

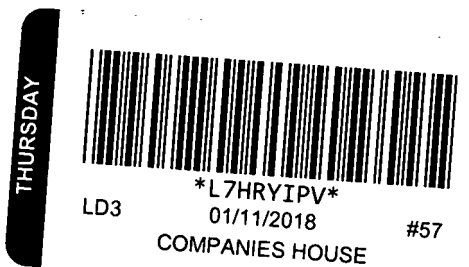
Elvetham Ltd

Annual Report and Financial Statements

Year Ended

31 March 2018

Company Number 04817215



Elvetham Ltd

Company Information

Directors	M S Lilley J O Tillman
Company secretary	L J Lilley
Registered number	04817215
Registered office	6 Snow Hill London EC1A 2AY
Independent auditor	BDO LLP 55 Baker Street London W1U 7EU
Bankers	Royal Bank of Scotland 62-63 Threadneedle Street London EC2R 8LA

Elvetham Ltd

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Elvetham Ltd

Strategic Report for the Year Ended 31 March 2018

The directors present their strategic report together with the audited financial statements for the year ended 31 March 2018.

Business review

We're pleased to announce record profits for Abokado in the year ended 31 March 2018. This has been achieved despite the well-publicised difficulties faced by the restaurant sector including unprecedented cost pressures, weak consumer sentiment and over-supply.

Pre-exceptional EBITDA increased by 24% to £726k with pre-exceptional site EBITDA increasing to £1.7m.

Trading since the year end has strengthened further with 6% growth in like for like sales in the year to date.

These results have been achieved as a result of an enormous amount of effort by both our leadership team and the entire Abokado family, who have worked tirelessly to cement Abokado's position as London's leading healthy grab and go brand.

In April 2018 we successfully refinanced our senior debt with Thincats and negotiated an additional line of growth capital to support the opening of new stores. We are therefore pleased to also announce the planned opening of our 24th site in Hammersmith in November 2018. Other new sites are under offer and in advanced stages of negotiation, with our focus remaining on our heartland of central and outer London. The directors are pleased to be finally seeing an improvement in both the availability and the terms demanded in the property market and intend to take advantage of further opportunities as they arise.

The directors routinely review the Abokado estate to assess whether there are sites which no longer fit the long-term strategy for the business. During the year, five leases were successfully assigned, achieving total premium proceeds of £260k. Impairment against these stores had prudently been made in the prior year. In the current year as part of our impairment assessment we have impaired a proportion of the assets of a single store. Subsequent to the year end, our first store, also considered non-core, was successfully assigned at nil surrender value.

We announced several key new hires over the past year, underlying our ongoing investment and commitment to growth. Our management and leadership team is now the strongest we've enjoyed. The new skills these individuals bring are enabling us to enhance the Abokado customer experience further, attracting new customers and increasing brand loyalty amongst our existing market.

Our work with hand-picked local charities is always an important part of our commitment to doing business in a socially responsible manner and that support has been ongoing throughout the past year.

As ever we would like to thank our customers, suppliers and most importantly our hard working and passionate managers and team members for their continued support. Our vision remains to help people live happier and healthier lives by making our 'feel great' menu as accessible as possible.

Elvetham Ltd

Strategic Report (continued) for the Year Ended 31 March 2018

Principal risks and uncertainties

In common with every business, the company is open to exposure from certain risks which could affect our ability to be successful. The board and management team regularly review these risks to ensure they are managed effectively to enable the smooth running of the business.

The key risks that the business faces and out actions to mitigate these risks are as follows:

1) People

Our employees are a key asset. Failure to attract and retain high quality people could adversely affect our ability to provide an excellent experience for our customers. To manage this risk, we remain highly focused on maintaining a positive working environment and culture. We have also developed complex reward structures which influence behaviour and which reward our performance. We invest in our people and often promote from within. We also have robust HR practices in order to provide a safe and structured workplace. We are fortunate that our company attracts passionate, highly skilled and motivated staff and we work hard to create an environment in which they can prosper. The board also ensures that the company has sound succession planning in place should any of the senior management depart.

2) Supply Chain

We are proud that we serve freshly made and healthy food. This is core to our business proposition and the brand promise we make to our customers. It is only possible through sourcing high quality, fresh and often fragile ingredients from our suppliers. A fall in the standard of goods supplied could therefore adversely affect our reputation and business performance. A failure to supply could affect our ability to operate. To mitigate these risks we carry out a detailed review of our supply chain annually. All our suppliers are required to hold quality accreditations. We also enter into contracts for supply with a majority of our suppliers to ensure visibility and no shortages. Detailed specifications are agreed for every ingredient we source. We then constantly review the quality of goods received against those specifications.

3) Pricing

The company's margins could be adversely affected by a sudden increase in the price of key raw ingredients as well as other overheads. To manage this risk, we agree fixed forward pricing with a majority of our suppliers. This is reviewed annually or bi annually. This risk is also mitigated by our ability to pass on price increases to our customers in the form of increases in selling prices.

4) Brand

Our brand is a key asset. We are trusted by our customers to provide safe, high quality food and drink in a welcoming environment. There is a risk of brand deterioration if we fail to achieve this. To manage this risk, we only deal with suppliers who have a track record of supplying high quality ingredients and hold recognised quality accreditations. We also retain the services of an external Health and Safety and Food Safety consultant to ensure that we are always complying with Health and Safety and Environmental Health regulations. The safety of our staff and customers is a key concern and we audit our stores regularly. Our store operational performance is also reviewed in detail on a weekly basis by the management team and the results of frequent independent mystery diner results are examined in depth and acted on by our operational team. We have secured all the relevant trademark registrations and protections and take action against any infringement.

5) Growth

The company's growth creates the risk that operational standards might deteriorate and also that underperforming sites might be secured. The board addresses these risks by ensuring that the business grows at a manageable pace. A rigorous new site selection process, including significant due diligence, also exists for new stores and this is reviewed and challenged by the board before any decision to secure a new lease is made.

Elvetham Ltd

Strategic Report (continued) for the Year Ended 31 March 2018

6) Economic Uncertainties

A change in economic condition could have an impact on the company's performance. We manage this by ensuring that we retain a competitive advantage within our sector and by fostering intense loyalty amongst our customer base through a consistently excellent product and service.

Financial key performance indicators

Management utilise a number of qualitative and quantitative indicators to monitor and improve the company's performance. The company considers turnover, gross profit margin and adjusted EBITDA as the key performance indicators. A summary of these key performance indicators is as follows:

	2018 £	2017 £
Turnover	£13,428,059	£13,502,743
Gross profit margin	36.0%	37.2%
Adjusted EBITDA*	£725,921	£584,652

* Adjusted EBITDA is operating profit before depreciation, amortisation, pre-opening expenses, loss on disposal of fixed assets and exceptional costs.

This report was approved by the board and signed on its behalf.



.....
M S Lilley
Director

Date:

17/10/18

Elvetham Ltd

Directors' Report for the Year Ended 31 March 2018

The directors present their report together with the audited financial statements for the year ended 31 March 2018.

Directors' responsibilities

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Principal activity

The principal activity of the company during the year under review was the operation of a chain of healthy food outlets trading as Abokado.

Results and dividends

The loss for the year, after taxation, amounted to £1,138,892 (2017 - £1,054,316).

No dividends will be distributed for the year ended 31 March 2018 (2017 - £Nil).

Going concern

The directors regularly review forecasts of cash flows, profitability and covenant compliance. Based on these forecasts, the directors have a reasonable expectation that there are adequate resources for the Company to continue in operational existence for the foreseeable future. The directors therefore continue to adopt the going concern basis of accounting in preparing these financial statements.

Directors

The directors who served during the year were:

M S Lilley
J O Tillman
R Zivkovic (resigned 23 March 2018)

Elvetham Ltd

Directors' Report (continued) for the Year Ended 31 March 2018

Future developments

The company's future developments are detailed in the strategic report.

Disclosure of information to 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, BDO 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.

Director



Date:

17/10/18

Elvetham Ltd

Independent Auditor's Report to the Members of Elvetham Limited

Opinion

We have audited the financial statements of Elvetham Ltd ("the company") for the year ended 31 March 2018 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and notes to the financial statements, 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 March 2018 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 UK, including the FRC'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.

Conclusions relating to going concern

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

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

Elvetham Ltd

Independent Auditor's Report to the Members of Elvetham Limited (continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and 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 and 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.

Elvetham Ltd

Independent Auditor's Report to the Members of Elvetham Limited (continued)

Responsibilities of directors

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, 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.

Auditor's 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 at the Financial Reporting Council's website at: <https://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.



Mark RA Edwards (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London
United Kingdom

Date: 17/10/2018

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Elvetham Ltd

Statement of Comprehensive Income for the Year Ended 31 March 2018

	Note	2018 £	2017 £
Turnover	4	13,428,059	13,502,743
Cost of sales		(8,593,425)	(8,477,047)
Gross profit		4,834,634	5,025,696
Administrative expenses		(5,320,065)	(5,665,060)
Adjusted EBITDA		725,921	584,652
Pre-opening expenses		-	(100,000)
Other exceptional costs		(214,073)	(14,780)
Depreciation and impairment		(778,663)	(1,037,526)
Amortisation and impairment		(46,502)	(71,710)
Loss of disposal of tangible assets		(172,114)	-
Operating loss	5	(485,431)	(639,364)
Amounts written off investments		(7,500)	(8,833)
Interest receivable and similar income	9	-	2,247
Interest payable and expenses	10	(645,961)	(408,366)
Loss before tax		(1,138,892)	(1,054,316)
Loss for the financial year		(1,138,892)	(1,054,316)

All amounts relate to continuing operations.

*Adjusted EBITDA is operating profit before depreciation, amortisation, pre-opening expenses and exceptional costs.

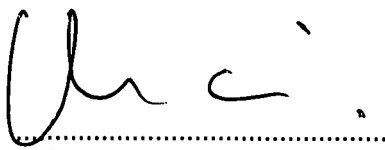
The notes on pages 14 to 28 form part of these financial statements.

Elvetham Ltd
Registered number: 04817215

Statement of Financial Position
as at 31 March 2018

	Note	2018 £	2018 £	2017 £	2017 £
Fixed assets					
Intangible assets	13		44,020		46,458
Tangible assets	14		3,402,898		4,233,353
Property lease premiums	15		21,442		90,456
Investments	16		1		1
			<u>3,468,361</u>		<u>4,370,268</u>
Current assets					
Stocks	17	314,146		347,346	
Debtors	18	803,115		889,784	
Cash and cash equivalents		31,862		37,968	
		<u>1,149,123</u>		<u>1,275,098</u>	
Creditors: amounts falling due within one year	19	(2,546,666)		(2,570,107)	
Net current liabilities			<u>(1,397,543)</u>		<u>(1,295,009)</u>
Total assets less current liabilities			<u>2,070,818</u>		<u>3,075,259</u>
Creditors: amounts falling due after more than one year	20		(4,957,384)		(4,822,933)
Net liabilities			<u>(2,886,566)</u>		<u>(1,747,674)</u>
Capital and reserves					
Called up share capital	24	152,630		152,630	
Share premium	25	1,983,764		1,983,764	
Profit and loss account	25	(5,022,960)		(3,884,068)	
Total equity			<u>(2,886,566)</u>		<u>(1,747,674)</u>

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


.....
M S Lilley
Director

Date:

17/10/18

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

Elvetham Ltd

Statement of Changes in Equity for the Year Ended 31 March 2018

	Share capital £	Share premium £	Profit and loss account £	Total equity £
At 1 April 2017	152,630	1,983,764	(3,884,068)	(1,747,674)
Comprehensive income for the year				
Loss for the year	-	-	(1,138,892)	(1,138,892)
At 31 March 2018	152,630	1,983,764	(5,022,960)	(2,886,566)

Statement of Changes in Equity for the Year Ended 31 March 2017

	Share capital £	Share premium £	Profit and loss account £	Total equity £
At 1 April 2016	152,630	1,983,764	(2,829,752)	(693,358)
Comprehensive income for the year				
Loss for the year	-	-	(1,054,316)	(1,054,316)
At 31 March 2017	152,630	1,983,764	(3,884,068)	(1,747,674)

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

Elvetham Ltd

Statement of Cash Flows for the Year Ended 31 March 2018

	2018 £	2017 £
Cash flows from operating activities		
Loss for the financial year	(1,138,892)	(1,054,316)
Adjustments for:		
Depreciation of tangible assets	713,254	744,231
Impairments of fixed assets	38,750	53,810
Loss on disposal of tangible assets	172,114	(29,361)
Interest paid	645,961	408,366
Interest received	-	(2,247)
Decrease/(increase) in stocks	33,200	(173,047)
Decrease/(increase) in debtors	86,670	(116,638)
(Decrease)/increase in creditors	(491,653)	512,203
Impairment of tangible fixed assets	65,410	293,295
Amortisation of intangible fixed assets	2,438	328
Amortisation of lease premiums	5,314	17,572
Net cash generated from operating activities	132,566	654,196
Cash flows from investing activities		
Purchase of tangible fixed assets	(367,269)	(1,172,202)
Sale of tangible fixed assets	275,200	4,500
Interest received	-	2,247
Interest paid on finance leases	(22,366)	(52,005)
Exceptional items	-	(25,000)
Net cash from investing activities	(114,435)	(1,242,460)
Cash flows from financing activities		
New secured loans	200,000	972,385
Repayment of loans	(187,176)	-
Repayment of finance leases	(91,558)	(224,459)
Interest paid	(142,966)	(116,361)
Net cash used in financing activities	(221,700)	631,565
Net (decrease)/increase in cash and cash equivalents	(203,569)	43,301
Cash and cash equivalents at beginning of year	(7,252)	(50,553)
Cash and cash equivalents at the end of year	(210,821)	(7,252)

Elvetham Ltd

Statement of Cash Flows (continued) for the Year Ended 31 March 2018

	2018 £	2017 £
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	31,862	37,968
Bank overdrafts	(242,683)	(45,220)
	<u>(210,821)</u>	<u>(7,252)</u>

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

Elvetham Ltd

Notes to the Financial Statements for the Year Ended 31 March 2018

1. General information

Elvetham Ltd is a private company limited by shares and incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the company information page and the nature of the company's operations and principal activity are set out in the strategic report.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The financial statements present the results of the parent Company, Elvetham Ltd. only. Elvetham Ltd. owns 100% of its dormant subsidiary Abokado Limited, registered in England & Wales, registered number 06134542. The Company's directors have chosen not to consolidate the financial statements of Elvetham Ltd. and its subsidiary on the basis that there is no material impact on these financial statements.

The following principal accounting policies have been applied:

2.2 Turnover

Turnover represents amounts received and receivable for goods provided, excluding value added tax, and is recognised at the point of sale of goods.

2.3 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated depreciation and any accumulated impairment losses.

The development costs are amortised over a period of 20 years.

2.4 Going concern

The directors regularly review forecasts of cash flows, profitability and covenant compliance. Based on these forecasts, the directors have a reasonable expectation that there are adequate resources for the Company to continue in operational existence for the foreseeable future. The directors therefore continue to adopt the going concern basis of accounting in preparing these financial statements.

2.5 Tangible fixed assets

Tangible fixed assets are stated at cash less depreciation. Depreciation is provided evenly at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives or, if held under a finance lease, over the lease term.

Elvetham Ltd

Notes to the Financial Statements for the Year Ended 31 March 2018

2. Accounting policies (continued)

2.5 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold property	- over the period of the lease
Fixtures and fittings	- over 7 years
Motor vehicles	- over 3 years
Plant and machinery	- over 10 years
Computer equipment	- over 3 years

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.

2.6 Operating leases

Rentals paid under operating leases are charges to the profit or loss on a straight line basis over the period of the lease.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

2.7 Impairment of fixed assets

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.8 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

Elvetham Ltd

Notes to the Financial Statements for the Year Ended 31 March 2018

2. Accounting policies (continued)

2.9 Leasing and hire purchase

Where assets are financed by leasing arrangements that give rights approximating to ownership (finance leases), the assets are treated as if they have been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding lease commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account over the shorter of the estimated useful life and the period of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduced the finance lease liability.

2.10 Taxation

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.

2.11 Financial assets

Financial assets, other than instruments and derivatives, are initially measured at transaction price and subsequently held at cost less any impairment.

2.12 Financial liabilities

Financial liabilities and equity are classified to the substance of the financial instruments contractual obligations, rather than the financial instruments legal form. Financial liabilities, excluding convertible debt and derivatives, are measured at transaction price (including transaction costs) and subsequently held at amortised cost.

Elvetham Ltd

Notes to the Financial Statements for the Year Ended 31 March 2018

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

In preparing these financial statements, the directors have had to make the following judgements:

- Determine whether leases entered into by the company are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the company's tangible and intangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty

- Tangible fixed assets (see note 14)

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on the number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

4. Turnover

The whole of the turnover is attributable to the principal activity of the company and arises solely in the United Kingdom.

5. Operating loss

The operating loss is stated after charging:

	2018	2017
	£	£
Research & development charged as an expense	26,998	22,248
Tangible fixed assets - depreciation	713,254	744,231
Intangible fixed assets - amortisation	2,438	328
Impairment of tangible fixed assets	65,410	293,295
Operating lease rentals	1,545,595	1,603,623
Property lease premiums - amortisation and impairment	44,064	71,382

Elvetham Ltd

Notes to the Financial Statements for the Year Ended 31 March 2018

6. Auditor's remuneration

	2018 £	2017 £
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	<u>21,450</u>	<u>19,300</u>
Fees payable to the company's auditor and its associates in respect of:		
Taxation compliance services	3,650	2,850
Accounts preparation	1,250	665
	<u>4,900</u>	<u>3,515</u>

7. Employees

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

	2018 £	2017 £
Wages and salaries	4,009,231	4,153,041
Social security costs	335,577	305,380
Other pension costs	27,004	24,792
	<u>4,371,812</u>	<u>4,483,213</u>

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

	2018 No.	2017 No.
Central staff	12	12
Store staff	221	206
Directors	2	3
	<u>235</u>	<u>221</u>

Elvetham Ltd

Notes to the Financial Statements for the Year Ended 31 March 2018

8. Directors' remuneration

	2018 £	2017 £
Directors' emoluments	287,733	235,675
Company contributions to defined contribution pension schemes	949	2,197
	<u>288,682</u>	<u>237,872</u>

During the year retirement benefits were accruing to 1 directors (2017 - 2) in respect of defined contribution pension schemes.

9. Interest receivable and similar income

	2018 £	2017 £
Other interest receivable	-	2,247
	<u>-</u>	<u>2,247</u>

10. Interest payable and similar expenses

	2018 £	2017 £
Bank interest payable	147,966	116,361
Other loan interest payable	475,629	240,000
Finance leases and hire purchase contracts	22,366	52,005
	<u>645,961</u>	<u>408,366</u>

11. Taxation

	2018 £	2017 £
Current tax on profits for the year	-	-
	<u>-</u>	<u>-</u>

Elvetham Ltd

Notes to the Financial Statements for the Year Ended 31 March 2018

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2017 -higher than) the standard rate of corporation tax in the UK of 19% (2017 - 19%). The differences are explained below:

	2018 £	2017 £
Loss on ordinary activities before tax	(1,138,892)	(1,054,316)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 -19%)	(216,389)	(200,320)
Effects of:		
Expenses not deductible for tax purposes	114,500	5,000
Fixed asset differences	122,033	85,000
Deferred tax not recognised	(20,144)	110,320
Total tax charge for the year	-	-

At 31 March 2018 there were deferred taxation losses not recognised of £397,241 (2017 - £414,775).

12. Exceptional items

	2018 £	2017 £
Pre-opening expenses	-	(100,000)
Non-recurring operating costs	(214,073)	(14,780)
	(214,073)	(114,780)

Exceptional items include professional and legal costs, redundancy costs and other costs related to disposal/closure of stores.

Elvetham Ltd

Notes to the Financial Statements for the Year Ended 31 March 2018

13. Intangible assets

	Development costs £
Cost	
At 1 April 2017	48,752
At 31 March 2018	<u>48,752</u>
Amortisation	
At 1 April 2017	2,294
Charge for the year	2,438
At 31 March 2018	<u>4,732</u>
Net book value	
At 31 March 2018	<u><u>44,020</u></u>
At 31 March 2017	<u><u>46,458</u></u>

Elvetham Ltd

Notes to the Financial Statements for the Year Ended 31 March 2018

14. Tangible fixed assets

	Leasehold Property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation						
At 1 April 2017	373,179	2,058,425	6,705	4,510,297	137,697	7,086,303
Additions	53,123	81,885	-	199,004	33,257	367,269
Disposals	(76,702)	(43,587)	-	(686,793)	(1,373)	(808,455)
At 31 March 2018	<u>349,600</u>	<u>2,096,723</u>	<u>6,705</u>	<u>4,022,508</u>	<u>169,581</u>	<u>6,645,117</u>
Depreciation						
At 1 April 2017	133,973	945,381	3,178	1,652,815	117,603	2,852,950
Charge for the year	50,795	272,930	2,235	371,596	15,698	713,254
Disposals	(35,176)	(26,664)	-	(301,550)	(1,057)	(364,447)
Reclassification of impairment	-	-	-	(24,948)	-	(24,948)
Impairment charge	9,416	-	-	55,994	-	65,410
At 31 March 2018	<u>159,008</u>	<u>1,191,647</u>	<u>5,413</u>	<u>1,753,907</u>	<u>132,244</u>	<u>3,242,219</u>
Net book value						
At 31 March 2018	<u>190,592</u>	<u>905,076</u>	<u>1,292</u>	<u>2,268,601</u>	<u>37,337</u>	<u>3,402,898</u>
At 31 March 2017	<u>239,206</u>	<u>1,113,044</u>	<u>3,527</u>	<u>2,857,482</u>	<u>20,094</u>	<u>4,233,353</u>

The net book value of land and buildings may be further analysed as follows:

	2018 £	2017 £
Long leasehold	<u>190,592</u>	<u>239,206</u>

Elvetham Ltd

Notes to the Financial Statements for the Year Ended 31 March 2018

15. Property lease premiums

	2018 £	2017 £
Current	5,314	12,366
Non-current	16,128	78,090
	<u>21,442</u>	<u>90,456</u>

The premiums recognised are amortised over the term of the leases. During the period £5,314 (2017 - £17,572) has been charged to the income statement within administrative expenses in respect of amortisation and £38,750 (2017 - £53,810) in respect of impairments.

16. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 April 2017	1
At 31 March 2018	<u>1</u>
Net book value	
At 31 March 2018	<u>1</u>
At 31 March 2017	<u>1</u>

Elvetham Ltd

Notes to the Financial Statements for the Year Ended 31 March 2018

16. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding	Principal activity
Abokado Limited	Equity shares	100 %	Dormant

The above directly held subsidiary has the same registered office address as the company (see company information page).

17. Stocks

	2018 £	2017 £
Raw materials and consumables	314,146	347,346

Stock recognised in cost of sales during the year as an expense was £4,839,196 (2017 - £4,909,059).

No impairment loss was recognised in cost of sales against stock during the year.

18. Debtors

	2018 £	2017 £
Due after more than one year		
Other debtors	348,996	352,421
Due within one year		
Trade debtors	60	-
Amounts owed by group undertakings	375	375
Other debtors	59,288	132,433
Prepayments and accrued income	394,396	404,555
	803,115	889,784

Elvetham Ltd

Notes to the Financial Statements for the Year Ended 31 March 2018

19. Creditors: Amounts falling due within one year

	2018 £	2017 £
Bank overdrafts	242,683	45,220
Bank loans	478,033	188,000
Lease incentive	31,389	45,135
Trade creditors	1,104,960	1,637,181
Other taxation and social security	375,237	282,065
Obligations under finance lease and hire purchase contracts	18,547	88,162
Other creditors	1,354	2,856
Accruals and deferred income	294,463	281,488
	<u>2,546,666</u>	<u>2,570,107</u>

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

	2018 £	2017 £
Bank loans	1,436,166	1,939,000
Other loans	3,403,609	2,727,980
Lease incentive	117,609	134,011
Net obligations under finance leases and hire purchase contracts	-	21,942
	<u>4,957,384</u>	<u>4,822,933</u>

Other loans relate to loan notes issued by Kings Park Capital to the company. The notes accrue interest at a rate of 12% per annum and, if not previously paid, the principal and any accrued but unpaid interest will be repaid by the company:

- a) in full on an exit event; or
- b) on 31 May 2025

Elvetham Ltd

Notes to the Financial Statements for the Year Ended 31 March 2018

21. Loans

Analysis of the maturity of loans is given below:

	2018 £	2017 £
Amounts falling due within one year		
Bank loans	478,033	188,000
Amounts falling due 1-2 years		
Bank loans	478,033	484,956
Amounts falling due 2-5 years		
Bank loans	958,133	1,454,044
Amounts falling due after more than 5 years		
Other loans	3,403,609	2,727,980
	5,317,808	4,854,980

On 30 April 2018 the bank loan was repaid and terminated, and the company have obtained a new loan funding subsequent to year-end.

22. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2018 £	2017 £
Within one year	26,492	88,162
Between 1-2 years	-	21,942
	26,492	110,104

The finance leases are secured by a fixed and floating charge over the assets of the business.

The bank loan is secured by a debenture charge over the assets of the business.

Elvetham Ltd

Notes to the Financial Statements for the Year Ended 31 March 2018

23. Financial instruments

	2018 £	2017 £
Financial assets		
Financial assets that are debt instruments measured at amortised cost	<u>440,580</u>	<u>523,197</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(6,979,815)</u>	<u>(6,931,830)</u>

Financial assets measured at amortised cost comprise cash at bank, other debtors and amounts owed by group undertakings.

Financial liabilities measured at amortised cost comprise bank loans, other loans, trade and other creditors, finance leases and accrued expenses.

24. Share capital

	2018 £	2017 £
Allotted, called up and fully paid		
152,630 ordinary shares of £1 each	<u>152,630</u>	<u>152,630</u>

25. Reserves

The company's capital and reserves are as follows:

Called up share capital

Called up share capital represents the nominal value of the shares issued.

Share premium account

The share premium account includes the premium on issue of equity shares, net of any issue costs.

Profit and loss account

Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

26. Pension commitments

The company operates a defined contribution pension scheme. The assets of the schemes are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company to the funds and amounted to £27,004 (2017 - £24,792). Contributions totalling £1,354 (2017 - £2,172) were payable to the funds at the year end and are included in creditors.

Elvetham Ltd

Notes to the Financial Statements for the Year Ended 31 March 2018

27. Commitments under operating leases

At 31 March 2018 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £	2017 £
Not later than 1 year	1,379,000	1,698,090
Later than 1 year and not later than 5 years	4,711,041	5,991,880
Later than 5 years	1,938,232	3,080,496
	<u>8,028,273</u>	<u>10,770,466</u>

28. Major non-cash transactions

Other non-cash changes in the year relate to £475,629 (2017 - £240,000) of loan note interest and £6,923 (2017 - £8,833) of loan arrangement fees capitalised.

29. Related party transactions

Elvetham Ltd is related to Kings Park Capital (Jersey) Midco Limited by virtue of the fact that they are the controlling party of the company. During the year, the company issued loan notes to funds controlled by Kings Park Capital (Jersey) Midco Limited of £200,000 (2017 - £Nil) to bring the amount payable by the company at the year end to £2,200,000 (2017 - £2,000,000). These loan notes had accrued unpaid interest at 31 March 2018 of £1,203,609 (2017 - £727,980).

30. Controlling party

During the year ended 31 March 2018, Kings Park Capital (Jersey) Midco Ltd controlled the company by virtue of a controlling interest (directly or indirectly) of 58% in the issued ordinary share capital. The ultimate controlling party is Kings Park Capital LLP.