

**Kildale Bidco Limited**

Strategic report, Directors' report and  
financial statements

Registered number 10986970

Period from incorporation to 4 February 2018

WEDNESDAY



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## Strategic Report

### Principal activities and review of the business

The principal activity of Kildale Bidco Limited (the 'Company') is as an operating company and parent holding company of Ingleby (1951) Limited, Ingleby (1952) Limited, Apis Limited and Melli Limited as intermediate holding companies, and of Amber Taverns Limited as a public house management company.

The Company was incorporated on 28 September 2017 and presents its consolidated accounts for the period from incorporation to 4 February 2018.

On 27 October 2017, the directors completed a management buyout of Ingleby (1951) Limited and its group companies backed by MxP Partners LLP and Ares Management Limited. Kildale Topco Limited was formed as a vehicle to acquire the entire share capital of the Ingleby (1951) group through the following intermediate companies, Kildale Pikco Limited, an operating company, Kildale Parentco Limited, a holding company, Kildale Bidco Limited, an operating company.

The Group secured funding on 27 October 2017 for the acquisition of Ingleby (1951) Limited and continued expansion through this operating company from HSBC Bank Plc, with a 4 year term loan facility of £75m (options are available to extend to October 2023). The Group also received second lien and PIK debt held in its operating company Kildale Pikco Limited with a seven year term from Ares Management Ltd totalling £55m. Further details are outlined in Note 10.

Simultaneously the Group secured a revolving credit facility from HSBC Bank Plc to facilitate its expansion program under its new ownership. These facilities are due to expire at the end of October 2021.

The Directors remain confident that the Group's well proven formula of a value offer in a modern community pub environment will generate further growth in profits in 2018-19.

Current trading is in line with expectations.

### Risks and uncertainties

The principal risks and uncertainties facing the Group headed by Kildale Topco Limited are:

#### *Economic environment risk*

Consumer sentiment is uncertain as the deadline for Brexit grows closer without clarity on the type of Brexit we can expect. The wet led pub market place remains competitive with recent price increases from suppliers and the sugar tax adding to the pressure on gross margin. The board believes whilst there are cost pressures in the market place its emphasis on quality and value for money should continue to provide confidence to all stakeholders in the business.

The Group continues to acquire some closed public houses, but continues to pursue trading sites, the Group believe there are further opportunities from closed sites requiring change of use but continues to seek licensed properties in good locations at competitive prices. The Group intends to continue to consider acquisitions on a site by site basis.

#### *Regulatory risk*

The sector in which the Group operates has been subject to a high level of regulation over recent periods and any future changes to alcohol duty on beer and other products could add increased pressure on the Group's sales and margins. Further changes to the national living wage may impact in the future on the terms of the operator agreement as planned increases are rolled out in future periods.

## Strategic Report *(continued)*


### *Financial risk management objectives and policies*

The Group's operations expose it to a variety of financial risks that include the effects of changes in debt market prices, credit risk, liquidity risk and interest rate risk. The Group has in place a risk management programme that seeks to limit the adverse effect on the financial performance of the Group by monitoring levels of debt finance and the related finance costs. The Group uses an interest cap to mitigate interest rate risk. The majority of sales are cash based transactions and therefore the Group is not exposed to credit risk. Financial performance is monitored by finance and operational Directors on a weekly and monthly basis.

### **Future developments**

It is anticipated that the Group's portfolio will continue to grow as further acquisition and development opportunities arise.

By order of the board



**J Jones**  
Director

26<sup>th</sup> July 2018

## Directors' report

The Directors present their annual Directors' report and the audited financial statements for the period from incorporation on 27 September 2017 to 4 February 2018. The Company was incorporated as a vehicle to acquire the issued share capital of Ingleby (1951) Limited, whose group companies include the trading company Amber Taverns Limited.

### Proposed dividend

The Directors do not recommend the payment of a dividend.

### Directors

The Directors who held office during the period were as follows:

M J Goddard	(appointed 28 <sup>th</sup> September 2017)
J E Baer	(appointed 27 <sup>th</sup> October 2017)
G E Roberts	(appointed 27 <sup>th</sup> October 2017)
J L Jones	(appointed 27 <sup>th</sup> October 2017)
M D George	(appointed 27 <sup>th</sup> October 2017)
S P Frankland	(appointed 5 <sup>th</sup> February 2018)

### Going concern

The Company is part of a group headed by Kildale Topco Limited which has positive net assets at the balance sheet date, and has indicated its intention to provide ongoing support to the subsidiaries of the group for at least 12 months and thereafter for the foreseeable future.

In light of the above, the Directors, having considered the current trading prospects, identifiable risks, working capital requirements and the availability of finance, are of the opinion that the Company is a going concern. The accounts have been prepared on this basis.

### Qualifying third party indemnity provisions

The directors benefited from qualifying indemnity insurance policies in place during the financial period.

### Disclosure of information to auditor

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 auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

### Auditor

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



J L Jones  
Director

Kildale Bidco Limited  
The Victory Offices  
112 Victory Road  
Blackpool  
FY1 3NW

26<sup>th</sup> July 2018

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS**

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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  
1 St Peters' Square  
Manchester  
M2 3AE  
United Kingdom

## **Independent auditor's report to the members of Kildale Bidco Limited**

### **Opinion**

We have audited the financial statements of Kildale Bidco Limited ("the Company") for the period ended 4 February 2018 which comprise the Profit and Loss Account and Other Comprehensive Income, Balance Sheet and Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 4 February 2018 and of its loss for the period then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Going concern**

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

### **Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

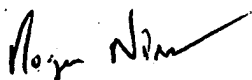
### **Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### **The purpose of our audit work and to whom we owe our responsibilities**

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.



**Roger Nixon (Senior Statutory Auditor)**  
for and on behalf of KPMG LLP, Statutory Auditor  
*Chartered Accountants*  
1 St Peter's Square, Manchester, M2 3AE

26 July 2018



**Profit and Loss Account and Other Comprehensive Income**  
*for the period from incorporation to 4 February 2018*

	<i>Note</i>	<b>2018</b> <b>£</b>
<b>Interest payable and similar charges</b>	<b>5</b>	<b>(1,752,272)</b>
		<hr/>
<b>Loss before taxation</b>		<b>(1,752,272)</b>
<b>Taxation</b>		<b>-</b>
		<hr/>
<b>Loss for the financial period and other comprehensive loss</b>		<b>(1,752,272)</b>
		<hr/> <hr/>

The notes on pages 10 to 16 form an integral part of these financial statements.

**Balance sheet**  
**at 4 February 2018**

	<i>Note</i>	<b>2018</b> £	<b>2018</b> £
<b>Fixed assets</b>			
Investments	7		65,037,243
<b>Current assets</b>			
Debtors	8	126,262,994	
Cash		5,517,270	
		<hr/>	
		131,780,264	
<b>Creditors: amounts falling due within one year</b>	9	(64,379,668)	
<b>Net current assets</b>			<hr/> 67,400,596
<b>Total assets less current liabilities</b>			<hr/> 132,437,839
<b>Creditors: amounts falling due after more than one year</b>	10	(99,190,109)	
<b>Net Assets</b>			<hr/> 33,247,730
<b>Capital and reserves</b>			
Called up share capital	11	35,000,002	
Profit and Loss Account		(1,752,272)	
<b>Shareholder's funds</b>			<hr/> 33,247,730

The notes on pages 10 to 16 form an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 26<sup>th</sup> July 2018 and were signed on its behalf by:

  
**J.L. Jones**  
 Director

Registered number 10986970

**Statement of Changes in Equity**  
*for the period from incorporation to 4 February 2018*

	<b>Called up share capital</b> £	<b>Profit and loss account</b> £	<b>Total Equity</b> £
Balance on incorporation	-	-	-
Issue of shares	35,000,002	-	35,000,002
<b>Total comprehensive expense for the period</b>			
Loss for the period	-	(1,752,272)	(1,752,272)
Other comprehensive income	-	-	-
	<hr/>	<hr/>	<hr/>
Total comprehensive expense for the period	-	(1,752,272)	(1,752,272)
	<hr/>	<hr/>	<hr/>
<b>Balance at 4 February 2018</b>	<b>35,000,002</b>	<b>(1,752,272)</b>	<b>33,247,730</b>
	<hr/>	<hr/>	<hr/>

The notes on pages 10 to 16 form an integral part of these financial statements.

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

#### *Basis of preparation*

Kildale Bidco Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("*FRS 102*") as issued in August 2014. The presentation currency of these financial statements is sterling.

The Company's ultimate parent undertaking, Kildale Topco Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Kildale Topco Limited are available to the public and may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ. In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Kildale Topco Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- The disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

#### *Measurement convention*

The financial statements are prepared on the historical cost basis.

#### *Going concern*

The Company is part of a group headed by Kildale Topco Limited which has positive net assets at the balance sheet date, and has indicated its intention to provide ongoing support to the subsidiaries of the group for at least 12 months and thereafter for the foreseeable future.

In light of the above, the Directors, having considered the current trading prospects, identifiable risks, working capital requirements and the availability of finance, are of the opinion that the Company is a going concern. The accounts have been prepared on this basis.

#### *Basic financial instruments*

##### *Trade and other debtors / creditors*

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Interest-bearing borrowings classified as basic financial instruments*

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

#### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

#### *Other financial instruments*

##### *Financial instruments not considered to be basic financial instruments (Other financial instruments)*

Other financial instruments not meeting the definition of basic financial instruments are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in profit or loss.

#### *Derivative financial instruments*

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

#### *Impairment excluding stocks, and deferred tax assets*

##### *Financial assets (including trade and other debtors)*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

#### *Expenses*

##### *Interest receivable and Interest payable*

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

## Notes (continued)

### 2 Expenses and auditor's remuneration

*Included in profit/loss are the following:*

*Auditor's remuneration:*

	Period from incorporation to 4 February 2018 £
Audit of these financial statements	1,500
Amounts receivable by the Company's auditor and its associates in respect of:	
- Taxation compliance services	750
	<hr/> <hr/>

### 3 Staff numbers and costs

Other than the directors, there are no individuals employed by Kildale Bidco Limited.

### 4 Directors' remuneration

The directors received no remuneration for services provided to the company, as they were remunerated through Amber Taverns Limited, a related company, and no allocation of their fees is made to the Company as their services to this Company are considered to be negligible.

### 5 Interest payable and similar charges

	Period from incorporation to 4 February 2018 £
On bank loans	784,873
On all other loans	958,950
Net loss on financial assets measured at fair value through profit and loss	8,449
	<hr/> <hr/>
	1,752,272

## Notes (continued)

### 6 Taxation

#### Analysis of charge in period

	2018 £000	2018 £000
<i>Current tax</i>		
Current tax on loss for the period	-	
	<hr/>	
Total current tax		-
<i>Deferred tax</i>		
Origination/reversal of timing differences	-	
	<hr/>	
Total deferred tax		-
		<hr/>
Tax on profit on ordinary activities		-
		<hr/>

#### Reconciliation of effective tax rate

	2018 £000
Profit / (Loss) for the period	(1,752)
Total tax expense	-
Profit / (Loss) (excluding taxation)	(1,752)
	<hr/>
Tax using the UK corporation tax rate of 19% (2016: 20%)	(333)
Group relief	26
Corporate interest restriction	307
	<hr/>
Total tax expense included in profit or loss	-
	<hr/>

#### Factors affecting the tax charge in future periods

Reductions in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) and further phased reductions to 19% (effective from 1 April 2017) and to 17% (effective 1 April 2020) have been substantively enacted. The deferred tax liability at 4 February 2018 has been calculated based on these rates.

## Notes (continued)

### 7 Fixed asset investments

Company	Investments in subsidiary companies £
Cost and net book value At 4 February 2018	65,037,243

### Subsidiary undertakings

The Company has the following investments in subsidiaries:

	Aggregate of capital and reserves £	Profit or loss for the period £	Registered office address	Class of shares held	Ownership 2018 %
Ingleby (1951) Limited	21,000,786	-	The Victory, 112 Victory Road, Blackpool, FY1 3NW	Ordinary	100*
Ingleby (1952) Limited	(15,802,282)	(3,503,327)	The Victory, 112 Victory Road, Blackpool, FY1 3NW	Ordinary	100*
Melli Limited	(3,563,548)	-	The Victory, 112 Victory Road, Blackpool, FY1 3NW	Ordinary	100*
Apis Limited	3,787,579	-	The Victory, 112 Victory Road, Blackpool, FY1 3NW	Ordinary	100*
Amber Taverns Limited	78,496,744	5,528,080	The Victory, 112 Victory Road, Blackpool, FY1 3NW	Ordinary	100*

\* Indirect holding.

### 8 Debtors: amounts falling due within one year

	2018 £
Amounts owed by group undertakings	125,614,124
Other debtors	318,445
Other financial assets (see note 13)	330,425
	<hr/>
	126,262,994
	<hr/>



## Notes (continued)

### 9 Creditors: amounts falling due within one year

	2018 £
Amounts owed to group undertakings	60,453,383
Trade creditors	10,800
Other creditors	1,527,500
Accruals	698,724
Bank loans	1,689,261
	<hr/> 64,379,668 <hr/>

### 10 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group's and parent Company's interest-bearing loans and borrowings, which are measured at amortised cost.

	2018 £
<b>Creditors falling due within less than one year</b>	
Secured bank loans	1,689,261
	<hr/> 1,689,261 <hr/>
<b>Creditors falling due more than one year</b>	
Secured bank loans	71,010,523
Other loans	28,179,586
	<hr/> 99,190,109 <hr/>

Included within bank loans are amounts repayable by equal quarterly instalments of £500,000 before settlement of the outstanding balance on 26 October 2023. Interest is charged on the loan at 3.00% above LIBOR. The loan is secured against various holdings of freehold land, owned by Amber Taverns Limited, a related party.

Included within other loans are amounts repayable on 26 October 2024. Interest is charged on the loan at 8.76%. The loan is secured against various holdings of freehold land, owned by Amber Taverns Limited, a related party.

The Group is committed to a £15m revolving credit facility until 26 October 2021. As at 4<sup>th</sup> February 2018, this facility is undrawn.

## Notes (continued)

### 11 Share Capital

	2018 £
<i>Allotted, called up and fully paid</i>	
35,000,002 ordinary shares of £1 each	35,000,002

### 12 Financial instruments

#### *Carrying amount of financial instruments*

The carrying amounts of the Group's financial assets and liabilities include:

	2018 £
Assets measured at fair value through profit or loss	330,425

#### *Financial instruments measured at fair value*

##### *Derivative financial instruments*

The fair value of the interest rate cap is derived by using a mark-to-market valuation method.

The fair value of the interest rate cap is intrinsically linked to the market's expectations of future interest rates.

The change in fair value of the financial asset during the period has been quantified as £nil.

The Company's contractual commitments to purchase tangible fixed assets at the period-end were £nil.

### 13 Related party transactions

Advantage has been taken at the exemption given within FRS 102 Section 33 "Related Party Transactions" to wholly owned subsidiaries, not to disclose related party transactions with members of the group.

### 14 Ultimate parent undertaking and controlling party

The ultimate parent company is Kildale Topco Limited, which is the largest group in which the Company is a member and for which Group Financial Statements are drawn up. Kildale Topco Limited is registered in England. Copies of the consolidated financial statements of Kildale Topco Limited can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.