

## **LT Pub Management Plc**

Report and Financial Statements

Period Ended

26 December 2010

Company Number 7139073

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# **LT Pub Management Plc**

**Report and financial statements  
for the period ended 26 December 2010**

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## **Contents**

### **Page:**

1	Report of the directors
4	Independent auditors report
6	Consolidated profit and loss account
7	Consolidated and Company balance sheets
8	Consolidated cash flow statement
9	Notes forming part of the financial statements

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## **Directors**

William Buchanan  
Andrew Wilson  
Ian Robinson

## **Secretary and registered office**

Nigel Turpin  
31 Haverscroft Industrial Estate, New Road, Attleborough, NR17 1YE

## **Company number**

7139073

## **Auditors**

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

# **LT Pub Management Plc**

## **Report of the directors for the period ended 26 December 2010**

The directors present their report together with the audited financial statements for the period ended 26 December 2010. The company was incorporated on 28 January 2010 as Project Folgate Subsidiary 1 Limited and changed its name to LT Pub Management Limited on 18 February 2010. On April 15 2010 the company re-registered as a public limited company.

The group was created on 19 February 2010 when LT Pub Management Plc acquired LT Management Services Limited and other assets from the administrator of London Town Plc.

### **Results**

The consolidated profit and loss account for the period is set out on page 6. Revenues amounted to £16.96m and operating loss before depreciation and amortisation amounted to £227,000.

The group balance sheet at 26 December 2010 showed net assets of £106,000.

### **Principal activities, review of the business and future developments**

The principal activities of LT Pub Management Plc ("the company") and its subsidiaries ("the group") comprise the following:

- Direct management of leasehold pubs that the group owns the lease for
- The direct management of pubs for other pub owners on a temporary basis
- Provision of head office support for Freehold pubs under a service level agreement
- Provision of caretaking services for other pub companies to manage closed sites

The management of pubs for other pub owners generates income from a number of different arrangements including management fees and profit shares. The entitlement to revenues and the responsibility for costs varies by agreement.

The direct management of the group's own leasehold pubs generates income directly from customers from beer and other drink sales as well as food sales.

At 26 December 2010 the group operated leasehold pubs, temporarily managed pubs, pubs under service level agreements and caretaking sites.

### **Business review**

The consolidated profit and loss account for the period is set out on page 6. Revenues amounted to £16,962,000 and operating loss before depreciation and amortisation amounted to £227,000. Operating loss after depreciation of £20,000 and amortisation of £49,000 was £296,000. Included in administration costs were non-recurring costs of £216,000 that were paid by the group and costs of running sites under the agency agreement with the administrators of GRS Inns.

### **Directors**

The directors during the period were:

William Buchanan (Chief Executive Officer)

Jeremy Blood (Chairman)

Ian Robinson (Non executive director)

Andrew Wilson (Non executive director)

(resigned 21 June 2011)

# **LT Pub Management Plc**

## **Report of the directors for the period ended 26 December 2010 (*continued*)**

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### **Principal risks and uncertainties**

#### **Economic climate**

The economic environment, particularly with regard to consumer confidence and spending, remains very uncertain and increases in VAT and duty on alcohol will put additional pressure on revenues. However, there are many other factors involved in the ability of individual pubs to attract customers and the group continues to work with its managers to enhance the trading potential of each site.

#### **Recruitment and retention of managers**

The recruitment and retention of highly skilled and professional managers continues to be a principal focus of the group's management team since this is a key driver for the overall quality and profitability of the business. The market for good managers is very competitive and the group continues to work closely with current and prospective managers to ensure the group offers the right physical and business environment for all parties to prosper.

#### **Credit risk**

The balance sheet at 26 December 2010 includes trade receivables and other receivables of £1.7 million but the group is not exposed to significant credit risk. The majority of the debt is management fees to other pub companies that is paid after the balance sheet date at contractually agreed points.

#### **Information technology**

The daily operation of the group is reliant on information technology for accounting, reporting and communications. There is a risk that serious disruption could occur if any of these systems were to fail for a significant period of time.

The risk is mitigated by business continuity plans to allow the business to function in the event of a major systems failure. The group has controls in place to protect data including off site back up of data.

### **Charitable donations**

The group made no charitable donations during the period.

### **Creditor payment policy**

The group's policy for the period to 26 December 2010, for all suppliers, is to abide by the agreed terms of payment. The number of days purchases represented by period-end trade creditors at 26 December 2010 was 43 days.

# LT Pub Management Plc

## Report of the directors for the period ended 26 December 2010 (*continued*)

### Directors' responsibilities

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

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- 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 group will continue in business.


The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's transactions and disclose with reasonable accuracy at any time the financial position of 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves 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 directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP were appointed auditors on 16 March 2011 and have expressed their willingness to continue in office. A resolution to re-appoint them will be proposed at the annual general meeting.

### By order of the Board



Nigel Turpin  
Company Secretary

Date 27 June 2011

# **LT Pub Management Plc**

## **Independent auditors report**

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### **TO THE MEMBERS OF LT PUB MANAGEMENT LIMITED**

We have audited the financial statements of LT Pub Management Limited for the period ended 26 December 2010 which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom 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 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.

### **Respective responsibilities of directors and auditors**

As explained more fully in the statement of directors' responsibilities, 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 and express an opinion on 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 website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm)

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 26 December 2010 and of the group's loss for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

### **Opinion on other matters 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.

## LT Pub Management Plc

### Independent auditors report (*continued*)

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#### 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 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

*BDO LLP*

*Geraint Jones, (senior statutory auditor)  
For and on behalf of BDO LLP, statutory auditor  
London  
United Kingdom*

Date *27 June 2011*

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

## LT Pub Management Plc

### Consolidated profit and loss account for the period ended 26 December 2010

	Note	£'000
<b>Turnover</b>	2	<b>16,962</b>
Cost of sales		<b>(14,829)</b>
<b>Gross profit</b>		<b>2,133</b>
Administrative expenses		<b>(2,429)</b>
<b>Operating loss</b>	4	<b>(296)</b>
Interest payable and similar charges		<b>(98)</b>
<b>Loss on ordinary activities before and after taxation</b>	6	<b>(394)</b>

All amounts relate to continuing activities

There are no other items of recognised gains or losses other than those shown in the profit and loss account

The notes on pages 9 to 15 form part of these financial statements



# LT Pub Management Plc

## Consolidated and Company balance sheet at 26 December 2010

<i>Company number 7139073</i>	Note	Group £'000	Group £'000	Company £'000	Company £'000
<b>Fixed assets</b>					
Property, plant and equipment	8		204	-	-
Goodwill	9		926	-	-
Investment in subsidiary undertakings	9		-		1,022
			<hr/>		<hr/>
			1,130		1,022
<b>Current assets</b>					
Stock	10	582		-	
Debtors	11	2,164		278	
Cash at bank and in hand		770		8	
		<hr/>		<hr/>	
		3,516		286	
<b>Creditors amounts falling due within one year</b>	12	(3,997)		(264)	
		<hr/>		<hr/>	
<b>Net current (liabilities)/assets</b>			(481)		22
<b>Total assets less current liabilities</b>			<hr/>		<hr/>
			649		1,044
<b>Creditors: amounts falling due after more than one year</b>	13		(543)		(543)
			<hr/>		<hr/>
<b>Net assets</b>			106		501
			<hr/>		<hr/>
<b>Capital and reserves</b>					
Called up share capital	14		50		50
Share premium	15		450		450
Profit and loss account	15		(394)		1
			<hr/>		<hr/>
<b>Shareholders' funds</b>			106		501
			<hr/>		<hr/>

The financial statements were approved by the Board and authorised for issue on 27 June 2011

William Buchanan  
Director



The notes on pages 9 to 15 form part of these financial statements

# LT Pub Management Plc

## Consolidated cash flow statement for the period ended 26 December 2010

	Note	2010 £'000	2010 £'000
<b>Net cash inflow from operating activities</b>	17	1,024	
<b>Returns on investments and servicing of finance</b>			
Interest paid		(55)	
<b>Net cash inflow from returns on investment and servicing of finance</b>			969
<b>Taxation paid</b>			-
<b>Capital expenditure and financial investment</b>			
Purchase of tangible fixed assets		(224)	
Purchase of goodwill		(975)	
<b>Net cash outflow from capital expenditure and financial investment</b>			(1,199)
<b>Cash outflow before financing</b>			(230)
<b>Financing</b>			
Deep discount bonds		500	
Share capital issued		500	
<b>Cash inflow from financing</b>			1,000
<b>Increase in cash in the period</b>			770

The notes on pages 9 to 15 form part of these financial statements

# LT Pub Management Plc

## Notes forming part of the financial statements for the period ended 26 December 2010

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### 1 Accounting policies

The financial statements have been prepared on the going concern basis under the historical cost convention and are in accordance with applicable accounting standards. The following principal accounting policies have been applied.

#### *Basis of consolidation*

The consolidated financial statements incorporate the results of the parent company LT Pub Management Plc ("the Company" or "the parent company") and all of its subsidiary undertakings (together referred to as "the group") at 26 December 2010. Subsidiaries are consolidated from the date on which control transferred to the group. Intercompany transactions and balances between group companies are eliminated in full. Acquisition method of accounting is applied from the date of acquisition.

#### *Goodwill and intangible assets*

Goodwill arising on an acquisition of a subsidiary is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired. Positive goodwill is capitalised and amortised through the profit and loss account over the directors' estimate of the useful economic life which is 20 years. Impairment tests are undertaken at the end of the first full year after acquisition or if circumstances change which may indicate an impairment.

#### *Depreciation*

Depreciation is provided to write off the cost, less estimated residual values, of all fixed assets over their expected useful lives. It is calculated at the following rate:

Public house fixtures and fittings	-	3-10 years
Office equipment	-	3 years
Leasehold office building	-	10 years

#### *Stock*

Stock is valued at the lower of cost and net realisable value.

#### *Deferred taxation*

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 the company anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences. Deferred tax balances are not discounted.

#### *Leased assets*

Where assets are financed by leasing agreements that give rights approximating to ownership ('finance leases'), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on such assets is charged to the profit and loss account.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the term of the lease and represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

# LT Pub Management Plc

## Notes forming part of the financial statements for the period ended 26 December 2010 (*continued*)

### 2 Turnover

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of the business, net of discounts and VAT. All operations take place solely in the United Kingdom.

- *Drink and food sales*  
Revenue in respect of drink and food sales is recognised at the point at which the goods are provided, net of discounts or volume rebates allowed.
- *Machine income*  
The group's share of net machine income is recognised in the period to which it relates.
- *Management services income*  
Revenue earned in respect of the management of pubs for other pub owners is recognised in the period to which it relates.

### 3 Employees and directors

£'000

Staff costs consist of

Wages and salaries	3,031
Social security costs	159
	<hr/>
	3,190

The directors received aggregate emoluments of £287,000 during the period. The emoluments of the highest paid director was £168,000.

### 4 Group operating profit

£'000

This has been arrived at after charging

Depreciation of fixed assets	20
Amortisation of goodwill	49
Auditors' remuneration - audit of the parent and consolidation	5
Auditors' remuneration - audit of the subsidiaries	36
Auditors' remuneration - corporation tax services	8
	<hr/>

# LT Pub Management Plc

Notes forming part of the financial statements  
for the period ended 26 December 2010 (*continued*)

<b>5</b>	<b>Interest payable and similar charges</b>	<b>£'000</b>
	Bank interest	55
	Deep discount bond accrued discount	43
		<hr/>
		98
		<hr/>
<b>6</b>	<b>Taxation on profit from ordinary activities</b>	<b>£'000</b>
	Analysis of tax charge in period	
	<i>Current tax</i>	
	UK corporation tax on loss for the period	-
		<hr/>
	The tax assessed for the period differs from the standard rate of corporation tax in the UK. The differences are explained below	
		£
	Loss on ordinary activities before tax	(394)
	Loss on ordinary activities multiplied by standard rate of UK corporation tax of 28%	(110)
	Effects of	
	Expenses not deductible for tax purposes	(137)
	Losses carried forward	81
	Group relief	166
		<hr/>
	Current tax charge for period	-
		<hr/>

## 7 Profit for the financial period

The company has taken advantage of the exemption allowed under the Companies Act 2006 and has not presented its own profit and loss account in these financial statements. The group profit for the period includes a profit after tax of £1,000 which is dealt with in the financial statements of the parent company.

# LT Pub Management Plc

Notes forming part of the financial statements  
for the period ended 26 December 2010 (*continued*)

## 8 Tangible fixed assets

Group	Fixtures, fittings and equipment £'000	Land and buildings £'000	Total £'000
<i>Cost</i>			
Additions	147	77	224
	<hr/>	<hr/>	<hr/>
At 26 December 2010	147	77	224
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
Provided for the period	14	6	20
	<hr/>	<hr/>	<hr/>
At 26 December 2010	14	6	20
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 26 December 2010	133	71	204
	<hr/>	<hr/>	<hr/>

## 9 Goodwill

Group	Other £'000
<i>Cost</i>	
Goodwill additions	975
Amortisation charge for period	(49)
	<hr/>
<i>Net book value</i>	
At 26 December 2010	926
	<hr/>

The goodwill balance of £926,000 relates to costs incurred by LT Pub Management plc in relation to formation of the group following the administration of London Town Plc and GRS Inns Limited when it purchased LT Management Services Limited and other assets on 19 February 2010

	£'000
Consideration paid	987
Less Net assets acquired	(12)
	<hr/>
Goodwill arising	975
	<hr/>
<b>Net assets comprised (book value and provisional fair value)</b>	<b>£'000</b>
Current assets	3,190
Current liabilities	(3,178)
	<hr/>
Net assets acquired	12
	<hr/>

# LT Pub Management Plc

Notes forming part of the financial statements  
for the period ended 26 December 2010 (*continued*)

## 9 Goodwill (*continued*)

Company	Investments in group undertakings £'000
<i>Cost</i>	
Additions	1,022
<i>Net book value</i> At 26 December 2010	<u>1,022</u>

The principal trading subsidiary undertakings at the balance sheet date were

Company	Country of registration	Nature of business	Shares held Class	%
<b>Subsidiary undertakings:</b>				
<i>Directly held</i>				
LT Pub Leasing Limited	England	Pub management	Ordinary	100
LT Pub Support Services Limited	England	Pub management	Ordinary	100
LT Management Services Limited	England	Pub management	Ordinary	100

## 10 Stock

	Group £'000	Company £'000
Goods held for resale	582	-

## 11 Debtors

	Group £'000	Company £'000
Trade debtors	963	-
Other debtors	746	2
Prepayments and accrued income	455	-
Amounts due from group undertaking	-	276
	<u>2,164</u>	<u>278</u>

# LT Pub Management Plc

Notes forming part of the financial statements  
for the period ended 26 December 2010 (*continued*)

## 12 Creditors: amounts falling due within one year

	Group £'000	Company £'000
Trade payables	1,708	-
Other creditors	799	-
Accruals and deferred income	1,490	-
Amounts due to group undertakings	-	264
	<u>3,997</u>	<u>264</u>

## 13 Creditors: amounts falling due after more than one year

	Group £'000	Company £'000
Deep discount bonds	543	543
	<u>543</u>	<u>543</u>

The deep discount bonds are secured by a fixed and floating charge over the assets and liabilities of the Company. The deep discount bonds are redeemable at the option of the Company at any time. The deep discount bonds accrue discount at 10% per annum on a compound basis. The final redemption date of the deep discount bonds is 19 February 2013. The balance of £543,000 included accrued discount of £43,000 in the period.

## 14 Called up share capital

£

### *Authorised*

Equity interests	
500,000 ordinary shares of £1 each	<u>500,000</u>

### *Issued, called up and fully paid*

Equity interests	
Ordinary shares of £1 each	<u>50,001</u>

On 28 January 2010 the company was incorporated with 1 ordinary share of £1 issued capital. On 18 February 2010 the company issued a further 50,000 shares of £1 each with a premium of £9 per share.



# LT Pub Management Plc

Notes forming part of the financial statements  
for the period ended 26 December 2010 (*continued*)

## 15 Reserves

Group	Share premium account £'000	Profit and loss account £'000
Issued in the period	450	-
Loss for the period	-	(394)
<b>At 26 December 2010</b>	<b>450</b>	<b>(394)</b>
<b>Company</b>		<b>Profit and loss account £'000</b>
Profit for the period		1
<b>At 26 December 2010</b>		<b>1</b>

## 16 Related party transactions

The group acquired LT Management Services Limited on 19 February 2010 from the administrators of London Town Plc. W Buchanan, A Wilson and I Robinson were directors of London Town Plc.

The deep discount bonds (note 13) were issued by Burac Invest & Trade Corp, who own 90% of the share capital of the company.

## 17 Reconciliation of operating profit to net cash inflow from operating activities

	£'000
Group operating loss	(296)
Depreciation	20
Amortisation	49
Increase in stocks	(582)
Increase in debtors	(2,164)
Increase in creditors	3,997
	<b>1,024</b>

## 18 Ultimate controlling party

The company is controlled by Burac Invest & Trade Corp, which is the ultimate controlling party by virtue of it owning 90% of the share capital of the company.