

Barracuda Pubs and Bars Limited

**Directors' report and financial
statements**

Registered number 3997571

Period ended 26 September 2009

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Contents

Company information	1
Directors' report	2
Statement of directors' responsibilities in respect of the Directors' Report and the financial statements	4
Independent auditors' report to the members of Barracuda Pubs and Bars Limited	5
Profit and loss account	7
Balance sheet	8
Notes	9

Company information

Directors	MR McQuater NM Morgan TJ Biss SV Price M A Wilton A D Eifon-Jones J O Conlan
Secretary	NM Morgan
Auditors	KPMG LLP Altius House One North Fourth Street Central Milton Keynes Buckinghamshire MK9 1NE
Bankers	The Royal Bank of Scotland plc 9 th Floor 280 Bishopsgate London EC2M 4RB
Solicitors	Travers Smith 10 Snow Hill London EC1A 2AL
Registered office	Lunar House Fieldhouse Lane Globe Park Marlow Buckinghamshire SL7 1LW

Directors' report

The directors present their annual report and the audited financial statements for the 52 week period ended 26 September 2009.

Principal activities

The principal activities of the company are the management and operation of public houses.

Review of business and future developments

The profit for the period before taxation amounted to £786,000 (2008 loss: £21,773,000). The directors do not recommend the payment of a dividend (2008: £nil).

Following the group re-financing exercise which completed in July 2009, the company is in a position to invest in the estate and ensure it remains in good condition.

During the period we also carried out ten major refurbishments and rebrandings. Each has traded well since reopening. We continued to maintain the remainder of the estate in good condition.

Since the period end we have opened another new site and further sites will be developed in the future.

Principal risks and uncertainties

The pub industry has continued to face considerable challenges due to the combination of economic recession and increasing duty charges from the government. This has impacted heavily on pub numbers with a considerable number closing in recent years. Most of these are tenanted units.

As a managed pub operator with larger than average pubs with the ability to grow food sales, we believe Barracuda is well placed to cope with these pressures.

Political and charitable contributions

The group made no political or charitable contributions during the period (2008: £nil).

Directors

The directors who held office during the period, and since the end of the period, were as follows:

MR McQuater

NM Morgan

TJ Biss

SV Price

M A Wilton (appointed 10 July 2009)

A D Eifon-Jones (appointed 10 July 2009)

J O Conlan (appointed 1 October 2009)

The directors of the company are covered by Directors' and Officers' liability insurance.

Directors' report *(continued)*

Disabled employees

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person.

Where existing employees become disabled, it is the company's policy where practicable to provide continuing employment under normal terms and conditions and to provide training, career development and promotion to disabled employees wherever appropriate.

Employment involvement

Regular meetings are held between local management and employees to allow a free flow of information and ideas. Pub management teams participate directly in the success of the business through the company's bonus schemes which are performance related.

Policy and practice on payment of creditors

It is the company's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the company and its suppliers, provided that all trading terms and conditions have been complied with.

At 26 September 2009, the company had an average of 49 days purchases outstanding in trade creditors (2008: 53 days).


Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



NM Morgan
Secretary

Lunar House
Fieldhouse Lane
Globe Park
Marlow
Buckinghamshire
SL7 1LW

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards, and applicable law (UK Generally Accepted Accounting Practice).

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 judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP
Altius House
One North Fourth Street
Central Milton Keynes
Buckinghamshire
MK9 1NE

Independent auditors' report to the members of Barracuda Pubs and Bars Limited

We have audited the financial statements of Barracuda Pubs and Bars Limited for the 52 week period ended 26 September 2009 set out on pages 7 to 17. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/UKNP.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 26 September 2009 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Independent auditors' report to the members of Barracuda Pubs and Bars Limited

(continued)

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, 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.



S J Wardell (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

14 January 2010

Chartered Accountants
Altius House
One North Fourth Street
Milton Keynes
MK9 1NE

Profit and loss account

for the 52 week period ended 26 September 2009

	Note	2009 £000	2008 £000
Turnover	2	112,668	111,242
Cost of sales		(34,182)	(31,800)
Gross profit		78,486	79,442
Administrative expenses			
Before exceptional operating items		(77,709)	(78,224)
Exceptional operating items	3	-	(26,290)
	3	(77,709)	(104,514)
Operating profit/(Loss)	3	777	(25,072)
Profit on sale of fixed assets		25	3,328
Interest receivable and similar income		13	9
Interest payable and similar charges	6	(29)	(38)
Profit/(Loss) on ordinary activities before taxation	3-6	786	(21,773)
Tax on result on ordinary activities	7	-	(2,011)
Profit/(Loss) for the financial period		786	(23,784)

The results shown above are derived entirely from continuing operations.

The company has no recognised gains or losses other than those identified above and, accordingly, no separate statement of total recognised gains or losses has been presented.

Balance sheet
at 26 September 2009

	<i>Note</i>	2009 £000	2008 £000
Fixed assets			
Intangible assets	8	-	-
Tangible assets	9	63,456	66,892
Total fixed assets		63,456	66,892
Current assets			
Stocks	10	1,898	1,869
Debtors	11	31,109	29,332
Cash at bank and in hand		3,122	2,574
		36,129	33,775
Creditors: amounts falling due within one year	12	(18,202)	(19,587)
Net current assets		17,927	14,188
Total assets less current liabilities		81,383	81,080
Provisions for liabilities	13	(818)	(1,301)
Net assets		80,565	79,779
Capital and reserves			
Called up share capital	14	-	-
Share premium account	15	50,000	50,000
Profit and loss account	15	30,565	29,779
Shareholders' funds	15	80,565	79,779

These financial statements were approved by the board of directors on behalf by:

8/01/10

and were signed on its



NM Morgan
Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

As 100% of the company's voting rights are controlled within the group headed by Barracuda 2009 Limited, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of Barracuda 2009 Limited, within which this company is included, can be obtained from the address given in note 17.

Goodwill

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the net assets acquired) arising on business combinations is capitalised. Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life.

Valuation of properties

All properties are shown at cost. The carrying value of tangible fixed assets is reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable. Any impairment in the value of fixed assets below depreciated historical cost is charged to the profit and loss account.

Tangible fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Fixtures and fittings	-	6-20 years
Motor vehicles	-	3 years
Computer equipment	-	5 years
Freehold and long leasehold buildings	-	50 years
Short leasehold properties	-	over the remaining life of the lease

No depreciation is provided on freehold land.

The carrying value of tangible fixed assets is reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable. Any impairment in the value of fixed assets below depreciated historical cost is charged to the profit and loss account. Profits and losses on disposal of fixed assets reflect the difference between net selling price and the net book value at the date of disposal.

Notes *(continued)*

1 **Accounting policies** *(continued)*

Repairs and renewals

All replacements of existing fixtures and fittings are expensed in the period in which they are incurred.

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Pension fund contributions

Employees are offered the opportunity to join a Group Personal Pension Plan, which is a defined contribution scheme. Contributions by the group to this Group Personal Pension Plan are charged against profits in the period in which contributions are made.

Stocks

Stocks are stated at the lower of cost and net realisable value and are accounted for on a first in, first out basis. Stocks comprise primarily goods purchased for resale.

Taxation

The charge for taxation is based on the result for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers.

2 **Turnover**

The company's operations comprise one class of business, which is pub retailing in the United Kingdom, and turnover excludes value added tax.

Notes (continued)

3 Notes to the profit and loss account

	2009 £000	2008 £000
<i>Profit/(Loss) on ordinary activities before taxation is stated after charging:</i>		
Auditors' remuneration:		
Audit of these financial statements	75	75
Other services relating to taxation	30	30
Depreciation and other amounts written off tangible fixed assets:		
Depreciation (owned assets)	7,473	7,697
Impairment charges (see below)	-	26,290
Profit on disposal of fixed assets	25	3,328
Amortisation and other amounts written off goodwill:		
Amortisation of goodwill	-	456
Impairment charges (see below)	-	5,395
Operating lease rentals		
Hire of land and buildings	9,912	10,342
	<hr/>	<hr/>
<i>Exceptional operating items</i>		
	2009 £000	2008 £000
Impairment of goodwill	-	5,395
Impairment of tangible fixed assets	-	20,895
	<hr/>	<hr/>
	-	26,290
	<hr/>	<hr/>

Owing to the difficult economic conditions and the corresponding diminution in underlying asset values, the directors performed an impairment review in 2008 on the carrying values of goodwill and tangible fixed assets. The carrying value of goodwill was reduced to nil and a charge of £5,395,000 has accordingly been reflected in the profit and loss account. An impairment review on the carrying value of tangible fixed assets was also carried out by the directors, based upon market EBITDA multiples at that time. This resulted in an impairment charge of £20,895,000 being recorded in the prior year.

Owing to their significant value and unusual nature, these items have been presented as exceptional operating items, within administrative expenses, on the face of the profit and loss account.

Notes (continued)

4 Remuneration of directors

	2009 £000	2008 £000
Directors' emoluments	998	1,234
Company contributions to money purchase pension schemes	150	162
Amounts paid to third parties in respect of directors' services	110	101
	<u>1,258</u>	<u>1,497</u>

The aggregate of emoluments of the highest paid director was £378,000 (2008: £427,000) and company pension contributions of £56,700 (2008: £56,700) were made to a money purchase scheme on his behalf.

Retirement benefits are accruing to the following number of directors under:

	Number of directors	
	2009	2008
Money purchase schemes	4	5
	<u>4</u>	<u>5</u>

5 Staff costs

The average number of persons employed by the company (including directors) during the period, analysed by category, was as follows:

	Number of employees	
	2009	2008
Staff	2,279	2,218
Management	308	328
	<u>2,587</u>	<u>2,546</u>

The above disclosure is not based on full-time equivalents since, owing to the nature of the business, it would be impractical to do so.

The aggregate payroll costs of these persons were as follows:

	2009 £000	2008 £000
Wages and salaries	27,721	26,473
Social security costs	1,992	2,037
Other pension costs	386	348
	<u>30,099</u>	<u>28,858</u>

Notes (continued)

6 Interest payable and similar charges

	2009	2008
	£000	£000
On bank loans and overdrafts	29	38

7 Taxation

	2009	2008
	£000	£000
<i>UK corporation tax</i>		
Current tax on income in the period	-	-
Total current tax	-	-
<i>Deferred tax</i>		
Origination/reversal of timing differences	-	-
Adjustment in respect of previous years	-	2,011
	-	2,011
Tax on profit on ordinary activities	-	2,011

The current tax charge for the period differs to the standard rate of corporation tax in the UK of 28% (2008: 29%). Losses have been surrendered by other group companies for which no payment was made. A current tax reconciliation is provided below:

	2009	2008
	£000	£000
<i>Current tax reconciliation</i>		
Profit/(Loss) on ordinary activities before tax	786	(21,773)
Current tax at 28% (2008: 29%)	220	(6,314)
<i>Effects of:</i>		
Timing differences between capital allowances and depreciation	1,304	5,249
Expenses not deductible for tax	640	3,352
Short term timing differences	(35)	56
Group relief	(2,129)	(2,343)
Total current tax charge (see above)	-	-

Notes (continued)

7 Taxation (continued)

Deferred taxation:

The elements of deferred taxation are as follows:

	Unrecognised 2009 £000	Unrecognised 2008 £000
Difference between accumulated depreciation and amortisation and capital allowances	8,183	6,823
Short term timing differences	-	63
Tax Losses	204	204
	<hr/>	<hr/>
Deferred tax asset unrecognised (2008: unrecognised)	8,387	7,090
	<hr/>	<hr/>

The Directors have assessed the likelihood of the deferred tax balances reversing in the near future and in accordance with FRS 19 have not recognised deferred tax assets since they consider them to not be sufficiently certain to crystallise in the foreseeable future.

8 Intangible fixed assets

	Goodwill £000
Cost	
At beginning and end of period	9,119
	<hr/>
Amortisation	
At beginning and end of period	9,119
	<hr/>
Net book value	
At 26 September 2009	-
	<hr/>
At 27 September 2008	-
	<hr/>

Goodwill

The directors consider each acquisition separately for the purpose of determining the amortisation period of goodwill that arises. Goodwill is being amortised over 20 years.

The Directors considered the carrying value of the goodwill at the end of 2008 in light of the difficult economic climate. This identified an impairment of £5,395,000 and was recorded as an exceptional item in the profit and loss account (see note 3).

Notes (continued)

9 Tangible fixed assets

	Leasehold property £000	Freehold property £000	Office equipment £000	Fixtures and fittings £000	Total £000
Cost or valuation					
At beginning of period	16,625	1,411	1,676	87,882	107,594
Additions	-	-	38	4,261	4,299
Disposals	(178)	-	-	(730)	(908)
At end of period	16,447	1,411	1,714	91,413	110,985
Depreciation					
At beginning of period	5,756	296	953	33,697	40,702
Charged during the period	184	6	337	6,946	7,473
Disposals	(83)	-	-	(563)	(646)
At end of period	5,857	302	1,290	40,080	47,529
Net book value					
At 26 September 2009	10,590	1,109	424	51,333	63,456
At 27 September 2008	10,869	1,115	723	54,185	66,892

Impairment

Owing to the difficult economic climate and market asset values, the directors performed an impairment review on the carrying value of the tangible fixed assets, based upon market EBITDA multiples at that time. This has resulted in an impairment charge of £20,895,000 being recorded prior year.

10 Stocks

	2009 £000	2008 £000
Goods for resale	1,898	1,869

11 Debtors

	2009 £000	2008 £000
Trade debtors	10	59
Amounts owed by group undertakings	26,322	26,433
Other debtors and prepayments	4,777	2,840
	31,109	29,332

Notes (continued)

12 Creditors: amounts falling due within one year

	2009 £000	2008 £000
Trade creditors	8,375	11,446
Other taxes and social security	3,133	1,996
Other creditors and accruals	6,694	6,145
	<u>18,202</u>	<u>19,587</u>

13 Provisions for liabilities

	Onerous lease provision £000	Other provisions £000	Total £000
At beginning of period	1,184	117	1,301
Utilised	(157)	(82)	(239)
Released to the profit and loss account	(401)	-	(401)
Charged to the profit and loss account	157	-	157
	<u>783</u>	<u>35</u>	<u>818</u>
At end of the period			

Other provisions relate to outstanding insurance claims against the company as at the period end. The company became self insured for claims up to the insurance policy excess. The provision is calculated based on the number of claims outstanding and a recommended payment provided by the company's insurers.

14 Called up share capital

	2009 £	2008 £
<i>Authorised</i>		
101 ordinary shares of £1 each	101	101
100 preferred ordinary shares of £1 each	100	100
	<u>201</u>	<u>201</u>
<i>Allotted, called up and fully paid</i>		
101 ordinary shares of £1 each	101	101
	<u>101</u>	<u>101</u>

15 Reconciliation of shareholders' funds and movements on reserves

	Share capital £000	Share premium account £000	Profit and loss account £000	Shareholders' funds £000
At beginning of period	-	50,000	29,779	79,779
Profit for the period	-	-	786	786
	<u>-</u>	<u>50,000</u>	<u>30,565</u>	<u>80,565</u>
At end of period				

Notes (continued)

16 Commitments

Capital commitments

Capital commitments at the end of the financial year, for which no provision has been made, are as follows:

	2009 £000	2008 £000
Contracted	714	1,587

Operating lease commitments

Annual commitments under non-cancellable operating leases are as follows:

	Land and buildings	
	2009 £000	2008 £000
Operating leases which expire: In over five years	7,051	6,740

17 Ultimate parent undertaking

The immediate parent company is Barracuda Leisure Limited, a company incorporated in Great Britain, who owns 100% of the share capital in the company.

As at the end of the financial period, the ultimate holding and controlling company was Barracuda 2009 Limited, a company incorporated in Great Britain. The largest group in which the results of the company are consolidated is that headed by Barracuda 2009 Limited. The consolidated accounts of this group are available to the public and may be obtained from The Secretary, Barracuda 2009 Limited, Lunar House, Fieldhouse Lane, Globe Park, Marlow, Buckinghamshire, SL7 1LW.