had an overview of engagement with stakeholders and other relevant factors which allows us to understand the nature of the stakeholders' concerns and to comply with our section 172 duty to promote success of the group.

Examples of how we have had regard to the matters set out in section 172 (1) (a) - (f) when discharging our section 172 duty and effect of that on decisions taken by us are set out below:

- *Financial and operational performance* - The Board regularly reviewed the financial and operational position of the group to consider the strategic direction and long-term viability of the group and ensure that future liabilities could be met.

  The Board reviewed the business plan and progress against the plan together with updates on sales, profit and cash generation.

- *Strategic reviews* - Strategic reviews were conducted to help improve business performance. These reviews highlighted stakeholder opportunities, for example: optimisation of performance in underperforming stores, improved operating model and potential exit from unviable stores.

- *Capital expenditure and Financing arrangements* - Throughout the period, the Board has considered and approved a variety of capital expenditure in line with business plans, from investment in new store openings to expenditure supporting our property strategy.

  In addition, the Board has reviewed shareholder loan arrangements, external funding arrangements and reviewed practices for paying suppliers.

  The Board considered a range of factors including the long-term viability of the group, its expected cash flow and financing requirements, the ongoing need for strategic investment in our business and the impact on each of the stakeholder groups.

- *Commercial agreements* - In reaching its final decision, the Board had regard to a number of factors Including: the business case and financial returns, security of supply, risk management, any impact on employees, suppliers, customers, communities and the environment, and the long-term reputation of the group.

Directors' statement of compliance with duty to promote the success of the group (continued)

- *Wider stakeholder engagement* - The Board received regular updates on stakeholder engagement, marketing plans, customer feedback results, health and safety initiatives, outcomes of operational audits, employee engagement surveys, and benchmarking against equity and other UK franchisee stores undertaken by the franchisor. Employees are also regularly provided with updates around current business performance and the wider business plans.

- *Environmental considerations* – The Group is committed to reduce the impact of its business operations in the environment and is regularly reviewing initiatives to promote more sustainable ways of working. This has included for example the installation of solar panels in DriveThru stores.

This report was approved by the board on 02 November 2023 and signed on its behalf.

N Boghani

Nadeem Boghani
Director

Splendid Holdings Ltd

Directors' Report
For the Period Ended 25 December 2022

The directors present their report together with the audited financial statements for the 52 week period ended 25 December 2022.

During the period the company became the holding company of a group by way of a share for share exchange with the ultimate controlling party of the company, and the companies acquired. The directors have elected to use merger accounting to prepare the consolidated financial statements. As such the consolidated financial statements cover the 52 week period from 27 December 2021 to 25 December 2022, with the comparatives covering the 52 week period from 28 December 2020 to 26 December 2021.

Results and dividends

The loss for the period, after taxation, amounted to £8,232,157 (period ended 26 December 2021 - profit £1,783,660).

The directors do not recommend the payment of a dividend for the period under review (period ended 26 December 2021 - £Nil).

The company recorded an EBITDA of £446,096 (period ended 26 December 2021 - £11,767,306).

The directors have chosen to disclose the adjusted unaudited EBITDA on page 13. This is because, in the directors' view, EBITDA reflects the underlying operating cash generation, by eliminating depreciation, amortisation and exceptional items, and the directors consider EBITDA to be a useful measure of the group's operating performance. The directors have determined that the impairment charge and onerous lease provision rising in the period, constitute 'exceptional items' due to their non recurring nature. Since this is a non-UK GAAP measure, it may not be directly comparable to the EBITDA of other companies, as they may define it differently.

Directors

The directors who served during the period were:

Shiraz Boghani (appointed 12 August 2021)
Nadeem Boghani (appointed 12 August 2021)

Going concern

As further detailed in note 2.4, the directors have concluded that the company is able to continue as a going concern for a period of at least 12 months from the date of these financial statements, and as such the accounts have been prepared on a going concern basis.

Interest rate risk

The group finances its operations through cash flow generation and retained profits. Bank loans have been secured at commercially favourable interest rates and on terms which reflect the cash flow profile of the business. As a result, interest rate risk is carefully managed and mitigated.

Liquidity risk

The company refinanced its bank loans with two new term loans repayable in 2025. This, coupled with existing shareholder funding, has enabled the group to secure sufficient funds for the foreseeable future. Cash flow generation for the period was £624,367 (2021 - £3,947,499) and as a result, the directors believe there to be minimal risk in this area.

Future developments

The group continues to focus on driving ASPW and EBITDA through its existing outlets, whilst developing new store openings and exiting loss making sites in line with its profitable growth strategy.

Engagement with employees

The directors consider the involvement of employees is important to the success of the group. Employees are regularly informed of the group's performance and progress at both formal and informal meetings.

As an equal opportunity employer, it is the group's policy to give full and fair consideration to every application for employment from disabled persons, bearing in mind the abilities and aptitudes of the applicants in relation to available vacancies. Where existing employees become disabled their services will be retained wherever practicable.

Streamlined Energy and Carbon Reporting (SECR)

Embedding sustainability and energy awareness into the business is a key element of the group's strategy, and we are committed to being part of the Streamlined Energy and Carbon Reporting (SECR) Framework.

Across the group, our annual energy usage for the period ending 25 December 2022 was 13.4 million kWh (2021 - 13.0 million kWh). Total carbon emissions (TCO2e) were 2.6 million kg (2021 - 2.7 million kg), with an intensity of 1.6 per employee (2021 - 1.78). The intensity ratio has been amended to that provided in previous periods and is now based on the average monthly number of employees as the group considers this the most appropriate measurement basis.

	Period ended 25 December 2022	Period ended 26 December 2021
Energy consumption (kWh)	13,366,463	12,955,718
• Gas	508,705	755,199
• Electricity	12,857,758	12,200,519
Scope 1: Emissions in metric tonnes (CO2e)		
Natural Gas	93	138
Scope 2: Emissions in metric tonnes (CO2e)		
Purchases electricity	2,486	2,591
Total gross emissions in metric tonnes (CO2e)	2,579	2,729
Intensity ratio (Metric tonnes CO2e/Average number of employees)	1.60	1.78

Our energy figures are based on metered electricity and gas usage in our KFC stores. We have applied the main requirements of the GHG Protocol Corporate Accounting and Reporting Standards as the basis of our energy usage calculation methodology.

Consumption of energy for the financial year to 25 December 2022 has increased driven by an investment in store energy efficient equipment and the installation of electrical hot water systems. The Group has again been supported by an external energy saving consultant to reduce energy consumption with a focus on reducing energy consumption during non-trading hours. This has included replacing air conditioning units with energy efficient alternatives and installation of LED lighting. Store energy use reports are produced on a regular basis to monitor and encourage reduced consumption.

Energy consumption has continued to be a consideration in the Group's store refurbishment programmes to ensure systems are upgraded where applicable with energy efficient alternatives.

The Group continue to invest in energy saving technology with a plan to install solar arrays at 24 drive thru sites during the new financial year, electricity generated through these solar arrays will then be used in store. We continue to work with our external consultant to further improve store technology, with a particular focus on kitchen system efficiencies in the coming year and to encourage awareness of energy consumption throughout the stores.

Post statement of financial position events

On 12 January 2023 Splendid Holdings Limited provided a loan of £3.22m to SHC Clemsfold Group Limited, an entity under common ownership.

On 29 September 2023, a reset of covenants on the bank loan facilities was agreed with HSBC. To facilitate this, on the same day, the group repaid £3 million of the bank loan, representing the principal repayments due on the facility for the forthcoming 12 months. This amount was funded through a shareholder loan to the group.

Disclosure of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company and the group's auditor is unaware; and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company and the group's auditor is aware of that information.

Auditor

The auditor, BDO LLP, will be proposed for re-appointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 02 November 2023 and signed on its behalf.

Nadeem Boghani
Director

Splendid Holdings Ltd

Directors' Responsibilities Statement
For the Period Ended 25 December 2022

The directors are responsible for preparing the group strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditor's Report to the Members of Splendid Holdings Ltd

---

Opinion on the financial statements

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 25 December 2022 and of the Group's loss for the period then ended;

- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Splendid Holdings Limited ("the Parent Company") and its subsidiaries ("the Group") for the period ended 25 December 2022 which comprise the Consolidated Statement of Comprehensive Income, Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Changes in Equity, Consolidated Statement of Cash Flows 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 United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

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

Other information

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

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Other Companies Act 2006 reporting

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

- the information given in the Group Strategic report and the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

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

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Non-compliance with laws and regulations
Based on:

- Our understanding of the Group and the industry in which it operates;
- Discussion with management and those charged with governance; and
- Obtaining and understanding of the Group's policies and procedures regarding compliance with laws and regulations.

We considered the significant laws and regulations to be United Kingdom Accounting Standards (Financial Reporting Standard 102), applicable law (the Companies Act 2006) and UK tax legislation.

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be the health and safety legislation, employment law and general food law.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Review of legal expenditure accounts to understand the nature of expenditure incurred; and
- Review of non financial KPIs, including food hygiene ratings.

Fraud
We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to:
    - Detecting and responding to the risks of fraud; and
    - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements; and
- Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these.

Auditor's responsibilities for the audit of the financial statements (continued)

Based on our risk assessment, we considered the areas most susceptible to fraud to be Improper revenue recognition, Management override of controls, Fraudulent employee records and Inappropriate capitalisation of fixed assets.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- Assessing significant estimates made by management for bias;
- Testing a sample of new joiners to confirm they are genuine;
- Confirmation that revenue recognition policy is in line with the requirements of the accounting standards;
- A review of manual journals to revenue; and
- Testing a sample of additions to fixed assets.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

DocuSigned by:

Keith Ferguson

1339178265B2414...

Keith Ferguson (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Ipswich
United Kingdom

Date: 02 November 2023

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

Splendid Holdings Ltd

Consolidated Statement of Comprehensive Income
For the Period Ended 25 December 2022

	Note	Period ended 25 December 2022 £	Period ended 26 December 2021 £
Turnover	4	**71,897,488**	76,674,161
Cost of sales		**(56,622,675)**	(52,543,452)
Gross profit		**15,274,813**	24,130,709
Administrative expenses		**(24,980,681)**	(21,312,113)
Other operating income	5	**114,000**	1,507,658
Operating (loss)/profit	6	**(9,591,868)**	4,326,254
Interest receivable and similar income		**74,395**	-
Interest payable and similar expenses	10	**(1,144,884)**	(823,403)
(Loss)/profit before taxation		**(10,662,357)**	3,502,851
Tax on (loss)/profit	11	**2,430,200**	(1,719,191)
(Loss)/profit and total comprehensive (loss)/income for the financial period		**(8,232,157)**	1,783,660
(Loss)/profit for the period attributable to:			
Owners of the parent company		**(8,232,157)**	1,783,660

Non-GAAP measure:

Earnings before interest, depreciation, amortisation and exceptional items ("EBITDA") for the period ended 25 December 2022.

	Period ended 25 December 2022 £	Period ended 26 December 2021 £
Operating (loss)/profit	**(9,591,868)**	4,326,254
Depreciation expense	**3,614,742**	3,164,498
Amortisation expense	**2,653,230**	2,689,287
Loss on disposal of fixed assets on lease exit	-	3,267
Impairment charges	**138,340**	1,014,000
Loss on disposal of freehold properties	**84,222**	-
Onerous lease expense	**290,000**	570,000
Revaluation of tangible fixed assets	**3,257,430**	-
	446,096	11,767,306

There was no other comprehensive income for 2022 (2021 - £Nil).

The notes on pages 20 to 44 form part of these financial statements.

Splendid Holdings Ltd

Registered number: 13562705

Consolidated Statement of Financial Position
As at 25 December 2022

	Note	25 December 2022 £	25 December 2022 £	26 December 2021 £	26 December 2021 £
Fixed assets					
Intangible assets	12		**14,769,761**		16,534,514
Tangible assets	13		**29,356,104**		26,185,126
			44,125,865		42,719,640
Current assets					
Stocks	15	**578,887**		489,406	
Debtors: amounts falling due within one year	16	**7,206,765**		1,278,426	
Cash at bank and in hand		**8,607,637**		7,983,270	
		16,393,289		9,751,102	
Current liabilities					
Creditors: amounts falling due within one year	17	**(14,513,458)**		(57,524,787)	
Net current assets/(liabilities)			**1,879,831**		(47,773,685)
Total assets less current liabilities			**46,005,696**		(5,054,045)
Creditors: amounts falling due after more than one year	18		**(24,210,425)**		-
Provisions for liabilities					
Deferred tax	20		**-**		(541,875)
Other provisions	21		**(720,000)**		(570,000)
Net assets/(liabilities)			**21,075,271**		(6,165,920)
Capital and reserves					
Called up share capital	22		**46,053**		2
Share premium account	23		**35,427,297**		-
Profit and loss account	23		**(14,398,079)**		(6,165,922)
Total equity			**21,075,271**		(6,165,920)

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 02 November 2023.

N Boghani

Nadeem Boghani
Director

The notes on pages 20 to 44 form part of these financial statements.

Splendid Holdings Ltd

Registered number: 13562705

Company Statement of Financial Position
As at 25 December 2022

	Note	25 December 2022 £	25 December 2022 £
Fixed assets			
Tangible assets	13		**3,935,500**
Investments	14		**825,106**
			4,760,606
Current assets			
Debtors: amounts falling due within one year	16	**24,171,052**	
Cash at bank and in hand		**5,777,660**	
		29,948,712	
Current liabilities			
Creditors: amounts falling due within one year	17	**(423,960)**	
Net current assets			**29,524,752**
Net assets			**34,285,358**
Capital and reserves			
Called up share capital	22		**46,053**
Share premium account	23		**35,427,297**
Loss for the year	23		**(1,187,992)**
Total equity			**34,285,358**

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 02 November 2023.

Nadeem Boghani
Director

The notes on pages 20 to 44 form part of these financial statements.

Splendid Holdings Ltd

Consolidated Statement of Changes in Equity
For the Period Ended 25 December 2022

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 27 December 2021	2	-	(6,165,922)	(6,165,920)
Comprehensive loss for the period				
Loss for the period	-	-	(8,232,157)	(8,232,157)
Total comprehensive loss for the period	-	-	(8,232,157)	(8,232,157)
Contributions by and distributions to owners				
Shares issued during the period	46,051	35,427,297	-	35,473,348
Total transactions with owners	46,051	35,427,297	-	35,473,348
At 25 December 2022	46,053	35,427,297	(14,398,079)	21,075,271

Consolidated Statement of Changes in Equity
For the Period Ended 26 December 2021

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 28 December 2020	2	(7,949,582)	(7,949,580)
Comprehensive income for the period			
Profit for the period	-	1,783,660	1,783,660
Total comprehensive income for the period	-	1,783,660	1,783,660
At 26 December 2021	2	(6,165,922)	(6,165,920)

The notes on pages 20 to 44 form part of these financial statements.

Splendid Holdings Ltd

Company Statement of Changes in Equity
For the Period Ended 25 December 2022

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
Comprehensive income for the period				
Loss for the period	-	-	(1,187,992)	(1,187,992)
Total comprehensive income for the period	-	-	(1,187,992)	(1,187,992)
Contributions by and distributions to owners				
Shares issued during the period	46,053	35,427,297	-	35,473,350
Total transactions with owners	46,053	35,427,297	-	35,473,350
At 25 December 2022	46,053	35,427,297	(1,187,992)	34,285,358

The notes on pages 20 to 44 form part of these financial statements.

Splendid Holdings Ltd

Consolidated Statement of Cash Flows
For the Period Ended 25 December 2022

	Period ended 25 December 2022 £	Period ended 26 December 2021 £
Cash flows from operating activities		
(Loss)/profit for the financial period	**(8,232,157)**	1,783,660
Adjustments for:		
Amortisation of intangible assets	**2,653,230**	2,689,287
Depreciation of tangible assets	**3,614,742**	3,164,499
Impairments of fixed assets	**138,340**	1,014,000
Revaluation of tangible assets	**3,257,430**	-
Loss on disposal of fixed assets	**214,224**	189,076
Interest paid	**1,144,884**	823,403
Interest received	**(74,395)**	-
Taxation charge	**(2,430,200)**	1,719,191
Increase in stocks	**(89,481)**	(8,903)
Increase in debtors	**(1,986,334)**	(466,804)
Increase/(decrease) in creditors	**1,536,933**	(488,645)
Increase in provisions	**150,000**	570,000
Debtors acquired on business combination	**150,600**	-
Creditors acquired on business combination	**(213,496)**	-
Corporation tax paid	**(1,204,070)**	(39,372)
Net cash generated from operating activities	**(1,369,750)**	10,949,392
Cash flows from investing activities		
Consideration on acquisition of subsidiary	**(825,104)**	-
Purchase of tangible fixed assets	**(10,396,191)**	(3,534,907)
Sale of tangible fixed assets	**-**	3,418
Loans issued	**(2,200,000)**	-
Interest received	**74,395**	-
Net cash used in investing activities	**(13,346,900)**	(3,531,489)

Splendid Holdings Ltd

Consolidated Statement of Cash Flows (continued)
For the Period Ended 25 December 2022

	Period ended 25 December 2022 £	Period ended 26 December 2021 £
Cash flows from financing activities		
Consideration for shares issued	**35,473,350**	-
New bank loans	**28,350,000**	-
Repayment of bank loans	**(30,652,917)**	(2,900,000)
Interest paid - bank loan	**(1,144,884)**	(753,936)
Interest paid - bank overdrafts	**-**	(69,467)
(Decrease)/increase in shareholder loans	**(16,684,532)**	252,999
Net cash used in financing activities	**15,341,017**	(3,470,404)
Net increase in cash and cash equivalents	**624,367**	3,947,499
Cash and cash equivalents at beginning of period	**7,983,270**	4,035,771
Cash and cash equivalents at the end of period	**8,607,637**	7,983,270
Cash and cash equivalents at the end of period comprise:		
Cash at bank and in hand	**8,607,637**	7,983,270

1. General information

Splendid Holdings Ltd is a private company limited by shares, incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the company information page and the nature of the company's operations and its principal activity are set out in the group strategic report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires group management to exercise judgement in applying the group's accounting policies (see note 3).

The presentational and functional currency of these financial statements is GBP. Values are rounded to the nearest pound.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the company and its own subsidiaries ("the group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

During the period the company became the holding company of a group by way of a share for share exchange with the ultimate controlling party of the company, and the companies acquired. The acquisition has been consolidated using merger accounting and the consolidated financial statements treat the Group as though it has always existed. Accordingly, the whole of the results, assets, liabilities and equity of all companies acquired have been consolidated regardless of the date of the acquisition and corresponding figures for the comparative period are presented. Under the merger method of accounting, the carrying values of assets and liabilities acquired are not adjusted to fair value.

Business combinations since the restructure date are incorporated into the consolidated financial statements using the purchase method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained.

2. Accounting policies (continued)

2.3 Parent company exemptions

In preparing the separate financial statements of the Parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- Only one reconciliation of the number of shares outstanding at the beginning and end of the period has been presented as the reconciliation for the company and the Parent company would be identical;
- No statement of cash flows has been presented for the Parent company;
- Disclosures in respect of the Parent company's income, expense, net gains and net losses on financial instruments measured at amortised cost have not been presented as equivalent disclosures have been provided in respect of the group as a whole; and
- No disclosures have been given for the aggregate remuneration of the key management personnel of the Parent company as their remuneration is included in the totals for the group as a whole.

2.4 Going concern

The group's accounts have been prepared on a going concern basis. The group has net assets of £21,075,271 (2021 - net liabilities of £6,165,920) at the period end. This is primarily due to the consideration received on sale of the shares as part of the group restructure, see note 22.

The directors have reviewed forecasts for the group over a period of at least 12 months from the date of signing of these financial statements and have considered the trading, cash flow and covenant forecasts, giving due consideration to the terms and covenants of the bank loan facility.

Significant cost inflation has continued to impact the UK economy in 2023 and has resulted in a challenging trading environment for the group. This has also resulted in certain banking covenants requiring resetting in 2023 under the new loan facility until trading normalises in the medium term. This included a £3m cash injection by the shareholder which was utilized to reduce the bank loan by a corresponding amount. The group has an irrevocable undertaking from the ultimate shareholder to provide funds within 5 working days of demand to the relevant member of the group which are sufficient to obtain an immediate waiver of any covenant breach should they occur. In circumstances where no waiver is available, the ultimate shareholder would provide funds to the appropriate member of the group which are sufficient to repay all of the loans drawn down under the facility. As such, the directors have concluded that the group will have sufficient liquidity and have the support of the ultimate shareholder for a period of at least 12 months from the date of the signing of these financial statements.

Having assessed the principal risks and having regard for the above, the directors have concluded that the group is able to continue as a going concern for a period of at least 12 months from the date these financial statements have been issued. The financial statements have therefore been prepared on a going concern basis.

2. Accounting policies (continued)

2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the group has transferred the significant risks and rewards of ownership to the buyer;
- the group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.6 Government grants

The Coronavirus job retention grant ("furlough scheme") is accounted for under the accruals model as permitted by FRS 102. Income received under the furlough scheme is recognised in the consolidated statement of comprehensive income as other income in the same period as the related expenditure. Other Coronavirus related grants are one off cash grants and have been recognised as other income in the consolidated statement of comprehensive income on receipt.

2.7 Operating leases: the group as lessee

Rentals paid under operating leases are charged to the consolidated statement of comprehensive income on a straight line basis over the lease term.

2.8 Pensions

Defined contribution pension plan

The group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. Once the contributions have been paid the group has no further payment obligations.

The contributions are recognised as an expense in the consolidated statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the consolidated statement of financial position. The assets of the plan are held separately from the group in independently administered funds.

2.9 Interest income

Interest income is recognised in the consolidated statement of comprehensive income using the effective interest method.

2. Accounting policies (continued)

2.10 Finance costs

Arrangement fees on the debt instrument are initially recognised as a capital asset. Finance costs are charged to the consolidated statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount.

2.11 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated statement of comprehensive income except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company and the group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the statement of financial position, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.12 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight-line basis to 'administrative expenses' within the consolidated statement of comprehensive income over its useful economic life.

2. Accounting policies (continued)

2.12 Intangible assets (continued)

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Goodwill	-	10	years
Franchise license and fees	-	10	years
Professional fees	-	10	years

2.13 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight line method.

Depreciation is provided on the following basis:

Freehold property (excluding land)	-	2%	Straight line
Improvements to leasehold property	-	10%	Straight line or over the lease period if shorter
Plant and machinery	-	10%	Straight line or remaining UEL if shorter
Fixtures and fittings	-	20%	Straight line or up to the next refresher date if shorter
Office and computer equipment	-	20%	Straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the consolidated statement of comprehensive income.

2. Accounting policies (continued)

2.14 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.15 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.16 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the consolidated statement of comprehensive income.

2.17 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.18 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the group's cash management.

2.19 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2. Accounting policies (continued)

2.20 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the reporting date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the reporting date.

2.21 Provisions for liabilities

Provisions are made where an event has taken place that gives the group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the consolidated statement of comprehensive income in the period that the group becomes aware of the obligation, and are measured at the best estimate at the reporting date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the consolidated statement of financial position.

2.22 Financial instruments

The group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the consolidated statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the group would receive for the asset if it were to be sold at the reporting date.

2. Accounting policies (continued)

2.22 Financial instruments (continued)

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events which are believed to be reasonable under the circumstances. The company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The critical areas of judgement are detailed below.

Impairment of assets

Management has used judgements in respect to the future profitability of each individual restaurant to assess if any of the fixed assets have been impaired at the period end.

Operating lease commitments

In categorising leases as finance leases or operating leases, management makes judgements as to whether the significant risks and rewards of ownership have transferred.

Estimated impairment of goodwill

The company tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2.14.

Taxation

Accruals for corporation tax contingencies require the directors to estimate the level of corporation tax which will be payable based upon the interpretation of applicable tax legislation and an assessment of the likely outcome of any open tax computations. All such accruals are included within current liabilities.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Therefore, estimates are made to establish whether deferred tax balances should be recognised, in particular in respect of non-trading losses.

Useful economic life of Tangible assets

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on the number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken in account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

4. Turnover

An analysis of turnover by class of business is as follows:

	Period ended 25 December 2022 £	Period ended 26 December 2021 £
Restaurants and takeaway services	**71,886,211**	76,674,161
Rental income	**11,277**	-
	71,897,488	76,674,161

All turnover arose within the United Kingdom.

5. Other operating income

	Period ended 25 December 2022 £	Period ended 26 December 2021 £
Government grants receivable - Furlough	**-**	249,901
Other government grants receivable	**114,000**	1,257,757
	114,000	1,507,658

Included within other operating income in the previous year were claims to cover wages and salaries for the group's employees placed on temporary leave ('furlough') under the Coronavirus Job Retention Scheme.

In addition to this the group was eligible to receive the local restrictions support grant ("LRSG") and other Coronavirus grant funding. Amounts claimed are included within Other government grants receivable above.

6. Operating (loss)/profit

The operating (loss)/profit is stated after charging:

	Period ended 25 December 2022 £	Period ended 26 December 2021 £
Depreciation of tangible fixed assets	**3,614,742**	3,164,498
Impairment of tangible fixed assets	**138,340**	916,000
Amortisation of intangible assets, including goodwill	**2,653,230**	2,689,287
Impairment of intangible assets	**-**	98,000
Other operating lease rentals	**2,690,344**	2,523,165
Loss on disposal fixed assets	**84,222**	189,076

Included in the loss on disposal of fixed assets is an amount relating to lease exits of £Nil (period ended 26 December 2021 - £3,267).

7. Auditor's remuneration

	Period ended 25 December 2022 £	Period ended 26 December 2021 £
Fees payable to the group's auditor for the audit of the group's annual financial statements	**12,000**	25,300

	Period ended 25 December 2022 £	Period ended 26 December 2021 £
Fees payable to the group's auditor in respect of:		
Audit-related assurance services	**67,000**	22,100
Taxation compliance services	**35,250**	7,160
All other services	**10,050**	2,900

8. Employees

Staff costs were as follows:

	Group Period ended 25 December 2022 £	Group Period ended 26 December 2021 £	Company Period ended 25 December 2022 £
Wages and salaries	**17,615,588**	17,427,662	-
Social security costs	**864,579**	874,907	-
Cost of defined contribution scheme	**207,292**	255,308	-
	18,687,459	18,557,877	-

The average monthly number of employees, including the directors, during the period was as follows:

	Group Period ended 25 December 2022 No.	Group Period ended 26 December 2021 No.	Company Period ended 25 December 2022 No.
Administration	**19**	**20**	-
Restaurant staff	**1,588**	**1,509**	-
	1,607	**1,529**	-

9. Directors' remuneration

The total remuneration received by the directors during the period was £Nil (period ended 26 December 2021 - £Nil).

No director received any pension contributions from the company during the period (period ended 26 December 2021 - £Nil).

The directors are considered to represent key management personnel of the group and therefore the equivalent disclosure is not repeated within note 28 - Related party transactions.

10. Interest payable and similar expenses

	Period ended 25 December 2022 £	Period ended 26 December 2021 £
Bank loan interest payable	**1,144,884**	753,936
Interest payable of bank overdraft	**-**	69,467
	1,144,884	823,403

11. Taxation

	Period ended 25 December 2022 £	Period ended 26 December 2021 £
Corporation tax		
Current tax on (losses)/profits for the period	**-**	1,346,289
Adjustments in respect of previous periods	**(762,990)**	4,098
Total current tax	**(762,990)**	1,350,387
Deferred tax		
Origination and reversal of timing differences	**(1,713,937)**	317,098
Adjustments in respect of previous periods	**46,727**	(2,241)
Changes to tax rates	**-**	53,947
Total deferred tax	**(1,667,210)**	368,804
Taxation on (loss)/profit on ordinary activities	**(2,430,200)**	1,719,191

11. Taxation (continued)

Factors affecting tax charge for the period

The tax assessed for the period is higher than (period ended 26 December 2021 - higher than) the standard rate of corporation tax in the UK of 19% (period ended 26 December 2021 - 19%). The differences are explained below:

	Period ended 25 December 2022 £	Period ended 26 December 2021 £
(Loss)/profit on ordinary activities before tax	**(10,662,357)**	3,502,851
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (period ended 26 December 2021 - 19%)	**(2,025,848)**	665,542
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**187,443**	322,786
Fixed asset timing differences	**1,452,822**	598,965
Adjust deferred tax to average rate	**(411,345)**	130,050
Adjustments to tax charge in respect of previous periods	**(716,264)**	1,848
Other tax adjustments, reliefs and tranfers	**(1,557,946)**	-
Tax losses carried back	**633,853**	-
Other permanent differences	**7,085**	-
Total tax charge for the period	**(2,430,200)**	1,719,191

Factors that may affect future tax charges

The Finance Act 2021 was substantively enacted in May 2021 and increased the corporation tax rate from 19% to 25% with effect from 1 April 2023. The deferred taxation balances have been measured using the rates expected to apply in the reporting periods when the timing differences reverse.

12. Intangible assets

Group

	Franchise licence and fees £	Professional fees £	Goodwill £	Total £
Cost				
At 27 December 2021	**1,406,591**	**1,855,458**	**23,468,288**	**26,730,337**
Additions	**-**	**-**	**888,000**	**888,000**
Disposals	**(38,671)**	**-**	**4,723**	**(33,948)**
At 25 December 2022	**1,367,920**	**1,855,458**	**24,361,011**	**27,584,389**
Amortisation				
At 27 December 2021	**562,388**	**784,019**	**8,849,416**	**10,195,823**
Charge for the period	**132,925**	**170,828**	**2,349,477**	**2,653,230**
On disposals	**(13,535)**	**(23,000)**	**2,110**	**(34,425)**
At 25 December 2022	**681,778**	**931,847**	**11,201,003**	**12,814,628**
Net book value				
At 25 December 2022	**686,142**	**923,611**	**13,160,008**	**14,769,761**
At 26 December 2021	844,203	1,071,439	14,618,872	16,534,514

Goodwill is being amortised over the directors' estimate of its useful life of 10 years. This estimate is based on a variety of factors such as the expected use of the acquired business, the expected useful life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

13. Tangible fixed assets

Group

	Investment property £	Freehold property £	Improvements to leasehold property £	Plant and machinery £	Fixtures and fittings £	Office and computer equipment £	Total £
Cost or valuation							
At 27 December 2021	-	11,138,347	10,474,434	9,994,255	5,401,611	667,432	37,676,079
Additions	7,117,720	-	16,416	1,470,570	1,734,422	57,063	10,396,191
Disposals	-	-	(512,870)	(859,173)	(276,998)	(12,699)	(1,661,740)
Transfers between classes	-	995,115	(995,115)	-	-	-	-
Revaluations	-	(3,257,430)	-	-	-	-	(3,257,430)
At 25 December 2022	7,117,720	8,876,032	8,982,865	10,605,652	6,859,035	711,796	43,153,100
Depreciation							
At 27 December 2021	-	299,842	5,149,211	3,613,777	2,056,488	371,635	11,490,953
Charge for the period	-	99,712	1,156,405	1,107,243	1,134,958	116,424	3,614,742
Disposals	-	-	(883,168)	(355,812)	(201,528)	(6,531)	(1,447,039)
Transfers between classes	-	321,993	(321,993)	-	-	-	-
Impairment charge	-	-	138,340	-	-	-	138,340
At 25 December 2022	-	721,547	5,238,795	4,365,208	2,989,918	481,528	13,796,996

13. Tangible fixed assets (continued)

Net book value							
At 25 December 2022	**7,117,720**	**8,154,485**	**3,744,070**	**6,240,444**	**3,869,117**	**230,268**	**29,356,104**
At 26 December 2021	-	10,838,505	5,325,223	6,380,478	3,345,123	295,797	26,185,126

13. Tangible fixed assets (continued)

On 8 July 2022 Splendid Restaurants (Harland) Limited transferred various freehold properties to Splendid Restaurants (Colonel) Ltd for £8.2m being the market value at date of transfer. On the same date Splendid Restaurants (Colonel) Ltd transferred these properties to Splendid Real Estate Limited for the same amount.

At group level these assets are accounted for under the revaluation model. The difference between the net book value and the fair value of the assets at the date they were transferred has been recognised as a revaluation in the group accounts.

Company

	Investment property £
Cost or valuation	
At 12 August 2021	-
Additions	**3,935,500**
At 25 December 2022	**3,935,500**
Net book value	
At 25 December 2022	**3,935,500**

On 11 August 2022, the company acquired the land and building of a former trading store at Walsall Park Street, subsequently acquiring a piece of land on 30 August 2022 from an entity under common control. All sites are held for future development. In addition to this, on 28 July 2022 the subsidiary undertaking Splendid (Park Royal) Ltd acquired land for future development. All investment property is accounted for at fair value through profit and loss. The directors have not deemed it necessary to obtain an independent valuation of these assets as they have assessed the open market purchase price when acquired as a fair representation of the fair value at the year end.

If the investment property had been accounted for under the historic cost accounting rules, this would have been measured as follows:

	Group 25 December 2022 £	Group 26 December 2021 £	Company 25 December 2022 £
Historic cost	**7,117,720**	**-**	**3,935,500**
Accumulated depreciation	**(3,465)**	**-**	**(3,465)**
Net book value	**7,114,255**	**-**	**3,932,035**

14. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost or valuation	
Additions	**825,106**
At 25 December 2022	**825,106**

Direct subsidiary undertakings

The following were direct subsidiary undertakings of the company:

Name	Class of shares	Holding
Splendid Real Estate Limited	Ordinary	100%
Splendid (Park Royal) Ltd	Ordinary	100%

Indirect subsidiary undertakings

The following were indirect subsidiary undertakings of the company:

Name	Class of shares	Holding
Splendid Restaurants (Colonel) Ltd	Ordinary	100%
Splendid Restaurants (Harland) Limited	Ordinary	100%

The registered office address of the above direct and indirect subsidiary undertakings is 2 Regal Way, Watford, WD24 4YJ.

15. Stocks

	Group 25 December 2022 £	Group 26 December 2021 £	Company 25 December 2022 £
Raw materials and consumables	**578,887**	489,406	-

The difference between purchase price or production cost of stocks and their replacement cost is not material.

16. Debtors: amounts falling due within one year

	Group 25 December 2022 £	Group 26 December 2021 £	Company 25 December 2022 £
Trade debtors	-	9,659	-
Amounts owed by group undertakings	-	-	**20,861,220**
Amounts owed by related party	**2,200,000**	-	**2,200,000**
Other debtors	**2,393,315**	363,751	**800,558**
Prepayments and accrued income	**1,488,115**	905,016	-
Deferred taxation	**1,125,335**	-	**309,274**
	7,206,765	1,278,426	**24,171,052**

17. Creditors: amounts falling due within one year

	Group 25 December 2022 £	Group 26 December 2021 £	Company 25 December 2022 £
Bank loans	**3,311,668**	29,825,010	-
Trade creditors	**5,276,410**	5,180,864	**49,493**
Corporation tax	-	1,350,387	-
Other taxation and social security	**2,018,930**	887,227	-
Other creditors	**558,264**	17,277,911	-
Accruals and deferred income	**3,348,186**	3,003,388	**374,467**
	14,513,458	57,524,787	**423,960**

Included within other creditors is a loan from the shareholder of £Nil (2021 - £16,684,532). The shareholder loan is interest free and repayable on demand.

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

	Group 25 December 2022 £	Group 26 December 2021 £	Company 25 December 2022 £
Bank loans	**24,210,425**	-	-

Bank loans, totalling £27,522,093 (2021 - £29,825,010), are secured by debentures and charges in favour of HSBC Bank PLC, over certain assets of the company. Interest is charged on this loan at a rate of LIBOR plus commercially agreed rates.

19. Loans

Analysis of the maturity of loans is given below:

	Group 25 December 2022 £	Group 26 December 2021 £	Company 25 December 2022 £
Amounts falling due within one year			
Bank loans	**3,311,668**	29,825,010	-
Amounts falling due between one and two years			
Bank loans	**3,311,668**	-	-
Amounts falling due between two and five years			
Bank loans	**20,898,757**	-	-
	27,522,093	29,825,010	-

On 7 July 2022 the existing facility commitments were fully repaid and a new facility agreement was entered into. The total facility amount drawdown was £28.5m. In addition to this, the group has access to a revolving credit facility of £5m.

All facility amounts are secured by debentures and charges in favour of HSBC Bank PLC, over certain assets of the group. Interest is charged at a rate of SONIA plus a commercially agreed margin rate.

20. Deferred taxation

Group

	2022 £
At beginning of period	**541,875**
Charged to profit or loss	**(1,667,210)**
At end of period	**(1,125,335)**

Company

	2022 £
At beginning of period	**-**
Charged to profit or loss	**(309,274)**
At end of period	**(309,274)**

The deferred taxation balance is made up as follows:

	Group 25 December 2022 £	Group 26 December 2021 £	Company 25 December 2022 £
Fixed asset timing differences	**(801,758)**	604,893	**-**
Losses and other deductions	**(309,274)**	-	**(309,274)**
Short term timing differences	**(14,303)**	(63,018)	**-**
	(1,125,335)	541,875	**(309,274)**

21. Provisions

Group

	Onerous lease £
At 27 December 2021	570,000
Charged to profit or loss	290,000
Utilised in period	(140,000)
At 25 December 2022	**720,000**

The onerous lease provision relates to closed stores. The amount provided is all future rental costs up to the earliest lease break date.

22. Share capital

	25 December 2022 £	26 December 2021 £
Allotted, called up and fully paid		
46,053 (2021 - 2) ordinary shares of £1 each	**46,053**	2

On incorporation, the company issued 1 ordinary share at par.

On 26 August 2021 46,050 ordinary shares were issued in a share for share exchange for 46,050 shares in Soul Holdings Inc. These shares were subsequently sold for consideration less transaction costs of £35,473,350 and the premium of £35,427,297 has been credited to the share premium account.

On 8 July 2022 2 ordinary shares were issued at par.

The ordinary shares carry full voting, dividend and capital distribution rights. The shares are not redeemable.

23. Reserves

The company's capital and reserves are as follows:

Called up share capital

Called up share capital represents the nominal value of the shares issued.

Share premium account

The share premium account includes the premium on issue of equity shares, net of any issue costs.

Profit and loss account

The profit and loss account represents cumulative profits or losses net of dividends paid and other adjustments.

24. Business combinations

On 27 July 2022 Splendid Holdings Ltd acquired 100% of the share capital of Splendid (Park Royal) Ltd (Formerly Rainsford (Holdings) Ltd).

Splendid (Park Royal) Ltd is a UK company which has bought land with a view to developing trading businesses. Prior to the acquisition date there was no ultimate controlling party.

Total consideration was £825,104 settled in cash. The following table summarises the consideration paid by the company and the fair value of the assets acquired at the acquisition date. The fair value was not deemed to be different from the book value of net assets acquired.

Recognised amounts of assets acquired and liabilities assumed

	27 July 2022 £
Debtors	150,600
Creditors	(213,496)
Total identifiable net liabilities	(62,896)
Goodwill	888,000
Total purchase consideration	825,104
Purchase consideration settled in cash	825,104

Since the acquisition date, Splendid (Park Royal) Ltd has contributed £Nil to group turnover and £6,148 to the group's loss for the financial period.

The useful economic life of goodwill has been estimated to be 10 years.

25. Pension commitments

The group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £207,292 (period ended 26 December 2021 - £255,308). Contributions totalling £46,606 (2021 - £64,043) were payable to the scheme at the reporting date and are included in creditors.

26. Commitments under operating leases

At 25 December 2022 the group and the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 25 December 2022 £	Group 26 December 2021 £	Company 25 December 2022 £
Not later than 1 year	3,135,770	2,592,652	-
Later than 1 year and not later than 5 years	11,048,336	9,243,075	-
Later than 5 years	13,911,128	14,303,453	-
	28,095,234	26,139,180	-

27. Analysis of net debt

	At 27 December 2021 £	Cash flows £	At 25 December 2022 £
Cash at bank and in hand	7,983,270	624,367	8,607,637
Bank loans	(29,825,010)	2,302,917	(27,522,093)
Shareholder loan	(16,684,532)	16,684,532	-
	(38,526,272)	19,611,816	(18,914,456)

28. Related party transactions

Included within other creditors at the period end is £Nil (2021 - £16,684,532) in respect of the shareholders loan account. The maximum amount owed by the group on this loan account during the period was £Nil (2021 - £16,684,532). During the period repayments were made on the loan account of £16,684,532 (2021 - £Nil). The loan is interest free and repayable on demand.

During the period, there were recharges of £432,345 (2021 - £114,192) from Splendid Hospitality Group LLP and recharges of £24,148 (2021 - £Nil) to Splendid Hospitality Group LLP, an entity with a common ultimate controlling party. All amounts were paid in the period. As such amounts included in other debtors at the period end were £Nil (2021 - £9,659).

At period end, amounts owed to the group by Splendid (Euston) Limited, a company with a common ultimate controlling party, were £2,200,000 and included within debtors (2021 - £Nil).

29. Controlling party

Shiraz Boghani is deemed to be the ultimate controlling party by virtue of his shareholding in Splendid Holdings Ltd.

30. Post statement of financial position events

On 12 January 2023 Splendid Holdings Limited provided a loan of £3.22m to SHC Clemsfold Group Limited, an entity under common ownership.

On 29 September 2023, a reset of covenants on the bank loan facilities was agreed with HSBC. To facilitate this, on the same day, the group repaid £3 million of the bank loan, representing the principal repayments due on the facility for the forthcoming 12 months. This amount was funded through a shareholder loan to the group.