Amber Taverns Limited

Annual report and financial statements

Company registered number 05335601

1 February 2015

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Company information

Directors	G B Wardman J E Baer J Jones G Roberts C H Preston
Company Secretary	J Jones
Registered number	05335601
Registered office	The Victory Offices 112 Victory Road Blackpool FY1 3NW
Independent Auditors	KPMG LLP Edward VII Quay Navigation Way Preston PR2 2YF
Bankers	HSBC Bank Plc Level 6 Metropolitan House, CBX3, 321 Avebury Boulevard, Milton Keynes, MK9 2GA
Solicitors	Wragge Lawrence Graham & Co LLP 4 More London Riverside, London, SE1 2AU

Strategic Report

Principal activity and review of business

The principal activity of the Company during the year was that of public house management.

The directors are pleased to report sales of £43,337,307 (*2014: £36,869,994*), a 17.5% increase over the previous year.

Operating Profit before exceptional items was £6,436,530 (*2014: £5,578,783*), an increase of 15.4%.

Following the change of ownership in May 2014 the Company had a full valuation of its freehold property, these valuations have been adopted which has generated an increase in the revaluation reserve to £19,995,260 (*2014: £17,693,892*).

Following an impairment review it was agreed that an impairment charge of £410,000 (*2014: £100,000*) was required at the year end. The directors believe the estate carrying value to be appropriate.

Principal risks and uncertainties

Economic environment risk

With the improvement in consumer sentiment and improvements in the economic trading environment generally, the board believes their robust performance driven by their emphasis on quality and value for money should continue and provide confidence to all stakeholders in the business.

The Company has continued to acquire some closed public houses in good locations at competitive prices, but has seen an increasing number of acquisitions of sites in good locations which are trading. During the year both have proven to be successful acquisition strategies with returns exceeding target and the Company intends to continue to consider acquisitions on a site by site basis.

Regulatory risk

The sector in which the Company operates has been subject to a high level of regulation over recent years. A 1p a pint reduction was announced in the 2015 budget matching the announcement in 2014. This continues to help in maintaining margins on beer sales which are the largest volume product in our sales mix, however any future changes to the alcohol duty escalator on other products could add increased pressure on the Company's sales and margins.

Financial risk management objectives and policies

The Company's operations expose it to a variety of financial risks that include the effects of changes in debt market prices, credit risk, liquidity risk and interest rate risk. The Company has in place a risk management programme that seeks to limit the adverse effect on the financial performance of the Company by monitoring levels of debt finance and the related finance costs. The Company uses an interest cap to mitigate interest rate risk. The majority of sales are cash based transactions and therefore the company is not exposed to credit risk. Financial performance in monitored by finance and operational directors on a weekly and monthly basis.

Future developments

It is anticipated that the Company's portfolio will continue to grow as further acquisition and development opportunities arise.

Strategic Report *(continued)*

Financial key performance indicators

	Year ended 1 February 2015 £000	Year ended 2 February 2014 £000
Turnover	**43,337**	36,870
Company EBITDA (1)	**9,136**	7,609
Unit EBITDA (2)	**11,293**	9,443
Operating Profit before Exceptional Items	**6,437**	5,579
	2015 No	2014 No
Owned public houses at Year End	**102**	93

(1) Company earnings before interest, tax, depreciation and amortisation (EBITDA) is calculated based on the operating profit plus depreciation and amortisation charge as per management information.

(2) Unit EBITDA is calculated based on Company EBITDA plus central overhead costs

At the beginning of 2014/15 the Company owned 93 units. A further 10 units were acquired during the year and one site in Congleton was disposed of. Eight of the new sites were trading at 1 February 2015. The estate then consisted of 100 trading freehold public houses with a further two sites being refurbished Following the year end the acquisition of six further sites have been completed which are due to open between May and August. This will take the estate to 108 units.

In May 2014, in conjunction with the change in ownership the Company secured funding from HSBC Bank Plc in the form of a term loan. In March 2015 it secured a revolving credit facility to facilitate its expansion program under its new ownership. These facilities are due to expire at the end of May 2019.

The directors remain confident that the Company's well proven formula of a value offer in a modern community pub environment will generate further significant growth in profits in 2015-16 and that the Company will continue to develop and expand it's offering in the changing economic climate successfully.

By order of the board

J Jones
Director

14th May 2015

Directors' Report

The directors present their report and the financial statements for the year ended 1 February 2015.

Results and Dividends

The profits for the year, after taxation, amounted to £4,580,568 (*2014: £3,905,588*).

No dividends have been paid in the year.

Directors

The directors who served during the year were:

G B Wardman
J E Baer
J Jones
G Roberts
C H Preston

Qualifying third party indemnity provisions

The directors benefited from qualifying indemnity insurance policies in place during the financial year.

Going concern

The Company is part of a group headed by Ingleby (1951) Limited which has positive net assets at the balance sheet date, and has indicated its intention to provide ongoing support to the subsidiaries of the group for at least 12 months and thereafter for the foreseeable future.

In light of the above, the Directors, having considered the current trading prospects, identifiable risks, working capital requirements and the availability of finance, are of the opinion that the Company is a going concern. The accounts have been prepared on this basis.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

During the year Grant Thornton UK LLP resigned and KPMG LLP were appointed as auditor.

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the Board

J Jones
Director

The Victory Office
112 Victory Road
Blackpool
Lancashire
FY1 3NW
14th May 2015

Statement of Directors' responsibilities in relation to the Strategic Report, Directors' Report and the financial statements

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

KPMG

Independent auditor's report to the members of Amber Taverns Limited

We have audited the financial statements of Amber Taverns Limited for the year ended 1 February 2015 set out on pages 8 to 17. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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.

Respective responsibilities of directors and auditor

As explained more fully 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 Ethical Standards for Auditors.

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 www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 1 February 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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.

Independent auditor's report to the members of Amber Taverns Limited *(continued)*

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, 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.

Stephen Dunn (Senior Statutory Auditor)
for and on behalf of KPMG LLP
Statutory Auditor
Chartered Accountants
Edward VII Quay
Navigation Way
Ashton-on-Ribble
Preston
PR2 2YF

15 May 2015

Profit and Loss Account
for the year ended 1 February 2015

	Note	2015 £	2014 £
Turnover	*1,2*	**43,337,307**	36,869,994
Cost of sales		**(17,011,835)**	(14,444,509)
Gross profit		**26,325,472**	22,425,485
Administrative expenses – normal	4	**(19,939,733)**	(16,881,070)
Administrative expenses - exceptional	4	**(824,647)**	(100,000)
Total administrative expenses		**(20,764,380)**	(16,981,070)
Other operating income	3	**50,791**	34,368
Operating profit		**5,611,883**	5,478,783
Interest receivable and similar income	*7*	**267**	14,512
Interest payable and similar charges	*7*	**(346,810)**	(948,744)
Profit on ordinary activities before taxation		**5,265,340**	4,544,551
Taxation on profit for the year	*8*	**(684,772)**	(638,963)
Profit for the financial period	*16*	**4,580,568**	3,905,588

All amounts relate to continuing activities.

The notes on pages 11 to 17 form an integral part of these financial statements.

Statement of Total Recognised Gains and Losses

for the year ended 1 February 2015

	2015	2014
	£	£
Profit for the financial year	**4,580,568**	3,905,588
Unrealised surplus on revaluation of tangible fixed assets	**1,969,352**	2,640,310
Total recognised gains and losses for the year	**6,549,920**	6,545,898

Note of Historical Cost Profits and Losses

for the year ended 1 February 2015

	2015	2014
	£	£
Reported profit on ordinary activities before taxation	**5,265,340**	4,544,551
Difference between a historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	**146,167**	45,350
Historical cost profit on ordinary activities before taxation	**5,411,507**	4,589,901
Historical profit on ordinary activities after taxation	**4,726,735**	3,950,938

The notes on pages 11 to 17 form an integral part of these financial statements.

Balance Sheet
at 1 February 2015

	Note	2015 £	2015 £	2014 £	2014 £
Fixed assets					
Tangible assets	9		**71,525,264**		61,399,899
Current assets					
Stocks	10	**1,863,085**		1,771,872	
Debtors	11	**870,732**		797,728	
Cash and bank balances		**1,240,541**		1,214,907	
		3,974,358		3,784,507	
Creditors due within one year	12	**(36,966,317)**		(13,157,971)	
Net current liabilities			**(32,991,959)**		(9,373,464)
Total assets less current liabilities			**38,533,305**		52,026,435
Creditors due after one year	13		**-**		(20,358,118)
Provisions for liabilities	14		**(1,340,068)**		(1,025,000)
Net Assets			**37,193,237**		30,643,317
Capital and reserves					
Called up share capital	15		**3,234,298**		3,234,298
Share premium account	16		**984,298**		984,298
Revaluation reserve	16		**19,995,260**		17,693,892
Profit and loss account	16		**12,979,381**		8,730,829
Shareholders' funds	17		**37,193,237**		30,643,317

The notes on pages 11 to 17 form an integral part of these financial statements.

The financial statements were approved and authorised by the board on 14th May 2015 and were signed on its behalf by:

J Jones
Director

Company registered number: 05335601

Notes to the Financial Statements

1 Accounts Policies

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules, modified to include the revaluation of land and buildings.

As the Company is a wholly owned subsidiary of Ingleby (1951) Limited, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of the group..

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

Going concern

The Company is part of a group headed by Ingleby (1951) Limited which has positive net assets at the balance sheet date, and has indicated its intention to provide ongoing support to the subsidiaries of the group for at least 12 months and thereafter for the foreseeable future.

In light of the above, the Directors, having considered the current trading prospects, identifiable risks, working capital requirements and the availability of finance, are of the opinion that the Company is a going concern. The accounts have been prepared on this basis.

Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

Turnover is recognised when the significant risks and benefits of ownership of the goods have transferred to the customer.

Tangible fixed assets and depreciation

Depreciation is provided to write off the cost or valuation less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Freehold buildings	-	1% straight line
Fixtures and fittings	-	10% straight line

No depreciation is provided on freehold land.

Where there is evidence of impairment, fixed assets are written down to their recoverable amounts. Any such write down would be charged to operating profit.

Revaluation of tangible fixed assets

The revaluation model is adopted for individual freehold and leasehold properties. A full valuation is obtained from a qualified valuer for each property every five years, with an interim valuation three year after the previous full valuation, and in any year where it is likely that there has been a material change in value.

Revaluation gains and losses are recognised in the statement of total recognised gains and losses unless losses exceed the previously recognised gains and reflect a clear consumption of economic benefits, in which case the losses are recognised in the Profit and Loss account.

Stocks

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

Taxation

The charge for taxation is based on the profit or loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Notes *(continued)*

2 Turnover

The whole of the turnover is attributable to the principal activity of the company.

All turnover arose from within United Kingdom.

3 Other Operating profit

	Year ended 1 February 2015	Year ended 2 February 2014
	£	£
Rents receivable	**50,791**	34,368

4 Operating profit

	Year ended 1 February 2015	Year ended 2 February 2014
	£	£
Operating profit is stated after charging:		
Depreciation of tangible fixed assets		
- Owned by company	**2,106,767**	1,703,000
Auditors remunerations – audit	**13,000**	13,500
Auditors remunerations – taxation	**6,000**	10,380
Loss on disposal of tangible fixed assets	**34,868**	72,659
Administrative expenses – exceptional		
- Impairment of tangible fixed assets	**410,000**	100,000
- Exceptional financing costs	**414,647**	-

5 Staff costs

	Year ended 1 February 2015	Year ended 2 February 2014
	£	£
Wages and salaries	**1,295,154**	1,014,916
Social security costs	**116,679**	105,554
Other pension costs	**22,775**	31,718
	1,434,608	1,152,188

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

	Year ended 1 February 2015	Year ended 2 February 2014
	No	No
Number of administration staff	**26**	22
Number of temporary staff	**7**	9
	33	31

Notes *(continued)*

6 Directors' remuneration

	Year ended 1 February 2015 £	Year ended 2 February 2014 £
Remuneration	**584,841**	562,155
Company contributions to money purchase schemes	**45,860**	31,718
	630,701	593,873

The highest paid director received remunerations of £144,678 (*2014: £138,274*)

7 Interest receivable/(payable)

	Year ended 1 February 2015 £	Year ended 2 February 2014 £
Interest receivable		
Other	**267**	14,512
Interest Payable		
On bank loans and overdrafts	**-**	877,843
Other similar charges	**346,810**	70,901
	346,810	948,744

8 Taxation

Analysis of tax charge in the year

	Year ended 1 February 2015 £	Year ended 2 February 2014 £
Current tax		
UK corporation tax charge on profit for the year	**369,704**	645,000
Adjustments in respect of prior years	**-**	(90,709)
Total current tax	**369,704**	554,291
Deferred tax		
Origination and reversal of timing differences – *see note 14*	**315,068**	84,672
Tax on profit of ordinary activities	**684,772**	638,963

Notes *(continued)*

8 Taxation *(continued)*

Factors affecting tax charge for the year

The tax assessed for the year is lower than (*2013: lower than*) the standard rate of corporation tax in the UK of 21.3% *(2013: 23.0%)*. The differences are explained below:

	Year ended 1 February 2015 £	Year ended 2 February 2014 £
Profit on ordinary activities before tax	**5,265,340**	4,544,551
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.3% (*2013: 23.0%*)	**1,125,517**	1,045,247
Effects of:		
Non-tax deductible impairment	**87,330**	23,000
Expenses not deductible for tax purposes, other than impairment	**20,469**	97,654
Capital allowances for the year in excess of depreciation	**(128,967)**	(184,137)
Adjustments to tax charge in respect of prior periods	**-**	(90,709)
Change in tax rate	**-**	4,483
Group relief received	**(734,645)**	(341,247)
Current tax charge for the year	**369,704**	554,291

Factors that may affect future current and total tax charges

Reductions in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) and to 23% (effective 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the company's future current tax charge accordingly.

9 Tangible fixed assets

	Freehold industrial premises £	**Fixtures and fittings £**	**Total £**
Cost or valuation:			
At 2 February 2014	52,981,956	13,078,039	66,059,995
Reclassification	(783,154)	783,154	-
Additions	7,202,285	3,642,623	10,844,908
Disposals	(62,408)	(232,029)	(294,437)
Revaluation	1,559,352	-	1,559,352
At 1 February 2015	60,898,031	17,271,787	78,169,818
Depreciation:			
At 2 February 2014	759,572	3,900,524	4,660,096
Charge for the year	590,993	1,515,774	2,106,767
On disposals	(5,956)	(116,353)	(122,309)
At 1 February 2015	1,344,609	5,299,945	6,644,554
Net book value			
At 1 February 2015	**59,553,422**	**11,971,842**	**71,525,264**
At 2 February 2014	52,222,384	9,177,515	61,399,899

Notes *(continued)*

9 Tangible fixed assets *(continued)*

Details of reclassification
During the year the directors performed an assessment of the carrying value fixed assets, and determined that a reclassification of the cost value of fixtures and fittings to land and buildings was required.

Detail of revaluation
A revaluation has been performed of the land and buildings at 30 April 2014 and on a rolling basis by CBRE Limited, external and independent Chartered Surveyors, in accordance with the RICS appraisal and valuation standards published by the Royal Institute of Chartered Surveyors. Arising from this valuation exercise was an upwards revaluation of £1,969,352 which has been recognised in the Statement of Total Recognised Gains and Losses and an impairment charge of £410,000 has been recognised in the profit and loss account.

The historical cost of the freehold land and buildings included at valuation is £44,073,954 (*2014: £36,871,669*) and accumulated historical cost deprecation is £2,361,829 (*2014: £1,778,961*). As such, the historical cost net book value of the freehold land and buildings is £41,712,125 (*2014: £35,092,708*).

10 Stocks

	Year ended 1 February 2015	Year ended 2 February 2014
	£	£
Goods for resale	**1,863,085**	1,771,872

11 Debtors

	Year ended 1 February 2015	Year ended 2 February 2014
	£	£
Trade debtors	**13,862**	11,416
Other debtors	**458,533**	290,374
Prepayments and accrued income	**388,082**	495,938
Corporation tax debtor	**10,255**	-
	870,732	797,728

12 Creditors:

Amount falling due within one year

	Year ended 1 February 2015	Year ended 2 February 2014
	£	£
Bank loans	-	1,000,000
Trade creditors	**2,967,071**	2,490,095
Amounts owed to group undertakings	**32,635,158**	8,045,021
Corporation tax	-	189,276
Other taxation and social security	**430,777**	353,045
Other creditors	-	229,118
Accruals and deferred income	**933,311**	851,416
	36,966,317	13,157,971

The loans with Lloyds Bank PLC were fully repaid on 28 May 2015 following acquisition of Amber Taverns Limited by Ingleby (1951) Limited.

Notes *(continued)*

13 Creditors:

Amount falling due after more than one year

	Year ended 1 February 2015 £	Year ended 2 February 2014 £
Bank loans	-	20,358,118

Included within the above are amounts falling due as follows:

	Year ended 1 February 2015 £	Year ended 2 February 2014 £
Between one and two years		
Bank loans	-	1,000,000
Between two and five years		
Bank loans	-	19,358,118

The loans with Lloyds Bank PLC were fully repaid on 28 May 2015 following acquisition of Amber Taverns Limited by Ingleby (1951) Limited. Loan financing to the group is now provided by Ingleby (1952) Limited

14 Deferred taxation

	Year ended 1 February 2015 £	Year ended 2 February 2014 £
At the beginning of the year	**1,025,000**	940,328
Charge for the year	**315,068**	84,672
At the end of year	**1,340,068**	1,025,000

The provision for deferred taxation is made up as follows

	Year ended 1 February 2015 £	Year ended 2 February 2014 £
Accelerated capital allowance	**1,340,068**	1,025,000

15 Share capital

	Year ended 1 February 2015 £	Year ended 2 February 2014 £
Allotted, called up and fully paid		
6,468,596 Ordinary shares of £0.50 each	**3,234,298**	3,234,298

Notes *(continued)*

16 Reserves

	Share premium account £	Revaluation Reserve £	Profit and loss account £
At 2 February 2014	984,298	17,693,892	8,730,829
Profit for the year	-	-	4,580,568
Surplus on revaluation of freehold property	-	1,969,352	-
Transfer between Revaluation reserve and profit and loss account	-	332,016	(332,016)
At 1 February 2015	**984,298**	**19,995,260**	**12,979,381**

17 Reconciliation of movement in shareholders' funds

	Year ended 1 February 2015 £	Year ended 2 February 2014 £
Opening shareholders' funds	**30,643,317**	24,097,419
Profit for the financial year	**4,580,568**	3,905,588
Other recognised gains and losses during the year	**1,969,352**	2,640,310
Closing shareholders' funds	**37,193,237**	30,643,317

18 Capital commitments

At 1 February 2015 the company had commitments of £1,022,000 (*2014: £205,000*) in respect of land and buildings.

19 Ultimate parent undertaking and controlling related party

The ultimate parent company is Ingleby (1951) Limited, which is the largest group in which the Company is a member and for which Group Financial Statements are drawn up. Ingleby (1951) Limited is registered in England. Copies of the consolidated financial statements of Ingleby (1951) Limited can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.