THE BRIGHTON PIER GROUP PLC

Consolidated Financial Statements

For the period ended 1 July 2018

Registered Number 08687172

DIRECTORS, OFFICERS AND ADVISERS

Directors	Luke Johnson	Chairman
	Anne Ackord	Chief Executive Officer
	John Smith	Chief Financial Officer
	Leigh Nicolson	Managing Director – Bars Division
	James (Jim) Fallon	Non-Executive Director
	Paul Viner	Non-Executive Director
	Joe Tager	Non-Executive Director
Company Secretary	John Smith	
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CHAIRMAN'S STATEMENT

This has been an active year for The Brighton Pier Group. We acquired a new operation, Paradise Island Adventure Golf, which owns six mini golf sites, we invested heavily in the food and drink offerings on the pier and we rationalised the bar portfolio so that we can focus our resources on the most successful venues.

We have also achieved further efficiencies in our administration of the Group, looking for synergies between the various divisions wherever possible.

The profitability of the pier is highly dependent on the weather and overall the pier's results were reasonable in the circumstances. The £1.3 million refurbishment of Palm Court restaurant, Horatio's bar and Victoria's Bar caused some disruption in trading but, following the renovations, the catering operations showed material improvements against the comparable periods in the prior year. The pier is now better placed to win more function business in its venues with its much improved offer.

We exited two unprofitable bars in Manchester and Liverpool and let two floors in our Derby freehold. The portfolio has been streamlined, which enables management to focus on the outlets with more potential. We also converted our Wimbledon site into a Smash bar, which combines ping-pong, artisan pizza, craft beer and sports on TV. The new format achieved a substantial uplift in revenue and profitability.

Our new mini golf business has been successfully integrated into the Group. It is meeting our profit expectations, and we are undertaking various initiatives to boost revenues, including introducing amusement machines where appropriate.

In the current financial period we plan to open the first new Paradise Island Adventure Golf location since we took ownership. We are also carrying out a full refit of our Putney Fez bar, which we forecast will lead to an improved profit contribution. There are no other major capital expenditure plans for the pier in the forthcoming year, save the usual repairs and maintenance to the infrastructure.

These are relatively testing times for the leisure and hospitality industries, mainly owing to cost inflation, additional taxes and intense competition. However, your Board believes The Brighton Pier Group remains well placed to take advantage of opportunities. We have a well invested and diversified portfolio of experiential attractions in good locations. Overall, the Group will continue to generate cash and repay its borrowings.

I remain confident of our prospects, and as a sign of my faith in the business I intend at the earliest practical opportunity to exercise my warrant in full at a cost of c. £1million, which would increase my shareholding to 27% of the enlarged share capital.

Dividend

The Board does not propose to pay any dividend during the period.

Luke Johnson

Chairman

24 September 2018

STRATEGIC REPORT

Business Review

The Brighton Pier Group PLC (the 'Group') owns and trades Brighton Palace Pier, as well as twelve premium bars nationwide, including two ping-pong concept bars and six indoor mini golf sites.

Brighton Palace Pier, which has once again been recognised as the fourth most visited free tourist attraction in the country, offers a wide range of attractions including two arcades and eighteen funfair rides, together with a variety of on-site hospitality and catering facilities. The attractions, product offering and layout of the pier are focused on creating a family-friendly atmosphere that aims to draw a wide demographic of visitors. The pier is free to enter, with revenue generated from the pay-as-you-go purchase of products from the fairground rides, arcades, hospitality facilities and retail catering kiosks.

The bars trade under a variety of concepts including Embargo Republica, Lola Lo, Po Na Na, Fez Club, Lowlander, Smash and Coalition. The Group's Bars division predominantly targets a customer base of sophisticated students midweek and stylish over-21s and professionals at the weekend. This division focuses on delivering added value to its customers through premium product ranges, high quality music and entertainment, as well as commitment to exceptional service standards. The bars estate is nationwide, incorporating key university cities and towns that provide a vibrant night-time economy and the demographics to support premium bars.

Paradise Island Adventure Golf was acquired by the Group on 8 December 2017. The Golf division operates six indoor mini golf sites at high footfall retail and leisure centres. The business capitalises on the increasing trend of the convergence of retail and leisure, offering an accessible and traditional activity for the whole family without age, health or safety restrictions. The first unit was opened in Glasgow in 2006, after which followed Manchester (2008), Sheffield (2012), Livingston (2012), Cheshire Oaks (2015) and Derby (2017). Each site offers two unique 18-hole mini golf courses. The trading results for the Golf division represent the 30-week period from the date of acquisition, with no comparatives in the prior period.

The Group operates as three separate divisions under the leadership of Anne Ackord, the Group's Chief Executive Officer, who was appointed at the start of the financial period (26 June 2017).

The business review covers the trading results for the 53 weeks ended 1 July 2018 (2017: 52 weeks ended 25 June 2017).

Full-year results

The Group is pleased to report continuing profitability with profit before tax and highlighted items of £3.2 million (2017: £3.5 million).

Total Group sales for the period were up £0.4 million at £31.7 million (2017: £31.3 million).

The Group has benefited this period from the acquisition of Paradise Island Adventure Golf, which has contributed £2.2 million of sales in the 30 weeks of trading since it was acquired. We are pleased to report that trading from the Golf business has been in line with expectations at the time of purchase.

As reported in the 2017 annual report and in the half-year statement published at the end of March 2018, sales across the rest of the Group for the period have been affected as a result of three key factors: firstly, due to rain and strong winds, trading during the pier's peak summer period of August and September 2017 did not match the strong performance of the same period in the previous year; secondly, the decision to utilise the winter months to close and improve the principal catering and hospitality offerings on the pier; and lastly, the loss of £1.4 million of sales in the current period relating to the seven marginal bar sites that were sold or closed during FY 2017 as the Group focuses on its larger and profitable sites.

The ambitious investment plan to improve facilities on the pier commenced with the redevelopment of Horatio's Bar, completed in December 2017. Benefitting from an enviable position with views across to Brighton seafront, this bar has been transformed into a gastropub offering the added attraction of a live music platform. The upgrade and the extension to the outside terraces have increased overall capacity as well as enhancing the bar's ability to diversify its offering, including during the traditionally quieter winter months.

Significant improvements have also been made to the Palm Court restaurant and Victoria's Bar. These two venues have now been combined into one, with substantial modernisation, including modifications enabling flexibility to provide either one large or two smaller conference and events space(s) throughout the year. Furthermore, the main restaurant and takeaway kitchens have been merged in order to enhance efficiency, and internal and external seating capacity has been increased by 60%. Palm Court is now one of the largest venues in Brighton and is unique in its location.

Whilst these closures have had an understandable short-term impact on sales and EBITDA for the winter period, the benefits of the additional seating capacity and opportunities to grow the conference and events business

Full-year results (continued)

will be seen over the coming years.

Group gross margin for the period has increased by 70 basis points on last year, reflecting the benefits of the high margin nature of the acquired Golf division and continued focus on pricing to mitigate the pressures of rising input prices.

The Group continues to be highly cash generative with EBITDA before highlighted items at £5.2 million (2017: £5.2 million) (see Note 4 for the divisional split).

Highlighted costs totalling £947,000 were incurred during the period. These costs were made up of: acquisition costs of £312,000 relating to the purchase of Paradise Island Adventure Golf; site pre-opening costs of £338,000 relating to the redevelopment of the Palm Court restaurant, Victoria's Bar and Horatio's Bar on Brighton Palace Pier; redevelopment costs of transforming the Wimbledon Po Na Na bar into a Smash table tennis bar; legal and other costs of £297,000 in relation to the closure of the Coalition bar in Reading and exiting the lease of the unused site in Liverpool.

The tax charge for the current period was £507,000 (2017: £19,000). The tax charge for the previous period benefited from the utilisation of brought-forward tax losses and movements on deferred tax from timing differences. The tax charge for the current year is higher than the expected 19% tax charge due to tax adjustments relating to the first-time adoption of FRS101 by Lethington Leisure Limited and disallowed acquisition costs (see Note 8).

In summary, for the 53-week period ended 1 July 2018 (compared to the equivalent 52-week period ended 25 June 2017):

- Revenue for the period was £31.7 million (2017: £31.3 million)
- Group EBITDA before highlighted items was £5.2 million (2017: £5.2 million)
- Group EBITDA after highlighted items was £4.4 million (2017: £4.6 million)
- Profit before tax and highlighted items was £3.2 million (2017: £3.5 million)
- Profit before tax and after highlighted items was £2.3 million (2017: £1.9 million)
- Adjusted earnings per share (basic) was 7.8 pence (2017: 10.9 pence)
- Adjusted earnings per share (diluted) was 7.6 pence (2017: 10.4 pence)
- Profit after tax and highlighted items was £1.8 million (2017: £1.9 million)
- Basic earnings per share was 5.2 pence (2017: 5.9 pence)
- Diluted earnings per share was 5.0 pence (2017: 5.7 pence)

Review of the Group's activities for the period

THE GOLF DIVISION

Acquisition of Lethington Leisure Limited (trading as Paradise Island Adventure Golf)

The Group acquired 100% of the share capital of Lethington Leisure Limited, owner of Paradise Island Adventure Golf, for a headline consideration of £10.5 million and a further £0.3 million completion payment for working capital.

The consideration was funded through a placing of new ordinary shares (raising gross proceeds of £3.0 million), an extension to the Group's existing facilities with Barclays Bank Plc of £5.7 million, the issue of £0.6 million of consideration shares to management, a payment of £0.9 million in cash deferred by one year to the remaining selling shareholders and the balance from existing cash resources of £0.5 million.

The acquisition represents a profitable and high-quality business, further building on the Group's stated strategy of selectively acquiring leisure and entertainment assets in the UK.

Lethington Leisure Limited has a strong track record as a profitable and growing leisure operator. In its financial year ended 31 March 2017, Paradise Island Adventure Golf had revenues of £3.5 million (with a three-year CAGR from 2014-17 of 14.7%) and adjusted EBITDA of £1.2 million.

The total consideration represented a multiple of approximately 6.25 times pro forma EBITDA for the 12-month period ended 31 March 2018 (representing six months of actual EBITDA, plus six months pro forma budgeted EBITDA).

The acquisition also represents an opportunity to broaden and grow the Group's business base, with one additional site already contracted and a broader pipeline of new site opportunities and potential site acquisitions.

The counter-seasonal nature of the Golf division to Brighton Palace Pier provides the potential to improve the distribution of earnings throughout the financial year, whilst also helping to fulfil the growing demand for experiential leisure and 'competitive socialising'.

Review of the Group's activities during the period (continued)

The acquisition emphasises the Group's confidence in its ability to be a long-term consolidator within the sector, and is expected to further enhance the Group's free cash flow and earnings in the coming year, being the first full year of ownership by the Group. The Golf division has delivered results in line with our estimates presented at the time of the acquisition.

Our initial months of ownership were focussed on integrating the golf accounting systems into the Group and introducing our HR and health & safety systems. This Golf Division is now fully integrated into the Group.

Since the acquisition, we have significantly upgraded the Manchester golf site with additional theming and interactive effects that further enhance the customer experience. This refurbishment was completed in time for the marketing of the site's tenth anniversary in July 2018.

The Group has also utilised the pier's strong existing relationships within the arcade and gaming industry to introduce a number of amusement machines to the Glasgow location, taking advantage of a vacant mezzanine space to provide a supplementary income stream for the site. During the financial year, work began on an augmented reality app, which will be rolled out across all sites, bringing an additional technological dimension to the golf courses.

THE PIER DIVISION

The £1.3 million plan to refit the bars and restaurants began with the closure of Horatio's at the start of November 2017, prior to which work had been undertaken to move the high margin and hugely popular Dolphin Derby, as well as to relocate various storage facilities in order to make way for the extended outside terraces and to improve visibility of the venue to customers.

Improvements on Horatio's Bar began with opening up some of the external walls of the building and replacing them with bi-fold doors. Extending the bar to the outside enables customers to benefit from its enviable position on the pier, with views over Brighton and the seafront. As a result of the upgrade work, Horatio's will now be connected to the new terraces in the summer months, increasing overall seating capacity as well as enhancing the bar's ability to offer food, live music and other events throughout the year. The newly-improved Horatio's bar opened its doors at the end of December 2017.

Palm Court (part closed in November 2017) and Victoria's Bar both closed their doors in early January 2018. The planned substantial modernisation of these two venues has created flexibility to provide either one large or two smaller conference and events space(s) throughout the year. The main restaurant's kitchen and the takeaway kitchen have been merged in order to maximise efficiency, and at the same time internal and external seating capacity has been increased by 60%.

The ceiling area has been opened up to reveal impressive Victorian metal roof beams and the venue has been refitted with modern colours and furnishings. During the whole process, local television's 'Latest TV' has been filming every step of the transformation as part of its collaboration with Brighton Palace Pier, which was announced in February. Whilst these refits have impacted trading during the winter months (Victoria's and Palm Court formally reopened mid-March), the transformational benefits will be seen in the years to come. Since reopening we have seen like-for-like sales growth of over 10% against the comparative period last year.

Planning permission was finally granted to install the new Brighton Palace Pier sign on the front of the main building. Work began in early June and the sign was formally switched on by our Chairman on 29 June 2018, to the great pleasure of many fans of the pier. The new sign signals the completion of the name change announced at the time of acquisition of the pier.

Whilst retaining the traditions of the pier, we have also added more state-of-the-art activities including a new virtual reality experience, Paradrop, the first of its kind in the UK. Other virtual reality games have been incorporated into our arcade.

One of our most successful new additions has been the outdoor large screen situated in Horatio's beer garden, attracting large audiences, particularly for the World Cup games this summer. This was in place until September and will return in the new year.

Our aim to engage as much as possible with the local Brighton community demonstrated itself with the opening of 'Brighton Music Walk of Fame' on the pier this year. Celebrating musicians and bands with Brighton connections, the 'Walk' is created by a series of interactive plaques situated at strategic points around the pier, and there is a range of associated merchandise for sale in the gift shop. Our sponsorship of the local TV station, 'Latest TV', has also proved beneficial in engaging with the local community.

Review of the Group's activities during the period (continued)

Shareholders will be aware that each year we undertake an annual substructure survey and this is now complete. We can report that no additional maintenance issues have been identified other than the usual budgeted maintenance requirements for the coming financial year.

During the period, the pier completed a successful migration of its accounts to the new Group accounting software. We now have the systems in place, along with an experienced finance team who are able to manage the existing divisions and incorporate any future business acquisitions. Lethington Leisure Limited migrated to the new accounts system at the start of the new financial year.

THE BARS DIVISION

Despite the volatile trading backdrop, progress continues to be made in the Bars division. While we continue to face strong competition across a number of sites, the division continues to perform well on weekends and key calendar dates such as Halloween and Christmas, both of which traded ahead of last year on a like-for-like basis during the period.

Wimbledon

This venue closed its doors for redevelopment at the end of August 2017, opening again at the end of September 2017 as the Group's second Smash bar. The bar trades during post-work hours and in the later evening with a menu that includes fresh dough pizza and craft beer. In addition, the venue provides activity areas for customers to enjoy games of ping-pong with friends and to watch major sports events on large screens. The refit has transformed the customer profile and resulted in successful trading to date. Smash was awarded the best bar in the Wimbledon and Putney area in the 2018 'DesignMyNight' awards.

Derby

The Group made the decision to close the Derby site during the period and has since granted a 20-year lease over the two lower floors of this venue to a new tenant, at an annual passing rent of £90,000. The freehold of this site is currently being marketed for sale.

Manchester Sakura

This venue has been closed for two years following water ingress from the railway above the club. Towards the end of December 2017, the landlord completed extensive repairs to make the venue waterproof. The lease on this site was assigned on 11 January 2018. A 12-month rent-free period has been agreed with the new tenant and is payable quarterly by the Group as the rent falls due. The cost of this incentive was fully provided for in prior periods.

Liverpool

The subsidiary company owning this site was sold on 23 May 2018 for a nominal sum. A 12-month rent incentive was given to the acquirer. The Group has been released of all guarantees on this lease and no residual risk remains to the Group from the disposal of this company.

Reading Coalition

This venue was closed at the end of June 2018 after a difficult year of trading. Heads of terms have been agreed for a sub-let to another operator, which is expected to conclude by the end of October.

Once the sub-let for Reading Coalition has been signed it will mark the conclusion of the work started two years ago to dispose of the loss-making or marginal sites, enabling the division to focus on the larger profitable venues.

Finally, it is a pleasure to report that the Eclectic marketing team were shortlisted for the October 2017 AMLR 'Dusk till Dawn' awards in the 'Best Marketing and Promotions' category and 'Best New Venue' category for Reading Smash.

Outlook for the coming period and strategy of the combined Group

We are confident of another year of progress.

The pier continues to attract visitors to Brighton seafront in substantial numbers. The 2018 summer weather arrived with the pier basking in a heatwave for much of July and part of August. Sadly, the miserable weather over the August bank holiday, one of the busiest weekends in the calendar, meant much of the earlier gains were lost. This has lead us to take a cautious approach to the trading outlook for the coming period.

In the short to medium term, the pier management are concentrating their energies on developing and bedding in the new catering and hospitality offering. The team have been taking advantage of the additional capacity within the Palm Court restaurant and Victoria's Bar, together with the newly refitted Horatio's Bar, to drive the food and drink offerings over the summer. For the coming winter months the focus will be on marketing the new spaces for conferences, functions and weddings. So far these spaces have created an array of fresh opportunities and significant interest in larger events, which historically the pier was unable to cater for.

Review of the Group's activities during the period (continued)

In terms of the Bars division, the Group will continue to promote quality service and delivery in relation to the Group's existing sites, whilst also pursuing opportunities for selective investment to improve the estate. Plans are well underway to carry out a full refit of Putney Fez, with the venue scheduled to reopen towards the end of November. The development of Putney and expected sub-let of Reading Coalition is expected to benefit trading in the coming financial period.

With regard to the Golf division, the coming year will see a 52 week trading result versus only 30 weeks during the current period. Work will also commence on the opening of our new site at Rushden Lakes, which is expected to open towards the end of the next financial year in April 2019. Negotiations also continue on a number of potential new sites for the future.

The strategy of the enlarged Group is to capitalise on the skills of the three existing divisions, creating a growth company that operates across a diverse portfolio of leisure and entertainment assets in the UK. The Group will achieve this objective by way of organic revenue growth throughout the whole estate, together with the active pursuit of future potential strategic acquisitions of entertainment destinations, thus enhancing the Group's portfolio in realising synergies by leveraging scale. It is the Board's longer-term strategy to position the Company as a consolidator within this sector.

Significant events that have taken place since the period end

There have been no significant events to report arising between the end of the financial period and the date of signing of the financial statements.

Cash flow

Cash flow generated from operations (after interest and tax payments) available for investment was £2.5 million (2017: £3.7 million).

Balance sheet

Fixed assets

The Group invested £3.3 million in capital expenditure during the period (2017: £1.7 million):

- £1.7 million (2017: £0.7 million) was spent on the Pier division - which primarily included the refits of Horatio's Bar, Victoria's Bar and the Palm Court restaurant;
- £1.3 million (2017: £0.9 million) was spent on the Bars division - which primarily included the refits of Wimbledon and Lowlander, together with contributions to the fit-out of Derby and other minor capital maintenance;
- £0.1 million (2017: £nil) was spent on the Golf division, covering the upgrades to the venue in Manchester Trafford Centre and the development of the augmented reality app.

During the period, the Group disposed of a number of sites, resulting in fixed assets with a net book value of £0.2 million being written down. This cost appears in highlighted items (see Note 5).

Bank debt

At the period end, the Group had:

- an outstanding term facility of £14.7 million (2017: £11.3 million), with repayments of £1.5 million due to be repaid within the next 12 months (2017: £1.2 million);
- an RCF facility of £2.5 million with £2.0 million drawn at the year end (2017: £1.0 million facility with £nil drawn); and
- cash balances of £2.8 million (2017: £4.1 million).

Key performance indicators

The Group's key performance indicators are focused on the continued expansion of the Group to drive revenues, EBITDA and earnings growth.

New acquisitions and developments

The long-term strategy of the enlarged Group continues to capitalise on the skills of the Group to create a growth company operating across a diverse portfolio of leisure and entertainment assets in the UK. The Group will achieve this objective by way of organic revenue growth across the whole estate, together with the active pursuit of future potential strategic acquisitions of leisure and entertainment destinations that could enhance the Group's portfolio, realising synergies by leveraging scale. It is the Board's longer-term strategy to position the Group as a consolidator within this sector.

- The successful acquisition of Lethington Leisure Limited in December 2017 is the second example of this strategy and follows on from the acquisition of Brighton Marine and Palace Pier Company (The) in April 2016. The EBITDA generated by the new Golf business in its first 30 weeks of trading amounted to £0.6 million, bringing additional revenues and free

Review of the Group's activities during the period (continued)

cash flow for potential utilisation by the enlarged Group. The full-year impact, together with growth opportunities to roll out new venues, fits well with the Group's growth strategy.

- Further developments are planned for the coming financial year. We are continuing to invest in the Bars estate with a major refit planned for Putney Fez, whilst in the Golf business we are in the advanced stages of plans to open a new site at Rushden Lakes towards the end of FY 2019.
- We will continue to focus on the long-term quality of acquisitions.

Group performance versus the prior period

The Group will continue to drive sales through acquisitions and developments in the existing businesses.

The current year saw major refits of all the catering and bars facilities on the pier. Whilst there has been a short-term impact on EBITDA from these closures, the opportunity to further develop the conference and events business, combined with the benefits of the expanded capacity of the venues, will bring significant gains in future years.

The acquisition of the Golf business will also further increase revenues and EBITDA next year, with the full-year impact of trading for 12 months, coupled with the opening of one new site in April 2019. A number of potential opportunities for new venues are under negotiation and we expect further new openings in the coming years.

The Group continues to review its operations and, where appropriate, dispose of less profitable businesses. During the prior period the group disposed of six sites, whilst this year a further two sites have been disposed of and one venue closed. Although these disposals and closures have impacted sales in the short term, they will improve profitability in the coming financial years.

- Revenue was up 1% at £31.7 million (2017: £31.3 million)
- Group EBITDA before highlighted items was in line with last year at £5.2 million (2017: £5.2 million)
- Group EBITDA after highlighted items was £4.4 million (2017: £4.6 million)
- Group profit before tax and highlighted items was £3.2 million (2017: £3.5 million)
- Group profit before tax and after highlighted items was £2.3 million (2017: £1.9 million)

PRINCIPAL RISKS AND UNCERTAINTIES

Key Risks	Risk description	Mitigating actions and achievements during the year
Business and resulting financial risk: Failure to acquire and / or develop new acquisitions and sites	The Group's ability to acquire new businesses, to operate these businesses on a profitable basis and to integrate these operations into the Group is a major part of the future success of the Group. Failure to acquire or develop new businesses would financially impact the future earnings growth of the Group.	During the period the Group has: • successfully acquired and integrated Lethington Leisure Limited into the organisation. This Company has delivered increases in revenues and EBITDA for the Group during the period since acquisition and is expected to deliver further growth next year with the impact of a full year's trading and from the opening of the new site at Rushden Lakes; • completed an ambitious plan to refit all of the bars and catering facilities on the pier, improving capacity, streamlining the kitchens and improving opportunities to grow the conference and events business; and • continued to undertake regular reviews of the Group's Bars estate, disposing of two venues and closing one further site during the period.
Business and resulting financial risk: Increased competition and changing consumer habits	The experiential leisure and entertainment market in the UK is vibrant, exciting and continuously changing. There is no certainty that the Group will continue to achieve the market penetration it seeks. There is no certainty that the Group will be able to respond to changes in consumer habits. Failure to respond to changing market conditions and consumer habits could impact the future earnings of the Group.	During the period we have continued to focus on: • the mystery shopper programme, combined with customer focus groups, in order to ensure our businesses give customers the quality experience they have come to expect; • staff development and training to improve delivery at the point of sale across all operations; • refining our concepts and activities to broaden our appeal to a wider audience, demonstrated by the successful opening of our second Smash bar, awarded as best bar in Wimbledon and Putney area in the 2018 'DesignMyNight' awards'; • improving the variety and quality of products we sell; and • continuing to extend the Group's engagement via digital platforms and social media channels with the launch of the new 'Loyal' app in the Bars division. We see these ongoing developments as an essential part of our marketing & communication strategy with consumers. Recognition for this work has already been achieved, with the Bars marketing team being shortlisted for the October 2017 AMLR 'Dusk till Dawn' awards in the Best Marketing and Promotions category.
Business and resulting financial risk: Failure to recruit the best management for our businesses Impact on the Group of wage inflation arising from statutory increase in minimum wage pension auto-enrolment and rates	The market for the best people is fiercely competitive. Rising costs from statutory increases in pension wages and rates are hard to mitigate.	The Group continues to focus on its training programmes across all its businesses, covering management development, stock administration, marketing and health and safety training, as well as the 'Pier Proud' and 'Bar Academy' programmes. These are all examples of training being essential to the Group's campaign to attract and retain new staff. The Group offers competitive remuneration, which also includes profit sharing and share option schemes for staff. The Group works to mitigate increased statutory employment costs by efficient management of rotas and staffing levels across all areas of the business.

Key Risks	Risk description	Mitigating actions and achievements during the year
Regulatory Risk: Failure to comply with the complex regulatory frameworks in place in the UK	The Group's operations are subject to laws and regulations that affect their operations, including those in relation to employment, minimum wages, premises and personal licenses, maintenance of the pleasure rides, gambling licenses, alcoholic drinks control, entertainment licences, competition, health & safety, sanitation and data protection.	The focus over the year has been on regular and ad-hoc visits across all of our businesses, as follows: • regular control visits, together with follow-ups to ensure training and compliance at a local level; • annual health & safety checks from outside agencies to ensure each venue we trade complies with current regulations; • regular audits and training on fire and safety for all our staff, as well as an online reporting system to gather important information on a daily basis that relates to incidents or regulatory visits. The Group's focus on operational 'rituals and routines' helps to protect it in this highly regulated market place.
Brexit risk: The process to leave the European Union will, over the coming years, present risks to the UK and its economy	The risk that Brexit could adversely affect the Group's business.	Continued uncertainty over the process and outcome of Brexit negotiations makes longer term planning for this risk difficult. In the short to medium term, we will continue to monitor developments, in particular in relation to staff and supply chain. Given that all the Group's operations are based in the UK, the major risk will be the impact the separation will ultimately have on the economy of the United Kingdom. It is encouraging to see continued high employment and forecasts indicating growth in the UK economy for the coming year.
Specific risks relating to the operations of Brighton Palace & Marine Pier Company (The): The Group's financial performance is very dependent on a number of very specific risks relating to the pier	The risk of: • catastrophic events; • structural integrity of the pier.	The Group spends significant amounts of money each year to ensure the structural integrity of the pier is maintained to a high standard. A full survey of the substructure is performed annually and every five to six years there is a further survey using divers to inspect the areas below the water line. Both surveys have been completed during the past year and no significant issues have emerged to indicate anything other than normal levels of annual maintenance being required. In addition, recent years have seen significant investment in one-off projects to protect the pier from catastrophic events, such as fire. Over £4.0 million has been spent on upgrading a number of areas of the pier's structure, including improvements to fire and safety (with the introduction of high-pressure pumps and deluge systems), as well as improved electric and water supplies. Cathodic protection has also been introduced to the steel piles under the main rides area of the pier, to reduce the impact of seawater corrosion.

By order of the Board
J.A. Smith
Company Secretary and Director

24 September 2018

DIRECTORS' REPORT

The Directors present their report and the audited financial statements for the 53 week period ended 1 July 2018.

Principal activities

The Brighton Pier Group PLC consists of three divisions:

Brighton Marine Palace and Pier Company (The), which owns and operates Brighton Palace Pier, an iconic landmark and leisure attraction in Brighton, which was acquired on 27 April 2016. The pier spans 1,722 feet, offering a wide variety of seaside entertainment options in a nostalgic and safe environment, with unparalleled views of Brighton and the English Channel. Attractions include rides, amusement arcades, bars, food and retail kiosks and a restaurant. Entry to Brighton Palace Pier is free of charge, attracting a wide demographic of customers, including both national and international tourists and local residents. According to Visit Britain, it is the fourth most popular free attraction in the UK, with over 4.7 million visitors in 2017, making it the UK's most visited landmark outside of London.

Eclectic Bars Trading Limited, a leading operator of 12 (2017: 14) premium bars trading in major towns and cities across the UK. The bars trade under a variety of concepts including Embargo Republica, Lola Lo, Po Na Na, Fez Club, Lowlander, Smash and Coalition. The Bars division predominantly targets a customer base of sophisticated students midweek and stylish over -21s and professionals at the weekend. This division focuses on delivering added value to its customers through premium product ranges, high quality music and entertainment, as well as commitment to exceptional service standards. The Bars estate is nationwide, incorporating key university cities and towns that provide a vibrant night-time economy and the demographics to support premium bars.

Lethington Leisure Limited (trading as Paradise Island Adventure Golf) was acquired by the Group on 8 December 2017. The Golf division operates six indoor mini golf sites at high footfall retail and leisure centres, offering an accessible and traditional activity for the whole family without age, health or safety restrictions. The first unit was opened in Glasgow in 2006, after which followed Manchester (2008), Sheffield (2012), Livingston (2012), Cheshire Oaks (2015) and Derby (2017). Each site offers two unique 18-hole mini golf courses.

Business review and future developments

A review of the business and its future developments, including principal risks and uncertainties, is presented within the Chairman's Statement on page 4 and the Strategic Report on pages 5 to 13.

Dividends

The Directors do not propose to pay a dividend for the current period (2017: £nil).

Going concern

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for a period of at least twelve months since the Board approved these financial statements. Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual financial statements. The Directors' assessment of going concern can be found in Note 1 to the financial statements.

Directors

Details of the Group's Directors, their roles and backgrounds are as follows:

Luke Johnson (Chairman)

Luke joined The Brighton Pier Group PLC in June 2015 as Chairman and has been involved in nightclub, bar and restaurant businesses since the age of 18. He was Chairman of Pizza Express Plc during the 1990s, co-founded the Strada restaurant chain and was Chairman of Giraffe for nine years until it was sold to Tesco for £50 million in 2013. He also served on the Board of My Kinda Town and currently chairs Bread Limited, the owner of the artisan bakery chain, Gail's, and Patisserie Holdings Plc.

Luke is Chairman of the Remuneration and Nominations Committee.

Anne Ackord (Chief Executive Officer)

Anne was the General Manager of Brighton Marine Palace and Pier Company (The) for over twelve years. Prior to this, she was Operations Director for Bourne Leisure Limited, a group of holiday parks, where she was responsible for all park entertainment and retail shops across a 57-site estate, with direct responsibility for the six largest sites. Anne was previously the first female Area Director at Welcome Break, a position she held for over four years, managing a large service area and coordinating national training initiatives during periods of the company's expansion. In April 2016, she was appointed to the Board of The Brighton Pier Group PLC. In July 2017, she was appointed as Chief Executive Officer of the Group.

John Smith (Chief Financial Officer)

Since qualifying as a Chartered Accountant with Touche Ross & Co in 1985, John has held a variety of senior finance roles. Starting out as Head of Finance at International Currency Exchange Plc, he then became Group Finance Director at Vision Express until it was sold to Grand Vision in 1997. After two years as Joint UK Managing Director of Vision Express, post-acquisition, John became Finance Director of First Leisure Corporation Plc in 1999, before taking over as Chief Executive in 2003. He then took on the role of Chief Executive at The Nightclub Company, created via the purchase of 22 nightclubs from the receiver of First Leisure.

John has been Chief Financial Officer of the Group since June 2013.

Leigh Nicolson (Managing Director – Bars division)

Leigh has held a variety of operational roles in the UK bars market for approximately 20 years. After four years working for Yates Group Plc at site level, he moved to Fuller, Smith & Turner Plc in London, with responsibility across their high street branded bars business. He then spent two years with Inventive Leisure Plc before joining SFI Group Plc as a New Openings Manager for their new template brand, where he was responsible for a number of new site openings nationwide. Leigh then joined The Nightclub Company in 2005, where he worked on the introduction of the Cantaloupe bar brand and a year later joined Eclectic Bars Limited as Area Manager for London. His role developed into that of National Operations Manager and he was subsequently appointed Operations Director for Eclectic Group in 2010.

Leigh has served on the Board of Brighton Pier Group PLC since July 2014.

James (Jim) Fallon (Non-Executive Director)

Since 1994, Jim has worked almost exclusively within the leisure sector as a lender, adviser, owner, operator and business consultant. Jim worked for Imperial Chemical Industries in electrical engineering for eight years, prior to joining HSBC (formerly Midland Bank) in 1991. He remained at HSBC for eleven years, latterly leading the leisure team, before leaving to set up a consumer sector corporate finance advisory business, McQueen Limited. He was specifically responsible for the leisure sector within McQueen as well as much of the day-to-day running of the business. Jim works as a consultant to a variety of UK leisure businesses through his company, Graybridge Solutions Limited.

Jim is a member of the Remuneration and Nominations Committee and a member of the Audit Committee.

Paul Viner (Non-Executive Director)

Paul is a Chartered Accountant, having worked predominantly in the leisure sector. He was previously Finance Director at Tottenham Hotspur Plc. Paul subsequently moved to Riva Gaming Group, where he was involved in both an MBI and later an MBO. He then spent several years in the property sector before being appointed CFO of Giraffe Concepts Limited in March 2009. Paul was a key part of the management team that sold Giraffe to Tesco Plc for £50 million. Paul left Giraffe in late 2014 to set up his own business, Intelligent Goat Limited, which, amongst other services, provides mentoring advice for Finance Directors and CEOs. He was also CEO of Feng Sushi, leaving in 2017 after its sale, and is currently the global CFO of Xstrahl, a life sciences and medical systems business. Paul currently holds a number of other Non-Executive Director positions in the arts, culture and bingo sectors.

Paul is Chairman of the Audit Committee.

Joe Tager (Non-Executive Director)

Joe began his career at PricewaterhouseCoopers in the Business Restructuring Group, qualifying as an accountant in 2006. His main responsibility at PwC was to assist on large corporate insolvencies (including Enron and Sea Containers) and independent reviews on distressed businesses and public bodies. Joe also spent six months seconded to PwC New York, working for transaction services across the US, with a focus on private equity transactions for Apollo Group. He later joined Bread Limited and Gail's bakery chain in 2007, identifying acquisition and retail opportunities and running new businesses for the company. In 2010, Joe moved on to become a Partner on Luke Johnson's personal investment portfolio, focusing primarily on the leisure and hospitality industry. Investments on which Joe advises (and holds Board positions) include 3Sixty Restaurants, Genuine Dining Contract Caterers and Majestic Bingo Clubs.

Joe is a member of the Nominations and Remuneration Committee.

Directors and related party transactions

Internal controls are in place to ensure that any related party transactions involving Directors or other connected persons are carried out on an arm's length basis and are properly recorded by the Group.

Joe Tager

Joe Tager is a Director and shareholder of Twin Capital Limited. During the period, Joe provided support and assistance in relation to the acquisition of Lethington Leisure Limited; the amount paid during the period for these services was £40,000 (2017: £nil).

Financial instruments

The Group's financial risk management objectives and policies, together with details of the Group's exposure to price risk, credit risk, liquidity risk and cash flow risk, are outlined in Note 13.

Disabled employees

The Group gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with

Governance

Disabled employees (continued)

adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion.

Where existing employees become disabled, it is the Group's policy to provide continuing employment, wherever practical, in the same or alternative position and to provide appropriate training to achieve this aim.

Employee involvement

The Group operates a framework for employee information and consultation that complies with the requirements of the Information and Consultation of Employees Regulation 2005.

Information for all employees under a contract of service with the Group is available via the Group's intranet, employee handbook and through their direct Line Manager. Management meetings take place quarterly, at which information relevant to the Group's financial performance is communicated. Conferences are held on a regular basis, which celebrate the performance of outstanding individuals and help to showcase important developments in the Group.

Employees are encouraged to participate in a variety of schemes enabling them to benefit from the commercial success of the Group. At the date of listing in 2013, the Group introduced a share option scheme in which long-serving managers were awarded with options over shares in the Group's parent company. All management teams and head office staff participate in profit-sharing schemes, which reward performance in excess of budgets.

Directors' remuneration

The remuneration of the Directors for the year ended 1 July 2018 is as follows:

	Basic salary & fees	Bonus	Benefits	2018 Total	2017 Total
	£'000	**£'000**	**£'000**	**£'000**	£'000
Anne Ackord	**145**	**-**	**27**	**172**	181
John Smith	**135**	**-**	**33**	**168**	169
Leigh Nicolson	**105**	**-**	**16**	**121**	121
Joe Tager	**30**	**-**	**-**	**30**	30
Paul Viner	**30**	**-**	**-**	**30**	30
Jim Fallon	**30**	**-**	**-**	**30**	30
Total	**475**	**-**	**76**	**551**	561

The above figures represent the due proportion of each Director's annual salary, reflecting the period during the year for which each Director was a member of the Board.

Luke Johnson (Chairman) does not take any remuneration from the Group.

Payments totalling £990 (2017: £376) were paid on behalf of Directors into the Group's auto-enrolment scheme with the 'People's Pension Scheme'.

Directors' interests in the share capital of the Company

At the date of publication of this report, the Directors held the following beneficial interests in the share capital of the Company:

Director	Percentage of share capital	Number of ordinary shares	Note
Luke Johnson	23.67%	8,440,192	(i)
John Smith	3.52%	1,253,719	(ii)
Leigh Nicolson	0.41%	144,750	(iii)
Jim Fallon	1.32%	472,484	
Paul Viner	0.15%	54,000	(iv)
Joe Tager	0.23%	83,253	(v)
Anne Ackord	-	-	(vi)

Note

(i) Luke Johnson	Holds a warrant to subscribe for 1,622,274 ordinary shares at 60 pence per ordinary share.
	This can be exercised in two tranches, but must be exercised by 30 June 2019, after which date this warrant lapses. These are not included in the above table
(ii) John Smith	1,179,031 shares are held by his pension scheme
	40,625 share options in the Company Share Option Scheme not included in the table
(iii) Leigh Nicolson	190,000 share options in the Company Share Option Scheme not included in the table
(iv) Paul Viner	40,625 non-approved share options not included in the table
(v) Joe Tager	40,625 non-approved share options not included in the table
(vi) Anne Ackord	227,273 non-approved share options not included in the table

Details of shares purchased by Directors during the period and further information regarding share option schemes can be found in Note 17 and Note 18 to the consolidated financial statements respectively.

Directors' liabilities

The Group has not granted any indemnity to any of its Directors against liability in respect of proceedings by third parties. The Group does have in place Directors' and Officers' liability insurance.

Political and charitable donations

The Group made no political or charitable donations during the periods (2017: £nil).

Share capital

The Group's issued ordinary share capital as at 1 July 2018 comprised a single class of £0.25 ordinary shares, of which 35,664,010 shares were in issue and listed on AIM (2017: 31,762,457 £0.25 ordinary shares).

Options over a further 1,311,390 shares (2017: 1,477,097 shares) exist within the Employee Share Option Scheme (see Note 18 to the financial statements), as well as 1,622,274 exercisable warrants held by Luke Johnson.

Non-approved options over 308,523 ordinary shares have been granted to members of the Board (2017: 308,523).

Of the issued share capital, no shares were held in treasury.

Details of movements in the issued share capital can be found in Note 17 to the financial statements.

Each share carries the right to one vote at general meetings of the Group.

Interests in voting rights

As at 31 August 2018, the Company was aware of the following significant holdings of voting rights (3% or more) in its shares:

Other major shareholders	Percentage of share capital	Number of ordinary shares
Canaccord Genuity Wealth Management	14.75%	5,261,839
SFM UK Management LLP	11.47%	4,089,522
Tellworth Investments	10.86%	3,871,433
Legal & General Investment Management	10.40%	3,709,896
Miton Asset Management	3.95%	1,408,155
Cavendish Asset Management	3.27%	1,166,881

Annual General Meeting

The notice convening the Annual General Meeting is contained in a circular sent to shareholders with this report and includes full details of the resolutions proposed.

Auditor

Grant Thornton UK LLP has expressed its willingness to continue in office as auditor of the Group. Its reappointment will be put to shareholders at the AGM.

Disclosure of information to auditor

Having made the requisite enquiries, as far as the Directors are aware, there is no relevant audit information (as defined by Section 418(3) of the Companies Act 2006) of which the Group's auditor is unaware and each Director has taken all steps that ought to have been taken to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

By order of the Board

J.A. Smith

Company Secretary and Director

24 September 2018

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are responsible for preparing the Strategic Report, Directors' Report, the Annual 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 group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs) and the Parent Company financial statements in accordance with FRS 101 Reduced Disclosure Framework. 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 and profit or loss of the Company and 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 IFRSs and United Kingdom Accounting Standards in respect of the Group and Parent Company financial statements respectively, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

The Directors confirm that:

- so far as each Director is aware, 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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT

to the members of The Brighton Pier Group PLC

Opinion

Our opinion on the financial statements is unmodified

We have audited the financial statements of The Brighton Pier Group PLC (the 'Parent Company') and its subsidiaries (the 'Group') for the 53-week period ended 1 July 2018 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Balance Sheets, the Consolidated Statement of Cash Flows, the Consolidated and Parent Company Statements of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosures Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 1 July 2018 and of the Group's profit for the period then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements 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 under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Who we are reporting to

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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

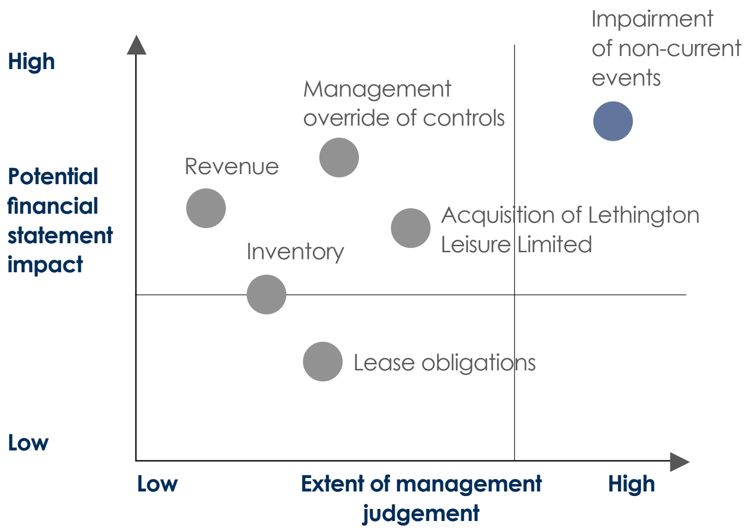
- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the Parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Overview of our audit approach

- Overall materiality: £258,000 which represents 5% of the Group's preliminary earnings before interest, taxation, depreciation, amortisation and highlighted items ("Group EBITDA before highlighted items");
- Key audit matters were identified as impairment of non-current assets;
- We have performed full scope audit procedures for The Brighton Pier Group PLC, Eclectic Icon Limited, Eclectic Bars Limited, Eclectic Bars Trading Limited, Lethington Leisure Limited, Brighton Marine Palace & Pier Company (The), Brighton Palace Pier (Holdings) Limited and Brighton Palace Pier (Assets) Limited.

Key audit matters

The graph below depicts the audit risks identified and their relative significance based on the extent of the financial statement impact and the extent of management judgement.



Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter – Group	How the matter was addressed in the audit – Group
Impairment of non-current assets At the period end the Group had £12.7m of goodwill and £26.6m of property, plant and equipment (2017: £3.7m and £22.5m respectively) included in the consolidated balance sheet. *International Accounting Standard (IAS)* 36 "Impairment of Assets" requires management to test goodwill for impairment at least annually, and to test other assets for impairment where potential triggers for impairment are identified. The assessment of impairment of the Group's non-current assets incorporates significant estimates for key assumptions, such as the forecast performance of identified cash generating units ("CGUs") and the discount rate applied. We therefore identified impairment of non-current assets as a significant risk, which was one of the most significant assessed risks of material misstatement.	Our audit work included, but was not restricted to: • Consideration of the appropriateness of the judgements made in the identification of CGUs and assessment of management's process fo identifying triggers for the performance of impairment reviews; • Consideration of whether management's impairment review calculations have been prepared in accordance with the requirements of the accounting framework; • Testing of the value in use calculation by: - Checking the arithmetic accuracy of the models, including the sensitivity analysis, and application of the discount rate; - Benchmarking terminal growth rate and considering the appropriateness of the discount rate used; and - Testing the accuracy of management's forecasting through the comparison of budget to actual data and historical variance trends and reviewing the cash flows for exceptional or unusual items or assumptions. The Group's accounting policy on impairment is shown in note 1 to the financial statements and related disclosures are included in note 12.

Key observations

Based on our audit work, we found the identification of CGUs for impairment testing and the methodology applied by management for impairment testing to be in accordance with the accounting framework, and the assumptions inherent within the impairment model to be reasonable. We consider that the Group's disclosure in Note 12 describes the assumptions made. We found no errors in the calculations.

There are no Key Audit Matters relating to the Parent Company.

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality in determining the nature, timing and extent of our audit work and in evaluating the results of that work.

Materiality was determined as follows:

Materiality measure	Group	Parent
Financial statements as a whole	£258,000 which is 5% of the Group's preliminary earnings before interest, taxation, depreciation, amortisation and highlighted items ("Group EBITDA before highlighted items"). This benchmark is considered the most appropriate because this metric is a key performance indicator measured by the Board of Directors and used to report to investors on financial performance of the Group. Materiality for the current year is lower than the level that we determined for the 52-week period ended 25 June 2017 to reflect the lower Group EBITDA before highlighted items for the period.	£193,000 which is 1% of the Parent Company's total assets, capped at 75% of Group materiality. This benchmark is considered the most appropriate because The Brighton Pier Group PLC as an entity does not trade and serves to hold the investments in the trading subsidiaries, and therefore in our view, is the most appropriate benchmark. Materiality for the current year is higher than the level that we determined for the 52-week period ended 25 June 2017 to reflect the increase in the Parent Company's asset base and an increase in the capping of the group materiality level that applied to the Parent Company.
Performance materiality used to drive the extent of our testing	75% of financial statement materiality.	75% of financial statement materiality.
Specific materiality	For Directors' remuneration and related party transactions, a materiality of £500 has been used, calculated on the basis of what could be judged to be material to either transacting party.	For Directors' remuneration and related party transactions, a materiality of £500 has been used, calculated on the basis of what could be judged to be material to either transacting party.
Communication of misstatements to the Audit Committee	£12,900 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.	£9,650 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

The graph below illustrates how performance materiality interacts with our overall materiality and the tolerance for potential uncorrected misstatements.

INDEPENDENT AUDITOR'S REPORT
to the members of The Brighton Pier Group PLC
continued

An overview of the scope of our audit

Our audit approach was a risk-based approach founded on a thorough understanding of the Group's business, its environment and risk profile and in particular included:

- Evaluation by the Group audit team of identified components to assess the significance of that component and to determine the planned audit response based on a measure of materiality considering each as a percentage of total Group assets, liabilities, revenues and profits before taxes.
- For those components that were evaluated as significant components, either a full scope or targeted audit approach was determined based on their relative materiality to the Group and our assessment of the audit risk. For significant components requiring a full scope approach, we evaluated controls over the financial reporting systems identified as part of our risk assessment, reviewed the accounts production process and addressed critical accounting matters.
- In order to address the audit risks described above as identified during our planning procedures, we performed a full-scope audit of the financial statements of the Parent Company, The Brighton Pier Group PLC, and of its subsidiaries Eclectic Icon Limited, Eclectic Bars Limited, Eclectic Bars Trading Limited, Lethington Leisure Limited, Brighton Marine Palace & Pier Company (The), Brighton Palace Pier (Holdings) Limited and Brighton Palace Pier (Assets) Limited. The operations that were subject to a full scope audit made up 100 per cent of consolidated revenues and 100 per cent of operating profit. The remaining operations of the Group were subjected to analytical procedures over the balance sheet and income statements of the related entities with a focus on applicable risks identified above and the significance of the balances to the Group; and
- The Group operates from three locations with accounting functions at each. The Group's management is responsible for all judgement processes. All audit work has been undertaken by the Group audit team, with visits to each location.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report set out on pages 4 to 18, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of Directors for the financial statements

As explained more fully in the Directors' responsibilities statement set out on page 18, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent 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 the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report

David Newstead

Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

Cambridge

24 September 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the 53 week period ended 1 July 2018

	Notes	53 weeks ended 1 July 2018 £'000	52 weeks ended 25 June 2017 £'000
Revenue		**31,682**	31,304
Cost of sales		**(5,424)**	(5,540)
Gross profit		**26,258**	25,764
Operating expenses - excluding highlighted items	7	**(22,656)**	(21,971)
Highlighted items	5	**(947)**	(1,584)
Total operating expenses		**(23,603)**	(23,555)
Operating profit - before highlighted items		**3,602**	3,793
Highlighted items	5	**(947)**	(1,584)
Operating profit		**2,655**	2,209
Finance cost	7	**(387)**	(315)
Profit before tax and highlighted items		**3,215**	3,478
Highlighted items	5	**(947)**	(1,584)
Profit on ordinary activities before taxation		**2,268**	1,894
Taxation on ordinary activities	8	**(507)**	(19)
Profit/(loss) and total comprehensive income for the year		**1,761**	1,875
Earnings per share – basic*	9	**5.2**	5.9
Earnings per share - diluted	9	**5.0**	5.7

* 2018 basic weighted average number of shares in issue is £33.91 million (2017: £31.73 million).

No other comprehensive income was earned during the period (2017: £nil).

CONSOLIDATED BALANCE SHEET

As at 1 July 2018

	Notes	As at 1 July 2018 £'000	As at 25 June 2017 £'000
Non-current assets			
Intangible assets	10	**12,669**	3,729
Property, plant & equipment	11	**26,634**	22,543
		39,303	26,272
Current assets			
Assets held for sale	11	**293**	293
Inventories	14	**599**	547
Trade and other receivables	15	**1,791**	1,134
Cash and cash equivalents	16	**2,812**	4,073
		5,495	6,047
TOTAL ASSETS		**44,798**	32,319
EQUITY			
Issued share capital	17	**8,916**	7,941
Share premium	17	**15,890**	13,229
Merger reserve	17	**(1,575)**	(1,575)
Other reserve	17	**362**	321
Retained deficit		**(2,410)**	(4,171)
Equity attributable to equity shareholders of the Parent		**21,183**	15,745
TOTAL EQUITY		**21,183**	15,745
LIABILITIES			
Current liabilities			
Trade and other payables	20	**5,732**	4,619
Other financial liabilities	13	**1,696**	1,200
Income tax payable		**840**	162
Provisions	21	**59**	491
		8,327	6,472
Non-current liabilities			
Other financial liabilities	13	**14,988**	10,102
Deferred tax liability	8	**300**	-
		15,288	10,102
TOTAL LIABILITIES		**23,615**	16,574
TOTAL EQUITY AND LIABILITIES		**44,798**	32,319

Deferred tax balances as at 1 July 2018 have been presented on a net basis.
These consolidated financial statements have been approved by the Board of Directors and signed on its behalf by: **J.A.Smith, Director**

24 September 2018
Registered Company number: 08687172

CONSOLIDATED STATEMENT OF CASH FLOWS
For the period ended 1 July 2018

	Notes	53 weeks to 1 July 2018 £'000	52 weeks to 25 June 2017 £'000
Operating activities			
Profit before tax		**2,268**	1,894
Finance costs	7	**387**	315
Amortisation of intangible assets	10	**39**	7
Depreciation of property, plant and equipment	11	**1,432**	1,265
Write off of goodwill on closed sites	12	**-**	273
Impairment of goodwill on other sites	12	**-**	469
Write off of property, plant and equipment at closed or redeveloped sites	11	**176**	270
Loss on disposal of property, plant and equipment	7	**2**	-
Share-based payment expense	18	**102**	141
(Decrease)/increase in provisions	21	**(432)**	43
(Increase)/decrease in inventories		**(47)**	119
(Increase)/decrease in trade and other receivables		**(221)**	745
Decrease in trade and other payables		**(817)**	(1,509)
Interest paid		**(358)**	(339)
Income tax paid		**(65)**	-
Net cash flow from operating activities		**2,466**	3,693
Investing activities			
Purchase of property, plant and equipment and intangible assets		**(3,336)**	(1,687)
Acquisition of business, net of cash acquired	3	**(8,688)**	-
Proceeds from disposal of property, plant and equipment		**13**	25
Net cash flows used in investing activities		**(12,011)**	(1,662)
Financing activities			
Proceeds from borrowings		**6,800**	-
Repayment of borrowings		**(1,450)**	(1,076)
Proceeds from issue of ordinary shares		**3,051**	63
Share issue costs recognised directly in equity	17	**(106)**	-
Capital element on finance lease rental payments	13	**(11)**	(9)
Net cash flows from/(used in) financing activities		**8,284**	(1,022)
Net (decrease)/increase in cash and cash equivalents		**(1,261)**	1,009
Cash and cash equivalents at beginning of period		**4,073**	3,064
Cash and cash equivalents end of period	16	**2,812**	4,073

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the period ended 1 July 2018

	Notes	Issued share capital £'000	Share premium £'000	Merger reserve £'000	Other reserves £'000	Retained earnings/ (deficit) £'000	Total shareholders' equity £'000
At 26 June 2016		7,920	13,187	(1,575)	180	(6,046)	13,666
Profit and total comprehensive income for the period		-	-	-	-	1,875	1,875
Transactions with owners:							
Issue of shares	17	21	42	-	-	-	63
Share-based payments charge	18	-	-	-	141	-	141
At 25 June 2017		7,941	13,229	(1,575)	321	(4,171)	15,745
Profit and total comprehensive income for the period		-	-	-	-	1,761	1,761
Transactions with owners:							
Issue of shares	17	975	2,767	-	(61)	-	3,681
Share issue costs taken directly to equity	17	-	(106)	-	-	-	(106)
Share-based payments charge	18	-	-	-	102	-	102
At 1 July 2018		**8,916**	**15,890**	**(1,575)**	**362**	**(2,410)**	**21,183**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Accounting policies

The Brighton Pier Group PLC is a public limited company incorporated and domiciled in England and Wales. The Company's ordinary shares are traded on AIM. Its registered address is 36 Drury Lane, London, WC2B 5RR. Both the immediate and ultimate Parent of the Group is The Brighton Pier Group PLC. The Brighton Pier Group PLC owns and operates Brighton Pier, one of the leading tourist attractions in the UK. The Group also operates 12 premium bars (2017: 14) and 6 indoor adventure golf facilities trading in major towns and cities across the UK.

Basis of preparation

The Group financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union as they apply to financial statements of the Group for the period ended 1 July 2018 and in accordance with the Companies Act 2006. The accounting policies which follow set out those policies which apply in preparing the financial statements for the period ended 1 July 2018. These accounting policies were consistently applied for all the periods presented.

The financial statements are presented in sterling under the historical cost convention. All values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

The financial statements are prepared on a 52 or 53 week basis up to the last Sunday in June or the first Sunday in July each year (2018: 53 week period ended 1 July 2018; 2017: 52 week period ended 25 June 2017). The notes to the consolidated financial statements are on this basis.

Going concern

As at 1 July 2018, the Group had net current liabilities of £2,832,000 (2017: net current liabilities of £425,000). The Group meets its day-to-day working capital requirements through its bank facilities. The Group's principal sources of funding are:

- a five year term loan of £14,850,000, which was entered into in April 2016 before being renewed and extended in December 2017. As at the period end, £14,707,000 (net of deferred costs) remained due on this facility (2017: £11,302,000). Loan repayments of £1,485,000 are payable over the next twelve months;
- a three year Revolving Loan Facility of £2,500,000, which was entered into in April 2016 before being renewed and extended in December 2017. The amount of credit available through this facility will reduce to £1,750,000 from March 2019, reducing further to £1,000,000 from March 2020. The facility is available for the refit of existing units and for new acquisitions. As at the period end £1,977,000 (net of deferred costs) had been drawn down on this facility (2017: £nil); and
- issue of ordinary share capital in the Parent Company on AIM.

As at the period ended 1 July 2018, the Group had cash and cash equivalents of £2,812,000 (2017: £4,073,000) available to meet short-term needs.

Quarterly covenant tests are in place over these bank facilities and the Group was fully compliant as at 1 July 2018. There is significant headroom on these covenant tests. Based on current and forecasted performance, the Directors expect there will continue to be significant headroom for the foreseeable future. Furthermore, based on current and forecasted performance, the Directors consider that the Group will be profitable and cash generative.

Based on the above, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Basis of consolidation

The consolidated financial statements include the financial statements of The Brighton Pier Group PLC and the entities it controls (its subsidiaries) for the periods reported.

For the purposes of preparing these consolidated accounts, subsidiaries are those entities controlled by the Group. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities and is achieved through direct or indirect ownership of voting rights, by way of contractual agreement. The financial statements of subsidiaries, which are prepared for the same reporting period, are included in the consolidated financial statements from the date that control commences until the date control ceases. All intra-group balances, income, expenses and unrealised gains and losses resulting from the intra-group transactions are eliminated in full.

Subsidiary entity accounts are prepared in accordance with United Kingdom Generally Accepted Accounting Principle (UK GAAP) using the FRS 101 Reduced Disclosure Framework.

Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment. Such cost includes the cost of replacing part of the property, plant and equipment when the cost is incurred, if the recognition criteria are met, in which case the carrying value of the replaced part is written off. All major repairs and maintenance costs are recognised in the statement of

Property, plant and equipment (continued)

comprehensive income as incurred.

Depreciation is calculated on a straight-line basis over the useful life of the asset as follows:

Leasehold improvements	over lease term
Fixtures, fittings & equipment	3 - 10 years
Computers	3 years
Motor vehicles	4 - 5 years

Brighton Palace Pier (the structure, including the landing stage and deck) is not depreciated. It is the Group's policy to maintain the pier, landing stage and deck building in good condition by carrying out repairs annually. An annual review is performed to assess the state of repair of the pier, supplemented by comprehensive structural surveys at regular intervals. The pier must be maintained in good condition in order for the business to operate, and therefore the Group undertakes the repair work identified by these regular reviews as part of a rolling maintenance programme. As a consequence, the residual value of the pier is deemed to be equal to the fair value as assessed on acquisition in April 2016 and reassessed in December 2017. See Note 2 for further details.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the year the asset is de-recognised.

The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end. The assets are reviewed for impairment if events or circumstances indicate the carrying value may not be recoverable, and are written down immediately to their recoverable amount.

Borrowing costs

Borrowing costs are recognised as an expense when incurred.

Business combinations and goodwill

Business combinations are accounted for in accordance with IFRS 3 (revised) for acquisitions made after 1 July 2009.

For each business combination, management makes an assessment of whether any intangible assets have been acquired, and how much goodwill arose as a result of the acquisition. Goodwill is initially measured at cost being the excess of the cost of the business combination over the Group's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash generating unit retained.

The Group assesses whether there are any indicators that goodwill is impaired at each reporting date. Goodwill is tested for impairment annually and when circumstances indicate that the carrying amount may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of the cash generating units, to which goodwill relates. Where the recoverable amount of the cash generating units is less than the carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill are not reversed in future periods. The Group performs its annual impairment test of goodwill based on the final day of the financial period.

Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. For further information, see Note 2.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of comprehensive income as a highlighted item in the period in which they are incurred.

Goodwill is tested for impairment annually at the period end date and when circumstances indicate that the carrying value may be impaired.

Impairment of non-financial assets (continued)

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets

Intangible assets acquired separately from a business combination are initially capitalised at cost and subsequently measured at cost less accumulated amortisation and accumulated impairment losses. The initial cost recognised is the aggregate amount paid plus the fair value of any other consideration given to acquire the asset.

Amortisation is calculated to write-off the cost or fair value at acquisition (as the case may be) of each asset over their estimated useful lives shown below, and is recorded in administrative costs in the statement of comprehensive income. Amortisation is calculated on a straight-line basis over the useful life of the asset as follows:

Computer software and websites – 3 to 7 years

Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis and includes all cost incurred in bringing each product to its present location and condition.

Investments and other financial assets

Financial assets within the scope of IAS 39 are classified as financial assets held at fair value through profit or loss, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate.

The Group currently holds no financial assets held at fair value through profit or loss, held-to-maturity or available for sale financial assets. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit and loss, directly attributable transaction costs.

The Group determines the classifications of its financial assets on initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year end.

Loans and receivables

Loans and receivables are non-derivative financial assets with a fixed or determinable payment that are not quoted in an active market. After initial recognition loans and receivables are carried at amortised cost using the effective interest rate method less any allowance for impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Assets carried at amortised cost

In relation to trade and other receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Group will not be able to collect all the amounts due under the original terms of the invoice. The carrying amount of the receivables is reduced through use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectable.

Cash and cash equivalents

Cash and short term deposits in the statement of financial position comprise cash at bank and short term deposits with a maturity of three months or less.

For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Financial liabilities

Interest bearing loans and borrowings

All loans and borrowings are initially recognised at fair value less directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

Derecognition of liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Fair value measurement

Fair value disclosures for financial instruments are provided in Note 13 (other financial assets and liabilities - risk management objectives and policies).

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Fair value measurement (continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole.

Level 1	quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2	valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3	valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities based on the nature, characteristics and risks of the inputs into the valuations and the level of the fair value hierarchy as explained above.

Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Finance leases, which transfer to the Group substantially all the risk and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the leased liability to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are reflected in the statement of comprehensive income.

Lessee:

Capitalised lease assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease rentals, together with lease incentives are charged to profit or loss on a straight line basis over the term of the lease.

Lessor:

Rental income from concessions on Brighton Palace Pier is recognised as income on a straight-line basis over the lease term.

Provisions

Provisions are recognised when the Group has a probable, present legal or constructive obligation to make a transfer of economic benefits as a result of past events where a reliable estimate is available. The amounts recognised represent the Group's best estimate of the transfer of benefits that will be required to settle the obligation as of the balance sheet date. Provisions are discounted if the effect of the time value of money is material using a pre-tax market rate adjusted for risks specific to the liability.

Highlighted items

Highlighted items are treated as such if the matters are non-recurring, material and fall within one of the categories below:

a) acquisition costs and pre-opening costs relating to new and refit sites;

b) impairment, site closure and other legal costs.

Acquisition and pre-opening costs are highlighted because they are one-off costs that are unique to each development. The Group only acquires new sites when appropriate opportunities arise. Therefore in any given period, acquisition costs can vary significantly depending on the number of new sites acquired and the level of investment required to bring the site into use, and so do not reflect the costs of the day-to-day operations of the business. These are therefore split out in order to aid comparability with prior periods. Similarly, pre-opening costs are incurred after the acquisition of a new site or the refurbishment of an existing site. For the reasons outlined above, these costs have also been highlighted in order to aid comparability with prior periods.

Costs relating to impairments, site closures and other legal costs are highlighted to the extent that they relate to one-off costs following any of the above activities. Impairments only occur in exceptional circumstances and are therefore highlighted. Similarly, the decision by management to close a site only occurs in exceptional circumstances; therefore, the costs associated with such an activity have also been highlighted.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates and Value Added Taxes.

Revenue recognition (continued)

Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

Concession income from the pier is recognised on a straight-line basis over the lease term.

Marketing and sponsorship income is recognised when the Group has fulfilled its contractual requirements.

Interest income is recognised as interest accrues (using the effective interest rate method).

Share-based payments

Equity-settled transactions

The costs of equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date of grant and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award.

Fair value is determined using the Black-Scholes pricing model. In valuing equity-settled transactions, no account is taken of any service and performance (vesting) conditions, other than performance conditions linked to the price of the shares of the Company (market conditions). Any other conditions which are required to be met in order for the employee to become fully entitled to an award are considered non-vesting conditions. Like market performance conditions, non-vesting conditions are taken into account in determining the grant date fair value.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market vesting condition or a non-vesting condition, which are treated as vesting irrespective of whether or not the market vesting condition or non-vesting condition is satisfied, provided that all service and non-market vesting conditions are satisfied.

At each balance sheet date before vesting, the cumulative expense is calculated. This represents the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of service and non-market vesting conditions and of the number of equity instruments that will ultimately vest or, in the case of an instrument subject to a market condition or a non-vesting condition, be treated as vesting as described above. The movement in cumulative expense since the previous balance sheet date is recognised in the statement of comprehensive income, with a corresponding entry in equity.

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the terms of the original award continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of modification. No reduction is recognised if this difference is negative.

Where an equity-settled award is cancelled (including when a non-vesting condition within the control of the entity or employee is not met), it is treated as if it had vested on the date of cancellation, and any cost not yet recognised in the statement of comprehensive income for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over the fair value of the settled award being treated as an expense in the statement of comprehensive income.

The Group does not currently award cash-settled share options to employees.

Post-employment defined contribution plans

The Group pays fixed contributions into independent entities in relation to several state plans and insurances for individual employees. The Group has no legal or constructive obligations to pay contributions in addition to its fixed contributions, which are recognised as an expense in the period that related employee services are received.

Taxes

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the statement of financial position date.

Current income tax relating to items recognised directly in equity or other comprehensive income is recognised in equity and not in the statement of comprehensive income.

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary difference associated with investments in subsidiaries, associates and interest in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each statement of financial position date and are recognised to the extent that it has become probable that the future taxable profit will allow the deferred tax asset to be recovered.

New standards and interpretations

The Group has not adopted any new standards or amendments that have a significant impact on the Group's results or financial position.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Group.

At the date of authorisation of these financial statements, certain new standards, and amendments to existing standards have been published by the IASB that are not yet effective, and have not been adopted early by the Group. Information on those expected to be relevant to the Group's financial statements is provided below. Management anticipates that all relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement. New standards, interpretations and amendments not either adopted or listed below are not expected to have a material impact on the Group's financial statements.

IFRS 16 'Leases'

IFRS 16 will replace IAS 17 and three related Interpretations. It completes the IASB's long-running project to overhaul lease accounting. Leases will be recorded on the statement of financial position in the form of a right-of-use asset and a lease liability. IFRS 16 is effective from reporting periods beginning on or after 1 January 2019. The Group will therefore adopt IFRS 16 for the reporting period ended 28 June 2020.

Management is yet to fully assess the impact of the Standard and therefore is unable to provide quantified information. However, in order to determine the impact the Group are in the process of:

- performing a full review of all agreements to assess whether any additional contracts will now become a lease under IFRS 16's new definition;
- deciding which transitional provision to adopt; either full retrospective application or partial retrospective application (which means comparatives do not need to be restated). The partial application method also provides optional relief from reassessing whether contracts in place are, or contain, a lease, as well as other reliefs. Deciding which of these practical expedients to adopt is important as they are one-off choices;
- assessing their current disclosures for finance leases and operating leases (Note 23) as these are likely to form the basis of the amounts to be capitalised and become right-of-use assets;
- determining which optional accounting simplifications apply to their lease portfolio and if they are going to use these exemptions;
- considering the IT system requirements and whether a new leasing system is needed; and
- assessing the additional disclosures that will be required.

IFRS 15 'Revenue from Contracts with Customers'

IFRS 15 'Revenue from Contracts with Customers' and the related 'Clarifications to IFRS 15 Revenue from Contracts

New standards and interpretations (continued)

with Customers' (hereinafter referred to as 'IFRS 15') replace IAS 18 'Revenue', IAS 11 'Construction Contracts', and several revenue-related Interpretations. IFRS 15 is effective from reporting periods beginning on or after 1 January 2018. Having assessed the requirements of the new standard, management do not believe that its adoption will have a material impact on the Group as it does not earn revenue from contracts with customers.

IFRS 9 'Financial Instruments'

The new standard for financial instruments (IFRS 9) replaces IAS 39 'Financial Instruments: Recognition and Measurement'. It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for the impairment of financial assets. IFRS 9 is effective from reporting periods beginning on or after 1 January 2018.

IFRS 9 also contains new requirements on the application of hedge accounting. The new requirements look to align hedge accounting more closely with entities' risk management activities by increasing the eligibility of both hedged items and hedging instruments and introducing a more principles-based approach to assessing hedge effectiveness.

As the Group's only financial assets are cash and cash equivalents and trade and other receivables, management has assessed that the new standard will have a minimal impact on the Group.

2. Significant accounting estimates, judgements and assumptions

The preparation of the Group's financial statements requires management to make estimates, judgements and assumptions that affect the reported amount of assets and liabilities at the statement of financial position date, amounts reported for revenues and expenses during the year, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the assets or liability affected in the future.

In the process of applying the Group's accounting policies, management has made the following judgements and estimates, which have the most significant effect on the amounts recognised in the financial statements:

Estimates

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on similar assets or observable market prices less incremental costs for disposing of the assets. The value in use calculation is based on a discounted cash flow model. The recoverable amount is most sensitive to changes in expected future cash flows. The cash flows are derived from the budget and projections for the next three years. These projections are influenced by factors which are inherently uncertain such as footfall and non-controllable costs such as rent, rates and license costs.

They do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is also sensitive to the discount rate used for the discounted cash flow model and the growth rate used for extrapolation purposes.

Fair value of Brighton Palace Pier

IFRS 3: Business Combinations requires all assets and liabilities purchased as part of a business combination to be recorded at fair value. An independent assessment of the market value of the pier was carried out by GVA Bilfinger in April 2016 on behalf of Barclays. This assessment concluded that the value of the pier, landing deck, stage and assets was greater than the net book value attributed to it immediately prior to the acquisition. Management has used the market value calculated in this report, which is deemed consistent with the determination of fair value under IFRS 13 and IFRS 3, to be materially equal to the fair value of the business. GVA Bilfinger reassessed the market value of the pier in December 2017 as part of the acquisition of Lethington Leisure Limited. This reassessment supported the conclusion made in the April 2016 report.

Judgements

Operating lease commitments

The Group has entered into commercial property leases as a lessee. In doing so, it obtains the use of property, plant and equipment. The classification of such leases as operating or finance lease requires the Group to evaluate the terms and conditions of the arrangements. In particular, whether it retains or acquires the significant risk and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the statement of financial position.

Deferred tax assets

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses

2. Significant accounting estimates, judgements and assumptions (continued)

can be utilised, except in those circumstances outlined in Note 1. Significant management judgement is required to determine the amount of deferred tax that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Useful economic life and residual value of Brighton Palace Pier (the structure, including the landing deck and stage)

Management judge that the residual value of the pier is equal to the fair value at acquisition. This is because the value of Brighton Palace Pier as a viable business is entirely dependent on the pier structure being maintained in good order, at least equivalent to that at the date of acquisition. This judgement means that the pier structure is not subject to depreciation, as such amounts would be insignificant. Management reassess this judgement on an annual basis.

Deferred tax on revalued asset

IAS 12 'Income Taxes' requires that deferred tax is recognised where a difference between the tax base of an asset and its carrying value arises after initial recognition. The measurement of the deferred tax liability should reflect the tax consequences of the expected manner of recovering the carrying amount of the pier. As the residual value of the pier has been judged to be equivalent to the book value, the expected method of recovery will principally be through sale and no deferred tax liability arises when calculated on this basis.

Identification of intangible assets acquired as part of business combination

IFRS 3: 'Business Combinations' requires management to assess whether there are separately identifiable intangible assets arising from a business combination that should be recognised separately from goodwill. These assets would then be amortised over their expected useful life. As part of the acquisition of Lethington Leisure Limited on 8 December 2017, management conducted such an assessment and concluded that there were no material separately identifiable intangible assets to be recognised.

3. Business combination

On 8 December 2017 the Group acquired 100% of the issued share capital of Lethington Leisure Limited (trading as Paradise Island Adventure Golf), an unlisted company based in the UK. The Group acquired this company in order to expand and diversify its business.

The amounts in the table overleaf are presented on a provisional basis. If new information obtained within one year from the acquisition date about facts and circumstances that existed at the acquisition date identifies adjustments to the below amounts, or any additional provisions that existed at the acquisition date, then the acquisition accounting will be revised.

The fair value of assets and liabilities assumed has been deemed to be equal to their book value. Management also concluded that there were no separately identifiable intangible assets to be recognised as part of the acquisition.

Provisional fair value of assets acquired and liabilities assumed	Provisional fair value recognised at 8 December 2017 £'000
Assets	
Property, plant and equipment	**2,561**
Inventory	**5**
Cash and cash equivalents	**571**
Trade and other receivables	**436**
Liabilities	
Trade and other payables	**(999)**
Income tax payable	**(236)**
Deferred tax liability	**(300)**
Total provisional identifiable net assets at fair value	**2,038**
Provisional goodwill	**8,796**
Purchase consideration transferred	**10,834**
Purchase consideration	
Amount settled in cash	**9,259**
Deferred cash consideration at fair value	**945**
Equity instruments (663,158 ordinary shares at 95p each)	**630**
Total purchase consideration	**10,834**
Consideration transferred settled in cash	**9.259**
Cash and cash equivalents acquired	**(571)**
Net cash outflow on acquisition	**8,688**

Acquisition-related costs amounting to £312,000 are not included as part of consideration transferred and have been recognised as an expense in the consolidated statement of comprehensive income, as part of highlighted items (see note 5).

The deferred cash consideration of £945,000 is due to be paid one year from the date of acquisition and as such the effect of discounting was deemed immaterial. This additional consideration is not contingent.

Lethington Leisure Limited contributed £2,186,000 to revenue and £628,000 to net profit during the period

3. Business combination (continued)

from acquisition (8 December 2017). If the combination had taken place at the start of the year, the consolidated statement of comprehensive income for the period ended 1 July 2018 would show pro forma Group revenue of £35,002,000 and the profit after tax for the period would have been £2,182,000.

4. Segmental information

The following tables present revenue, profit and loss and certain asset and liability information regarding the Group's business segments for the period ended 1 July 2018.

IFRS 8: Operating Segments applies the so-called 'management approach' to segment reporting and requires the Group to report financial and descriptive information about its reportable segments. Such reportable segments are operating segments or aggregations of operating segments that meet specified criteria.

Operating segments are components of an entity which engage in business activities from which they may earn revenues and incur expenses about which discrete financial information is available that is regularly evaluated by the chief operating decision maker (CODM) in deciding how to allocate resources and in assessing performance. The Group is required to report separate financial information about each operating segment that:

- has been identified as described above or results from aggregating two or more of those segments if they exhibit similar long-term financial performance and have similar economic characteristics; and
- exceeds certain quantitative thresholds.

The Group identified the Board of Directors as its CODM and has defined the operating segments based on the information provided to the Board of Directors. The Board reviews discrete financial information for each site and uses this information to allocate resources. As these sites have similar economic characteristics and long-term financial performance (using, for example, operating profit margin, gross margin and comparable site sales development as quantitative benchmarks) it was concluded that all owned bar sites should be aggregated into the segment 'Owned Bars' and all Paradise Island Adventure Golf sites should be aggregated into the segment 'Golf'. As Brighton Palace Pier exceeds the quantitative thresholds for aggregation, it has been presented as a separate operating segment. This meets the requirements of IFRS 8 and is consistent with the core principle of the standard.

The segmental information is split on the basis of information provided to the CODM. The CODM does not review discrete balance sheets for each operating segment and therefore no balance sheet information is provided on a segmental basis in the following table:

53 week period ended 1 July 2018

	Owned Bars (53 weeks)	Brighton Palace Pier (53 weeks)	Golf (30 weeks)	Total segments	Overhead	2018 consolidated total
	£'000	£'000	£'000	£'000	£'000	£'000
Revenue	14,991	14,505	2,186	31,682	-	31,682
Cost of sales	(3,171)	(2,238)	(15)	(5,424)	-	(5,424)
Gross profit	**11,820**	**12,267**	**2,171**	**26,258**	**-**	**26,258**
Gross profit %	79%	85%	99%	83%		83%
Administrative expenses (excluding depreciation)	(10,056)	(8,828)	(1,543)	(20,427)	(758)	(21,185)
Highlighted items					(947)	(947)
Depreciation and amortisation					(1,471)	(1,471)
Finance cost					(387)	(387)
Profit before tax	**1,764**	**3,439**	**628**	**5,831**	**(3,563)**	**2,268**
Income tax					(507)	(507)
Profit after tax	**1,764**	**3,439**	**628**	**5,831**	**(4,070)**	**1,761**
EBITDA (before highlighted items)	1,764	3,439	628	5,831	(656)	5,175
EBITDA (after highlighted items)	1,764	3,439	628	5,831	(1,427)	4,404

53 week period ended 25 June 2017

	Owned Bars	Brighton Palace Pier	Total segments	Overhead	2017 consolidated total
	£'000	£'000	£'000	£'000	£'000
Revenue	16,388	14,916	31,304	-	31,304
Cost of sales	(3,204)	(2,336)	(5,540)	-	(5,540)
Gross profit	**13,184**	**12,580**	**25,764**	**-**	**25,764**
Gross profit %	80%	84%	82%		82%
Administrative expenses (excluding depreciation)	(11,397)	(8,478)	(19,875)	(824)	(20,699)
Highlighted items				(1,584)	(1,584)
Depreciation and amortisation				(1,272)	(1,272)
Finance cost				(315)	(315)
Profit before tax	**1,787**	**4,102**	**5,889**	**(3,995)**	**1,894**
Income tax				(19)	(19)
Profit after tax	**1,787**	**4,102**	**5,889**	**(4,014)**	**1,875**
EBITDA (before highlighted items)	1,787	4,102	5,889	(683)	5,206
EBITDA (after highlighted items)	1,787	4,102	5,889	(1,255)	4,634

All segment assets and liabilities are located within the United Kingdom and all revenues arose in the United Kingdom.

Segment revenues are generated from the sale of goods to external customers. There was no inter-segment sales in the years presented. No single customer contributed more than 10% of the Group's revenues.

The accounting policies of the reportable segments have been consistently applied. Overheads have been separated out to reflect how management reviews the discrete financial information and uses it to allocate resources.

5. Highlighted items

	Period ended 1 July 2018 £'000	Period ended 25 June 2017 £'000
Acquisition and pre-opening costs		
Acquisition costs	**312**	-
Site pre-opening costs	**338**	48
	650	48
Impairment, closure and legal costs		
Impairment of intangible non-current assets	**-**	469
Other closure costs & legal costs	**297**	1,067
	297	1,536
Total	**947**	1,584

The above items have been highlighted to give a better understanding of non-comparable costs included in the consolidated statement of comprehensive income for this period.

Acquisition costs of £312,000 relate to costs incurred as part of the acquisition on 8 December 2017 of Lethington Leisure Limited by The Brighton Pier Group PLC.

Site pre-opening costs of £338,000 relate to the one-off pre-opening costs of the redevelopment of the Palm Court restaurant, Victoria's Bar and Horatio's Bar on Brighton Pier, as well as the redevelopment of the Wimbledon Po Na Na bar into a Smash table tennis bar.

Other closure and legal costs of £297,000 relate to the one-off costs incurred as a result of the closure of the Coalition bar in Reading and the exiting of a lease on an unused site in Liverpool.

6. Employee costs

Employee benefits expense

	Period ended 1 July 2018 £'000	Period ended 25 June 2017 £'000
Included in other operating costs		
Wages and salaries	9,037	8,615
Social security costs	702	635
Pensions – defined contribution plans	29	40
	9,768	9,290

Average number of people employed

	2018 FTE	2017 FTE
Number of full time equivalent (FTE) employees	442	410
Average number of people (including executive directors) employed:		
Operational	408	369
Administration	34	41
Total average headcount	442	410

Directors

	Period ended 1 July 2018 £'000	Period ended 25 June 2017 £'000
Aggregate remuneration in respect of qualifying services	551	561
Aggregate remuneration in respect of the highest paid director	172	181

An analysis of Directors' remuneration is set out in the Directors' Report on page 16. Payments totalling £990 (2017: £376) were made on behalf of Directors into the Group's auto-enrolment 'People's Pension Scheme'.

7. Other income and expenditure

Finance costs

	Period ended 1 July 2018 £'000	Period ended 25 June 2017 £'000
Interest on debts, borrowings and finance leases	387	315

Total operating expenses excluding highlighted items

	Period ended 1 July 2018 £'000	Period ended 25 June 2017 £'000
Included in operating expenses		
Depreciation of owned property, plant & equipment	1,422	1,255
Depreciation of assets held under finance leases	10	10
Amortisation of intangible assets	39	7
Loss on disposal of property, plant & equipment	2	-
Operating lease rentals – land and buildings	1,718	1,474
Staff costs (see Note 6)	9,768	9,290
Contract security costs	1,086	1,228
Other operating expenses	8,611	8,707
	22,656	21,971

8. Income tax

a) Tax on profit on ordinary activities
The tax is made up as follows:

	Period ended 1 July 2018 £'000	Period ended 25 June 2017 £'000
Current tax:		
UK corporation tax charge on the profit for the period	387	162
Adjustment in respect of prior periods	120	(143)
Total current tax	507	19
Deferred tax:		
Origination and reversal of temporary differences	-	-
Total tax charge for the year	507	19

8. Income tax (continued)

b) Factors affecting tax charge for the period

The tax charge for the period is different from the standard rate of corporation tax in the UK of 19% (2017: 19.75%). The differences are explained below:

	Period ended 1 July 2018 £'000	Period ended 25 June 2017 £'000
Profit on ordinary activities before tax	2,268	1,894
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017: 19.75%)	431	374
Effects of:		
Expenses not deductible for tax purposes	26	82
Movement in unrecognised deferred tax	-	(166)
Non qualifying depreciation	(70)	(128)
Adjustment in respect of prior periods	120	(143)
Total tax charge for the period	507	19

c) Deferred tax

On 8 July 2015, the Chancellor announced that the UK main rate of corporation tax will fall to 19% from 1 April 2017 and to 18% from 1 April 2020. These rate changes had not been substantively enacted at the balance sheet date and consequently in these accounts deferred tax continues to be recorded at the 20% rate. The deferred taxation liability, using a tax rate of 19% (2017: 19.75%), comprises the following:

	Period ended 21 July 2018 £'000	Period ended 25 June 2017 £'000
Assets		
Capital allowances in arrears of depreciation	533	444
Taxable losses carried forward	11	100
	544	544
Liabilities		
Capital allowances in advance of depreciation	(300)	-
Goodwill	(544)	(544)
Total deferred tax balance recognised in the balance sheet	(300)	-

Deferred tax balances as at 1 July 2018 and 25 June 2017 have been presented on a net basis.

An explanation of the deferred tax treatment of Brighton Palace Pier can be found in Note 2: *Significant judgements and estimates – deferred tax on revalued assets*.

In 2018, deferred tax assets totalling £252,000 (2017: £163,000) in relation to trading losses carried forward in Eclectic Bars Trading Limited were not recognised due to insufficient certainty that the Group will have future taxable profits against which the tax asset will be realised.

Deferred tax liabilities of £300,000 were assumed following the acquisition of Lethington Leisure Limited (see Note 3). These arose from timing differences between the net book value and the tax written down value of property, plant and equipment acquired.

9. Earnings per share

Basic earnings per share amounts are calculated by dividing net income for the period attributable to ordinary shareholders of The Brighton Pier Group PLC by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the Parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

Adjusted basic and diluted earnings per share are calculated based on the profit for the period adjusted for highlighted items and their related tax effects.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

Basic earnings per share	Period ended 1 July 2018	Period ended 25 June 2017
Profit for the period (£'000)	1,761	1,875
Basic weighted number of shares (number)	33,914,684	31,732,894
Earnings) per share - Basic (pence)	**5.2**	5.9

Basic adjusted earnings per share	Period ended 1 July 2018	Period ended 25 June 2017
Profit for the period before highlighted items (£'000)	2,652	3,459
Basic adjusted weighted number of shares (number)	33,914,684	31,732,894
Adjusted earnings per share - Basic (pence)	**7.8**	10.9

Diluted basic earnings per share	Period ended 1 July 2018	Period ended 25 June 2017
Profit for the period (£'000)	1,761	1,875
Diluted weighted number of shares (number)	34,914,600	33,148,390
Earnings) per share - Diluted (pence)	**5.0**	5.7

Adjusted diluted earnings per share	Period ended 1 July 2018	Period ended 25 June 2017
Profit for the period before highlighted items (£'000)	2,652	3,459
Diluted weighted number of shares (number)	34,914,600	33,148,390
Adjusted earnings per share - Diluted (pence)	**7.6**	10.4

Reconciliation of adjusted profit for the period

Adjusted profit is calculated as follows:

	Period ended 1 July 2018 £'000	Period ended 25 June 2017 £'000
Profit for the period	1,761	1,875
Highlighted items	947	1,584
Tax on highlighted items	(56)	-
Adjusted profit for the period (£'000)	**2,652**	3,459

Diluted basic earnings per share

The impact of dilutive shares on the weighted average number of shares is summarised below:

	2018 Number	2017 Number
Weighted average number of shares for Basic EPS	33,914,684	31,732,894
Dilutive effect of share options	999,916	1,415,496
Weighted average number of shares for Diluted EPS	**34,914,600**	33,148,390

10. Intangible assets

	Group Goodwill £'000	Computer software and websites £'000	Total £'000
Cost			
At 26 June 2016	8,055	67	8,122
Additions	-	103	103
At 25 June 2017	8,055	170	8,225
Additions	8,796	183	8,979
At 1 July 2018	**16,851**	**353**	**17,204**
Amortisation & impairments:			
At 26 June 2016	3,747	-	3,747
Charge for the period	-	7	7
Write off and impairment (Note 12)	742	-	742
At 25 June 2017	4,489	7	4,496
Charge for the period	-	39	39
At 1 July 2018	**4,489**	**46**	**4,535**
Net book value			
At 26 June 2016	4,308	67	4,375
At 25 June 2017	3,566	163	3,729
At 1 July 2018	**12,362**	**307**	**12,669**

Goodwill additions relate to goodwill arising on the acquisition of Lethington Leisure Limited, owner of Paradise Island Adventure Golf, on 8 December 2017 (see Note 3). This figure is currently provisional and will be finalised no later than 7 December 2018, 12 months after the acquisition took place. Once finalised, the goodwill arising on the acquisition will be allocated to each Paradise Island Adventure Golf site in proportion to the EBITDA contribution of each site at the acquisition date.

The brought-forward goodwill balance relates primarily to the Group's acquisition of twelve sites in 2006. The remaining sites included in this balance are: Bath Po Na Na, Bristol Lola Lo, Embargo, Putney Fez and Wimbledon Smash.

Goodwill arising from subsequent bar acquisitions has been allocated on an individual basis against each site acquired.

The Group has three operating segments; however management considers each site to be a separate CGU on the basis that each site generates cash flows which are largely independent of the cash flows generated by other sites.

The value of the goodwill in the bars segment was tested for impairment during the current financial year by means of comparing the recoverable amount of each CGU with the carrying value of its goodwill. Based on the operating performance of the CGUs, no impairment was identified in the current financial year (2017: impairments of £469,000 and write-offs of £273,000).

The remaining valuations indicate sufficient headroom, such that a reasonably possible change to key assumptions would not result in any impairment of goodwill. Refer to Note 12 for further information on the impairment review.

Computer software and website additions relate to the creation of new revenue-generating website platforms.

11. Property, plant and equipment

	Computers £'000	Motor vehicles £'000	Fixtures, fittings & equipment £'000	Leasehold improvement £'000	Pier, landing stage and deck £'000	Buildings improvement £'000	Assets under construction £'000	Total £'000
Cost								
At 26 June 2016	**330**	**63**	**9,379**	**4,376**	**17,344**	**428**	**208**	**32,128**
Additions	26	34	1,202	323	-	-	-	1,585
Disposals	(43)	(26)	(2,150)	(926)	-	-	-	(3,145)
Reclassed as held for sale	-	-	-	-	-	(428)	-	(428)
At 25 June 2017	**313**	**71**	**8,431**	**3,773**	**17,344**	**-**	**208**	**30,140**
Additions	68	20	2,184	881	-	-	-	3,153
Acquired	-	11	75	2,475	-	-	-	2,561
Disposals	(2)	(35)	(353)	(99)	-	-	-	(489)
Transfers	-	-	-	208	-	-	(208)	-
At 1 July 2018	**379**	**67**	**10,337**	**7,238**	**17,344**	**-**	**-**	**35,365**
Depreciation								
At 26 June 2016	**279**	**33**	**6,328**	**2,557**	**-**	**135**	**-**	**9,332**
Charge for the period	40	14	964	247	-	-	-	1,265
Disposals	(41)	(24)	(2,070)	(730)	-	-	-	(2,865)
Reclassed as held for sale	-	-	-	-	-	(135)	-	(135)
At 25 June 2017	**278**	**23**	**5,222**	**2,074**	**-**	**-**	**-**	**7,597**
Charge for the period	40	13	1,078	301	-	-	-	1,432
Disposals	(2)	(18)	(265)	(13)	-	-	-	(298)
At 1 July 2018	**316**	**18**	**6,035**	**2,362**	**-**	**-**	**-**	**8,731**
Net book value								
1 July 2018	**63**	**49**	**4,302**	**4,876**	**17,344**	**-**	**-**	**26,634**
Net book value								
25 June 2017	35	48	3,209	1,699	17,344	-	208	22,543
Net book value								
26 June 2016	51	30	3,051	1,819	17,344	293	208	22,796

Assets acquired relate to assets acquired as part of business combinations. As at the period ended 1 July 2018, the net book value of assets held under finance leases was £nil (2017: £10,000) and the gross carrying amount of fully depreciated property, plant and equipment that is still in use was £4,933,000 (2017: £4,765,000).

The value of the property, plant and equipment was tested for impairment during the current financial period by means of comparing the recoverable amount of each CGU with the carrying value of its fixed assets. Based on the operating performance of the CGUs, no impairment was identified in the current financial period (2017: £nil).

During the period ended 1 July 2018 property, plant and equipment with a net book value of £176,000 was written off. This was due to the closure of a site in Reading, the Wimbledon Smash site and the redevelopment of certain sites on Brighton Pier. This write-off is included within highlighted items in the Statement of Comprehensive Income (see Note 5).

During the prior period, the Group reclassed its freehold Derby site with a net book value of £293,000 as an asset held for sale. As at 1 July 2018, management concluded that it still expects to sell the asset within the next 12 months.

12. Impairment review

The Group performed its annual impairment test in July 2018 and June 2017. This test excluded the assets arising on the acquisition of Lethington Leisure on 8 December 2017. The Group considers the relationship between the trading performance of each CGU and their book value when reviewing for indicators of impairment. Based on management's review of the expected performance of the core estate, no impairments were deemed necessary (2017: goodwill impairments of £469,000 and write-offs of £273,000 were included within highlighted items in the statement of comprehensive income).

Each site represents a cash generating unit (CGU). Goodwill is allocated to the site on which it arose.

The recoverable amount of the goodwill has been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering the period to June 2022.

Cash flows for each CGU beyond June 2022 are extrapolated, assuming a terminal growth of 1.5% (2017: 1.5%) that reflects the expected growth based on market research. The pre-tax discount rate applied to cash flow projections is 9.60% (2017: 10.95%). As each CGU shares similar risks and has similar geographical characteristics, the same discount and growth rates have been applied to all CGUs.

To assess for impairment, the value in use of the CGU is compared to the carrying value of the assets of that CGU including any attributed goodwill. If the resultant net present value of the discounted cash flows is less than the carrying value of the CGU including goodwill, the difference is written off through the statement of comprehensive income.

Carrying amount of goodwill and property, plant and equipment allocated to each of the CGUs

As a result of this analysis, management deemed that no impairments were required.

The calculation of value in use for all CGUs is most sensitive to the following assumptions:

- discount rates;
- growth rates used to extrapolate cash flows beyond the forecast period;
- growth in expenses, including rent based on rent reviews.

Discount rates - The discount rate calculation is based on the specific circumstances of the Group and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service.

Growth rates – Rates are based on published industry research, market conditions and economic factors such as the changing habits of students in the towns and cities the Group operates in as well as competition faced from other businesses in these areas. Management has also considered general consumer confidence, including factors like job prospects, inflation and household disposable income. When determining the appropriate growth rates, management has also considered the regulatory environment.

Growth in expenses including rent – the Group's main costs are drinks, labour and rent. Estimates regarding the drink cost are based on past actual price movements as well as expected results from supplier negotiations. Labour increases have been estimated in relation to the National Minimum Wage. Rent reviews are typically every five years and budgets assume increases of between 2 to 5% annually compounded. The rate reflects the specific market locations for the related venue.

Headroom is dependent upon sensitivities to these and other assumptions. In the Bars segment, the largest elements of goodwill are in the Embargo and Putney Fez CGUs. A fall in forecast EBITDA of 15% or an increase in the WACC to 31% would be required before the carrying value of goodwill exceeded its value in use at these sites. In the case of most other CGUs, a fall exceeding 12% of forecasted EBITDA or an increase in the WACC to greater than 25% would be required before impairment would be needed. The exception to this is Lowlander and Bath Po Na Na where a decrease in forecast EBITDA of 2.5% or an increase in the WACC to 14% would trigger impairment.

13. Other financial assets and liabilities

Financial assets

Group	As at 1 July 2018 Loans and receivables £'000	As at 25June 2017 Loans and receivables £'000
Current assets as per balance sheet		
Trade and other receivables excluding prepayments	**480**	625
Cash and cash equivalents	**2,812**	4,073
	3,292	4,698

There were no non-current financial assets as at 1 July 2018 (2017: £nil).

Loans and receivables are non-derivative financial assets. The carrying value may be affected by changes in the credit risk of the counterparties.

Financial liabilities

Interest bearing loans and borrowings

Group	Interest rate %	Maturity	As at 1 July 2018 Other financial liabilities at amortised cost £'000	As at 25 June 2017 Other financial liabilities at amortised cost £'000
Liabilities as per balance sheet				
Current				
Other loans:				
£14.85m bank loans (2017: £12m)	LIBOR + 2.25%	Dec 2023	**1,453**	1,200
£2.5m revolving loan facility (2017: £1m)	LIBOR + 2.25%	Dec 2020	**243**	-
			1,696	1,200
Non-current				
Other loans:				
£14.85m bank loans (2017: £12m)	LIBOR + 2.25%	Dec 2023	**13,254**	10,102
£2.5m revolving loan facility (2017: £1m)	LIBOR + 2.25%	Dec 2020	**1,734**	-
			14,988	10,102

£14.85 million bank loan

This term loan commenced on 27 April 2016 and was renewed and extended on 5 December 2017. The purpose of the loan was to facilitate the acquisitions of Brighton Palace Pier in April 2016 and Lethington Leisure Limited in December 2017. The amount outstanding at the period end was £14,707,000 (2017: £11,302,000), net of unamortised arrangement fees. The loan is repayable in equal biannual instalments and is due for final repayment in December 2023.

£2.5 million revolving credit facility

This revolving credit facility commenced on 27 April 2016 and was renewed and extended on 5 December 2017. The purpose of this facility is to fund capital expenditure and new site acquisitions. The amount drawn down on the facility as at 1 July 2018 was £1,977,000, net of unamortised arrangement fees (2017: £nil). The maximum amount that can be drawn down on this facility will reduce to £1.75million in March 2019, before reducing further to £1million in March 2020.

13. Other financial assets and liabilities (continued)

Fair values

Set out below is a comparison, by class, of the carrying amounts and fair value of the Group's interest bearing loans and borrowings:

	As at 1 July 2018 Carrying Value £'000	As at 1 July 2018 Fair Value £'000	As at 25 June 2017 Carrying Value £'000	As at 25 June 2017 Fair Value £'000
Interest-bearing loans and borrowings	**16,684**	**16,726**	11,302	11,314
Obligations under finance leases	**-**	**-**	11	11

Management assessed that the fair values of cash and short-term deposits, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

- Long-term fixed-rate and variable-rate borrowings are evaluated by the Group based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project.
- The fair value of unquoted instruments, loans from banks and other financial liabilities, obligations under finance leases, as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.
- The fair values of the Group's interest-bearing borrowings and loans are determined by employing the DCF method using a discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at 1 July 2018 was assessed to be insignificant.

All loans are classed as Level 2 in the fair value hierarchy. There were no Level 3 inputs during the period.

Trade and other payables

Other financial liabilities

Group	Maturity	2018 £'000	2017 £'000
Trade payables	Payable within 1 year	**1,904**	1,987
Other payables, accruals and provisions	Payable within 1 year	**3,887**	3,123
		5,791	5,110

Financial risk management objectives and policies

The Group's financial instruments comprise cash, loans, borrowings and liquid resources, as well as various items such as trade receivables and trade payables that arise directly from its operations.

The Group does not enter into derivatives or hedging transactions.

It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken.

13. Other financial assets and liabilities (continued)

The main risks arising from the Group's financial instruments are investment risk, interest rate risk and liquidity risk. The Group does not have any exposure to foreign currency risk. The Board reviews policies for managing each of these risks, and they are summarised as follows:

Interest rate risk

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings):

2018	Increase/decrease in basis points	Effect on profit before tax £'000
Sterling	+ 100	(167)
Sterling	- 100	167
2017		
Sterling	+ 100	(113)
Sterling	- 100	113

Liquidity risk

The Group's policy is to finance its operations and expansion through working capital and, in the case of investing in target companies, to raise an appropriate level of acquisition finance.

The table below summarises the maturity profile of the Group's financial liabilities as at 1 July 2018 and 25 June 2017 based on contractual (undiscounted) payments and interest.

Year ended 1 July 2018	Total £'000	On demand £'000	Up to 1 year £'000	1-2 years £'000	2-5 years £'000
Interest-bearing loans and borrowings	**19,649**	**-**	**1,881**	**1,893**	**15,875**
Revolving credit facility	**2,120**	**-**	**307**	**797**	**1,016**
Trade payables	**1,904**	**-**	**1,904**	**-**	**-**
Finance leases	**945**	**-**	**945**	**-**	**-**

Year ended 25 June 2017	Total £'000	On demand £'000	Up to 1 year £'000	1-2 years £'000	2-5 years £'000
Interest-bearing loans and borrowings	12,502	-	1,489	1,496	9,517
Trade payables	1,987	-	1,987	-	-
Finance leases	11	-	11	-	-

The Group aims to mitigate liquidity risk by managing cash generation by its operations. Investment is carefully controlled, with authorisation limits operating up to Board level and cash payback periods applied as part of the investment appraisal process.

Credit risk

Credit risk is the risk that one or more counterparties will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. There are no significant concentrations of credit risk within the Group. The maximum credit risk exposure relating to financial assets is trade receivables, represented by the carrying value as at the balance sheet date.

13. Other financial assets and liabilities (continued)

Each business unit manages customer credit risk. Risk management of customer credit, is subject to the Group's established policies, procedures and controls. Outstanding customer receivables are regularly monitored and are approved by management. The Group evaluates the concentration of risk with respect to trade receivables as low, due to the fact that its customers are often also suppliers to the business.

There is no material difference between the fair values and book values of the Group's trade receivables and no concerns relating to credit worthiness.

The Group manages its capital structure and adjusts it in the light of economic conditions. To maintain or adjust the capital structure, the Group may return capital to shareholders or perhaps issue new shares. Following the listing of the Group on AIM in November 2013, the Group's primary capital management objectives involved remaining within debt covenants whilst also seeking out suitable acquisition targets.

Composition of net debt

Net debt is made up as follows:

	2018 £'000	2017 £'000
Cash and cash equivalents	**2,812**	4,073
Short term borrowings	**(1,696)**	(1,200)
Long term borrowings	**(14,988)**	(10,102)
Deferred consideration	**(945)**	-
Finance lease payables	**-**	(11)
Total net debt	**(14,817)**	(7,240)

13. Other financial assets and liabilities (continued)

Details of the significant investments in which the company holds, directly or indirectly, 20% or more of the nominal value of any class of share capital are as follows:

	Holding	Proportion of voting rights and shares held	Nature of business
Brighton Palace Pier (Holdings) Limited	Ordinary shares	100%	Holding Company
Lethington Leisure Limited	Ordinary shares	100%	Operation of Paradise Island Adventure Golf
Brighton Marine Palace & Pier Company (The)	Ordinary shares	100%	Operation of Brighton Palace Pier
Brighton Palace Pier (Assets) Limited ∞	Ordinary shares	100%	Operation of Brighton Palace Pier
Eclectic Icon Limited	Ordinary shares	100%	Holding Company
Eclectic Bars Limited†	Ordinary shares	100%	Funding entity
Eclectic Bars Trading Limited*	Ordinary shares	100%	Management & operation of bars
Eclectic Bars (Bath) Limited**	Ordinary shares	100%	Management of bars
Eclectic Bars (Cambridge) Limited **	Ordinary shares	100%	Dormant
Eclectic Bars (Deansgate Locks) Limited **	Ordinary shares	100%	Dormant
Eclectic Bars (East Street) Limited**	Ordinary shares	100%	Dormant
Eclectic Bars (Embargo) Limited**	Ordinary shares	100%	Dormant
Eclectic Bars (Friar Street) Limited **	Ordinary shares	100%	Dormant
Eclectic Bars (Manchester) Limited **	Ordinary shares	100%	Dormant
Eclectic Bars (Norwich) Limited **	Ordinary shares	100%	Dormant
Eclectic Bars (Brighton Arches) Limited**	Ordinary shares	100%	Dormant
Eclectic Bars (Sidney Street) Limited **	Ordinary shares	100%	Dormant
Eclectic Bars (West Street) Limited **	Ordinary shares	100%	Dormant
Sakura Bars Limited **	Ordinary shares	100%	Dormant
HSB Clubs Limited **	Ordinary shares	100%	Dormant
Newman Bars Limited	Ordinary shares	100%	Dormant
Chalice Bars Limited^	Ordinary shares	100%	Dormant

± held indirectly by Brighton Palace Pier (Holdings) Limited
∞ held indirectly by Brighton Marine Palace and Pier Company (The)
† held indirectly by Eclectic Icon Limited
* held indirectly by Eclectic Bars Limited
** held indirectly by Eclectic Bars Trading Limited
^ held indirectly by Newman Bars Limited

For the period ended 1 July 2018, the following subsidiaries were entitled to the exemption from audit under section 479A of the Companies Act 2006.

Newman Bars Limited	Registered Number 07041435
Chalice Bars Limited	Registered Number 07045390
Barclub (Bath) Limited	Registered Number 04968281

The registered office of all entities listed above is at 36 Drury Lane, London, WC2B 5RR.

14. Inventories

	As at 1 July 2018 £000	As at 25 June 2017 £000
Goods for re-sale	**599**	547
	599	547

The cost of inventories recognised as an expense and included in cost of sales amounted to £4,764,000 (2017: £5,540,000).

15. Trade and other receivables

	As at 1 July 2018 £'000	As at 25 June 2017 £'000
Trade receivables	**46**	69
Other receivables	**434**	556
Prepayments and accrued income	**1,311**	509
	1,791	1,134

Trade receivables are non-interest bearing and are payable on 30 day terms. All outstanding trade receivables are considered recoverable.

As at 1 July 2018 and 25 June 2017, the ageing analysis of trade receivables is as follows:

			Past due but not impaired				
	Total £'000	Neither past due nor impaired £'000	<30 days £'000	30-60 days £'000	61-90 days £'000	91-120 days £'000	>120 days £'000
2018	46	35	-	10	-	1	-
2017	69	20	1	13	4	31	-

See Note 13 on credit risk of trade receivables which explains how the Group manages and measures credit quality of trade receivables that are neither past, due nor impaired.

Financials

16. Cash and cash equivalents

	As at 1 July 2018 £'000	As at 25 June 2017 £'000
Cash at bank and at hand	**2,812**	4,073
Cash and cash equivalents	**2,812**	4,073

At 1 July 2018, the Group had available £500,000 (2017: £1,000,000) of undrawn committed borrowing facilities.

17. Issued capital and reserves

Ordinary shares called up and fully paid

	Period ended 1 July 2018		Period ended 25 June 2017	
Ordinary shares issued and fully paid	**Thousands**	**£'000**	Thousands	£'000
Ordinary shares at £0.25 each	**35,664**	**8,916**	31,762	7,941

During the period ended 1 July 2018, the following movements in share capital took place:

On 8 December 2017, the Group issued 3,157,895 ordinary shares of 25p each for a consideration of 95p per share to help fund the acquisition of Lethington Leisure Limited. Of these shares, 955,631 were subscribed to by Directors of the Group. Details of the shareholdings of each Director can be found in the remuneration report on page 16.

On the same date, the Group issued 663,158 ordinary shares of 25p each for a consideration of 95p per share to the management of Lethington Leisure Limited as part of the consideration paid for the acquisition of the business by the Group. See Note 3 for further details.

During the period ended 1 July 2018, 80,500 ordinary shares of 25p each were issued following the exercise of vested share options by employees.

Share premium

	£'000
At 26 June 2016	**13,187**
Issue on 30 October 2016	42
At 25 June 2017	**13,229**
Issue on 8 December 2017	2,677
Directly attributable share issue costs taken to equity	(106)
Issue on 8 January 2018	20
Issue on 26 January 2018	70
At 1 July 2018	**15,890**

Merger reserve

This reserve represents the value passed onto the existing shareholders of Eclectic Bars Limited, the former Parent Company of the Group, as part of the share-for-share swap with The Brighton Pier Group PLC, which took place on incorporation of the new Parent entity.

Other reserves

This reserve contains the equity value of share-based payments issued to date.

18. Share-based payments

Employee Share Option Plan (ESOP)

Under the Employee Share Option Plan (ESOP), share options of the Parent are granted to employees of the Group with more than twelve months of service. The exercise price of the share options is equal to the market price of the underlying shares on the date of grant. The share options vest in four equal annual instalments provided the employee remains in employment on the vesting date.

There are no performance conditions associated with these options. The fair value of the options was estimated at the grant date using the Black Scholes option pricing model, taking into account the terms and conditions upon which the share options were granted. All share option contracts expire on the tenth anniversary of the grant date. There are no cash settlement alternatives.

The expense recognised for employee services during the year is shown in the following table:

	Period ended 1 July 2018 £'000	Period ended 25 June 2017 £'000
Total expense arising from share-based payment transactions	**102**	141

18. Share-based payments (continued)

Movements in the year

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year:

	No.	WAEP (£)
Outstanding at 26 June 2016	**1,290,350**	**0.60**
Granted during the year	382,500	0.55
Forfeited during the year	(139,599)	0.62
Exercised during the year	(56,154)	0.62
Outstanding at 25 June 2017	**1,477,097**	**0.73**
Forfeited during the period	(85,207)	0.59
Exercised during the period	(80,500)	0.62
Outstanding at 1 July 2018	**1,311,390**	**0.74**
Exercisable at 1 July 2018	**966,148**	**0.70**

The weighted average remaining contractual life for the share options outstanding as at 1 July 2018 is 7 years (2017: 10 years). No new grants were made during the period. The weighted average fair value of options granted during the period ended 25 June 2017 was £0.40.

The weighted average exercise price for all options outstanding at the end of the period was £0.74 (2017: £0.73).

The highest and lowest market price of the Group's shares during the period ended 1 July 2018 was £1.14 and £0.97 respectively.

The fair value of options granted during the prior period was determined using the Black-Scholes valuation model was as follows:

Variable	Nov 2016 1yr Scheme	Nov 2016 2yr Scheme	Nov 2016 3yr Scheme	Nov 2016 4yr Scheme	May 2017 1yr Scheme	May 2017 2yr Scheme	May 2017 3yr Scheme	May 2017 4yr Scheme
Stock Price	£1.11	£1.11	£1.11	£1.11	£0.95	£0.95	£0.95	£0.95
Exercise Price	£1.11	£1.11	£1.11	£1.11	£0.95	£0.95	£0.95	£0.95
Dividend Yield	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%
Option Term (years)	2.29	2.79	3.29	3.79	2.08	2.58	3.08	3.58
Risk-less Rate	0.61%	0.61%	0.61%	0.61%	0.67%	0.67%	0.67%	0.67%
Volatility	25%	50%	75%	100%	25%	50%	75%	100%
Fair value	**0.155**	**0.340**	**0.530**	**0.703**	**0.127**	**0.282**	**0.442**	**0.591**

18. Share-based payments (continued)

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome either.

Share options outstanding at the end of the year have the following expiry date and exercise prices:

Grant-vest	Expiry date 30 June	Exercise price in £ per share option	Share options (thousands)
2013-14	2023	0.64	81
2013-15	2023	0.64	81
2013-16	2023	0.64	81
2013-17	2023	0.64	94
2014-14	2024	0.64	3
2014-15	2024	0.64	3
2014-16	2024	0.64	3
2014-17	2024	0.64	3
2016-16	2024	0.64	39
2016-17	2026	0.64	51
2016-18	2026	0.64	51
2016-19	2026	0.64	51
2016-16	2026	0.55	84
2016-17	2026	0.55	96
2016-18	2026	0.55	103
2016-19	2026	0.55	103
2016-17	2026	1.11	82
2017-18	2027	1.11	82
2017-19	2027	1.11	82
2017-20	2027	1.11	82
2017-17	2027	0.95	14
2017-18	2027	0.95	14
2017-19	2027	0.95	14
2017-20	2027	0.95	14
			1,311

19. Dividends paid and proposed

No dividends were paid or proposed during the period ended 1 July 2018 (2017: £nil).

20. Trade and other payables

	As at 1 July 2018 £'000	As at 25 June 2017 £'000
Trade payables	**1,904**	1,987
Other payable	**56**	20
Accruals	**1,821**	1,571
Deferred income	**945**	-
Other taxes and social security costs	**1,006**	1,041
	5,732	4,619

21. Provisions

	Rent review provision £'000	Onerous Lease provision £'000	Total £'000
Balance at 26 June 2016	**79**	**369**	**448**
Additional provision charged to the income statement	95	273	261
Amounts utilised or reversed during the period	(41)	(284)	(325)
Balance at 25 June 2017	**133**	**358**	**491**
Amounts utilised or reversed during the period	(94)	(479)	(573)
Additional provision charged to the statement of comprehensive income	20	121	141
Balance at 1 July 2018	**59**	**-**	**59**
Current	59	-	59
Non-current	-	-	-

Rent review provision

The Group has made a provision in respect of expected increases in rent costs as a result of rent reviews on operating leases. Operating leases on commercial property are subject to regular rent reviews by landlords in accordance with the lease agreement.

Management makes estimates based on current open market rental rates in the local areas around each site and compares this to the Group's current lease terms. The provision recognised represents the best estimate of any expected increase in rental payments as a result of rent reviews applied retrospectively to the date of the last rent review as per the lease agreement. This provision is expected to be utilised within 12 months of the date of approval of these financial statements.

Onerous lease provision

In respect of onerous leases, provision is made for onerous lease contracts on sites either that have closed, or where projected future trading income is insufficient to cover the fixed unavoidable expenses such as rent, rates and other property costs to the end of the lease term, net of expected trading on sublet income provision. The provision is based on the present value of expected future cash outflows relating to unavoidable expenses in excess of economic benefits guaranteed with the site business. The Group exited all onerous leases during the period ended 1 July 2018.

22. Related party transactions

Group

The Parent Company and ultimate controlling entity of the Group is The Brighton Pier Group PLC. Note 13 and 27 provide information about the Group's structure, including details of the subsidiaries and the holding Company.

The Group considers its key management personnel to be the Directors of the Parent Company. The compensation of key management personnel is as follows:

	2018 £'000	2017 £'000
Short-term employee benefits	**611**	605
Post-employment pension and medical benefits	**3**	1
Share-based payment transactions	**21**	42
Total compensation paid to key management personnel	**635**	648

Amounts paid to Directors as part of short term employee benefits including employers national insurance contributions was £635,000 during the period (2017: £648,000).

Transactions between the Group and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Joe Tager is a Non-Executive Director of the Group. During the period ended 1 July 2018, Twin Capital Limited, a company owned and controlled by Mr Tager, provided corporate finance services to the Group in relation to the acquisition of Lethington Leisure Limited. The amount paid during the period for these services was £40,000 (2017: £nil). No amounts were outstanding at the period end 2017: £nil).

During the period ended 1 July 2018, Directors of the Group subscribed to 955,631 new 25p ordinary shares at a price of 95p per share. This was to help fund the acquisition of Lethington Leisure Limited. Information on shares and share option awards held by key management personnel can be found on page 16 in the Directors' Report.

23. Commitments

Operating lease commitments

Total minimum lease payments under non-cancellable operating leases are as follows:

Lessee	As at 1 July 2018 £'000	As at 25 June 2017 £'000
Operating leases payment due:		
Within one year	**2,008**	1,591
In two to five years	**6,954**	5,809
In over five years	**19,648**	14,362
	28,610	21,762

All operating lease commitments relate to non-cancellable leases on the Group's portfolio of trading sites. As at the period ended 1 July 2018, the Group had one lease that included a contingent rent clause equating to 5% of revenue in excess of £1.5 million in any twelve month period. This agreement does not have a material impact on the Group.

The Group does not have any renewal, purchase or escalation clauses in its operating leases, nor are there any restrictions imposed by its operating leases.

Lessor	As at 1 July 2018 £'000	As at 25 June 2017 £'000
Minimum lease payments:		
Within one year	**247**	158
In two to five years	**270**	-
In over five years	**1,440**	-
	1,957	158

Operating lease income relates to the rental of concession stalls to tenants on a 12 month contract as well the rental of a freehold building in Derby on a 20 year lease. This freehold building is classed as an asset held for sale on the Consolidated Balance Sheet, as it is expected to be sold within 12 months of the Balance Sheet date.

Finance lease commitments

As at 1 July 2018, the Group had total minimum commitments under finance leases as set out below:

	As at 1 July 2018 £'000	As at 25 June 2017 £'000
Amount payable:		
Within one year	**-**	11
Future interest	**-**	-
Present value of finance lease liabilities	**-**	11

Finance lease commitments relate to the Group's obligations under finance leases in relation to Company cars for senior employees.

24. Events after the reporting period

There have been no significant events to report arising between the end of the financial year and the date of signing of the financial statements.

25. Auditor remuneration

	Period ended 1 July 2018 £'000	Period ended 25 June 2017 £'000
Fees payable to the Company's auditor and its associates for the audit of the parent company and consolidated financial statements	**48**	43
Audit of the Company's subsidiaries	**32**	24
Fees payable to the Company's auditor and its associates for other services:		
Audit related assurance services	**9**	7
Tax compliance services	**12**	15
Tax advisory services	**8**	7
Corporate finance services	**59**	-
	168	96

26. Reconciliation to EBITDA

Group profit before tax can be reconciled to Group EBITDA as follows:

EBITDA Reconciliation	2018	2017
Profit before tax for the year	**2,268**	1,894
Add back depreciation	**1,432**	1,265
Add back amortisation	**39**	7
Add back finance costs	**387**	315
Add back share-based payment charge	**102**	141
Add back highlighted items	**947**	1,584
Group EBITDA before highlighted items	**5,175**	5,206

Group EBITDA after highlighted items was £4,404,000 (2017: £4,634,000), which excludes those highlighted items that do not impact EBITDA, namely the write-off of property, plant and equipment at closed and refurbished sites of £176,000 (2017: £270,000). In the prior year, Group EBITDA after highlighted items also excluded goodwill write-offs and impairments of £742,000.

27. Group arrangements

The Group consists of eight main entities, each of which perform a specific role in the business as a whole.

Brighton Palace Pier (Holdings) Limited is 100% owned by The Brighton Pier Group PLC and acts as the holding company for the entities which operate as part of the Pier division, namely Brighton Marine Palace & Pier Company (The) and Brighton Palace Pier (Assets) Limited. All cash and trading in relation to Brighton Palace Pier is managed by Brighton Marine and Palace Pier Company (The).

In respect of the Bars division, all trading cash is controlled by Eclectic Bars Limited. Eclectic Bars Limited is 100% owned by Eclectic Icon Limited. All trading and operating leases of the Bar division are managed by Eclectic Bars Trading Limited, the principal trading entity of the Bar division. The Group also contains a number of dormant subsidiaries, which hold operating leases. The risks, rewards and expenses relating to all bar and club operating leases are borne by Eclectic Bars Trading Limited.

Lethington Leisure Limited was acquired by the Group on 8 December 2017. It is a 100% subsidiary of The Brighton Pier Group PLC and manages all trading in relation to the Golf division of the Group.

PARENT COMPANY BALANCE SHEET

For the period ended 1 July 2018

Parent Company balance sheet
For the period ended 1 July 2018

	Notes	As at 1 July 2018 £'000	As at 25 June 2017 £'000
Non-current assets			
Investments	2	**21,628**	10,794
Current assets			
Trade and other receivables	3	**5,560**	11,655
Cash and cash equivalents		**30**	30
		5,590	11,685
Total assets		**27,218**	22,479
Equity			
Share capital	4	**8,916**	7,941
Share premium	4	**15,890**	13,229
Other reserve		**362**	321
Retained earnings		**699**	988
Total equity		**25,867**	22,479
Current liabilities			
Other payables	5	**959**	-
Income tax payable		**109**	-
		1,068	-
Non-current liabilities			
Other payables	5	**283**	-
Total liabilities		**1,351**	-
Total equity and liabilities		**27,218**	22,479

As permitted by section 408 of Companies Act 2006, a separate statement of comprehensive income for the Company has not been included in these financial statements. The Company's total comprehensive loss for the period ended 1 July 2018 was £289,000 (2017: total comprehensive income of £414,000).

The accompanying notes form an integral part of these Company financial statements.

The financial statements were approved by the Board of Directors, authorised for issue on 24 September 2018 and were signed on its behalf by:

J A Smith
Director
Company registration number: 08687172

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

For the period ended 1 July 2018

Parent Company statement of changes in equity
For the period ended 1 July 2018

	Notes	Share capital £'000	Share premium £'000	Other reserve £'000	Retained earnings £'000	Total £'000
Balance at 26 June 2016		**7,920**	**13,187**	**180**	**574**	**21,861**
Profit and total comprehensive income for the period		-	-	-	414	414
Transactions with owners:						
Share-based payments charge		-	-	141	-	141
Issue of shares	4	21	42	-	-	63
Balance at 25 June 2017		**7,941**	**13,229**	**321**	**988**	**22,479**
Loss and total comprehensive loss for the period		**-**	-	-	(289)	(289)
Transactions with owners:						
Issue of shares	4	975	2,767	(61)	-	3,681
Share issue costs taken directly to equity	4	-	(106)	-	-	(106)
Share-based payments charge		-	-	102	-	102
Balance at 1 July 2018		**8,916**	**15,890**	**362**	**699**	**25,867**

1. Accounting policies

Basis of preparation

The annual financial statements of The Brighton Pier Group PLC (the Parent Company financial statements) have been prepared in accordance with Financial Reporting Standard 100 'Application of Financial Reporting Requirements' ("FRS 100") and Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101").

The financial statements are presented in sterling under the historical cost convention. All values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

The financial statements are prepared on a 52 or 53 week basis up to the last Sunday in June or the first Sunday in July each year (2018: 53 week period ended 1 July 2018; 2017: 52 week period ended 25 June 2017). The notes to the consolidated financial statements are on this basis.

Disclosure exemptions adopted

In preparing these financial statements the Company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore, these financial statements do not include:

- certain comparative information as otherwise required by EU endorsed IFRS;
- certain disclosures regarding the Company's capital;
- a statement of cash flows;
- the effect of future accounting standards not yet adopted;
- the disclosure of the remuneration of key management personnel; and
- disclosure of related party transactions with the Company's wholly owned subsidiaries.

In addition, and in accordance with FRS 101, further disclosure exemptions have been adopted because equivalent disclosures are included in the Company's Consolidated Financial Statements. These financial statements do not include certain disclosures in respect of:

- financial instruments (other than certain disclosures required as a result of recording financial instruments at fair value); and
- fair value measurement (other than certain disclosures required as a result of recording financial instruments at fair value).

There were no other material amendments to the disclosure requirements previously applied in accordance with EU endorsed IFRS.

The principal accounting policies adopted in the preparation of the financial statements as set out below have been consistently applied to all periods presented.

Going concern

The Company's principal business activity is to hold the investment in Eclectic Icon Limited and Brighton Palace Pier (Holdings) Limited. The Company receives dividends from its direct subsidiaries, which funds its own distributions to shareholders.

As at 1 July 2018, the Company had net current assets of £4.5 million (2017: £11.7 million). This largely consists of intercompany loans receivable from other Group companies. The reduction during the period is mostly due to the part settlement of intercompany loans made to Brighton Palace Pier (Holdings) Limited and Eclectic Bars Limited of £4.7 million and £1.5 million respectively.

The Company has two principal sources of funding.

- The Company has the ability to raise further funds through the offer of new shares on AIM. These funds, net of issue costs, would be available to fund the activities of the Group.
- The Company receives dividends from its directly owned 100% subsidiaries, which funds dividend payments to shareholders of the Company.

Based on the above, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Investments in subsidiaries

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

Foreign currency

The presentation currency for the Company's financial statements is Sterling. Foreign currency transactions are recorded in their functional currencies at the exchange rate at the date of the transaction.

The Parent Company's functional currency is Sterling.

Current taxation

Current taxation for the Company is based on the local taxable income at the local statutory tax rate enacted or substantively enacted at the balance sheet date and includes adjustments to tax payable or recoverable in respect of previous periods.

Deferred taxation

Deferred taxation is calculated using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred tax arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. No deferred tax is recognised on initial recognition of goodwill or on investment in subsidiaries. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax liabilities are provided in full and are not discounted.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the statement of Comprehensive Income, except where they relate to items that are charged or credited directly to equity, in which case the related deferred tax is also charged or credited directly to equity.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority where there is an intention to settle the balances on a net basis.

Equity

Equity comprises the following:

- "share capital" represents the nominal value of equity shares issued.
- "share premium" represents amounts subscribed for share capital, net of issue costs, in excess of nominal value.
- "retained earnings" represents the accumulated profits and losses attributable to equity shareholders.
- "other reserve" relates to the equity value of share-based payments issued to date.

Investments and other financial assets

Financial assets within the scope of IAS 39 are classified as financial assets held at fair value through profit or loss, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate.

The Company currently holds no financial assets held at fair value through profit or loss, held-to-maturity or available for sale financial assets. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit and loss, directly attributable transaction costs.

The Company determines the classifications of its financial assets on initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial period end.

Loans and receivables

Loans and receivables are non-derivative financial assets with a fixed or determinable payment that are not quoted in an active market. After initial recognition, loans and receivables are carried at amortised cost using the effective interest rate method less any allowance for impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Assets carried at amortised cost

In relation to trade and other receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all the amounts due under the original terms of the invoice. The carrying amount of the receivables is reduced through use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectable.

Financial liabilities

Interest bearing loans and borrowings

All loans and borrowings are initially recognised at fair value less directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

1. Accounting policies (continued)

Derecognition of liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2. Investments

	2018	2017
Investment in Lethington Leisure Limited	**10,834**	-
Investment in Eclectic Icon Limited	**9,900**	9,900
Investment in Newman Bars Limited	**894**	894
	21,628	10,794

On 8 December 2017 the Company acquired 100% of the issued share capital of Lethington Leisure Limited, an unlisted company based in the UK for a total consideration of £10,834,000. The Company acquired this company in order to expand and diversify its business.

The Company owns, directly or indirectly, 100% of the ordinary share capital of the following UK companies. All entities are incorporated in England and Wales, with the exception of Lethington Leisure Limited which is incorporated in Scotland.

	Holding	Proportion of voting rights and shares held	Nature of business
Brighton Palace Pier (Holdings) Limited	Ordinary shares	100%	Holding Company
Lethington Leisure Limited	Ordinary shares	100%	Operation of Paradise Island Adventure Golf
Brighton Marine Palace & Pier Company (The)±	Ordinary shares	100%	Operation of Brighton Palace Pier
Brighton Palace Pier (Assets) Limited ∞	Ordinary shares	100%	Operation of Brighton Palace Pier
Eclectic Icon Limited	Ordinary shares	100%	Holding Company
Eclectic Bars Limited†	Ordinary shares	100%	Funding entity
Newman Bars Limited	Ordinary shares	100%	Dormant
Chalice Bars Limited^	Ordinary shares	100%	Dormant
Eclectic Bars Trading Limited*	Ordinary shares	100%	Management & operation of bars
Eclectic Bars (Bath) Limited**	Ordinary shares	100%	Management of bars
Eclectic Bars (Cambridge) Limited **	Ordinary shares	100%	Dormant
Eclectic Bars (Deansgate Locks) Limited **	Ordinary shares	100%	Dormant
Eclectic Bars (East Street) Limited**	Ordinary shares	100%	Dormant
Eclectic Bars (Embargo) Limited**	Ordinary shares	100%	Dormant
Eclectic Bars (Friar Street) Limited **	Ordinary shares	100%	Dormant
Eclectic Bars (Manchester) Limited **	Ordinary shares	100%	Dormant
Eclectic Bars (Norwich) Limited **	Ordinary shares	100%	Dormant
Eclectic Bars (Brighton Arches) Limited**	Ordinary shares	100%	Dormant
Eclectic Bars (Sidney Street) Limited **	Ordinary shares	100%	Dormant
Eclectic Bars (West Street) Limited **	Ordinary shares	100%	Dormant
Sakura Bars Limited **	Ordinary shares	100%	Dormant
HSB Clubs Limited **	Ordinary shares	100%	Dormant

± held indirectly by Brighton Palace Pier (Holdings) Limited
∞ held indirectly by Brighton Marine Palace and Pier Company (The)
† held indirectly by Eclectic Icon Limited
* held indirectly by Eclectic Bars Limited
** held indirectly by Eclectic Bars Trading Limited
^ held indirectly by Newman Bars Limited

3. Receivables

	2018 £	2017 £
Amounts due from group undertakings	**5,560**	11,655

Amounts due from Group undertakings are interest bearing and repayable on demand.

4. Issued capital and reserves

Ordinary shares called up and fully paid

	At 1 July 2018		At 25 June 2017	
	Thousands	**£**	Thousands	£
Ordinary shares at £0.25 each	**35,664**	**8,916**	31,762	7,941

During the period ended 1 July 2018, the following movements in share capital took place:

On 8 December 2017, the Company issued 3,157,895 25p ordinary shares at 95p per share to help fund the acquisition of Lethington Leisure Limited. Of these shares, 955,631 were subscribed to by Directors of the Company. Details of the shareholdings of each Director can be found in the remuneration report on page 16.

On the same date, the Company issued 663,158 25p ordinary shares at 95p per share to the management of Lethington Leisure Limited as part of the consideration paid for the acquisition of the business by the Company. See note 3 of the consolidated Group accounts for further details.

During the period ended 1 July 2018, 80,500 ordinary shares were issued following the exercise of vested share options by employees of other Group companies.

Share premium

	£'000
At 26 June 2016	**13,187**
Issue on 30 October 2016	42
At 25 June 2017	**13,229**
Issue on 8 December 2017	2,677
Directly attributable share issue costs taken to equity	(106)
Issue on 8 January 2018	20
Issue on 26 January 2018	70
At 1 July 2018	**15,890**

Other reserves

This reserve contains the equity value of share-based payments issued to date.

5. Other payables

Current:

	2018 £'000	2017 £'000
Deferred consideration for Lethington Leisure	**945**	-
Accruals	**14**	-
	959	-

5. Other payables

The deferred cash consideration of £945,000 arises from the acquisition of Lethington Leisure Limited on 8 December 2017. It is due to be paid on 31 January 2019 acquisition and as such the Directors consider that the effect of discounting is immaterial. This additional consideration is not contingent.

Non-current:

	2018 £'000	2017 £'000
Amounts due to Group undertakings	**283**	-
	283	-

Amounts owed to Group undertakings are repayable on demand and bear interest at 2.5% per annum (2017:5%). The counterparty has confirmed that demands for payment will not be made during the next twelve months from the date of the Balance Sheet. As such the amount payable has been treated as non-current.

6. Related Parties and Directors' Transactions

There are no employees of the Company other than the Directors in either period. Directors are remunerated by subsidiary entities.

Joe Tager is a Non-Executive Director of the Company. During the period ended 1 July 2018, Twin Capital Limited, a company owned and controlled by Mr Tager, provided corporate finance services to the Company in relation to the acquisition of Lethington Leisure Limited. The amount paid during the year for these services was £40,000 (2017: £nil). No amounts were outstanding at the period end (2017: £nil).

During the period ended 1 July 2018, Directors of the Company subscribed to 955,631 new 25p ordinary shares at a price of 95p per share. This was to help fund the acquisition of Lethington Leisure Limited. Information on shares and share option awards held by key management personnel can be found on page 16 in the Directors' Report.

As at 1 July 2018, a loan of £3,665,000 (2017: £5,303,000) is due from Eclectic Bars Limited and £1,895,000 (2017: £6,352,000) is due from Brighton Palace Pier (Holdings) Limited. Both loans are interest bearing and repayable on demand.

As at 1 July 2018, a loan of £283,000 is payable to Brighton Marine Palace and Pier Company (The). This loan is interest-bearing and repayable on demand.

NOTES

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