

Company Registration No. 01327896 (England and Wales)

INTERPUB LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
1 APRIL 2017

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INTERPUB LIMITED

COMPANY INFORMATION

Directors	Mr K C Knowles Mr M C Roberts Mr A D Searle Mr L Knowles
Company number	01327896
Registered office	Overlord House 1D Colet Gardens Hammersmith London England W14 9DH
Auditor	RSM UK Audit LLP Chartered Accountants 25 Farringdon Street London United Kingdom EC4A 4AB
Business address	Overlord House 1D Colet Gardens Hammersmith London England W14 9DH

INTERPUB LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 1 APRIL 2017

The directors present the strategic report for the year ended 1 April 2017.

Fair review of the business and future developments

The directors are pleased to report that the company has enjoyed a strong performance for the year under review.

The company's trading improved significantly during the year under review. This was assisted by the improvements in the UK business, which saw a marked increase in accommodation sales plus strong growth in food and beverage turnover.

Turnover for the period under review was £18,533,316 (2016: £17,559,801), a growth of 5.54%. (2016: 6.10%).

UK accommodation sales increased by 3% over the prior period and by 4% over the year before that (year ending March 2015).

The Gross profit margin was 76% (2016: 75%).

Following a strategic review of business assets the Company sold its operating unit in Covent Garden for £1.75million in February 2017 reporting profit of £1.5 million on this transaction. This made funds available to invest in the refurbishment and extension of "The Village" in Borough High Street, London. This project will double the bed stock at the site and transform the bar experience. The total costs of this work are forecast to be £6.5million which will generate an additional £2.2million of revenue and £1.2million of EBITDA in the financial year 2018/19. In the year under review we invested a further £1million in our Flying Horse Freehold site where we have added 34 beds for the first time and refurbished the bar. This project is expected to increase the EBITDA by £145k in FY18. It continues to enjoy great reviews and feedback and trading has exceeded our expectations. We also have two projects of refurbishment including Bath and Greenwich planned in 2017. These two potential refurbishment project are expected to cost £420k which will be funded by the operating cash flow.

We continue to invest in both the general upkeep of the estate and capital items such as new bed stock to ensure customer standards are maintained.

Business risk

Interpub Limited has operated in the hospitality industry for 54 years, The industry has had cyclical volatility that has tracked macro-economic trends.

The hostel sector has been able to withstand this given the focus on the growing backpacker client base who tend to look for more of a shared experience at a competitive price point. Interpub Limited has at its core an understanding of the needs of its clients and is focussed on delivering a Fun, Safe, Secure and good Value environment, along with total commitment to developing its team at all levels which is demonstrated by the Company achieving IIP Platinum status on 2016, one of only 7 companies in the UK to do so.

The sector has been impacted by the growth of aggregator websites (OTA's) which direct traffic away from operators own web sites and put pressure on margins. This year the group has launched a major initiative to combat the incursion of OTA's which in ten weeks has already seen a 10% swing in booking source in favour of its direct channel.

The Company regularly reviews pricing and competitive offers in its target markets through its Yield Management system and maximises the use of its own platforms with special offers and promotions and the growth of its own brands.

INTERPUB LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 1 APRIL 2017

Business risk (continued)

Whilst demand in the Backpacker market is projected to grow over the next few years from US\$5.2 Billion to US\$7 Billion the market is becoming more competitive as new entrants join to participate in this growth. Interpub Limited boast a extraordinary 49% Food and Beverage mix of income which is 37% more than the industry average: this is a strong indicator that the Company is focussed and succeeding in providing a premium social experience for its guests which research shows is one of the most important factors that consumer have when deciding where to stay. The Company has over 10 million user interactions through web and social interface every year.

As an established player and with the strength of its branded presence and focus on the client experience Interpub Limited is well placed to protect its unique market position.

Interpub Limited's commitment to the development of its technology platforms and on-line capabilities means it is less dependent on OTA's. Management are focussed on enhancing the resilience of its technology infrastructure: It manages this by using third party service providers operating under service level agreements. The systems are regularly reviewed and appropriate back-up arrangements are maintained.

Interpub Limited aims to expand its business by adding to its existing estate as well as investing in new sites across Europe. The management team have a strong track record in developing new and existing sites.

The Company attracts travellers from all over the world and thus is exposed to exchange rate fluctuations. The Company offers clients the ability to pay in their own currencies but ensures that prices are updated regularly to mitigate the exchange risk.

Financial risk

Interpub Limited has funded the development of its business through retained profits and bank loans. The bank loans have variable interest rates which track a mixture of Bank base rates and Euribor. Thus any increases in those Base rates will increase the cost of finance and therefore impact the net profit of the Company.

The ability to raise finance for new developments is dependent on business performance and the resulting cash available to invest. The Company maintains strong controls to ensure that it does not over extend itself, has the requisite resources in place and is able to satisfy its banking covenants. The Company has the benefit of a number of prime freehold properties.

The Company is exposed to short-term cancellation of bookings. In mitigation management ensure that a non-refundable deposit is taken at the time of booking and encourages full payment in advance through, amongst other things, the fixing of exchange rates. All clients must pay in full before beds are made available except in a minority of cases where credit is offered to approved agents.

Key performance indicators

The board use a number of indicators to track the performance of the company (KPIs). These include, amongst others: weekly turnover, no of beds sold per division (1.087 million in current year versus 1.048 million in previous year), accommodation, food and beverage gross margins, revenues by booking channel, EBITDA performance by site and customer review data. The KPIs are reviewed on a weekly and monthly basis and compared to budget and prior years' performance.

On behalf of the board

Mr K C Knowles

Director

18.11.2017.

INTERPUB LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 1 APRIL 2017

The directors present their annual report and financial statements for the year ended 1 April 2017.

Principal activities

The principal activity of the company continued to be that of operating licensed public houses with ancillary budget accommodation.

Directors

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

Mr K C Knowles

Mr T R Sykes

(Resigned 12 September 2017)

Mr M C Roberts

Mr A D Searle

Mr L Knowles

(Appointed 12 September 2017)

Results and dividends

The results for the year are set out on page 7.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the company continues and that the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement

Interpub Limited has continued to invest in people at all levels in the organisation, as we see this as a key factor in maintaining and improving performance in all aspects of the business. The emphasis on internal development through our award winning footsteps training programme, as well as encouraging employees to take an active role in their career, has helped to ensure ongoing employee engagement and retention. It has also helped to ensure that the majority of our new managers are promoted from within, having successfully come through the group training programme.

In addition, we have continued to invest in our employee rewards systems. Performance related bonus schemes, together with the development of our employee benefits package, has continued to ensure our success in both retaining and recruiting the best employees in the hospitality market.

Auditor

The auditor, RSM UK Audit LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors 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 company's auditor is aware of that information.

INTERPUB LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 1 APRIL 2017

Strategic Report

The directors have chosen in accordance with section 414C(11) of the Companies Act 2006 to include in the Strategic Report matters otherwise required to be disclosed in the Directors' Report as the directors consider these are of strategic importance to the company.

On behalf of the board



M. K. C. Knowles

Director

18.11.2017

INTERPUB LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 1 APRIL 2017

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INTERPUB LIMITED

Opinion on financial statements

We have audited the financial statements on pages 7 to 26. 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 company's affairs as at 1 April 2017 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 and, based on the work undertaken in the course of our audit, 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 or the Directors' Report.


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, 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.

Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities Statement set out 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 (APB's) Ethical Standards for Auditors.

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.



Paul Newman BSc ACA (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB
United Kingdom

19/12/2017

INTERPUB LIMITED

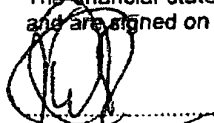
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 1 APRIL 2017

	Notes	2017 £	2016 £
Turnover	3	18,533,316	17,559,801
Cost of sales		(4,428,091)	(4,352,596)
Gross profit		14,105,225	13,207,205
Administrative expenses		(10,940,906)	(11,041,138)
Operating profit	6	3,164,319	2,166,067
Interest receivable and similar income	8	-	3,555,556
Interest payable and similar expenses	9	(327,620)	(332,825)
Profit before taxation		2,836,699	5,388,798
Taxation	10	(485,802)	(241,622)
Profit for the financial year	27	2,350,897	5,147,176

INTERPUB LIMITED**STATEMENT OF FINANCIAL POSITION
AS AT 1 APRIL 2017**

	Notes	2017 £	£	2016 £	£
Fixed assets					
Goodwill	12	48,000		51,000	
Tangible assets	13	9,470,646		7,436,274	
Investments	14	1,577,402		1,595,702	
		<u>11,096,048</u>		<u>9,082,976</u>	
Current assets					
Stocks	16	154,289		188,228	
Debtors	17	9,095,342		8,942,707	
Cash at bank and in hand		239,582		34,978	
		<u>9,489,213</u>		<u>9,165,913</u>	
Creditors: amounts falling due within one year	18	<u>(3,513,726)</u>		<u>(3,855,942)</u>	
Net current assets		<u>5,975,487</u>		<u>5,309,971</u>	
Total assets less current liabilities		<u>17,071,535</u>		<u>14,392,947</u>	
Creditors: amounts falling due after more than one year	19	(10,707,928)		(10,376,569)	
Provisions for liabilities	23	<u>(237,954)</u>		<u>(241,622)</u>	
Net assets		<u>6,125,653</u>		<u>3,774,756</u>	
Capital and reserves					
Called up share capital	26	185,247		185,247	
Share premium account	24	1,047,753		1,047,753	
Profit and loss reserves	27	4,892,653		2,541,756	
Total equity		<u>6,125,653</u>		<u>3,774,756</u>	

The financial statements were approved by the board of directors and authorised for issue on 18.12.17..
and are signed on its behalf by:


Mr K C Knowles
Director

INTERPUB LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 1 APRIL 2017

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
Balance at 1 April 2015		185,247	1,047,753	771,580	2,004,580
Year ended 26 March 2016:					
Profit and total comprehensive income for the year		-	-	5,147,176	5,147,176
Dividends	11	-	-	(3,377,000)	(3,377,000)
Balance at 26 March 2016		185,247	1,047,753	2,541,756	3,774,756
Year ended 1 April 2017:					
Profit and total comprehensive income for the year		-	-	2,350,897	2,350,897
Balance at 1 April 2017		185,247	1,047,753	4,892,653	6,125,653

INTERPUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 1 APRIL 2017

1 Accounting policies

Company information

Interpub Limited is a private company limited by shares incorporated in England and Wales. The registered office is Overlord House, 1D Colet Gardens, Hammersmith, London, England, W14 9DH.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

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 £1.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

Interpub Limited has taken advantage of the following disclosure exemptions:

- The requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv).
- The requirements of Section 7 Statement of Cash Flows and Section 3 Financial Statement Presentation paragraph 3.17(d).
- The requirements of Section 11 paragraphs 11.39 to 11.48A and Section 12 paragraphs 12.26 to 12.29A providing the equivalent disclosures required by this FRS are included in the consolidated financial statements of the group in which the entity is consolidated.
- The requirement of Section 33 Related Party Disclosures paragraph 33.7.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Interpub Limited is a wholly owned subsidiary of Bed and Bars Limited and the results of Interpub Limited are included in the consolidated financial statements of Bed and Bars Limited which are available from 1D Colet Gardens, Hammersmith, London, W14 9DH.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

INTERPUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 1 APRIL 2017

1 Accounting policies (Continued)

Going concern

The financial statements have been prepared on the going concern basis.

The company is a member of the Beds & Bars Group. The Group secured long term finance from HSBC on 31 March 2015. This £11 million facility has an initial expiry date of 31 March 2030 and is primarily secured on the UK freehold and leasehold estate. Repayments are based on a 20 year repayment profile with a final bullet repayment due on 31 March 2030. The interest rate on the loan is base rate plus 2.5%. The covenants are considered reasonable and achievable and measure CFADS, occupancy levels and Loan to Value.

The directors have prepared a detailed business plan including cash flow projections for the period through to 31 December 2018 which indicate that the Group will comfortably meet the covenant requirements.

Having considered potential risks and the current economic environment, the directors have a reasonable expectation that the Group will achieve the forecasted performance and has adequate resources and support to continue in operational existence for the foreseeable future.

Based on the foregoing, the directors believe that it remains appropriate to prepare the company's financial statements on a going concern basis.

Turnover

Turnover represents the total value, excluding Value Added Tax, of goods sold and services provided to external customers and is recognised when the goods or services have been provided.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

The Company recognises revenue in respect of management charges receivable from its subsidiary undertakings. Turnover is recognised when the Company becomes entitled to receive the revenue under the intercompany arrangement.

Intangible fixed assets - goodwill

Goodwill was created on the acquisition of the Bath site in 2003. It represents the excess of the purchase price compared with the fair value of assets acquired. It has been capitalised and written off over 30 years as in the opinion of the directors this represents the period over which the goodwill is effective. Goodwill is reviewed for impairment on an annual basis.

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 provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Buildings freehold	Over 50 years
Land and buildings leasehold	Over an average leasehold length of 25-50 years
Fixtures, fittings and equipment	Over 5 and 10 years depending on the useful life of the assets
Motor vehicles	Over 4 years

INTERPUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 1 APRIL 2017

1 Accounting policies (Continued)

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Depreciation is provided on a straight line basis for all assets and no depreciation is charged in the year at acquisition.

Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises the costs that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in the statement of comprehensive income. Reversals of impairment losses are also recognised in the statement of comprehensive income.

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and 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.

Financial instruments

The company 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 when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with 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 trade and other debtors, loans to fellow group companies, 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 financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Other financial assets

Other financial assets, including trade investments, 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 publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

INTERPUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 1 APRIL 2017

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 company 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 company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans, and loans from fellow group companies, 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 payments discounted at a market rate of interest.

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

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 where the contractual returns, repayment of the principal, or other terms (such as prepayment provisions or term extensions) do not meet the conditions to be measured at amortised cost, 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, and only when, the company's contractual obligations are discharged, cancelled, or they expire.

INTERPUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 1 APRIL 2017

1 Accounting policies (Continued)

Equity instruments

Equity instruments issued by the company are recorded at the fair value of 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 company.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting period.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

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.

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

INTERPUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 1 APRIL 2017

1 Accounting policies (Continued)

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 statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the income statement 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 expenses 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.

2 Judgements and key sources of estimation uncertainty

In the application of the company'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.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Finance / operating decision

In categorising leases as finance leases or operating leases, management makes judgements as to whether significant risks and rewards of ownership have transferred to the company as lessee, or the lessee, where the company is a lessor.

3 Turnover and other revenue

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

	2017 £	2016 £
Turnover analysed by class of business		
Provision of services	5,306,783	5,104,880
Provision of goods	13,226,533	12,454,921
	<u>18,533,316</u>	<u>17,559,801</u>
Other revenue		
Dividends received	-	3,555,556
	<u>-</u>	<u>3,555,556</u>

INTERPUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 1 APRIL 2017

3 Turnover and other revenue (Continued)

Turnover analysed by geographical market

	2017 £	2016 £
United Kingdom	18,533,316	17,559,801

4 Employees

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

	2017 Number	2016 Number
Management	27	27
Selling and distribution	252	244
Administration	38	36
	317	307

Their aggregate remuneration comprised:

	2017 £	2016 £
Wages and salaries	6,209,015	6,049,865
Social security costs	538,479	527,077
Pension costs	23,631	22,347
	6,771,125	6,599,289

5 Directors' remuneration

	2017 £	2016 £
Remuneration for qualifying services	728,869	767,186
Company pension contributions to defined contribution schemes	1,113	1,095
	729,982	768,281

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2016 - 3).

INTERPUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 1 APRIL 2017

5 Directors' remuneration (Continued)

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

	2017 £	2016 £
Remuneration for qualifying services	410,539	396,846
Company pension contributions to defined contribution schemes	371	365

6 Operating profit

	2017 £	2016 £
Operating profit for the year is stated after charging/(crediting):		
Depreciation of owned tangible fixed assets	967,224	871,364
Depreciation of tangible fixed assets held under finance leases	81,211	20,005
(Profit)/loss on disposal of tangible fixed assets	(1,516,903)	14,307
Amortisation of intangible assets	3,000	3,000
Cost of stocks recognised as an expense	4,428,091	4,352,596
Operating lease charges	1,892,282	1,843,235

7 Auditor's remuneration

The fee for the company's audit is incurred by Beds & Bars Limited, the immediate parent company.

The company has taken the exemption to disclose the auditor's remuneration for non-audit fees. This disclosure is available in the consolidated accounts of Beds & Bars Limited, in which these accounts are included.

8 Interest receivable and similar income

	2017 £	2016 £
Income from fixed asset investments		
Income from shares in group undertakings	-	3,555,556

9 Interest payable and similar expenses

	2017 £	2016 £
Interest on bank overdrafts and loans	299,167	327,984
Interest on finance leases and hire purchase contracts	28,453	4,841
	327,620	332,825

INTERPUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 1 APRIL 2017

10 Taxation

	2017 £	2016 £
Current tax		
UK corporation tax on profits for the current period	489,470	-
Deferred tax		
Origination and reversal of timing differences	16,476	315,185
Changes in tax rates	(15,564)	8,174
Adjustment in respect of prior periods	(4,580)	(81,737)
Total deferred tax	(3,668)	241,622
Total tax charge	485,802	241,622

The total tax charge for the year included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2017 £	2016 £
Profit before taxation	2,836,699	5,388,798
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2016: 20.00%)	567,340	1,077,760
Tax effect of expenses that are not deductible in determining taxable profit	37,840	22,608
Tax effect of income not taxable in determining taxable profit	-	(711,111)
Effect of change in corporation tax rate	(15,564)	-
Group relief	(61,998)	(92,811)
Depreciation on assets not qualifying for tax allowances	(214,383)	54,496
Other non-reversing timing differences	-	(26,847)
Under/(over) provided in prior years	813	-
Deferred tax adjustments in respect of prior years	(4,580)	(81,737)
Other tax adjustments	-	(736)
Chargeable gains	176,334	-
Taxation charge for the year	485,802	241,622

11 Dividends

	2017 £	2016 £
Interim paid	-	3,377,000

INTERPUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 1 APRIL 2017

12 Intangible fixed assets

	Goodwill £
Cost	
At 27 March 2016 and 1 April 2017	90,000
Amortisation and impairment	
At 27 March 2016	39,000
Amortisation charged for the year	3,000
At 1 April 2017	42,000
Carrying amount	
At 1 April 2017	48,000
At 26 March 2016	51,000

13 Tangible fixed assets

	Buildings freehold £	Land and buildings leasehold £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost					
At 27 March 2016	326,284	7,609,469	6,471,234	120,864	14,527,851
Additions	-	1,743,127	1,504,942	61,177	3,309,246
Disposals	-	(243,774)	(239,684)	-	(483,458)
At 1 April 2017	326,284	9,108,822	7,736,492	182,041	17,353,639
Depreciation and impairment					
At 27 March 2016	-	3,502,952	3,492,863	95,762	7,091,577
Depreciation charged in the year	-	272,428	767,676	8,331	1,048,435
Eliminated in respect of disposals	-	(85,476)	(171,543)	-	(257,019)
At 1 April 2017	-	3,689,904	4,088,996	104,093	7,882,993
Carrying amount					
At 1 April 2017	326,284	5,418,918	3,647,496	77,948	9,470,646
At 26 March 2016	326,284	4,106,517	2,978,371	25,102	7,436,274

INTERPUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 1 APRIL 2017

13 Tangible fixed assets (Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases:

	2017 £	2016 £
Fixtures, fittings and equipment	291,521	271,566
Motor vehicles	77,948	33,325
	<u>369,469</u>	<u>304,891</u>
Depreciation charge for the year in respect of leased assets	<u>81,211</u>	<u>20,005</u>

14 Fixed asset investments

	Notes	2017 £	2016 £
Investments in subsidiaries	15	<u>1,577,402</u>	<u>1,595,702</u>

Movements in fixed asset investments

	Shares in group undertakings £
Cost or valuation	
At 27 March 2016	1,595,702
Adjustment	(18,300)
At 1 April 2017	<u>1,577,402</u>
Carrying amount	
At 1 April 2017	<u>1,577,402</u>
At 26 March 2016	<u>1,595,702</u>

INTERPUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 1 APRIL 2017

15 Subsidiaries

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Interpub Limited is a wholly owned subsidiary of Bed and Bars Limited and the results of Interpub Limited are included in the consolidated financial statements of Bed and Bars Limited which are available from 1D Colet Gardens, Hammersmith, London, W14 9DH.

Details of the company's subsidiaries at 1 April 2017 are as follows:

Name of undertaking	Registered office key	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Interpub Solutions Ltd	a)	Dormant	Ordinary	100.00	
St Christopher (Amsterdam) BV	b)	Licence public houses with ancillary budget accommodation	Ordinary	100.00	
Hotel Winston BV*	b)	Licence public houses with ancillary budget accommodation	Ordinary		100.00
Winston Kingdom BV*	c)	Nightclub	Ordinary		100.00

Registered Office addresses:

- a) 1D Colet Gardens, Hammersmith, London, England, W14 9DH.
- b) Warmoesstraat 129, 1012JA Amsterdam, Netherlands.
- c) Warmoesstraat 131, 1012JB Amsterdam, Netherlands.

* These are wholly owned subsidiaries of St Christopher's (Amsterdam) BV, a wholly owned subsidiary of Interpub Limited.

16 Stocks

	2017 £	2016 £
Raw materials and consumables	154,289	188,228

17 Debtors

	2017 £	2016 £
Amounts falling due within one year:		
Trade debtors	98,742	36,397
Amounts owed by group undertakings	8,550,356	8,447,122
Other debtors	95,970	62,605
Prepayments and accrued income	350,274	396,583
	9,095,342	8,942,707

INTERPUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 1 APRIL 2017

18 Creditors: amounts falling due within one year

	Notes	2017 £	2016 £
Bank loans and overdrafts	20	470,210	1,028,535
Obligations under finance leases	21	165,656	106,796
Other borrowings	20	74,934	77,853
Trade creditors		1,019,915	1,599,596
Amounts due to group undertakings		100	-
Corporation tax		489,470	-
Other taxation and social security		610,852	478,599
Other creditors		67,552	57,383
Accruals and deferred income		615,037	507,180
		<u>3,513,726</u>	<u>3,855,942</u>

19 Creditors: amounts falling due after more than one year

	Notes	2017 £	2016 £
Bank loans and overdrafts	20	10,546,159	10,209,392
Obligations under finance leases	21	161,769	167,177
		<u>10,707,928</u>	<u>10,376,569</u>

Amounts included above which fall due after five years are as follows:

Payable by instalments	<u>8,147,560</u>	<u>8,396,555</u>
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20 Borrowings

	2017 £	2016 £
Bank loans	11,016,369	10,629,658
Bank overdrafts	-	608,269
Loans from group undertakings	74,934	77,853
	<u>11,091,303</u>	<u>11,315,780</u>
Payable within one year	545,144	1,106,388
Payable after one year	<u>10,546,159</u>	<u>10,209,392</u>

INTERPUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 1 APRIL 2017

20 Borrowings (Continued)

In March 2015 Interpub Limited entered into an agreement with HSBC Bank Plc. At 1 April 2017 an amount of £10,134,395 (2016 - £10,629,658) was owed to HSBC Bank Plc. Interest is charged at 2.5% per annum above the Bank of England base rate. The loan is repaid on a monthly basis, with the term of the loan ending in March 2030. The loan is secured by a first legal charge over certain freehold and leasehold properties owned by Interpub Limited and St Christopher's Inns Limited, a fellow subsidiary, together with fixed and floating charges over the trade and assets of the company and various group companies.

In May 2016, Interpub Limited entered into a further agreement with HSBC Bank Plc for a loan facility of £500,000. As at the year end an amount of £500,000 (2016 - £nil) was owed to HSBC Bank Plc. Interest is payable at 2.5% per annum over Bank of England base rate. The loan is repayable by monthly instalments with the term of the loan ending in August 2028. The loan is secured by a first legal charge over certain freehold and leasehold properties owned by Interpub Limited and St Christopher's Inns Limited together with fixed and floating charges over the trade and assets of the company and various group companies.

In December 2016, Interpub Limited entered into a further agreement with HSBC Bank Plc for a loan facility of £4,200,000. As at the year end an amount of £381,974 (2016 - £nil) was owed to HSBC Bank plc. Interest is payable at 2.5% per annum over Bank of England base rate. The loan will be repayable in full by on or before 30 June 2019. The loan is secured by a first legal charge over certain freehold and leasehold properties owned by Interpub Limited and St Christopher's Inns Limited together with fixed and floating charges over the trade and assets of the company and various group companies.

21 Finance lease obligations

	2017	2016
	£	£
Future minimum lease payments due under finance leases:		
Less than one year	185,780	107,294
Between one and five years	170,297	201,777
	<u>356,077</u>	<u>309,071</u>
Less: future finance charges	(28,652)	(35,098)
	<u>327,425</u>	<u>273,973</u>

The company has entered into hire purchase arrangements in order to purchase various fixed assets. At 1 April 2017, the hire purchase arrangements have final payment dates ranging from September 2018 to July 2019 and it is expected that the company will retain ownership of the assets concerned upon completion of the term of the arrangement. During the year the company entered into hire purchase arrangements for assets with a cost of £182,258 (2016 - £236,544).

Net obligations are secured over the related assets.

INTERPUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 1 APRIL 2017

22 Deferred taxation

Deferred tax assets and liabilities are offset where the 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:

	Liabilities 2017 £	Liabilities 2016 £
Balances:		
Accelerated capital allowances	240,099	242,295
Short term timing differences	(2,145)	(673)
	<u>237,954</u>	<u>241,622</u>
		2017 £
Movements in the year:		
Liability at 27 March 2016		241,622
Charge to profit or loss		16,476
Effect of change in tax rate - profit or loss		(15,564)
Other		(4,580)
		<u>237,954</u>

The deferred tax liability set out above is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

23 Provisions for liabilities

	Notes	2017 £	2016 £
Deferred tax liabilities	22	237,954	241,622
		<u>237,954</u>	<u>241,622</u>

24 Share premium account

The share premium account represents consideration received for shares issued above their normal value net of transaction costs.

INTERPUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 1 APRIL 2017

25 Retirement benefit schemes

	2017 £	2016 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	23,631	22,347

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

Contribution payable to the fund at the year end and included within creditors were £13,011 (2016: £3,736).

26 Share capital

	2017 £	2016 £
Ordinary share capital		
Issued and fully paid		
185,247 Ordinary shares of £1 each	185,247	185,247

The company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the company.

27 Profit and loss reserves

The profit and loss account represents cumulative profit and loss net of distributions to owners.

28 Operating lease commitments

Lessee

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

	2017 £	2016 £
Within one year	1,203,632	1,189,592
Between two and five years	4,223,258	4,388,368
In over five years	12,449,776	13,454,368
	<u>17,876,666</u>	<u>19,032,328</u>

29 Related party transactions

At the year end Interpub Limited owed a non-wholly owned subsidiary £74,934 (2016: £77,853).

INTERPUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 1 APRIL 2017

30 Directors' transactions

During the year the company paid rent to a director of £42,000 (2016: £42,000). At the year end no amounts were outstanding.

31 Controlling party

Beds & Bars Limited, a company registered in England & Wales, is the immediate parent company and was the ultimate parent company until 31 March 2017. They own 100% of the share capital of Interpub Limited and they produce the smallest and largest consolidated group accounts which includes Interpub Limited. Copies of the consolidated group accounts can be obtained from the registered office at 1D Colet Gardens, Hammersmith, London, England, W14 9DH.

The ultimate parent company is now Beds & Bars Group Limited.

The ultimate controlling party is Mr K C Knowles.