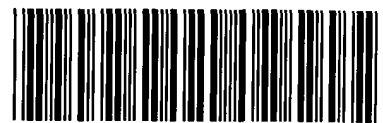


Registered number: 07627429 (England & Wales)

**CABANA RESTAURANTS LIMITED**  
**REPORTS AND**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 2017**

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## **CABANA RESTAURANTS LIMITED**

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## **CABANA RESTAURANTS LIMITED**

### **COMPANY INFORMATION**

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<b>Directors</b>	James Barber David Ponte Jonathan Lander Clare Barber (resigned, 16 January 2018)
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<b>Registered number</b>	07627429
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<b>Registered office</b>	8 Lancashire Court London W1S 1EY
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<b>Independent auditor</b>	Lewis Golden LLP 40 Queen Anne Street London W1G 9EL
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## **CABANA RESTAURANTS LIMITED**

### **STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017**

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The directors present their Strategic Report for the year ended 31 December 2017.

#### **Business review**

In common with the most operators in the sector, Cabana faced a challenging period, navigating rising wages, higher input costs resulting from post-Brexit currency changes, business rates revaluation and industry-wide sales pressures.

Sales for the year were £12.03m down 1.7% on the prior year driven by underperformance at some sites which masked significant growth at others including the O2 Arena. After the year end, two of these underperforming restaurants were sold for lease premiums, and one has been closed and an offer being negotiated. As a result of these actions, a number of impairments have been recognised during the year resulting in a charge of £3.62m (2016: £nil).

To strengthen the underlying performance of the core business, central overheads have been reduced and are currently running at over 40% lower than 2016. A new menu strategy geared towards current tastes and trends including a materially larger range of vegetarian, vegan and non-meat options has been introduced which is driving noticeable improvement in performance.

Cabana has now signed its first franchise agreement for Saudi Arabia and is entertaining approaches for partnerships in three other territories.

Despite the sector pressures, Cabana's core estate returned to growth in Q2 of 2018. We remain confident that Cabana occupies a popular and differentiated part of the eating out market and despite all these challenges we continue to consider investing in opening new restaurants.

We are grateful to our staff and management team, our bankers and shareholders, for their continued support.

#### **Key performance indicators**

The directors consider the key indications of the performance of the Group, both financial and non-financial, to be turnover, gross profit percentage and adjusted EBITDA (earnings before interest, tax, depreciation, amortisation, new restaurant pre-opening costs and other exceptional costs).

#### **Principal risk and uncertainties**

Given the nature of the company's business, the principal business risks relate to the following:

- Competition and current economic climate
- Employee retention
- Increases in food and beverage costs

The impact to the economy and consumer sentiment following the UK's departure from the EU is uncertain, as is the effect on the price of imports and availability of staff.

The above risks are partly mitigated by the following key measures:

- A continued focus on delivering a great experience to our customers at excellent value for money.
- Competitive reward structures and comprehensive training and development programmes.
- An annual tendering process for key suppliers to take advantage of competition and economies of scale

**CABANA RESTAURANTS LIMITED**

**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**Financial risk management objectives and policies**

The company uses financial instruments, comprising borrowings, cash and other liquid resources and various other items such as trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations. The main risk arising from the company's financial instruments are interest rate risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below. The policies have remained unchanged from previous periods.

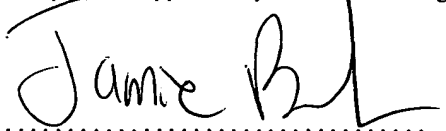
**Cashflow and interest rate risk**

The Company's income and operating cashflows are substantially independent of changes in market interest rates and its interest rate risk relates primarily to bank borrowings with HSBC where the interest rate is linked to the Bank of England base rate. The risk of interest rate rises is partly mitigated by the amortisation profile of the borrowing, the term of which is less than 2 years.

**Liquidity risk**

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs. Primarily this is achieved through close management control of working capital and utilisation of existing loan facilities. The Company has borrowings with HSBC which is subject to an annual covenant test.

This report was approved by the Board and signed on its behalf by:



.....  
**James Barber**

Director

Date: 4/10/18

## **CABANA RESTAURANTS LIMITED**

### **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.

#### **Directors**

The directors who served during the year were:

Clare Barber (resigned 16/01/2018)  
James Barber  
Dávid Ponte  
Jonathan Lander

#### **Post balance sheet events**

Since the balance sheet date, the Company has taken action to refocus the business on a core group of seven restaurants which are together delivering stable positive EBITDA. Of the remaining four sites, the leases on two have been assigned during the first half of the year and a third site ceased trading from 1 January 2018 and the lease is currently being marketed for sale. We anticipate an exit from the remaining site at the end of 2018.

The Company continues to enjoy the support of its shareholders, and to date in 2018 has received a further £492,000 of additional funding in the form of shareholder loans which will not mature until 2020.

#### **Employee involvement**

The Company actively strives to support and develop employees and involve employees in the development of the business. On a site level, regular team meetings are held to direct the operations of the business and to discuss new developments such as new menu launches. These meetings provide a forum for management to share information and for employees to raise issues relevant to them.

#### **Equality Act (2010)**

The Company complies with all aspects of the Equality Act (2010) in its employment practices. The directors are mindful of their duty of care to employees who become temporarily or permanently sick or disabled during employment and make every effort to support those employees. A dedicated Training and Development manager is employed to assess and implement the appropriate, necessary adjustments that may be required in such circumstances.

#### **Financial Instruments**

Please refer to the Strategic Report for an assessment of the risks associated with the Company's basic financial instruments. Please also refer to Note 2 to the Financial Statements for the Company's Financial Instruments accounting policy.

#### **Directors' liabilities**

The Company held third party indemnity insurance on behalf of the directors during the current and prior year.

**CABANA RESTAURANTS LIMITED**

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**Disclosure of information to the auditor**

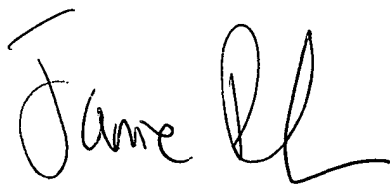
Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- 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.

**Auditor**

The auditor, Lewis Golden LLP, 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 by:



.....  
**James Barber**

Director

Date: 4/10/18

## **CABANA RESTAURANTS LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 DECEMBER 2017**

---

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.



## **CABANA RESTAURANTS LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CABANA RESTAURANTS LIMITED FOR THE YEAR ENDED 31 DECEMBER 2017**

---

#### **Opinion**

We have audited the financial statements of Cabana Restaurants Limited (the 'Company') for the year ended 31 December 2017, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows 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 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.

#### **Material uncertainty relating to going concern**

We draw attention to note 2.2 to the financial statements which explains that the financial statements have been prepared on a going concern basis, as the company continues to enjoy the committed support of its shareholders and based on their cash flow forecasts and projections, the directors believe that this will provide sufficient funding for the company to meet its liabilities as they fall due for at least twelve months from the date of approval of the financial statements. Our opinion is not modified in respect of this matter.

## **CABANA RESTAURANTS LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CABANA RESTAURANTS LIMITED (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017**

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#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the Strategic and Directors' Reports, 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.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement on page 6, 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.

**CABANA RESTAURANTS LIMITED**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CABANA RESTAURANTS LIMITED  
(CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**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](http://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.



**Andrew Moss (Senior Statutory Auditor)  
For and on behalf of Lewis Golden LLP**

**Chartered Accountants and Statutory Auditors**

40 Queen Anne Street  
London  
W1G 9EL

Date: 11 October 2018

**CABANA RESTAURANTS LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME (INCLUDING PROFIT AND LOSS ACCOUNT)  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Note	2017 £	2016 £
Turnover	4	12,026,376	12,234,391
Cost of sales		(7,397,578)	(7,696,750)
<b>Gross profit</b>		<b>4,628,798</b>	<b>4,537,641</b>
Administrative expenses		(5,804,104)	(5,261,573)
Other operating income		26,219	58,806
<b>Adjusted EBITDA</b>		<b>(1,149,087)</b>	<b>(665,126)</b>
Depreciation		(1,079,382)	(958,793)
Pre-opening expenses	5	-	(269,066)
Rent free non-cash movement		655,079	(307,067)
<b>Operating loss</b>	6	<b>(1,573,390)</b>	<b>(2,200,052)</b>
Impairment of fixed assets	10	(3,618,713)	-
Provision for onerous contracts	16	(603,000)	-
Interest payable and similar charges		(84,441)	(76,557)
<b>Loss before tax</b>		<b>(5,879,544)</b>	<b>(2,276,609)</b>
Tax on loss	9	-	-
<b>Loss for the year</b>		<b>(5,879,544)</b>	<b>(2,276,609)</b>

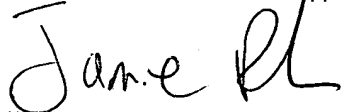
## CABANA RESTAURANTS LIMITED

BALANCE SHEET  
AS AT 31 DECEMBER 2017

	Note	2017 £	2016 £
<b>Fixed assets</b>			
Tangible fixed assets	10	6,230,515	10,607,830
<b>Current assets</b>			
Stocks	11	251,967	330,830
Debtors	12	951,106	755,662
Cash at bank and in hand		320,036	429,036
		1,523,109	1,515,528
<b>Creditors: amounts falling due within one year</b>	13	(3,034,214)	(2,763,254)
<b>Net current liabilities</b>		(1,511,105)	(1,247,726)
<b>Total assets less current liabilities</b>		4,719,410	9,360,104
<b>Creditors: amounts falling due after more than one year</b>	14	(2,644,257)	(2,008,407)
<b>Provision for liabilities and charges</b>	16	(603,000)	-
<b>Net assets</b>		<u>1,472,153</u>	<u>7,351,697</u>
<b>Capital and reserves</b>			
Called up share capital	18	883,097	883,097
Share premium account		12,817,319	12,817,319
Profit and loss account		(12,228,263)	(6,348,719)
<b>Shareholders' funds</b>		<u>1,472,153</u>	<u>7,351,697</u>

Under section 454 of the Companies Act 2006, on a voluntary basis, the directors can amend these financial statements if they subsequently prove to be defective.

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



James Barber

Director

Date: 5/10/18

The notes on pages 14 to 30 form part of these financial statements.

**CABANA RESTAURANTS LIMITED**

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

	<b>Called up share capital £</b>	<b>Share premium account £</b>	<b>Profit and loss account £</b>	<b>Total equity £</b>
At 1 January 2017	883,097	12,817,319	(6,348,719)	7,351,697
Loss for the year	-	-	(5,879,544)	(5,879,544)
<b>At 31 December 2017</b>	<u>883,097</u>	<u>12,817,319</u>	<u>(12,228,263)</u>	<u>1,472,153</u>

**FOR THE YEAR ENDED 31 DECEMBER 2016**

	<b>Called up share capital £</b>	<b>Share premium account £</b>	<b>Profit and loss account £</b>	<b>Total equity £</b>
At 1 January 2016	883,097	12,817,319	(4,072,110)	9,628,306
Loss for the year	-	-	(2,276,609)	(2,276,609)
<b>At 31 December 2016</b>	<u>883,097</u>	<u>12,817,319</u>	<u>(6,348,719)</u>	<u>7,351,697</u>

**CABANA RESTAURANTS LIMITED**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	2017 £	2016 £
<b>Cash flows from operating activities</b>		
Net cash outflow from operating activities (see note 19)	(1,117,695)	(129,703)
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(320,780)	(2,455,339)
<b>Net cash outflow from investing activities</b>	(320,780)	(2,455,339)
<b>Cash flows from financing activities</b>		
New finance lease and hire purchase contracts in the year	50,441	218,679
New loans issued in the year	1,840,063	-
Repayment of bank loans	(389,267)	(441,824)
Repayment of capital element of finance leases and hire purchase contracts	(87,321)	(55,450)
Interest paid on bank loans	(39,411)	(52,381)
Interest paid on loans	(26,044)	-
Interest paid on finance leases and hire purchase contracts	(18,986)	(24,176)
<b>Net cash inflow/(outflow) generated from financing activities</b>	1,329,475	(355,152)
<b>Net decrease in cash and cash equivalents</b>	(109,000)	(2,940,194)
Cash and cash equivalents at the beginning of year	429,036	3,369,230
<b>Cash and cash equivalents at the end of year</b>	<u>320,036</u>	<u>429,036</u>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	320,036	429,036
	<u>320,036</u>	<u>429,036</u>

## **CABANA RESTAURANTS LIMITED**

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

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#### **1. General information**

Cabana Restaurants Limited is a private company limited by share capital, incorporated in England and Wales, registration number 07627429. The address of the registered office is 8 Lancashire Court, London W1S 1EY.

The principal activity of the Company is owning and operating a chain of Brazilian barbecue restaurants.

#### **2. Accounting policies**

##### **2.1 Basis of preparation of financial statements**

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

##### **2.2 Going concern**

As disclosed in the Directors' Report, the Company continues to enjoy the committed support of its shareholders, and at the date of approval of the financial statements has received a further £492,000 of additional funding in the form of shareholder loans which will not mature until 2020. Certain shareholders have agreed to provide further additional funding up to £300,000. Based on their cash flow forecasts and projections the directors believe that this will provide sufficient funding for the company to meet its liabilities as they fall due for at least twelve months from the date of approval of the financial statements. Accordingly the directors believe that the financial statements should be prepared on a going concern basis.

Should the going concern basis not be appropriate because the above funding is not sufficient, adjustments would have to be made to reduce the value of the assets to their net realisable amounts and to provide for any further liabilities which may arise. The financial statements do not include any adjustments which may be necessary should the going concern basis not be appropriate.

##### **2.3 Turnover**

Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes. All turnover is derived from the rendering of services.

Turnover is recognised upon the completion of restaurant services having been provided to customers when all of the following conditions are deemed to have been satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due for the service;
- the completion of the service at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the service can be measured reliably.



## CABANA RESTAURANTS LIMITED

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

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#### 2. Accounting policies (continued)

##### 2.4 Tangible fixed assets

Tangible fixed assets are held under the cost model and 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.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to the Company and the cost can be measured reliably.

The carrying amount of any replaced component is derecognised. Major components are treated as a separate asset where they have significantly different patterns of consumption of economic benefits and are depreciated separately over their useful lives.

Repairs and maintenance costs are expensed as normal.

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. The estimated useful lives range as follows:

Short leasehold land and buildings	- straight line over the lease term
Plant and machinery	- straight line over 15 years or the lease term if shorter
Fixtures, fittings and equipment	- straight line at 20% per annum
Kitchen equipment	- straight line at 15% per annum

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 within 'administrative expenses' in the Statement of Comprehensive Income (including Profit and Loss Account).

##### 2.5 Asset impairment

Tangible fixed assets are derecognised on disposal or when no future economic benefits are expected.

At each reporting period end date, the Board reviews the carrying amounts of its tangible fixed assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use, are recognised as impairment losses. Impairment losses are recognised in the Statement of Comprehensive Income (including Profit and Loss Account).

## **CABANA RESTAURANTS LIMITED**

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

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#### **2. Accounting policies (continued)**

##### **2.6 Hire purchase and leasing**

Rentals paid under operating leases, net of any lease incentives, are charged to the Statement of Comprehensive Income (including Profit and Loss Account) on a straight line basis over the period of the lease.

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the Company and assets held under hire purchase agreements, are capitalised in the balance sheet as tangible fixed assets and are depreciated over the shorter of the lease term and their useful lives. The capital elements of future obligations under the leases are included as liabilities in the balance sheet. The interest element of the rental obligation is charged to the Statement of Comprehensive Income (including Profit and Loss Account) over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

##### **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. Stocks are recognised as an expense in the period in which the related revenue is recognised. Cost is determined on a first in, first out basis. Cost includes the purchase price and all other expenditure directly attributable to bring the stock to its present location and condition.

At each reporting 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 and an impairment charge is recognised immediately in the Statement of Comprehensive Income (including Profit and Loss Account). Where a reversal of the impairment is recognised, the impairment charge is reversed up to the original impairment loss and is recognised as a credit in the Statement of Comprehensive Income (including Profit and Loss Account).

##### **2.8 Debtors**

Debtors are measured at transaction price, less any impairment.

##### **2.9 Cash at bank and in hand**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

##### **2.10 Creditors**

Creditors are measured at transaction price.

##### **2.11 Convertible loan notes**

Convertible loan notes are treated as a basic financial instrument and carried at amortised cost.

##### **2.12 Secured loan notes**

Secured loan notes are treated as a basic financial instrument and carried at amortised cost.

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

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2. Accounting policies (continued)

2.13 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money.

**Onerous lease provision**

A provision for onerous lease is recognised when the expected benefits to be derived by the Company from a lease are lower than the unavoidable cost of meeting its obligations under the lease.

The Company provides for its onerous obligations under operating leases where the property is closed or vacant and for properties where the fixed cost is in excess of gross profit. The amount provided is based on the lowest net cost of exiting the contract. Estimates have been made with respect to the time to exit, sublet or cover the fixed cost base, along with other associated exit costs as well as an evaluation of the cost of void period prior to sublet and the value of lease incentive which may be required to be paid as part of the sublet process. Where a provision for an onerous lease has been recognised, the accrual relating to the rent free period for that lease has been released.

2.14 Financial instruments

(i) Financial assets

Basic financial assets, including trade and other debtors and cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at present value of future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period, financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the Statement of Comprehensive Income (including Profit and Loss Account).

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the Profit and Loss Account.

Financial assets are derecognised when:

- (a) The contractual rights to the cash flows from the asset expire or are settled; or
- (b) Substantially all the risks and rewards of the ownership of the asset are transferred to another party; or
- (c) Control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

## CABANA RESTAURANTS LIMITED

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

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#### 2. Accounting policies (continued)

##### 2.14 Financial instruments (continued)

###### (ii) Financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans, the secured and convertible loan notes and obligations under finance lease and hire purchase contracts that are classified as debt are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished. This is when the contractual obligation is discharged, cancelled or expires.

###### (iii) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements only when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

###### (iv) Convertible loans

Convertible loan notes are instruments linked, but separately issued, the proceeds of which constitute both debt and equity elements. They are classified separately as a liability and equity in accordance with the substance of the contractual arrangements.

At the date of issue, the fair value of the liability component is estimated using prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability. The equity element is determined by deducting the amount of the liability component from the value of the component instrument as a whole.

##### 2.15 Deferred tax

A deferred tax asset is recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

##### 2.16 Pre-opening expenses

Pre-opening expenses are those costs charged to the Statement of Comprehensive Income (including Profit and Loss Account) before new restaurant sites commence trading. In the opinion of the directors it is necessary to present these costs on the face of the Statement of Comprehensive Income (including Profit and Loss Account) as they are relevant to understanding the Company's overall financial performance.

## CABANA RESTAURANTS LIMITED

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

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#### 2. Accounting policies (continued)

##### 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 (including 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.

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

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

##### (i) Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 10 for the carrying amount of the tangible assets and note 2.4 for the useful economic lives for each class of assets.

##### (ii) Asset Impairment

In carrying out an impairment review it has been necessary to carry out estimates and judgements of the future performance and cash generating of trading units which cannot be known with certainty. Past performance will often be taken as a guide to future performance, unless it is known that the circumstances of a particular trading unit have changed markedly. Where the circumstances around a trading unit have or will change it can be even more difficult to assess future performance and therefore the actual impairment required in the future may differ from the charge made in the financial statements. Details of the impairment charge made in the financial statements are provided in note 10.

##### (iii) Onerous leases

Present obligations under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable cost of meeting the obligations under the contract exceed the economic benefits expected to be received under it. Details of the provision for onerous leases made in the financial statements are provided in note 16.

## CABANA RESTAURANTS LIMITED

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

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#### 3. Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

(iv) Fair value of share options

The fair value of share options is measured at grant with reference to the three-tier measurement hierarchy outlined in Section 26 of FRS 102, 'Share-based Payment'. To date the most appropriate measure of the fair value of equity instruments granted has been recent transactions in the Company's shares - the issue of share options having coincided with the issue of new shares in the Company. In the event of new share options being granted in the future, the directors will consider the most appropriate measure of fair value, as stipulated by the three-tier measurement hierarchy. Depending on the timing of the grant of share options and the current circumstances of the Company at that time, this may differ from the measurement basis previously utilised

#### 4. Analysis of income

All turnover is attributable to income from the rendering of services, and all other operating income is rent receivable.

All turnover arose within the United Kingdom.

#### 5. Pre-opening expenses

	2017 £	2016 £
Pre-opening expenses	-	269,066
	<u>-</u>	<u>269,066</u>

Pre-opening expenses are costs incurred before new restaurant sites commence trade. These comprise: rent, rates and service charges; staff costs; light, heat and power; and other expenses which are ordinarily classified as administrative expenses.

In the prior year, Newcastle and Southampton opened in April and December respectively.

#### 6. Operating loss

The operating loss is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets	1,079,382	958,793
Operating lease payments	1,565,481	1,486,832
Fees payable to the Company's auditor for the audit of the annual accounts	32,000	20,000
Defined contribution pension cost	<u>1,198</u>	<u>-</u>

**CABANA RESTAURANTS LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017****7. Employees**

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

	2017 £	2016 £
Wages and salaries	4,380,368	4,618,390
Social security costs	318,341	313,048
Cost of defined contribution scheme	1,198	-
	<u>4,699,907</u>	<u>4,931,438</u>

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

	2017 No.	2016 No.
Administration and support	13	15
Operational	310	297
	<u>323</u>	<u>312</u>

**8. Directors' remuneration and other key management personnel**

	2017 £	2016 £
Directors' emoluments	213,332	218,326
Key management personnel	6,197	-
Directors' pension cost	1,198	-
Fees paid to Directors	15,833	19,992
	<u>236,560</u>	<u>238,318</u>

The highest paid director received remuneration of £141,126 (2016 - £125,000). There is one director receiving shares under long-term incentive schemes.

## CABANA RESTAURANTS LIMITED

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

#### 9. Taxation

##### 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 - 20.00%). The differences are reconciled below:

	2017 £	2016 £
Profit on ordinary activities before tax	<u>(5,879,544)</u>	<u>(2,276,609)</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016 - 20.00%)	(1,131,812)	(455,322)
<b>Effects of:</b>		
Depreciation in excess of/(less than) capital allowances	33,741	(28,388)
Fixed asset impairment losses	696,602	-
Other short-term timing differences	(2,118)	(2,104)
Non-deductible expenses	116,078	-
Unrelieved tax losses carried forward	253,904	485,814
Effect of change in rate of tax	33,605	-
<b>Total tax charge for the year</b>	<u>-</u>	<u>-</u>

##### Factors that may affect future tax charges

The Company has unrecognised deferred tax assets at the balance sheet date. These comprise the losses available for offset against future trading profits of the Company of £8,916,000 (2016 - £7,410,000) less accelerated capital allowances of £1,940,000 (2016 - £1,773,000).

The net deferred tax asset not recognised at the balance sheet date was £1,186,000 (2016 - £960,000).

The Finance (No.2) Act 2015 was enacted on 18 November 2015, which introduced a reduction in the headline rate of corporation tax from 20% to 19% from 1 April 2017 and to 18% from 1 April 2020. The Finance Act 2016 was enacted on 15 September 2016, and introduced a further reduction of the headline rate of corporation tax to 17% from 1 April 2020, the deferred tax is calculated using these rates.



**CABANA RESTAURANTS LIMITED**

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

**10. Tangible fixed assets**

	Short leasehold land and buildings £	Plant and machinery £	Fixtures, fittings & equipment £	Total £
<b>Cost</b>				
At 1 January 2017	10,294,150	550,392	2,540,011	13,384,553
Additions	252,009	5,948	62,823	320,780
At 31 December 2017	<u>10,546,159</u>	<u>556,340</u>	<u>2,602,834</u>	<u>13,705,333</u>
<b>Depreciation</b>				
At 1 January 2017	1,607,516	127,428	1,041,779	2,776,723
Charge for the year on owned assets	623,992	43,586	411,804	1,079,382
Impairment	2,962,627	227,875	428,211	3,618,713
At 31 December 2017	<u>5,194,135</u>	<u>398,889</u>	<u>1,881,794</u>	<u>7,474,818</u>
<b>Net book value</b>				
At 31 December 2017	<u>5,352,024</u>	<u>157,451</u>	<u>721,040</u>	<u>6,230,515</u>
At 31 December 2016	<u>8,686,634</u>	<u>422,964</u>	<u>1,498,232</u>	<u>10,607,830</u>

**Asset impairment**

The Company has carried out a review of the carrying values of its tangible fixed assets taking into account the anticipated future cashflows generated by those assets in order to assess where there is an indication of impairment. Assets are carried at their cost less accumulated depreciation but have been reduced to their recoverable amounts where that is less than cost less depreciation.

Where the recent performance and cashflows of a trading unit would suggest that it may have reduced economic value to the business or where a decision has been taken by the Board to seek an exit from a trading location, then it has been valued at fair value less costs to sell based on either an assignment secured subsequent to the balance sheet date or based on the Directors' experience of the commercial property market and their view of its likely value on disposal.

As a result of the above process, an impairment provision of £3,618,713 (2016 - £ Nil) has been made against the book value of five trading units.

**Leased assets**

Included within the net book value of Plant and machinery are £9,748 (2016 - £39,027) of assets held under finance leases and hire purchase contracts. The net book value of Fixtures, fittings and equipment includes £30,373 (2016 - £294,631) of assets held under finance leases and hire purchase contracts.

**CABANA RESTAURANTS LIMITED**

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

**11. Stock**

	2017 £	2016 £
Finished goods and goods for resale	118,112	154,604
Consumables	133,855	176,226
	<u>251,967</u>	<u>330,830</u>

Stock recognised during the year as an expense was £3,573,025 (2016- £3,613,512)

**12. Debtors**

	2017 £	2016 £
Trade debtors	149,340	111,831
Other debtors	214,229	150,173
Prepayments and accrued income	587,537	493,658
	<u>951,106</u>	<u>755,662</u>

Other debtors include £73,500 (2016 - £98,500) receivable after more than one year.

**13. Creditors: amounts falling due within one year**

	2017 £	2016 £
Bank loans	356,778	390,347
Other loans	375,000	-
Trade creditors	1,393,310	950,243
Taxation and social security	358,708	337,298
Obligations under finance leases and hire purchase contracts	113,395	65,867
Other creditors	36,121	331,018
Accruals and deferred income	400,902	688,481
	<u>3,034,214</u>	<u>2,763,254</u>

Accruals and deferred income included within creditors falling due within one year includes £81,136 (2016 - £139,026) relating to rent free periods.

**CABANA RESTAURANTS LIMITED**

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

**14. Creditors: amounts falling due after more than one year**

	2017 £	2016 £
Bank loans	377,043	732,741
Convertible loan note	831,597	-
Secured loan note	633,466	-
Obligations under finance leases and hire purchase contracts	68,404	152,812
Accruals and deferred income	733,747	1,122,854
	<u>2,644,257</u>	<u>2,008,407</u>

Included within accruals and deferred income is £525,665 (2016 - £1,122,854) relating to rent free periods.

**15. Borrowings**

	2017 £	2016 £
An analysis of the maturity of bank loans and other borrowings is set out below -		
<b>Amounts falling due within one year:</b>		
Bank loans	356,778	390,347
Other loans	375,000	-
Finance lease and hire purchase contracts	113,395	65,867
<b>Amounts falling due after one year and within two years:</b>		
Bank loans	377,043	732,741
Finance lease and hire purchase contracts	68,404	152,812
<b>Amounts falling due between two years and five years:</b>		
Convertible loan notes	831,597	-
Secured loan notes	633,466	-
	<u>2,755,683</u>	<u>1,341,767</u>

## CABANA RESTAURANTS LIMITED

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

#### 15. Borrowings (continued)

##### Security

The Company's bank loans of £733,821 (2016 - £1,123,088) are secured by fixed and floating charges over the assets of the Company.

Obligations under finance leases and hire purchase contracts of £181,799 (2016 - £218,679) are secured by fixed charges on the leased assets.

The secured loan notes were issued in the year and although subordinate to the bank loans are also secured over the assets of the company. The notes are repayable on 17<sup>th</sup> November 2020 and they attract an interest rate of 8%.

The convertible loan notes were issued during the year at par and are convertible into ordinary shares at the rate of £0.10 per share for every £1.65 of loan note. The notes mature on 4<sup>th</sup> October 2020 and an interest rate of 4% is payable.

The additional £375,000 short-term loan was initially repayable on the 1<sup>st</sup> March 2018 and attracted an interest rate of 8%. On 9 March 2018 this loan was subsequently converted into secured loan notes on the same terms as above.

##### Government assistance

Bank loans include £264,757 (2016 - £407,936) of loans obtained under the Enterprise Finance Guarantee scheme under which the government provides guarantees to the lender.

#### 16. Provision for liabilities and charges

	<b>Onerous leases £</b>	<b>Other £</b>	<b>Total £</b>
At 1 January 2017	-	-	-
Provided during the year	250,000	353,000	603,000
<b>At 31 December 2017</b>	<b><u>250,000</u></b>	<b><u>353,000</u></b>	<b><u>603,000</u></b>

An onerous lease provision of £250,000 (2016: £nil) has been made in respect of the operating lease on one trading unit which was closed to trading on 31 December 2017 and where the lease is currently being marketed for assignment. As the Company has an option to surrender the lease at the end of 2019, if no such assignment has been secured prior to that date, the rental obligations up to that date have been included in the provision.

A further provision of £353,000 (2016: £nil) has been made for the trading losses incurred at units which have been closed and the leases successfully assigned during 2018, the Board having made the decision to exit from these units prior to the balance sheet date.

# CABANA RESTAURANTS LIMITED

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

### 17. Financial instruments

	2017 £	2016 £
<b>Financial Assets</b>		
Financial assets that are debt instruments measured at amortised cost	<u>363,569</u>	<u>262,004</u>

	2017 £	2016 £
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<u>4,865,661</u>	<u>4,203,038</u>

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

Financial liabilities measured at amortised cost comprise loans, bank loans, trade creditors, certain other creditors and certain accruals.

The interest rate on bank loans is 3% plus the Bank of England base rate.

### 18. Share capital

	2017 £	2016 £
<b>Shares classified as equity</b>		
<b>Allotted, issued, called up and fully paid</b>		
8,830,940 (2016 - 8,830,940) 'A' Ordinary shares of £0.10 each	883,094	883,094
30 (2016 - 30) 'B' Ordinary shares of £0.10 each	3	3
	<u>883,097</u>	<u>883,097</u>

The different classes of shares rank pari passu except for in the event of the sale of the whole of the issued equity share capital of the Company.

In the event of a sale, the 'B' Ordinary shares receive sale proceeds subject to a target investment return being delivered on the 'A' Ordinary shares as prescribed in the Company's Articles of Association. Where target investment return conditions are not met, all sales proceeds are allocated to the 'A' Ordinary shares.

# CABANA RESTAURANTS LIMITED

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

### 19. Reconciliation of loss for the financial year to net operating cashflows

	2017 £	2016 £
Loss for the financial year	(5,879,544)	(2,276,609)
<b>Adjustments for:</b>		
Depreciation of tangible fixed assets	1,079,382	958,793
Impairment of fixed assets	3,618,713	-
Provision in respect of onerous contracts	603,000	-
Interest paid	84,441	76,557
Decrease/(increase) in stocks	78,863	(64,759)
Increase in debtors	(195,444)	(6,878)
(Decrease)/increase in creditors	(507,106)	1,183,193
<b>Net cashflow from operating activities</b>	<u>(1,117,695)</u>	<u>(129,703)</u>

### 20. Share based payments

The company has entered into equity settled share based payment arrangements with two employees and one director under the Enterprise Management Incentive Scheme (EMI).

At the year end there were three (2016 – four) EMI agreements in place.

Three of the agreements have no vesting conditions and expire between four and ten years from the date of grant.

The company has entered into equity settled share based payment arrangements with two employees and one director under the Enterprise Management Incentive Scheme (EMI).

The fair value of the share options was measured with reference to recent transactions in the Company's shares at the date of grant in accordance with the three-tier measurement hierarchy outlined in Section 26 of Financial Reporting Standard 102. Under this measurement basis the fair value of all share options at the date of grant is £nil and as such there has been no expense recognised in the Statement of Comprehensive Income (including Profit and Loss Account) during the current year in respect of new share options granted.

At the year end the total carrying amount of liabilities arising from share-based payment transactions is £nil (2016 - £nil).

# CABANA RESTAURANTS LIMITED

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

### 20. Share based payments (continued)

The Company's share options are summarised as follows:

	Weighted average exercise price (pence) 2017	Number 2017	Weighted average exercise price (pence) 2016	Number 2016
Outstanding at the beginning of the year	163	119,168	200	219,168
Expired during the year	120	58,333	245	100,000
Outstanding at the end of the year	204	60,835	163	119,168
Exercisable at the end of the year	204	60,835	163	119,168

### 21. Commitments under operating leases

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

	2017 £	2016 £
Not later than 1 year	1,707,744	1,797,237
Later than 1 year and not later than 5 years	6,657,946	7,688,346
Later than 5 years	14,871,629	21,311,465
<b>Total</b>	<b>23,237,319</b>	<b>30,797,048</b>

The total operating lease payments recognised during the year as an expense were £1,565,481 (2016 - £1,486,832).

At the year end it was agreed that Islington would be sold, and this has been reflected in these figures. Since the year end Brixton has been sold and several sites have had rent reductions these are not included in these figures. The effect of the post year sale of Brixton and rent reductions on commitments is shown below:

	2017 £	2016 £
Not later than 1 year	1,501,850	1,797,237
Later than 1 year and not later than 5 years	5,880,482	7,688,346
Later than 5 years	13,671,629	21,311,465
<b>Total</b>	<b>21,053,961</b>	<b>30,797,048</b>

## CABANA RESTAURANTS LIMITED

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

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#### 22. Related party transactions

During the year the Company was charged management fees in relation to human resources, finance and marketing services totalling £172,062 (2016 - £143,444) by a company under common influence. The Company was recharged costs totalling £6,568 (2016 - £7,248) by that company for expenses incurred on the Company's behalf. At the balance sheet date, the amount due to the company under common influence was £915 (2016 - £7,248).

During the year the Company was charged directors' fees totalling £15,833 (2016 - £20,000) by a company controlled by a director. At the balance sheet date, the amount due to that company was £3,000 (2016 - £3,998).

During the year the company was charged consultancy fees and other services totalling £52,633 (2016 - £50,000) by a company controlled by two of the directors. At the balance sheet date, the amount due to that company was £10,000 (2016 - £15,000). At the year end that company holds £20,000 (2016 - £Nil) of secured loan notes.

At the year end, one of the Directors holds £100,000 (2016 - £Nil) of secured loan notes.

During the year a shareholder provided a short term loan of £375,000 (2016 - £Nil) and held £375,000 (2016 - £Nil) of convertible loan notes. Both the short term loan and the convertible loan notes remained payable to the shareholder at the balance sheet date.

#### 23. Controlling party

There was no ultimate controlling party during the current or prior year.

#### 24. Post balance sheet events

A review of significant post balance sheet events is included in the Director's Report on page 4. As explained in note 10, where leases have been assigned since the year end, the related fixed assets have been valued at fair value less costs to sell. Accordingly the financial effect before tax of these assignments is expected to be £Nil in 2018.