Registered number: 06321367

GRAYSONS VENUES LIMITED (FORMERLY GRAYSONS RESTAURANTS LIMITED)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

GRAYSONS VENUES LIMITED (FORMERLY GRAYSONS RESTAURANTS LIMITED)

COMPANY INFORMATION

Directors	Sir F H Mackay T P O'Neill B H C Watson
Company secretary	B H C Watson
Registered number	06321367
Registered office	Devon House Anchor Street Chelmsford Essex CM2 0GD
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 80 Compair Crescent Ipswich Suffolk IP2 0EH
Bankers	The Royal Bank of Scotland 27 Park Row Leeds LS1 5QB
Solicitors	Broomhead Commercial 11 Hammet Street Taunton Somerset TA1 1RZ

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STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017

Business review

Whilst this entity has recently changed its name the trade of this entity for 2017 continued to be that of the Business and Industry contracts historically traded under the Graysons Restaurants banner.

Led by Managing Director Tim O'Neill, Graysons Restaurants continues to focus on the business and industry contract catering sector providing tailor made staff and public restaurants, cafés, and hospitality and event services to a wide range of corporate clients including the financial sector, media and cultural sectors as well as bespoke manufacturing organisations.

The management team have focussed on successfully retaining existing contracts, including the significant BMW UK Group contract renewed at the end of 2017, as well as delivering further organic new contract growth in the period.

The Company has benefited during the year from the integration and a full year of trading of The Francis Crick Institute and The British Library contracts, both adjacent to St Pancras International station in Central London.

The ethos of the business continues to be to utilise fresh produce from selected local suppliers whilst continually attracting and developing talented people to deliver bespoke modern food service environments for our clients. The company also recognises its responsibilities to the environment as well as ensuring the quality of its services and is accredited with both ISO 9001, ISO 14001 and ISO 22001.

Taking account of the maturation of the recent new contract additions and the resulting enhanced ability of the company to win further new contracts, together with the ability to successfully develop and renew existing client relationships, the directors consider that future periods will show further growth in sales and gross profit.

Principal risks and uncertainties

The majority of the company's turnover is derived from contractual revenue streams which, whilst not all guaranteed, have a reasonable degree of certainty in normal circumstances. Whilst it is often the case that certain contracts in the business will be due for renewal during the year we manage this process carefully and key client contract relationships are strong. Historically the company has been successful in renewing key client relationships.

The retention of key management in the company is important to maintain these relationships and to provide continuity and consistency and the company has demonstrated its ability to retain these key individuals with a management structure that is largely unchanged since June 2013.

Financial key performance indicators

The Directors consider the key performance indicators of the company to be Turnover, Gross Profit and Operating Profit (before group management fees and exceptional items).

Turnover for the year was £14,120,000 (2016: £10,123,000). Gross profit for the year was £8,714,000 (2016: £6,206,000). Operating Profit for the year (before group management fees and exceptional items) was £354,000 (2016: £565,000).

There has been a significant growth in both Turnover and Gross Profit since last year. Whilst the underlying Operating Profit before group management fees and Exceptional items has slightly decreased since last year this was due to some one off mobilisation costs for the new contracts.

Based on the above, the directors are pleased with the performance of the company overall.

Financial risk management

The company's principal financial instruments comprise intra group borrowings, cash and short-term deposits. The main purpose of these financial instruments is to provide finance for the company's operations. The company has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations. The company does not enter into derivative transactions.

It is, and has been throughout the period under review, the company's policy that no trading in financial instruments shall be undertaken. The main risks arising from the company's financial instruments are liquidity risk, and credit risk. The board reviews and agrees policies for managing each of these risks and they are summarised below.

Liquidity risk
The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The group directors prepare detailed cash flow forecasts incorporating all companies within the group and funds are transferred around the group to ensure sufficient liquidity is maintained at all times.

Credit risk
The company trades with only recognised, creditworthy third parties. It is company policy that all customers who wish to trade on credit terms are subject to credit vetting procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the company's exposure to bad debts is not significant.

Going concern

The financial statements show the company with net current liabilities and net liabilities. The financial statements have been prepared on a going concern basis, which assumes that the company has sufficient resources to enable it to continue operating and to meet its liabilities as they fall due. The directors believe the going concern assumption to be appropriate for the reasons set out below.

As part of the Graysons Hospitality group's banking arrangements, the company has entered into multi-lateral guarantee with the other companies in the group and as such the ultimate parent undertaking has pledged, in the ordinary course of business, to continue to offer financial support for the foreseeable future and confirmed this in writing to the directors in a letter of support.

The group directors have prepared cash flow forecasts for 18 months from the date of signing these financial statements. The directors believe the forecasts to be prudent and have been sensitised to take account of known and potential risks. The underlying assumption for the purposes of these forecasts is that the group will continue to trade at a similar level to that of its current position. Given the contractual nature of the group's business and based on the historical trading of those elements that are not contractual, the directors consider this assumption to be reasonable. These forecasts demonstrate the ability of the group to operate well within its existing facilities.

Further to this the group continues to be very active in tendering for new contracts and as a result of that activity reasonably expects to gain further new business following recent contract additions in 2017 but is not reliant upon this to support the basis of preparation of the forecasts.

For the reasons laid out above the Board continues to adopt the going concern basis in preparing these financial statements.

This report was approved by the board on 25/7/18 and signed on its behalf.

Sir F H Mackay
Director

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their report and the financial statements for the year ended 31 December 2017.

Results and dividends

The loss for the year, after taxation, amounted to £726 thousand *(2016: loss £660 thousand)*.

Directors

The directors who served during the year were:

Sir F H Mackay
T P O'Neill
B H C Watson

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 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 and then apply them consistently;
- make judgements 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 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disabled employees

The company continues to support the employment of disabled persons, wherever practicable, and to ensure that they share in the training, career development and promotion opportunities available to all employees.

Matters covered in the strategic report

Future developments and financial instruments are discussed in the Strategic report.

Disclosure of information to auditor

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 25/7/18 and signed on its behalf.

Sir F H Mackay
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GRAYSONS VENUES LIMITED (FORMERLY GRAYSONS RESTAURANTS LIMITED)

Opinion

We have audited the financial statements of Graysons Venues Limited (Formerly Graysons Restaurants Limited) for the year ended 31 December 2017, which comprise the Profit and Loss Account, 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 31 December 2017 and of its loss 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Who we are reporting to

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.

Grant Thornton

Conclusions relating to going concern

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our 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 the Companies Act 2006

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.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement on page 4, 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.

GrantThornton

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GRAYSONS VENUES LIMITED (FORMERLY GRAYSONS RESTAURANTS LIMITED) (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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. The description forms part of our Auditor's Report.

Grant Thornton UK LLP

James Brown LLB ACA (Senior Statutory Auditor)
for and on behalf of
Grant Thornton UK LLP
Chartered Accountants
Statutory Auditor
Ipswich
Date:

27 July 2018

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 £000	*2016 £000*
Turnover	4	**14,120**	*10,123*
Cost of sales		**(5,406)**	*(3,917)*
Gross profit		**8,714**	*6,206*
Administrative expenses		**(9,313)**	*(6,416)*
Exceptional administrative expenses		**(118)**	*(450)*
Operating loss	5	**(717)**	*(660)*
Tax on loss	9	**(9)**	-
Profit/(loss) for the period		**(726)**	*(660)*

There were no recognised gains and losses for 2017 or 2016 other than those included in the Profit and Loss Account.

The notes on pages 14 to 28 form part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 £000	*2016* *£000*
Loss for the financial year		**(726)**	*(660)*
Other comprehensive income			
Total comprehensive income for the year		**(726)**	*(660)*

There were no recognised gains and losses for 2017 or 2016 other than those included in the Profit and Loss Account.

The notes on pages 14 to 28 form part of these financial statements.

BALANCE SHEET
AS AT 31 DECEMBER 2017

	Note		2017 £000		2016 £000
Fixed assets					
Intangible assets	10		**58**		-
Tangible assets	11		**696**		*269*
Current assets					
Stocks	12	**242**		*231*	
Debtors: amounts falling due within one year	13	**6,454**		*5,625*	
Cash at bank and in hand	14	**144**		*209*	
		6,840		*6,065*	
Creditors: amounts falling due within one year	15	**(7,720)**		*(5,737)*	
Net current (liabilities)/assets			**(880)**		*328*
Total assets less current liabilities			**(126)**		*597*
Creditors: amounts falling due after more than one year	16		**(125)**		*(122)*
Net (liabilities)/assets			**(251)**		*475*
Capital and reserves					
Profit and loss account	20		**(251)**		*475*
			(251)		*475*

The financial statements were approved and authorised for issue by the board and were signed on its behalf on - 25/7/18

Sir F H Mackay
Director

The notes on pages 14 to 28 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 January 2016	-	1,135	1,135
Loss for the year	-	(660)	(660)
Total comprehensive income for the year	-	(660)	(660)
At 1 January 2017	-	475	475
Loss for the year	-	(726)	(726)
Total comprehensive income for the year	-	(726)	(726)
At 31 December 2017	-	(251)	(251)

The notes on 14 to 28 form part of these financial statements.

1. General information

Graysons Restaurants Limited is a private company, limited by shares and incorporated in England and Wales. Its registered head office is located at Devon House, Anchor Street, Chelmsford, Essex, CM2 0GD.

The principal activity was the provision of catering services.

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 financial statements are prepared using GBP sterling and have been rounded to the nearest thousand.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The company has taken advantage of exemptions in respect of presenting a statement of cash flow, key management personnel compensation and certain financial instrument disclosures.

The following principal accounting policies have been applied:

2.2 Going concern

The financial statements show the company with net current liabilities and net liabilities. The financial statements have been prepared on a going concern basis, which assumes that the company has sufficient resources to enable it to continue operating and to meet its liabilities as they fall due. The directors believe the going concern assumption to be appropriate for the reasons set out below.

As part of the Graysons Hospitality group's banking arrangements, the company has entered into multi-lateral guarantee with the other companies in the group and as such the ultimate parent undertaking has pledged, in the ordinary course of business, to continue to offer financial support for the foreseeable future and confirmed this in writing to the directors in a letter of support.

The group directors have prepared cash flow forecasts for 18 months from the date of signing these financial statements. The directors believe the forecasts to be prudent and have been sensitised to take account of known and potential risks. The underlying assumption for the purposes of these forecasts is that the group will continue to trade at a similar level to that of its current position. Given the contractual nature of the group's business and based on the historical trading of those elements that are not contractual, the directors consider this assumption to be reasonable. These forecasts demonstrate the ability of the group to operate well within its existing facilities.

2. Accounting policies (continued)

2.2 Going concern (continued)

Further to this the group continues to be very active in tendering for new contracts and as a result of that activity reasonably expects to gain further new business following recent contract additions in 2017 but is not reliant upon this to support the basis of preparation of the forecasts.

For the reasons laid out above the Board continues to adopt the going concern basis in preparing these financial statements.

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.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2. Accounting policies (continued)

2.4 Intangible assets

Intangible contract costs

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

2.5 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.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

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:

Fixtures and fittings and plant and machinery	- 20% straight line
Office equipment	- 33% straight line
Leasehold additions	- Over the life of the lease

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 Profit and Loss Account.

2. Accounting policies (continued)

2.6 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.

2.7 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.

2.8 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.

2.9 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.10 Operating leases

Rentals paid under operating leases are charged to the Profit and Loss Account 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.

2.11 Financial instruments

The company only enters into basic financial instruments 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 and loans to related parties.

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 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

2. Accounting policies (continued)

2.11 Financial instruments (continued)

discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

2.12 Leased assets

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 Profit and Loss Account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.13 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 Profit and Loss Account 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.

2.14 Borrowing costs

All borrowing costs are recognised in the Profit and Loss Account in the year in which they are incurred.

2. Accounting policies (continued)

2.15 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Profit and Loss Account, 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.

2.16 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the company but are presented separately due to their size or incidence.

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

The directors believe there are no significant judgements or estimates.

4. Turnover

All turnover arose within the United Kingdom.

5. Operating loss

The operating loss is stated after charging:

	2017 £000	*2016 £000*
Depreciation of tangible fixed assets (owned)	**154**	*14*
Exceptional administrative expenses	**118**	*450*
Management charge	**953**	*775*
Operating lease expense	**12**	*8*

Exceptional administrative expenses in the prior year relate to the forgiveness of amounts owed by related undertakings, whereas in the current year these relate to one off bad debts.

6. Auditor's remuneration

	2017 £000	*2016 £000*
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	**10**	*9*

7. Employees

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

	2017 £000	2016 £000
Wages and salaries	5,343	3,620
Social security costs	397	290
Other pension costs	78	45
	5,818	3,955

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

	2017 No.	2016 No.
Management staff	23	22
Catering staff	277	202
	300	224

8. Directors' remuneration

	2017 £000	2016 £000
Directors' emoluments	137	145

9. Taxation

	2017 £000	*2016 £000*
Deferred tax		
Origination and reversal of timing differences	9	-
Taxation on profit on ordinary activities	**9**	-

Factors affecting tax charge for the year

The tax assessed for the year is higher than *(2016: higher than)* the standard rate of corporation tax in the UK of 19.25% *(2016: 20%)*. The differences are explained below:

	2017 £000	*2016 £000*
Loss on ordinary activities before tax	**(717)**	*(660)*
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016: 20%)	**(138)**	*(132)*
Effects of:		
Adjustments to tax charge in respect of prior periods	12	-
Net expenses not deductible for tax purposes	9	*132*
Group relief	126	-
Total tax charge for the year	**9**	-

10. Intangible assets

	Intangible assets £000
Cost	
Additions	**58**
At 31 December 2017	**58**
Net book value	
At 31 December 2017	**58**
At 31 December 2016	*-*

11. Tangible fixed assets

	Plant, Machinery, Fixtures and fittings £000	Office equipment £000	Leasehold additions £000	Total £000
Cost or valuation				
At 1 January 2017	**327**	**5**	**44**	**376**
Additions	**576**	**5**	**-**	**581**
At 31 December 2017	**903**	**10**	**44**	**957**
Depreciation				
At 1 January 2017	**105**	**2**	**-**	**107**
Charge for the year	**153**	**1**	**-**	**154**
At 31 December 2017	**258**	**3**	**-**	**261**
Net book value				
At 31 December 2017	**645**	**7**	**44**	**696**
At 31 December 2016	*222*	*3*	*44*	*269*

11. Tangible fixed assets (continued)

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

	2017 £000	*2016* *£000*
Plant, machinery, fixtures and fittings	**276**	*150*

12. Stocks

	2017 £000	*2016* *£000*
Finished goods and goods for resale	**242**	*231*

Stock recognised in cost of sales during the year as an expense was £5,406,229 *(2016: £3,916,507).*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

13. Debtors

	2017 £000	*2016 £000*
Trade debtors	**1,809**	*1,649*
Amounts owed by group undertakings	**3,693**	*3,035*
Other debtors	**276**	*103*
Prepayments and accrued income	**666**	*819*
Deferred taxation	**10**	*19*
	6,454	*5,625*

Included within trade debtors is £1,498,096 *(2016: £1,238,000)* offered as security under an invoice discounting facility.

14. Cash and cash equivalents

	2017 £000	*2016 £000*
Cash at bank and in hand	**144**	*209*
Less: bank overdrafts	**(1,089)**	*(1,004)*
	(945)	*(795)*

15. Creditors: Amounts falling due within one year

	2017 £000	*2016 £000*
Bank overdrafts	**1,089**	*1,004*
Trade creditors	**1,562**	*1,260*
Amounts owed to group undertakings	**3,445**	*2,275*
Other taxation and social security	**614**	*480*
Obligations under finance lease and hire purchase contracts	**116**	*45*
Other creditors	**567**	*436*
Accruals and deferred income	**327**	*237*
	7,720	*5,737*

Bank loans and overdrafts are secured by the assets of the company and by a cross guarantee provided by other members of the Graysons Hospitality Limited group.

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

	2017 £000	*2016 £000*
Other loans	-	*17*
Net obligations under finance leases and hire purchase contracts	125	*105*
	125	*122*

17. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2017 £000	*2016 £000*
Within one year	116	*45*
Between 1-2 years	121	*50*
Between 2-5 years	4	*55*
	241	*150*

18. Deferred taxation

	2017 £000
At beginning of year	19
Charged to profit or loss	(9)
At end of year	10

The deferred tax asset is made up as follows:

	2017 £000	*2016 £000*
Tax losses carried forward	10	*19*

19. Share capital

	2017 £	*2016 £*
Shares classified as equity		
Allotted, called up and fully paid		
2 ordinary shares of £1 each	**2**	*2*

All ordinary shares carry equal ordinary voting and dividend rights.

Share capital represents the nominal amount paid for shares.

20. Reserves

Profit and loss account

Includes all current and prior period retained profits and losses less any dividends paid.

21. *Post balance sheet events*

On 1 January 2018 a merger of the Graysons Restaurants and Graysons Venues trades was completed. The transaction was completed by transferring the trade, assets and employees of the Company to Graysons Restaurants Limited (formerly Graysons Venues Limited, company number 04654181).

22. Contingent liabilities

The company has entered into a multi-lateral guarantee with other members of the group headed by the company's parent undertaking, Graysons Hospitality Limited. The potential group liability as at 31 December 2017 in respect of this guarantee was £618,000 *(2016: £530,000).*

23. Commitments under operating leases

At 31 December 2017 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £000	*2016 £000*
Not later than 1 year	**11**	*12*
Later than 1 year and not later than 5 years	**6**	*17*
	17	*29*

24. Related party transactions

The company is a wholly owned subsidiary of Graysons Hospitality Limited, the group accounts of which are publicly available. Accordingly, the company has taken advantage of the exemption in FRS 102 from disclosing transactions with members of the Graysons Hospitality Limited group.

At the period end the company was owed £Nil *(2016: £Nil)* by The American Italian Restaurant Company (Glasgow) Limited, a company controlled by Sir Francis Mackay. During the period a balance of £Nil *(2016: £204,000)* was waived and £Nil *(2016: £1,000)* was charged by the company.

At the period end the company was owed £Nil *(2016: £Nil)* by The American Italian Restaurant Group Limited, a company controlled by Sir Francis Mackay. During the period a balance of £Nil *(2016: £34,000)* was waived and £Nil *(2016: £24,000)* was charged by the company.

At the period end the company owed Sir Francis Mackay £36,000 *(2016: £17,000)*.

25. Controlling party

The company's immediate parent undertaking is Graysons Limited.

The company's ultimate parent undertaking is Graysons Hospitality Limited.

The parent undertaking of the largest and smallest group for which group financial statements are prepared is Graysons Hospitality Limited. Copies of Graysons Hospitality Group's financial statements are available from Companies House.

The directors consider Sir Francis Mackay to be the controlling party by way of his shareholding in the ultimate parent company.