Company Registration No. 08462175

Panther Partners Limited

Annual Report and Financial Statements

For the year ended 31 March 2017

Panther Partners Limited

Annual report and financial statements for the year ended 31 March 2017

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Officers and professional advisers

Directors

D A L Gunewardena
D M Loewi
S M C Sherwood
T C Harris
C Neale (resigned 11 May 2017)
P Sellers (appointed 11 May 2017)
T Harris-Speid (appointed 11 May 2017)

Registered Office

16 Kirby Street
London
EC1N 8TS
United Kingdom

Auditor

Deloitte LLP
Statutory Auditor
London
United Kingdom

Banker

Lloyds Banking Group
25 Gresham Street
London
EC2V 7HN

Solicitor

Olswang LLP
90 High Holborn
London
WC1V 6XX

Panther Partners Limited

Strategic report

The directors, in preparing this Strategic report, have complied with s414C of the Companies Act 2006.

Principal activities

The principal activities of the Group are the ownership and operation of restaurants and a hotel.

Business Review and key performance indicators

The Group saw solid growth during the year with like for like revenue growth of 3%. Group revenue increased to £123.3m and EBITDA, the Group's principal profit metric, increased by £0.1m to £13.1m in FY17. The main revenue drivers were from the successful relaunch of 100 Wardour in February 2016, a full year of trade at German Gymnasium, which has performed exceptionally well since opening in November 2016, as well as strong performance from sites refurbished in the previous year. This growth has been partially offset by the planned closure of Bluebird, which underwent a refurbishment through August and September 2016.

A reconciliation between EBITDA and loss before tax has been provided below:

	Year ended 31 March 2017 £'000	**Year ended 31 March 2016 £'000**
EBITDA	13,068	13,019
Less		
Depreciation	(3,677)	(3,027)
Amortisation	(1,750)	(1,749)
Exceptional items	(1,719)	(3,136)
Write off of fixed assets	(660)	-
Pre-opening costs	(1,576)	(2,952)
Interest	(7,448)	(6,712)
Other non-recurring items	-	(319)
Add		
Share of (losses)/profits of joint venture	(345)	88
Loss before tax	(4,107)	(4,788)

Other non-recurring items represent expenses incurred outside the normal course of the Group's business but which are not deemed exceptional under the Group's financial reporting framework.

Strategic report (continued)

The reported profits of the Group are reduced by a number of significant non-cash charges, pre-opening costs and one-off items as follows:

	Year ended 31 March 2017 £'000	Year ended 31 March 2016 £'000
Statutory loss before taxation	(4,107)	(4,788)
Non-cash charges		
Amortisation of intangible fixed assets and depreciation	5,427	4,776
Accrued interest on senior debt and CAPEX facility/Unitranche	515	878
Accrued interest on loan & PIK notes	3,877	3,628
Amortisation of issue costs	367	480
Write off issue costs on Unitranche facility	940	-
Impairment of fixed assets	660	2,753
Pre-opening costs (Note 1)	1,576	2,952
One off items		
IPO/refinancing costs (Note 2)	1,045	2,697
Central management restructuring and litigation costs (Note 3)	599	-
Guastavinos (Note 4)	73	441
Insurance proceeds (Note 5)	(300)	(3,793)
Profit before taxation before non-cash charges and one-off items	10,672	10,024

Note 1: Relates primarily to pre-opening and launch costs at Aster, Bluebird, Radici, Issho and East 59th. (2016: pre-opening and launch costs at Alexander & Bjorck, The German Gymnasium, 100 Wardour Street, Sartoria, Le Pont de la Tour and Alcazar).

Note 2: Costs in the year relate to professional fees associated with the two re-financings undertaken as well as abortive professional fees and other costs associated with an IPO undertaken in the prior year (2016: Abortive professional fees and other costs associated with an IPO).

Note 3: Relates to costs associated with central management restructuring, and litigation costs relating to the acquisition of Madison in 2014, as detailed in note 8.

Note 4: A provision was made in the previous year in relation to an ongoing legal action at Guastavino's in New York. The balance in the current year relates to currency retranslation movements.

Note 5: Relates to insurance proceeds received following a fire at 100 Wardour Street in May 2016. This compensated the business for loss of profits whilst the site was closed and assets destroyed during the fire.

The directors consider the results for the year, which represent the Group's best ever performance in terms of turnover and EBITDA, to be satisfactory.

Results and dividends

The Group's turnover excluding share of turnover from joint ventures for the year ended 31 March 2017 was £123,288,000 (year ended 31 March 2016: £106,261,000) and the loss after taxation for the year was £4,498,000 (year ended 31 March 2016: £5,388,000). The directors do not recommend a dividend for the financial year (2016: £nil).

Principal risks and uncertainties

The principal risks and uncertainties arising from both internal and external factors that could impact the Group's performance and the related mitigating activities to manage that risk are considered below. The Group has risk management processes to identify, monitor and evaluate such issues as they emerge enabling the Board to take

Panther Partners Limited

Strategic report (continued)

Principal risks and uncertainties (continued)

appropriate action where possible. The factors listed below should be considered in connection with any forward looking statements in this report. These forward looking statements reflect the Board's current expectations concerning future events and actual results may differ from these expectations.

Economic and market risk

The economic environment and general consumer sentiment have a bearing on the success of the Group. The stable global economic climate in the first half of the year and its positive impact on consumer spending has benefitted Group activities. The economic climate in the second half of the financial year has however been less certain. The predominance of the Group's restaurants in London has also helped the business to continue to grow its revenues. Furthermore the Group is exposed to the market risks associated with the activities and operation of competing restaurants though the Group continues to perform well compared with its peers.

The Group is committed to maintaining a highly desirable customer experience. The D&D brand is synonymous with style and exclusivity. Internal processes ensure that the Group is well positioned to react to market pressures while continuing to deliver a high quality product at competitive prices to its customers.

Operational efficiency and cost control

The Group faces growing internal and external cost pressures. These pressures are managed with a focus on improving supply chain management, operational efficiency and rigorous cost control. The Group is constantly looking to implement new initiatives to improve efficiency across the whole business, resulting in lower operating costs without compromising product quality or service levels. This helps support the businesses' competitiveness and profitability.

Financing and treasury

Key to the financial success of the business is the availability of sufficient bank facilities to permit the Group to meet its obligations and to enable it to continue to fund its growth through investment in new restaurants and in improving its existing venues.

During the year the Group re-financed its Unitranche facility and replaced it with £32,400,000 of senior debt (as detailed in note 16). This facility matures in October 2022 and as at 31 March 2017, the outstanding balance of the facility was £32,427,000. Under the re-financing arrangement the Group obtained a Capex Facility of £10,000,000, which expires in October 2022. As at 31 March 2017 no drawdowns had been made on the Capex Facility, however £4,000,000 was drawn post year end to finance further expansion plans. During the year the Group also swapped £10,000,000 of management and institutional loan notes for £10,000,000 of PIK notes with Beechbrook Capital LLP. As at 31 March 2017, £10,308,000 of PIK notes were outstanding. The Group also utilises a £3,000,000 revolving credit facility principally for working capital purposes, of which £1,750,000 was drawn at the year end.

The Group manages its interest rate and foreign currency risks through appropriate policies laid down by the Board. The policies and strategies to manage these risks are described in note 1 to the consolidated financial statements.

Major operational risk

In common with other businesses the Group depends on its process and control framework to mitigate the possibility of a major failure in operations, information technology, finance, human resources or other key business processes capable of having an impact on its performance. These failures may be caused by internal factors such as a major information technology systems failure, a supply chain breakdown or failure to retain key personnel. They could also be driven by external events such as disruptions or other adverse events affecting our relationship with or the performance of major suppliers, financial services providers, designers or concessionaires, terrorism or natural disasters and other major events which impact the Group as well as the communities it serves. The Group is committed to developing and strengthening its coordinated risk management and assurance mechanisms to manage these risks in a manner which it believes ensure an appropriate and effective control framework for its businesses at a local, national and corporate level.

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Strategic report (continued)

Major health and safety risks

The Group takes its responsibilities in the field of health, safety and the environment very seriously and fully recognises the potential human, reputational and financial consequences of these risks. The business has dedicated teams addressing these risks and follows relevant policies and procedures.

Group strategy and future outlook

The general economic outlook for London, D&D's principal market, despite recent volatility in the global financial market is considered to be stable. The Group's restaurants and hotel have been affected by the uncertainty surrounding Brexit but continue to perform well. Despite the current political and economic uncertainty the Directors have committed to continued expansion of the business through new ventures and refurbishment and remodelling of existing venues. Subsequent to the balance sheet date, the business has opened 2 restaurants in Leeds, Issho and East 59th, which have been well-received by the local market. The Group has a strong pipeline of projects and will open another 3 venues in the next financial year, two in London (Battersea in Autumn 2017 and White City in Spring 2018) and one in Manchester in Spring 2018. In addition, the Group has committed to opening two restaurants in New York, which will open in 2018 and 2019 and further establish the Group's position as one of the leading global restaurant groups.

The Group remains keenly focused on improving profitability through operational changes to the Group's restaurants, its supply chain and business processes and by further focused investment in the Group. The Group rigorously plans and controls its cost base and remains committed to cash generation and protection activities. It maintains its review processes and actions across the business to deliver cash improvements and enhance its risk measures to protect the business.

The Directors remain optimistic and believe that the Group will remain highly competitive whilst continuing to deliver customers a consistently high quality experience.

Approved by the Board of Directors
and signed on behalf of the Board on 8 September 2017

D A L Gunewardena
Director

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 2017. The Group has chosen, in accordance with section 414c(11) of the Companies Act 2006, and as noted in this directors' report, to include certain additional matters in its strategic report that would otherwise be required to be disclosed in this directors' report. This includes financial risk management objectives and policies, events which have occurred since the end of the financial year and future developments.

Directors

The directors, who served throughout the year and to the date of this report, except as noted, were as follows:

D A L Gunewardena
D M Loewi
S M C Sherwood
T C Harris
C Neale (resigned 11 May 2017)
P Sellers (appointed 11 May 2017)
T Harris-Speid (appointed 11 May 2017)

Dividends

The directors do not recommend a dividend for the financial year (2016: £nil).

Going Concern

The directors have a reasonable expectation that the company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found within the Significant Accounting Policies disclosed within the notes to the financial statements (see note 1).

Directors' indemnities

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Disabled employees

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

Employee consultation

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group and the Company. This is achieved through formal and informal meetings. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

Directors' report (continued)

Directors' statements as to disclosure of information to auditor

The directors who were members of the board at the time of approving the Directors' report are listed above and on page 1.

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the 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 a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Auditor

Deloitte LLP have indicated their willingness to continue in office and a resolution to reappoint them as auditor will be put to the members at the Annual General Meeting.

Approved by the Board and signed on its behalf by:

D A L Gunewardena
Director
8 September 2017

Panther Partners Limited

Directors' responsibilities statement

The directors are responsible for preparing the annual 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 year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explain in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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.

Independent auditor's report to the members of Panther Partners Limited

We have audited the financial statements of Panther Partners Limited for the year ended 31 March 2017 which comprise the consolidated profit and loss account, consolidated statement of comprehensive income, consolidated and company balance sheets, statement of changes in equity, consolidated cash flow statement and the related notes 1 to 26. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland."

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2017 and of the group's loss for the year then ended;
- have been properly prepared in accordance with Financial Reporting Standard 102; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information 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.
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Independent auditor's report to the members of Panther Partners Limited (continued)

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 any material misstatements in the Strategic report and the Directors' report.

In our opinion the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Georgina Robb

Georgina Robb FCA (Senior statutory auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
8 September 2017

Panther Partners Limited

Consolidated profit and loss account
For the year ended 31 March 2017

	Notes	Year ended 31 March 2017 £'000	Year ended 31 March 2016 £'000
Turnover: group and share of joint ventures	3	125,025	107,828
Less share of turnover of joint ventures		(1,737)	(1,567)
Group revenue		123,288	106,261
Cost of sales		(109,356)	(91,312)
Gross profit		13,932	14,949
Administrative expenses	7	(6,591)	(8,065)
Pre-opening costs	4	(1,576)	(2,952)
Operating profit before impairments		5,765	3,932
Impairment of fixed assets	4	(660)	(2,753)
Group operating profit	4	5,105	1,179
Share of net (loss)/profit of joint ventures		(345)	88
Total operating profit		4,760	1,267
Interest payable and similar charges	7	(7,448)	(6,712)
Exceptional items	8	(1,719)	(3,136)
Insurance proceeds	8	300	3,793
Loss on ordinary activities before taxation		(4,107)	(4,788)
Tax charge on loss on ordinary activities	9	(391)	(600)
Loss on ordinary activities after taxation		(4,498)	(5,388)
Minority interests		(19)	43
Loss for the financial year		(4,516)	(5,345)

All amounts reported in the profit and loss account relate to continuing activities.

Panther Partners Limited

Consolidated statement of comprehensive income
For the year ended 31 March 2017

	2017 £'000	2016 £'000
Loss attributable to members of the group excluding joint ventures	(4,171)	(5,433)
Share of (loss)/profit of joint ventures	(345)	88
	(4,516)	(5,345)
Exchange differences on retranslation of net assets of subsidiary undertakings	1,107	(602)
Total recognised loss for the year	(3,409)	(5,947)

Panther Partners Limited

Consolidated and company balance sheet
As at 31 March 2017

		Group		Company	
		2017	2016	2017	2016
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets	10	29,443	31,184	-	-
Tangible assets	11	44,971	38,272	-	-
		74,414	69,456	-	-
Investment in subsidiaries	12	-	-	17,895	17,895
Investment in joint ventures	12	38	382	-	-
Total investments		38	382	17,895	17,895
		74,452	69,838	17,895	17,895
Current assets					
Stock	13	4,243	4,208	-	-
Debtors	14	10,071	7,437	44,470	41,717
Cash at bank and in hand		292	1,794	33	-
		14,606	13,439	44,503	41,717
Creditors: amounts falling due within one year	15	(31,781)	(27,906)	(2,175)	(151)
Net current (liabilities)/assets		(17,175)	(14,467)	42,328	41,566
Total assets less current liabilities		57,277	55,371	60,223	59,461
Creditors: amounts falling due after more than one year	16	(71,256)	(65,881)	(71,256)	(65,557)
Provisions for liabilities and charges	17	(2,218)	(2,254)	-	-
Non-controlling interests		(153)	(177)	-	-
Net liabilities		(16,350)	(12,941)	(11,033)	(6,096)
Capital and reserves					
Called up share capital	19	139	139	139	139
Share premium account	19	160	160	160	160
Profit and loss account	20	(16,649)	(13,240)	(11,332)	(6,395)
Total shareholders' deficit		(16,350)	(12,941)	(11,033)	(6,096)

The financial statements of Panther Partners Limited (registered number 08462175) were approved by the Board of Directors and authorised for issue on 8 September 2017.

Signed on behalf of the Board of Directors

D A L Gunewardena

Panther Partners Limited

Consolidated statement of changes in equity
As at 31 March 2017

	Called up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total shareholders' deficit £'000
Group				
At 1 April 2016	139	160	(13,240)	(12,941)
Exchange difference on net assets of subsidiaries	-	-	1,107	1,107
Loss attributable to members of the parent undertaking	-	-	(4,516)	(4,516)
At 31 March 2017	139	160	(16,649)	(16,350)

Panther Partners Limited

Consolidated cash flow statement
For the year ended 31 March 2017

	Notes	2017 £'000	2016 £'000
Net cash flows from operating activities	21	9,548	16,430
Corporation tax paid		(273)	(5)
Net cash flows from operating activities		9,275	16,425
Cash flows from investing activities			
Purchase of tangible fixed assets	11	(10,140)	(14,267)
Net cash flows from investing activities		(10,140)	(14,267)
Net cash flows from financing activities			
Interest paid		(1,773)	(1,813)
Increase in ordinary share capital		-	10
Issue costs on borrowing		(1,789)	-
Increase in short term borrowings		1,750	-
Increase in long term borrowings		42,400	-
Repayment of long term borrowings		(41,225)	-
Net cash flows from financing activities		(637)	(1,803)
(Decrease)/increase in cash and cash equivalents	21	(1,502)	355
Cash and cash equivalents at beginning of year		1,794	1,439
Cash and cash equivalents at end of year		292	1,794

Panther Partners Limited

Notes to the financial statements
For the year ended 31 March 2017

1. **Significant accounting policies**

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements have been rounded to the nearest £000's.

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

In carrying out the transition to FRS 102 the company has applied the following exemptions as permitted by Section 35 'Transition to this FRS':

Lease incentives

Under previous UK GAAP operating lease incentives such as rent free periods, were spread over the shorter of the lease period or the period to when the rental was set to a fair market rent. FRS 102 requires that such incentives to be spread over the lease period. The company has taken advantage of the exemption for existing leases at the transition date to continue to recognise these lease incentives on the same basis as previous UK GAAP. Accordingly the FRS 102 accounting policy has been applied to new operating leases entered into since 1 April 2016.

Goodwill

Under previous UK GAAP goodwill was amortised over 20 years. FRS 102 requires that goodwill is amortised over 10 years unless it can be reasonably assessed to a specific period of time. The company has taken advantage of the exemption for existing goodwill at the transition date to continue to amortise goodwill on the same basis as previous UK GAAP.

Going concern

The directors have reviewed the Group's forecasts, taking a prudent view of trading performance in the next 12 months. These show that the Group should be able to operate within its banking facilities and loan covenants.

However, should the Group's trading deteriorate, the directors believe that they will be able to take appropriate actions, such as the sale of non-core property and other investments, to continue to operate within the groups existing bank facilities.

Whilst the Group has net current liabilities of £17,175,000 (2016: £14,467,000), this does not represent a risk to liquidity given the natural working capital cycle of the restaurants and management's ability to manage cashflow. Furthermore the Group has secured further facilities during the current financial year, as referenced in the Strategic and Directors report to support its growth. The directors have a reasonable expectation that the company and the Group have adequate resources to continue to trade for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the annual report and financial statements. Refer to the Strategic report & Directors' report for further going concern considerations.

1. Significant accounting policies (continued)

Basis of consolidation

The Group financial statements consolidate the financial statements of Panther Partners Limited and all its subsidiary undertakings to 31 March 2017, together with the Group's share of the net assets and results of its joint ventures. No profit and loss account is presented for Panther Partners Limited as permitted by Section 408 of the Companies Act 2006. The company's loss for the financial year was £4,397,000 (2016: £3,377,000).

Subsidiaries are consolidated, using the acquisition method of accounting, from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred from the Group.

The assets, liabilities and contingent liabilities of a subsidiary are measured at the fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the separately identifiable net assets acquired is recognised as goodwill. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

Intangible fixed assets

Goodwill

Positive goodwill is capitalised, classified as an asset at cost on the balance sheet and amortised on a straight-line basis over its useful economic life as determined by management, up to a maximum of 20 years (for goodwill arising prior to the adoption of FRS 102). Goodwill is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Lease intangibles

On acquisition, leasehold properties with embedded values in the lease are capitalised as an asset on the balance sheet at a cost and amortised on a straight line basis over the remaining lease periods, even if payments are not made on such a basis.

Trademarks

Purchased trademarks are classified as an asset at cost on the balance sheet and amortised on a straight-line basis over their useful economic lives, up to a maximum of 10 years.

Tangible fixed assets

Tangible fixed assets are included at cost, less accumulated depreciation. Depreciation is provided on assets when they are brought into use and is charged on a straight-line basis over the following periods:

Leasehold property	–	over the period of the lease
Leasehold improvements	–	over the shorter of the period of the lease and 25 years
Plant and equipment	–	4 years
Fixtures, fittings and equipment	–	10 years

Investments

Subsidiaries

In the company's financial statements, investments in subsidiary undertakings are stated at cost less any provision for impairment in value.

Trade investments

Trade investments are stated at cost less any provision for impairment in value.

1. **Significant Accounting policies (continued)**

Stocks

Raw materials and consumables are stated at the lower of cost and net realisable value on a first-in, first-out basis. Crockery, linen and staff uniforms (included in other stock) are accounted for on a renewals basis. There are no material differences between the recorded book values and replacement cost.

Turnover

Group turnover comprises the value of sales of goods and services (excluding Value Added Tax) in the normal course of business. The turnover of the restaurants excludes the staff discretionary service charge which is independently collected and distributed by a Tronc committee. Turnover is recognised as goods and services are delivered.

Foreign currency

Company

Transactions in foreign currencies are translated into sterling at the rates of exchange prevailing at the dates of the transactions. Monetary assets and liabilities denominated in a foreign currency are translated into sterling at the rates prevailing at the balance sheet date. Resulting exchange gains or losses are taken to the profit and loss account.

Group

The profit and loss accounts of foreign subsidiary undertakings are translated into sterling at the average rate for the year. Assets and liabilities denominated in foreign currency are translated into sterling at the rate of exchange ruling at the balance sheet date. Exchange differences arising on retranslation of net assets are taken directly to reserves. All other translation differences are taken to the profit and loss account with the exception of differences on foreign currency borrowings to the extent that they are used to finance or provide a hedge against group equity investments in foreign entities, which are taken directly to reserves, together with the exchange differences on the net investment in these entities.

Taxation

Corporation tax is provided on taxable profits at the current rate.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date and will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

- provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable; and
- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Pension costs and other post-retirement benefits

The company does not operate its own pension scheme. The company makes contributions to certain senior employees' personal pension schemes, which are charged to the profit and loss account as they fall due.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key source of estimation uncertainty - impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and, where it is a component of a larger cash generating unit, the expected future performance of that unit, and a suitable discount rate in order to calculate present value. The carrying amount of goodwill at the balance sheet date was £25,428,000 (2016: £26,999,000).

3. Turnover

Turnover and loss before tax are derived solely from the operation of restaurants and a hotel. An analysis of turnover by geographic market is given below:

	Year ended 31 March 2017 £'000	Year ended 31 March 2016 £'000
UK	113,479	99,117
Other	11,546	8,711
	125,025	107,828

Share of joint venture turnover (included above) in the UK and other was £1,737,000 (2016: £1,567,000).

Notes to the financial statements (continued)
For the year ended 31 March 2017

4. Operating profit

Operating profit is stated after charging/(crediting):

		Year ended 31 March 2017 £'000	Year ended 31 March 2016 £'000
Depreciation	– of tangible fixed assets	3,677	3,027
Amortisation	– intangible fixed assets	1,750	1,749
Operating leases	– land and buildings	11,716	12,486
	– sublet property income	(1,132)	(1,132)
Pre-opening costs		1,576	2,952
Write off of fixed assets		660	2,753

	Year ended 31 March 2017 £'000	Year ended 31 March 2016 £'000
Auditor's remuneration		
Fees payable to the group's auditor for the audit of the group and subsidiaries' annual financial statements	143	140
Fees payable to the group's auditor for non-audit services	5	5

5. Directors' remuneration

The remuneration in respect of the directors of the company was as follows:

	Year ended 31 March 2017 £'000	Year ended 31 March 2016 £'000
Emoluments	1,064	972
Pension contributions	17	24
	1,081	996

The remuneration in respect of the highest paid director was as follows:

	Year ended 31 March 2017 £'000	Year ended 31 March 2016 £'000
Emoluments	449	401
Pension contributions	6	13
	455	414

5. Directors' remuneration (continued)

The number of directors accruing benefits under the pension scheme is 4 (2016: 2).

An unsecured loan, made to a director, was outstanding during the year. The amount of the liability including interest to the Company at the beginning of the year was £70,000, the maximum during the year was £244,000 and at the end of the year was £155,000. Interest charged during the year amounted to £nil (2016: £nil). Loan repayments of £89,000 (2016: £nil) were made in the current year.

6. Staff costs

Staff costs (including executive directors) consist of:

	Year ended 31 March 2017 £'000	Year ended 31 March 2016 £'000
Wages and salaries	36,879	33,562
Social security costs	2,687	2,814
Pension costs	293	250
	39,859	36,626

The average full-time equivalent number of persons employed by the group during the year was as follows:

	2017 No.	2016 No.
Restaurants	1,699	1,663
Administrative	80	57
	1,779	1,720

The company employed no staff during the year.

7. Interest payable and similar charges

	Year ended 31 March 2017 £'000	Year ended 31 March 2016 £'000
Bank interest payable and similar charges	2,264	2,604
Interest on loan notes	3,877	3,628
Amortisation of issue costs	367	480
Write off of issue costs on Unitranche facility	940	-
	7,448	6,712

8. Exceptional items

Exceptional items in the year include refinancing costs of £982,000 and £63,000 of abortive IPO costs (2016: abortive IPO costs of £2,679,000), as well as £75,000 (2016: £441,000) relating to the Guastavinos litigation. Costs of £599,000 were also incurred in connection with central management restructuring and litigation expenses associated with the acquisition of Madison.

Exceptional income of £300,000 (2016: £3,793,000) was recorded within the income statement in respect of insurance proceeds received, which is discussed in the Strategic report.

9. Tax on loss on ordinary activities

(a) Tax on loss on ordinary activities

The tax charge is made up as follows:

	Year ended 31 March 2017 £'000	Year ended 31 March 2016 £'000
Current tax:		
UK corporation tax	349	671
Adjustments in respect of previous periods	151	-
Total current tax (note 9(b))	500	671
Deferred tax:		
Origination and reversal of timing differences	294	(71)
Adjustments in respect of previous periods	(403)	
Total deferred tax	(109)	(71)
Tax charge on loss on ordinary activities	391	600

(b) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year varies from the standard rate of corporation tax in the UK of 20% (2016: 20%). The differences are reconciled below:

	Year ended 31 March 2017 £'000	Year ended 31 March 2016 £'000
Loss on ordinary activities before tax	(4,107)	(4,788)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2016: 20%)	(821)	(958)
Permanent disallowables	1,435	1,245
Adjustments in respect of prior periods	(94)	(71)
Tax over/(under) provided in previous periods	(130)	384
Total current tax (note 9(a))	391	600

9. Tax on loss on ordinary activities (continued)

(c) Factors that may affect future tax charges

The Group has tax losses arising in France of €7,758,000 (2016: €5,508,000), which are available for offset against future taxable profits of certain of the Group's French subsidiaries to a maximum of ten years from the date of being incurred. The tax losses have not been recognised in the financial statements as deferred tax assets as the directors do not consider that there is sufficient evidence that such an asset would be recoverable in the foreseeable future.

The losses incurred in France give rise to a tax credit of 33% of those losses as the rate of corporation tax applied in France is higher than that in the UK.

No deferred tax is recognised on the unremitted earnings of overseas subsidiaries and joint ventures. As the earnings are continually reinvested by the group, no tax is expected to be payable on them in the foreseeable future.

There are unprovided deferred tax assets of £389,000 (2016: £43,000) relating to losses carried forward and depreciation in excess of capital allowances. The amount has not been recognised as the directors do not believe there is sufficient certainty that the asset will be recovered.

10. Intangible assets

Group

The net book value of intangible fixed assets comprises:

	Leasehold intangibles £'000	Goodwill £'000	Trademarks £'000	Total £'000
Cost				
At 1 April 2016	3,733	31,500	990	36,223
Acquired during the year	-	-	9	9
At 31 March 2017	3,733	31,500	999	36,232
Accumulated amortisation				
At 1 April 2016	315	4,501	223	5,039
Provided during the year	105	1,571	74	1,750
At 31 March 2017	420	6,072	297	6,789
Net book value				
At 31 March 2017	3,313	25,428	702	29,443
At 31 March 2016	3,418	26,999	767	31,184

– Goodwill acquired prior to the adoption of FRS 102 is being amortised over its useful economic life of 20 years. Any goodwill arising after the adoption of FRS 102 is being amortised over 10 years.

– Trademarks acquired prior to the adoption of FRS 102 are being amortised over their useful economic lives of 20 years. Any trademarks acquired after the adoption of FRS 102 are being amortised over 10 years.

– Leasehold intangibles are being amortised over the remaining lease periods.

11. Tangible fixed assets

The net book value of tangible fixed assets of the Group comprises:

	Leasehold property and improve -ments £'000	Furniture, fixtures and fittings £'000	Plant and equipment £'000	Total £'000
Cost				
At 1 April 2016	29,707	5,829	5,060	40,596
Additions	5,994	2,561	1,585	10,140
Disposals	(1,621)	(253)	(179)	(2,053)
Exchange gain	1,693	278	246	2,217
At 31 March 2017	35,773	8,415	6,712	50,900
Accumulated depreciation				
At 1 April 2016	127	612	1,585	2,324
Provided during the year	2,180	760	737	3,677
Disposals	(1,121)	(92)	(154)	(1,367)
Exchange gain	799	261	235	1,295
At 31 March 2017	1,985	1,541	2,403	5,929
Net book value				
At 31 March 2017	33,788	6,874	4,309	44,971
At 31 March 2016	29,580	5,217	3,475	38,272

The company holds no fixed assets (2016: £nil).

12. Investments in subsidiaries and joint ventures

a) Group

(i) Investment in joint ventures

	Book value and fair value to Group £'000
At 1 April 2016	382
Share of loss in the year	(344)
Dividends received	-
At 31 March 2017	38

50% of the share capital of The Modern Pantry Limited a company registered in the UK is held by a subsidiary company, CGL Restaurant Holdings Limited. The purpose of the joint venture is the operation of two restaurants in London.

The Group's share of its joint ventures is further broken down on the following page:

12. Investments in subsidiaries and joint ventures (continued)

b) Group

(i) Investment in joint ventures

	2017 £'000	2016 £'000
Share of fixed assets	580	221
Share of current assets	237	693
Share of liabilities due within one year	(451)	(253)
Share of liabilities due after one year	(328)	(279)
	38	382

c) Company

	Subsidiary undertakings £'000	Total £'000
Cost		
At 1 April 2016 and 31 March 2017	17,895	17,895
Impairment		
At 1 April 2016 and 31 March 2017	-	-
Net book value		
At 31 March 2017	17,895	17,895
At 31 March 2016	17,895	17,895

Details of the investments in which the Group or the company holds more than 10% of the nominal value of any class of share capital are shown on the following page:

12. Investments in subsidiaries and joint ventures (continued)

c) Company (continued)

	Country of registration (or incorporation) and operation	Holding	Proportion of voting rights and shares held	Nature of Business
All held by the company unless indicated:				
CGL Restaurant Holdings Limited	∞	Ordinary shares	100%	Holding Company
The German Gymnasium Limited	∞	Ordinary shares	100%	Restaurant
D&D London Limited	∞	Ordinary shares	100%*	Management Company
Quaglino's Restaurant Limited	∞	Ordinary shares	100%*	Restaurant
Blueprint Café Limited	∞	Ordinary shares	95%*	Restaurant
Le Pont de la Tour Limited	∞	Ordinary shares	100%*	Restaurant
The Butlers Wharf Chop-House Limited	∞	Ordinary shares	100%*	Restaurant
100 Wardour Limited	∞	Ordinary shares	100%*	Restaurant
The Bluebird Store Limited	∞	Ordinary shares	100%*	Restaurant
Orrery Restaurant Limited	∞	Ordinary shares	100%*	Restaurant
Coq d'Argent Limited	∞	Ordinary shares	100%*	Restaurant
Sartoria Restaurant Limited	∞	Ordinary shares	100%*	Restaurant
Skylon Restaurant Limited	∞	Ordinary shares	100%*	Restaurant
Plateau Restaurant Limited	∞	Ordinary shares	100%*	Restaurant
Alcazar (Paris) Limited	∞	Ordinary shares	95%*	Restaurant
Alcazar (France) Limited	∞	Ordinary shares	95%*	Restaurant
Atlantic Blue Compagnie SNC	α	Ordinary shares	100%*	Restaurant
Guastavino's Inc	β	Ordinary shares	100%*	Restaurant
Ocean Drive Compagnie SASU	α	Partnership shares	100%*	Nightclub
Floridita London Limited	∞	Ordinary shares	100%*	Dormant
Image Restaurants Limited	∞	Ordinary shares	100%*	Dormant
Moving Image Restaurants Limited	∞	Ordinary shares	100%*	Restaurant
Place Restaurants Limited	∞	Ordinary shares	100%*	Restaurant
Mirror Image Restaurants Limited	∞	Ordinary shares	100%*	Dormant
The Modern Pantry Limited	∞	Ordinary shares	50%*	Restaurant
Kuala Lumpur Quest Sdn Bhd	**	Ordinary shares	50%**	Dormant
South Place Hotel Limited	∞	Ordinary shares	100%*	Hotel
D&D Leeds Limited	∞	Ordinary shares	100%*	Restaurant
Old Bengal Warehouse Limited	∞	Ordinary shares	100%*	Restaurant
D&D Nova Limited	∞	Ordinary shares	100%	Restaurant
D&D Glasgow Limited	∞	Ordinary shares	100%	Dormant
Madison Restaurant Limited	∞	Ordinary shares	100%	Restaurant
Alexander & Bjorck Limited	∞	Ordinary shares	100%*	Events
D&D Manchester Limited	∞	Ordinary shares	100%	Dormant
D&D Victoria Gate Limited	∞	Ordinary shares	100%	Dormant

* held by a subsidiary undertaking.
** investment in Kuala Lumpur Quest Sdn Bhd has been fully provided for.
∞ trading addresses of these businesses are 16 Kirby Street, London, EC1N 8TS, United Kingdom.
α trading address of this business is Alcazar, 62 rue Mazarine, 75006 Paris
β trading address of this business is 409 East 59th Street, New York NY 10022

13. Stock

	2017 £'000	2016 £'000
Raw materials and consumables	1,707	1,790
Crockery, linen and staff uniforms	2,536	2,418
	4,243	4,208

There is no material difference between the carrying value and the replacement value of stocks.

14. Debtors

	Group		Company	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Trade debtors	3,443	3,065	-	18
Amounts owed by Group undertakings	-	-	44,409	41,559
Other debtors	1,022	303	11	-
Prepayments and accrued income	5,606	4,069	21	140
Deferred tax asset	-	-	29	-
	10,071	7,437	44,470	41,717

Included in the above are amounts owed by subsidiary undertakings to the company totalling £44,409,000 (2016: £41,559,000). The loans carry interest at 10% (2016: 10%) per annum but this has been waived in the years ended 31 March 2017 and 31 March 2016.

15. Creditors: amounts falling due within one year

	Group		Company	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Bank loans and overdrafts	1,750	-	1,750	9
Trade creditors	13,012	11,901	56	20
Amounts owed to subsidiary undertakings	-	-	243	5
Other taxation and social security	1,875	2,233	-	-
Other creditors	2,525	3,101	2	-
Accruals and deferred income	12,619	10,671	124	117
	31,781	27,906	2,175	151

Bank loans and overdrafts include £1,750,000 (2016: £nil) relating to the drawdown on the Groups' revolving credit facility. The facility was repaid in full post year end as detailed in note 26.

16. Creditors: amounts greater than one year

	Group		Company	
	2017	**2016**	**2017**	**2016**
	£'000	**£'000**	**£'000**	**£'000**
Bank loans and overdrafts	30,771	26,634	30,771	26,634
Investor loan notes	28,608	36,022	28,608	36,022
Management loan notes	1,569	2,901	1,569	2,901
PIK notes	10,308	-	10,308	-
Other creditors	-	324	-	-
	71,256	65,881	71,256	65,557

During the year the business undertook two refinancings.

On 12 October 2016, the business refinanced its Unitranche facility and simultaneously repaid £3,000,000 of institutional and management loan notes. £2,000,000 of institutional loan notes were redeemed, split equally between the secured and unsecured loan notes – the payment was for interest which had accrued on the loan notes since April 2013. £1,000,000 of management loan notes were redeemed, split equally between secured and unsecured loan noted – the payment was against the nominal value of loan notes in April 2013.

On 31 December 2016, the business swapped £10,000,000 of institutional and management loan notes for a £10,000,000 PIK note with Beechbrook Capital LLP. The term expires on 12 April 2023 and interest accrues at LIBOR + 12%. No interest was paid during the year ended 31 March 2017.

The loan note proceeds of £10,000,000 were applied as follows:

- £9,484,090 of institutional secured loan notes were redeemed, of which £4,615,220 was applied to the nominal value of the loan notes and £4,868,870 applied to interest accrued since April 2013.
- £515,910 of management secured loan notes redeemed, all of which was applied to the nominal value of the loan notes.

As a result of the refinancing, the redemption date of the institutional and management loan notes was extended from 18 April 2019 to 12 October 2023.

Investor loan notes comprise £8,900,000 (2016: £13,500,000) of subordinated secured loan notes and £13,500,000 (2016: £13,500,000) of subordinated unsecured loan notes, which expire on 12 October 2023. Interest accrues on these loan notes at 10% (2016: 10%) and, as a result of the refinancing events noted above, interest of £6,868,870 which had accrued on the loan notes since April 2013 (£2,000,000 in October and £4,868,870) was settled during the year ended 31 March 2017 (2016: £nil).

Management loan notes comprise £100,000 (2016: £1,300,000) of subordinated secured loan notes and £600,000 (2016: £1,300,000) of subordinated unsecured loan notes, which expire on 12 October 2023. Interest accrues on these loan notes at 10% (2016: 10%), no interest was paid during the year ended 31 March 2017 (2016: £nil).

Other creditors in the year amount to £nil (2016: £250,000 – landlord contributions received in 2013 relating to Trinity Leeds and £84,000 relating to a payment received to reduce the term of the lease at Kensington Place).

16. Creditors: amounts greater than one year (continued)

Bank loans

The bank loans are repayable as follows:

	Senior B		Unitranche		Total	
	2017	2016	2017	2016	2017	2016
	£'000	£'000	£'000	£'000	£'000	£'000
Within two to five years	-	-	-	26,908	-	26,908
More than five years	32,427	-	-	-	32,427	-
At 1 April 2016	-	-	-	25,328	-	25,328
Deferred issue costs	(1,656)	-	-	(1,580)	(1,656)	(1,580)
At 31 March 2017	30,771	-	-	25,328	30,771	25,328

The loans are secured by fixed charges over the Company's and its subsidiaries' assets.

On 12 October 2016, the company refinanced its Unitranche facility and replaced this with a £32,400,000 senior debt facility from HSBC Bank Plc and Santander UK Plc, with Santander UK Plc as the Agent. The terms of the Senior B debt are £32,400,000 repayable on 11 October 2022; interest is calculated at LIBOR +4% and is payable in full.

Following the refinancing, the remaining £940,000 of deferred issue costs relating to the Unitranche facility were written off to the P&L and replaced by new issue costs.

17. Provisions for liabilities and charges

	2017	2016
	£'000	£'000
Deferred tax (below)	1,704	1,813
Other provisions	514	441
	2,218	2,254

The provisions for liabilities and charges also includes a provision of £514,000 (2016: £441,000) in relation to a class action in Guastavinos, New York.

Group	Deferred tax £'000
At 1 April 2016	1,813
Deferred tax charge in Group profit and loss account (note 9 (a))	294
Adjustments in respect of previous years	(403)
At 31 March 2017	1,704

The deferred tax included in the balance sheet is as follows:

17. Provisions for liabilities and charges (continued)

	2017 £'000	2016 £'000
Accelerated capital allowances	1,841	1,347
Losses carried forward	(71)	(174)
Other timing differences	(66)	640
Provision for deferred tax	1,704	1,813

Group	Other provisions £'000
At 1 April 2016	441
Exchange difference on brought forward assets	73
At 31 March 2017	514

18. Derivatives not included at fair value

The Group has an interest rate cap which is not included at fair value in the accounts.

	Principal £'000	2017 £'000	2016 £'000
Interest rate swap contracts		25	31

The Group uses the derivatives to manage its exposure to interest rate movements on its bank borrowings. The fair values are based on market values of equivalent instruments at the balance sheet date.
The interest rate cap contracts with nominal value of £25,900,000 (2016: £17,500,000) have fixed interest payments at an average rate of 0.05% (2016: 1.17%) for periods up until 2019 and have floating interest receipts of LIBOR plus 2% (2016: 2%).

19. Issued share capital

	2017	2016
Allotted, called up and fully paid		
8,949,636 A1 shares of £0.002 each	18	18
11,050,364 A2 shares of £0.002 each	22	22
2,028,985 'B' ordinary shares of £0.01 each	20	20
6,825,325 'C' ordinary shares of £0.01 each	69	69
9,516 'D' ordinary shares of £1.00 each	10	10
	139	139
Share premium account	160	160

Panther Partners Limited

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For the year ended 31 March 2017

19. Issued share capital (continued)

All shares rank pari passu in all respects except the 'C' and 'D' ordinary shares which have certain ratchet rights applied to them such that if a minimum hurdle is not met on a sale, listing or refinancing of the business, then some of the economic value accruing on the C ordinary shares will flow to the A ordinary shares until the hurdle is reached. At the Balance Sheet date, there were 38,770 (2016: 38,770) unallocated 'C' shares with a nominal value of £387 (2016: £387).

20. Reconciliation of shareholders' deficit and movement on reserves

	Called up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total shareholders' deficit £'000
Group				
At 1 April 2016	139	160	(13,240)	(12,941)
Exchange difference on net assets of subsidiaries	-	-	1,107	1,107
Loss attributable to members of the parent undertaking	-	-	(4,516)	(4,516)
At 31 March 2017	139	160	(16,649)	(16,350)

	Called up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total shareholders' deficit £'000
Company				
At 1 April 2016	139	160	(6,395)	(6,096)
Loss after taxation	-	-	(4,937)	(4,397)
At 31 March 2017	139	160	(11,332)	(11,033)

21. Reconciliation of operating profit to net cash inflow from operating activities

	2017 £'000	2016 £'000
Operating profit	5,105	1,179
Amortisation of intangible fixed assets	1,750	1,749
Impairment of fixed assets	660	2,753
Depreciation	3,677	3,027
(Increase) in stocks	(3)	(390)
(Increase) in debtors	(2,574)	(817)
Increase in creditors and provisions	933	8,929
Net cash inflow from operating activities	9,548	16,430

22. Reconciliation of net cash flow to movement in net debt

	At 1 April 2016 £'000	Cashflow £'000	Other non-cash charges £'000	At 31 March 2017 £'000
Cash in hand	1,794	(1,502)	-	292
Debt due within one year	-	(1,750)	-	(1,750)
Debt due after one year	(63,700)	(4,428)	(6,534)	(74,662)
Issue costs on borrowing	-	1,789	(133)	1,656
Amortisation of issue costs	1,151	-	(1,151)	-
Net debt	(60,755)			(74,464)

23. Operating lease commitments

The Group leases certain land and buildings. The rents payable under these leases are subject to review at intervals specified in the lease.

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2017 £'000	2016 £'000
– within 1 year	11,285	11,516
– in 2 to 5 years	37,864	40,378
– after more than 5 years	125,137	132,687
	174,286	184,581

The group has sublet certain property on short and long leases to third parties. The total future minimum lease income under non-cancellable operating leases are as follows:

	2017 £'000	2016 £'000
– within 1 year	1,132	1,132
– in 2 to 5 years	-	1,101

24. Contingent liabilities

The company, together with its fellow subsidiaries, were party to an intercompany guarantee dated 11 October 2016 in favour of Santander UK Plc (as security agent for HSBC Bank Plc and Santander UK Plc) given as security for debt facilities provided to the parent undertaking and its subsidiaries. As at the balance sheet date the net amount due under these facilities was £32,428,000 (2016: £27,785,000).

The terms of the purchase of the business by Panther Partners Limited provides for further consideration of £3,000,000 (2016: £3,000,000) to be paid to the vendor shareholders in the event of a subsequent sale of the business resulting in the majority shareholder achieving a return in excess of a specified multiple.

24. Contingent liabilities (continued)

In the event that the business were sold at the balance sheet date at its current market value there would be no payment triggered. The liability is therefore contingent and not provided for at the Balance Sheet date.

25. Related party transactions

Loan to director
An unsecured loan, made to a director, was outstanding during the year. The amount of the liability including interest to the Company at the beginning of the year was £70,000, the maximum during the year was £244,000 and at the end of the year was £155,000. Interest charged during the year amounted to £nil (£2016: £nil). Loan repayments of £89,000 (2016: £nil) were made in the current year.

Other related party transactions
The total remuneration (disclosed in note 6) for key management for the year totalled £1,064,000 (2016: £972,000).

The company is controlled by the executive management team, with its share capital owned by LDC II LP 68% (2016: 68%)), LDC Parallel II LP 1% (2016: 1%)), management and employees of the company 31% (2016: 31%)) and unallocated share capital 0% (2016: 0%)).

During the year the company was charged monitoring fees by LDC of £100,000 (2016: £100,000) and the amount outstanding at the balance sheet date was £8,333 (2016: £8,333).

26. Post balance sheet events

On 2 May 2017 the Group drew down £4,000,000 from its £10,000,000 CAPEX facility to finance its expansion plans and fully repaid its £1,750,000 revolving credit facility.