

Company Registration No. 03794021 (England and Wales)

BARWORKS LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2016



BARWORKS LIMITED

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BARWORKS LIMITED

COMPANY INFORMATION

Directors	Mr J. Akerlund Mr S. Chillery ACA Mr M. Francis-Baum Mr P. Franzen Mr C. Todd Mrs J. Francis-Baum Ms L. Raphael Mrs. R. De Ruvo-Akerlund
Secretary	Mr P. Raphael FCA
Company number	03794021
Registered office	23 Exmouth Market London EC1R 4QL
Auditor	RSM UK Audit LLP 25 Farringdon Street London EC4A 4AB

BARWORKS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2016

The directors present the strategic report for the year ended 30 June 2016.

Principal activities and review of the business

The principal activity of the Group in the year under review was that of running licensed bars and restaurants.

Each business within the Group comprises a fully equipped licensed bar and restaurant trading from leasehold or freehold premises located in and around central London. This year, The Singer Tavern was able to report a full year's trading, having been added to the Group in March 2015; also a tenth bar and first freehold site – Commercial Tavern – was opened in April 2015.

Results and dividends

The Directors are pleased to report another record performance from the Barworks Group in terms of turnover and adjusted EBITDA. Turnover increased by 13.3% from £10.4M to £11.8M and adjusted EBITDA increased by 46.7% from £0.75M to £1.1M. This has been achieved by maintaining focus on the creation and retention of a loyal customer base by a dedicated team of employees providing a high level of customer service and by sound management.

The confidence in the Group of the founding shareholders was evidenced by a £6M equity injection at the start of 2016 which allowed the acquisition of the Group's first freehold site.

The consolidated group statement of total comprehensive income for the year is set out on page 9.

Interim dividends declared during the year amounted to £377,400 (2015 - £792,200).

Tax and social responsibility

The corporation tax provision across the Group amounts to £41,593 (2015 - £Nil) and represents an average rate of 9.7% (2015 - 0%) on the unadjusted operating profits.

Total VAT collected by the Group in the year on behalf of HM Revenue and Customs amounted to £1,133,549 (2015 - £809,590). The average number of people employed during the year was 173 (2015 - 189). The total of employer's NIC incurred in the year was £253,575 (2015 - £232,083); the total of employees' NIC and PAYE collected in the year on behalf of HM Revenue and Customs was £590,532 (2015 - £545,019).

Accordingly, a fair conclusion to be drawn from this data is that, one way or another, the Group as a business and as an employer has made and continues to make a material contribution to the national economy - in excess of £1.97M in the year under review (2015 - £1.58M), just in terms of taxes.

At the same time, the Directors place great importance on their policy of supporting the local economy both in terms of the produce we use and the people we employ

BARWORKS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

Future developments

Future plans for the business are to continue to focus on the provision of good food and beverages at reasonable prices at attractive locations. The Directors remain ambitious to add new bars, operating much in the same way as hitherto, with a view to steady expansion of the Group, year on year. Consistent with these plans, two new sites have opened after the year end date, taking the total number of sites to 12 at the start of 2017. Meanwhile, each active venue within the Barworks Group is delivering profits, once the initial period of bedding in has passed, so that the overall business is going from strength to strength.

The business is now well placed to make further core and strategic investments in the future - partly funded by cash generated within the business and partly by bank finance. Taking all this into account, the Directors remain very optimistic as to the future for the business and the results per monthly management accounts for the current financial year and the accuracy of Directors' forecasts to date support this view.

Principal business risks and uncertainties

Given the nature of the group's business, the principal business risks relate to the following:

- competition and current economic climate.
- employee retention.
- timely supplies of quality product.

The above risks are partly mitigated by the following key measures:

- a continued focus on delivering a great experience to our customers at excellent value for money.
- competitive reward structures and comprehensive training and development programmes.
- close monitoring against key supplier level agreements, with contingent arrangements in place where necessary.

BARWORKS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

Financial risk management objectives and policies

The group uses financial instruments, comprising borrowings, cash and other liquid resources and various other items such as trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the group's operations. The main risks arising from the group's financial instruments are interest rate risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below. The policies have remained unchanged from previous periods.

Interest rate risk

The group finances its operations through its positive trading cash flow. The new loan funding has been used on new site development.

Liquidity risk

The group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs. Primarily this is achieved through close management control of working capital and utilisation of existing debt facilities.

Key performance indicators

The performance of the group is measured through the use of two key performance indicators: like for like sales growth and profitability versus annual budget.

On behalf of the board



Mr S. Chillery ACA

Director



BARWORKS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2016

The directors present their annual report and financial statements for the year ended 30 June 2016.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr J. Akerlund

Mr S. Chillery ACA

Mr M. Francis-Baum

Mr P. Franzen

Mr A. Latimer

(Appointed 1 September 2015 and resigned 11 October 2016)

Mr C. Todd

Mrs J. Francis-Baum

Ms L. Raphael

Mrs. R. De Ruvo-Akerlund

Results and dividends

The results for the year are set out on page 9. To fully understand the underlying trading performance of the group, exceptional costs have been disclosed separately on the face of the profit and loss account.

Ordinary dividends were paid amounting to £377,400 (2015 - £792,200).

No preference dividends were paid.

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report and 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;
- 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 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

BARWORKS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

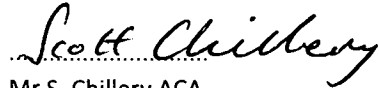
Auditor

RSM UK Audit LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company and group is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company and group is aware of that information.

On behalf of the board



Mr S. Chillery ACA

Director

10/2/17

BARWORKS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BARWORKS LIMITED

Opinion on financial statements

We have audited the group and parent company financial statements (the "financial statements") on pages 9 to 37 of Barworks Limited for the year ended 30 June 2016. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 June 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

BARWORKS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF BARWORKS LIMITED

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.

RSM UK Audit LLP

Paul Newman (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

25 Farringdon Street

London

EC4A 4AB

Date *12/2/17*

BARWORKS LIMITED

GROUP STATEMENT OF TOTAL COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016 £	2015 £
Turnover	3	11,809,788	10,445,202
Cost of sales		(3,802,618)	(3,456,450)
Gross profit		8,007,170	6,988,752
Administrative expenses		(7,849,900)	(7,524,263)
Other operating income		273,708	338,110
Adjusted EBITDA*		1,122,082	755,755
Depreciation		(504,006)	(504,046)
Amortisation of goodwill		(18,762)	(16,762)
Loss on disposal of tangible fixed assets		(34,531)	(11,956)
Exceptional items and new site pre-opening costs	8	(133,805)	(420,392)
Operating profit/(loss)	4	430,978	(197,401)
Interest receivable and similar income	9	6,653	7,905
Interest payable and similar charges	10	(81,014)	(58,960)
Profit/(loss) before taxation		356,617	(248,456)
Taxation	11	(99,726)	43,810
Profit/(loss) for the financial year		256,891	(204,646)
Profit/(loss) for the financial year		256,891	(204,646)
Other comprehensive income		-	-
Total comprehensive income for the year		256,891	(204,646)

Total comprehensive income for the year is all attributable to the owners of the parent company.

The profit and loss account has been prepared on the basis that all operations are continuing operations.

The company has taken advantage of section 408 of the Companies Act 2006 not to publish its own Profit and Loss Account.

*Earnings before interest, tax, depreciation, amortisation, new bar pre-opening costs and other exceptional costs

BARWORKS LIMITED

GROUP BALANCE SHEET

AS AT 30 JUNE 2016

		2016		2015	
	Notes	£	£	£	£
Fixed assets					
Goodwill	13		169,328		128,329
Other intangible assets	13		1,181		1,273
Total intangible assets			170,509		129,602
Tangible assets	14		7,661,412		3,064,366
Investments	15		100		5,710
			7,832,021		3,199,678
Current assets					
Stocks	18	192,898		205,692	
Debtors	19	1,242,781		1,225,485	
Cash at bank and in hand		563,468		116,604	
			1,999,147		1,547,781
Creditors: amounts falling due within one year	20				
		(2,728,259)		(3,764,001)	
Net current liabilities			(729,112)		(2,216,220)
Total assets less current liabilities			7,102,909		983,458
Creditors: amounts falling due after more than one year	21				
			(1,018,764)		(833,292)
Provisions for liabilities	24		(59,899)		(5,411)
Net assets			6,024,246		144,755
Capital and reserves					
Called up share capital	26		6,003,400		3,400
Share premium account			77,262		77,262
Capital redemption reserve			8		8
Profit and loss reserves			(56,424)		64,085
Total equity			6,024,246		144,755

The financial statements on pages 9 - 37 were approved by the board of directors and authorised for issue on 10/2/17 and are signed on its behalf by:

Scott Chillery

Mr S. Chillery ACA

Director

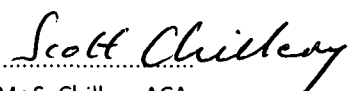
BARWORKS LIMITED

COMPANY BALANCE SHEET

AS AT 30 JUNE 2016

	Notes	2016 £	2015 £
Fixed assets			
Tangible assets	14	25,898	30,982
Investments	15	218,123	162,454
		<u>244,021</u>	<u>193,436</u>
Current assets			
Debtors	19	8,116,703	3,600,558
Cash at bank and in hand		297,543	95
		<u>8,414,246</u>	<u>3,600,653</u>
Creditors: amounts falling due within one year	20	(1,195,660)	(2,326,717)
Net current assets		<u>7,218,586</u>	<u>1,273,936</u>
Total assets less current liabilities		<u>7,462,607</u>	<u>1,467,372</u>
Creditors: amounts falling due after more than one year	21	(1,000,000)	(1,330,519)
Provisions for liabilities	24	(1,249)	-
Net assets		<u><u>6,461,358</u></u>	<u><u>136,853</u></u>
Capital and reserves			
Called up share capital	26	6,003,400	3,400
Share premium account		77,262	77,262
Capital redemption reserve		8	8
Profit and loss reserves		380,688	56,183
Total equity		<u><u>6,461,358</u></u>	<u><u>136,853</u></u>

The financial statements on pages 9 - 37 were approved by the board of directors and authorised for issue on 10/2/17 and are signed on its behalf by:


 Mr S. Chillery ACA
 Director

Company Registration No. 03794021

BARWORKS LIMITED**GROUP STATEMENT OF CHANGES IN EQUITY****FOR THE YEAR ENDED 30 JUNE 2016**

		Share capital	Share premium account	Capital redemption reserve	Profit and loss reserves	Total
	Notes	£	£	£	£	£
Balance at 1 July 2014		3,400	77,262	8	1,060,931	1,141,601
Year ended 30 June 2015:						
Loss and total comprehensive income for the year		-	-	-	(204,646)	(204,646)
Transactions with owners: dividends	12	-	-	-	(792,200)	(792,200)
Balance at 30 June 2015		3,400	77,262	8	64,085	144,755
Year ended 30 June 2016:						
Profit and total comprehensive income for the year		-	-	-	256,891	256,891
Issue of share capital	26	6,000,000	-	-	-	6,000,000
Transactions with owners: dividends	12	-	-	-	(377,400)	(377,400)
Balance at 30 June 2016		6,003,400	77,262	8	(56,424)	6,024,246

Share capital

The nominal value of the shares issued and paid up.

Share premium account

Consideration received for shares issued above their nominal value net of transaction costs.

Capital redemption reserve

The nominal value of shares repurchased and still held at the end of the reporting period.

Profit and loss reserves

The cumulative profit and loss net of distributions to the owners.

BARWORKS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2016

	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 July 2014		3,400	77,262	8	705,415	786,085
Year ended 30 June 2015:						
Profit and total comprehensive income for the year		-	-	-	142,968	142,968
Transactions with owners: dividends	12	-	-	-	(792,200)	(792,200)
Balance at 30 June 2015		3,400	77,262	8	56,183	136,853
Year ended 30 June 2016:						
Profit and total comprehensive income for the year		-	-	-	701,905	701,905
Issue of share capital	26	6,000,000	-	-	-	6,000,000
Transactions with owners: dividends	12	-	-	-	(377,400)	(377,400)
Balance at 30 June 2016		6,003,400	77,262	8	380,688	6,461,358

Share capital

The nominal value of the shares issued and paid up.

Share premium account

Consideration received for shares issued above their nominal value net of transaction costs.

Capital redemption reserve

The nominal value of shares repurchased and still held at the end of the reporting period.

Profit and loss reserves

The cumulative profit and loss net of distributions to the owners.

BARWORKS LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016 £	2015 £
Cash flows from operating activities			
Cash generated from operations	31	593,471	868,608
Interest paid		(81,014)	(58,960)
Income taxes (paid)/refunded		(1,634)	1,693
Net cash inflow from operating activities		510,823	811,341
Investing activities			
Purchase of intangible assets		(59,669)	(10,000)
Purchase of tangible fixed assets		(5,136,193)	(1,266,392)
Proceeds on disposal of tangible fixed assets		609	(160,104)
Proceeds on disposal of subsidiaries		5,000	(5,200)
Proceeds on disposal of fixed asset investments		610	185,200
Interest received		1,653	2,905
Other investment income received		5,000	5,000
Net cash used in investing activities		(5,182,990)	(1,248,591)
Financing activities			
Proceeds from issue of shares		6,000,000	-
Repayment of bank loans		(457,704)	921,320
Payment of finance leases obligations		(45,865)	51,409
Dividends paid to equity shareholders		(377,400)	(792,200)
Net cash generated from financing activities		5,119,031	180,529
Net increase/(decrease) in cash and cash equivalents		446,864	(256,721)
Cash and cash equivalents at beginning of year		116,604	373,325
Cash and cash equivalents at end of year		563,468	116,604

BARWORKS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

1 Accounting policies

Company information

Barworks Limited ("the company") is a limited company domiciled and incorporated in England and Wales. The registered office is 23 Exmouth Market, London, United Kingdom, EC1R 4QL.

The group consists of Barworks Limited and all of its subsidiaries.

The principal activity of the group in the year under review was that of running licensed bars and restaurants.

1.1 Accounting convention

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

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The principal accounting policies adopted are set out below.

BARWORKS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

1 Accounting policies

(Continued)

1.2 First time adoption of FRS102

These group and company financial statements for the year ended 30 June 2016 are the first financial statements of Barworks Limited and the group prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The financial statements for the preceding period were prepared in accordance with previous UK GAAP. The date of transition to FRS 102 was 1 July 2014. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements differ from previous UK GAAP. Consequently, the directors have amended certain accounting policies to comply with FRS 102. Comparative figures have been restated to reflect the adjustments made, except to the extent that the directors have taken advantage of exemptions to retrospective application of FRS 102. Adjustments are recognised directly in retained earnings at the transition date.

Under FRS 102, the Consolidated Statement of Cash Flows presents changes in cash and cash equivalents (which include cash in hand, deposits repayable on demand and overdrafts and short-term, highly liquid investments), showing changes arising from operating activities, investing activities and financing activities separately. Under previous UK GAAP, the Consolidated Cash Flow Statement presented changes in cash (which includes cash in hand, deposits repayable on demand and overdrafts) under the headings of operating activities, returns on investments and servicing of finance, taxation, capital expenditure and financial investment, acquisitions and disposals, equity dividends paid, management of liquid resources, and financing.

The group has elected to continue to recognise any residual benefit or cost associated with existing lease incentives on the same basis as that applied under previous UK GAAP, i.e. over the lease term or a shorter period ending on a date from which it is expected the prevailing market rent will be payable.

At 30 June 2014, the date of transition from previous UK GAAP to FRS 102, there was no effect on the group or company equity.

1.3 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

All financial statements are made up to 30 June 2016. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

BARWORKS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

1 Accounting policies

(Continued)

1.4 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.5 Turnover

The turnover shown in the profit and loss account represents sales during the year, exclusive of Value Added Tax and is recognised at the point of sale through electronic tills.

1.6 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

1.7 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date if the fair value can be measured reliably.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Initial licences	20 years straight line
------------------	------------------------

1.8 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of all assets, other than freehold land, less their residual values over their useful lives on the following basis:

Leasehold land and buildings	Over the unexpired lease term
Computer equipment	20% reducing balance
Freehold buildings	over 50 years
Plant and machinery	20% reducing balance
Fixtures and fittings	20% reducing balance
Motor vehicles	20% reducing balance

BARWORKS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

1 Accounting policies

(Continued)

1.9 Fixed asset investments

In the separate accounts of the company, interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

Interests in subsidiaries, associates and jointly controlled entities are assessed for impairment at each reporting date. Any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

1.10 Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

1.11 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.12 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's statement of financial position when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally 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.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

BARWORKS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1 Accounting policies

(Continued)

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.13 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.14 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

BARWORKS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

1 Accounting policies

(Continued)

1.15 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.16 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.17 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.18 Pre-opening costs

Property rentals and other related staff costs and overheads incurred prior to a new site opening are written off to the profit and loss accounts as incurred.

1.19 Reduced disclosures

In accordance with FRS 102, as the Group prepares consolidated financial statements in which the Company is included. The Company has taken advantage of the exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' - Reconciliation of the opening and closing number of shares
- Section 7 'Statement of Cash Flows' - Presentation of a Statement of Cash Flow and related notes and disclosures
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' - Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income.
- Section 33 'Related Party Disclosures' - Compensation for key management personnel

1 Accounting policies (Continued)

1.20 Dividends

Dividends are recognised as liabilities once they are no longer at the discretion of the Company.

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Recoverability of group loans
The directors have reviewed the carrying value of the company's loan balances with its subsidiary undertakings. Based on forecasted trading results and cash flow projections, they are confident that these balances are recoverable in the foreseeable future.

Impairment of underperforming sites
The recoverable amount of tangible fixed assets is based on value in use which requires estimates in respect of the net present value of future cash flows arising from income generating units, discounted at an appropriate cost of capital. The key inputs to the value in use calculations are the discount rate and the future earnings growth.

3 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2016	2015
£	£	£
Turnover	11,809,788	10,445,202
United Kingdom		

BARWORKS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 30 JUNE 2016****4 Operating profit/(loss)**

	2016	2015
	£	£
Operating profit/(loss) for the year is stated after charging/(crediting):		
Depreciation of owned tangible fixed assets	486,493	484,942
Depreciation of tangible fixed assets held under finance leases	17,513	19,104
Loss on disposal of tangible fixed assets	34,531	11,956
Amortisation of intangible assets	18,762	16,762
Cost of stocks recognised as an expense	3,802,618	3,456,450
Operating lease charges - land and buildings	1,323,841	1,114,016
	<u> </u>	<u> </u>

5 Auditor's remuneration

	2016	2015
	£	£
Fees payable to the company's auditor and associates:		
For audit services	36,645	34,000
For tax services	22,160	17,500
For other services	82,323	25,000
	<u> </u>	<u> </u>
	141,128	76,500
	<u> </u>	<u> </u>

6 Employees

The average monthly number of persons (including directors) employed by the group during the year was:

	2016	2015
	Number	Number
Number of operations staff	155	172
Number of office and management staff	18	17
	<u> </u>	<u> </u>
	173	189
	<u> </u>	<u> </u>

BARWORKS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 30 JUNE 2016****6 Employees (Continued)**

Their aggregate remuneration comprised:

	2016	2015
	£	£
Wages and salaries	3,501,425	3,270,503
Social security costs	266,003	248,349
Pension costs	18,054	17,717
	<u>3,785,482</u>	<u>3,536,569</u>

7 Directors' remuneration

	2016	2015
	£	£
Remuneration for qualifying services	255,825	246,182
Company pension contributions to money purchase schemes	13,914	13,697
	<u>269,739</u>	<u>259,879</u>

The key management personnel are included within the directors' remuneration.

The number of directors for whom retirement benefits are accruing under money purchase schemes amounted to 4 (2015 - 4).

Remuneration disclosed above includes the following amounts paid to the highest paid director:

Remuneration for qualifying services	<u>128,512</u>	<u>125,929</u>
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8 Exceptional costs

	2016	2015
	£	£
Opening balance sheet adjustment	-	159,773
Pre-opening costs	48,607	100,032
Loss on disposal of fixed asset investments	-	160,587
Refinancing costs	85,198	-
	<u>133,805</u>	<u>420,392</u>

BARWORKS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 30 JUNE 2016****9 Interest receivable and similar income**

	2016	2015
	£	£
Interest income		
Interest on bank deposits	1,644	1,658
Other interest income	9	1,247
	<u> </u>	<u> </u>
Total interest revenue	1,653	2,905
 Income from fixed asset investments		
Income from participating interests - associates	5,000	5,000
	<u> </u>	<u> </u>
Total income	<u>6,653</u>	<u>7,905</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	<u>1,644</u>	<u>1,658</u>
--	--------------	--------------

10 Interest payable and similar charges

	2016	2015
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	66,397	52,238
Other finance costs:		
Other interest	14,617	6,722
	<u> </u>	<u> </u>
Total finance costs	<u>81,014</u>	<u>58,960</u>

BARWORKS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 30 JUNE 2016****11 Taxation**

	2016	2015
	£	£
Current tax		
UK corporation tax on profits for the current period	41,593	-
Adjustments in respect of prior periods	3,645	(59)
	<u>45,238</u>	<u>(59)</u>
Deferred tax		
Origination and reversal of timing differences	58,133	(43,751)
Adjustment in respect of prior periods	(3,645)	-
	<u>54,488</u>	<u>(43,751)</u>
Total tax charge/(credit)	<u>99,726</u>	<u>(43,810)</u>

The charge for the year can be reconciled to the loss per the profit and loss account as follows:

	2016	2015
	£	£
Profit/(loss) before taxation	356,617	(248,456)
	<u>356,617</u>	<u>(248,456)</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.00%)	71,323	(49,691)
Tax effect of expenses that are not deductible in determining taxable profit	3,841	5,881
Adjustments in respect of prior years	(195)	-
Other permanent differences	106	-
Deferred tax adjustments in respect of prior years	1,037	-
Adjust closing deferred tax to average rate	(7,060)	-
Fixed asset difference	30,674	-
	<u>99,726</u>	<u>(43,810)</u>
Tax charge/(credit) for the year	<u>99,726</u>	<u>(43,810)</u>

BARWORKS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 30 JUNE 2016****12 Dividends**

	2016	2015
	£	£
Equity dividends paid on ordinary A shares	132,090	277,270
Equity dividends paid on ordinary B shares	132,090	277,270
Equity dividends paid on ordinary C shares	113,220	237,660
	<u>377,400</u>	<u>792,200</u>

13 Intangible fixed assets

Group	Goodwill	Initial licences	Total
	£	£	£
Cost			
At 1 July 2015	159,999	2,300	162,299
Additions - separately acquired	59,669	-	59,669
	<u>219,668</u>	<u>2,300</u>	<u>221,968</u>
At 30 June 2016	219,668	2,300	221,968
Amortisation			
At 1 July 2015	31,670	1,027	32,697
Amortisation charged for the year	18,670	92	18,762
	<u>50,340</u>	<u>1,119</u>	<u>51,459</u>
At 30 June 2016	50,340	1,119	51,459
Carrying amount			
At 30 June 2016	<u>169,328</u>	<u>1,181</u>	<u>170,509</u>
At 30 June 2015	<u>128,329</u>	<u>1,273</u>	<u>129,602</u>

The company had no intangible fixed assets at 30 June 2016 or 30 June 2015.

BARWORKS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

14 Tangible fixed assets

Group	Leasehold land and buildings £	Computer equipment £	Freehold land and buildings £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
Cost							
At 1 July 2015	1,874,847	46,477	-	878,383	1,824,879	2,108	4,626,694
Additions	53,748	14,994	4,895,418	77,830	92,930	1,273	5,136,193
Disposals	-	(7,132)	-	(64,651)	(100,259)	-	(172,042)
At 30 June 2016	1,928,595	54,339	4,895,418	891,562	1,817,550	3,381	9,590,845
Depreciation and impairment							
At 1 July 2015	665,842	34,373	-	356,048	505,231	835	1,562,329
Depreciation charged in the year	106,883	14,775	-	108,882	272,977	489	504,006
Eliminated in respect of disposals	-	(6,858)	-	(52,154)	(77,890)	-	(136,902)
At 30 June 2016	772,725	42,290	-	412,776	700,318	1,324	1,929,433
Carrying amount							
At 30 June 2016	1,155,870	12,049	4,895,418	478,786	1,117,232	2,057	7,661,412
At 30 June 2015	1,209,005	12,105	-	522,335	1,319,648	1,273	3,064,366

Hire purchase agreements

Included within the net book value of £7,661,412 is £70,052 (2015 - £138,956) relating to assets held under hire purchase agreements. The depreciation charged to the group accounts in the year in respect of such assets amounted to £17,513 (2015 - £19,104).

BARWORKS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2016

Company	Computer equipment	Plant and machinery	Fixtures and fittings	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 July 2015	31,095	2,502	19,320	2,108	55,025
Additions	9,295	-	-	1,273	10,568
Disposals	(616)	-	-	-	(616)
At 30 June 2016	39,774	2,502	19,320	3,381	64,977
Depreciation and impairment					
At 1 July 2015	14,940	733	7,535	835	24,043
Depreciation charged in the year	12,178	354	2,357	489	15,378
Eliminated in respect of disposals	(342)	-	-	-	(342)
At 30 June 2016	26,776	1,087	9,892	1,324	39,079
Carrying amount					
At 30 June 2016	12,998	1,415	9,428	2,057	25,898
At 30 June 2015	16,155	1,769	11,785	1,273	30,982

15 Fixed asset investments

		Group		Company	
		2016	2015	2016	2015
	Notes	£	£	£	£
Investments in subsidiaries	16	100	5,710	218,123	162,454

Movements in fixed asset investments

Group	Shares
	£
Cost	
At 1 July 2015	5,710
Disposals	(5,610)
At 30 June 2016	100
Carrying amount	
At 30 June 2016	100
At 30 June 2015	5,710

BARWORKS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 30 JUNE 2016**

15	Fixed asset investments	(Continued)
Movements in fixed asset investments		
	Company	Shares £
Cost		
	At 1 July 2015	162,454
	Additions	60,769
	Disposals	(5,100)
	At 30 June 2016	218,123
Carrying amount		
	At 30 June 2016	218,123
	At 30 June 2015	162,454

BARWORKS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 30 JUNE 2016****16 Subsidiaries**

Details of the company's subsidiaries at 30 June 2016 are as follows:

Name of undertaking and country of incorporation or residency	Nature of business	Class of shareholding	% Held	
			Direct	Indirect
Barworks Investments Limited	UK	Property investment	Ordinary	100.00
Barworks (Soho) Limited	UK	Licensed bar	Ordinary	100.00
Barworks (Angel) Limited	UK	Licensed bar and restaurant	Ordinary	100.00
Barworks (Electric) Limited	UK	Licensed bar and restaurant	Ordinary	100.00
Barworks (Clerkenwell) Limited	UK	Licensed bar and restaurant	Ordinary	100.00
Barworks (Islington) Limited	UK	Licensed bar and restaurant	Ordinary	100.00
Barworks (Exmouth) Limited	UK	Licensed bar and restaurant	Ordinary	100.00
Barworks Boutique Bedrooms Limited	UK	HMO property	Ordinary	100.00
Barworks (Brick Lane) Limited	UK	Licensed bar and restaurant	Ordinary	100.00
Barworks (Farringdon) Limited	UK	Licensed bar and restaurant	Ordinary	100.00
Barworks Group Limited	UK	Dormant	Ordinary	100.00
Barworks (Mare Street) Limited	UK	Dormant	Ordinary	100.00
Barworks (City Road) Limited	UK	Licensed bar and restaurant	Ordinary	100.00
Track Public Houses Limited	UK	Licensed bar and restaurant	Ordinary	100.00
Cleaning Services & Improvements Limited	UK	Cleaning services	Ordinary	100.00
Barworks (Leonard Street) Limited	UK	Licensed bar and restaurant	Ordinary	100.00
Barworks (Commercial Street) Limited	UK	Licensed bar and restaurant	Ordinary	100.00

17 Financial instruments

	Group 2016 £	2015 £	Company 2016 £	2015 £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	594,925	635,669	8,075,819	3,555,306
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Carrying amount of financial liabilities				
Measured at amortised cost	3,305,512	4,255,589	2,170,395	3,639,822
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

BARWORKS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

18 Stocks

	Group	2015	Company	2015
	2016		2016	
	£	£	£	£
Raw materials and consumables	192,898	205,692	-	-

19 Debtors

	Group	2015	Company	2015
	2016		2016	
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	100,178	16,364	15,300	13,464
Corporation tax recoverable	-	-	4,689	-
Amount due from group undertakings	1,523	-	7,852,324	3,216,030
Other debtors	188,124	314,205	208,195	325,812
Prepayments and accrued income	647,856	589,816	36,195	45,252
	937,681	920,385	8,116,703	3,600,558
Amounts falling due after one year:				
Other debtors	305,100	305,100	-	-
Total debtors	1,242,781	1,225,485	8,116,703	3,600,558

BARWORKS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

20 Creditors: amounts falling due within one year

		Group		Company	
		2016	2015	2016	2015
	Notes	£	£	£	£
Bank loans	22	-	683,047	-	692,547
Hire purchase agreements	23	39,856	45,865	-	-
Trade creditors		814,813	721,430	60,558	41,535
Amounts due to related undertakings		620,578	1,230,762	620,578	1,230,762
Amounts due to group undertakings		-	-	182,396	-
Corporation tax payable		45,238	-	-	-
Other taxation and social security		396,273	341,704	25,265	17,414
Directors' loan account		189,994	90,061	189,994	90,061
Other creditors		575,944	598,308	71,306	201,573
Accruals and deferred income		45,563	52,824	45,563	52,825
		<u>2,728,259</u>	<u>3,764,001</u>	<u>1,195,660</u>	<u>2,326,717</u>

Amounts payable under hire purchase are secured on the assets they relate to. Bank loans are secured by a fixed and floating charge over the assets of the group.

21 Creditors: amounts falling due after more than one year

		Group		Company	
		2016	2015	2016	2015
	Notes	£	£	£	£
Bank loans	22	1,000,000	774,672	1,000,000	774,672
Hire purchase agreements	23	18,764	58,620	-	-
Amounts due to group undertakings		-	-	-	555,847
		<u>1,018,764</u>	<u>833,292</u>	<u>1,000,000</u>	<u>1,330,519</u>

Post year end, the group refinanced its bank indebtedness with a £1,000,000 loan repayable in 78 monthly instalments of £14,911 at an interest rate of 4.5% per annum above base rate.

Amounts owed to group undertakings are repayable on demand. Accordingly, the amounts have been disclosed as falling due within one year.

BARWORKS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

22 Loans and overdrafts

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Bank loans	1,000,000	1,457,719	1,000,000	1,467,219
Payable within one year	-	683,047	-	692,547
Payable between 2 and 5 years	1,000,000	774,672	1,000,000	774,672

23 Hire purchase agreements

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Future commitments under hire purchase are as follows:				
Within one year	39,856	45,865	-	-
In two to five years	18,764	58,620	-	-
	58,620	104,485	-	-

24 Deferred taxation

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

Group	Liabilities	Liabilities
	2016	2015
	£	£
Accelerated capital allowances	59,899	5,411
Company	Liabilities	Liabilities
	2016	2015
	£	£
Accelerated capital allowances	1,249	(1,634)
	1,249	(1,634)

BARWORKS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

24 Deferred taxation		(Continued)	
	Group	Company	
	2016	2016	
Movements in the year:	£	£	
Liability/(asset) at 1 July 2015	5,411	(1,634)	
Charge to profit or loss	54,488	1,806	
Liability at 30 June 2016	59,899	172	

25 Retirement benefit schemes		2016	2015
		£	£
Defined contribution schemes			
Charge to profit and loss in respect of defined contribution schemes		4,140	4,020

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

26 Share capital		2016	2015
		£	£
Ordinary share capital			
Issued and fully paid			
1,190 Ordinary A shares of £1 each		1,190	1,190
1,190 Ordinary B shares of £1 each		1,190	1,190
1,020 Ordinary C shares of £1 each		1,020	1,020
6,000,000 Preference shares of £1 each		6,000,000	-
		6,003,400	3,400

All ordinary shares have equal rights.

During the year, the company issued 6,000,000 preference shares of £1 each. These shares rank pari passu with the ordinary shares with respect to capital distribution. They have no rights to vote, interest/dividends and are redeemable exclusively at the discretion of the company.

27 Contingent liabilities

The group is party to an unlimited composite guarantee with Good Life Group Limited in relation to a £4 million (2015 - £3.5 million) loan with National Westminster Bank Plc. The potential liability at the balance sheet date amounted to £3 million (2015 - £3.5 million).

BARWORKS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 30 JUNE 2016****28 Operating lease commitments**

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

Land and buildings	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Within one year	1,193,000	1,193,000	-	-
Between two and five years	4,772,000	4,772,000	-	-
In over five years	13,276,000	14,469,000	-	-
	<u>19,241,000</u>	<u>20,434,000</u>	<u>-</u>	<u>-</u>

29 Related party transactions

No guarantees have been given or received.

The company has taken advantage of the exemption available under FRS 102 Section 33.1A, whereby it has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary undertaking of the group. The consolidated accounts are prepared by Barworks Limited.

The directors maintain loan accounts with the company. At the year end, the company owed the directors £189,994 (2015 - £90,061).

Transactions with entities under the control of the directors are as follows:

Purchases - £1,457,207 (2015 - £932,296)

Year end creditor - £731,439 (2015 - 1,332,282)

The directors received dividends during the year totalling £377,400 (2015 - £792,200).

During the year, 6,000,000 £1 preference shares were issued to the directors.

30 Secured debts

National Westminster Bank Plc holds a debenture against the net assets of the company, against the net assets of all other undertakings within the Barworks group of companies plus a legal charge against the licensed premises of those companies and holds like security against the assets of the Barworks group of companies. This is all in order to secure borrowings under offset banking arrangements. In addition, personal guarantees of £100,000 each have been given by the three founding directors.

BARWORKS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 30 JUNE 2016****31 Cash generated from group operations**

	2016	2015
	£	£
Profit/(loss) for the year after tax	256,891	-(204,646)
Adjustments for:		
Taxation charged/(credited)	99,726	(43,810)
Finance costs	81,014	58,960
Investment income	(6,653)	(7,905)
Loss on disposal of tangible fixed assets	34,531	11,971
Amortisation of intangible assets	18,762	16,762
Depreciation of tangible fixed assets	504,006	504,046
Loss on sale of investments	-	160,587
Movements in working capital:		
Decrease/(increase) in stocks	12,794	(76,614)
(Increase) in debtors	(29,344)	(194,499)
(Decrease)/increase in creditors	(378,256)	643,756
Cash generated from operations	593,471	868,608

32 Reconciliations on adoption of FRS 102**Notes to reconciliations on adoption of FRS 102 - group**

There were no changes to the accounting policies arising from the adoption of FRS 102, which affected the recognition or measurement of transactions.

No adjustments were made to previously reported equity balances at the date of transition to FRS 102. No adjustments were made to previously reported equity balances at the end of the comparative period.

There were no adjustments to previously reported profit or loss in the comparative period.