

Registered Number: SC358051

G1 GROUP (HOLDINGS) PLC

DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE PERIOD ENDED 5 APRIL 2013



G1 GROUP (HOLDINGS) PLC

COMPANY INFORMATION

Directors	S.P. King B.W.C. McGhee (Chairman) D. McDowall L. Welsh S.A. McQuade
Secretary	F. M. Dromgoole
Company Number	SC358051
Registered Office	Virginia House 62 Virginia Street Glasgow G1 1TX
Auditors	BDO LLP 4 Atlantic Quay 70 York Street Glasgow G2 8JX
Bankers	The Royal Bank of Scotland plc 36 St Andrews Square Edinburgh EH2 2YB Clydesdale Bank plc 30 St Vincent Place Glasgow G1 2HL
Solicitors	Morton Fraser LLP Quartermile Two 2 Lister Square Edinburgh EH3 9GL

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CHAIRMAN'S STATEMENT FOR THE PERIOD ENDED 5 APRIL 2013

The chairman presents his statement for the period.

Overview

The UK economic environment is showing tentative signs of growth but there is still a good deal of uncertainty over how it will develop. The referendum in 2014 adds considerably to that uncertainty in a Scottish context. Hence it is pleasing that G1 is able to report a continuing strong performance in the period maintaining its growth profile. That was achieved not through any major acquisitions in the period, but through carefully targetted investment in the existing portfolio, harnessing the flair and creativity of the team and our designers.

Developments

Much of the investment activity has been focussed on the range of outlets in Edinburgh. The 2011 acquisitions added to the hotel activities within the overall portfolio, and the properties have seen considerable investment in 2012 and 2013 enhancing the quality and appeal to their different markets, which has been reflected in the customer reviews reported by the various agencies. The Central Hotel, Grassmarket Hotel, Murrayfield Hotel and Lodge, and The Inn on the Mile address different sectors of the market, and do so with quirky touches and quality throughout.

The bars and entertainment facilities have also benefitted from creative investment, with the Three Sisters, Cabaret Voltaire and Biddy Mulligan's (whose neighbour is now the smallest bar in Scotland) showing flair and responsiveness to their clientele. One completely new development was in the centre of St Andrews with the transformation of a onetime golf club manufacturing property into Forgan's, named after the former manufacturer. Now it is an exciting bar and restaurant with live music, popular right across the spectrum, and playing host recently to none other than Hillary Clinton.

The digitalisation of all screens at our Glasgow and Perth cinemas, following up the 3D investment in the previous year, contributed to a strong performance. Skyfall was our most successful film ever.

A flavour of the wide spread of G1 properties is available at www.g1group.co.uk.

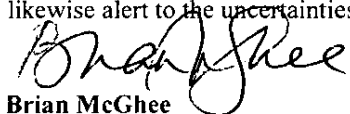
Operations

Attention to detail is evident in the style and fit out of the units, and that same attention to detail pervades all of the other activities of the Group. These include a focus on web, digital and social media tools (now attracting over 750,000 followers) in maintaining a rapport with our customers, and on the development of our staff through courses at Tennents Training Academy, building their engagement with the customers and the business. The Group was re-accredited at the Gold and Champion Status by Investors in People. The customers of course are key and particular attention is paid to the quality, variety and provenance of the meals served and achieving that in environments which are welcoming and enjoyable.

The G1 team are acutely aware of the continuing need to exceed customers' expectations in all aspects of the business.

A Look Ahead

2013 finally saw the relocation of the Head Office activities from Virginia House in the Merchant City to Hamilton House in Glasgow's West End. It took a good deal longer than originally anticipated but the superb environment provides a stimulus to all the team. The Group is looking to maintain its momentum into 2014 and beyond, but is likewise alert to the uncertainties alluded to earlier, and the challenges of a slowly recovering market.


Brian McGhee
Chairman

Date

31/03/2013

G1 GROUP (HOLDINGS) PLC

DIRECTORS' REPORT FOR THE PERIOD ENDED 5 APRIL 2013

The directors present their report and the financial statements for the period ended 5 April 2013.

Principal activities and business review

The principal activity of the company is that of a holding company and the principal activities of the group are the development and operation of entertainment, leisure and property facilities.

Business review, principal risks and uncertainties and future developments

The chairman's statement provides an overview of the business activity for the period.

Total turnover for the period was £66m (2012: £59.3m) which represented an increase for the period of 11.2% (2012: 20.5%). The increase in turnover reflects the full year benefit of acquisitions made in 2011 where the 2012 results do not cover a full year of trade for these acquisitions. The gross profit percentage increased to 76.4% (2012: 75.5%) of Group turnover and the Group recorded a 36.4% (2012: 46.4%) increase in operating profit to £10.2m (2012: £7.5m). The Group balance sheet reflects a change in ownership structure of IP Partnership Ltd which moved from a joint venture operation to a subsidiary of the group on the last day of the financial period.

In early April 2013 IP Partnership Ltd, reached agreement with its bankers, LBG to repay its existing debt facilities at a discount from par value. As part of this restructuring, G1 Group plc made a drawdown of its existing facility of £2.5m which was loaned to IP Partnership Ltd together with external debt provided by Tennent Caledonian Breweries UK Limited. As part of this debt restructure, all existing issued share capital was transferred to G1 Group plc from a combination of G1 Group (Holdings) PLC and Star Pubs & Bars Limited. During the period a 10% shareholding was issued to a third party however G1 Group plc retain an option to purchase the shareholding, currently controlled by LBG.

The directors of the business have reviewed the carrying value of all the tangible fixed assets of the business in light of the current market conditions and consequently an impairment of £2,685,000 has been taken on the group property assets.

Group net assets increased by £5.2m to £39.8m at 5 April 2013. The group undertook a significant capex programme in the year, with £9.6m invested in the estate to maintain its integrity and market position.

Operating in the leisure market, the most significant risk is customer demand in an extended period of economic uncertainty. Other risks are changing regulatory requirements such as health and safety legislation, and the impact of rising utility costs. The group has to address these and other exposures on a continuing basis and the widely diversified leisure portfolio along with the significant purchasing power which it has enable the group to mitigate these exposures.

The group has a wide range of key performance indicators which are regularly monitored. These include sales, gross margins, wage and expense ratios and unit contribution.

Although the economy has followed an uncertain path in recent years, the group has continued to develop in the leisure and hospitality sector. Whilst these economic conditions look likely to continue beyond 2013, the quality of the venues and commitment to service excellence give the directors confidence that the group can address the challenges successfully and continue to expand.

Results and dividends

The profit for the period, after taxation, amounted to £5,380,808 (2012: £3,971,816). The group paid interim dividends amounting to £250,000 (2012: £756,066). The directors do not recommend payment of a final dividend.

G1 GROUP (HOLDINGS) PLC

DIRECTORS' REPORT FOR THE PERIOD ENDED 5 APRIL 2013

Directors

The directors who served during the period were:

S.P. King
B.W.C. McGhee (Chairman)
J.C. Young (resigned 31 July 2012)
D. McDowall
L. Welsh
S.A. McQuade (appointed 3 April 2012)

Charitable donations

During the period, £4,793 (2012: £ 2,035) was donated to various Scottish charitable causes.

Financial instruments

The directors regularly review the risks to the group associated with movements in interest rates with a view to considering whether hedging or other risk control procedures are appropriate. The group's banking facilities comprise working capital and revolving credit facilities for current period activity together with long term loans secured against the portfolio. Details are provided in notes 19 and 35.

Group's policy for payment of creditors

It is the group's policy to make supplier payments in accordance with agreed or appropriate terms provided that all trading terms and conditions have been complied with. Creditor days in relation to trade creditors at period end were 20 days (2012: 33 days).

Employment policy

The group vision is to always put the customer first and this is driven by our core company values. G1 is dedicated to setting new standards in the hospitality industry, in terms of quality and service. This can only be achieved through the recruitment, retention and development of the very best people.

The group considers employee engagement to be central to its success, promoting an entrepreneurial approach at all levels, encouraging career development with its tailored learning initiatives such as Venue Induction, Open Doors Service Standards Training and Elevator Management Development Programme. Our people are considered to be our biggest asset, and we strive to treat colleagues like family and open and honest communication is encouraged throughout the estate.

The group is an equal opportunities employer. It is committed to providing equal opportunities throughout employment including the recruitment, training and promotion of workers, and to eliminating discrimination in the workplace whether on grounds of age, gender, marital status or sexual orientation, race, national or ethnic origin, religious orientation or beliefs or disability. All job applicants and workers are treated equally and the group is willing to make reasonable adjustments where appropriate for disabled applicants and workers.

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DIRECTORS' REPORT FOR THE PERIOD ENDED 5 APRIL 2013

Auditor

PKF (UK) LLP have merged their business into BDO LLP and accordingly have signed their auditor's report in the name of the merged firm.

Provision of information to the auditor

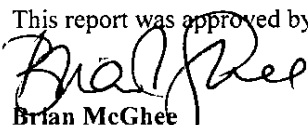
So far as each of the directors is aware at the time the report is approved:

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

This report was approved by the board on

3/10/2013

and signed on its behalf.


Brian McGhee
Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE PERIOD ENDED 5 APRIL 2013

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, the directors have elected to prepare the 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 company and the group 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and the group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions, to disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF G1 GROUP (HOLDINGS) PLC

We have audited the financial statements of G1 Group (Holdings) plc for the period ended 5 April 2013 which comprise the consolidated profit and loss account, the consolidated and parent 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 auditor

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. 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 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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate

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 5 April 2013 and of the group's profit 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 matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF G1 GROUP (HOLDINGS) PLC

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.



Charles Barnett (Senior statutory auditor)

For and on behalf of BDO LLP

Statutory auditor

Glasgow, UK

3 October 2013

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

GI GROUP (HOLDINGS) PLC

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 5 APRIL 2013

		2013	Year ended 31 March 2012
	Note	£	£
TURNOVER (including share of joint venture)	1,2	65,983,981	59,333,751
Less: Share of joint venture's turnover		<u>(2,098,576)</u>	<u>(2,202,418)</u>
GROUP TURNOVER		63,885,405	57,131,333
Cost of sales		<u>(15,082,934)</u>	<u>(14,008,674)</u>
GROSS PROFIT		48,802,471	43,122,659
Selling and distribution costs		(30,196,639)	(27,775,368)
Administrative expenses		(10,658,795)	(10,853,014)
Other operating income		<u>2,260,143</u>	<u>2,990,256</u>
OPERATING PROFIT	3	10,207,180	7,484,533
Share of operating profit in joint ventures		<u>1,222,259</u>	<u>1,248,367</u>
TOTAL OPERATING PROFIT BEFORE EXCEPTIONAL ITEMS: GROUP AND SHARE OF JOINT VENTURES		11,429,439	8,732,900
Exceptional items	4	<u>(1,069,150)</u>	-
TOTAL OPERATING PROFIT: GROUP AND SHARE OF JOINT VENTURES		10,360,289	8,732,900
Gain on sale of tangible fixed assets	8	<u>514,509</u>	<u>6,983</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST		10,874,798	8,739,883
Interest receivable	9	32,012	27,277
Interest payable	10	<u>(2,730,843)</u>	<u>(2,224,448)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		8,175,967	6,542,712
Tax on profit on ordinary activities	11	<u>(2,795,159)</u>	<u>(2,570,896)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	24	5,380,808	3,971,816

Details of dividends paid are in note 26.

The group has no recognised gains or losses for 2013 or 2012 other than those included in the profit and loss account.

All results shown above are in respect of continuing activities.

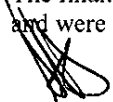
The notes on pages 12 to 27 form part of these financial statements.

G1 GROUP (HOLDINGS) PLC

CONSOLIDATED BALANCE SHEET AS AT 5 APRIL 2013

		2013	31 March 2012
	Note	£	£
FIXED ASSETS			
Intangible fixed assets	12	1,168,989	1,467,773
Tangible fixed assets	13	124,096,433	112,969,709
Investments	14	-	157,304
		<u>125,265,422</u>	<u>114,594,786</u>
CURRENT ASSETS			
Stocks	15	768,226	721,877
Debtors	16	4,231,013	3,265,626
Cash at bank and in hand	17	7,015,088	7,312,759
		<u>12,014,327</u>	<u>11,300,262</u>
CREDITORS: amounts falling due within one year	18	<u>(13,418,047)</u>	<u>(14,903,723)</u>
NET CURRENT LIABILITIES		<u>(1,403,720)</u>	<u>(3,603,461)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		123,861,702	110,991,325
CREDITORS: amounts falling due after more than one year	19	(83,484,488)	(73,865,432)
PROVISION FOR LIABILITIES			
Deferred tax	20	(555,426)	(743,509)
Interest in joint venture	21		
-share of gross assets		-	14,359,579
-share of gross liabilities		-	(16,109,591)
		-	<u>(1,750,012)</u>
NET ASSETS		<u>39,821,788</u>	<u>34,632,372</u>
CAPITAL AND RESERVES			
Called up share capital	23	50,000	50,000
Profit and loss account	24	39,710,178	34,579,370
SHAREHOLDERS' FUNDS	25	<u>39,760,178</u>	<u>34,629,370</u>
MINORITY INTERESTS		<u>61,610</u>	<u>3,002</u>
		<u>39,821,788</u>	<u>34,632,372</u>

The financial statements were approved and authorised for issue by the board on 3/10/2013 and were signed on its behalf by:


Stefan P King
Director

G1 Group (Holdings) PLC

Registered Number: SC358051

The notes on pages 12 to 27 form part of these financial statements.


G1 GROUP (HOLDINGS) PLC

COMPANY BALANCE SHEET AS AT 5 APRIL 2013

		2013	31 March 2012
	Note	£	£
FIXED ASSETS			
Fixed asset investments	14	1,878,254	6,899,498
CURRENT ASSETS			
Debtors	16	964,269	1,031,341
Cash at bank		<u>709,873</u>	<u>5,384</u>
NET CURRENT ASSETS		1,674,142	1,036,725
CREDITORS: amounts falling due after more than one year	19	(7,307,625)	(6,673,852)
NET ASSETS		<u>(3,755,229)</u>	<u>1,262,371</u>
CAPITAL AND RESERVES			
Called up share capital	23	50,000	50,000
Profit and loss account	24	<u>(3,805,229)</u>	<u>1,212,371</u>
SHAREHOLDERS' FUNDS	25	<u>(3,755,229)</u>	<u>1,262,371</u>

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

3/10/2013


Stefan P King
Director

G1 Group (Holdings) PLC

Registered Number: SC358051

The notes on pages 12 to 27 form part of these financial statements.

G1 GROUP (HOLDINGS) PLC

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 5 APRIL 2013

	Note	2013 £	Year ended 31 March 2012 £
Net cash flow from operating activities	27	10,178,887	16,123,172
Dividend received from joint venture		-	165,000
Returns on investments and servicing of finance	28	(2,300,481)	(1,899,585)
Taxation	28	(2,291,521)	(1,175,292)
Capital expenditure and financial investment	28	(7,995,548)	(26,168,111)
Equity dividends paid		(250,000)	(756,066)
CASH OUTFLOW BEFORE FINANCING		(2,658,663)	(13,710,882)
Financing	28	2,486,871	11,897,256
INCREASE/(DECREASE) IN CASH IN THE PERIOD		(171,792)	(1,813,626)

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT FOR THE PERIOD ENDED 5 APRIL 2013

		2013 £	Year ended 31 March 2012 £
Increase/(decrease) in cash in the period	29	(171,792)	(1,813,626)
Cash outflow from financing	28	(2,486,871)	(11,897,255)
CHANGE IN NET DEBT RESULTING FROM CASH FLOWS		(2,658,663)	(13,710,881)
Non-cash changes		(5,044,811)	5,567
MOVEMENT IN NET DEBT IN THE PERIOD	29	(7,703,474)	(13,705,314)
Net debt at 1 April 2012	29	(70,272,003)	(56,566,689)
NET DEBT AT 5 APRIL 2013		(77,975,477)	(70,272,003)

The notes on pages 12 to 27 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 5 APRIL 2013

1. ACCOUNTING POLICIES

1.1. Basis of preparation of financial statements

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

The consolidated financial statements comprise the audited financial statements of the company and two of its subsidiary undertakings, G1 Group plc and IP Partnership Ltd drawn up to 5 April 2013. All other subsidiary undertakings' financial statements are to 31 March 2013.

A separate profit and loss account for the parent company has not been prepared as permitted by Section 408 of the Companies Act 2006.

1.2. Basis of consolidation

The financial statements consolidate the financial statements of G1 Group (Holdings) PLC ("the Group") and all of its subsidiary undertakings ("subsidiaries"). Entities in which the Group holds an interest on a long term basis, and which are jointly controlled by the Group and other parties, are treated as joint ventures. In the year ended 31 March 2011 there was a group reorganisation which resulted in a new parent company for the group and this was accounted for using merger accounting. All other subsidiaries acquired are accounted for using acquisition accounting.

1.3. Revenue

Turnover represents the amount derived from the continuing principal activity of development and operation of entertainment, leisure and property facilities.

1.4. Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment provisions. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold buildings	-	2% straight line
Leasehold buildings	-	straight line over the life of the lease
Motor vehicles	-	25% reducing balance
Furniture, fittings and equipment	-	15 to 20% straight line

Freehold land is not depreciated. Depreciation on freehold property is not charged until the asset is available for its intended use by the group. All leaseholds relate to short leaseholds.

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

1.5. Investments

(i) Subsidiary undertakings

Investments in subsidiaries are valued at cost less provision for impairment.

(ii) Joint venture undertakings

Investments in joint ventures are shown in the consolidated balance sheet using the gross equity method which records the Group's share of the gross assets and gross liabilities in the joint venture. The Group's share of the turnover and operating profits or losses in the joint venture are included in the consolidated profit and loss account.

1.6. Operating leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the lease term.

1.7. Inventories

Stocks are stated at the lower of cost and net realisable value.

1.8. Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation, with the exception, in accordance with FRS 19, of rolled over gains which are not provided for.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse and are not discounted.

1.9. Pension and other post-retirement benefits

The company makes contributions to private pension schemes held by some employees. Contributions are recognised in the profit and loss account in the period in which they become payable.

1.10. Goodwill and intangible assets

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised on a straight line basis over its useful economic life ranging between ten and eighteen years. Provision is made for any impairment in accordance with applicable accounting standards.

Intangible assets acquired separately from a business are capitalised at cost and are amortised on a straight line basis up to a maximum of ten years.

1.11. Capitalisation of interest

In accordance with FRS 15, interest charges incurred on the acquisition, construction or redevelopment of new trading units are capitalised (before tax relief) up to the point of being available to open for business. For this purpose, the interest rate applied to funds utilised for property development is arrived at by reference, where appropriate, to the actual rate payable on borrowing arranged specifically for development purposes, and in regard to that part of the development cost financed out of general borrowings, to the weighted average cost of these borrowings.

1.12. Other operating income

Other operating income consists of rental income receivable in relation to commercial properties held outwith leisure units along with income in relation to the provision of training services for the hospitality industry.

1.13. Provisions for liabilities

A provision is recognised when the group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 5 APRIL 2013

2. TURNOVER

The whole of the turnover is attributable to the principal activity of the company. The entire turnover arose within the United Kingdom.

3. OPERATING PROFIT

The operating profit is stated after charging:

		Year ended 31 March
	2013	2012
	£	£
Amortisation – intangible fixed assets	298,784	295,620
Impairment of tangible fixed assets	-	692,872
Depreciation of tangible fixed assets	5,764,839	5,989,594
Operating lease rentals:		
- plant & machinery	262,673	149,718
- land & buildings	487,553	714,593

4. EXCEPTIONAL ITEMS

		Year ended 31 March
	2013	2012
	£	£
Share of joint venture exceptional items	1,527,879	-
Group impairment	(2,685,000)	-
Negative goodwill on transfer of joint venture to subsidiary	87,971	-
	<u>(1,069,150)</u>	<u>-</u>

In early April 2013 the joint venture company reached agreement with its bankers, LBG to repay its existing debt facilities at discount from par value. In addition, an impairment of tangible fixed assets was recognised in the year for the joint venture company.

The directors of the business have reviewed the carrying value of all the tangible fixed assets of the business in light of the current market conditions and consequently an impairment of £2,685,000 has been taken on the group property assets.

5. AUDITOR'S REMUNERATION

		Year ended 31 March
	2013	2012
	£	£
Fees payable to the company's auditor for the audit of the company's annual financial statements	8,500	7,500
Fees payable to the company's auditor and its associates in respect of:		
The auditing of financial statements of associates of the company pursuant to legislation	75,000	74,500
Other services relating to taxation	38,359	45,520
Other services	10,500	24,000
	<u>132,359</u>	<u>151,520</u>

G1 GROUP (HOLDINGS) PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 5 APRIL 2013

6. STAFF COSTS

Staff costs, including directors' remuneration, were as follows:

	2013	Year ended 31 March 2012
	£	£
Wages and salaries	18,417,442	16,866,933
Social security costs	1,461,090	1,350,668
Other pension costs	50,000	50,000
	<u>19,928,532</u>	<u>18,267,601</u>

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

	2013	2012
	No.	No.
Managerial and administration	457	368
Hourly paid staff	815	927
	<u>1,272</u>	<u>1,295</u>

7. DIRECTORS' REMUNERATION

	2013	Year ended 31 March 2012
	£	£
Emoluments	523,301	439,515
Other pension costs	50,000	50,000
	<u>573,301</u>	<u>489,515</u>

The highest paid director received remuneration of £160,000 (2012: £160,000) which includes pension costs of £50,000 (2012: £50,000).

8. GAIN ON SALE OF TANGIBLE FIXED ASSETS

	2013	Year ended 31 March 2012
	£	£
Group gain on sale	514,509	-
Share of joint venture gain on sale	-	6,983
	<u>514,509</u>	<u>6,983</u>

9. INTEREST RECEIVABLE

	2013	Year ended 31 March 2012
	£	£
Group bank interest receivable	25,008	19,925
Share of joint venture interest receivable	7,004	7,352
	<u>32,012</u>	<u>27,277</u>

G1 GROUP (HOLDINGS) PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 5 APRIL 2013

10. INTEREST PAYABLE

		Year ended 31 March 2012
	2013 £	2012 £
Group interest payable on bank loans and overdrafts	2,325,489	1,919,510
Share of joint venture interest payable	405,354	304,938
	<u>2,730,843</u>	<u>2,224,448</u>

11. TAXATION

		Year ended 31 March 2012
	2013 £	2012 £
Analysis of tax charge in the period		
Current tax (See note below)		
UK corporation tax charge on profit for the period	2,667,616	2,534,540
Adjustments in respect of prior periods	30,080	(27,182)
Share of joint venture tax charge	321,741	305,793
Total current tax	<u>3,019,437</u>	<u>2,813,151</u>
Deferred tax (see note 20)		
Reversal of timing differences	(224,278)	(242,255)
Tax on profit on ordinary activities	<u>2,795,159</u>	<u>2,570,896</u>

Factors affecting tax charge for the period

The tax assessed for the period is higher than the standard rate of corporation tax in the UK of 24% (2012: 26%).
The differences are explained below:

		Year ended 31 March 2012
	2013 £	2012 £
Profit on ordinary activities before tax	8,175,967	6,542,712
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24% (2012: 26%)	1,962,232	1,701,105
Effects of:		
Depreciation in excess of capital allowances	712,047	937,776
Expenses not deductible for tax purposes (including goodwill amortisation)	435,030	431,956
Adjustments in respect of prior periods	38,058	(33,029)
Capital gain not chargeable to tax	(74,867)	-
Capital items expensed	5,614	-
Other timing differences	(824)	14,337
Income not chargeable to tax	(57,853)	(238,994)
Current tax charge for the period (see note above)	<u>3,019,437</u>	<u>2,813,151</u>

G1 GROUP (HOLDINGS) PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 5 APRIL 2013

12. INTANGIBLE FIXED ASSETS

Group	Trademarks £	Web Domains £	Goodwill £	Total £
Cost				
At 1 April 2012	870	101,610	3,132,783	3,235,263
Additions	-	-	-	-
At 5 April 2013	<u>870</u>	<u>101,610</u>	<u>3,132,783</u>	<u>3,235,263</u>
Amortisation				
At 1 April 2012	174	7,082	1,760,234	1,767,490
Charge for the period	87	10,245	288,452	298,784
At 5 April 2013	<u>261</u>	<u>17,327</u>	<u>2,048,686</u>	<u>2,066,274</u>
Net book value				
At 5 April 2013	<u>609</u>	<u>84,283</u>	<u>1,084,097</u>	<u>1,168,989</u>
At 31 March 2012	<u>696</u>	<u>94,528</u>	<u>1,372,549</u>	<u>1,467,773</u>

13. TANGIBLE FIXED ASSETS

Group	Land and buildings £	Motor vehicles £	Furniture, fittings and equipment £	Total £
Cost				
At 1 April 2012	117,585,478	374,825	36,723,451	154,683,754
Transferred in from joint venture	9,911,931	-	1,387,815	11,299,746
Additions	4,363,504	74,373	5,191,741	9,629,618
Disposals	(1,588,489)	(21,004)	(1,103,781)	(2,713,274)
At 5 April 2013	<u>130,272,424</u>	<u>428,194</u>	<u>42,199,226</u>	<u>172,899,844</u>
Depreciation				
At 1 April 2012	12,458,724	264,839	28,990,482	41,714,045
Charge for the period	2,308,898	37,722	3,418,219	5,764,839
Disposals	(344,188)	(15,042)	(1,001,243)	(1,360,473)
Impairment	2,685,000	-	-	2,685,000
At 5 April 2013	<u>17,108,434</u>	<u>287,519</u>	<u>31,407,458</u>	<u>48,803,411</u>
Net book value				
At 5 April 2013	<u>113,163,990</u>	<u>140,675</u>	<u>10,791,768</u>	<u>124,096,433</u>
At 31 March 2012	<u>105,126,754</u>	<u>109,986</u>	<u>7,732,969</u>	<u>112,969,709</u>

Included in the cost of land and buildings are accumulated finance costs capitalised amounting to £1,168,749 (2012: £1,168,749).

• **G1 GROUP (HOLDINGS) PLC**

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 5 APRIL 2013

TANGIBLE FIXED ASSETS (CONTINUED)

The net book value of land and buildings comprises:

	2013 £	2012 £
Freeholds	112,291,219	104,192,143
Short leaseholds	872,771	934,611
	<u>113,163,990</u>	<u>105,126,754</u>

Additions in the period include £nil (2012: £17,400,835) acquired as a result of the acquisition of businesses. In the directors' opinion, the purchase price paid is not materially different from their fair value at the acquisition date. The purchase was funded by a combination of bank loans and existing Group cash balances.

14. FIXED ASSET INVESTMENTS

	Loan to joint venture £
Group	
Cost and net book value	
At 1 April 2012	157,304
Waiver of loan	(157,304)
At 5 April 2013	-

	Shares in group undertakings £	Investments in joint venture £	Loan to joint venture	Total £
Company				
Cost				
At 1 April 2012	1,878,250	4,863,944	157,304	6,899,498
Additions	4	-	-	4
Disposals	-	(4,863,944)	-	(4,863,944)
Waiver of loan notes	-	-	(157,304)	(157,304)
At 5 April 2013	<u>1,878,254</u>	<u>-</u>	<u>-</u>	<u>1,878,254</u>

Details of the principal subsidiaries can be found at note 34.

15. STOCKS

	Group		Company	
	2013	31 March 2012	2013	31 March 2012
	£	£	£	£
Bar and food stock	<u>768,226</u>	<u>721,877</u>	<u>-</u>	<u>-</u>

16. DEBTORS

	Group		Company	
	2013	31 March 2012	2013	31 March 2012
	£	£	£	£
Due within one year				
Trade debtors	1,457,865	416,723	-	-
Amounts owed by joint venture investment	-	282,961	-	-
Other debtors	1,516,563	2,083,842	964,269	1,031,341
Prepayments and accrued income	1,256,585	482,100	-	-
	<u>4,231,013</u>	<u>3,265,626</u>	<u>964,269</u>	<u>1,031,341</u>

17. CASH AT BANK

At 5 April 2013, cash balances with banks include £1,012,897 (2012: £455,000) of cash deposits which are not readily available for the general trading purposes of the company.

18. CREDITORS: Amounts falling due within one year

	Group		Company	
	2013	31 March 2012	2013	31 March 2012
	£	£	£	£
Amounts falling due within one year				
Bank loans and overdrafts	705,000	3,477,436	-	-
Other loans	801,077	241,894	-	-
Trade creditors	1,936,314	2,949,395	-	-
Corporation tax	3,314,410	2,521,392	-	-
Social security and other taxes	1,952,086	1,788,063	-	-
Other creditors	742,454	172,402	-	-
Accruals and deferred income	3,966,706	3,753,141	-	-
	<u>13,418,047</u>	<u>14,903,723</u>	<u>-</u>	<u>-</u>

The bank loans and overdraft are secured by standard securities over certain freehold properties and by a bond and floating charges for all monies due over some of the properties and undertakings of the Group.

• **G1 GROUP (HOLDINGS) PLC**

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 5 APRIL 2013

19. CREDITORS: Amounts falling due after more than one year

	Group		Company	
		31 March		31 March
	2013	2012	2013	2012
	£	£	£	£
Amounts falling due after one year				
Bank loans	79,285,565	73,865,432	-	-
Other loans	4,198,923	-	-	-
Amounts owed to group undertakings	-	-	7,307,625	6,673,852
	<u>83,484,488</u>	<u>73,865,432</u>	<u>7,307,625</u>	<u>6,673,852</u>

Creditors include amounts not wholly repayable within five years are as follows:

	Group		Company	
		31 March		31 March
	2013	2012	2013	2012
	£	£	£	£
Bank loans	840,000	58,188,174	-	-
Other loans	<u>193,540</u>	<u>-</u>	<u>-</u>	<u>-</u>

Interest is charged on the bank loans at a margin over LIBOR ranging from 1.42% to 2.95%. Interest is charged on other loans at a margin over LIBOR of 4.5%.

The bank and other loans are secured by standard securities over certain freehold properties and by a bond and floating charge for all monies due over some of the properties and undertakings of the Group.

Loans fall due for payment as follows:

	Bank loans	Other loans	Total	Total
				31 March
Group	2013	2013	2013	2012
	£	£	£	£
Within one year	705,000	801,077	1,506,077	3,593,454
Between one and two years	905,000	801,077	1,706,077	4,213,652
Between two and five years	77,540,565	3,204,306	80,744,871	11,463,605
After more than five years	840,000	193,540	1,033,540	58,188,174
	<u>79,990,565</u>	<u>5,000,000</u>	<u>84,099,565</u>	<u>77,458,886</u>

20. DEFERRED TAXATION

	Group		Company	
		31 March		31 March
	2013	2012	2013	2012
	£	£	£	£
At 1 April 2012	743,509	985,764	-	-
Released during the period	(188,083)	(242,255)	-	-
At 5 April 2013	<u>555,426</u>	<u>743,509</u>	<u>-</u>	<u>-</u>

The provision for deferred taxation is made up as follows:

	Group		Company	
		31 March		31 March
	2013	2012	2013	2012
	£	£	£	£
Accelerated capital allowances	<u>555,426</u>	<u>743,509</u>	<u>-</u>	<u>-</u>

DEFERRED TAXATION (CONTINUED)

There is a tax liability of £1,667,089 (2012 - £1,606,856) which the directors have rolled over under s152 TCGA 1992. This liability would only crystallise in the event that the assets into which the gain has been rolled over are subsequently sold. In accordance with Financial Reporting Standard 19, no provision has been made in these financial statements for this potential liability.

21. INTEREST IN JOINT VENTURE

	2013 £
At 1 April 2012	(1,750,012)
Transfer from joint venture to subsidiary	1,750,012
At 5 April 2013	-

Additional disclosures given in respect of IP Partnership Ltd, which exceeds certain 15% thresholds under FRS 9 'Associates and Joint Ventures' are as follows:

	2013 £	31 March 2012 £
Fixed assets	-	12,754,180
Current assets	-	1,605,399
Share of gross assets	-	14,359,579
Liabilities due within one year	-	(820,680)
Liabilities due after more than one year	-	(15,288,911)
Share of gross liabilities	-	(16,109,591)
Share of net liabilities	-	(1,750,012)

As part of the debt restructure exercise, all existing issued share capital was transferred to G1 Group plc from a combination of G1 Group (Holdings) PLC and Star Pubs & Bars Limited. During the period a 10% shareholding was issued to a third party however G1 Group plc retain an option to purchase the shareholding, currently controlled by LBG.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 5 APRIL 2013

22. ACQUISITIONS

	Fair value to the group £
Assets and liabilities acquired	
Tangible fixed assets	1,694,962
Debtors	69,944
Cash at bank	1,047
Creditors	(1,677,982)
Net assets acquired	<u>87,971</u>
Satisfied by	
Consideration:	
Cash paid	-
Negative goodwill arising on consolidation (note 4)	<u>87,971</u>

The directors were of the opinion that there were no fair value adjustments required to the book values of the assets acquired.

On 5 April 2013 the Group increased its shareholding in IP Partnership Ltd and is now being accounted for as a subsidiary, having been previously accounted for as a joint venture. In line with FRS2 the Group has adopted the true and fair view override when accounting for goodwill on the acquisition of a subsidiary. If goodwill had been calculated in accordance with the basis set out in the Companies Act 2006, £1.07m of the Group's retained earnings of IP Partnership Ltd would have been reclassified as goodwill and in total £3.12m would have been recognised. In the opinion of the directors it is correct to adopt the true and fair view override as permitted by FRS2.

23. SHARE CAPITAL

	2013 £	31 March 2012 £
Authorised, allotted, called up and fully paid		
50,000 Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>

24. RESERVES

	Profit and loss account £
Group	
At 1 April 2012	34,579,370
Profit for the period	5,380,808
Dividends (note 26)	(250,000)
At 5 April 2013	<u>39,710,178</u>
Company	
At 1 April 2012	1,212,371
Loss for the period	(4,767,600)
Dividends (note 26)	(250,000)
At 5 April 2013	<u>(3,805,229)</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 5 APRIL 2013

25. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2013 £	31 March 2012 £
Group		
Opening shareholders' funds	34,629,370	31,413,620
Profit for the period	5,380,808	3,971,816
Dividends (note 26)	(250,000)	(756,066)
Closing shareholders' funds	<u>39,760,178</u>	<u>34,629,370</u>
Company		
Opening shareholders' funds	1,262,371	1,116,276
Loss for the period	(4,767,600)	156,406
Dividends (note 26)	(250,000)	(10,311)
Closing shareholders' funds	<u>(3,755,229)</u>	<u>1,262,371</u>

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own profit and loss account. The parent company loss for the period was £4,767,600 (2012: profit £156,406).

26. DIVIDENDS

	2013 £	Year ended 31 March 2012 £
Dividends paid on equity capital	<u>250,000</u>	<u>756,066</u>

27. NET CASH FLOW FROM OPERATING ACTIVITIES

	2013 £	Year ended 31 March 2012 £
Operating profit	10,207,180	7,484,533
Amortisation of intangible fixed assets	298,784	295,620
Depreciation of tangible fixed assets	5,764,839	6,682,466
Amortisation of deferred charges	78,392	24,434
Increase in stocks	(46,449)	(8,489)
Increase in debtors	(292,117)	(718,651)
(Decrease) / increase in creditors	(5,831,742)	2,363,259
Net cash inflow from operations	<u>10,178,887</u>	<u>16,123,172</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 5 APRIL 2013

28. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2013 £	Year ended 31 March 2012 £
Returns on investments and servicing of finance		
Interest received	25,008	19,925
Interest paid	(2,325,489)	(1,919,510)
Net cash outflow from returns on investment and servicing of finance	(2,300,481)	(1,899,585)
Taxation		
Corporation tax paid	(2,291,521)	(1,224,024)
Corporation tax repaid	-	48,732
Net cash outflow from taxation	(2,291,521)	(1,175,292)
Capital expenditure and financial investment		
Purchase of intangible fixed assets	-	(100,002)
Purchase of tangible fixed assets	(9,629,618)	(26,068,109)
Sale of tangible fixed assets	1,634,070	-
Net cash outflow from capital expenditure and financial investment	(7,995,548)	(26,168,111)
Financing		
New secured loans	67,500,000	15,625,171
Repayment of loans	(64,768,737)	(3,727,916)
Repayment of other loans	(244,392)	-
Minority interest – share issued	-	1
Net cash inflow from financing	2,486,871	11,897,256

29. ANALYSIS OF CHANGES IN NET DEBT

	1 April 2012 £	Cash flow £	Other non- cash changes £	5 April 2013 £
Cash at bank and in hand:	7,312,759	(304,653)	6,982	7,015,088
Bank overdraft	(125,876)	125,876	-	-
	7,186,883	(178,777)	6,982	7,015,088
Debt:				
Debts falling due within one year	(3,593,454)	3,016,828	(929,451)	(1,506,077)
Debts falling due after one year	(73,865,432)	(5,496,714)	(4,122,342)	(83,484,488)
Net debt	(70,272,003)	(2,658,663)	(5,044,811)	(77,975,477)

30. CAPITAL COMMITMENTS

At 5 April 2013, the Group and Company had capital commitments as follows:

	Group		Company	
	2013 £	Year ended 31 March 2012 £	2013 £	Year ended 31 March 2012 £
Contracted for but not provided in these financial statements	136,022	2,868	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 5 APRIL 2013

31. OPERATING LEASE COMMITMENTS

At 5 April 2013, the Group had annual commitments under non-cancellable operating leases as follows:

Group	Land and buildings	
	2013	2012
Expiry date:	£	£
Within one year	-	-
Between one and five years	122,000	122,000
After more than five years	<u>300,000</u>	<u>300,000</u>

32. RELATED PARTY TRANSACTIONS

The company has taken advantage of exemptions within paragraph 3C of FRS 8 Related Party Transactions and accordingly, transactions between group companies are not disclosed.

Included within other debtors at 5 April 2013 is a director's loan account of £974,019 (2012: £1,509,240) which is repayable to the company by S.P. King. During the period payments were made on behalf of the director of £1,238,967 and repayments were made by the director to the company of £1,774,188.

33. CONTROLLING PARTY

The Group is controlled by S.P. King.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 5 APRIL 2013

34. PRINCIPAL SUBSIDIARIES AND JOINT VENTURES

Company name	Country	Percentage ordinary shareholding	Principal activity
G1 Group plc	Scotland	100	Entertainment, leisure and property
Cainstar (Perth) Limited	Scotland	100	Entertainment, leisure and property
D'Arcy's Limited	Scotland	100	Entertainment, leisure and property
Expo (Kilmarnock) Limited	Scotland	100	Entertainment, leisure and property
Fouquets Limited	Scotland	100	Entertainment, leisure and property
Iona Pub Partnership (Scotland) Limited	Scotland	100	Entertainment, leisure and property
October Café Limited	Scotland	100	Entertainment, leisure and property
Iona Pub Group Limited	Scotland	100	Entertainment, leisure and property
S.O.S. Security (Caledonian) Limited	Scotland	100	Bar services
Shelf Company (No. 7) Limited	Scotland	100	Finance
Stuart Hotel (East Kilbride) Limited	Scotland	100	Entertainment, leisure and property
G1 Cinemas Limited	Scotland	100	Entertainment, leisure and property
G1 Nightclubs Limited	Scotland	100	Entertainment, leisure and property
G1 Greenfield Limited	Scotland	100	Entertainment, leisure and property
Forth & Clyde Development Limited	Scotland	100	Entertainment, leisure and property
G1 Hotels Limited	Scotland	100	Entertainment, leisure and property
G1 Pubs Limited	Scotland	100	Entertainment, leisure and property
G1 Restaurants Limited	Scotland	100	Entertainment, leisure and property
G1 Venues Limited	Scotland	100	Entertainment, leisure and property
Elphinstone Commercial Property Limited	Scotland	100	Property
Host Academy plc	Scotland	100	Training services
Shelf Company (No 8) Limited	Scotland	100	Entertainment, leisure and property
The Bothy (St Andrews) Limited	Scotland	100	Entertainment, leisure and property
Iona Pub Partnership (Unlicensed) Limited	Scotland	100	Property
North Park House (Investments) Limited	Scotland	100	Entertainment, leisure and property
Cabaret Voltaire Edinburgh Limited	Scotland	100	Entertainment, leisure and property
South Methven Street (Perth) Limited	Scotland	100	Entertainment, leisure and property
EH1 Limited	Scotland	100	Property
Lister Square (No 53) Limited	Scotland	100	Entertainment, leisure and property
Lister Square (No 54) Limited	Scotland	100	Entertainment, leisure and property
Shelf Company (No 10) Limited	Scotland	100	Property
G1 MA Limited	Scotland	100	Entertainment, leisure and property
Corinthian Catering Limited	Scotland	100	Entertainment, leisure and property
Recommended Apps Limited	Scotland	100	Entertainment, leisure and property
IP Partnership Ltd	Scotland	90	Entertainment, leisure and property
The Dolphin (Dundee) Limited	Scotland	90	Entertainment, leisure and property
Stirrup Stane (Livingston) Limited	Scotland	90	Entertainment, leisure and property
Café Drummond (Aberdeen) Limited	Scotland	90	Entertainment, leisure and property
Harvester (Livingston) Limited	Scotland	90	Entertainment, leisure and property
Dixon Arms (Glenrothes) Limited	Scotland	90	Entertainment, leisure and property

Excluded from the above list are all dormant and non-trading companies.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 5 APRIL 2013

35. FINANCIAL INSTRUMENTS

Details of the financial instruments of the Group during the period ended 5 April 2013, and as at the balance sheet date are as follows:

Short term debtors and creditors have been excluded from the following disclosures in accordance with the appropriate accounting standards.

The Group has no financial assets other than cash (2012: none).

The Group has long term loans with The Royal Bank of Scotland plc and Clydesdale Bank plc. Interest is charged at a margin over LIBOR ranging from 1.42% to 2.95%. Interest is charged on other loans at a margin over LIBOR of 4.5%.

It is the Group's policy to secure funding at the most cost effective rates of interest available to the group. Interest on the Group's facilities is charged at a variable rate.

All of the transactions undertaken in the period ended 5 April 2013 are in sterling; therefore the Group has no exposure to foreign currency risk.

The maturity profile of the Group's financial liabilities at 5 April 2013 is disclosed in notes 18 and 19.

The fair values of the Group's financial assets and liabilities are not materially different to their book value.

The Group achieves short term liquidity flexibility through the use of bank overdrafts.