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Registered number: NI033440

Sharp Pencil Restaurants Ltd

Unaudited

Financial statements

For the year ended 31 October 2017



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Sharp Pencil Restaurants Ltd
Registered number: NI033440

Statement of financial position
As at 31 October 2017

			2017 £	(As restated) 2016 £
	Note			
Fixed assets				
Tangible assets	4		350	467
Investment property			160,000	160,000
			<u>160,350</u>	<u>160,467</u>
Current assets				
Debtors: amounts falling due within one year	6	13,617	252	
Cash at bank and in hand	7	183,060	182,674	
		<u>196,677</u>	<u>182,926</u>	
Creditors: amounts falling due within one year	8	(167,821)	(158,442)	
Net current assets			<u>28,856</u>	<u>24,484</u>
Total assets less current liabilities			<u>189,206</u>	<u>184,951</u>
Creditors: amounts falling due after more than one year	9	-	-	(17,260)
Provisions for liabilities				
Deferred tax	10	(60)	(79)	
Net assets			<u>189,146</u>	<u>167,612</u>
Capital and reserves				
Called up share capital	11	200,000	200,000	
Profit and loss account		(10,854)	(32,388)	
Total equity			<u>189,146</u>	<u>167,612</u>

The directors consider that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

Sharp Pencil Restaurants Ltd
Registered number: NI033440

Statement of financial position (continued)
As at 31 October 2017

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
28/03/2018



Mr Neil Black
Director

The notes on pages 4 to 12 form part of these financial statements.

Sharp Pencil Restaurants Ltd

**Statement of changes in equity
For the year ended 31 October 2017**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 November 2015 (as previously stated)	200,000	(17,217)	182,783
Prior year adjustment	-	(34,601)	(34,601)
	<u>200,000</u>	<u>(51,818)</u>	<u>148,182</u>
At 1 November 2015 (as restated)			
Comprehensive income for the year			
Profit for the year	-	19,430	19,430
	<u>200,000</u>	<u>(32,388)</u>	<u>167,612</u>
At 1 November 2016			
Comprehensive income for the year			
Profit for the year	-	21,534	21,534
	<u>200,000</u>	<u>(10,854)</u>	<u>189,146</u>
At 31 October 2017			

Sharp Pencil Restaurants Ltd

Notes to the financial statements

For the year ended 31 October 2017

1. General information

Sharp Pencil Restaurants Ltd is a private company, limited by shares, incorporated in and domiciled in Northern Ireland, registration number NI033440. The address of the registered office is 1 Ballymena Road, Doagh, Co. Antrim, BT39 0QR.

The company's principal activities during the year were from consulting and rental income.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

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

The following principal accounting policies have been applied:

2.2 Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the company's shareholders.

The company has taken advantage of the following exemptions:

- from preparing a statement of cash flows, required under Section 7 of FRS 102 and para 3.17(d), on the basis that it is a small company,
- from disclosing the Company's key management personnel compensation as required by FRS 102 para 33.7; and
- from certain financial instrument disclosures, required under FRS 102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29.

**Notes to the financial statements
For the year ended 31 October 2017**

2. Accounting policies (continued)

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

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

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

**Notes to the financial statements
For the year ended 31 October 2017**

2. Accounting policies (continued)

2.4 Tangible fixed assets

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

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

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis:

Property	-	2% straight line
Fixtures, plant and equipment	-	25% reducing balance

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

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

2.5 Investment property

Investment property is carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Statement of comprehensive income.

2.6 Debtors

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

2.7 Cash and cash equivalents

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

**Notes to the financial statements
For the year ended 31 October 2017**

2. Accounting policies (continued)

2.8 Financial instruments

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

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

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

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

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

2.9 Creditors

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

2.10 Finance costs

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.11 Borrowing costs

All borrowing costs are recognised in the Statement of comprehensive income in the year in which they are incurred.

Sharp Pencil Restaurants Ltd

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

2. Accounting policies (continued)

2.12 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of comprehensive income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

2.13 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

3. Employees

The average monthly number of employees, including directors, during the year was 2 (2016 - 2).

Sharp Pencil Restaurants Ltd

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

4. Tangible fixed assets

	Property £	Fixtures, plant and equipment £	Total £
Cost or valuation			
At 1 November 2016 (as previously stated)	202,709	36,978	239,687
Prior year adjustment	(202,709)	-	(202,709)
At 1 November 2016 (as restated)	-	36,978	36,978
At 31 October 2017	-	36,978	36,978
Depreciation			
At 1 November 2016 (as previously stated)	12,162	36,511	48,673
Prior year adjustment	(12,162)	-	(12,162)
At 1 November 2016 (as restated)	-	36,511	36,511
Charge for the period on owned assets	-	117	117
At 31 October 2017	-	36,628	36,628
Net book value			
At 31 October 2017	-	350	350
At 31 October 2016 (as restated)	-	467	467

5. Investment property

	Investment property £
Valuation	
At 1 November 2016 (as previously stated)	-
Transfer between classes	202,709
Prior year adjustment	(42,709)
At 1 November 2016 (as restated)	160,000
At 31 October 2017	160,000

The valuations were made by Templeton Robinson, on a vacant possession value for existing use basis.

Sharp Pencil Restaurants Ltd

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

6. Debtors

	2017 £	2016 £
Trade debtors	933	-
Prepayments and accrued income	12,684	252
	<u>13,617</u>	<u>252</u>

7. Cash and cash equivalents

	2017 £	2016 £
Cash at bank and in hand	183,060	182,674

8. Creditors: Amounts falling due within one year

	2017 £	2016 £
Bank loans (note 9)	17,972	20,688
Trade creditors	-	8,640
Amounts owed to group undertakings	139,320	120,121
Corporation tax	5,239	4,917
Other taxation and social security	1,122	3
Accruals and deferred income	4,168	4,073
	<u>167,821</u>	<u>158,442</u>

Amounts owed to group undertakings are interest free, unsecured and repayable on demand.

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

	2017 £	2016 £
Bank loans	-	17,260

Security

- First Legal Charge over the business premises at 1-3 Ballymena Road with the bank's interest noted on satisfactory index-linked fire cover for the property;
- Joint and several Letter of Guarantee signed by Neil Black and Paul Heyes for the sum of £186,000 for the accounts and liabilities of the Borrower; and
- Assignment of keyman cover to include critical illness on the lives of Neil Black and Paul Heyes for the amount of £186,000 (to be obtained retrospectively).

Sharp Pencil Restaurants Ltd

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

10. Deferred taxation

	2017 £	2016 £
At 1 November	79	112
Released to the statement of comprehensive income	(19)	(33)
At 31 October	60	79

The provision for deferred taxation is made up as follows:

	2017 £	2016 £
Accelerated capital allowances	60	79

11. Share capital

	2017 £	2016 £
Shares classified as equity		
Allotted and fully paid		
200,000 (2016: 200,000) Ordinary shares of £1 each	200,000	200,000

12. Related party transactions

The company had the following transactions with related parties during the year. These entities are related parties as defined under paragraph 33.1A from the provisions of FRS 102 by virtue of common influence.

Transactions with related parties are as follows:

	Nature of transaction	Amount of transaction 2017 £	Amount of transaction 2016 £	Amount owed to/(from) related party 2017 £	Amount owed to/(from) related party 2016 £
Sharp Pencil Consultancy Limited (common influence)	Rent payable	24,000	24,000	39,320	20,121
Lagan Submarines (Ireland) Limited (common influence)	Management charges	-	-	100,000	100,000

Sharp Pencil Restaurants Ltd

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

13. Ultimate parent undertaking and controlling party

The directors regard Ancre Developments Limited, a company incorporated in Northern Ireland, as the immediate and ultimate parent company and controlling party.

14. First time adoption of FRS 102

The Company transitioned to FRS 102 from previously extant UK GAAP as at 1 November 2015. The impact of the transition to FRS 102 is as follows:

Reconciliation of equity at 1 November 2015

	Note	£
Equity at 1 November 2015 under previous UK GAAP		182,783
Property revaluation	1	(34,601)
Equity shareholders funds at 1 November 2015 under FRS 102		148,182

Reconciliation of equity at 31 October 2016

	Note	£
Equity at 31 October 2016 under previous UK GAAP		198,159
Property revaluation	1	(34,601)
Decrease in property depreciation charge	2	4,054
Equity shareholders funds at 31 October 2016 under FRS 102		167,612

Reconciliation of profit and loss account for the year ended 31 October 2016

		£
Profit for the year under previous UK GAAP		15,376
Property revaluation	1	(34,601)
Decrease in property depreciation charge	2	4,054
Loss for the year ended 31 October 2016 under FRS 102		(15,171)

The following were changes in accounting policies arising from the transition to FRS 102:

- 1 On transition to FRS 102 the property was classified as an investment property and revalued to a market value of £160,000.
- 2 Depreciation previously charged on the property was reversed on transition.