ECLECTIC
BAR GROUP PLC

A TRANSFORMATIONAL YEAR

Annual Report 2014

CONTENTS

Eclectic is a leading operator of premium bars in the UK. The Group's portfolio comprises 23 venues (21 at the end of the year) located in major towns and cities, predominantly targeting a customer base of sophisticated students midweek and stylish over 21s and young professionals at weekends. The Group focuses on delivering added value for its customers, with premium product ranges, high-quality music and entertainment, and a commitment to high service levels and standards. Eclectic trades across its estate under a variety of formats, including Embargo Republica, Lola Lo, Sakura, Dirty Blonde, Lowlander, Coalition, Po Na Na and Fez Club.

HIGHLIGHTS

Financial highlights

Revenue on continuing operations: £23.0 million

+11.7% 2013: £20.6 million

Revenue including discontinued operation: £23.3 million

+10.1% 2013: £21.2 million

EBITDA on all operations before highlighted items: £2.9 million

+3.3% 2013: £2.8 million

EBITDA on all operations after highlighted items

£1.7m 2013: £2.8 million

EBITDA on continuing operations before highlighted items: £2.6 million

+14.1% 2013: £2.2 million

EBITDA on continuing operations after highlighted items

£1.3m 2013: £2.2 million

Profit before tax and highlighted items increased to £1.0 million

+10.0% 2013: £0.9 million

Loss before tax (including discontinued operations) and after highlighted items (the costs associated with the listing and new openings)

£0.2m 2013: profit £0.9 million

Operational highlights

- Acquired Coalition in Brighton in October 2013
- Acquired a new lease on Deansgate Locks Manchester which opened as the ninth Lola Lo in December 2013
- Acquired the freehold of Coyote Wild in Derby (Lola Lo) which re-opened as a Lola Lo in April 2014
- Madame Geisha in Brighton was temporarily closed and has been refurbished as the Group's first Dirty Blonde, launched in March 2014
- Acquired Lowlander in Covent Garden, an established bar and brasserie business which provides an immediate profit contribution and importantly a food-led business which can be rolled out nationally over time
- Increased the Revolving Credit Facility with Barclays Bank from £1.5 to £5 million to give the Group the capacity for further new acquisitions and allow for further development of existing sites.

Post year end

- Two leases signed since year end in Sheffield and Liverpool
- Major refurbishment of Embargo 59 utilising the space more fully, renamed Embargo Republica
- Intention to pay special dividend in November 2014, of 2.5p.

CHAIRMAN'S STATEMENT

This has been a transformational year for Eclectic.

Jim Fallon
Chairman

The 52 weeks to the end of June 2014 financial year has been a transformational period for Eclectic Bar Group plc (the Group). The highlight was the successful listing on AIM in November 2013. The new base of long term shareholders combined with its new banking facilities (see note 14) puts the Group in a robust position to continue its growth through new site acquisitions and developments as set out in its strategy on listing.

The Group's strategy is to grow principally by the acquisition and development of individual and groups of sites. There has been significant progress in this regard with the leasehold of Coalition acquired in Brighton in October 2013, the freehold of Coyote Wild in Derby re-opened as a Lola Lo in April 2014, a new lease on Deansgate Locks Manchester opened as the ninth Lola Lo in December 2013, Madame Geisha (an existing site) in Brighton was closed and was refurbished as the Group's first Dirty Blonde and Lowlander (leasehold) acquired in Covent Garden. The acquisition of Lowlander (through the acquisition of Newman Bars Ltd) brought not only a high quality central London site, but also expertise in food. We anticipate utilising this concept in other locations. Consequently, our estate has grown by 4 bars in the period.

The premium bar market remains fragmented and continues to present the Group with a significant opportunity to grow, albeit in a measured and prudent way. The Group's focus will continue to be providing premium bars for young, sophisticated professionals and students who are seeking added value through superior service and a high quality experience. We remain focussed on delivering the most aspirational venue available in any given location.

The financial highlights are fully reported on in the strategic report; however I am pleased with the progress for the year.

The Group is well financed, having repaid out of the proceeds of the listing £7.3 million of shareholder debt at the time of the IPO. Net debt at the period end stood at £2.0 million (2013: £8.2 million). To finance our growth the Group has extended its revolving credit facility with Barclays Bank from £1.5 million to £5 million.

Since the year end we have signed leases for two new sites in Sheffield and Liverpool. Additionally, after the year end, a major investment was made in refurbishing and reconfiguring Embargo renaming it Embargo Republica. Eclectic continues to consider single site and asset group acquisitions and currently has a good pipeline of sites.

I am pleased to announce that the Group intends to pay a special dividend in the current financial year of 2.5p per share.

4

our estate has grown by 4 bars in the period

2.5p

I am pleased to announce that the Group intends to pay a special dividend in the current financial year of 2.5p per share

Board

One of the Group's key objectives was to enhance the balance, skills and compliance of the Board through the selection of appropriately qualified independent Non-Executive Directors. I am delighted to welcome Clive Watson to the Board who joined on listing, Richard Kleiner was appointed on 1 February 2014 and Leigh Nicolson 28 July 2014 having worked within the Group since 2006. Combined with the current directors the Board now has a combination of PLC experience and expertise as well as a deep understanding and knowledge of the sector which will serve it well for the future.

Outlook

The Board remains confident and excited about the future of the Group. Following the IPO we have the right financial structure to take advantage of the opportunities which may become available for further site or group acquisitions. We continue to innovate to be able to deliver the high quality experience that our sophisticated customer base expects. With the benefits of investment made and the new sites for the current year, we look forward to delivering further progress.

Jim Fallon
Chairman

30 October 2014

CHIEF EXECUTIVE'S REVIEW

Eclectic Bar Group plc (the Group), is a leading operator of 23 (21 at the end of the financial year) premium bars located in major towns and cities across the UK.

Reuben Harley
Chief Executive Officer

Eclectic Bar Group plc (the Group), is a leading operator of 23 (21 at the end of the financial year) premium bars located in major towns and cities across the UK.

The Group trades across its estate under a variety of concepts including Embargo Republica, Lola Lo, Sakura, Po Na Na, Fez Club, Lowlander and Coalition. The Group predominantly targets a customer base of sophisticated students midweek and stylish over 21s and professionals at the weekend. The Group focuses on delivering added value for its customers, with premium product ranges, high quality music and entertainment and a commitment to high service standards.

Eclectic Bar Group plc began trading on 19 November 2013, and was formed to acquire all the share capital of Eclectic Bars Limited, in a share for share exchange. On 28 November, Eclectic Bar Group plc listed on AIM, a part of the London Stock Exchange. The Group raised £10.5 million in new equity, which was used to pay costs of £1.4 million (£0.8 million of costs were directly related to the issue of new shares and £0.6 million to the cost of listing and the reorganisation) and to repay the shareholder loan and interest of £7.4 million, leaving £1.7 million in cash for the Group to fund organic growth prospects and the acquisition of new sites and small groups of sites.

The Group's strategy
The primary expected avenue of growth for the Group over the coming years is through the acquisition and development of new sites and small groups of sites together with a new focus on driving further food revenues into the bar estate.

Eclectic's business platform provides the perfect framework for the variety of venues that the Group owns. This variety in our businesses enables us to pick the right concept for the location and community within which it is situated, whilst maintaining the Group's focus on a premium customer base and standardisation of processes and supply.

It is anticipated that the majority of new sites will be in major cities and towns where there is also a university population. The Group targets a 30 percent EBITDA return on new acquisitions and 25 percent on redevelopments of existing sites in the first 12 months post-acquisition or re-development. The Group is targeting the addition to its portfolio of two to three new sites per annum, and currently has a strong pipeline in place.

The Group finances its new acquisitions and developments with cash generated from operating activities and bank funding as appropriate.

Eclectic's estate has a national geographic spread in key university cities and towns which provide a vibrant night time economy and the demographics to support premium bars.

Strategic Report

Review of The Group's activities during the year
The estate has continued to be developed during the reporting period. Eclectic acquired 4 new venues and carried out the refit of one existing site:

- **Coalition Bar in Brighton**, Eclectic's 18th site, was acquired in October 2013. Located in the Kings Road Arches on the sea front, the venue has a large outside terrace on the beach, a 24 hour licence and a capacity of 600. It is open five nights a week, and regularly hosts live music events and headline DJ acts. The enviable location coupled with the large beach terrace gives great opportunities for food, drinks and events.
- **Coyote Wild in Derby**, the Group's 19th venue, was also acquired in October 2013. This freehold site is a listed building on three floors, located in Derby city centre. This has been converted into The Group's Lola Lo brand and opened in April 2014. The traditional Lola Lo music mix of credible club classics and contemporary beats provides night-time entertainment, along with regular club nights and live performances. The introduction of the "Island Grill" menu is typically Tiki and encourages early evening diners to the venue.
- **Manchester Deansgate Locks**, Eclectic's 20th site, opened as a Lola Lo in the middle of December on the same stretch as Sakura (which opened on the Locks in October 2010). The 560 capacity venue is on three levels and includes three bars and two DJ booths, together with quirky features such as a "dress up box" in the high energy area on the lower ground floor and the first shop selling branded T-shirts and all things Tiki – puffer-fish lampshades, books and the brand's highly-desirable signature Tiki mugs. This venue offers food from the "Island Grill" menu featuring a similar food offering to Derby.

- **Madame Geisha in Brighton** was acquired in March 2013, and was re-launched at the end of March 2014, showcasing Eclectic's newest "speakeasy" concept, Dirty Blonde. The external appearance of the business appears as a pawnbroker's shop behind which is two floors of bars and booth seating for drinking and casual dining. The food offering incorporates dishes from the five boroughs of New York together with an extensive range of spirits, champagnes, wines and beers on offer.
- **Lowlander Grand Café** bar and brasserie in London's Covent Garden, was acquired at the end of March 2014. Lowlander is a Belgian Grand Café providing an all-day offer with a strong food element and a vast selection of predominantly Belgian speciality and craft beers. The business is very well established with a strong presence in Covent Garden and provides the basis for a national roll out over time. The customer base is in line with the other businesses in the Group and cross-selling opportunities will offer synergy benefits.

Outlook and significant events that have taken place since the year end
The Group will continue to seek and identify development opportunities across its existing estate to enhance the profitability of the Group.

The Group operates in a fragmented marketplace with strong potential to grow by site acquisition and purchase of small groups across the UK's major conurbations.

Since the year end the Group has:

- Signed an "agreement to lease" on a 20 year term a new site in Liverpool. The Group intends to develop this unit in the financial year ending June 2015 to Lola Lo, bringing the total number of Lola Lo units to 11. The new acquisition is subject to the satisfactory outcome of planning and licensing applications.
- Signed a new 20 year lease on a site in Sheffield, bringing the total number of sites to 23. The property is situated on the popular West Street, set over two levels with ground floor and first floor totalling 6,500 square feet and also includes its own exclusive outside area. The Group intends to develop this unit in the financial year ending June 2015 to a Lola Lo and will include the Group's popular 'Island Grill' food offering.

CHIEF EXECUTIVE'S REVIEW
continued

- On 18 July 2014 a new intermediate holding company was formed called Eclectic Icon Ltd. This company is a 100% subsidiary of Eclectic Bar Group plc.

  In a share sale and purchase agreement dated 24 July 2014 Eclectic Bar Group plc agreed to transfer 100% of its holding in Eclectic Bars Ltd (6,300,000 ordinary shares of £0.0001) to Eclectic Icon Limited in return for the allotment and issue of 14,999,999 ordinary shares in that company.

  On the same day Eclectic Icon Ltd carried out a capital reduction whereby its share capital was reduced from £15,000,000 divided into 15,000,000 shares of £1.00 each to £1,500,000 divided into 15,000,000 shares of £0.10 each, thereby creating £13,500,000 of realised profits which would be available in the future for distribution by way of dividends to Eclectic Bar Group plc.
- Finally, the Group has also concluded a significant extension on the Embargo Republica, Kings Road lease to 2033. The club and terrace space has been upgraded and the venue refitted over the summer to include the facility for the introduction of live music and fully reopened at the end of August 2014.

Finance review
The key highlights on the trading for the year are:

- Revenue on continuing operations was up 11.7% at £23.0 million (2013: £20.6 million).
- Revenue including discontinued operations was up 10.1% at £23.3 million (2013: £21.2 million).
- Group EBITDA on all operations before highlighted items was £2.9 million (2013: £2.8 million).
- Group EBITDA on all operations after highlighted items was £1.7 million (2013: £2.8 million).
- Group EBITDA on continuing operations before highlighted items was up 14.1% at £2.6 million (2013: 2.2 million).
- Group EBITDA on continuing operations after highlighted items was £1.3 million. (2013: £2.2 million).
- Profit before tax and highlighted items increased to £1.0 million up 10.0% on the prior year (2013: £0.9 million).
- Loss before tax and after highlighted items was £0.2 million (2013: profit of £0.9 million).
- The loss after tax and highlighted items was £0.3 million (2013: profit of £0.6 million).
- Adjusted earnings per share basic and diluted on all operations was 9.4 pence per share – before discontinued operations 6.9 pence per share.
- Loss per share basic and diluted on all operations was -2.7 pence per share and before discontinued operations -5.2 pence per share.

10.0%

Profit before tax and highlighted items increased to £1.0 million up 10.0% on the prior year

(2013: £0.9 million)

33

At the end of July 2012, Eclectic entered into a management contract to operate 33 restaurants, bars and nightclubs on behalf of PBR Leisure Limited

At the end of July 2012, Eclectic entered into a management contract to operate 33 restaurants, bars and nightclubs on behalf of PBR Leisure Limited. This 14 month contract ended on 20 October 2013, after PBR successfully disposed of The Living Room business and a number of other sites. The results from these operations are shown in the income statement as discontinued. Further disclosures are provided in note 10 of the financial statements.

Balance sheet

In December 2013 the Group repaid all outstanding capital and interest in relation to the previous shareholder loan totalling £7.4 million.

On the 18 March 2014 the Group agreed new banking facilities with Barclays Bank increasing its Revolving Credit Facility (RCF) from £1.5 million to £5 million, with improved interest terms and simplified covenants. This will now provide the Group with additional cash resources to take advantage of acquisition opportunities when they arise.

At the period end the Group had:

- an outstanding term facility of £0.8 million (2013: £1.4 million), with repayments of £0.65 million due to be repaid within the next 12 months and the remaining amount to be repaid after the next 12 months
- an RCF facility of £5.0 million with £1.7 million drawn (2013: £nil), and
- cash balances of £0.5 million (2013: £0.6 million).

Key performance indicators

The Groups key performance indicators are focused on the continued expansion of the Group to drive revenues and EBITDA growth. Through this growth the Group will be able to offer good career prospects for our staff and great food, drink and entertainment for our premium customers and ensure regular dividends are paid to our shareholders.

New site acquisitions

The Group continues to acquire and develop new sites and we believe the key to this success is to focus on the best locations, good rent cover and the right concept for the customer and location.

- We have acquired 4 new sites this year.
- We focus on the long term quality of new site acquisitions rather than the quantity of units acquired.

Group Revenue performance versus the prior period;

The Group will continue to drive sales through acquisition and development, together with a strong focus over the coming year to further increase food sales where the opportunity arises.

- Revenue on continuing operations was up 11.7% at £23.0 million (2013: £20.6 million).
- Total revenue including discontinued operation was up 10.1% at £23.3 million (2013: £21.2 million).
- The Group intends to pay 2.5 pence as a special dividend.

Growth in Group EBITDA on continuing operations before highlighted items

EBITDA is a key valuation metric for the valuation of the Group's business.

We continue to focus on driving site EBITDA through new acquisitions and developments

- Group EBITDA on all operations before highlighted items was £2.9 million (2013:£2.8 million).
- Group EBITDA on all operations after highlighted items was £1.7 million (2013:£2.8 million).

14.1%

Group EBITDA on continuing operations before highlighted items was up 14.1% at £2.6 million

(2013: £2.2 million)

Strategic Report

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 sites	This Group's ability to open new sites, to operate these sites on a profitable basis and to introduce its business concepts successfully into new locations (or develop an acquired brand) is a major part of the future success of the Group. Failure to acquire or develop new sites would financially impact the future earnings of the Group.	During the year we have continued to put considerable focus on: • launching our landlord pack and annual reception to show case the variety of our business concepts to property agents and landlords to increase our presence in the property market place. • new concept development continued this year with the launch of Dirty Blonde in Brighton and also the acquisition of Lowlander on Drury Lane. Both of these food led businesses will increase the reach and opportunities for new sites in all of our target cities.
Business and resulting financial risk Competition and changing consumer habits	The bars market in the UK is a vibrant, exciting and continuously changing market place. 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 year we have continued to focus on: • the mystery shopper programme, to ensure each venue we open provides the experience our customers have come to expect. Average scores for all sites this financial year were an all-time high for the Group. • holding regular focus groups to understand the changing needs of our customers. • staff development, and training to improve delivery at the point of sale. • refining our concepts to broaden our appeal to a wider audience with the acquisition of Lowlander and the development of Dirty Blonde. • ensuring our mix of music and entertainment is relevant to our customers. • improving the variety and quality of products that we sell. • developing significantly the Group's engagement via digital platforms and social media channels. We see this as a key part of our marketing and communication strategy with our consumers. The Group has seen like for like increases in users across all the major social media channels.

Key risks	Risk description	Mitigating actions and achievements during the year
Business risk Failure to recruit the best management for our venues	The competitive nature of the market for the best people is fiercely competitive.	The recent flotation of the Group on AIM has helped to showcase our business to prospective employees. Our new training programmes this year have included: • creating our Bar Academy training programme. • trainee management courses to encourage progress into management roles from within the Group. • Competitive remuneration and profit sharing schemes for all staff.
Regulatory risk Failure to comply with the complex regulations in place over the bar industry in the United Kingdom.	The Group's bars are subject to laws and regulations that affect their operations, including in relation to employment, minimum wages, premises and personal licenses, alcoholic drinks control, entertainment licences, competition, health and safety, sanitation and data protection.	The focus over the year has been on regular and ad hoc visits to our venues including: • regular control visits together with follow ups to ensure training and compliance at a local level. • annual health and safety checks from outside agencies ensure each venue we trade complies with current regulations. • regular audits and training on fire and safety for all our staff. In addition we have further developed our online reporting system to gather important information from venues on a daily basis that relate to incidents or regulatory visits. The Group's focus on operational "rituals and routines" help to protect the Group in this highly regulated market place.
Financial risk The Groups financial performance is dependent on a number of key sites	The Group is dependent on a small number of key sites and loss of one of these sites would have an adverse impact on the Group's profitability.	The principle risk which cannot be mitigated by insurance relates to loss of a licence at a site. The Group works closely with licensing authorities and the police; this together with on line reporting systems help ensure the Group can react quickly to circumstances arising at individual sites. As the Group grows the significance of these key sites will reduce.

By order of the Board

John Smith
Company Secretary and Director

30 October 2014

BRANDS AND CONCEPTS

Lola Lo

SAKURA

EMBARGO
~ REPÚBLICA ~

LOWLANDER
GRAND CAFE

DIRTY BLONDE
EAST STREET

Fly free into a bounty paradise at Lola Lo, an intimate Tiki bar, which will transport you to a tropical oasis where the party goes on and on. At Lola Lo, we've taken a dazzling array of show stopping cocktails, champagnes and rums and mixed it with an intoxicating blend of credible club classics and contemporary beats and are serving it all in a setting that captures the pure essence of care-free South Pacific joie de vivre.

From a stunning interior featuring bamboo, hand-carved woods, evocative lighting, unique dance floor and rustic decor to private booths and effervescent bar tenders.

Sakura pushes the boundaries with its dazzling blend of contemporary Japanese cool, sophistication and sheer glamour. With stylish interiors featuring dark woods, Eastern decor, sunken bar and stunning illuminated dance floors, Sakura is at the forefront of bar design.

Big-name DJs are at the heart of the weekend offering whilst working closely with key promoters to bring credible, world class events to their respective, seriously-sussed clienteles and students alike. Sakura's spectacular cocktails and drinks exemplify Eclectic's premium-only philosophy.

Rhythm; colour; spirit and style: Embargo Republica captures Cuban exuberance like no other London venue. Offering an intoxicating mix of live music, luscious cocktails, the finest selection of rums this side of Havana and a roof terrace that will sweep you away to the island itself, Embargo Republica brings you Cuba on the Kings Road.

Grit and glamour fuse together to create a cool and contemporary Cuban backdrop: enter the club through the cigar shop to an interior shaped by exposed brickwork and timber, graffiti splashed on whitewashed walls, jazz club ceiling fans and eclectic vintage furniture. Music is at the beating heart of Cuban culture and a range of live bands, DJs and acoustic acts take to the stage each week.

Lowlander: a unique and unpretentious gem, embodying the inimitable hospitality and warmth of the Low Countries, the very source of its name, Lowlander is a modern, stylish and vibrant 'Grand Café' with a passion for traditional Belgian beer and cuisine at its heart.

Lowlander will immediately captivate you with its continental charm: its timeless, archetypal Belgian bar and eye-catching collection of posters and placards, boasting the names of Belgium's iconic beers and breweries on the surrounding walls. Lowlander offers an immense choice of over 100 beers, styles range from supreme Belgian brews to lesser known artisan varieties.

Bar, restaurant, inspiration… Dirty Blonde is a delicious enigma, an intangible pleasure. Behind its deceptive pawn shop facade, Dirty Blonde channels elegant glamour with daring grandeur. From the vibrant upper and lower bars to the opulent dining area, an authentic roaring twenties late night speakeasy vibe rubs shoulders with contemporary cool. By day, an intimately lavish setting to eat, drink and relax.

By evening, a seductive blend of sophisticated dining and fabulous cocktails. And later, a glittering nightlife emporium like than no other, hosting an eclectic mix of show stopping entertainment, live music and DJs. Presenting the decadent, the indulgent and the unexpected.

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the 52 week period ended 29 June 2014.

Principal activities
Eclectic Bar Group plc, is a leading operator of 23 (21 at the period end) premium bars located in major towns and cities across the UK.

The Eclectic Group trades across its estate under a variety of business concepts including Embargo 59, Lola Lo, Sakura, Po Na Na, Fez Club, Lowlander and Coalition. These business concepts predominantly target a customer base of sophisticated students midweek and stylish over 21s and young professionals at the weekend. The Group focuses on delivering added value for its customers, with premium product ranges, high quality music and entertainment and a commitment to high service standards.

Business Review and future developments
A review of the business, the future developments, including the principle risks and uncertainties of the Group is presented in the Strategic Report, within the Chairman's Statement on page 2 and in the Chief Executive's review on pages 4 to 7.

Going concern
The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least a period of 12 months since the Board approved these financial statements. Thus 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
Detail of the Group's main board directors, their roles and backgrounds are as follows:

Jim Fallon (Non-Executive Chairman)
Since 1994 Jim has worked almost exclusively within the leisure sector as a lender, adviser, owner, operator and most recently business consultant. Jim worked for Imperial Chemical Industries in electrical engineering for eight years prior to joining Midland Bank in 1991. He was at HSBC until 2002, latterly leading the leisure team, when he left to set up the 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.

Richard Kleiner (Non-Executive Director)
Richard has significant corporate finance, financial services, accounting and taxation experience. He is executive director of AIM-quoted Avanti Capital plc and has been the managing partner at Gerald Edelman, Chartered Accountants, where he has been a partner since 1986. He was a founder of Gerald Edelman Financial Solutions Limited, the financial services arm of Gerald Edelman, acting for several years as its compliance officer. In addition, Richard has a wealth of corporate finance and business advisory experience gained from over 30 years as a practising accountant advising small and medium sized companies, including holding several non-executive directorships. He is a Fellow Member of the Institute of Chartered Accountants in England and Wales and is an Associate Member of the Life Assurance Association.

Richard is Chairman of the Audit committee and a member of the Remuneration committee.

Clive Watson (Non-Executive Director)
Clive qualified as a chartered accountant with Price Waterhouse in London in 1986 then joined the investment bank Manufacturers Hanover Limited where he spent three years. He joined Regent Inns plc as Finance Director and Company Secretary in 1990. Clive left Regent Inns plc in 1998 and cofounded Tup Inns Limited where he was responsible for financial and commercial matters as well as acquisitions. Clive was appointed in 2000 as Finance and Commercial Director of The Capital Pub Company PLC which was admitted to trading on AIM in 2007. In 2008 he was appointed Chief Executive and oversaw the sale to Greene King plc in 2011 for £93 million. He then set up and became Chief Executive of The City Pub Company in 2012 under the Enterprise Investment Scheme which operates a portfolio of pubs in cities and large market towns in the south of England.

Clive is Chairman of the Remuneration Committee and a member of the Audit Committee

Reuben Harley (Chief Executive Officer)
Reuben has worked in the UK pub and bar industry for over 25 years. His career started at Grand Metropolitan plc before becoming an area manager at Greenalls Inns in the late 1990s. Between 1998 and 2004 he worked at SFI Group PLC, where he moved through the roles of Operations Manager, Regional Manager, Brand Manager of the Litten Tree brand in the South of England, subsequently Brand Manager nationally for the Bar Med brand and then Divisional Director responsible for the disposal division of 62 sites. Prior to joining Eclectic Bars Limited as CEO in June 2006 he was Business Development Director for The Nightclub Company.

Leigh Nicolson – Chief Operating Officer

Leigh has worked in a variety of operational roles in the UK bar market for approximately 20 years. After four years working for Yates Group PLC at the site level he moved to work for Fuller, Smith & Turner PLC in London across their high street branded bars business. Following this he 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 Cantaloup bar brand, before joining Eclectic Bars Limited in 2006 as area manager for the London area. His role developed to become national operations manager, he was appointed operations director for the Eclectic Group in 2010, and in July 2014 he was appointed to the Board of Eclectic Bar Group plc as Chief Operating Officer.

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. From 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 the acquisition he then became Finance Director of First Leisure Corporation plc in 1999, before becoming Chief Executive in 2003, and then Chief Executive of The Nightclub Company which was created by the purchase of 22 nightclubs from the receiver of First Leisure. John became Finance Director of Eclectic Bars Limited in June 2006.

Directors and other 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.

Lowlander

On the 26 March 2014 the Group exchanged contracts to acquire Lowlander Bar and Brasserie in Covent Garden, London.

The Lowlander business was held through two companies, Newman Bars Limited ('Newman') and Chalice Bars Limited ('Chalice'). The Group acquired 100% of Newman, and a 33% minority interest in its subsidiary Chalice for a consideration of £850,000. Newman owned 67% of Chalice and therefore the Group now own 100% of both companies.

Jim Fallon, the company's Chairman, was a 34.17% shareholder in the businesses being acquired and therefore the acquisition of Lowlander constituted a related party transaction under Rule 13 of the AIM Rules. The company's directors (excluding Jim Fallon) consider that, having consulted with Panmure Gordon (UK) Limited, the company's nominated adviser, the terms of the acquisition of Lowlander are fair and reasonable in so far as the company's shareholders are concerned. Jim Fallon received £190,445 in cash and £100,000 cash equivalent in Eclectic shares. These shares are subject to the same restrictions outlined in the Placing Agreement as set out on page 81 of the company's Admission Document.

Shareholder Loan

On 3 December 2013, the Group repaid the full outstanding loan balance of £7,302,782 plus outstanding interest of £122,807 to Avanti Capital Plc, the former ultimate controlling company of Eclectic Bars Limited and its subsidiaries.

Financial Instruments

The Group's financial risk management objectives are outlined in note 25.

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 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 hand book and through their direct line Manager. Management meetings take place quarterly at which information relevant to Group's financial performance is communicated. Conferences are held bi-annually 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 which enable employees to benefit from the commercial success of the Group. At the date of listing the company introduced a new Company Share Option Scheme in which long serving managers were awarded with options in the company and all management teams and staff at our head office participate in profit sharing schemes which reward performance in excess of budgets.

Director's remuneration

The remuneration of the directors for the year ended 29 June 2014 is as follows:

	Basic salary & fees £'000	Bonus £'000	Benefits £'000	2014 £'000	2013 £'000
Reuben Harley	190	110	19	319	414
John Smith	171	75	14	260	245
Jim Fallon	35	–	–	35	–
Clive Watson	18	–	–	18	–
Richard Kleiner	13	–	–	13	–
Total	427	185	33	645	659

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.

There were no payments made into defined benefit schemes in respect of the year.

Reuben Harley and John Smith were granted options in the Company Share Option scheme see the details in the note below.

Director's interests in the share capital of the company

As at the date 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
Reuben Harley	14.4%	1,856,920	(i)
John Smith	8.5%	1,103,719	(ii)
Leigh Nicolson (appointed 29 July 2014)	1.1%	144,750	(iii)
Jim Fallon	3.3%	422,116	
Richard Kleiner	0.2%	30,000	(iv)
Clive Watson	0.2%	31,250	

Note

(i) Reuben Harley	12,500 shares held by a connected party 40,625 share options in the Company Share Option scheme not included above
(ii) John Smith	199,031 shares held by pension scheme 40,625 share options in the Company Share Option scheme not included above
(iii) Leigh Nicolson	156,249 share options in the Company Share Option scheme not included above
(iv) Richard Kleiner	17,500 shares held by a connected party

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 year.

Share capital

The company's issued ordinary share capital as at 29 June 2014 comprised a single class of £0.25 ordinary shares of which 12,922,741 shares were in issue and listed on AIM (at the date of listing (29 November 2013) 12,862,500 shares).

60,421 of new ordinary shares were issued and admitted to trading on the 3 April 2014. These shares were issued at a price of £1.66 per ordinary share to Jim Fallon, the company's Chairman equating to part consideration of £100,000 for his interest in Lowlander, which was sold to the Group on the 26 March 2014.

Options over a further 871,005 shares exist within the Employee Share Option scheme (see note 19 to the financial statements).

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

Details of movements in the issued share capital can be found in note 18 to the financial statements.

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

The directors have undertaken in the Placing Agreement to Panmure Gordon not to dispose of any interest in any of their Ordinary Shares for 12 months from Admission except in certain limited circumstances. For a further period of 12 months, the directors have agreed to an orderly market arrangement in respect of the Ordinary Shares they hold at Admission.

Interests in voting rights

As at the date of this report, 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
Schroder Investment Management	20.1%	2,600,000
Helium Special Situations Fund	16.5%	2,127,720
Hargreave Hale	11.8%	1,523,125
Amati Global Investors	3.7%	479,000
Peter Kemp-Welch	4.2%	541,250

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.

Events since the balance sheet date

These are detailed in the Chairman's Statement on page 2 and in the Chief Executive's review on pages 4 to 7.

Auditor

Ernst & Young LLP has expressed its willingness to continue in office as auditor of the company and its reappointment will be put to shareholders at the AGM.

Disclosure of information to auditor

Having made the requisite enquiries, so 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 company'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 company's auditor is aware of that information.

By order of the Board

John Smith
Company Secretary and Director

30 October 2014

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

In preparing the Group financial statements, the directors are required to:

- present fairly the financial position, financial performance and cash flows of the Group;
- select suitable accounting policies in accordance with IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- make judgements and estimates that are reasonable;
- provide additional disclosures when compliance with the specific requirements in IFRSs as adopted by the European Union is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance;
- state whether the Group financial statements have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements.

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

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 Eclectic Bar Group plc

We have audited the financial statements of Eclectic Bar Group Plc for the year ended 29 June 2014 which comprise the Consolidated Income Statement, the Consolidated Balance Sheet, the Consolidated Statement of Cash Flows, the Consolidated Statement of Changes in Equity, the Parent Company Income Statement and the Parent Company Balance Sheet and the related notes 1 to 29 in the Consolidated Financial Statements and related notes 1 to 10 in the Parent Company Financial Statements. The financial reporting framework that has been applied in the preparation of the consolidated 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 (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 14, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and Director's Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

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 29 June 2014 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Julie Carlyle
(Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

30 October 2014

Notes

1. The maintenance and integrity of the Eclectic Bar Group plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

CONSOLIDATED INCOME STATEMENT

For the period the 52 week period ended 29 June 2014

	Notes	**52 weeks ended 29 June 2014 £'000**	**Discontinued operations £'000**	**Total including discontinued operations £'000**	53 weeks ended 30 June 2013 Restated* £'000	Discontinued operations £'000	Total including discontinued operations Restated* £'000
Revenue		**22,958**	**371**	**23,329**	20,551	646	21,197
Cost of sales		**(5,011)**	**–**	**(5,011)**	(4,334)	–	(4,334)
Gross profit		**17,947**	**371**	**18,318**	16,217	646	16,863
Operating expenses – excluding highlighted items	8	**(16,828)**	**(42)**	**(16,870)**	(15,126)	(91)	(15,217)
Operating expenses – highlighted items	6	**(1,225)**	**–**	**(1,225)**	(30)	–	(30)
Total operating expenses		**(18,053)**	**(42)**	**(18,095)**	(15,156)	(91)	(15,247)
Operating profit – before highlighted items		**1,119**	**329**	**1,448**	1,091	555	1,646
Highlighted items – operating expenses	6	**(1,225)**	**–**	**(1,225)**	(30)	–	(30)
Operating profit/(loss)		**(106)**	**329**	**223**	1,061	555	1,616
Finance revenue	8	**3**	**–**	**3**	2	–	2
Finance cost	8	**(407)**	**–**	**(407)**	(699)	–	(699)
Profit before tax and highlighted items		**715**	**329**	**1,044**	394	555	949
Highlighted items	6	**(1,225)**	**–**	**(1,225)**	(30)	–	(30)
(Loss)/profit on ordinary activities before taxation		**(510)**	**329**	**(181)**	364	555	919
Taxation on ordinary activities	9	**(15)**	**(74)**	**(89)**	(271)	(86)	(357)
(Loss)/profit for the year from continuing operations		**(525)**			93		
Profit after tax from discontinued operations	10	**255**			469		
(Loss)/profit for the year		**(270)**			562		
(Loss)/Earnings per share – Basic***	11	**(5.2)p**	**2.5p**	**(2.7)p**	1.5p	7.4p	8.9p
Adjusted** earnings per share – Basic***	11	**6.9p**	**2.5p**	**9.4p**	2.0p	7.4p	9.4p
(Loss)/Earnings per share – Diluted	11	**(5.2)p**	**2.5p**	**(2.7)p**	1.5p	7.4p	8.9p
Adjusted** earnings per share – Diluted	11	**6.9p**	**2.5p**	**9.4p**	2.0p	7.4p	9.4p

* See prior year restatement note 3

** Adjusted basic and diluted earnings per share are calculated based on the profit for the period adjusted for highlighted items

*** 2014 basic weighted average number of shares in issue 10.17m (2013: 6.30m)

CONSOLIDATED BALANCE SHEET

As at 29 June 2014

	Notes	As at 29 June 2014 £'000	As at 30 June 2013 restated £'000	As at 25 June 2012 restated £'000
Non-current assets				
Intangible assets	13	**5,464**	4,598	4,193
Property, plant & equipment	12	**8,270**	5,436	5,849
Deferred tax assets	9	**92**	117	259
		13,826	10,151	10,301
Current assets				
Inventories	15	**455**	306	264
Trade and other receivables	16	**1,650**	1,296	1,107
Income tax receivable		**9**	–	–
Cash and cash equivalents	17	**461**	558	286
		2,575	2,160	1,657
Total assets		**16,401**	12,311	11,958
Equity				
Issued share capital	18	**3,231**	–	–
Share Premium	18	**8,093**	–	–
Merger reserve	18	**(1,575)**	–	–
Other reserve	18	**76**	–	–
Retained earnings/(deficit)		**146**	416	(145)
Equity attributable to equity shareholders of the parent		**9,971**	416	(145)
Total equity		**9,971**	416	(145)
Liabilities				
Current liabilities				
Trade and other payables	21	**3,189**	2,424	2,403
Other financial liabilities	14	**671**	676	687
Income tax payable	9	**–**	74	–
Provisions	22	**201**	134	52
		4,061	3,308	3,142
Non-current liabilities				
Deferred tax liability	9	**568**	480	339
Other financial liabilities	14	**1,801**	8,107	8,622
		2,369	8,587	8,961
Total liabilities		**6,430**	11,895	12,103
Total equity and liabilities		**16,401**	12,311	11,958

These consolidated financial statements have been approved by the Board of Directors and signed on its behalf by:

J A Smith
Director

30 October 2014

Registered company number: 08687172

CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 29 June 2014

	Notes	52 weeks to 29 June 2014 £'000	53 weeks to 30 June 2013 restated £'000
Operating activities			
(Loss)/profit before tax from operations from continuing operations		**(510)**	364
Profit before tax from discontinued operations	10	**329**	555
Net finance costs	8	**404**	697
Depreciation of property, plant and equipment	12	**1,448**	1,158
Loss on disposal of property, plant and equipment		**(9)**	102
Share based payment expense	19	**76**	–
(Increase) in inventories (excluding inventory acquired	15	**(108)**	(26)
(Increase) in trade and other receivables	16	**(302)**	(182)
Increase in trade and other payables	21	**668**	98
Interest received		**3**	3
Interest paid		**(416)**	(856)
Income tax paid		**(84)**	–
Net cash flow from operating activities		**1,499**	1,913
Investing activities (from continuing operations)			
Purchase of property, plant & equipment and intangible assets	12	**(3,210)**	(747)
Acquisition of business net of cash	4	**(1,767)**	(523)
Proceeds from disposal of property, plant & equipment		**9**	–
Net cash flows used in investing activities		**(4,968)**	(1,270)
Financing activities (from continuing operations)			
Proceeds from borrowings		**2,450**	1,950
Repayment of borrowings		**(8,703)**	(2,289)
Proceeds from IPO		**10,500**	–
IPO costs recognised directly in equity	18	**(851)**	–
Capital element on finance lease rental payments		**(24)**	(32)
Net cash flows from/(used) in financing activities		**3,372**	(371)
Net (decrease)/increase in cash and cash equivalents		**(97)**	272
Cash and cash equivalents at beginning of period	17	**558**	286
Cash and cash equivalents at year end date		**461**	558

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 29 June 2014

	Notes	Issued share capital £'000	Share premium £'000	Other reserves £'000	Merger reserve £'000	Retained earnings/ (deficit) £'000	Total shareholders' equity £'000
At 30 June 2013 – restated		–	–	–	–	416	416
Capital restructuring	18	1,575	–	–	(1,575)	–	–
Issue of shares	18	1,656	8,944	–	–	–	10,600
Share based payments charge	19	–	–	76	–	–	76
IPO costs taken to equity	18	–	(851)	–	–	–	(851)
Loss for the period		–	–	–	–	(270)	(270)
At 29 June 2014		**3,231**	**8,093**	**76**	**(1,575)**	**146**	**9,971**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 29 June 2014

1. Accounting policies

Eclectic Bar Group plc is a public limited company incorporated and domiciled in England and Wales. The company's ordinary shares are traded on the Alternative Investment Market. Its registered address is 36 Drury Lane, London WC2B 5RR. Both the immediate and ultimate parent of the Group is Eclectic Bar Group plc. Eclectic Bar Group plc, is a leading operator of 21 premium bars located 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 29 June 2014 and applied 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 29 June 2014. These accounting policies were consistently applied for all the periods presented except as noted below.

The Group financial statements are presented in sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated. The Group financial statements have been prepared under the historical cost convention.

The financial statements are prepared on a 52 or 53 week basis up to the last Sunday in June each year (2014: 52 week year ended 29 June 2014 2013: 53 week year ended 30 June 2013). The notes to the consolidated financial statements are on this basis.

Prior period restatement

Prior period comparative figures (for the period ended 30 June 2013) have been restated from the original financial statements published as part of the Group's AIM admission document and interim financial statements for the period ended 29 December 2013. This restatement arose as a result of differences between IFRS and UK GAAP accounting treatments for lease incentives and separate presentation of provisions. Further details can be found in note 3.

Going concern

At 29 June 2014, the Group had net current liabilities of £1,486,000 (2013 (restated) – net current liabilities of £1,148,000). The Group meets its day-to-day working capital requirements through its bank facilities. The Group has three principle sources of funding.

- An overdraft facility of £600,000, which at the end of the year was unutilised (2013: NIL).
- A three year Revolving Loan facility of £5,000,000 which was entered into on the 18 March 2014, which is available for the refit of existing units and for new acquisitions. As at the period end, £1,639,000 had been drawn down from this facility (2013: NIL).
- A term loan of £1,950,000 which was entered into in September 2012. As at the period end, £813,000 had been drawn down on this facility (2013 – £1,434,000). Loan repayments of £650,000 are payable over the next 12 months.

Quarterly covenant tests are in place over these bank facilities and the Group was fully compliant as at 29 June 2014.

As a result of current trading there is significant head room on these covenant tests, and based on current and forecasted performance, the directors expect there to continue to be significant headroom for the foreseeable future. Further, 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 Eclectic Bar 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 and 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).

1. Accounting policies (continued)

Property, plant and equipment

Property, plant and equipment is 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 income statement as incurred.

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

Leasehold improvements	– over lease term
Furniture and fittings	– 3-5 years
IT equipment	– 3 years
Motor vehicles	– 5 years

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 de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement 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 as at 30 June.

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.

1. Accounting policies (continued)

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 the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Impairment of financial assets

The Group assesses at each statement of financial position date whether a financial asset or group of financial assets is impaired.

Assets carried at amortised cost

If there is objective evidence that an impairment loss on assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in the income statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. Any subsequent reversal of an impairment loss is recognised in the income statement.

In relation to trade 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 3 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 the income statement when the liabilities are derecognised as well as through the amortisation process.

De-recognition of liabilities

When the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

When continuing involvement takes the form of a written and/or purchase option (including a cash settled option or similar provision) on the transferred asset that the Group may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial 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 modifications is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

1. Accounting policies (continued)

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 so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are reflected in the income statement.

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 the income statement on a straight line basis over the term of the lease.

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) Restructuring costs of the Group (including costs associated with listing of the Group on AIM);
b) Acquisition costs and pre-opening costs relating to new refit sites.

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. For the reasons outlined above, these costs have also been highlighted in order to aid comparability with prior periods.

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 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.

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 entitles 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.

1. Accounting policies (continued)

Share-based payments (continued)

Equity-settled transactions (continued)

At each balance sheet date before vesting, the cumulative expense is calculated, representing 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 income statement, 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 income statement 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 income statement.

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

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 is recognised in equity and not in the income statement.

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.

1. Accounting policies (continued)

New standards and interpretations

The following standards and interpretations are applicable but had no material impact on the Group:

	Effective dates
IAS 19 Separate Financial Statements (revised)	1 January 2013
IFRS 7 Financial Instruments Disclosures – Offsetting Financial assets and Financial Liabilities (Amendments)	1 January 2013
IFRS 1 Government Loans – Amendments to IFRS 1	1 January 2013
IFRIC 20 Stripping costs in the Production Phase of a Surface Mine	1 January 2013
Annual improvements to IFRS 2009-2011 cycle	1 January 2013

The following standards and interpretations in issue are not yet effective for the Group and have not been adopted by the Group:

Effective dates*	
IFRS 10 Consolidated Financial Statements	1 January 2014
IFRS 11 Joint Arrangements	1 January 2014
IFRS 12 Disclosure of Interests in Other Entities	1 January 2014
IAS 27 Separate Financial Statements	1 January 2014
IAS 28 Investments in Associates and Joint Ventures	1 January 2014
IAS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities (Amendments)	1 January 2014
IAS 36 Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets (Amendments)	1 January 2014
IAS 39 Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting (Amendments)	1 January 2014
Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)	1 January 2014
IFRIC 21 Levies	1 January 2014

The directors do not expect the adoption of these standards and interpretations to have a material impact on the consolidated or company financial statements in the period of initial adoption.

* The effective dates stated above are those given in the original IASB/IFRIC standards and interpretations. As the Group prepares its financial statements in accordance with IFRS as adopted by the European Union (EU), the application of new standards and interpretations will be subject to their having been endorsed for use in the EU via the EU Endorsement mechanism. In the majority of cases this will result in an effective date consistent with that given in the original standard or interpretation but the need for endorsement restricts the Group's discretion to early adopt standards. IFRS 10, 11 and 12 and IAS 27 and 28 have been adopted by the EU with an effective date as of January 2014.

2. Significant accounting estimates, judgements and assumptions

The preparation of the Group and parent company'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 and parent company's accounting policies, management has made the following estimates and assumptions which have the most significant effect on the amounts recognised in the financial statements:

Estimates, judgements and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below:

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

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 the assets. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget and projections for the next five years and 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 most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different cash generating units, including a sensitivity analysis, are disclosed further in note 13.

Rent review provisions

Operating leases on commercial property are subject to regular rent reviews by landlords. Lease clauses provide for upward review to open market rental rates in the local areas around each site. Such reviews can take time to conclude, meaning management must estimate the likelihood of each review resulting in an increase in rental payments. Where increases do occur, landlords may apply this retrospectively from the period when the review process was contractually required to commence. Management therefore makes estimates on whether an increase in rental payments is likely at each rent review date and creates a provision for any estimated increase in rent expense. The provision amount is based on observable market rental rate specific for local area around each individual site. Further details can be found in note 22.

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 determine, based on an evaluation of the terms and conditions of the arrangements, 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 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.

Pre-opening costs

Pre-opening costs are incurred when opening a new site or undertaking a refit of an existing site. These costs are one off in nature and are incurred in the period leading up to the opening and in the first two months of trading. Examples of these costs include such things as the training of new staff and the new management team, marketing costs, and one off costs related to the closure period. Management judgement is required to distinguish between pre-opening costs that should be capitalised and those that should be expensed to the income statement when incurred. It is management's judgement that rent, rates and service charge costs incurred on newly acquired properties prior to opening should be capitalised, as these costs will result in future economic benefit to the Group.

3. Prior period restatement

During 2014, the Company discovered that the first set of IFRS financial statements produced in 2013 did not include an adjustment related to rent free periods on operating leases where the Company is the lessor. Under IFRS (SIC 15), lease incentives (such as rent free periods) are treated as a reduction of the rental expense that is spread evenly over the lease term on a straight-line basis. In contrast, UK GAAP (which the Group formerly produced accounts in accordance with) requires the incentive to be spread over the shorter of the lease term and the period to the first rent review to market rates (UITF 28).

3. Prior period restatement (continued)

Lease terms are 25 years. The period to the first rent review to market rates is 5 years. The Group's accounts have therefore been restated to reflect the significantly longer period of time over which the lease incentive is spread. The impact of this restatement can be summarised as follows:

	Reported £'000	Rent free adjustment £'000	Restated £'000
As at 24 June 2012			
Balance sheet			
Deferred tax asset	241	18	259
Retained (losses)/ earnings	(91)	(55)	(146)
Trade and other payables	2,382	73	2,455
As at 30 June 2013			
Income statement			
Total operating expenses	(15,205)	(42)	(15,247)
Operating profit	1,658	(42)	1,616
Taxation charge on ordinary activities	(365)	8	(357)
Profit/(Loss) and total comprehensive income for the period	**596**	**(34)**	**562**
Balance sheet			
Deferred tax asset	91	26	117
Retained earnings/ (deficit)	505	(88)	417
Trade and other payables	2,443	115	2,558

Also, the prior year balance sheet has been restated so that amounts accrued in relation to rent reviews are shown separately as provisions rather accruals as per IAS 37 Provisions, contingent liabilities and contingent assets. For the period ended 30 June 2013, £134,000 was separated from accruals (held within Trade and other payables on the balance sheet) and disclosed separately as provisions on the face of the balance sheet and £52,000 was re-presented the same way as of 25 June 2012. Due to this reclassification, Trade and other payables has decreased from £2,558,000 to £2,424,000 as of 30 June 2013 and has decreased from £2,455,000 to £2,403,000 as of 25 June 2012. Provisions balance as of 30 June 2013 has therefore increased by £134,000 and £52,000 as of 30 June 2013 and 25 June 2012 respectively.

4. Business combinations

On 31 March 2014 the Group acquired 100% of the issued share capital of Newman Bars Limited and its subsidiary Chalice Bars Limited. Both companies are unlisted and based in the UK. The Group acquired these companies in order to assume ownership of the lease, trade and assets of Lowlander, a Belgian bar and restaurant in Covent Garden, central London.

Assets acquired and liabilities assumed

The fair values of the identifiable consolidated assets and liabilities of Newman Bars Limited as at the date of acquisition were:

Fair value of assets acquired and liabilities assumed	Fair value recognised at March 2014 £'000
Assets	
Tangible assets	153
Inventories	16
Cash	114
Trade and other receivables	40
Liabilities	
Trade and other payables	(163)
Total identifiable net assets at fair value	158
Goodwill arising on acquisition (see note 13)	736
Purchase consideration transferred	894
Purchase consideration	
Cash	794
Shares	100
Total purchase consideration	894

4. Business combinations (continued)

The Group issued 60,241 ordinary shares as part of the consideration for Newman Bars Limited. The fair value of the shares is calculated with reference to the quoted price of the shares of the Company at the date of acquisition, which was £1.66 each. The fair value of the consideration paid in shares is therefore £100,000.

Newman Bars Limited and Chalice Bars Limited contributed £346,000 to group revenue and £61,000 to group net profit during the period from acquisition (31 March 2014) to 29 June 2014. Had they been consolidated from 1 July 2013, the consolidated income statement would show pro-forma revenue of £1,227,000 and net profit of £132,000. Goodwill of £736,000 comprises the fair value of operating a site in prestigious central London location.

In October 2013 the Group acquired leases to the Coalition nightclub in Brighton and the freehold of Coyote Wild in Derby. The Group acquired these sites in order to widen its current portfolio and drive further growth.

The fair values of the identifiable assets of Coalition as at the date of acquisition are detailed below. No liabilities were assumed as part of this transaction.

Fair value of assets acquired	Fair value recognised at October 2013 £'000
Assets	
Tangible assets	570
Inventories	17
Cash	4
Other receivables	12
Total identifiable net assets at fair value	**603**
Goodwill arising on acquisition (see note 13)	130
Purchase consideration transferred	**733**
Purchase consideration	
Cash	733
Total purchase consideration	**733**

Goodwill of £130,000 comprises the fair value of expected synergies arising from the acquisition.

Coalition contributed £1,414,000 to revenue and £296,000 to net profit during the period from acquisition (31 October 2013) to 29 June 2014. Had Coalition been consolidated from 1 July 2013, the consolidated income statement would show pro-forma revenue of £2,003,000 and net profit of £417,000.

The fair values of the identifiable assets and liabilities of Derby Coyote Wild as at the date of acquisition:

Fair value of assets acquired	Fair value recognised at March 2013 £'000
Assets	
Tangible assets	350
Inventories	8
Cash	5
Total identifiable net assets at fair value	363
Goodwill arising on acquisition (see note 13)	–
Purchase consideration transferred	**363**
Purchase consideration	
Cash	363
Total purchase consideration	**363**

During the period, the above acquisition contributed £310,000 to revenue and £2,000 to net profit during the period from acquisition to 29 June 2014. Had these businesses been consolidated from 1 July 2013, the consolidated income statement would show pro-forma revenue of £488,000 and net profit of £5,000.

The above business combinations resulted in total acquisition costs of £159,000. These were expensed to the income statement as a highlighted item (see note 6).

5. Segmental information

The following tables present revenue and loss and certain asset and liability information regarding the Group's business segments for the period ended 29 June 2014. The contract operation of bars represents a discontinued operation (see note 10), meaning that the Group consisted of just one segment as at the year end date of 29 June 2014.

	Period ended 29 June 2014			Period ended 30 June 2013 restated		
	Owned bars £'000	**Contract operation of bars £'000**	**Total £'000**	Owned bars £'000	Contract operation of bars £'000	Total £'000
Revenue						
Sales to external customers	**22,958**	**371**	**23,329**	20,551	646	21,197
Group operating (loss)/profit	**(106)**	**329**	**223**	1,061	555	1,616
Net finance cost	**(404)**	**–**	**(404)**	(697)	–	(697)
(Loss)/profit before taxation	**(510)**	**329**	**(181)**	364	555	919
Assets and liabilities						
Segment assets	**16,401**	**–**	**16,401**	12,311	–	12,311
Segment liabilities	**6,430**	**–**	**6,430**	11,895	–	11,895

The Group has included additional disclosure on the face of the income statement to make clear the contribution to Revenue, Profit before tax and Profit after tax of the operations to be discontinued in 2014.

6. Highlighted items

	Period ended 29 June 2014 £'000	Period ended 30 June 2013 £'000
Acquisition and pre-opening costs		
Acquisition costs	**159**	30
Site pre-opening costs	**174**	–
	333	30
Costs associated with the listing and Group restructuring		
Restructuring costs associated with IPO	**175**	–
Share issue costs	**399**	–
Listing costs	**33**	–
IFRS 2 Share based payment charge	**76**	–
Listing bonus payments	**209**	–
	892	–
Total	**1,225**	30

The above items have been highlighted to give a better understand of non-comparable costs included in the Consolidated Income Statement for this period.

6. Highlighted items (continued)
Costs of £399,000 relate to the issuing of new ordinary shares in the Company. These together with £33,000 listing costs and restructuring costs of £175,000 relate to the listing of the business on the Alternative Investment Market (AIM) in November 2013. These costs are one off in nature and will not reoccur in subsequent years. Acquisition costs of £159,000 (2013: £30,000) have been included. These relate to the one-off costs of purchasing new sites in London, Derby, Brighton and Manchester. Site opening costs of £174,000 have also been highlighted. These relate to the one-off opening costs of Manchester Lola Lo, Derby Lola Lo, Dirty Blonde and Lowlander.

Bonus payments of £209,000 relate to amounts paid to management as a result of the Group's successful restructuring.

Additional costs of £851k relating to the issuing of new equity have been allocated against reserves in accordance with IFRS.

7. Employee costs

Employee benefits expense

Group	Period ended 29 June 2014 £'000	Period ended 30 June 2013 £'000
Included in other operating costs		
Wages and salaries	**5,310**	4,707
Social security costs	**332**	258
	5,642	4,965

Average number of people employed

	2014 FTE	2013 FTE
Number of full time equivalent (FTE) employees	**234**	192
Average number of people (including executive directors) employed:		
Operational	**215**	176
Administration	**19**	16
Total average headcount	**234**	192

Directors

	Period ended 29 June 2014 £'000	Period ended 30 June 2013 £'000
Aggregate remuneration in respect of qualifying services	**645**	659
Aggregate remuneration in respect of the highest paid director	**319**	414

An analysis of directors' remuneration is set out in the directors' report. No directors received any pension contributions during the year (2013: £Nil) – which is included in the totals above.

8. Other income and expenditure

Finance costs

	Period ended 29 June 2014 £'000	Period ended 30 June 2013 £'000
Interest on debts, borrowings and finance leases	**407**	699

Finance income

	Period ended 29 June 2014 £'000	Period ended 30 June 2013 £'000
Bank interest	**3**	2

Depreciation, amortisation and costs of inventories included in the consolidated income statement

	Period ended 29 June 2014 £'000	Period ended 30 June 2013 £'000
Included in operating expenses		
Depreciation of owned property, plant & equipment	**1,424**	1,126
Depreciation of assets held under finance leases	**24**	32
Profit on disposal of property, plant & equipment	**(9)**	102
Operating lease rentals – land and buildings	**1,634**	1,398
Staff costs (see note 7)	**5,642**	4,965
Contract security costs	**1,827**	1,600
Other operating expenses	**6,286**	5,903
Operating expenses from discontinued operations	**42**	91
	16,870	15,217

9. Income tax

a) Tax on profit on ordinary activities

The tax is made up as follows:

	Period ended 29 June 2014 £'000	Period ended 30 June 2013 restated £'000
Current tax:		
UK Corporation tax (credit)/ charge on the (loss)/profit for the period	**(33)**	74
Adjustment in respect of prior periods	**8**	–
Total current tax	**(25)**	74
Deferred tax:		
Origination and reversal of temporary differences	**114**	283
Total tax charge for the year	**89**	357

b) Factors affecting tax charge for the period

The tax charge/(credit) for the period is different from the standard rate of corporation tax in the UK of 22.5% (2013 – 23.75%). The differences are explained below:

	Period ended 29 June 2014 £'000	Period ended 30 June 2013 restated £'000
(Loss)/profit on ordinary activities before tax	**(181)**	919
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 22.5% (2013 – 23.75%)	**(41)**	218
Effects of:		
Expenses not (taxable)/ deductible for tax purposes	**189**	11
Impact of tax rate change	**(67)**	2
Adjustment in respect of prior periods	**8**	126
Total tax charge for the period	**89**	357

Legislation to reduce the UK main rate of corporation tax from 23% to 21% with effect from 1 April 2014 and to 20% with effect from 1 April 2015 was enacted in July 2013. Accordingly, deferred tax balances at 29 June 2014 have been calculated based on these rates.

c) Deferred tax

A deferred taxation liability has been provided at 29 June 2014. The deferred taxation liability, using a tax rate of 20% (2013: 23%), comprises the following:

	Period ended 29 June 2014 £'000	Period ended 30 June 2013 restated £'000
Assets		
Capital allowances in (advance)/arrears of depreciation	**44**	117
Other temporary differences	**48**	–
	92	117
Recognised in the balance sheet:		
Included in (payables)/ receivables (Note 16 & 21)		
Liabilities		
Goodwill	**(568)**	(480)

No deferred tax has been recognised in respect of capital losses of £51,826 due to a lack of sufficient certainty over future appropriate taxable income against which these amounts could be recovered.

10. Discontinued operations

On 20 October 2013, the Group ended its contract to manage the day to day operations of thirty three sites owned by Premium Bars and Restaurants Limited ('PBR'). This contract had been in place since August 2012. The PBR contract was included in the 'Contract Operation of Bars' segment until 20 October 2013. The revenue, costs and cash flows attributable to this contract are outlined below. There were no assets or liabilities outstanding in respect of the contract.

	Period ended 29 June 2014 £'000	Period ended 30 June 2013 restated £'000
Revenue	**371**	646
Gross profit	**371**	646
Operating expenses	**(42)**	(91)
Total operating expenses	**(42)**	(91)
Operating profit	**329**	555
Taxation on ordinary activities	**(74)**	(86)
Profit after tax from discontinued operation	**255**	469
The net cash flows incurred by the PBR contract were:		
Cash flows from operating activities	**255**	469
Net cash inflow	**255**	469
(Loss)/earnings per share – Basic & diluted (pence)	**2.5**	7.4
Adjusted earnings per share – Basic & diluted (pence)	**2.5**	7.4

11. Earnings per share

Basic earnings per share amounts are calculated by dividing net income for the period attributable to ordinary shareholders of Eclectic Bar Group plc by the weighted average number of ordinary shares outstanding during the year.

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.

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

Basic earnings per share

	Continuing operations	Discontinued operations	**Period ended 29 June 2014**	Continuing operations	Discontinued operations	Period ended 30 June 2013
(Loss)/profit for the period (£'000)	(525)	255	**(270)**	93	469	562
Basic weighted number of shares (number)	10,173,068	10,173,068	**10,173,068**	6,300,000	6,300,000	6,300,000
Loss)/earnings per share (pence) – Basic (pence)	(5.2)	2.5	**(2.7)**	1.5	7.4	8.9

Basic adjusted earnings per share

	Continuing operations	Discontinued operations	**Period ended 29 June 2014**	Continuing operations	Discontinued operations	Period ended 30 June 2013
Profit for the period before highlighted items (£'000)	700	255	**955**	123	469	592
Basic adjusted weighted number of shares (number)	10,173,068	10,173,068	**10,173,068**	6,300,000	6,300,000	6,300,000
Adjusted earnings per share – Basic (pence)	6.9	2.5	**9.4**	2.0	7.4	9.4

Diluted basic earnings per share

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

	Number
Weighted average number of shares for Basic EPS	10,173,068
Dilutive effect of share options	24,893
Weighted average number of share for Diluted EPS	**10,197,961**

Financials

11. Earnings per share (continued)

As the Group made a loss from continuing operations, all potential ordinary shares are deemed to be anti-dilutive. Therefore the diluted and basic earnings per share for continuing operations are the same. No share options were in issue for the prior period, therefore there were no dilutive shares in the comparative period.

	Continuing operations	Discontinued operations	**Period ended 29 June 2014**	Continuing operations	Discontinued operations	Period ended 30 June 2013
(Loss)/profit for the period (£'000)	(525)	255	**(270)**	93	469	562
Diluted weighted number of shares (number)	10,173,068	10,197,961	**10,173,068**	6,300,000	6,300,000	6,300,000
Loss)/earnings per share (pence) – Diluted (pence)	(5.2)	2.5	**(2.7)**	1.5	7.4	8.9

Adjusted diluted earnings per share

	Continuing operations	Discontinued operations	**Period ended 29 June 2014**	Continuing operations	Discontinued operations	Period ended 30 June 2013
Profit for the period (£'000)	700	255	**955**	123	469	592
Diluted weighted number of shares (number)	10,197,961	10,197,961	**10,197,961**	6,300,000	6,300,000	6,300,000
Loss)/earnings per share (pence) – Adjusted diluted (pence)	6.9	2.5	**9.4**	2.0	7.4	9.4

12. Property, plant and equipment

	Computers £'000	Motor vehicles £'000	Fixtures, Fittings & equipment £'000	Leasehold improvement £'000	Buildings improvement £'000	Assets in the course of construction £'000	Total £'000
Cost							
At 24 June 2012	153	154	4,775	3,586	–	–	8,668
Additions	18	–	599	124	–	6	747
Acquired	–	–	60	40	–	–	100
Disposals	–	–	(62)	(130)	–	–	(192)
At 30 June 2013	171	154	5,372	3,620	–	6	9,323
Transfers	31	–	627	576	–	(1,234)	–
Additions	128	–	1,531	323	–	1,228	3,210
Acquired	–	–	179	465	428	–	1,072
Disposals	–	(40)	–	–	–	–	(40)
At 29 June 2014	**330**	**114**	**7,709**	**4,984**	**428**	**–**	**13,565**
Depreciation							
At 24 June 2012	99	42	1,896	782	–	–	2,819
Charge for the period	29	27	886	216	–	–	1,158
Disposals	–	–	(62)	(28)	–	–	(90)
At 30 June 2013	128	69	2,720	970	–	–	3,887
Charge for the period	49	24	998	374	3	–	1,448
Disposals	–	(40)	–	–	–	–	(40)
At 29 June 2014	**177**	**53**	**3,718**	**1,344**	**3**	**–**	**5,295**
Net book value							
29 June 2014	**153**	**61**	**3,991**	**3,640**	**425**	**–**	**8,270**
Net book value							
30 June 2013	43	85	2,652	2,650	–	6	5,436

Assets acquired relate to assets acquired as part of business combinations.

As the period ended 29 June 2014, the net book of assets held under finance leases was £21,000.

13. Intangible assets

	Group Goodwill £'000
Cost	
At 30 June 2013	7,189
Additions	866
At 29 June 2014	**8,055**
Amortisation	
At 30 June 2013	2,591
At 29 June 2014	**2,591**
Net book value	
At 30 June 2013	4,598
At 29 June 2014	**5,464**

Intangible asset additions consist of goodwill acquired by the Group as a result of the business combinations detailed in note 4.

Impairment review

The carrying value of goodwill arising on acquisition is reviewed at each balance sheet date to assess whether there has been any impairment. Each acquired site or group of sites represents a cash generating unit (CGU). Goodwill is allocated to the site that it arose on.

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 a five year period.

Cash flow beyond the five year period are extrapolated assuming a terminal growth of 1.5% that reflects the expected growth based on market research. The pre-tax discount rate applied to cash flow projections is 9.8%.

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

It was concluded that the fair value less costs of disposal did not exceed the value in use. As a result of this analysis, management has not recognised any impairment charge against goodwill as at 29 June 2014.

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 its operating segments 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 and market conditions and economic factors such as consumer confidence including factors like job prospect, inflation, household disposable income and other. When determining the appropriate growth rates, management has also considered the regulatory environment.

Growth in expenses including rent – Eclectic's main costs are drinks, labour and rent. Estimates regarding the drink cost is based on the past actual price movements as well as the 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 have not resulted in any material increases above inflation and open market rental rates movements in the local areas around each site.

The headroom is dependent upon sensitivities to these and other assumptions. The largest element of goodwill is allocated to the portfolio of sites that the Group purchased in 2006. Management has assessed that a 39% fall in sales at these sites would be required before the carrying value of goodwill exceeded its value in use. For other sites it has been determined that an average 37% fall in sales would be required before the carrying value of goodwill exceeded its value in use. Similarly, the headroom is only sensitive to double-digit increases in the discount rate. The goodwill on all acquisitions has been reviewed and, in the opinion of the directors, there is no impairment to the carrying value at 29 June 2014 (2013: nil).

14. Other financial assets and liabilities

Financial assets

Group	As at 29 June 2014 Loans and receivables £'000	As at 30 June 2013 Loans and receivables £'000
Assets as per balance sheet		
Trade and other receivables excluding prepayments	**825**	826
Cash and cash equivalents	**461**	558
	1,286	1,384

Financial liabilities

Interest bearing loans and borrowings

Group	Interest rate %	Maturity	As at 29 June 2014 £'000	As at 30 June 2013 £'000
Liabilities as per balance sheet				
Current				
Obligations under finance leases			**21**	26
Other loans:				
£1.950m bank loans (2013 – £1.434m)	LIBOR + 3.25%	Sept 2015	**650**	650
			671	676
Non-current				
Obligations under finance leases			**–**	21
Other loans:				
£1.950m bank loans (2013: £1.434m)	LIBOR + 3.25%	Sept 2015	**163**	784
£5m revolving loan facility	LIBOR + 3.25%	Mar 2017	**1,638**	–
Loan from Avanti Capital Plc			**–**	7,302
			1,801	8,107

Obligations under finance leases

This relates to the Group's obligations under finance leases in relation to company cars for senior employees.

£1.950m bank loan

This is a term loan arranged in September 2012. The amount outstanding on this facility at 29 June 2014 was £813,000, of which £650,000 is payable in the next 12 months.

£5m revolving credit facility

The purpose of this £5m revolving credit facility is to fund capital expenditure and new site acquisitions. The amount drawn down on the facility as at 29 June 2014 was £1,639,000, net of unamortised arrangement fees.

£7.302m loan from Avanti Capital Plc

This loan was fully repaid in November 2013 using funds raised from the Group's listing on the Alternative Investment Market.

14. Other financial assets and liabilities (continued)

Trade and other payables

Group	Maturity	2014 £'000	2013 £'000
Trade payables	Payable within 1 year	**1,588**	931
Other payables, accruals and provisions	Payable within 1 year	**1,803**	1,627
		3,390	2,558

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
Eclectic Bars Ltd	Ordinary shares	100%	Funding entity
Newman Bars Ltd	Ordinary shares	100%	Management of bars
Chalice Bars Ltd	Ordinary shares	100%	Operation of bars
Barclub Trading Ltd*	Ordinary shares	100%	Management & operation of bars
Barclub (Bath) Ltd**	Ordinary shares	100%	Dormant
Barclub (Embargo) Ltd**	Ordinary shares	100%	Dormant
Barclub (Brighton) Ltd**	Ordinary shares	100%	Dormant
Barclub (Friar Street) Ltd**	Ordinary shares	100%	Dormant
Barclub (Norwich) Ltd**	Ordinary shares	100%	Dormant
Barclub (Manchester) Ltd**	Ordinary shares	100%	Dormant
Barclub (Sidney Street) Ltd**	Ordinary shares	100%	Dormant
Barclub (Reading) Ltd*	Ordinary shares	100%	Dormant
Barclub (Peter Street) Ltd*	Ordinary shares	100%	Dormant
Sakura Bars Ltd**	Ordinary shares	100%	Dormant
Barclub (Cambridge) Ltd**	Ordinary shares	100%	Dormant
HSB Clubs Ltd**	Ordinary shares	100%	Dormant

* held indirectly by Eclectic Bars Ltd
** held indirectly by Barclub Trading Ltd

15. Inventories

	As at 29 June 2014 £000	As at 30 June 2013 £000
Goods for re-sale	**455**	306
	455	306

The cost of inventories recognised as an expense and included in cost of sales amounted to £5,011,000 (2013: £4,334,000).

16. Trade and other receivables

	As at 29 June 2014 £'000	As at 30 June 2013 £'000
Trade receivables	**168**	209
Other receivables	**657**	617
Prepayments and accrued income	**825**	470
	1,650	1,296

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

17. Cash and cash equivalents

	As at 29 June 2014 £'000	As at 29 June 2013 £'000
Cash at bank and at hand	**461**	558
Cash and cash equivalents	**461**	558

18. Issued capital and reserves

Ordinary shares called up and fully paid

	Period ended 29 June 2014 Thousands	Period ended 29 June 2014 £'000
Ordinary shares at £0.25 each	12,923	3,231

On incorporation on 19 November, the Company issued 6,299,996 shares to the owners of Eclectic Bars Ltd (the former parent company of the Group) in exchange for the entire issued share capital of that company.

On 28 November 2013, the Group placed a further 6,562,500 ordinary shares on the Alternative Investment Market (AIM) at a listing price of £1.60.

On 31 March 2014, the Group issued a further 60,241 ordinary shares to the owners of Newman Bars Limited, as part of the consideration paid in exchange for 100% of the issued share capital of Newman Bars Limited and its subsidiary Chalice Bars Limited. See note 4 for further details. The ordinary shares issued have the same rights as the other shares on issue.

Share premium

	£'000
At 1 July 2013	
Increase on 28 November 2013	**8,859**
Increase on 31 March 2014	**85**
Directly attributable IPO costs taken to equity	**(851)**
At 29 June 2014	**8,093**

Merger reserve

This reserve represents the value passed on to the existing shareholders of Eclectic Bars Limited, the former parent company of the Group, as part of the share-for-share swap with Eclectic Bar 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.

19. 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 12 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 stages provided the employee remains in employed on the vesting date. 25% of the options issued vest on 30 June 2014. A further 25% of the options vest on 30 June 2015, and so on until all options are vested.

There are no performance conditions associated with these options. The fair value of the options was estimated at the grant date using the Black Sholes option pricing model, taking into account the terms and conditions upon which the share options were granted. The contractual term of each option ranges from one to four years. There are no cash settlement alternatives.

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

	Period ended 29 June 2014 £'000	Period ended 30 June 2013 £'000
Total expense arising from share-based payment transactions	**76**	–

19. Share based payments (continued)

Movements in the year

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of, and movements in, share options during the year:

	No.	WAEP (£)
Outstanding at 1 July 2013	**–**	**–**
Granted during the year	942,441	1.60
Forfeited during the year	(71,436)	–
Exercised during the year	–	–
Expired during the year	–	–
Outstanding at 29 June 2014	**871,005**	**1.60**
Exercisable at 29 June 2014	**–**	**–**

The weighted average remaining contractual life for the share options outstanding as at 29 June 2014 is 6 years. The weighted average fair value of options granted during the year was £0.30. The exercise price for all options outstanding at the end of the year was £1.60.

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	2018	1.60	207
2013-15	2019	1.60	207
2013-16	2020	1.60	207
2013-17	2021	1.60	207
2014-14	2018	1.70	11
2014-15	2019	1.70	11
2014-16	2020	1.70	11
2014-17	2021	1.70	10
			871

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

Variable	Nov 13 1yr Scheme	Nov 13 2yr Scheme	Nov 13 3yr Scheme	Nov 13 4yr Scheme	Mar 2014 1yr Scheme	Mar 2014 2yr Scheme	Mar 2014 3yr Scheme	Mar 2014 4yr Scheme
Stock Price	£1.60	£1.60	£1.60	£1.60	£1.70	£1.70	£1.70	£1.70
Exercise Price	£1.60	£1.60	£1.60	£1.60	£1.70	£1.70	£1.70	£1.70
Dividend Yield	3.78%	3.78%	3.78%	3.78%	3.78%	3.78%	3.78%	3.78%
Option Term (years)	2.29	2.79	3.30	3.80	2.13	2.63	3.13	3.63
Risk-less rate	1.96%	1.96%	1.96%	1.96%	1.96%	1.96%	1.96%	1.96%
Volatility	25%	30%	35%	40%	25%	30%	35%	40%
Fair value	**0.195**	**0.256**	**0.321**	**0.388**	**0.262**	**0.363**	**0.454**	**0.548**

19. 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.

20. Dividends paid and proposed

No dividends were paid or proposed during the period.

21. Trade and other payables

	As at 29 June 2014 £'000	As at 30 June 2013 restated £'000
Trade payables	**1,588**	931
Other payable	**156**	136
Accruals	**853**	810
Other taxes and social security costs	**592**	547
	3,189	2,424

22. Provisions

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 uses 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.

For each operating lease on which a rent review is due, management estimates a rental payment increase of between 2% to 5%, based on current open market rental rates.

	Rent review provision £'000
Balance at 30 June 2013	**134**
Additional provision charged to the income statement	89
Unused amounts reversed during the period	(22)
Balance at 29 June 2014	**201**

23. Related party transactions

Group

On 28 November 2013, the Group repaid the full outstanding loan balance of £7,302,000 to Avanti Capital Plc, the former ultimate controlling company of Eclectic Bars Limited and its subsidiaries. After this date, Avanti Capital Plc was no longer a related party of the Group.

On the 26 March 2014 the Group exchanged contracts to acquire Lowlander Bar and Brasserie in Covent Garden, London.

The Lowlander business was held through two companies, Newman Bars Limited ('Newman') and Chalice Bars Limited ('Chalice'). The Group acquired 100% of Newman, and a 33% minority interest in its subsidiary Chalice for a consideration of £850,000. Newman owned 67% of Chalice and therefore the Group now own 100% of both companies.

Jim Fallon, the Company's Chairman, was a 34.17% shareholder in the businesses being acquired and therefore the acquisition of Lowlander constituted a related party transaction under Rule 13 of the AIM Rules. The Company's directors (excluding Jim Fallon) consider that, having consulted with Panmure Gordon (UK) Limited, the Company's nominated adviser, the terms of the acquisition of Lowlander are fair and reasonable in so far as Company's shareholders are concerned.

Jim Fallon received £190,445 in cash and £100,000 cash equivalent in Eclectic shares. These shares are subject to the same restrictions outlined in the Placing Agreement as set out on page 81 of the Company's Admission Document.

The Group considers its key management personnel to be the directors of the company. The compensation of key management personnel is disclosed in the Directors Report on page 14.

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

24. Commitments

Operating lease commitments

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

	As at 29 June 2014 £'000	As at 30 June 2013 £'000
Operating leases payment due:		
Within one year	**1,847**	1,355
In two to five years	**7,174**	5,120
In over five years	**24,537**	18,320
	33,558	24,795

All operating lease commitments relate to non-cancellable leases on the Group's portfolio of trading sites. As the period ended 29 June 2014, the Group had one lease that included a contingent rent clause equating to 5% of revenue in excess of £1.5 million in any 12 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.

Finance lease commitments

At 29 June 2014, the Group had total minimum commitments under finance leases as set out below:

	As at 29 June 2014 £'000	As at 30 June 2013 £'000
Amount payable:		
Within one year	**21**	26
In two to five years	**–**	21
	21	47
Future interest	**(1)**	(2)
Present value of finance lease liabilities	**20**	45

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

25. Financial risk management objectives and policies

The Group's financial instruments comprise cash, loans and borrowings and liquid resources, and 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.

The main risks arising from the Group's financial instruments are investment risk, interest rate risk and liquidity risk. The Group does not have a material 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 Group borrows in currencies to match the denomination at fixed and floating rates of interest to generate the desired interest profile and to manage the Group's exposure to interest fluctuations.

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):

2014	Increase/ decrease in basis points	Effect on profit before tax 2014 £000
Sterling	+ 100	**(25)**
Sterling	- 100	**25**
2013		
Sterling	+ 100	**(2)**
Sterling	- 100	**2**

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 at 29 June 2014 and 30 June 2013 based on contractual (undiscounted) payments.

25. Financial risk management objectives and policies (continued)

Year ended 29 June 2014	Total £'000	On demand £'000	Up to 1 year £'000	1-2 years £'000	2-5 years £'000
Interest-bearing loans and borrowings	813	–	650	163	–
Revolving credit facility	1,639	–	–	–	1,639
Trade payables	1,588	–	1,588	–	–

Year ended 30 June 2013	Total £'000	On demand £'000	Up to 1 year £'000	1-2 years £'000	2-5 years £'000
Interest-bearing loans and borrowings	1,434	–	650	650	134
Loan from Avanti Capital plc	7,302	7,302	–	–	–
Trade payables	931	–	931	–	–

At the end of the period ended 30 June 2013, the Group had a loan and accrued interest with Avanti Capital (the former parent company of the Group) of £7,302,000. This loan was fully repaid in November 2013 with funds raised from the listing of the Group on the Alternative Investment Market.

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

There are no significant concentrations of credit risk within the Group. The maximum credit risk exposure relating to financial assets is represented by the carrying value as at the balance sheet date.

There is no material difference between the fair values and book values of any of the Group's financial instruments.

Strategies for managing capital

The primary objective of the Group's capital management is to ensure it is able to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in 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 2014, the Group's primary capital management objectives involved remaining within debt covenants whilst also seeking out suitable acquisition targets.

The movement in cash and cash equivalents is reconciled to movements in debt as follows:

	2014 £'000	2013 £'000
(Decrease)/increase in cash and cash equivalents	(97)	272
Repayment of loan to Avanti Capital Plc	7,302	–
(Increase)/decrease in other borrowings	(561)	339
Decrease/(increase) in debt resulting from cash flows	6,644	611
Other non-cash movements	(427)	184
Decrease in net debt in the period	6,217	795
Net debt at start of period	(8,228)	(9,023)
Net debt at end of period	(2,011)	(8,228)

Financials

25. Financial risk management objectives and policies (continued)

Composition of net debt

Net debt is made up as follows:

	2014 £'000	2013 £'000
Cash and cash equivalents	**461**	558
Short term borrowings	**(650)**	(650)
Long term borrowings	**(1,801)**	(8,107)
Finance lease payables	**(21)**	(29)
Total net debt	**(2,011)**	(8,228)

Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

Group	Total £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
Loans	2,452	–	–	2,452

The fair value of interest bearing loans and borrowings is detailed below:

	As at 29 June 2014		As at 30 June 2013	
	Carrying value	Fair value	Carrying value	Fair value
Interest-bearing loans and borrowings	**1,802**	**1,815**	784	830

Management is not aware of any significant changes in the market rates offered on these loans since they were renewed in March 2014.

26. Events after the reporting period

On the 18 July 2014 a new company was formed called Eclectic Icon Ltd. This company is a 100% subsidiary of Eclectic Bar Group plc.

In a share sale and purchase agreement dated 24 July 2014 Eclectic Bar Group plc agreed to transfer 100% of its holding in Eclectic Bars Ltd (6,310,000 ordinary shares of £0.0001) to Eclectic Icon Limited in return for the allotment and issue of 14,999,999 ordinary shares in that company.

On the same day Eclectic Icon Ltd carried out a capital reduction whereby its share capital was reduced from £15,000,000 divided into 15,000,000 shares of £1.00 each to £1,500,000 divided into 15,000,000 shares of £0.10 each, thereby creating £13,500,000 of realised profits which would be available in the future for distribution by way of dividends to Eclectic Bar Group plc.

In addition to that, the Group has also:

Signed an "agreement to lease" on a new site in Liverpool a key target city for the Group. The Group intends to develop this unit in the financial year ending June 2015 to Lola Lo, bringing the total number of Lola Lo units to 11. The new acquisition is subject to the satisfactory outcome of planning and licensing applications.

Signed a new 20 year lease on a new site in Sheffield, a key target city for the Group, bringing the total number of sites to 23. The property is situated on the popular West Street, set over two levels with ground floor and first floor totalling 6,500 square feet and also includes its own exclusive outside area. The Group intends to develop this unit in the financial year ending June 2015 to a Lola Lo and will include the Group's popular 'Island Grill' food offering.

The Group has also concluded a significant extension on the Embargo Republica, Kings Road lease to 2033. The club and terrace space has been upgraded and the venue refitted over the summer to include the facility for the introduction of live music and fully reopened at the end of August 2014.

27. Auditor remuneration

	Period ended 29 June 2014 £'000	Period ended 30 June 2013 £'000
Group	**67**	32
Fees for non-audit work	**276**	–
	343	32

28. Reconciliation to EBITDA

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

	Period ended 29 June 2014 £'000	Period ended 30 June 2013 £'000
Loss before tax for the year	**(181)**	919
Add back depreciation	**1,448**	1,158
Add back net interest paid	**404**	697
Add back highlighted items	**1,225**	30
Group EBITDA before highlighted items	**2,896**	2,804
Discontinued operations – PBR revenue	**(329)**	(555)
Group EBITDA before highlighted items and discontinued operations	**2,567**	2,249

29. Group arrangements

The Group consists of 3 main entities, which each perform a specific role in the business as a whole. All cash is controlled by Eclectic Bars Limited, the former parent entity of the Group which is 100% owned by Eclectic Bar Group Plc. All trading and operating leases are managed by Barclub Trading Limited, the principal trading entity of the Group. The Group also contains a number of dormant subsidiaries which hold operating leases. The risks, rewards and expenses relating to all operating leases are borne by Barclub Trading Limited.

PARENT COMPANY ACCOUNTS

For the period from 12 September 2013 to 29 June 2014

The accounts for the parent entity, Eclectic Bar Group plc, are presented below. Please note that these accounts are presented using UK GAAP.

Company profit and loss statement

	Notes	Period ended 29 June 2014 £'000
Administrative expenses – exceptional items		**(683)**
Operating profit	2	**(683)**
Interest receivable		**236**
Loss on ordinary activities before taxation		**(447)**
Tax on loss on ordinary activities	5	**15**
Loss for the financial year	8	**(432)**

All results were derived from continuing operations.

Company balance sheet

	Notes	As at 29 June 2014 £'000
Fixed assets		
Investments	6	**2,469**
		2,469
Current assets		
Debtors	7	**8,499**
Net current assets		**8,499**
Total assets		**10,968**
Net assets		**10,968**
Capital and reserves		
Called up share capital	8	**3,231**
Share premium	9	**8,093**
Other reserves	9	**76**
Profit and loss account	9	**(432)**
Shareholders' funds		**10,968**

These financial statements have been approved by the Board of Directors and signed on its behalf by:

J A Smith
Director

30 October 2014

NOTES TO THE PARENT COMPANY ACCOUNTS

For the period from 12 September 2013 to 29 June 2014

1. Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention. They are prepared in accordance with applicable accounting standards in the United Kingdom, and are prepared in sterling, which is the currency of the company's primary economic environment.

These financial statements have been prepared for the period from incorporation on 12 September 2013 to 29 June 2014.

The company has adopted FRS 26, and has invoked the FRS 29.0D exemption not to give FRS 29 disclosures about financial instruments.

Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic report.

At 29 June 2014, the company had net current assets of £8.5 million. This consists of intercompany loans receivable from other Group companies.

The company has two principle sources of funding.

- As at the year-end £8.5 million was owed by Eclectic Bars Limited (100% owned subsidiary) and is payable on demand to the parent company (Eclectic Bar Group Plc funds Eclectic Bars Limited, which in turn funds the day to day cash requirement of the Group).
- The company also has the ability to raise further funds through the offer of new shares on the Alternative Investment Market. These funds net of issue costs would be available to fund the activities of the Group.

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

Fixed asset investments are initially stated at cost.

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

Taxation

Current tax is provided at amounts expected to be paid or recovered using tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exceptions:

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, or gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.
- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the years in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

1. Accounting policies

(continued)

Interest-bearing loans and borrowings

All interest-bearing loans and borrowings are initially recognised at net proceeds. After initial recognition debt is increased by the finance cost in respect of the reporting period, and reduced by payments made in respect of debts in the period.

Finance costs of debt are allocated over the term of the debt at a constant rate on the carrying amount.

Administrative costs – exceptional items

Administrative costs are treated as exceptional items and disclosed separately in the profit and loss account above operating profit or loss if the matters are material and non-recurring, and require to be disclosed separately in order to give a true and fair view. Full details of these costs are disclosed in note 2.

2. Administrative costs – exceptional items

	Period ended 29 June 2014 £'000
Share issue costs	399
Listing costs	33
Restructuring costs associated with IPO	175
FRS 2 share based payment charge	76
	683

3. Interest receivable

	Period ended 29 June 2014 £'000
Amounts receivable from other Group companies	236

4. Directors' remuneration

No directors received any remuneration during the year.

5. Tax

(a) Tax on profit on ordinary activities

The tax is made up as follows:

	Period ended 29 June 2014 £'000
Current tax:	
UK corporation tax on the loss for the year (note 5b))	–
Deferred tax:	
(Origination)/reversal of timing differences (note 5(c))	(15)
Total tax credit on loss on ordinary activities	(15)

(b) Factors affecting tax charge for the year

The tax assessed for the period is different from the standard rate of corporation tax in the UK of 22.5%. The differences are explained below:

	Period ended 29 June 2014 £000
Loss on ordinary activities before tax	(447)
Loss on ordinary activities multiplied by blended rate of corporation tax in the UK of 22.5%	(100)
Effects of:	
Non-deductible expenses	100
Timing difference	15
Loss claimed for no consideration	(15)
Current tax for the period (note 5(a))	–

Legislation to reduce the UK main rate of corporation tax from 23% to 21% with effect from 1 April 2014 and to 20% with effect from 1 April 2015 was enacted in July 2013. Accordingly, deferred tax balances at 29 June 2014 have been calculated based on these rates.

(c) Deferred tax

A deferred taxation asset has been provided at 29 June 2014 on the grounds that it meets the recognition criteria of FRS 19 – Deferred Taxation. The deferred taxation liability, using a tax rate of 20%, comprises the following:

Recognised in the balance sheet	Period ended 29 June 2014 £'000
Deferred tax asset	
Share options	15
	15
Recognised in the balance sheet:	
Included in debtors (Note 7)	15

6. Investments

	As at 29 June 2014 £'000
Investment in Eclectic Bars Limited	**1,575**
Investment in Newman Bars Limited	**894**
	2,469

The company owns, directly or indirectly, 100% of the ordinary share capital of the following UK companies.

	Holding	Proportion of voting rights and shares held	Nature of business
Eclectic Bars Limited	Ordinary shares	100%	Management & operation of bars
Barclub Trading Ltd*	Ordinary shares	100%	Management & operation of bars
Newman Bars Limited	Ordinary shares	100%	Dormant
Chalice Bars Limited^	Ordinary shares	100%	Dormant
Barclub (Bath) Ltd**	Ordinary shares	100%	Dormant
Barclub (Embargo) Ltd**	Ordinary shares	100%	Dormant
Barclub (Brighton) Ltd**	Ordinary shares	100%	Dormant
Barclub (Friar Street) Ltd**	Ordinary shares	100%	Dormant
Barclub (Norwich) Ltd**	Ordinary shares	100%	Dormant
Barclub (Manchester) Ltd**	Ordinary shares	100%	Dormant
Barclub (Sidney Street) Ltd**	Ordinary shares	100%	Dormant
Barclub (Reading) Ltd	Ordinary shares	100%	Dormant
Sakura Bars Ltd**	Ordinary shares	100%	Dormant
Barclub (Cambridge) Ltd**	Ordinary shares	100%	Dormant
HSB Clubs Ltd**	Ordinary shares	100%	Dormant

* indirectly by Eclectic Bars Ltd
** held indirectly by Barclub Trading Ltd
^ held indirectly by Newman Bars Ltd

NOTES TO THE PARENT COMPANY ACCOUNTS

For the period from 12 September 2013 to 29 June 2014
continued

7. Debtors

	As at 29 June 2014 £'000
Amounts due from group undertakings	**8,484**
Deferred tax asset	**15**
	8,499

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

8. Capital and reserves

Ordinary shares issued and fully paid

	As at 29 June 2014	
	Thousands	£
Ordinary shares at £0.25 each	**12,923**	**3,231**

Share premium

	£'000
At 12 September 2013	–
Increase on 28 November 2013	8,859
Increase on 31 March 2014	85
Directly attributable IPO costs taken to equity	(851)
At 29 June 2014	**8,093**

Other reserves consist of charges in respect of share options.

9. Reconciliation of shareholders' funds and movements on reserves

	Share capital £'000	Share premium £'000	Other reserves £'000	Profit and loss account £'000	Total share-holders' funds £'000
At 12 September 2013	–	–	–	–	–
Shares issued	3,231	8,944	–	–	12,175
Directly attributable IPO costs taken to equity	–	(851)	–	–	(851)
Share based payment charges	–	–	76	–	76
Loss for the period	–	–	–	(432)	(432)
At 29 June 2014	**3,231**	**8,093**	**76**	**(432)**	**10,968**

10. Related party transactions

On 31 March 2014, the company purchased the entire issued share capital of Newman Bars Limited and its subsidiary Chalice Bars Limited. One of the directors of Newman Bars Limited and Chalice Bars Limited, James Fallon is also a director of the company. The company paid cash of £794,000, funded by the company's 100% owned subsidiary Eclectic Bars Limited, to shareholders of both businesses and issued 60,241 of ordinary shares at market value of £1.66 per share, equating to a value of £100,000 to James Fallon.

As at 29 June 2014, a loan of £8,484,000 is due from Eclectic Bars Limited. This loan is interest bearing and repayable on demand.

DIRECTORS, OFFICERS AND ADVISERS

Directors
Jim Fallon
(Non-Executive Chairman)
appointed 12 September 2013

Richard Kleiner
(Non-Executive Director)
appointed 1 February 2014

Clive Watson
(Non-Executive Director)
appointed 20 November 2013

Reuben Harley
(Chief Executive Officer)
appointed 12 September 2013

John Smith
(Chief Financial Officer)
appointed 12 September 2013

Leigh Nicolson
(Chief Operating Officer)
appointed 28 July 2014

Company Secretary
John Smith
appointed 20 November 2013

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Nominated Adviser and Broker**
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