

REGISTRAR

Registered number: 04204006

MCMANUS PUB CO. LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28 JULY 2018



MCMANUS PUB CO. LIMITED

COMPANY INFORMATION

| | |
|----------------------------|--|
| Directors | G McManus P McManus C Wright I Morris |
| Company secretary | C Wright |
| Registered number | 04204006 |
| Registered office | Kingsthorpe Road Northampton Northamptonshire NN2 6HT |
| Independent auditor | MHA MacIntyre Hudson Chartered Accountants & Statutory Auditors Peterbridge House The Lakes Northampton NN4 7HB |
| Bankers | HSBC 19 Midsummer Place Milton Keynes Buckinghamshire MK9 3GB |

MCMANUS PUB CO. LIMITED

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MCMANUS PUB CO. LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 28 JULY 2018

Business review

The principal activity of the Company in the year under review was that of the operation of licensed managed public houses. There have not been any significant changes in the Company's principal activities in the year under review.

The accounts have been drawn up for the year to 28 July 2018.

The Company currently owns eight licensed public houses, four freehold houses, four leasehold houses.

On 8 March 2018 the Company, as part of McManus Pub Group, agreed refinance terms with HSBC UK Bank plc for a 15 year £6,500,000 term loan facility increasing term loan debt by £164,932 on refinance, plus providing the Company a 3 year £1,750,000 revolving credit facility to fund future investment, of which £500,000 had been drawn at year end.

The Company's trading profit for the year, after taxation, amounted to £376,746 (2017 - £567,108). Last year's trading profit included the £98,094 reversal of deferred bank charges.

The Company net assets have decreased by £623,254 to £2,339,756 after the payment of a £1,000,000 dividend during the year.

Principal risks and uncertainties

Cash flow management is a key focus area for the Company, cash flow forecasts are prepared, monitored and continually updated to ensure that liabilities can be paid when due.

Price risk, credit risk, liquidity risk and cash flow risk:

The Company's principal financial instruments comprise bank balances, bank overdrafts, trade creditors and loans to the business. The main purpose of these instruments is to finance the Company's operations.

In respect of bank loans, the liquidity risk is managed by maintaining a balance between continuity of funding and flexibility through the use of overdrafts. All of the Company's cash balances are held in such a way that achieves a competitive rate of interest.

Trade creditors' liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

Loan balances comprise loans from financial institutions and related parties. The interest rate and monthly repayments on the loans from the financial institutions are fixed. The Company manages the liquidity risk by ensuring that there are sufficient funds to meet payments.

MCMANUS PUB CO. LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 28 JULY 2018**

Financial key performance indicators

As shown in the Company's Statement of Income and Retained Earnings on page 8 the Company's sales revenue has increased £31,500, 0.8%.

The Company's other key performance indicators are gross operating margins, labour cost and operating profit conversion. For 2018, due to above inflation direct cost increases and strong price competition the gross sales margin marginally reduced to 75.2% (2017 – 75.3%).

Pub operating labour costs increased £70,826, increasing labour cost as percentage of turnover up from 15.0% to 16.6%.

Operating profit reduced £97,136 reducing operating profit conversion from 14.1% to 11.6%. Operating profit reduced by increased labour and repair & maintenance costs.

The Company's Balance Sheet on page 9 shows the Company's financial position at the year end. The net assets position has decreased by £623,254 to £2,339,756. During the year the Company invested £100,422 into its existing pub estate.

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



G McManus
Director

Date: 07/03/19

**DIRECTORS' REPORT
FOR THE YEAR ENDED 28 JULY 2018**

The directors present their report and the financial statements for the year ended 28 July 2018.

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 year, after taxation, amounted to £376,746 (2017 - £567,108).

During the year the Company paid dividends of £1,000,000 (2017 - £nil).

Directors

The directors who served during the year were:

G McManus
P McManus
C Wright
I Morris

Future developments

Trading conditions are expected to remain competitive but the Company continues to focus on improving its gross margin and cost control to improve net operating margin.

MCMANUS PUB CO. LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 28 JULY 2018**

Disclosure of information to auditor

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

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

Post balance sheet events

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

Auditor

The auditor, MHA MacIntyre Hudson, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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



G McManus
Director

Date: 07/03/19

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF MCMANUS PUB CO. LIMITED

Opinion

We have audited the financial statements of McManus Pub Co. Limited (the 'Company') for the year ended 28 July 2018, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 28 July 2018 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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.

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF MCMANUS PUB CO. LIMITED
(CONTINUED)**

Other information

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

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

We have nothing to report in this regard.

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the 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 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.

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF MCMANUS PUB CO. LIMITED
(CONTINUED)**

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.

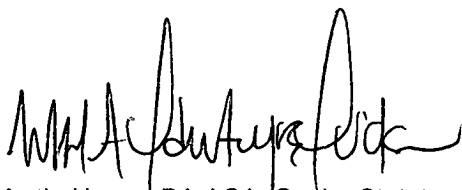
Auditor's responsibilities for the audit of the financial statements

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

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. This description forms part of our Auditor's Report.

Use of our report

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



Martin Herron BA ACA (Senior Statutory Auditor)

for and on behalf of
MHA MacIntyre Hudson

Chartered Accountants
Statutory Auditors

Peterbridge House
The Lakes
Northampton
NN4 7HB

Date: 7 March 2019

MCMANUS PUB CO. LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 28 JULY 2018**

| | Note | 2018 £ | 2017 £ |
|--------------------------------------|------|--------------------|-------------|
| Turnover | 4 | 4,012,259 | 3,980,759 |
| Cost of sales | | (995,193) | (981,982) |
| Gross profit | | 3,017,066 | 2,998,777 |
| Administrative expenses | | (2,552,354) | (2,436,929) |
| Operating profit | 5 | 464,712 | 561,848 |
| Interest payable and expenses | 8 | (5,792) | 90,641 |
| Profit before tax | | 458,920 | 652,489 |
| Tax on profit | 9 | (82,174) | (85,381) |
| Profit for the financial year | | 376,746 | 567,108 |

The notes on pages 12 to 26 form part of these financial statements.

MCMANUS PUB CO. LIMITED
REGISTERED NUMBER: 04204006

BALANCE SHEET
AS AT 28 JULY 2018

| | Note | 2018 £ | 2017 £ |
|---|------|------------------|------------------|
| Fixed assets | | | |
| Tangible assets | 11 | 3,275,975 | 3,221,292 |
| Investments | 12 | 2 | 2 |
| | | <u>3,275,977</u> | <u>3,221,294</u> |
| Current assets | | | |
| Stocks | 13 | 90,906 | 81,131 |
| Debtors: amounts falling due within one year | 14 | 6,946,104 | 6,630,596 |
| Cash at bank and in hand | 15 | 168,739 | 131,452 |
| | | <u>7,205,749</u> | <u>6,843,179</u> |
| Creditors: amounts falling due within one year | 16 | (8,090,305) | (7,041,486) |
| Net current liabilities | | <u>(884,556)</u> | <u>(198,307)</u> |
| Total assets less current liabilities | | <u>2,391,421</u> | <u>3,022,987</u> |
| Creditors: amounts falling due after more than one year | 17 | - | (3,098) |
| Provisions for liabilities | | | |
| Deferred tax | 19 | (51,665) | (56,879) |
| | | <u>(51,665)</u> | <u>(56,879)</u> |
| Net assets | | <u>2,339,756</u> | <u>2,963,010</u> |
| Capital and reserves | | | |
| Called up share capital | 20 | 100 | 100 |
| Non-distributable reserve | 21 | 576,619 | 580,032 |
| Profit and loss account | 21 | 1,763,037 | 2,382,878 |
| | | <u>2,339,756</u> | <u>2,963,010</u> |

MCMANUS PUB CO. LIMITED
REGISTERED NUMBER: 04204006

BALANCE SHEET (CONTINUED)
AS AT 28 JULY 2018

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



G McManus
Director

Date: 07/03/19

The notes on pages 12 to 26 form part of these financial statements.

MCMANUS PUB CO. LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 28 JULY 2018**

| | Called up share capital £ | Non- distributable reserve £ | Profit and loss account £ | Total equity £ |
|--|---------------------------------|---------------------------------------|---------------------------------|--------------------|
| At 1 July 2016 | 100 | 1,671,853 | 723,949 | 2,395,902 |
| Comprehensive income for the year | | | | |
| Profit for the year | - | - | 567,108 | 567,108 |
| Total comprehensive income for the year | - | - | 567,108 | 567,108 |
| Transfer to profit and loss account | - | (1,091,821) | 1,091,821 | - |
| Total transactions with owners | - | (1,091,821) | 1,091,821 | - |
| At 30 July 2017 | 100 | 580,032 | 2,382,878 | 2,963,010 |
| Comprehensive income for the year | | | | |
| Profit for the year | - | - | 376,746 | 376,746 |
| Total comprehensive income for the year | - | - | 376,746 | 376,746 |
| Dividends: Equity capital | - | - | (1,000,000) | (1,000,000) |
| Transfer to profit and loss account | - | (3,413) | 3,413 | - |
| Total transactions with owners | - | (3,413) | (996,587) | (1,000,000) |
| At 28 July 2018 | 100 | 576,619 | 1,763,037 | 2,339,756 |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 JULY 2018**

1. General information

McManus Pub Co Limited is a private company limited by shares, domiciled in England and Wales, registered number 04204006. The registered office and principal place of business is Kingsthorpe Road, Northampton, Northamptonshire, NN2 6HT.

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 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of McManus Pub Group Limited as at 28 July 2018 and these financial statements may be obtained from Companies House.

2.3 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 JULY 2018**

2. Accounting policies (continued)

2.4 Tangible fixed assets

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

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

Depreciation is provided on the following basis:

| | |
|------------------------------|------------------|
| Freehold property | - 2% on cost |
| Long-term leasehold property | - 4% on cost |
| Motor vehicles | - 25% on cost |
| Fixtures and fittings | - 16.67% on cost |

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2.5 Non-distributable reserve

Individual freehold and leasehold properties are carried at deemed cost, having taken the exemption on transition to FRS 102 to use a previous GAAP revaluation as deemed cost.

2.6 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Statement of Comprehensive Income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each Balance Sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

2.7 Stocks

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

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 JULY 2018**

2. Accounting policies (continued)

2.8 Debtors

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

2.9 Cash and cash equivalents

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

2.10 Financial instruments

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

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

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

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

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

2.11 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 JULY 2018**

2. Accounting policies (continued)

2.12 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. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.13 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2.14 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.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.15 Leased assets: the Company as lessee

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of Comprehensive Income so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.16 Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

2.17 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 Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 JULY 2018**

2. Accounting policies (continued)

2.18 Current and deferred taxation

The tax expense for the year 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 balance sheet 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 Balance Sheet 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 balance sheet date.

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

In the application of the Company's accounting policies, which are described in note 2, management is required to make judgments, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying 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 if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

4. Turnover

The whole of the turnover is attributable to the operation of licensed public house.

All turnover arose within the United Kingdom.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 JULY 2018**

5. Operating profit

The operating profit is stated after charging:

| | 2018 | 2017 |
|-------------------------------|-----------------------|----------------|
| | £ | £ |
| Depreciation | 45,739 | 43,365 |
| Other operating lease rentals | 211,754 | 197,815 |
| | <u>257,493</u> | <u>241,180</u> |

6. Auditor's remuneration

| | 2018 | 2017 |
|---|---------------------|--------------|
| | £ | £ |
| Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements | 7,600 | 7,600 |
| | <u>7,600</u> | <u>7,600</u> |

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

7. Employees

Staff costs were as follows:

| | 2018 | 2017 |
|-------------------------------------|-----------------------|----------------|
| | £ | £ |
| Wages and salaries | 636,162 | 569,449 |
| Social security costs | 26,758 | 23,597 |
| Cost of defined contribution scheme | 2,976 | 2,024 |
| | <u>665,896</u> | <u>595,070</u> |

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

| | 2018 | 2017 |
|-------|------------------|-----------|
| | No. | No. |
| Staff | 52 | 46 |
| | <u>52</u> | <u>46</u> |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 JULY 2018**

8. Interest payable and similar expenses

| | 2018 | 2017 |
|--|--------------|-------------|
| | £ | £ |
| Bank interest payable/(repaid) | 262 | (97,706) |
| Finance leases and hire purchase contracts | 1,004 | 2,012 |
| Other interest payable | 4,526 | 5,053 |
| | 5,792 | (90,641) |

9. Taxation

| | 2018 | 2017 |
|--|----------------|-------------|
| | £ | £ |
| Corporation tax | | |
| Current tax on profits for the year | 87,388 | 119,514 |
| Adjustments in respect of previous periods | - | 658 |
| | 87,388 | 120,172 |
| Total current tax | 87,388 | 120,172 |
| Deferred tax | | |
| Origination and reversal of timing differences | (5,214) | (34,791) |
| Total deferred tax | (5,214) | (34,791) |
| Taxation on profit on ordinary activities | 82,174 | 85,381 |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 JULY 2018**

9. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2017 - lower than) the standard rate of corporation tax in the UK of 19% (2017 - 19.67%). The differences are explained below:

| | 2018 £ | 2017 £ |
|---|----------------------|----------------|
| Profit on ordinary activities before tax | <u>458,920</u> | <u>652,489</u> |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.67%) | 87,195 | 128,345 |
| Effects of: | | |
| Adjustments to tax charge in respect of prior periods | - | 658 |
| Short term timing difference leading to an increase (decrease) in taxation | (8,069) | (48,069) |
| Non-taxable income less expenses not deductible for tax purposes, other than goodwill and impairment | 3,048 | 4,447 |
| Total tax charge for the year | <u>82,174</u> | <u>85,381</u> |

10. Dividends

| | 2018 £ | 2017 £ |
|-----------------------------------|-------------------------|-----------|
| Dividends paid on ordinary shares | 1,000,000 | - |
| | <u>1,000,000</u> | <u>-</u> |

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 JULY 2018

11. Tangible fixed assets

| | Freehold property £ | Fixtures and fittings £ | Motor vehicles £ | Long-term leasehold property £ | Total £ |
|--|---------------------------|-------------------------------|------------------------|---|------------------|
| Cost or valuation | | | | | |
| At 30 July 2017 | 2,920,342 | 1,825,528 | 30,253 | 796,938 | 5,573,061 |
| Additions | 18,079 | 82,343 | - | - | 100,422 |
| At 28 July 2018 | <u>2,938,421</u> | <u>1,907,871</u> | <u>30,253</u> | <u>796,938</u> | <u>5,673,483</u> |
| Depreciation | | | | | |
| At 30 July 2017 | 51,013 | 1,717,346 | 30,253 | 553,157 | 2,351,769 |
| Charge for the year on owned assets | 17,091 | 27,680 | - | 968 | 45,739 |
| At 28 July 2018 | <u>68,104</u> | <u>1,745,026</u> | <u>30,253</u> | <u>554,125</u> | <u>2,397,508</u> |
| Net book value | | | | | |
| At 28 July 2018 | <u>2,870,317</u> | <u>162,845</u> | <u>-</u> | <u>242,813</u> | <u>3,275,975</u> |
| At 29 July 2017 | <u>2,869,329</u> | <u>108,182</u> | <u>-</u> | <u>243,781</u> | <u>3,221,292</u> |

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

| | 2018 £ | 2017 £ |
|-----------------------------------|---------------|---------------|
| Furniture, fittings and equipment | 13,696 | 17,793 |
| | <u>13,696</u> | <u>17,793</u> |

MCMANUS PUB CO. LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 JULY 2018**

12. Fixed asset investments

| | Investments in subsidiary companies £ |
|-----------------------|---|
| Cost | |
| At 30 July 2017 | 2 |
| At 28 July 2018 | <u>2</u> |
| Net book value | |
| At 28 July 2018 | <u>2</u> |
| At 29 July 2017 | <u>2</u> |

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

| Name | Class of shares | Holding | Principal activity |
|-----------------------------------|--------------------|---------|-----------------------|
| McManus Pub Co. (2001) Limited | Ordinary | 100 % | Dormant |

The aggregate of the share capital and reserves as at 28 July 2018 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

| | Aggregate of share capital and reserves £ |
|-------------------------------|---|
| McManus Pub Co (2001) Limited | 2 |
| | <u>2</u> |

MCMANUS PUB CO. LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 JULY 2018**

13. Stocks

| | 2018 £ | 2017 £ |
|------------------|---------------|---------------|
| Goods for resale | 90,906 | 81,131 |
| | <u>90,906</u> | <u>81,131</u> |

Stock recognised in cost of sales during the year as an expense was £995,193 (2017 - £981,982).

14. Debtors

| | 2018 £ | 2017 £ |
|------------------------------------|------------------|------------------|
| Trade debtors | 79,469 | 77,190 |
| Amounts owed by group undertakings | 4,595,100 | 4,634,984 |
| Other debtors | 2,078,995 | 1,713,576 |
| Prepayments and accrued income | 192,540 | 204,846 |
| | <u>6,946,104</u> | <u>6,630,596</u> |

15. Cash and cash equivalents

| | 2018 £ | 2017 £ |
|--------------------------|----------------|----------------|
| Cash at bank and in hand | 168,739 | 131,452 |
| | <u>168,739</u> | <u>131,452</u> |

MCMANUS PUB CO. LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 JULY 2018**

16. Creditors: Amounts falling due within one year

| | 2018 £ | 2017 £ |
|---|------------------|------------------|
| Trade creditors | 331,383 | 378,440 |
| Amounts owed to group undertakings | 4,498,008 | 6,085,926 |
| Corporation tax | 205,881 | 181,731 |
| Other taxation and social security | 42,857 | 40,275 |
| Obligations under finance lease and hire purchase contracts | 3,163 | 9,715 |
| Other creditors | 2,669,892 | 9,586 |
| Accruals and deferred income | 339,121 | 335,813 |
| | <u>8,090,305</u> | <u>7,041,486</u> |

A cross guarantee exists on the assets of McManus Holdings Limited, McManus Pub Co. Limited and McManus Managed Pub Co. Limited. The total liability outstanding as at 28 July 2018 was £6,889,747 (2017 - £6,605,000).

Obligations under finance lease and hire purchase contracts are secured on the assets to which they relate.

17. Creditors: Amounts falling due after more than one year

| | 2018 £ | 2017 £ |
|--|-----------|--------------|
| Obligations under finance leases and hire purchase contracts | - | 3,098 |
| | <u>-</u> | <u>3,098</u> |

Obligations under finance lease and hire purchase contracts are secured on the assets to which they relate.

MCMANUS PUB CO. LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 JULY 2018**

18. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

| | 2018 £ | 2017 £ |
|-------------------|--------------|---------------|
| Within one year | 3,163 | 9,715 |
| Between 1-5 years | - | 3,098 |
| | <u>3,163</u> | <u>12,813</u> |

19. Deferred taxation

| | 2018 £ | 2017 £ |
|----------------------------------|---------------|---------------|
| At beginning of year | 56,879 | 163,784 |
| Charged to profit or loss | (5,214) | (34,791) |
| Arising on business combinations | - | (72,114) |
| At end of year | <u>51,665</u> | <u>56,879</u> |

The provision for deferred taxation is made up as follows:

| | 2018 £ | 2017 £ |
|--------------------------------|---------------|---------------|
| Accelerated capital allowances | 51,665 | 56,879 |
| | <u>51,665</u> | <u>56,879</u> |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 JULY 2018**

20. Share capital

| | 2018 £ | 2017 £ |
|--|------------|------------|
| Allotted, called up and fully paid | | |
| 100 (2017 - 100) Ordinary shares of £1.00 each | 100 | 100 |

21. Reserves**Profit and loss account**

The profit and loss account includes all current and prior period retained profits and losses.

Non-distributable reserve

The non-distributable reserve relates to the upward revaluation of tangible fixed assets included in Freehold property from the year ended 26 July 2014, less transfers from the profit and loss accounts for additional depreciation charged in subsequent years and realisation of gains or losses. This is not shown as a revaluation reserve as the Freehold property is included in the financial accounts at deemed cost.

22. Commitments under operating leases

At 28 July 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

| | 28 July 2018 £ | 29 July 2017 £ |
|--|----------------------|----------------------|
| Not later than 1 year | 215,750 | 215,750 |
| Later than 1 year and not later than 5 years | 879,875 | 879,875 |
| Later than 5 years | 1,199,958 | 1,415,708 |
| | 2,295,583 | 2,511,333 |

23. Directors' personal guarantees

Two of the directors have provided personal guarantees of £nil (2017 - £400,000) in respect of the Group's bank borrowings.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 JULY 2018**

24. Related party transactions

Entities over which the entity has control, joint control or significant influence

During the year the Company has been charged from entities over which it has significant influence rentals of £150,004 (2017 - £135,640).

As at the year end the Company was owed £1,964,162 (2017 - £1,635,626) from entities over which it has significant influence.

As at the year end the Company owed £2,661,246 (2017 - £nil) from entities over which it has significant influence.

Monies due to or from entities over which the Company has significant influence are unsecured, to be settled in cash, due on demand and incur no interest charges.

25. Controlling party

The immediate controlling company is McManus Holdings Limited, by virtue of its 100% shareholding in the Company. The ultimate controlling company is McManus Pub Group Limited by virtue of its 100% shareholding in McManus Holdings Limited. McManus Pub Group Limited is both the smallest and largest group of undertakings for which group accounts are drawn up. The ultimate controlling party is G McManus, by virtue of his 65% shareholding in McManus Pub Group Limited.

The Company is exempt from the obligation to prepare and deliver group accounts as it is included in the consolidated financial accounts of McManus Pub Group Limited.