Novus Leisure Group Limited
(previously Survivor Limited)

Report and Financial Statements

52 weeks ended

25 June 2017

Company Number 08118391

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Novus Leisure Group Limited

Report and financial statements
for the 52 weeks ended 25 June 2017

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Director

T C Smith

Registered office

3rd Floor, Clareville House, 26-27 Oxendon Street, London, SW1Y 4EL

Company number

08118391

Auditors

BDO LLP, 55 Baker Street, London, W1U 7EU

The director submits his strategic report and the audited financial statements for Novus Leisure Group Limited (the "Company") and its consolidated subsidiaries (collectively known as the "Group") for the 52 weeks ended 25 June 2017.

Principal activities

The principal activity of the Group, which trades under the name Novus (previously Novus Leisure), is the management of bars, clubs and restaurants. During the year, the Group acquired 3 new sites which traded under the name Rocket Restaurants. Since the end of the period, one of these sites has been refurbished into a Tank and Paddle venue and, 2 sites have been rebranded as Balls Brothers.

The Group operates 43 venues, with 38 in London (all centrally based in either the West End or the City) and five in major regional cities. The venues, which with the exception of Balls Brothers and the six Tiger Tiger sites are unbranded, operate across four trading styles:

Landmark Clubs
Iconic sites in prime locations, typically with a three am licence and multiple trading rooms.

Tiger Tiger
In addition to the famous London venue, a further five sites span the country, all with three am licences and multiple trading rooms.

Premium Bar and Kitchen
Eclectic London sites with full daytime and evening offer.

Balls Brothers Emporium
Premium wine bars with a full food offer.

The principal activity of the Company was a holding company.

Review of the business

Trading Review

The Group generated adjusted EBITDA of £4.0m in the period under review (26 June 2016 - £4.0m). The consistent EBITDA comes against a backdrop of continued fixed cost increases, due to increasing rents and new rateable values (venue level fixed cost increased by £1.0m over the year) and reflects considerable success in growing venue gross margins and controlling variable costs at both venue and support centre level.

The full year like for like sales result of positive 0.8% comprises a gain of 1.2% in the first half and a gain of 0.3% in the second half. The first half benefitted from a very strong December (L4L sales of +3.1%) and the second half benefitted in Q3 (L4L sales +2.9%) and declined in Q4 (L4L sales -1.9%) due to terrorist attacks in Manchester and London in Q4 this year.

The company continues to focus on delivering L4L sales growth through a combination of:

- Improving the quality of the retail offer, including stocking more premium brands;
- Emphasis on our customers' experience;
- Up-weighted marketing and promotional initiatives;
- Continued investment in and development of the Group's pre-booked sales model;
- The introduction of revised bonus and incentive schemes;
- Capital investment in selected sites, with significant investments in Gem, Tank and Paddle and continued investment in our Balls Brothers brand (Mayfair Exchange, Shoe Lane, Austin Friars and Hays Galleria).

Review of the business *(continued)*

In addition to this focus on delivering L4L sales growth, management have continued to look to mitigate on-going fixed cost pressures within the business. To this end management have:

- Achieved a 0.5% improvement in gross margin, with drink margin 0.6% ahead and food margin 0.9% behind, resulting in a Cost of Sales saving of £0.3m
- Exercised tight control on venue level and central variable costs, where year on year costs were reduced by £0.6m.

As mentioned above the Company's strategy to improve its sales performance has included targeted capital investment. During the year the Company undertook six significant refurbishment investments (Gem, Mayfair Exchange, Minster Court, Shoe Lane, Austin Friars and Hays Galleria), with a total capital investment of £1.4m. The Director is pleased with the initial results of these investments.

The Company has no on-going or contingent liability in respect of any onerous leases.

Finance Costs and Funding

Total net finance cost in the period was £4.8m and includes non-cash elements totalling £4.5m in respect of the bank debt PIK interest and the amortisation of debt issuance costs. As a result of the Group restructure in May 2015 all interest due under the Group's term loan has converted to PIK interest. Accordingly the Group now only incurs cash paid interest in respect of its working capital facility.

Over the course of the year the Group has invested in the development of its venues (£1.4m) and its digital platform (£0.1m). The digital investment has focussed on the Group's new customer experience dashboard and on-line bookings. These investments have been funded from a combination of internal resources and property disposal proceeds.

At period end the Group had net third party debt (defined as gross bank term debt and revolving facilities less positive cash balances) of £38.0m (26 June 2016 - £36.3m).

Current trade and future developments

As noted above the Company had positive L4L sales growth over the period. The Group successfully expanded its drinks portfolio by introducing more premium brands, providing a further boost to the Group's retail offer.

Five refurbishment investments have been completed post 25th June 2017; Mark Lane, Canary Wharf and Adam's Court which is part of the Balls Brothers Emporium and Bishopsgate and Heddon Street which is part of the Tank and Paddle venues.

Key Performance Indicators

The Group manages its performance through the monitoring of a number of financial measures, including but not exclusively, sales, gross profit margin and Adjusted EBITDA. The Group's management are incentivised on a combination of these financial measures and other operational measures, such as health and safety compliance.

The performance of these measures is shown below:

	52 weeks ended 25 June 2017	**52 weeks ended 26June 2016**	**Calculation method**
Same Venue Revenue Growth %	**0.8%**	-0.5%	Total revenue in current period divided by total revenue generated by the same venues in prior period. Excludes venues closed for capital investment.
Trading Gross Profit %	**78.2%**	77.6%	Gross profit divided by total revenue
Adjusted EBITDA	**4.0m**	£4.0m	Profit before tax, interest, depreciation, amortisation, closure costs and exceptional costs

Principal risks and uncertainties

The board believes that the principal risks and uncertainties facing the Group in the coming period are as follows:

- Exposure to an economic downturn in the UK resulting in lower consumer expenditure.
- Increases to the rates of duty on alcohol, property rates, value added tax, personal and other business taxes.
- Licensing and other regulatory changes, which could contribute to increases in the Group's cost base and/or a reduction in revenue.
- Terrorism and threat of terrorism, particularly in light of the concentration of the Group's venues in central London.
- Weather and the risk of snow during the key Christmas trading period.
- Industrial action, such as transport strikes that prevent or discourage customers from travelling to the Group's venues in central London.
- Debt, liquidity and revenue risks. The Group's debt financing exposes it to a variety of financial risks. These risks, and how they are mitigated, are as follows:

    - As a result of the group's term loan converting to PIK interest, the Directors continues to review the group's interest rate hedging requirements.
    - Currency risk. The Group operates within the United Kingdom and substantially all transactions are denominated in sterling so there is no currency risk.
    - Credit risk. The Group's revenues are predominantly cash and credit card with minimal trade debtors so there is minimal credit risk.
    - Price risk: The Group is not exposed to equity security price risk or commodity price risk.
    - Liquidity risk is managed through an assessment of short, medium and long-term cash flow forecasts to ensure the adequacy of committed debt facilities. Short-term liquidity risk is managed through revolving credit facilities and short-term deposits.

Employment policy

The Group places considerable value on the involvement of its employees and keeps them informed of matters affecting them as employees and on various factors affecting the Group's performance through weekly updates, quarterly conferences and regular ad hoc briefings throughout the year.

Applications for employment by disabled persons are fully and fairly considered having regard to the aptitudes and abilities of each applicant to perform the duties required by the job. Efforts are made to enable any employees who become disabled during employment to continue their careers with the Group. Training, career development and promotion of disabled persons is, as far as possible, identical to that of other employees who are not disabled.

Charitable and political donations

The Group has made £16,000 (26 June 2016 - £3,000) of charitable contributions during the period.

Going concern

The director considers the Group and Company has adequate resources to continue in operational existence for the foreseeable future and at least the next 12 months from the date of signing these financial statements. On this basis the financial statements have been prepared on a going concern basis.

Approval

This strategic report was approved on behalf of the Board on 28.03.2018.

T C Smith
Director

The director presents his report and the audited financial statements and notes for Novus Leisure Group Limited (the "Company") and its consolidated subsidiaries (collectively known as the "Group") for the 52 weeks ended 25 June 2017.

Profitability and dividends

The loss for the year attributable to equity shareholders was £5.7m (26 June 2016 - £6.5m). There is no dividend paid or proposed.

Director

The director of the Company during the year was:

T C Smith
Gregor Grant (resigned 30 September 2016)

Details of the remuneration of the director are set out in note 6.

The director who held office at the end of the financial year did not have any disclosable interest in the shares of the Company. At 25 June 2017 the director had an interest in the shares of Survivor Holdings (Jersey) Limited, the Company's ultimate holding company.

Statement of director's responsibilities

The director is responsible for preparing the report of the director and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has prepared the group and parent company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group for that year. In preparing these financial statements, the director is required to:

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

The director is 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 the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

The current director has taken all the steps that he ought to have taken to make himself aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The director is not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them as auditors will be proposed at the next annual general meeting.

On behalf of the Board

T C Smith
Director

Date 28.03.2018

Opinion

We have audited the financial statements of Novus Leisure Group Limited ("the Parent Company") and its subsidiaries ("the Group") for the period ended 25 June 2017 which comprise the consolidated statement of comprehensive income, the consolidated balance sheet, the company balance sheet, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated cashflow statement, the company cashflow statement 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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 25 June 2017 and of the Group's loss for the period then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements 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 Group and the Parent 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 Group or the Parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

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

We have nothing to report in this regard.

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 Director's report for the financial period for which the financial statements are prepared is consistent with the financial statements; and

- the Strategic report and Director's report has 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 Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Director's 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 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.

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 Group's and the Parent 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 Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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.

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.

BDO LLP

Mark RA Edwards (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London
28 March 2018

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

Novus Leisure Group Limited

Consolidated statement of comprehensive income
for the 52 weeks ended 25 June 2017

	Note	52 weeks ended 25 June 2017 £'000	52 weeks ended 26 June 2016 £'000
Revenue	2	**100,310**	103,025
Cost of sales		**(21,925)**	(23,039)
Gross profit		**78,385**	79,986
Administrative expenses		**(79,382)**	(81,943)
Adjusted EBITDA *		**3,994**	4,045
Closure costs		**(73)**	(157)
Depreciation and amortisation		**(5,695)**	(5,469)
Exceptional (costs)/credits	4	**777**	(376)
Operating loss	3	**(997)**	(1,957)
Finance income	7	**1**	13
Finance cost	7	**(4,753)**	(4,559)
Loss on ordinary activities before taxation		**(5,749)**	(6,503)
Taxation	8	-	-
Loss for the year attributable to equity owners and total comprehensive income		**(5,749)**	(6,503)

The results above are all in respect of continuing operations.

* Adjusted EBITDA is earnings before interest, tax, depreciation, amortisation, closure costs and exceptional items.

The notes on pages 19 to 43 form part of these financial statements.

Novus Leisure Group Limited

Consolidated balance sheet
at 25 June 2017

Company number 08118391	Note	25 June 2017 £'000	26 June 2016 £'000
Assets			
Non-current assets			
Other intangible assets	9	1,313	1,631
Property plant and equipment	10	18,416	20,153
Other non-current assets	12	1,588	683
		21,317	22,467
Current assets			
Inventories	13	1,097	1,139
Trade and other receivables	14	6,482	6,109
Cash and cash equivalents	15	3,834	1,883
		11,413	9,131
Total assets		32,730	31,598
Liabilities			
Current liabilities			
Corporation tax	19	(127)	(4)
Trade and other payables	16	(16,967)	(14,736)
Provisions	18	(125)	(125)
		(17,219)	(14,865)
Non-current liabilities			
Borrowings	17	(41,811)	(37,380)
Deferred tax	20	-	-
Trade and other payables	16	(1,547)	(1,451)
		(43,358)	(38,831)
Total liabilities		(60,577)	(53,696)
Net liabilities		(27,847)	(22,098)
Equity			
Share capital	21	-	-
Retained earnings		(27,847)	(22,098)
Total equity		(27,847)	(22,098)

The financial statements were approved and authorised for issue by the Board of Directors on 28.03.18 and were signed on its behalf by:

T C Smith
Director

The notes on pages 19 to 43 form part of these financial statements.

Novus Leisure Group Limited

Company balance sheet
at 25 June 2017

Company number 08118391	Note	25 June 2017 £'000	26 June 2016 £'000
Assets			
Non-current assets			
Investment in subsidiaries	11	**16,328**	**16,328**
Other receivables	14	**17,461**	**17,421**
Total non-current assets		**33,789**	**33,749**
Current assets			
Other receivables	14	**3**	**3**
Total current assets		**3**	**3**
Total assets		**33,792**	**33,752**
Non-current liabilities			
Borrowings	17	**(50,599)**	**(46,128)**
Trade and other payables	16	**(1,547)**	**(1,451)**
Total non-current liabilities		**(52,146)**	**(47,579)**
Total liabilities		**(52,146)**	**(47,579)**
Net liabilities		**(18,354)**	**(13,827)**
Equity			
Share capital	21	**-**	**-**
Retained earnings		**(18,354)**	**(13,827)**
Total equity		**(18,354)**	**(13,827)**

The Company has taken advantage of Section 408 of the Companies Act 2006 and has not included its own Statement of comprehensive income. The loss after tax for the parent company for the year was £4,527,000 (26 June 2016 loss - £3,869,000).

The financial statements were approved and authorised for issue by the Board of Directors on 28.03.18 . and were signed on its behalf by:

T C Smith
Director

The notes on pages 19 to 43 form part of these financial statements.

Novus Leisure Group Limited

Consolidated statement of changes in equity
at 25 June 2017

	Share capital £'000	Retained earnings £'000	Total equity £'000
At 29 June 2015	-	(15,595)	(15,595)
Profit for the period and total comprehensive income	-	(6,503)	(6,503)
At 26 June 2016	-	(22,098)	(22,098)
At 26 June 2016	-	(22,098)	(22,098)
Profit for the period and total comprehensive income	-	**(5,749)**	**(5,749)**
At 25 June 2017	-	**(27,847)**	**(27,847)**

The notes on pages 19 to 43 form part of these financial statements.

Novus Leisure Group Limited

Company statement of changes in equity
at 25 June 2017

	Share capital £'000	Retained earnings £'000	Total equity £'000
At 29 June 2015	-	(9,958)	(9,958)
Profit for the year and total comprehensive income	-	(3,869)	(3,869)
At 26 June 2016	-	(13,827)	(13,827)
At 27 June 2016	-	(13,827)	(13,827)
Loss for the year and total comprehensive income	-	**(4,527)**	**(4,527)**
At 25 June 2017	-	**(18,354)**	**(18,354)**

The notes on pages 19 to 43 form part of these financial statements.

Novus Leisure Group Limited

Consolidated statement of cash flows
for the 52 weeks ended 25 June 2017

	Note	52 weeks ended 25 June 2017 £'000	52 weeks ended 26 June 2016 £'000
Cash inflows from operating activities	27	**5,119**	628
Net interest paid		**(321)**	(356)
Tax repaid		**-**	-
Net cash (outflow) from operating activities		**4,798**	272
Cash flows from investing activities			
Purchase of property, plant, equipment and intangibles		**(4,390)**	(4,669)
Business combinations	22	**(263)**	-
Disposal of property, plant, equipment and intangibles		**1,888**	82
Net cash inflow from investing activities		**(2,765)**	(4,587)
Cash flows from financing activities			
Repayment of loan		**(82)**	-
Net cash inflow from financing activities		**(82)**	-
Net increase in cash and cash equivalents		**1,951**	(4,315)
Cash and cash equivalents at beginning of year		**1,883**	6,198
Cash and cash equivalents at end of year		**3,834**	1,883

The notes on pages 19 to 43 form part of these financial statements.

Novus Leisure Group Limited

Company statement of cash flows
for the 52 weeks ended 25 June 2017

	52 weeks ended 25 June 2017 £'000	52 weeks ended 26 June 2016 £'000
Net increase in cash and cash equivalents	-	-
Cash and cash equivalents at beginning of year	-	-
Cash and cash equivalents at end of year	-	-

The notes on pages 19 to 43 form part of these financial statements.

1 Accounting policies

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

Basis of preparation

Novus Leisure Group Limited is a company limited by shares, incorporated and domiciled in the UK.

The consolidated and parent company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and International Financial Reporting Interpretations Committee (IFRIC) and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The Group has complied with those IFRSs or IFRIC interpretations where the implementation date is relevant to the financial period ended 25 June 2017. No IFRSs or IFRIC interpretations have been adopted early. Unless otherwise stated the financial statements have been prepared on the historical cost basis.

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may ultimately differ from those estimates. In the director's opinion the significant estimates are taxation and determining the fair values of non-current assets for impairment assessments, which rely on estimates of discounted future cash flows.

The financial statements are for the 52 weeks ended 25 June 2017.

Going concern

The financial statements have been prepared on the assumption that the company and the group are going concerns despite the existence of net current liabilities and net liabilities at the period end.

The acquisition of the group by funds controlled by HayFin Capital Management ("Hayfin"), the group's term lenders, was accompanied by alterations to the group's banking arrangements. The term loan was extended to July 2018, all financial covenants were removed, all cash interest was replaced with PIK interest, and HayFin secured the group's £10m working capital facility with a letter of credit. A confirmation letter has been received from Hayfin confirming that the term loan will not be recalled unless the group has the funds to make such a repayment.

The director has reviewed the cash projections and funding requirements of the Group over the next twelve months and believe that the Group can operate within all the terms of these facilities. Accordingly they believe the going concern assumption to be an appropriate basis for the financial statements.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Group. Control is achieved where the Group has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. Control is normally evidenced when the Company either directly or indirectly owns more than 50% of the voting rights or potential voting rights of a company's share capital.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

1 Accounting policies *(continued)*

Business combinations

Under the requirements of IFRS 3, all business combinations are accounted for using the purchase method ("acquisition accounting"). The cost of a business combination is the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed and equity instruments issued by the acquirer.

On acquisition of a subsidiary or trade and assets of a business, the assets, liabilities and contingent liabilities are measured at their fair value at that date. Any excess of the cost of acquisition over the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (i.e. discount on acquisition) is credited to the Consolidated Statement of Comprehensive Income in the period of acquisition.

The results attributable to subsidiaries or to the trade and assets of business acquired or disposed of during the period are included in the Consolidated Statement of Comprehensive Income from the effective date of acquisition or up to the effective date of disposal.

Segmental reporting

The Group has only one business and geographic segment, being the UK, as no regions of the UK or subsets of the business expose the Group to differentiated risks and returns.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts recoverable by the Group for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

(a) Sale of goods
Sales of goods are recognised when the goods are provided and the title has passed.

(b) Admission and services revenue
Admission revenue is recognised when the service is provided.

Employee benefits

Retirement benefit costs
Payments made to defined contribution retirement schemes are charged as an expense when they fall due. The Group has no defined benefit or other retirement benefit schemes.

Leasing

Rentals payable under operating leases are charged to the Consolidated Statement of Comprehensive Income on a straight-line basis over the term of the relevant lease.

Benefits received and receivable as an incentive to enter into an operating lease are included within accruals and creditors and recognised in the Consolidated Statement of Comprehensive Income on a straight-line basis over the lease term.

Lease premiums paid are included in other non-current assets and amortised over the period of the lease.

1 Accounting policies *(continued)*

Exceptional items

Exceptional items comprise items of income and expense that are material in amount and unlikely to recur and which merit separate disclosure in order to provide an understanding of the Group's underlying financial performance. Examples of events giving rise to the disclosure of material items of income and expense as exceptional items include, but are not limited to, impairment events, acquisition or disposal of operations or individual assets, litigation claims and the restructuring of components of the Group's operations.

Closure costs

Closure costs are incurred by venues during the period they are closed for capital investment. These costs are largely fixed costs, for example rent, rates, service charge, insurance and venue fixed labour costs.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Borrowing costs

Borrowing costs directly attributable to the acquisition or production of assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are dealt with within the Consolidated Statement of Comprehensive Income in the period in which they are incurred.

Taxation

The tax expense represents the sum of the current tax and deferred tax expense.

The current tax is based on the taxable profit for the period. Taxable profit differs from profit before tax as reported in the Consolidated Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Where taxation computations submitted to the taxation authorities are yet to be agreed, the Group's estimate of tax liabilities reflects the uncertainty as to the amount of tax that may ultimately be payable.

Deferred tax is the tax accounted for in respect of temporary differences between the carrying amount of assets and liabilities in the financial statements, and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the recognition of goodwill or the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

IAS 12, *Income Taxes*, requires that the measurement of deferred tax should have regard to the tax consequences that would follow from the manner of expected recovery or settlement, at the balance sheet date, of the carrying amount of its assets and liabilities. In calculating its deferred tax liability the Group's policy is to regard the depreciable amount of the carrying value of its property, plant and equipment to be recovered through continuing use in the business, unless included within assets held for sale where the policy is to regard the carrying amount as being recoverable through sale.

1 Accounting policies *(continued)*

Taxation *(continued)*

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised based on tax legislation currently enacted or substantially enacted. Deferred tax is charged or credited to the Consolidated Statement of Comprehensive Income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred income tax assets, including on tax losses, are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets and liabilities of the acquired business at the date of acquisition. Goodwill is recognised as an asset and is reviewed for impairment at least annually, with goodwill allocated to cash generating units for the purpose of impairment testing. Any impairment is recognised immediately in the Consolidated Statement of Comprehensive Income and is not subsequently reversed. On the disposal of a subsidiary or cash generating unit, the attributable amount of goodwill is included in the determination of profit and loss on disposal.

Other intangible assets

Acquired trademarks and licenses are included at purchase cost and amortised over their finite useful economic lives on a straight-line basis.

"Digital project" comprises costs of developing systems for content management, customer relationship management and customer bookings. The costs are amortised over 3 years from the date the systems are operational.

Intangibles acquired separately and through business combinations, i.e. licences and other intangible assets, where material, are included at cost or fair value respectively and amortised over their useful economic lives, being the shorter of the term of the lease to which they are attached or the licence.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, the Company can demonstrate all of the following:

a) the technical feasibility of completing the intangible asset so that it will be available for use or sale,
b) its intention to complete the intangible asset and use or sell it ,
c) its ability to use or sell the intangible asset,
d) how the intangible asset will generate probable future economic benefits,
e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset,
f) its ability to measure reliably the expenditure attributable to the intangible asset during its development.

1 Accounting policies *(continued)*

Property, plant and equipment

All classes of property, plant and equipment are stated at cost, net of depreciation and any recognised impairment losses. Cost includes other directly attributable costs, for example professional fees, and, for qualifying assets and borrowing costs capitalised. Depreciation is not charged during the period of construction, and commences when the assets are ready for their intended use.

Depreciation is calculated to write down the cost or valuation, less estimated residual value of all assets by equal annual instalments over their estimated useful lives.

The periods generally applicable are:

- Leasehold improvements - over the period of the lease
- Other fixtures and fittings and office equipment - between two and ten years

The assets' residual value and useful economic lives are reviewed and adjusted, if appropriate, at each balance sheet date. Changes are dealt with prospectively.

Impairment of other intangible assets and property, plant and equipment

An assessment is made at each reporting date if there is any indication that an asset may be impaired. If any indications are deemed to exist, the relevant assets are tested for impairment. Any impairment is determined as the difference between the higher of value-in-use, calculated by discounting an estimate of future cash flows by the Group's pre-tax weighted average cost of capital, and fair value less costs to sell, compared to the carrying value of the relevant asset. Fair value less cost to sell is estimated by qualified surveyors and valuers and by applying the knowledge and experience of management, together with external market indicators. If the recoverable amount is less than the carrying value of the asset then the carrying value is reduced to recoverable amount, and the resulting impairment charge is recognised in the Consolidated Statement of Comprehensive Income.

Inventories

Goods held for resale comprise food and drink and are stated at the lower of cost and net realisable value. Cost is calculated using the first in, first out method.

Provisions

Provisions for onerous lease commitments or dilapidation costs, public liability insurance claims and other items are recognised when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of economic benefits will be required to settle the obligation and the amount can be measured reliably.

Share capital

Ordinary shares are classed as equity. Incremental costs directly attributable to the issue of new shares or options are shown as a deduction, net of tax, from the proceeds.

Financial instruments

Within the financial statements, the Group has applied IAS32, *Financial Instruments: Disclosure and Presentation*, and IAS 39, *Financial Instruments: Recognition and Measurement*, IFRS 7, *Financial Instruments: Disclosure* and the complementary amendment to IAS1, *Presentation of Financial Statements - Capital disclosures.* Financial Instruments are disclosed in note 23.

1 Accounting policies *(continued)*

Financial assets and liabilities - measurement basis

Financial assets and liabilities are recognised on the date on which the Group becomes a party to the contractual provisions of the instrument giving rise to the asset or liability. Financial assets and liabilities are initially recognised at fair value net of transaction costs. Any impairment of a financial asset is charged to the Consolidated Statement of Comprehensive Income when incurred. Financial assets are derecognised when the Group's rights to cash inflows from the asset expire; financial liabilities are derecognised when the contractual obligations are discharged, cancelled or expire.

Financial assets are classified according to the purpose for which the asset was acquired. The Group's financial assets are classified as either:

- **"trade and other receivables"** - these are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides goods or services directly to a debtor, or advances money, with no intention of trading the loan or receivable. Subsequent to initial recognition loans and receivables are included in the Balance Sheet at amortised cost using the effective interest method less any amounts written off to reflect impairment, with changes in carrying amount recognised in the Comprehensive Statement of Comprehensive Income. This category includes trade receivables and other debtors which do not carry any interest.

  A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provisions is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

  The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the Consolidated Statement of Comprehensive Income within "administration costs". When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables.

- **"cash and cash equivalents"** - these comprise deposits with an original maturity of three months or less with banks and financial institutions, bank balances, and cash on hand.

The Group's financial liabilities are classified as either 'current' or 'non-current'. These are non-derivative financial liabilities with fixed or determinable payments that are not quoted in an active market. They arise when the Group receives goods or services directly from a creditor or supplier, or borrows money, with no intention of trading the liability. This category includes:

- **trade and other payables** - these are typically non-interest bearing and following initial recognition are included in the Statement of Financial Position at amortised cost.
- **bank loans and overdrafts** - these are initially recorded at fair value based on proceeds received, net of issue costs incurred. Finance charges are accounted for on an accruals basis and charged to the Consolidated Statement of Comprehensive Income using the effective interest rate method.

Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any of these derivative instruments are presented in the Statement of Comprehensive Income within finance costs in the year in which they arise.

1 Accounting policies *(continued)*

New and amended standards

Standards and interpretations which are not yet effective and have not been early adopted by the Company:

- IFRS 9 'Financial Instruments'
- IFRS 15 'Revenue from Contracts with Customers'
- Annual Improvements to IFRSs (2012-2014 Cycle)
- Amendments to IAS 1 'Presentation of financial statements'
- Amendments to IAS 7 'Statement of cash flows'

The above standards and interpretations are not expected to have a significant impact on the Group or the Company's results or financial position.

IFRS 16 - Leases (effective in the year ending 30 June 2020) the group is currently considering the implications of IFRS 16 which is expected to have an impact on the group's consolidated results and financial position.

2 Segmental analysis

The business operates in one segment, operation of bars and restaurants in the United Kingdom.

3 Operating loss

	52 weeks ended 25 June 2017 £'000	**52 weeks ended 26 June 2016 £'000**
This is arrived at after charging/(crediting):		
Auditor's remuneration:		
- Audit services - Company	**2**	2
- Audit services - Consolidation	**5**	5
- Audit services - Subsidiary undertakings	**60**	57
- Other services	**7**	57
Employee benefit expense (see note 5)	**434**	453
Operating lease rentals of land and buildings	**14,446**	14,546
Depreciation of property, plant and equipment	**5,200**	4,694
Amortisation of intangible assets	**449**	728
Amortisation of lease premium	**46**	46
Profit on sale of property, plant and equipment	**(1,209)**	(5)

4 Exceptional (credits)/costs

Operating profit is arrived at after charging/(crediting) the following exceptional costs:

	52 weeks ended 25 June 2017 £'000	52 weeks ended 26 June 2016 £'000
Administrative expenses:		
Reorganisation and redundancy costs	**450**	352
Advisory/banking fees	**56**	68
Profit on disposal of property, plant and equipment	**(1,209)**	(5)
Other exceptional costs/(income)	**(281)**	-
Onerous lease provision	**-**	(39)
Acquisition costs (note 22)	**207**	-
	(777)	376

The reorganisation and redundancy costs in the current and prior year related to a Head Office reorganisation.

During the period under review the Group sold certain properties generating a net profit after related costs of £1,209,000 (26 June 2016 - £5,000).

Other exceptional income of £281,000 (26 June 2016 - £Nil) includes costs of one off annual bonus payment, reduced by a profit on disposal of an old venue, China White, whereby additional consideration was collected this year.

Following the company's exit from the three sites included in the onerous lease provision, the Director considered it appropriate to release the remaining provision balance of £Nil (26 June 2016 - £39,000).

5 Employees

	52 weeks ended 25 June 2017 £'000	52 weeks ended 26 June 2016 £'000
Staff costs (including directors) consist of:		
Wages and salaries	**28,135**	27,675
Social security costs	**2,260**	2,166
Other pension costs	**434**	453
	30,829	30,294

The average number of employees (excluding executive directors) during the year was as follows:

	52 weeks ended 25 June 2017 Number	52 weeks ended 26 June 2016 Number
Administration and marketing	**80**	81
Operations	**1,454**	1,480
	1,534	1,561

The Group operates a defined contribution personal pension scheme. The charge for the period represents those contributions payable to this scheme and other personal pension schemes. At the period end contributions of £121,000 (26 June 2016 - £43,000) were outstanding.

6 Director's remuneration

	52 weeks ended 25 June 2017 £'000	52 weeks ended 26 June 2016 £'000
Director's emoluments:		
Aggregate emoluments	**641**	496
Company contributions to money purchase pension schemes	**17**	13
	658	509

6 Director's remuneration *(continued)*

The amounts set out above include remuneration of the highest paid director as follows:

	52 weeks ended 25 June 2017 £'000	52 weeks ended 26 June 2016 £'000
Aggregate emoluments	**469**	309
	469	309

During the year one (26 June 2016 - one) director participated in a defined contribution scheme. The director is considered to be the only key management personnel of the business.

7 Net finance cost

	52 weeks ended 25 June 2017 £'000	52 weeks ended 26 June 2016 £'000
Interest payable on bank borrowings	**3,965**	3,660
Amortisation of issue costs	**788**	733
Total finance costs - borrowings	**4,753**	4,393
Unwinding of discount element of provisions	**-**	166
Total finance costs	**4,753**	4,559
Bank interest received	**(1)**	(13)
Waiver of intercompany debt due to former parent company	**-**	-
Interest received from former parent company	**-**	-
Total finance income	**(1)**	(13)
Net finance cost	**4,752**	4,546

8 Taxation

	52 weeks ended 25 June 2017 £'000	52 weeks ended 26 June 2016 £'000
Analysis of credit in the year		
Current tax charge	-	-
Adjustments in respect of prior years	-	-
Deferred tax credit	-	-
Tax (charge)/credit on profit/loss	-	-

The total tax credit for the current period is different to the standard rate of tax in the UK of 19.75% (26 June 2016 - 20%). The differences are explained below:

	52 weeks ended 25 June 2017 £'000	52 weeks ended 26 June 2016 £'000
Loss on ordinary activities before tax	**5,749**	6,503
At the standard rate of UK tax	**1,135**	1,301
Effects of:		
Fixed asset differences	**44**	(174)
Expenses not deductible for tax purposes	**(439)**	(603)
Income not deductible for tax purposes	**-**	68
Other timing differences	**(34)**	5
Temporary differences not recognised in the computation	**-**	(4)
Adjusted deferred tax to average rate	**(300)**	(639)
Deferred tax not recognised	**(406)**	46
Tax (charge)/credit on profit/loss	**-**	-

The future tax charge will be principally affected by the level of on-going capital expenditure and related capital allowances together with any change in the corporate tax rate.

9 Other intangible fixed assets

2017	**Digital project £'000**	**Licence rights £'000**	**Other £'000**	**Total £'000**
Cost				
At 26 June 2016	3,260	6,084	69	9,413
Additions	131	-	-	131
At 25 June 2017	**3,391**	**6,084**	**69**	**9,544**
Accumulated amortisation				
At 26 June 2016	2,743	4,974	65	7,782
Charge for the period	330	118	1	449
At 25 June 2017	**3,073**	**5,092**	**66**	**8,231**
Net book value				
At 25 June 2017	**318**	**992**	**3**	**1,313**
At 26 June 2016	517	1,110	4	1,631

Digital project comprises costs of developing systems for content management, customer relationship management, customer bookings and customer experience monitoring. The costs are amortised over 3 years from the date the systems are operational.

Licence rights comprise the asset acquired when the Group purchases an existing venue and continues the existing trade. Licence rights are amortised over periods of between 5 and 20 years being the shorter of length of licence or remaining lease period. Other intangible assets comprise trademarks which are amortised over a period of between 5 and 20 years being the remaining lease period of the applicable venue.

Amortisation charges for the period presented have been charged through administrative expenses.

For key assumptions applied to impairment considerations see note 10.

10 Property, plant and equipment

Group	Leasehold improvements £'000	Fixtures and fittings £'000	Office equipment £'000	Total £'000
Cost				
At 27 June 2016	19,510	17,602	4,311	41,423
Additions	38	3,402	292	3,732
Acquisitions	287	123	-	410
Disposals	(3,993)	(3,500)	(186)	(7,679)
At 25 June 2017	15,842	17,627	4,417	37,886
Depreciation				
At 27 June 2016	9,303	9,143	2,824	21,270
Charge for the year	1,295	3,281	624	5,200
Disposals	(3,805)	(3,074)	(121)	(7,000)
At 25 June 2017	6,793	9,350	3,327	19,470
Net book value				
At 25 June 2017	**9,049**	**8,277**	**1,090**	**18,416**
At 26 June 2016	10,207	8,459	1,487	20,153

There are no assets held under finance leases.
There are no assets held in this company.

Impairment of fixed assets

For the purpose of its annual impairment review for 25 June 2017, the group compared the carrying value of a Cash generating unit ("CGU") with the recoverable value, which is measured using the higher of value in use ("VIU") or fair value less cost to sell.

The Group estimated the VIU of its CGUs using a discounted cash flow model which adjusts the cash flows for risks associated with the assets and are discounted using a pre-tax rate of 9.6%. The VIU calculations do not include the anticipated future benefits arising from any future asset enhancement expenditure, nor the related capital expenditure, as this is not permitted by IAS36.

Key assumptions

The key assumptions used in the discounted cash flow for 25 June 2017 were the following:

- Sales and EBITDA - based on board approved budgets for the first year
- Future growth rate - 2.5% for years 2 to 5 and nil thereafter
- Discount rate – 9.6%

Budget and forecast EBITDA is based on past experience adjusted to take account of the impact of expected changes to each CGU, sales prices and volumes, capital expenditure, business mix and margin.

11 Investment in subsidiaries

Novus Leisure Group Limited directly owns the entire issued ordinary share capital of Novus Leisure Limited.

Novus Leisure Limited is an intermediate holding company incorporated in England and Wales. Novus Leisure Limited holds investments in the following undertakings:

Name	Country of Incorporation and operation	Ordinary share capital directly owned by the company	Activity
A3D2 Limited	England and Wales	100%	Bar operator
Tank and Paddle Limited (previously Rocket Restaurants Limited)	England and Wales	100%	Bar operator
Trocadero No.2 Limited	England and Wales	100%	Dormant
Trocadero Holdings Limited	England and Wales	Directly 29.5% (Indirectly 100%)	Dormant

In addition, Trocadero Holdings Limited owns the following subsidiary undertakings:

London Pavilion II Limited, Trocadero Leisure Limited, Trocadero London Limited, Novus Bar Limited, Late Night London Limited, Tiger Tiger Limited, Trocadero Management Services Limited and Trocadero No.2 Limited (70.5%)

A3D2 owns the entire issued share capital of Langley Hotels Limited.

Tank and Paddle Limited (previously Rocket Restaurants Limited) owns the entire share capital of Balls Brothers (Emporium) Limited (previously Rocket (Canary Wharf) Limited).

All undertakings owned by Trocadero Holdings Limited and A3D2 Limited are incorporated in England and Wales and are dormant.

All subsidiaries of Novus Leisure Group Limited are registered to the same address as Novus Leisure Group Limited.

12 Other non-current assets

	Group 25 June 2017 £'000	Group 26 June 2016 £'000
Lease premium	1,251	378
Rent deposits	337	305
	1,588	683

During the year, the Group made an acquisition whereby £900,000 was recognised on consolidation.

The Company has no non-current assets other than those detailed in note 14.

13 Inventories

	Group 25 June 2017 £'000	Group 26 June 2016 £'000
Goods held for resale	1,097	1,139

The Company holds no inventories.

14 Trade and other receivables

Amounts included within current assets:

	Group 25 June 2017 £'000	Group 26 June 2016 £'000	Company 25 June 2017 £'000	Company 26 June 2016 £'000
Trade receivables	**1,053**	706	**-**	-
Total financial assets other than cash and cash equivalents classified as loans and receivables	**1,053**	706	**-**	-
Other debtors	**135**	148	**-**	-
Prepayments	**5,294**	5,255	**3**	3
Total trade and other receivables	**6,482**	6,109	**3**	3
Amounts included within non-current assets:				
Amounts due from subsidiary undertaking	-	-	17,461	17,421
	-	-	**17,461**	17,421

On 27 July 2012 the Company provided a loan of £80,505,000 to Novus Leisure Limited which was subject to interest at 10%. On 25 September 2014 and 15 April 2014, the company provided further loans of £3,500,000 and £6,000,000 respectively to Novus Leisure Limited, which were subject to interest at 15%. The interest is capitalised annually. At 25 June 2017, £142,863,000 (26 June 2016 - £129,301,000) was outstanding of which £52,858,000 (26 June 2016 - £39,296,000) is interest. Of the balance outstanding at year end, an impairment of £125,402,000 (26 June 2016 - £111,881,000) has been recognised. The loan is repayable on 31 January 2019.

For key assumptions applied to impairment considerations see note 10.

15 Cash equivalents

	Group 25 June 2017 £'000	Group 26 June 2016 £'000	Company 25 June 2017 £'000	Company 26 June 2016 £'000
Cash at bank and in hand	**3,834**	1,883	-	-

16 Trade and other payables

	Group 25 June 2017 £'000	Group 26 June 2016 £'000	Company 25 June 2017 £'000	Company 26 June 2016 £'000
Trade payables	**7,680**	7,115	-	-
Accruals	**7,952**	5,537	**1,547**	1,451
Total financial liabilities, excluding loans and borrowings, classified as financial liabilities, measured at amortised cost	**15,632**	12,652	**1,547**	1,451
Social security and other taxes	**2,882**	2,914	-	-
Deferred income	-	621	-	-
Total trade and other payables	**18,514**	16,187	**1,547**	1,451
Non-current trade and other payables	**1,547**	1,451	**1,547**	1,451
Total current trade and other payables	**16,967**	14,736	-	-

The carrying values of trade payables are not materially different to their fair values.

17 Borrowings

As a result of the group restructuring in May 2015, the terms of the bank debt were amended so that the debt became subject to interest of LIBOR plus a PIK margin of 8% (previously LIBOR plus cash margin of 5.5% and PIK margin of 2.5%). The PIK margin is added to the principal loan (capitalised) when the interest period is set. The interest period can be set for one, three or six months. LIBOR has a floor of 1.25%. During the year under review the Group charged the income statement total interest of £3,965,000 (26 June 2016 - £3,660,000), this included term loan PIK interest of £3,739,000 (26 June 2016 - £3,417,000). Total term loan PIK interest capitalised in the year amounted to £3,729,000 (26 June 2016 - £3,292,000) of which £1,326,000 was charged to the income statement in the prior year. The term loan is secured via a floating charge over all the Group's assets.

Details of the borrowings outstanding at 25 June 2017 are as follows:

	Group 25 June 2017 £'000	Group 26 June 2016 £'000	Company 25 June 2017 £'000	Company 26 June 2016 £'000
Total borrowings				
Amounts owed to subsidiary undertaking	-	-	**8,788**	8,748
Amounts owed to banks	**41,811**	37,380	**41,811**	37,380
	41,811	37,380	**50,599**	46,128

17 Borrowings *(continued)*

	Group 25 June 2017 £'000	Group 26 June 2016 £'000	Company 25 June 2017 £'000	Company 26 June 2016 £'000
Non-current borrowings:				
Amounts owed to subsidiary undertaking	-	-	**8,788**	8,748
Amounts repayable to banks after more than one year:				
Term loans	**41,811**	38,168	**41,811**	38,168
Debt issue costs	-	(788)	-	(788)
Non-current borrowings	**41,811**	37,380	**50,599**	46,128
Total borrowings	**41,811**	37,380	**50,599**	46,128

At 25 June 2017, the Group had undrawn working capital facilities of £10,000,000 (26 June 2016 - £4,604,214).

18 Provisions

	£'000
Group	
At 26 June 2016	125
At 25 June 2017	**125**

Provisions at 25 June 2017 have been analysed between current and non-current as follows:

	25 June 2017 £'000	26 June 2016 £'000
Current	**125**	125
	125	125

Provisions of £125,000 (26 June 2016 - £125,000) relate to dilapidations. The dilapidations provision has not been discounted since the effect of discounting would not be material. The Company has no provisions.

19 Corporation tax

	25 June 2017 £'000	26 June 2016 £'000
Corporation tax payable	127	4

20 Deferred tax liability

Group

	25 June 2017 £'000	26 June 2016 £'000
Deferred tax	-	-

Deferred tax assets have been recognised only to the extent that the Company has deferred tax assets to cover any deferred tax liabilities. The Group has an unrecognised gross deferred tax asset of £7,200,000 (26 June 2016 - £5,754,000) made up of capital allowances, which has not been recognised due to the uncertainty of future profits.

21 Share capital

	Issued, called up and fully paid			
Group and company	Group 25 June 2017 Number	Company 25 June 2017 Number	Group 26 June 2016 £'000	Company 26 June 2016 £'000
Ordinary shares of £1 each	1	1	-	-

On 22 May 2015, the issued share capital of the Group and Company was purchased by Survivor Holdings (Jersey) Limited for a cash consideration of £1. Prior to this, the issued share capital of the Group and Company was held by Survivor Group Limited.

22 Business combinations

During the year the Group acquired 100% share capital of Tank and Paddle Limited (formerly Rocket Restaurants Limited), which in turn holds 100% share capital in its subsidiary, Balls Brothers (Emporium) Limited (formerly Rocket (Canary Wharf) Limited) (collectively, "Rocket"). Rocket is a bar/restaurant operator of 3 sites located in London City.

The net cash outflow was £263,000 comprising of cash consideration of £719,000 less cash acquired of £456,000.

The disclosure below provides the net (liabilities)/assets acquired with the related fair value adjustments:

	Book value £'000	Fair value adjustments £'000	Total £'000
Intangible	-	900	900
Property and equipment	1,112	(702)	410
Trade and other receivables	157	-	157
Inventory	70	-	70
Cash and cash equivalents	456	-	456
Trade and other payables	(1,105)	29	(1,076)
Corporation tax	(123)	-	(123)
Deferred tax	83	(83)	-
Net assets acquired	**650**	**144**	**794**
Total consideration			794
Less: deferred consideration			(75)
Less: cash acquired			(456)
Net cash outflow			263

Acquisition costs in relation to the transaction (included within exceptional items in the Consolidated statement of income for the period ended 25th June 2017) amount to £207,000.

23 Financial instruments

Due to the predominantly cash-based nature of the Group's operations, the only financial instruments that materially expose the Group to any of the financial risks detailed in the notes below are debt financing and the disclosures that follow relate principally to these items.

The Group uses derivative financial instruments in order to reduce its exposure to interest rate risk. The use of such financial instruments constitutes an integral part of the Group's funding strategy. The Group manages its derivative financial instrument credit risk by only undertaking transactions with relationship banks holding good credit ratings. Such transactions are governed by Board policies and procedures.

(a) Interest rate exposure of financial liabilities

The Group has term loans of £41,811,000, with interest payable of LIBOR plus a PIK margin of 8% (previously LIBOR plus a PIK margin of 8.0%). The interest period can be set for one, three or six months. LIBOR has a floor of 1.25%. All facilities expire on 26 July 2017. Subsequent to the group restructuring this has been extended to 26 July 2018. The group's interest rate exposure is currently not hedged. The directors believe this appropriate given the PIK nature of the debt and the LIBOR floor of 1.25%. The directors continue to review interest rate hedging requirements.

(b) Maturity analysis of financial liabilities

The maturity profile of the Group's financial liabilities was as follows:

	Bank borrowing £'000	Deferred issue costs £'000	Trade payables and accruals £'000	Total £'000
Within one year or on demand	-	-	14,169	14,169
Between two and five years	41,811	-	-	41,811
At 25 June 2017	**41,811**	-	**14,170**	**55,980**

(c) Fair values of financial assets and liabilities

	25 June 2017 Book value £'000	25 June 2017 Fair value £'000	26 June 2016 Book value £'000	26 June 2016 Fair value £'000
Primary financial instruments held or issued to finance the group operations				
Long-term borrowings (i)	**41,811**	**41,811**	38,168	38,168
Cash at bank and in hand (ii)	**(3,834)**	**(3,834)**	(1,883)	(1,883)

23 Financial instruments *(continued)*

The fair value of other financial assets and liabilities approximate their carrying value.

(i) Drawings made under the Group's fixed and floating rate facilities, where fair value approximates to book value.

(ii) Cash at bank, including short-term deposits: all deposits made are for short durations (less than one month); therefore, given the short maturity periods, there is no significant difference between the book value and fair value of these deposits.

(d) Hedges on future transactions

The group's interest rate exposure is currently not hedged. The director believes this appropriate given the PIK nature of the debt and the LIBOR floor of 1.25%. The director continues to review interest rate hedging requirements.

(e) Financial instruments held for trading purposes

The Group does not trade in financial instruments.

(f) Financial Assets available for resale

The group has no financial assets available for resale.

(g) Credit quality of financial assets

The trade receivables balances represents a combination of monies due from a large number of individual customers and monies due from suppliers to the business in respect of retrospective discounts. Provisions made for impairment of the debt are not material.

(h) Interest rate exposure of financial liabilities

Based on the year end debt position, if interest rates were to move by 0.1%, the impact on the profit before tax would be approximately £42,000.

24 Operating lease commitments

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

	25 June 2017 £'000	26 June 2016 £'000
No later than one year	**14,397**	14,502
Later than one year and no later than 5 years	**51,182**	55,643
Later than five years	**77,867**	88,088
	143,446	155,233

25 Contingent liabilities

Given the nature of the Group's operations from time to time the Group is involved in litigation primarily of an employment related nature. The Director does not believe that the Group was exposed to a material liability at the year end.

26 Pension

The Group operates a defined contribution scheme for its employees. The pension costs are charged to the Statement of Comprehensive Income in the year that they are incurred and any outstanding contributions at the year-end are included within accruals and other payables. The assets of the scheme are held separately from those of the Group in independently administered funds. The pension cost for each year represents the contributions payable to the fund each year and is shown in note 5.

27 Cash flow from operating activities

Reconciliation of net cash inflow from operating activities

Group	52 weeks ended 25 June 2017 £'000	52 weeks ended 26 June 2016 £'000
Profit before taxation	**(5,749)**	(6,503)
Amortisation of intangible assets	**449**	728
Depreciation of property, plant and equipment	**5,200**	4,694
Lease premium amortisation	**46**	46
Profit on disposal of property, plant and equipment	**(1,209)**	(5)
Waiver of debt due to former parent company	**-**	-
Net finance charge	**4,752**	4,546
Decrease/(increase) in inventories	**111**	(37)
Decrease/(increase) in receivables	**(245)**	539
(Decrease)/increase in trade and other payables	**1,764**	(340)
Decrease in provisions	**-**	(3,040)
Net cash inflow from operations	**5,119**	628

28 Capital commitments

At 25 June 2017 and 26 June 2016 the Group had £Nil authorised and contracted capital commitments.

29 Events after the reporting date

No reportable events.

30 Related parties

HayFin Capital Management ("HayFin") became a related party on 22 May 2015 by virtue of controlling funds relating to the ultimate parent company as of this date, Survivor Holdings (Jersey) Limited, registered in Jersey. At the year end, the balance to HayFin totalled £43,358,000 (of which £1,547,000 was interest accrued on the term loan).

31 Ultimate controlling party

The ultimate parent company is Survivor Holdings (Jersey) Limited, registered in Jersey. Survivor holdings (Jersey) Limited is controlled by funds advised by Hayfin Capital Management LLP.

The largest and smallest group in which the results of the Company are consolidated is that headed by Novus Leisure Group Limited (previously, Survivor Limited). The consolidated financial statements of Novus Leisure Group Limited may be obtained from the Company Secretary, Novus Leisure Group Limited, Clareville House, 26-27 Oxendon Street, London SW1Y 4EL.