

**BLACK AND BLUE (C) LIMITED**

**UNAUDITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 OCTOBER 2016**



**BLACK AND BLUE (C) LIMITED**  
**REGISTERED NUMBER:06774886**

**BALANCE SHEET**  
**AS AT 31 OCTOBER 2016**

	Note	2016 £	2015 £
<b>Fixed assets</b>			
Intangible assets	4	550,608	596,853
Tangible assets	5	1,519,423	1,612,804
		<u>2,070,031</u>	<u>2,209,657</u>
<b>Current assets</b>			
Stocks	6	59,688	68,258
Debtors: amounts falling due within one year	7	532,880	544,425
Cash at bank and in hand	8	6,597	150,703
		<u>599,165</u>	<u>763,386</u>
Creditors: amounts falling due within one year	9	(1,872,276)	(1,754,723)
<b>Net current liabilities</b>		<u>(1,273,111)</u>	<u>(991,337)</u>
<b>Total assets less current liabilities</b>		<u>796,920</u>	<u>1,218,320</u>
Creditors: amounts falling due after more than one year	10	-	(570,000)
<b>Provisions for liabilities</b>			
Deferred tax		(83,540)	(63,572)
		<u>(83,540)</u>	<u>(63,572)</u>
<b>Net assets</b>		<u>713,380</u>	<u>584,748</u>
<b>Capital and reserves</b>			
Called up share capital		100	100
Profit and loss account		713,280	584,648
		<u>713,380</u>	<u>584,748</u>

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

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

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

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

**N L E Hill**  
Director

31 JUL 2017

The notes on pages 2 to 9 form part of these financial statements.

## **BLACK AND BLUE (C) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2016**

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#### **1. General information**

The principal activity of the company continued to be that of restaurateurs.

Black and Blue (C) Limited is a private company limited by shares and registered in England and Wales. Its registered office is 89 New Bond Street, London, W1S 1DA.

These financial statements represent the year ended 31 October 2016, the prior period being an 18 month period commencing 1 May 2014 and ending 31 October 2015.

#### **2. Accounting policies**

##### **2.1 Basis of preparation of financial statements**

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

Information on the impact of first time adoption of FRS 102 is given in note 18.

The company's functional and presentational currency is pound sterling.

The following principal accounting policies have been applied:

##### **2.2 Going concern**

Two of the directors and ultimate controlling parties of the company have committed that they will support the company for a period of not less than one year from the date of the signing of the financial statements.

On this basis, the directors consider it appropriate to prepare the financial statements on the going concern basis. The financial statements do not include any adjustments that would result from a withdrawal of the directors' support.

##### **2.3 Revenue**

Turnover comprises revenue recognised by the company from the sale of food and beverages during the period, exclusive of Value Added Tax and trade discounts.

##### **2.4 Intangible assets**

###### **Goodwill**

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of comprehensive income over its average useful economic life of 24 years.

##### **2.5 Tangible fixed assets**

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

## **BLACK AND BLUE (C) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2016**

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#### **2. Accounting policies (continued)**

##### **2.5 Tangible fixed assets (continued)**

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

Depreciation is provided on the following basis:

S/Term Leasehold Property	- Over the lease term of 5, 8 and 17 years
Plant and machinery	- 25% reducing balance
Fixtures and fittings	- 25% reducing balance

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

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

##### **2.6 Stocks**

Stocks are stated at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

##### **2.7 Debtors**

Short term debtors are measured at transaction price, less any impairment.

##### **2.8 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

##### **2.9 Creditors**

Short term creditors are measured at the transaction price.

##### **2.10 Finance costs**

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

##### **2.11 Operating leases**

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

## **BLACK AND BLUE (C) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2016**

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#### **2. Accounting policies (continued)**

##### **2.12 Pensions**

###### **Defined contribution pension plan**

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the company in independently administered funds.

##### **2.13 Holiday pay accrual**

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Balance Sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Balance Sheet date.

##### **2.14 Borrowing costs**

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

##### **2.15 Current and deferred taxation**

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and

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

# BLACK AND BLUE (C) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2016

### 3. Employees

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

	2016 No.	2015 No.
Restaurant staff	79	79
Office staff	6	6
	<u>85</u>	<u>85</u>

### 4. Intangible assets

	Goodwill £
<b>Cost</b>	
At 1 November 2015	<u>1,115,500</u>
At 31 October 2016	<u>1,115,500</u>
<b>Amortisation</b>	
At 1 November 2015	<u>518,647</u>
Charge for the year	<u>46,245</u>
At 31 October 2016	<u>564,892</u>
<b>Net book value</b>	
At 31 October 2016	<u>550,608</u>
At 31 October 2015	<u>596,853</u>

# BLACK AND BLUE (C) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2016

### 5. Tangible fixed assets

	S/Term Leasehold Property £	Plant and machinery £	Fixtures and fittings £	Total £
<b>Cost or valuation</b>				
At 1 November 2015	3,250,207	79,428	604,861	3,934,496
Additions	-	-	165,241	165,241
At 31 October 2016	3,250,207	79,428	770,102	4,099,737
<b>Depreciation</b>				
At 1 November 2015	1,918,745	62,475	340,473	2,321,693
Charge for the year	180,725	4,238	73,658	258,621
At 31 October 2016	2,099,470	66,713	414,131	2,580,314
<b>Net book value</b>				
At 31 October 2016	1,150,737	12,715	355,971	1,519,423
At 31 October 2015	1,331,462	16,953	264,389	1,612,804

### 6. Stocks

	2016 £	2015 £
Food stock	25,265	25,571
Drink and consumables stock	34,423	42,687
	59,688	68,258

### 7. Debtors

	2016 £	2015 £
Trade debtors	102,235	105,719
Amounts owed by group undertakings	92,650	92,650
Other debtors	230,545	243,472
Prepayments and accrued income	107,450	102,584
	532,880	544,425

# BLACK AND BLUE (C) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2016

### 8. Cash and cash equivalents

	2016 £	2015 £
Cash at bank and in hand	6,597	150,703
Less: bank overdrafts	(244,083)	(184,410)
	<u>(237,486)</u>	<u>(33,707)</u>

### 9. Creditors: Amounts falling due within one year

	2016 £	2015 £
Bank overdrafts	244,083	184,410
Trade creditors	246,959	290,107
Amounts owed to group undertakings	463,341	544,065
Other taxation and social security	201,951	224,654
Other creditors	465,631	67,058
Accruals and deferred income	250,311	444,429
	<u>1,872,276</u>	<u>1,754,723</u>

The bank overdraft of £244,083 (2015 - £184,410) is secured by way of a fixed and floating charge over all present and future assets of the company and first charges over each leasehold property.

R A K Bacon and N L E Hill have also provided a joint and several guarantee for £3,050,000.

### 10. Creditors: Amounts falling due after more than one year

	2016 £	2015 £
Other creditors	-	570,000
	<u>-</u>	<u>570,000</u>

Brought forward other creditors falling due after more than one year is made up of a director's loan. This loan's repayment terms have been subordinated as part of the group's banking facility. During the year, under the terms of the group's banking facilities, all outstanding liabilities to the group's bankers have been transferred from non-current liabilities to current liabilities. In line with this treatment, amounts payable to the director have also been transferred to current liabilities.

Subsequent to the year end and as a result of the group refinancing its borrowing arrangements on 18 May 2017, these director loans became payable after five years from 29 June 2017.



## BLACK AND BLUE (C) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2016

#### 11. Contingent liabilities

The company has given the group's bankers a cross guarantee and debenture dated 22 December 2009 over the facility provided to Black and Blue (A) Limited, which exist across the following companies:

Black and Blue (A) Limited  
Black and Blue (B) Limited  
Black and Blue (C) Limited

Any liability arising from the cross guarantee and debenture is secured by individual charges over the leasehold properties and assets of each of the parties to the guarantee.

The amount due under this facility at the balance sheet date was £834,171 (2015 - £964,197).

Subsequent to the year end and as a result of the group refinancing its borrowing arrangements on 18 May 2017, these contingent liabilities were satisfied in favour of the previous bankers.

The company has since given the group's bankers a cross guarantee and debenture dated 18 May 2017 over the new facility provided to Black and Blue (A) Limited, which exist across the following companies:

Black and Blue (A) Limited  
Black and Blue (C) Limited  
Black and Blue (D) Limited  
Black and Blue Waterloo Limited  
The Archduke Restaurant LLP

Any liability arising from the cross guarantee and the debenture is secured by a first debenture from each of the Security Providers over all their assets.

#### 12. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company and amounted to £1,672 (2015 - £4,660). Contributions totalling £2,967 (2015 - £1,892) were payable at the balance sheet date.

#### 13. Commitments under operating leases

At 31 October 2016 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2016 £	2015 £
Not later than 1 year	375,300	375,300
Later than 1 year and not later than 5 years	1,289,583	1,264,583
Later than 5 years	5,150,000	5,475,000
	<b>6,814,883</b>	<b>7,114,883</b>

Following the year end, the lease for Wigmore Street was sold, and therefore going forward there is no such operating lease commitment for Wigmore Street, to the value of £250,000 per annum and a total lease term value of £6,550,000.

## **BLACK AND BLUE (C) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2016**

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#### **14. Related party transactions**

No disclosure has been made of transactions with other wholly owned group companies in accordance with FRS 102 Section 1A paragraph 1AC.35, as the company is itself a wholly owned subsidiary of Black and Blue (A) Limited.

At the balance sheet date, the company owed its director, N L E Hill, £395,000 (2015 - £570,000). Interest on the loan is payable by the company at a variable rate. This amounted to £48,554 (2015 - £93,066) for the period.

The loan's repayment terms have been aligned with the Barclays bank facility, and going forward, is aligned with the Metro bank facility which results in the subordination of all director's loans of the Borrower in favour of the Lender.

Thus, going forward, the loan is repayable in line with the Metro bank facility, and is repayable after 5 years.

#### **15. Post balance sheet events**

After the year end, the company sold the restaurant at 90 and 92 Wigmore Street, London, W1U RRN, for consideration of £1,300,000, exclusive of VAT. The sale completed on 11 April 2017.

#### **16. Controlling party**

The immediate and ultimate parent company is Black and Blue (A) Limited, a company registered in England and Wales.

Black and Blue (A) Limited prepares consolidated financial statements and copies can be obtained from 89 New Bond Street, London, W1S 1DA.

There is no single ultimate controlling party.

#### **17. First time adoption of FRS 102**

The policies applied under the entity's previous accounting framework are not materially different from the recognition and measurement principles set out under FRS 102. As a result, the transition to the new reporting regime has not impacted on equity or profit or loss and therefore no reconciliation between previously reported results and the 2015 comparative information has been presented.

#### **18. Auditors' information**

The audit report provided to the members of Black and Blue (C) Limited on the financial statements for the year ended 31 October 2016 was not qualified.

The audit report was signed by Richard Gilbert (Senior Statutory Auditor) for and on behalf of SRLV, Chartered Accountants and Statutory Auditor.