

# BRASSERIE BARCO

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 27TH JUNE 2010







## ABOUT BRASSERIE BAR CO. PLC

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Brasserie Bar Co. plc operates within the premium casual drinking and dining market in the UK. The Group comprises two core formats: Brasserie Blanc, the French brasserie business inspired by Raymond Blanc, and the White Brasserie Company, a quality pub dining business blending the standards of Brasserie Blanc in local settings in the South of England.

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## OUR LOCATIONS



**BRISTOL**  
Bakers & Cutlers Halls  
The Friary Building  
Cabot Circus  
Bristol  
BS1 3DF



**CITY OF LONDON**  
60 Threadneedle Street  
London  
EC2R 8HP



**OXFORD**  
71- 72 Walton Street  
Oxford  
OX2 6AG



**CHELTEMHAM**  
The Queen's Hotel  
The Promenade  
Cheltenham  
GL50 1NN



**LEEDS**  
Victoria Mill  
Sovereign Street  
Leeds  
LS1 4BJ



**PORTSMOUTH**  
1 Gunwharf Quays  
Portsmouth  
PO1 3FR



**CHICHESTER**  
Richmond House  
The Square  
Chichester  
PO19 7SJ



**MILTON KEYNES**  
Chelsea House  
301 Avebury Boulevard  
Central Milton Keynes  
MK9 2GA



**WINCHESTER**  
19-20 Jewry Street  
Winchester  
SO23 8RZ



THE KINGS HEAD

KING'S  
HEAD

WHITE BRASSERIE

THE KING'S HEAD

PUB BRASSERIE



THE  
WHITE BRASSERIE  
COMPANY



**TEDDINGTON**

The King's Head  
123 High Street  
Teddington  
TW11 8HG



**WEYBRIDGE**

The Queen's Head  
1 Bridge Road  
Weybridge  
KT13 8XS

# CHAIRMAN'S STATEMENT

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*“To succeed we must continue to offer value for money and our operational standards must remain excellent. That is where the focus of our activity will continue to be centred.”*

The Group continued to grow during the year with turnover up by 12.5% to £11.6m, with only one new opening in the period.

In January 2010 we successfully raised £4m, mainly from existing shareholders, to continue to expand the business, on terms set out in the Shareholder's Memorandum circulated at that time. We were particularly pleased with this response, which has allowed us to proceed with our plans for opening more new sites, including three opened after the year end. Future openings will depend on increasing the level of funds available to us. To achieve this, we are hopeful that, despite the well reported difficulties in the debt market, we will be able to obtain increased facilities from our bankers. But we have sought to develop alternative sources of finance, outside the banking sector, because even if we succeed with the bank, we will need more funds to deliver our expansion plans. The documents for the AGM which accompany this report show what we now intend.

In March 2010 we opened our eighth restaurant, in the City of London. Opening in the City represents a step away from our history of operating restaurants in major provincial towns and cities. The restaurant is trading to expectations and has been well received, giving us further confidence in the adaptability and suitability of our brand to different trading environments

Shortly after the end of the year the Company changed its name from Blanc Brasseries Holdings PLC to Brasserie Bar Co. plc because, while the Company will continue to expand the *Brasserie Blanc* concept, we were about to launch and expand a sister brand. In September 2010 the Company opened two businesses under the name of the White Brasserie Company. This new venture reflects the Company's intention to open brasseries in the sites of existing pubs as “pub/brasseries”, without the overt branding support of Raymond Blanc's name. By doing so the Company can replicate the skills, ethos and style of *Brasserie Blanc* in a different formula, thereby expanding our opportunities to grow. Raymond will, of course, be interested in the success of the new business as a shareholder but both he and we are

anxious not to spread his direct influence too thinly as we continue to grow, so his principal involvement in the Group will continue to be in the pursuit of the success of *Brasserie Blanc*. Consequently Raymond has resigned as director of Brasserie Bar Co. plc but retains his directorship of Blanc Brasseries Limited.

The Board is satisfied with the trading performance of the Company in the year with restaurant EBITDA of £2.34m marginally ahead of budget in a nervous marketplace. The Company's projections for the coming year are cautious, as we believe that our customers' spending power is likely to diminish in the short-term, and we are concerned that our peers in the restaurant business seem determined to continue aggressive discounting and promotions. We are equally determined not to be dragged down this route, because the integrity of the brand and the business in the long-term is paramount. To succeed we must continue to offer value for money and our operational standards must remain excellent. That is where the focus of our activity will continue to be centred.

Irrespective of new funding becoming available, we aim to start development of one further restaurant this financial year and beyond that we have an exciting pipeline of sites on which we are working.

Thus I am pleased to report that our restaurants are successful and profitable and appear to be pleasing our market, that we have significant and exciting expansion plans, and can start to deliver them now subject only to obtaining the necessary additional funds.

As always, it is the people who make a good business and I pay tribute here to an exceptional team at all levels of our operations. They do an outstanding job.

**C J M HARDIE CBE**

15th December 2010

# DIRECTORS' REPORT

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The directors present their report and the financial statements of the Group for the year ended 27th June 2010. To reflect a widening of the Group's trading activities, the Company changed its name from Blanc Brasseries Holdings Plc to Brasserie Bar Co. plc on 6th July 2010.

## PRINCIPAL ACTIVITIES

The principal activity of the Group is the operation of restaurants.

## RESULTS AND DIVIDENDS

The Board of directors assesses trading performance using the measure of "Restaurant EBITDA" which is defined as the earnings from continuing restaurant operations before deduction of interest, tax and depreciation associated with those restaurant operations. Continuing restaurant operations comprise eight restaurants at Oxford, Cheltenham, Leeds, Milton Keynes, Winchester, Bristol, Portsmouth and City of London. Restaurants previously operated in Manchester and Tunbridge Wells, are referred to as "Closed Restaurants" (closed in January 2009). Restaurant EBITDA for continuing restaurant operations increased to £2.34m (2009:£1.96m). Occupancy costs relating to closed restaurants marked for disposal amounted to £372k (2009:£369k).

Pre-opening costs in respect of new restaurants opened or acquired during the period, together with central overhead and depreciation amounted to £1.7m (2009:£1.7m) resulting in an operating profit of £258k (2009: loss £128k).

The loss for the year was £74k (2009:£587k). The directors do not propose payment of a dividend (2009: Nil).

## BUSINESS REVIEW AND FUTURE DEVELOPMENTS

In December 2009 the Group raised over £4m, mainly from existing investors, using some of the funds to repay a £750k mezzanine loan facility and the remainder to acquire and develop new restaurants.

One new *Brasserie Blanc* opened in the City of London in March 2010 and is trading well, whilst the remainder of the continuing estate performed exceptionally well in persistently difficult and uncertain trading conditions. Since the end of the financial year, the Group has opened in November 2010, its ninth *Brasserie Blanc* in Chichester, funded by the drawdown of the last tranche of its term loan facility.

The Group has identified a number of potential *Brasserie Blanc* sites and is currently in detailed discussions with its bankers over a new loan facility with which to fund their acquisition and development.

During the year, the Group formed a new trading subsidiary: The White Brasserie Company Limited, which acquired two leasehold pub/brasseries in Weybridge and Teddington in May 2010. At the year end, both pub/brasseries were undergoing refurbishment for opening in August/September 2010.

In light of this widening of the Group's trading activities, the directors considered it appropriate to change the name of the Company to Brasserie Bar Co. plc on 6th July 2010.

## CLOSED RESTAURANTS

In May 2010, the Group disposed of its interest in its former restaurant in Tunbridge Wells through the grant of an underlease to Dame Tartine Limited. As a consequence, its annual occupancy costs have fallen to £21,000 at this location and are expected to fall to zero from August 2014. The Group's other former restaurant in Manchester has been actively marketed throughout the year, without success. However, the directors remain optimistic that this site will be disposed of during the course of the next financial year but have maintained the provision of £250k against onerous lease costs made in the previous year's accounts.

## PRINCIPAL RISKS AND UNCERTAINTIES

The Group has continued to trade well without resort to the type of discounting which has become prevalent in the sector, despite uncertainty in the run up to the general election, the persistently difficult economic climate and further upwards pressure on costs. The Board believes the challenging trading environment will persist for the foreseeable future but also that the Group's brands are well regarded and its operations financially robust. The minimum wage rise effective from October 2010 and the VAT increase to 20% effective from January 2011 will place additional burdens on the business but are outwith the control of the Group.

## KEY PERFORMANCE INDICATORS

The performance of the Group is measured through the use of two key performance indicators; like for like sales growth and profitability versus annual budget.

## FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group uses financial instruments, other than derivatives, comprising borrowings, cash and other liquid resources and various other items such as trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations. The main risks arising from the Group's financial instruments are interest rate risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below. The policies have remained unchanged from previous periods.

### INTEREST RATE RISK

The Group finances its operations through its positive trading cash flow and its capital expenditure programme using loan facilities provided by Barclays Bank plc, interest on which is paid at a margin of 2% over base rate. The Group's exposure to interest rate fluctuations is mitigated by hedging arrangements which exist on up to £1.5m of this debt, which fix the effective base rate at 4.97%. The Group's hedging arrangements will be reviewed in June 2011 when the current arrangement is due to expire.

### LIQUIDITY RISK

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs. Primarily this is achieved through close management control of working capital and utilisation of existing overdraft facilities.

### DISABLED PERSONS AND EMPLOYEE INVOLVEMENT

The Group will employ disabled persons when they appear to be suitable for a particular vacancy and every effort is made to ensure that they are given full and fair consideration when such vacancies arise. There is a training scheme in operation so that employees who have been injured or disabled in the course of their employment can, where possible, continue in employment with the Group.

## DIRECTORS

The directors who served during the year were as follows:

C J M Hardie  
R R A Blanc (resigned 23rd June 2010)  
S P Edwards  
M Derry  
I R H Glyn  
J D Lederer  
N Hall

## STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the Auditors are unaware. All directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the Auditors.

## AUDITORS

A resolution to reappoint Baker Tilly UK Audit LLP as Auditors will be put to the members at the Annual General Meeting.

On behalf of the Board

## N HALL

Director

# DIRECTORS' RESPONSIBILITIES

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## IN THE PREPARATION OF FINANCIAL STATEMENTS

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

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

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

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and accounting estimates that are reasonable and prudent;
- c. state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

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

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BRASSERIE BAR CO. PLC (FORMERLY BLANC BRASSERIES HOLDINGS PLC)

We have audited the Group and Parent Company financial statements (the "financial statements") which comprise the Consolidated Profit and Loss Account, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement, the accounting policies and the related notes 1 to 30.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

## RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As more fully explained in the Directors' Responsibilities Statement set out on page 6, 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 the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

## SCOPE OF THE AUDIT

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/UKNP](http://www.frc.org.uk/apb/scope/UKNP).

## OPINION ON THE FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the Group and Parent Company's affairs as at 27th June 2010 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' Report for the financial 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's 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.

## JEREMY READ

Senior Statutory Auditor  
BAKER TILLY UK AUDIT LLP, Statutory Auditors  
Chartered Accountants  
The Pinnacle  
170 Midsummer Boulevard  
Milton Keynes  
MK9 1BP

15th December 2010



### The Crow and The Fox

Master Crow sat on a tree,  
Holding a cheese in his beak.  
Master Fox was attracted by the odour,  
And tried to attract him thus.  
"Mister Crow, good day to you,  
You are a handsome and good looking bird!  
In truth, if your song is as beautiful as your plumage,  
You are the Phoenix of this forest."  
Hearing these words the Crow felt great joy,  
And to demonstrate his beautiful voice,  
He opened his mouth wide and let drop his prey.  
The Fox seized it and said: "My good Sir,  
Know that every flatterer,  
Lives at the expense of those who take him seriously:  
This is a lesson that is worth a cheese no doubt."  
The Crow, embarrassed and confused,  
Swore, though somewhat later, that he would never be  
tricked thus again.

Jean de La Fontaine

rait plus.  
Fontaine



# CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 27TH JUNE 2010

	Notes	2010 £	2009 £
<b>TURNOVER</b>	1	<b>11,591,069</b>	10,298,766
Cost of sales		<b>(3,124,628)</b>	(2,775,826)
<b>GROSS PROFIT</b>		<b>8,466,441</b>	7,522,940
Other operating charges — other administrative expenses	2	<b>(8,208,376)</b>	(7,651,349)
<b>OPERATING PROFIT/(LOSS) BEFORE EXCEPTIONAL ITEMS</b>	3	<b>258,065</b>	(128,409)
Other operating charges — exceptional costs	2	—	(250,000)
<b>OPERATING PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE INTEREST</b>		<b>258,065</b>	(378,409)
Interest receivable and similar income	5	<b>2,093</b>	181
Interest payable and similar charges	6	<b>(348,103)</b>	(209,066)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(87,945)</b>	(587,294)
Tax on loss on ordinary activities	7	<b>13,844</b>	—
<b>LOSS FOR THE FINANCIAL YEAR</b>	22	<b>(74,101)</b>	(587,294)

All of the activities of the Group are classed as continuing.

The Group has no recognised gains or losses other than the results for the year as set out above.

# CONSOLIDATED BALANCE SHEET

AT 27TH JUNE 2010

	Notes	2010 £	2009 £
<b>FIXED ASSETS</b>			
Tangible assets	9	7,668,368	6,411,459
<b>CURRENT ASSETS</b>			
Stocks	10	342,728	281,402
Debtors: Amounts falling due within one year	11	434,011	408,127
Debtors: Amounts falling due after more than one year	12	18,164	24,144
Cash at bank and in hand		1,644,361	2,373
		2,439,264	716,046
<b>CREDITORS: Amounts falling due within one year</b>	13	2,838,953	2,343,835
<b>NET CURRENT LIABILITIES</b>		(399,689)	(1,627,789)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		7,268,679	4,783,670
<b>CREDITORS: Amounts falling due after more than one year</b>	14		
— Unsecured Loan Stock		3,626,247	—
— Owed to other creditors		1,085,417	2,437,619
		4,711,664	2,437,619
<b>PROVISIONS FOR LIABILITIES</b>	16	250,000	250,000
		2,307,015	2,096,051
<b>CAPITAL AND RESERVES</b>			
Called up equity share capital	20	5,540,797	5,520,394
Share premium	21	373,338	138,676
Share based payment reserve	23	60,000	30,000
Profit and loss account	22	(3,667,120)	(3,593,019)
<b>SHAREHOLDERS' FUNDS</b>	24	2,307,015	2,096,051

The financial statements on pages 13 to 31 were approved by the Board of directors and authorised for issue on and are signed on its behalf by

**N HALL**

Director

# COMPANY BALANCE SHEET

AT 27TH JUNE 2010

Company Registration No. 05699494

	Notes	2010 £	2009 £
<b>FIXED ASSETS</b>			
Investments	8	33,795	17,397
<b>CURRENT ASSETS</b>			
Debtors: Amounts falling due within one year	11	1,574,553	445,833
Debtors: Amounts falling due after more than one year	12	9,519,358	7,199,409
		11,093,911	7,645,242
<b>CREDITORS: Amounts falling due within one year</b>	13	568,750	445,833
<b>NET CURRENT ASSETS</b>		10,525,161	7,199,409
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		10,558,956	7,216,806
<b>CREDITORS: Amounts falling due after more than one year</b>	14		
— Unsecured Loan Stock		3,626,247	—
— Owed to other creditors		1,085,417	1,654,167
		4,711,664	1,654,167
		5,847,292	5,562,639
<b>CAPITAL AND RESERVES</b>			
Called up equity share capital	20	5,540,797	5,520,394
Share premium account	21	373,338	138,676
Share based payment reserve	23	60,000	30,000
Profit and loss account	22	(126,843)	(126,431)
<b>SHAREHOLDERS' FUNDS</b>	24	5,847,292	5,562,639

The financial statements on pages 13 to 31 were approved by the Board of directors and authorised for issue on and are signed on its behalf by

**N HALL**

Director

# CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 27TH JUNE 2010

	Notes	2010 £	2009 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	25	1,067,323	290,508
RETURNS ON INVESTMENT AND SERVICING OF FINANCE	25	(295,365)	(208,885)
TAXATION		4,955	—
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	25	(1,814,138)	(2,549,106)
CASH OUTFLOW BEFORE FINANCING		(1,037,225)	(2,467,483)
FINANCING	25	2,685,485	2,183,452
INCREASE/(DECREASE) IN CASH	25	1,648,260	(284,031)



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 27TH JUNE 2010

## ACCOUNTING POLICIES

### BASIS OF ACCOUNTING

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

Notwithstanding a loss for the year of £74,101 (2009: £587,294), and net current liabilities at the balance sheet date of £399,689 (2009: £1,627,789), the financial statements have been prepared on a going concern basis. As discussed in the Chairman's Statement, the Company has continued to grow and capital to finance further expansion of the Group's operations was provided by shareholders during the course of the year.

The directors have produced forecasts for 2011 that show the Company and Group are able to continue to trade within agreed working capital facilities. Actual trading performance for the 17 weeks ended 24th October 2010 has been cash generative and ahead of these 2011 forecasts, with continuing restaurant EBITDA of £880,000 for this period compared with a forecast figure for the period of £745,000. After deducting central overheads and other costs, total Group EBITDA before pre-opening costs and occupancy costs of closed restaurants was £431,000 for the period, which is ahead of the forecast of £203,000.

The directors are confident of the continuing support of its bankers to enable the business to move towards profitability as forecast in the current business plan, and are in detailed discussions with them regarding an increased borrowing and overdraft facility, which will be invested in new restaurants.

Accordingly, the directors conclude the going concern basis continues to be appropriate. The financial statements do not reflect any adjustments which would be required should the going concern basis not be appropriate.

### BASIS OF CONSOLIDATION

The Group financial statements consolidate those of the Company and its subsidiary undertaking drawn up to 27th June 2010. No profit and loss account is presented for Brasserie Bar Co. plc as permitted by Section 408 of the Companies Act 2006. The loss dealt with in the financial statements for the Parent Company was £412.

## TANGIBLE FIXED ASSETS

All fixed assets are initially recorded at cost.

### DEPRECIATION

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Leasehold property	Over the lease term
Plant and machinery	Seven years straight-line
Fixtures and fittings	Over the lease term
Motor vehicles	25% reducing balance
Computer equipment	Five years straight-line

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

Depreciation is not charged on assets in the course of construction.

## INVESTMENTS

Investments are recorded at cost less provisions for impairment.

## STOCK

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

## OPERATING LEASE AGREEMENTS

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight-line basis over the period of the lease. Lease incentives are recognised over the shorter of the lease term and the date of the next rent review.

## DEFERRED TAXATION

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events at that date will result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

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Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be future taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

### **POST RETIREMENT BENEFITS**

During the year the Company made payments to certain employees' personal pension schemes. These costs are charged to the profit and loss account as incurred.

### **TURNOVER**

Turnover represents invoiced value, net of Value Added Tax, of goods and services provided to customers.

### **FINANCIAL INSTRUMENTS**

Financial liabilities and equity instruments are classified according to the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

When the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

### **PROVISIONS**

A provision is recognised when the Group has legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions for onerous leases are made to reflect the amounts of leases for which the Group will receive income below that of the lease cost. The effect of the time value of money is not material and therefore the provisions are not discounted.

### **SHARE BASED PAYMENTS**

The grant date fair value of options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employee becomes unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest.

Fair value is measured by the use of a Binomial model and has been adjusted for the estimated effect of non-transferability, exercise restrictions and behavioural considerations.

# NOTES TO THE FINANCIAL STATEMENTS

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## 1. TURNOVER

The turnover and loss before tax are attributable to the principal activity of the Group's trading subsidiaries. An analysis of turnover is given below:

	2010 £	2009 £
United Kingdom	11,591,069	10,298,766

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## 2. OTHER OPERATING CHARGES

	2010 £	2009 £
Exceptional costs — provision for onerous leases	—	250,000
Other administrative expenses	8,208,376	7,651,349
	<b>8,208,376</b>	<b>7,901,349</b>

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Items have been classified as exceptional due to the materiality and one-off nature of the matters involved.

## 3. OPERATING PROFIT/(LOSS)

	2010 £	2009 £
<b>Operating profit/(loss) is stated after charging:</b>		
Depreciation of owned fixed assets	557,229	445,557
Loss on disposal of fixed assets	—	145,238
Fees payable to the Company's Auditors for the audit of the Company's accounts	5,750	7,625
Fees payable to the Company's Auditors for other services		
— the audit of the Company's subsidiaries	17,250	11,250
— other services relating to taxation	6,650	4,000
Operating lease rentals — plant and machinery	23,333	29,841
— land and buildings	1,039,788	868,111

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#### 4. EMPLOYEES

	2010 £	2009 £
Wages and salaries	3,121,692	3,248,872
Social security costs	260,376	272,440
Other pension costs	5,738	3,081
Share based payment charge	30,000	30,000
	<b>3,417,806</b>	<b>3,554,393</b>

	2010 No.	2009 No.
The average monthly number of persons (including directors) employed by the Group during the year was:		
Restaurant and administrative staff	277	273

Directors' remuneration	2010 £	2009 £
In respect of the directors:		
Emoluments	241,076	232,557
Company contributions to money purchase pension schemes	4,969	2,531
Sums paid to third parties for directors' services	105,833	79,688
Share options charges	13,603	13,603
	<b>365,481</b>	<b>328,379</b>

The number of directors to whom retirement benefits are accruing under a defined contribution pension scheme was:	1	1
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#### Emoluments disclosed above include the following amounts paid to the highest paid director:

Emoluments for qualifying services	105,537	92,538
Company pension contributions to money purchase schemes	—	—
Share option charges	—	—

#### 5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2010 £	2009 £
Bank interest	2,093	181

#### 6. INTEREST PAYABLE AND SIMILAR CHARGES

	2010 £	2009 £
Bank interest payable	147,097	153,312
Other interest payable	201,006	55,754
	<b>348,103</b>	<b>209,066</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 7. TAXATION

	2010 £	2009 £
UK Corporation tax:		
Corporation tax on profit/(loss) for the year	—	—
Adjustment in respect of previous years	(13,844)	—
Total current tax charge/(credit)	(13,844)	—
Deferred taxation:		
Origination and reversal of timing differences (note 15)	—	—
Adjustment in respect of previous years	—	—
Total deferred tax	—	—
Tax on profit/(loss) on ordinary activities	(13,844)	—
Loss on ordinary activities before tax	(87,945)	(587,294)
Loss on ordinary activities multiplied by standard rate of tax of 28% (2009: 28%)	(24,624)	(164,442)
Expenses not deductible for tax purposes	48,316	90,552
Capital allowances (in excess of)/less than depreciation	(132,990)	60,304
Adjustment in respect of previous years	(13,844)	—
Utilisation of tax losses and other deductions	(3,696)	—
Other timing differences	(6,551)	9,550
Tax losses carried forward	119,545	4,036
Current tax (credit)/charge for period	(13,844)	—

## 8. INVESTMENTS

Company	Shares in subsidiary undertaking £
Cost:	
At 28th June 2009	17,397
Additions	16,398
27th June 2010	33,795

At 27th June 2010, the Company owned 100% of the ordinary share capital of both Blanc Brasseries Limited and The White Brasserie Company Limited. Both companies are incorporated in England and Wales, and operate within the pub/restaurant sector.

## 9. TANGIBLE FIXED ASSETS

	Leasehold property £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Assets in the course of construction £	Total £
<b>Cost or valuation</b>						
At 28th June 2009	2,585,227	2,037,406	3,769,942	162,332	—	8,554,907
Additions	269,318	380,814	702,451	26,729	434,826	1,814,138
At 27th June 2010	2,854,545	2,418,220	4,472,393	189,061	434,826	10,369,045
<b>Depreciation</b>						
At 28th June 2009	1,049,072	565,494	440,205	88,677	—	2,143,448
Charged in the year	112,569	237,016	184,046	23,598	—	557,229
At 27th June 2010	1,161,641	802,510	624,251	112,275	—	2,700,677
<b>Net book value</b>						
At 27th June 2010	1,692,904	1,615,710	3,848,142	76,786	434,826	7,668,368
At 28th June 2009	1,536,155	1,471,912	3,329,737	73,655	—	6,411,459

The assets of the Group have been secured by Barclays Bank plc in relation to the Development Loan facility granted to Brasserie Bar Co. plc. Assets are secured by way of a guarantee, debenture, fixed and floating charges. Assets under course of construction are not depreciated until they come into operation.

### Company

The Company does not have any fixed assets.

## 10. STOCKS

	Group		Company	
	2010 £	2009 £	2010 £	2009 £
Consumable stock	299,849	256,625	—	—
Goods for resale	42,879	24,777	—	—
	342,728	281,402	—	—

## 11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2010 £	2009 £	2010 £	2009 £
Other debtors	114,199	94,896	5,980	—
Amounts owed by Group undertakings	—	—	1,568,573	445,833
Prepayments and accrued income	319,812	313,231	—	—
	434,011	408,127	1,574,553	445,833

## 12. DEBTORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2010 £	2009 £	2010 £	2009 £
Amounts owed by Group undertakings	—	—	9,501,194	7,199,409
Prepayments and accrued income	18,164	24,144	18,164	—
	18,164	24,144	9,519,358	7,199,409

# NOTES TO THE FINANCIAL STATEMENTS

## 13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Bank overdraft	66,957	73,229	—	—
Bank loan	568,750	445,833	568,750	445,833
Trade creditors	967,999	675,603	—	—
Other taxation and social security	339,759	321,818	—	—
Amounts owed to Group undertakings	—	—	—	—
Other creditors	382,461	296,873	—	—
Accruals and deferred income	513,027	530,479	—	—
	<b>2,838,953</b>	<b>2,343,835</b>	<b>568,750</b>	<b>445,833</b>

The bank overdraft and loan are secured against the assets of the business.

## 14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Bank loan	1,085,417	1,654,167	1,085,417	1,654,167
Other loan	—	783,452	—	—
Unsecured Loan Stock	3,626,247	—	3,626,247	—
	<b>4,711,664</b>	<b>2,437,619</b>	<b>4,711,664</b>	<b>1,654,167</b>

The directors have presented Unsecured Loan Stock separately on the face of the Balance Sheet due to its relative size.

The bank loan is secured against the assets of the business.

During the year, Brasserie Bar Co. plc issued 415,085 units at £7.90 per unit, each unit comprising £7.11 in unsecured loan stock plus four Ordinary C Shares at 19.75p per share. In addition, the existing loans made by the directors in the previous year totalling £749,994 were converted into units at the above rates.

Interest is charged at a rate of 7% per annum, rolled-up quarterly and paid every six months. The unsecured loan stock has a repayment term of five years, or earlier, either:

- (i) on an Exit (a Listing or acquisition by a third party purchaser of 90% of the entire share capital of the Company) or
- (ii) at the discretion of the Board.

Bank loans repayable in instalments:

	Group and Company	
	2010	2009
	£	£
Wholly repayable within five years	1,654,167	2,100,000
Total loans	1,654,167	2,100,000
Included in current liabilities	(568,750)	(445,833)
Bank loans due in more than one year	1,085,417	1,654,167
Bank loans are repayable as follows:		
More than one year but within less than two years	525,000	525,000
More than two years but within less than five years	560,417	1,129,167

## 15. DEFERRED TAXATION

The movement in deferred taxation during the year was:

	Group		Company	
	2010 £	2009 £	2010 £	2009 £
Provision brought forward	—	—	—	—
Profit and loss account movement arising during the year	—	—	—	—
Provision carried forward	—	—	—	—

Unprovided deferred taxation consists of the tax effects of the following timing differences:

	Group		Company	
	2010 £	2009 £	2010 £	2009 £
Decelerated capital allowances	—	161,000	—	—
Other short-term timing differences	5,532	10,000	—	—
Tax losses	322,978	198,000	8,151	12,000
	<b>328,510</b>	<b>369,000</b>	<b>8,151</b>	<b>12,000</b>

No deferred tax asset will be recognised in respect of these amounts until the timing of recovery is more certain.

## 16. PROVISIONS FOR LIABILITIES

A provision has been made for onerous lease costs in respect of the sites that were closed during the previous year.

	Total £
Balance at 28th June 2009	250,000
Provision made in the year	—
Balance at 27th June 2010	<b>250,000</b>

## 17. PENSION COMMITMENTS

The Group operates a defined contribution scheme and makes contributions to individual money purchase pension plans on behalf of certain employees. The pension cost in respect of these schemes amounted to £5,738 (2009: £3,081). No outstanding contributions to these schemes existed at year end.

## 18. LEASING COMMITMENTS

At 27th June 2010 the Group had annual commitments under non-cancellable operating leases as set out below.

Group	Plant and machinery		Land and buildings	
	2010 £	2009 £	2010 £	2009 £
Operating leases which expire:				
Within one year	16,311	9,680	—	—
Within two to five years	9,108	19,012	16,200	16,200
After more than five years	—	—	1,079,946	938,756
	<b>25,419</b>	<b>28,692</b>	<b>1,096,146</b>	<b>954,956</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 19. EQUITY SETTLED SHARE BASED PAYMENTS

During the year, Blanc Brasseries Limited granted options over B Ordinary shares of Brasserie Bar Co. plc to managers and executives as follows:

Date of grant	Original options price per share	As at 28th June 2009, the number of B Ordinary shares over which options are outstanding	During the year, the number of B Ordinary shares over which options were granted	During the year, the number of B Ordinary shares over which options lapsed	During the year, the number of B Ordinary shares over which options were cancelled	As at 27th June 2010, the number of B Ordinary shares over which options are outstanding
17th August 2008	0.001	408,000	—	21,000	—	397,500
1st April 2010	0.001	—	10,500	—	—	10,500

The options are subject to certain vesting criteria and are exercisable on or before the tenth anniversary of their grant.

No options were exercised during the year. Options outstanding at 27th June 2010 were exercisable at a price of 0.001p per share and have a weighted average remaining contractual life of nine years.

Options are granted with a fixed exercise price. Options were granted during the previous year with an exercise price of 0.001p. The contractual life of these options is ten years from the grant date. Further options were granted during the year with an exercise price of 0.001p. The contractual life of these options is ten years from the grant date. Options become exercisable on an Exit (a listing or acquisition by a third party purchaser of 90% of the entire share capital of the Company). Options are valued using the Binomial option pricing model.

The fair value of share based payments charged to the profit and loss account in the year was £30,000 (2009: £30,000).

The fair market value has been estimated using the following key assumptions based on the information available at the date of grant:

	<b>2010</b>
Weighted average share price at the date of grant (p)	0.001
Weighted average volatility at date of grant (%)	40
Weighted average fair value at date of grant	0.34
Risk free rate (%)	4.06
Dividend yield (%)	Nil

## 20. SHARE CAPITAL

	2010	2009
	£	£
Authorised:		
6,990,000 ordinary 'A' shares of £1 each	6,990,000	6,990,000
10,000,000 ordinary 'B' shares of £0.001 each	10,000	10,000
2,826,998 ordinary 'C' shares of £0.01 each	28,270	—
1 LPIV Share of £1 each	1	—
1 LPV Share of £1 each	1	—
	7,028,272	7,000,000

	2010		2009	
	No.	£	No.	£
Allotted, issued and fully paid:				
Equity shares				
'A' ordinary shares of £1 each	5,519,394	5,519,394	5,519,394	5,519,394
'B' ordinary shares of £0.001 each	1,000,000	1,000	1,000,000	1,000
'C' ordinary shares of £0.01 each	2,040,084	20,401	—	—
LPIV Share of £1 each	1	1	—	—
LPV Share of £1 each	1	1	—	—
	8,559,480	5,540,797	6,519,394	5,520,394

The 'A' ordinary shares rank *pari passu* with the 'B' ordinary shares in respect of both dividends and rights on winding up.

During the year, 2,040,084 £0.01 'C' ordinary shares were issued at a premium of 18.75p per share in conjunction with unsecured loan stock (see Note 14). The 'A' ordinary shares and the 'C' ordinary shares rank equally as if they constitute one class of shares.

During the year, 1 LPIV share and 1 LPV share were issued at par. There are no voting rights, nor dividend rights attached to these shares.

In addition, on Exit (a Listing or acquisition by a third party purchaser of 90% of the entire share capital of the Company) B Ordinary shareholders are entitled to 23.26% of the proceeds of an Exit, but only if such Exit values the entire share capital at £10,835,817 or more.

## 21. SHARE PREMIUM ACCOUNT

	2010	2009
	£	£
Balance brought forward	138,676	138,676
Shares issued in the year	382,516	—
Share issue costs	(147,854)	—
	373,338	138,676

# NOTES TO THE FINANCIAL STATEMENTS

## 22. PROFIT AND LOSS ACCOUNT

	Group		Company	
	2010 £	2009 £	2010 £	2009 £
Balance brought forward	(3,593,019)	(3,005,727)	(126,431)	(133,428)
(Loss)/profit for the financial year	(74,101)	(587,292)	(412)	6,997
Balance carried forward	(3,667,120)	(3,593,019)	(126,843)	(126,431)

## 23. SHARE BASED PAYMENT RESERVE

	Group and Company	
	2010 £	2009 £
Balance brought forward	30,000	—
Share based payment adjustment	30,000	30,000
Balance carried forward	60,000	30,000

## 24. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Group		Company	
	2010 £	2009 £	2010 £	2009 £
Opening shareholders' funds	2,096,051	2,653,343	5,562,639	5,525,642
New share capital issued	20,403	—	20,403	—
Premium on new share capital issued	234,662	—	234,662	—
(Loss)/profit for the financial year	(74,101)	(587,292)	(412)	6,997
Share based payments	30,000	30,000	30,000	30,000
Closing shareholders' funds	2,307,015	2,096,051	5,847,292	5,562,639

## 25. CASH FLOWS

### a. Reconciliation of operating profit/(loss) to net cash inflow from operating activities

	2010 £	2009 £
Operating profit/(loss)	258,065	(378,409)
Depreciation	557,229	445,557
Loss on disposal of assets	—	145,238
Share based payment charge	30,000	30,000
Increase in stocks	(61,326)	(102,528)
Increase in debtors	(11,015)	(154,538)
Increase in creditors	294,370	55,188
Increase in provisions	—	250,000
Net cash flow from operating activities	1,067,323	290,508

### b. Analysis of cash flows for headings netted in the cash flow statement

	2010 £	2009 £
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest receivable	2,093	181
Interest paid	(297,458)	(209,066)
Net cash inflow from returns on investments and servicing of finance	(295,365)	(208,885)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Payments to acquire tangible fixed assets	(1,814,138)	(2,549,106)
Net cash outflow for capital expenditure and financial investment	(1,814,138)	(2,549,106)
FINANCING		
Issue of share capital	180,064	—
Receipt of bank loan	—	1,400,000
Repayment of bank loan	(445,833)	—
Receipt of directors' loans	—	783,452
Receipt from issue of Unsecured Loan Stock	2,951,254	—
Net cash outflow from financing	2,685,485	2,183,452

### c. Reconciliation of net cash flow to movement in net debt

	2010 £	2009 £
Increase/(decrease) in cash	1,648,260	(284,031)
Cash outflow/(inflow) from decrease/(increase) in bank loans	445,833	(1,400,000)
Cash inflow from directors' loans	—	(783,452)
Cash inflow from loan stock	(2,951,254)	—
Change in net debt resulting from cash flows	(857,161)	(2,467,483)
Non cash flow changes	74,999	—
Reclassification of loan interest accrual	33,458	—
Net movement in debt	(748,704)	(2,467,483)
Net debt as at 28th June	(2,954,308)	(486,825)
Net debt as at 27th June	(3,703,012)	(2,954,308)

# NOTES TO THE FINANCIAL STATEMENTS

## 26. ANALYSIS OF CHANGES IN NET DEBT

	At 28th June 2009 £	Cash flows £	Other changes £	Non cash flow changes £	At 27th June 2010 £
Net cash:					
Cash in hand and at bank	2,373	1,641,988	—	—	1,644,361
Bank overdraft	(73,229)	6,272	—	—	(66,957)
Net cash	(70,856)	1,648,260	—	—	1,577,404
Debt:					
Bank debt due within one year	(445,833)	445,833	(568,750)	—	(568,750)
Bank debt due after one year	(1,654,167)	—	568,750	—	(1,085,417)
Directors' loans due after one year	(783,452)	—	33,458	749,994	—
Unsecured Loan Stock due after one year	—	(2,951,254)	—	(674,995)	(3,626,249)
Net debt	(2,883,452)	(2,505,421)	33,458	74,999	(5,280,416)
Total	(2,954,308)	(857,161)	33,458	74,999	(3,703,012)

Non cash changes relate to the concession of directors' loans into unsecured loan stock amounting to £674,995, and share capital amounting to £3,797 with a share premium of £71,202. Interest due to the directors on their loan accounts amounting to £33,452 was settled in cash during the year leaving £6 owed to the directors at the balance sheet date. Details are set out in note 20 of the financial statements.

## 27. TRANSACTIONS WITH DIRECTORS

During the year expenses relating to fees paid to third parties for directors' services totalled £64,032 (2009: £79,688) in respect of Mr I R H Glyn. In addition, expenses totalling £138,500 (2009: £23,482) were paid to Core Capital LLP (a company related to a significant shareholder) for consultancy services provided.

During the year, the Company granted an underlease to Dame Tartine Limited, a company of which Mr M Derry is both a director and shareholder and Mr I R H Glyn is a shareholder.

During the year, movement in directors' loans was as follows:

Director	Loan b/fwd £	Interest brought forward £	Interest accumulated £	Interest paid £	Amount of principal converted £	Loan c/fwd £
J Lederer	20,000	894	2,536	3,430	20,000	—
M Derry	250,000	11,178	31,699	42,877	249,998	2
I R H Glyn	380,000	16,991	48,182	65,173	379,997	3
R R A Blanc	100,000	4,389	12,625	17,014	99,999	1
	750,000	33,452	95,042	128,494	749,994	6

Interest was charged at a rate of 20% on the outstanding daily balance, of which 8% was paid immediately and 12% was rolled-up and subsequently paid.

## 27. TRANSACTIONS WITH DIRECTORS (CONTINUED)

During the year the directors' loans in the Company were converted to 90% unsecured loan stock and 10% share capital in Brasserie Bar Co. plc, as follows:

Director	Amount of capital converted £	Share capital (1.00p per share) £	Share premium (18.75p per share) £	Loan stock £
J Lederer	20,000	101	1,899	18,000
M Derry	249,998	1,266	23,734	224,998
I R H Glyn	379,997	1,924	36,075	341,998
R R A Blanc	99,999	506	9,494	89,999
	<b>749,994</b>	<b>3,797</b>	<b>71,202</b>	<b>674,995</b>

## 28. RELATED PARTY TRANSACTIONS

The Company is exempt from disclosing transactions within Group companies that are consolidated within the financial statements.

## 29. ULTIMATE PARENT UNDERTAKING

No one party has control over the Group.

## 30. FINANCIAL INSTRUMENTS

The Group had taken out a floating rate interest loan in the previous year. As a condition of the loan agreement, the Company entered into an interest rate swap arrangement at a swap rate of 4.97% per annum. The amount subject to the swap arrangement as at 27th June 2010 was £1,500,000 (2009: £2,100,000). The market value of the swap as at the year-end was a payable of £65,626 (2009: £119,771). The agreement expires on 20th June 2011.

# DIRECTORS AND OFFICERS

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## DIRECTORS

C J M Hardie CBE (Chairman)  
S P Edwards  
M Derry  
I R H Glyn  
J D Lederer  
N Hall

## SECRETARY

N Hall

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