

Registered number: 04792721

INNVENTURE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 1 JULY 2017



INNVENTURE LIMITED

COMPANY INFORMATION

Directors	C M Gerard F G Gerard
Registered number	04792721
Registered office	2-4 King Street Cambridge CB1 1LN
Independent auditors	haysmacintyre 10 Queen Street Place London EC4R 1AG
Bankers	National Westminster Bank Plc 12 High Street Hitchin Hertfordshire SG5 1YY
Solicitors	Marriott Harrison Staple Court 11 Staple Inn Buildings London WC1V 7QH

INNVENTURE LIMITED

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INNVENTURE LIMITED

STRATEGIC REPORT FOR THE PERIOD ENDED 1 JULY 2017

Introduction

The directors present their Strategic report for the period ended 1 July 2017.

Business review

The business remains at six sites with sales of £6.34m, a decline year over year of 1.8%. The business has this year assisted the development of a new sister company, Innventure Vacation Services Limited, by way of a loan. This loan of £1.5m is secured on a newly developed holiday letting enterprise asset now revalued, following development, at £2.5m, suggesting a potential development profit of £0.6m.

Further Investment into new sites remains on "idle" as the leisure property market remains overheated and the cost base of fresh food restaurants challenging.

The redevelopment of dArrys performed strongly following re opening but suffered from management weakness into the second half. The business shows signs of improvement going into the next year.

The Wellington however is performing poorly and a change of management and kitchen team is urgently required going forward into 2017/18.

A rating appeal remains outstanding for the Wellington, it is believed it is significantly over rated.

The search for a less people sensitive business model has resulted in a loan to a new vehicle Innventure Vacation Services Limited. This leaves the cash position at the year-end at £440k and it is felt that cash resources are sufficient to meet business requirements going forward. The business has a strong net current asset position of £1,043k up from £819k in the prior year. This increase in the debtor position is secured against a strong and liquid asset within Innventure Vacation Services Limited which is currently valued at £2.5m.

Principal risks and uncertainties

The business' costs are facing inflationary pressures from external legislative decisions and sterling weakness, all at a time when the business has limited room for inflated prices.

The effect of the Brexit vote on confidence and the general, probably unrelated, availability of quality skilled labour, is a worry with an ongoing day to day concern relating to the shortage of quality skilled caterers. The Living wage, combined with labour shortage described above and new pension costs are expected to substantially inflate the costs of doing business going forward as will the business rates revaluation, strategies all seemingly set to continue to penalise successful fresh food businesses.

The Broadway Hotel business faces a new competitive environment with a 60 bed Premier Inn opening in 2018 in Letchworth and potentially a Travel inn in 2020. The Broadway has significantly improved the quality of its bedroom and breakfast offer, ahead of these threats and plans to provide a 'home from home' hospitality approach, to combat the formatted offers of national chains.

In 2018 the business will continue to consider developing business models that are less people sensitive. The Innventure Vacation Services model will be assessed over the forthcoming 2 years with a plan to trade / grow or exit with a development profit.

INNVENTURE LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 1 JULY 2017**

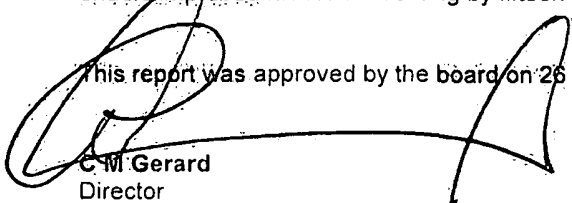
Financial key performance indicators

Gross profit: £2,181,799 (2016: £2,246,855), achieving a gross profit of 34.4% (2016: 34.8%)
Operating profit: £147,929 (2016: £146,196)
Profit before tax: £74,290 (2016: £77,855)

The weakness of the business' control ratios will be stabilised and reversed in 2018.

The business will improve its cost controls in 2018 using improved information. The business has recruited additional management which is working to integrate its FPOS and its Back Office. This will permit the business to line check its food and drink stock by day, or week, improving its management of margins and, in addition, enable improved labour scheduling by fifteen minute periods, resulting in the changed operating ratios.

This report was approved by the board on 26 March 2018 and signed on its behalf.



C. M. Gerard
Director

INNVENTURE LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 1 JULY 2017

The directors present their report and the financial statements for the period ended 1 July 2017.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to 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.

Results and dividends

The profit for the period, after taxation, amounted to £32,408 (2016 - £43,111).

The directors do not propose a final dividend (2016 - £nil).

Directors

The directors who served during the period were:

C M Gerard
F G Gerard

Future developments

There have been no significant developments since the year end.

Disclosure of information to auditors

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's auditors are 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's auditors are aware of that information.

INNVENTURE LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 1 JULY 2017**

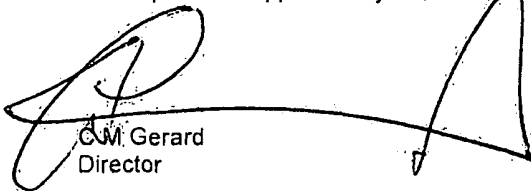
Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditors

The auditors, haysmacintyre, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 26 March 2018 and signed on its behalf.



G.M. Gerard
Director

INNVENTURE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF INNVENTURE LIMITED

Opinion

We have audited the financial statements of InnVenture Limited for the period ended 1 July 2017, set out on pages 8 to 25. 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).

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 Auditors' 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.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 1 July 2017 and of its profit for the period 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.

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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

INNVENTURE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF INNVENTURE LIMITED (CONTINUED)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; 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 on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

INNVENTURE LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF INNVENTURE LIMITED
(CONTINUED)**

Auditors' 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 Auditors' 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. The description forms part of our Auditors' Report.



Gareth Ogden (Senior Statutory Auditor)

for and on behalf of
haysmacintyre

Statutory Auditors

10 Queen Street Place
London
EC4R 1AG

26 March 2018

INNVENTURE LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 1 JULY 2017**

	Note	2017 £	2016 £
Turnover	4.	6,343,281	6,458,903
Cost of sales		(4,161,482)	(4,212,048)
Gross profit		2,181,799	2,246,855
Administrative expenses		(2,033,870)	(2,100,659)
Operating profit	5	147,929	146,196
Interest receivable and similar income	9	1,522	3,986
Interest payable and expenses	10	(75,161)	(72,327)
Profit before tax		74,290	77,855
Tax on profit	11	(41,882)	(34,744)
Profit for the financial period		32,408	43,111

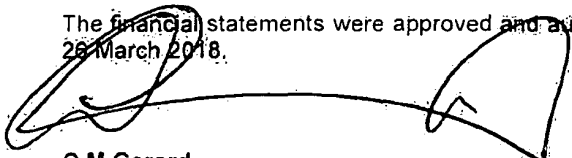
There was no other comprehensive income for 2017 (2016:£NIL).

INNVENTURE LIMITED
REGISTERED NUMBER:04792721

STATEMENT OF FINANCIAL POSITION
AS AT 1 JULY 2017

	Note	1 July 2017 £	25 June 2016 £
Fixed assets			
Tangible assets	12	3,448,572	3,601,593
		<u>3,448,572</u>	<u>3,601,593</u>
Current assets			
Stocks	13	106,708	101,994
Debtors	14	1,680,857	74,695
Cash at bank and in hand	15	442,213	1,798,285
		<u>2,229,778</u>	<u>1,974,974</u>
Creditors: amounts falling due within one year	16	(1,186,357)	(1,155,808)
Net current assets		<u>1,043,421</u>	<u>819,166</u>
Total assets less current liabilities		<u>4,491,993</u>	<u>4,420,759</u>
Creditors: amounts falling due after more than one year	17	(2,384,402)	(2,334,463)
Provisions for liabilities			
Deferred tax	20	(95,559)	(106,672)
		<u>(95,559)</u>	<u>(106,672)</u>
Net assets		<u>2,012,032</u>	<u>1,979,624</u>
Capital and reserves			
Called up share capital	21	951	951
Other reserves	22	50	50
Profit and loss account	22	2,011,031	1,978,623
		<u>2,012,032</u>	<u>1,979,624</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 26 March 2018.


C M Gerard
 Director

The notes on pages 12 to 25 form part of these financial statements.

INNVENTURE LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 1 JULY 2017**

	Called up share capital	Other reserves	Profit and loss account	Total equity
	£	£	£	£
At 28 June 2015	951	50	1,935,512	1,936,513
Profit for the period	-	-	43,111	43,111
At 26 June 2016	951	50	1,978,623	1,979,624
Profit for the period	-	-	32,408	32,408
At 1 July 2017	951	50	2,011,031	2,012,032

INNVENTURE LIMITED

**STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 1 JULY 2017**

	1 July 2017 £	25 June 2016 £
Cash flows from operating activities		
Profit for the financial period	32,408	43,111
Adjustments for:		
Depreciation of tangible assets	221,437	199,054
Interest paid	75,161	72,327
Interest received	(1,522)	(3,986)
Taxation charge	41,882	34,744
(Increase) in stocks	(4,714)	(10,964)
(Increase)/decrease in debtors	(1,606,162)	30,733
(Decrease)/increase in creditors	(52,502)	109,135
Increase in amounts owed to participating interests	52,766	-
Corporation tax paid	(25,590)	(151,782)
Increase in amounts owed to connected companies	-	128,054
Net cash generated from operating activities	<u>(1,266,836)</u>	<u>450,426</u>
Cash flows from investing activities		
Purchase of tangible fixed assets	(68,417)	(238,443)
Interest received	1,522	3,986
Net cash from investing activities	<u>(66,895)</u>	<u>(234,457)</u>
Cash flows from financing activities		
New secured loans	250,000	-
Repayment of loans	(197,180)	(133,414)
Interest paid	(75,161)	(72,327)
Net cash used in financing activities	<u>(22,341)</u>	<u>(205,741)</u>
Net (decrease)/increase in cash and cash equivalents	<u>(1,356,072)</u>	<u>10,228</u>
Cash and cash equivalents at beginning of period	1,798,285	1,788,057
Cash and cash equivalents at the end of period	<u>442,213</u>	<u>1,798,285</u>
Cash and cash equivalents at the end of period comprise:		
Cash at bank and in hand	442,213	1,798,285
	<u>442,213</u>	<u>1,798,285</u>

INNVENTURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JULY 2017

1. General information

InnVenture Limited is a limited company incorporated in England and Wales (registered number: 04792721). Its registered office address is: 2-4 King Street, Cambridge, CB1 1LN.

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 management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company 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 Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company 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 Company 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.

2.3 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.

INNVENTURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JULY 2017

2. Accounting policies (continued)

2.8 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.

2.9 Finance costs

Finance costs are charged to the 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.

2.10 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

2.11 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

INNVENTURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JULY 2017

2. Accounting policies (continued)

2.12 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the 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 operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, 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; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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.

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

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are based on management's best knowledge of the amount, events or actions, actual results may ultimately differ from those estimates.

In preparing these financial statements, the directors have had to make the following judgments:

- Determine whether leases entered into by the company as a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the company's tangible assets. Factors taken into consideration in reaching such a decision include economic viability and expected future financial performance of the asset.

Other key sources of estimation uncertainty

Tangible fixed 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 and maintenance are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

INNVENTURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JULY 2017

2. Accounting policies (continued)

2.8 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.

2.9 Finance costs

Finance costs are charged to the 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.

2.10 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

2.11 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

INNVENTURE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 1 JULY 2017**

4. Turnover

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

	2017 £	2016 £
Sales	6,343,281	6,458,903

All turnover arose within the United Kingdom.

5. Operating profit

The operating profit is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets	221,438	199,576
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	8,450	8,750
Other operating lease rentals	206,500	252,443
Defined contribution pension cost	7,643	

6. Auditors' remuneration

	2017 £	2016 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	8,450	8,750
	8,450	8,750
Fees payable to the Company's auditor and its associates in respect of:		
Other services relating to taxation	1,800	1,750
	1,800	1,750

INNVENTURE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 1 JULY 2017**

7. Employees

Staff costs, including directors' remuneration, were as follows:

	2017 £	2016 £
Wages and salaries	2,105,223	2,180,995
Social security costs	114,575	137,390
Cost of defined contribution scheme	7,643	-
	<u>2,227,441</u>	<u>2,318,385</u>

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

	2017 No.	2016 No.
Directors	2	2
Administration	2	2
Hospitality	188	141
	<u>192</u>	<u>145</u>

8. Directors' remuneration

	2017 £	2016 £
Directors' emoluments	-	5,720
	<u>-</u>	<u>5,720</u>

9. Interest receivable

	2017 £	2016 £
Other interest receivable	1,522	3,986
	<u>1,522</u>	<u>3,986</u>

INNVENTURE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 1 JULY 2017**

10. Interest payable and similar charges

	2017 £	2016 £
Bank interest payable	48,153	48,605
Other loan interest payable	27,008	23,722
	<u>75,161</u>	<u>72,327</u>

11. Taxation

	2017 £	2016 £
Corporation tax		
Current tax on profits for the year	51,529	25,552
Adjustments in respect of previous periods	1,466	(1,381)
	<u>52,995</u>	<u>24,171</u>
Total current tax	<u>52,995</u>	<u>24,171</u>
Deferred tax		
Origination and reversal of timing differences	(11,113)	10,678
Changes to tax rates	-	(105)
Total deferred tax	<u>(11,113)</u>	<u>10,573</u>
Taxation on profit on ordinary activities	<u>41,882</u>	<u>34,744</u>

INNVENTURE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 1 JULY 2017**

11. Taxation (continued)**Factors affecting tax charge for the period**

The tax assessed for the period is higher than (2016 - higher than) the standard rate of corporation tax in the UK of 19.76% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
Profit on ordinary activities before tax	74,290	77,855
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.76% (2016 - 20%)	14,681	15,571
Effects of:		
Expenses not deductible for tax purposes	69	384
Capital allowances for period in excess of depreciation	30,749	32,071
Adjustments to tax charge in respect of prior periods	1,466	(1,381)
Deferred tax - movement in the tax rate	(5,083)	(11,901)
Total tax charge for the period	41,882	34,744

INNVENTURE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 1 JULY 2017**

12. Tangible fixed assets

	Freehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
Cost or valuation					
At 26 June 2016	4,198,237	276,538	38,152	558,301	5,071,228
Additions	40,356	28,061	-	-	68,417
At 1 July 2017	<u>4,238,593</u>	<u>304,599</u>	<u>38,152</u>	<u>558,301</u>	<u>5,139,645</u>
Depreciation					
At 26 June 2016	931,135	209,229	38,152	291,118	1,469,634
Charge for the period on owned assets	155,580	22,778	-	43,080	221,438
At 1 July 2017	<u>1,086,715</u>	<u>232,007</u>	<u>38,152</u>	<u>334,198</u>	<u>1,691,072</u>
Net book value					
At 1 July 2017	<u>3,151,878</u>	<u>72,592</u>	<u>-</u>	<u>224,103</u>	<u>3,448,573</u>
At 25 June 2016	<u>3,267,102</u>	<u>67,308</u>	<u>-</u>	<u>267,183</u>	<u>3,601,593</u>

The net book value of land and buildings may be further analysed as follows:

	1 July 2017 £	25 June 2016 £
Freehold	<u>3,151,878</u>	<u>3,267,103</u>

INNVENTURE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 1 JULY 2017**

13. Stocks

	1 July 2017 £	25 June 2016 £
Finished goods and goods for resale	106,708	101,994

Stock recognised in cost of sales during the period as an expense was £1,951,366 (2016 - £1,841,885).

14. Debtors

	1 July 2017 £	25 June 2016 £
Other debtors	1,680,857	74,692
	<u>1,680,857</u>	<u>74,692</u>

15. Cash and cash equivalents

	1 July 2017 £	25 June 2016 £
Cash at bank and in hand	442,213	1,798,285

16. Creditors: Amounts falling due within one year

	1 July 2017 £	25 June 2016 £
Bank loans	186,463	140,583
Other loans	157,000	200,000
Trade creditors	264,782	322,351
Amounts owed to related parties	173,200	120,434
Corporation tax	51,473	24,068
Other taxation and social security	219,617	183,967
Other creditors	77,326	42,021
Accruals and deferred income	56,496	122,384
	<u>1,186,357</u>	<u>1,155,808</u>

INNVENTURE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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17. Creditors: Amounts falling due after more than one year

	1 July 2017 £	25 June 2016 £
Bank loans	1,944,041	1,894,102
Other loans	440,361	440,361
	<u>2,384,402</u>	<u>2,334,463</u>

Secured loans

The bank loans are repayable in monthly instalments and incur interest at rates of 1.85% above base rate and 2.25% above base rate.

The bank loans are secured by way of a legal charge on the company's freehold properties and a debenture on the company's assets.

18. Loans

Analysis of the maturity of loans is given below:

	1 July 2017 £	25 June 2016 £
Amounts falling due within one year		
Bank loans	186,463	140,583
Other loans	157,000	200,000
	<u>343,463</u>	<u>340,583</u>
Amounts falling due 1-2 years		
Bank loans	191,112	143,564
	<u>191,112</u>	<u>143,564</u>
Amounts falling due 2-5 years		
Bank loans	584,135	449,215
Other loans	440,361	440,361
	<u>1,024,496</u>	<u>889,576</u>
Amounts falling due after more than 5 years		
Bank loans	1,168,794	1,301,323
	<u>1,168,794</u>	<u>1,301,323</u>
	<u>2,727,865</u>	<u>2,675,046</u>

INNVENTURE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 1 JULY 2017**

19. Financial instruments

	1 July 2017 £	25 June 2016 £
Financial assets		
Financial assets that are debt instruments measured at amortised cost	1,682,379	74,692
	<u>1,682,379</u>	<u>74,692</u>
Financial liabilities		
Financial liabilities measured at amortised cost	(3,243,173)	(3,159,852)
	<u>(3,243,173)</u>	<u>(3,159,852)</u>

Financial assets measured at amortised cost comprise trade and other receivables.

Financial liabilities measured at amortised cost comprise bank loans, other loans, trade creditors, amounts owed to related parties and other creditors.

20. Deferred taxation

	2017 £
At beginning of year	(106,672)
Charged to profit or loss	11,113
At end of year	<u>(95,559)</u>

The provision for deferred taxation is made up as follows:

	1 July 2017 £	25 June 2016 £
Accelerated capital allowances	(95,559)	(106,672)
	<u>(95,559)</u>	<u>(106,672)</u>

INNVENTURE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 1 JULY 2017**

21. Share capital

	1 July 2017 £	25 June 2016 £
Shares classified as equity		
Allotted, called up and fully paid		
950 Ordinary shares of £1 each	950	950
1 Special Redeemable Deferred share of £1	1	1
	<u>951</u>	<u>951</u>

22. Reserves

Profit and loss account

Includes all current and prior period retained profits and losses.

23. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pensio cost charge represents contributions payable by the Company to the fund and amounted to £7,643 (2016: £nil). Contributions totalling £997 (2016: £nil) were payable to the fund at the reporting date.

24. Commitments under operating leases

At 1 July 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	1 July 2017 £	25 June 2016 £
Not later than 1 year	206,500	206,500
Later than 1 year and not later than 5 years	1,032,500	1,032,500
Later than 5 years	1,435,708	1,646,375
	<u>2,674,708</u>	<u>2,885,375</u>

INNVENTURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JULY 2017

25. Related party transactions

Included in creditors due after more than one year is a loan of £440,361 (2016: £440,361) from C Gerard, a director of the company. Interest is charged on the loan account at 6% per annum and an interest charge of £27,008 (2016: £23,722) is included in the profit and loss account. There is no fixed date for repayment.

Included in other debtors is a loan of £1,628,159 (2016: £nil) due from Innventure Vacation Services Limited, a company in which C Gerard is a director and shareholder. No interest is charged on this loan and it is repayable on demand.

At the period end, a balance of £nil (2016: £200,000) was due to Nicko Limited, a company connected to the brother of C Gerard. The loan is interest free and repayable on demand. The loan was repaid in full on 5 August 2016.

Included within other loans due within one year is a loan of £173,200 (2016: £130,000) due to InnVenture Partnership Limited, a company connected by virtue of having C Gerard as a common director. In addition, InnVenture Partnership Limited charged professional services fees of £nil (2016: £9,566).

Included within other loans due within one year is a loan of £157,000 (2016: £nil) from G Hawtin, the mother of F Gerard, a director of the company. Interest is charged on the loan account at 4% per annum and an interest charge of £3,663 (2016: £nil) is included in the profit and loss account. There is no fixed date for repayment.

During the year, an asset was sold to J Gerard (son of G Gerard, a director) for £5,250 (2016: £nil). This was paid in full prior to the year end.

26. Controlling party

The company is controlled by C Gerard by virtue of his 100% shareholding.