REVOLUTION
BARS GROUP

Revolution   Revolución de Cuba

Revolution Bars Group plc
Annual Report and Accounts 2017

CONTINUED GROWTH

WE ARE A LEADING OPERATOR OF PREMIUM BARS...

...with two strong brands, "Revolution" and "Revolución de Cuba". We have a strong national presence across the UK and significant growth opportunities. We currently trade from an estate of 69 bars located predominantly in town or city centre high streets.

Our bars focus on a premium drinks and food-led offering and typically trade from late morning through to late evening.

Our journey to continued growth...

ONGOING

GROWING NEW SITES

Six new bars have opened in FY17 and are trading well.

2017

CONTINUED OPERATIONAL PROGRESS

Attractive premium brands positioned for growth, with constant innovation ensuring a differentiated customer proposition.

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Find out more information at:
www.revolutionbarsgroup.com

HIGHLIGHTS

Strong financial performance

- Revenue of £130.5 million (2016: £119.5 million), an increase of 9.2 per cent
- Positive like-for-like** sales of +1.5 per cent
- Adjusted EBITDA*** increased by £2.1 million to £15.1 million (2016 Restated*: £13.0 million)
- Profit before tax of £3.6 million (2016 Restated*: £5.1 million); adjusted profit before tax*** of £9.3 million (2016 Restated*: £7.4 million)
- Gross margin improved by 82 bps
- EPS of 8.2 pence (2016 Restated*: 8.8 pence); adjusted EPS*** of 14.2 pence (2016 Restated*: 11.7 pence)
- Final dividend of 3.3 pence per share (2016: 3.3 pence per share)

Estate development

- Six new sites opened in the year and are trading well
- Existing estate well invested and constantly evolving through innovation to maintain premium positioning

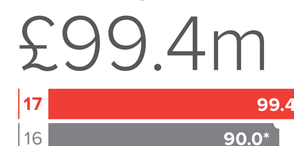
Current trading

- Like-for-like sales for first quarter of current year +0.3 per cent
- Six new sites planned for the year to 30 June 2018, of which four are expected to open in H1

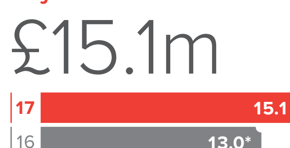
FINANCIAL HIGHLIGHTS

Revenue £m

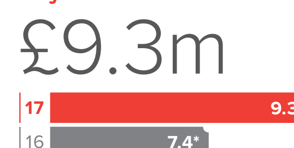
Gross margin £m



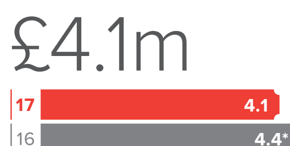
Adjusted EBITDA £m***



Adjusted PBT £m***



Profit after tax £m



* Restated – see Note 1(b) of the consolidated financial statements for an explanation and analysis of the prior year adjustments included in respect of the profit for the 53 weeks ended 2 July 2016.

** Like-for-like sales are defined as total retail sales from bars that have traded continuously for at least 12 months.

*** Adjusted EBITDA excludes exceptional items and bar opening costs (see reconciliation table on page 18 of the Financial Review).

The company has an accounting reference date 30 June and prepares accounts to the Saturday closest to this date. Throughout this report references to "2016", "FY16", "Year ended 30 June 2016" and "30 June 2016" relate to the 53 week period ended 2 July. When discussing performance in the period to 2 July 2016 when referring to the position at the end of period references to "2015", "FY15", "Year ended 30 June 2015" and "30 June 2015" relate to the 52 week period ended 27 June 2015 when discussing performance in the period and to 27 June 2015 when referring to the position at the end of the period. When discussing LFL metric the prior period comparison have been adjusted to reflect an equivalent 53 week period.

2018

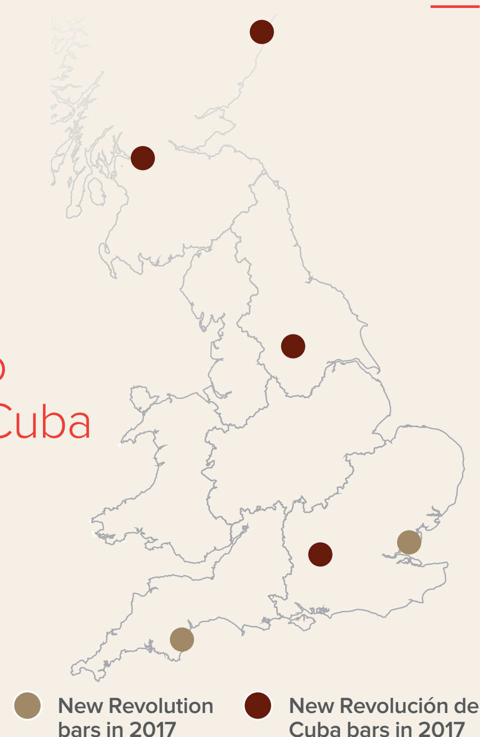
NEW SITES

The first of six new sites planned for the new financial period opened in Belfast in the third week of July. Belfast Revolución de Cuba has achieved the highest sales levels of all venues opened in the last two years and has averaged £80k per week over the first nine full weeks of trading. Three Revolutions are scheduled to open in Solihull, Inverness and Putney before Christmas and two Revolución de Cubas are expected to open in the second half. The new venue pipeline is building very strongly and contracts have already been exchanged on a further two sites to open in the following financial period.

Revolución de Cuba
RUM BAR • CANTINA

Belfast

STRATEGIC REPORT
AT A GLANCE



New Revolution bars in 2017

New Revolución de Cuba bars in 2017

Strong cash generation and investment to deliver rollout of both the Revolución de Cuba and Revolution brands.

New Revolución de Cubas at Harrogate, Aberdeen, Reading and Glasgow were opened in the first half of the period, and were followed by two new Revolutions in Southend and Torquay in the final quarter.

Total sales increased +9.2%
£130.5m

Currently trading from
69 sites

REVOLUTION

Our Revolution bars have been trading since 1996 and are a destination of choice for customers who value a premium drinks and food-led offering.

Each Revolution bar has its own character, individual design and layout, with bar interiors tailored on a site-by-site basis to utilise the space available and the best attributes of the architecture of each bar.

The success of our Revolution brand is driven by our customers' desire to be entertained outside of their homes in highly invested, exciting, quality, contemporary environments. The principal revenue streams are generated from our wide range of premium cocktails and drinks and our lunchtime and evening food offerings.

Customers

59% female

Content – mainstream "feel good" music

Drinks – wide premium cocktail and drinks range

Operational priorities

- Consistently providing outstanding service and unbeatable quality to our customers.
- Substantial training investment driving service performance.
- Constantly innovating to ensure that we offer our customers a market-leading range of cocktails and spirits.
- Rollout of the brand in selective high street locations throughout the UK.

Revolución de Cuba

RUM BAR • CANTINA

The bar design differs from the Revolution concept, with Revolución de Cuba bars being characterised by their 1940s Cuban-inspired style, with dark woods, traditional bar counters, antique tiles, vintage furniture, Havana-style ceiling fans and original Cuban artwork and photographs, with each bar tailored to give it an individual character.

The success of our Revolución de Cuba brand is driven by the Cuban-inspired premium proposition offering cocktails, food and live music to a wide range of customers. The principal revenue streams are generated from our rum-led cocktail range coupled with a Spanish and Mexican-based tapas-inspired food menu and authentic live Latin music and entertainment.

Customers

66% female

Content – live Cuban/ Spanish bands

Drinks – rum-led cocktail range and Mexican and Spanish beers

Operational priorities

- Consistently providing outstanding service and unbeatable quality to our customers.
- Providing ongoing training to our people to offer the highest service standards.
- Rollout of the brand in selective high street locations throughout the UK.

STRATEGIC REPORT
CHAIRMAN'S STATEMENT

The clear and focused strategy, the quality of our sites and proposition, and the talent within the Group leave the business well placed for further growth in 2018.

The scale and strength of our new venue pipeline and the excellent returns achieved by new venues opened in the last two years mean that the business can be confident about achieving its growth targets going forward.

Summary

- The Board paid an interim dividend this year of 1.65 pence per share (2016: 1.5 pence per share).
- Subject to approval at the Company's annual general meeting, we will pay a final dividend of 3.3 pence per share (2016: 3.3 pence per share).

As the Chairman of Revolution Bars Group plc, it is my privilege to introduce this, our third annual report and accounts for the 52 weeks ended 1 July 2017.

Our business

The strategy of the Group is to provide high-quality retail brands in the leisure sector. Our business comprises two strong brands: Revolution, which is focused on young adults, and Revolución de Cuba, which is focused on a broader age range. Whilst both businesses are wet-led, food is an important part of our growth and of our appeal to both customer groups. Our strategy for growing the business is to be customer focused, continually striving to provide a better experience both in terms of product offering, ambience and facilities leading to repeat visits and driving like-for-like sales. The Group is additionally focused on growing its footprint and number of premium bars by seeking new sites in good locations, and investing capital to deliver good returns. This year we opened six new venues, four of which were Revolución de Cubas. Two years ago, Revolución de Cuba traded from only five venues but, including Belfast, which opened shortly after the period end, the brand now trades from 14 venues and has the potential for further significant growth in the number of trading units.

At the beginning of the period, the Group operated from 62 venues (53 Revolutions and nine Revolución de Cubas). During the reporting period there were six openings and we temporarily closed one venue in May but reopened it in September 2017, and therefore the Group traded from 67 venues at the end of the reporting period.

Our results

Our reported results show good progress against the prior period, with sales growth of +9.2 per cent and even stronger growth in adjusted EBITDA*** at +16.0 per cent against the restated figure for the prior period. We consider adjusted EBITDA*** to be the key measure that best represents the business' underlying performance as it excludes exceptional items and bar opening costs that are a function of the timing of the new venue development programme rather than the underlying trade. Last year's adjusted EBITDA*** has been restated from £15.6 million to £13.0 million. Operating profit was £3.7 million (2016 Restated*: £5.3 million) but this was after charging exceptional items of £4.3 million (2016 Restated*: £1.4 million).

During the year, there was significant change within our finance team. This included the Chief Financial Officer, Sean Curran, and the Group Financial Controller, who had both been with the business for over ten years, both leaving the Group. Chris Chambers replaced Sean in the autumn of 2016 but resigned shortly thereafter in February 2017. Mike Foster joined the business in March 2017, initially as interim Finance Director, before being appointed to the Board and as the Group's Chief Financial Officer in early June 2017.

The new team's initial focus was to assess the forecast results for the current period. This review resulted in the trading update that was released on 19 May 2017. The current finance team has strengthened and upgraded the systems and processes of the finance function. Additionally, a detailed review has been undertaken of the application of the Group's accounting policies and practices. This review has resulted in a restatement of the prior period's results.

Recommended cash offer for the Group

Following the Group's trading update in May 2017 updating investors on lower than anticipated profitability for the full year ended 1 July 2017, and the resulting drop in the Group's share price, Stonegate Pub Company Limited ("Stonegate") made an approach to acquire the Group. On 24 August 2017, the Board recommended Stonegate's cash offer of 203 pence per share, which represented a 62.4 per cent premium to the share price prior to the commencement of the offer period on 31 July 2017. It is expected that the Group's shareholders will vote on the recommended cash offer from Stonegate on 17 October 2017.

The Board is also engaged with Deltic Group plc ("Deltic") as a possible offeror for the Group. Deltic has outlined a merger proposal, which the Board has rejected due to significant concerns regarding both value and deliverability. Deltic has indicated that, in order to put forward its merger proposal and discuss it with the Group's shareholders, it will in due course publish its own profit forecast and a quantified financial benefits statement in respect of a merger. In parallel, Deltic has also stated that it continues to evaluate a possible cash offer for the Group. The Takeover Panel announced on 21 September 2017 that Deltic must either announce a firm intention to make an offer for the Group under Rule 2.7 of the City Code on Takeovers and Mergers, or announce that it does not intend to make an offer, by 5.00 p.m. on 10 October 2017. Deltic is continuing to perform due diligence on the Group, and the Board is committed to ensuring that the interests of shareholders are best served.

Our Board

As previously noted, Chris Chambers resigned from the Board in February 2017. Mike Foster was appointed as Chief Financial Officer (and to the Board) in early June 2017. We also welcomed Jemima Bird as a Non-executive Director in December 2016.

Our dividend

To date, the Board has adopted a progressive dividend policy reflecting the cash flow generation and long-term earnings potential of the Group whilst retaining sufficient capital to fund investment to grow the business. However, in light of the restatement of profits relating to earlier periods and the lower level of underlying earnings for the current period relative to original expectations, the Board is proposing a final dividend of 3.3 pence per share (2016: 3.3 pence). This will result in the dividend for the full year being at 4.95 pence per share, an interim dividend of 1.65 pence per share (2016: 1.5 pence) having been paid on 6 April 2017.

The final dividend is subject to approval at the Company's annual general meeting and would ordinarily be expected to be paid on 7 December 2017. However, if the Stonegate acquisition of the Group completes prior to the annual general meeting taking place, the dividend will not be payable.

Stonegate will have the right to reduce the amount of consideration payable for each Revolution share by the amount of any dividend (or other distribution) which is paid or becomes payable by Revolution to Revolution shareholders before the date on which the proposed scheme of arrangement becomes effective, which is expected to be on or about 23 October 2017. Based on the expected timetable, therefore, it is not anticipated that any dividend (or other distribution) will be paid or that the offer price will be reduced.

If Stonegate does exercise its right to reduce the amount of consideration payable for each Revolution share by the amount of any dividend (or other distribution) that has not been paid, Revolution shareholders will be entitled to receive and retain that dividend (or other distribution).

Our people

The Group has a skilled workforce as well as experienced senior and regional management teams with proven credentials in the industry. Strong cohesive teams have been built across our businesses with a focus on staff training and development to continuously improve individual capabilities and trading performance. I would like to recognise the commitment and the substantial effort of all our employees and thank them for their contribution to the Group's performance. It is their continued dedication and commitment to the business together with a clear strategic plan that is integral to our achievements.

Our future

Given the recommended cash offer for the business from Stonegate, it is likely that the ownership of the Company will change in the next few weeks. However, such an event is not certain and, whatever the outcome of the potential transactions, the business is well placed to succeed.

We have two strong brands that are trading well in a challenging market. In the first quarter of the new period, like-for-like** sales are +0.3 per cent and our first new opening this year in Belfast has achieved the best initial sales levels of all 12 openings in the last two years, averaging £80k per full week since opening.

The sector is facing some well-publicised and significant cost headwinds: minimum wage and living wage rate increases, the introduction of the apprenticeship levy and substantial increases in general rates following the 2017 revaluation. Staffing and recruitment may now also come under pressure due to Brexit-related issues. However, now that we have dealt with the historical financial reporting issues, and have improved reporting and controls in place, we are better placed to be able to rise to these challenges.

The scale and strength of our new venue pipeline and the excellent returns achieved by new venues opened in the last two years mean that the business can be confident about achieving its growth targets going forward. The clear and focused strategy, the quality of our sites and proposition, and the talent within the Group leave the business well placed for further growth in 2018.

Keith Edelman
Chairman
3 October 2017

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STRATEGIC REPORT
CHIEF EXECUTIVE OFFICER'S STATEMENT

Customer loyalty is determined by many factors. We do not take anything for granted with people in all areas of our business contributing fully to this goal.

Driving profit improvement from existing sites requires a focus on both sales and costs, which is integral to the way that all our teams are managed.

Six openings are planned for the new financial period: three Revolutions and three Revolución de Cubas.

Summary

> Positive set of results for the financial year ended 1 July 2017.

> Existing site portfolio achieving positive like-for-like sales** of +1.5 per cent.

> Six new bars opened in the reporting period and are trading strongly.

I can report that the business has made good operational progress during the last reporting period. At the heart of that progress is our focused strategy to:

> build customer loyalty, ensuring that all visits to our venues are an excellent experience;

> drive continued profit improvement from existing sites; and

> expand the estate into new profitable locations.

Building customer loyalty

Customer loyalty is determined by many factors. We do not take anything for granted with employees in all areas of our business contributing fully to this goal.

> Our drinks purchasing team is continuously seeking new products and looking to premiumise, innovate and evolve our customer proposition through new products, service quality and brand support. Cocktails, which comprise 23 per cent of our total drink sales by value, are a good demonstration of the success of this team's approach. Our two brands currently list in the region of 100 different cocktails and change menus four times per annum to ensure that there is always something new. Last year we introduced more than 130 new serves.

> Our food development team is always seeking to innovate with new dishes and ways in which to make the service delivery faster and more consistent. We regularly introduce specials to determine whether a new dish could become part of the regular menu. In a small number of venues, we are currently trialling a reduced number of menu options with encouraging results, delivering important benefits such as reduced wastage, labour savings and purchasing economies.

> Our people development teams are continually enhancing training and recruitment programmes to ensure that we have front line staff capable of providing outstanding customer service.

> Our sales and marketing teams promote our proposition particularly well. By getting close to and understanding our customers, through both social media and in our venues, they ensure that our customers' needs are fulfilled. Our pre-booked revenue, which has grown consistently year on year, is a key driver of like-for-like sales. In the reporting period, £17.1 million of our income was pre-booked. We also monitor standards very closely through customer feedback scores and a "mystery visitor" programme, and results are reviewed weekly by the Senior Management Team.

> Our operations teams are ultimately responsible for the business delivery, and have to plan and co-ordinate the right resources to ensure the customer enjoys an excellent experience.

Driving profit improvement from existing sites

Driving profit improvement from existing sites requires a focus on both sales and costs, which is integral to the way that all our teams are managed.

> Premiumisation of our drink and food offerings and strong brand identities differentiate our business model and customer offer. We are conscious that, in a challenging marketplace, we do not overprice and therefore monitor competitor prices very closely to ensure we continue to be competitive and take advantage of our premium positioning.

> Driving sales is the most important activity of our sales and marketing teams, which constantly produce new campaigns and work with brand owners to build promotions to drive footfall and to encourage customers to increase spend. For example, cocktail master classes are very popular – in the last year we achieved £4.7 million of incremental sales and have recently launched an online retail option for our flavoured vodkas. During the year, we recruited two corporate sales managers to also develop this part of the market. Their early results are encouraging and, in particular, our Christmas bookings for 2017 are significantly ahead of last year.

> Our finance and IT teams play a critical role in providing the systems and reporting to facilitate running an efficient business. Significant IT developments have been undertaken in the year to support the sales, operations and people development teams. Our finance team has had much to contend with in the last year and it is now very clear that our accounting systems and processes were in need of upgrading. Improvements have been made, and will continue to be made, in this area to provide a more robust financial infrastructure and in so doing bring additional benefits.

> As ever, it is the operations team at the "sharp end" of the business which drives sales through outstanding operating standards and marketing effectively to its customers at a local level. Payroll is our biggest cost and it has risen significantly in recent years as a result of the increases to minimum wage and living wage. Our efforts to meet these structural challenges have not been quick enough, but we are introducing new systems that will result in improved labour scheduling and better control of this significant cost.

Expansion of our estate

Our property team is driving significant value through its site selection and property development activities. During the reporting period, we opened two Revolutions in Southend and Torquay and four Revolución de Cubas in Harrogate, Aberdeen, Reading and Glasgow. Revolution in Macclesfield closed at the end of May 2017 but reopened in September 2017 after the period end. Shortly after the period end we opened a Revolución de Cuba in Belfast and now trade from 69 venues (55 Revolutions and 14 Revolución de Cubas).

Sales levels at the new sites have been excellent. Our primary objective at opening is to ensure that we provide an outstanding customer experience and our venues are resourced accordingly. Newly trained staff are unable to achieve full efficiency initially, but this strategy aims to ensure good feedback scores and good word of mouth marketing and achieve significant repeat business. Additionally, there are significant marketing costs associated with a launch, and therefore new sites do not make a full contribution in their first year of trading (and, in some cases, can take a full year to reach normal operating maturity and efficiency). We believe this is the right approach for the long-term health and viability of these new venues, a belief which is being borne out in practice by the achievement of very strong returns in the second year of trading.

Six openings are planned for the new financial period: three Revolutions and three Revolución de Cubas. Belfast Revolución de Cuba opened in July and new Revolutions are planned to open before Christmas in Inverness, Solihull and Putney. Two further Revolución de Cubas are expected to open in the second half.

The property team has built a very strong pipeline with three further sites that could potentially open in the second half of the current financial period, but given that our developments are primarily funded from internally generated cash resources, they are planned for early in the 2018/19 financial period. The pipeline being developed beyond that is considerable and we would expect to be able to open at least six sites per annum for several years onwards.

Results

The year-on-year growth in total revenue of +9.2 per cent and adjusted EBITDA*** of +16.0 per cent reflects good progress despite the absorption of significant cost headwinds affecting the whole sector. Operating profit was £3.7 million (2016 Restated*: £5.3 million) but this was after charging exceptional items of £4.3 million (2016 Restated*: £1.4 million).

Employees and management teams

I would like to acknowledge the dedication and commitment demonstrated by all our employees.

The results of the Group represent a collective effort and I would like to thank all of our employees for their support during the year and for their contribution to our results.

Mark McQuater
Chief Executive Officer
3 October 2017

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*** Adjusted EBITDA excludes exceptional items and bar opening costs (see reconciliation table on page 18 of the Financial Review).

STRATEGIC REPORT
OUR MARKETS

Significant growth in pipeline with six openings confirmed for FY18

Market overview

With their combination of premium drinks, food and entertainment, both of the Group's brands, Revolution and Revolución de Cuba, are well placed to take advantage of market trends.

The market is moving towards premium products with discerning customers willing to pay a little bit more for premium brands and handmade cocktails as a key element of their "night out". With premium spirits now accounting for half of all spirit sales and with cocktails, as a category, forecast to continue strong growth through 2018, the premium positions of the Group's brands are clearly aligned with market trends.

The Group seeks to operate, through both of its brands, at the premium end of each local market it serves. Use of branded products, premium pricing and a highly invested, quality environment appeals to aspirational customers, particularly females.

Largest category growth in premium cocktails

+23%

Growth of Revolución de Cuba estate in the reporting period

+44%

Digital marketing grown significantly

Facebook fans

+25%

Website visits

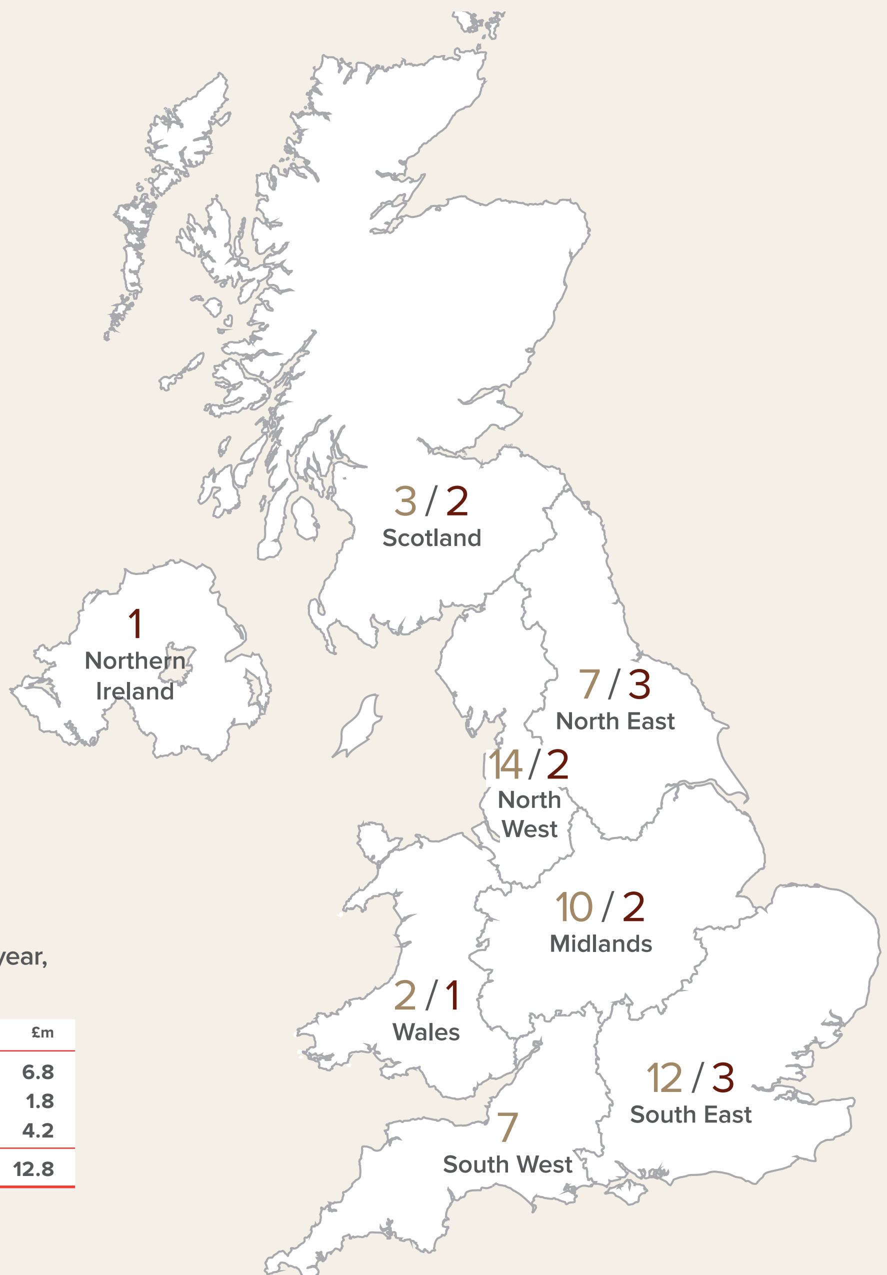
+13%

Our locations

We currently operate 69 bars across the UK under both the Revolution and Revolución de Cuba brands. With our bars being situated in town and city centre locations, we believe there is significant scope for expansion.

Revolution

Revolución de Cuba



Large headroom available in the UK for new sites with a potential of 150 over both brands

150

2017
WELL INVESTED ESTATE
With £12.8 million capital expenditure in the year, split between:

	£m
2017 openings	6.8
2018 openings	1.8
Existing state	4.2
Total	**12.8**

Southend

The pipeline being developed is considerable and we would expect to be able to open at least six sites per annum for several years onwards.

Mark McQuater
Chief Executive Officer

STRATEGIC REPORT
OUR BUSINESS MODEL

The Group's business model balances strong cash generation with investment to deliver a rollout of both the Revolución de Cuba and Revolution brands.

What we do

Revolution Bars Group plc is a leading operator of premium bars, with a strong national presence across the UK and significant growth opportunity. We have a trading portfolio of 69 bars located predominantly in town or city centre high streets and operating under the Revolution and Revolución de Cuba brands.

2017

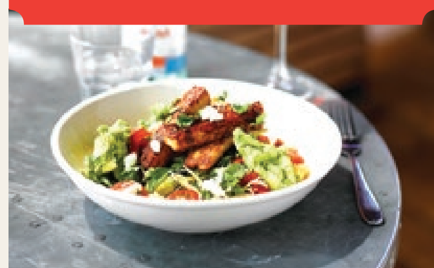
ATTRACTIVE POSITIONING FOR GROWTH

Highly experienced management team with proven track record.

STRATEGIC REPORT
OUR STRATEGY AND KPIs

Focused on a measured rollout of new bars under both brands and delivering continued growth from the established estate.

CUSTOMER EXPERIENCE



Strategic objectives

Provide our customers with an exceptional and premium drinks and food experience.

Performance in 2017

> +23 per cent growth in premium cocktails
> Blended iced cocktails accounted for 11 per cent of cocktail sales
> New food specials range and fresher food content
> Pre-bookings for Christmas ahead of last year

Future focus

Continued investment and design in the brands, combined with food and drinks innovation, to ensure we remain leading edge with premium brands.

PROFIT IMPROVEMENT

Strategic objectives

Continued profit improvement from existing sites.

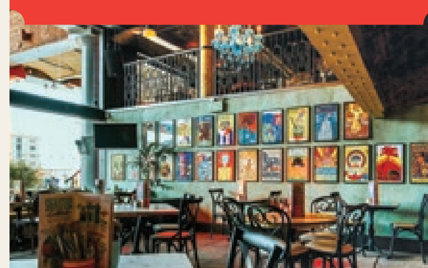
Performance in 2017

> Improved drinks margin
> 16 consecutive quarters of like-for-like growth
> Significant digital growth:
  > Facebook fans up 25 per cent
  > Website visits up 13 per cent
  > 35 per cent growth in digital booking with new Customer Relations Management system

Future focus

Continued improvement through a programme of targeted efficiencies, focusing on key cost lines, principally payroll.

ESTATE EXPANSION



Strategic objectives

Estate expansion through growth for both brands.

Performance in 2017

> Four new Revolución de Cuba bars opened
> Two new generation Revolution bars opened
> Returns on capital investment projected to comfortably exceed 30 per cent
> Additional 26,050 sq.ft. of trading area
> Scope for both brands to grow, Revolution to 100 sites and Revolución de Cuba to at least 50 sites

Future focus

Our pipeline of new sites for FY18 looks strong. We have opened a new Revolución de Cuba in Belfast and we expect three Revolution sites in Solihull, Inverness and Putney to open before Christmas.

KPIs

The principal KPIs for the strategy outlined above are as follows:

> like-for-like sales**;
> number of units;
> adjusted venue EBITDA***; and
> gross margins.

** Like-for-like sales are defined as total retail sales from bars that have been trading continuously for at least 12 months.

*** Adjusted EBITDA excludes exceptional items and bar opening costs (see reconciliation table on page 18 of the Financial Review).

2017

PREMIUM PRODUCTS

Continuously seeking to innovate and evolve our products, service and brand support.

Revolución de Cuba
RUM BAR • CANTINA

Aberdeen

STRATEGIC REPORT
PRINCIPAL RISKS

The Group believes that the principal risks and uncertainties faced by the business are captured in the table below. Occurrence of any of these risks or a combination of them may significantly impact the business or impair the achievement of our strategic goals.

Underlying cause of risk	Response and mitigation
DEPENDENCE ON KEY SITES	
The Group operates throughout the UK and therefore has income sources from a geographically diverse estate. Notwithstanding that, certain sites deliver more profit than others and the Group's profits are sensitive to this. A decline in profitability in a key site would have an adverse impact on Group profits and, in some cases, this could be material.	There are two mitigating actions to this risk. Firstly, operational teams are focused on the maintenance of profits of economically significant sites. Secondly, growing the business, through the addition of new sites, enhances the portfolio effect and reduces the Group's exposure to the fortunes of any particular site.
ACQUISITION OF NEW SITES	
The Group's strategy is based on growth through the acquisition of new sites. Market expectations rely on the Group sourcing and developing a number of suitable sites per annum. Failure to identify the sites or to develop them commercially would impact growth rates.	The development team has been expanded to ensure that all pipeline opportunities are pursued. A wide selection of property agents has also been briefed. Public company status is seen as attractive to potential landlords, enhancing the Group's covenant, as is the Group's low-debt balance sheet.
CONSUMER DEMAND	
The eating-out and drinking-out markets are dependent on consumers' disposable income. Macroeconomic factors, such as employment levels, interest rates and consumer confidence, can be important influences on disposable income. Declines in disposable income in the Group's target market could adversely impact the levels of demand and, hence, profitability.	The Group retains the ability to tailor its offering to respond to macroeconomic influences. Pricing, discounting, marketing and promotions can all be adjusted quickly to respond to pressures. Furthermore, the Group's proposition is not based solely on price. A more affluent demographic is targeted and, in so doing, there is some down-side protection against adverse macroeconomic factors impacting on disposable income and consumer demand.
DISCOUNTING	
The Group operates in a market that is sensitive to the balance between supply (licensed premises and related capacity) and demand (from consumers). Imbalances can lead to competitive discounting in local marketplaces and this can place competitive pressures on the Group's pricing structures. Should the Group feel compelled to respond through discounting, operating margins could be affected.	The risk of entering into a competitive discounting environment is mitigated by the fact that the appeal of the Group's brands is not based on price. Environment, use of premium products, innovative serves and entertainment all combine to attract those customers who are willing to spend more. The risk of discounting is therefore transferred, at least in part, to other operators within the sector.

Underlying cause of risk	Response and mitigation
HEALTH AND SAFETY	
The Group's venues are open to the public and the Group has a duty of care to look after its customers. Failure to do so through failure to operate the Group's policies and procedures effectively could lead not only to financial loss, but also to negative associations with the brands.	The Group's policies and procedures manual covers all aspects of operations. Adherence to these is strictly enforced both through internal operational line management and through external third-party audits. Incidents are followed up and lessons are reflected in the manual, which is updated from time to time.
LEASEHOLD RENTS	
All of the Group's operating sites are held on leases. Typically, the rents under these leases are determined every five years for each five-year period by reference to open market rents prevailing at the time of the review. Most leases stipulate upward-only increases. Increases in market rents coinciding with rent reviews could impair the net profitability of the relevant site, which could damage returns.	Market rents in each location are beyond the control of the Group. To mitigate this risk, the Group employs specialist rent review advisers, who deal only with tenant reviews. Further mitigation is offered by the fact that rent reviews are spread out geographically and in terms of timing, meaning that on average one-fifth of the estate reviews are concluded each year. This minimises the exposure to any rental market in any specific location or at any point in time.
SUPPLIER CONCENTRATION	
The drinks distribution market is dominated by one significant business, Matthew Clark, which supplies the Group. If Matthew Clark were to face business difficulties or otherwise change its arrangements or pricing, then the Group's operations could be disrupted.	The proposed strategy is to tolerate the risk, principally based on the Group's assessment that Matthew Clark represents the best supplier. Matthew Clark operates nationwide whereas other drink wholesalers do not; it has a long history and good service record with the Group; and the Group is an important customer. Mitigation is in place through a four-year deal (signed April 2015) giving continued surety of supply. Further mitigation is provided through the Group's principal commercial deals being with brand owners and not, therefore, dependent on the identity of the distributor. The Group has in place a contingency plan if required.
NATIONAL MINIMUM/LIVING WAGE	
A significant proportion of venue-based staff, at any point in time, are affected, directly or indirectly, by wage legislation. Above inflation increases in wage rates could impair site profitability.	Whilst there have been wage increases above rates of inflation, recent increases have been more in line with inflation and have therefore been covered by increases in the sales prices paid by the customer. Future increases in wage costs are expected to be covered in the same way.

STRATEGIC REPORT
FINANCIAL REVIEW

Revenue increases comprised part-year contributions from the six new sites opened during the period, the annualisation of the five new sites opened in the prior period, as well as an increased contribution from established sites.

Improvement in operating margin[1] has been predominantly driven by improvements in profit conversion from the five openings in the prior period and improved terms on a number of product supply arrangements, which helped gross margin improve by 0.8 per cent.

The five venues opened in the prior period generated EBITDA in the current period of £2.3 million, producing a return on capital of 32 per cent.

Summary

> Revenue for the year was £130.5 million (2016: £119.5 million), a 9.2 per cent increase compared with the prior period.

> On a like-for-like** basis, sales rose by 1.5 per cent.

> Adjusted EBITDA*** was £15.1 million (2016 Restated*: £13.0 million), which represents a 16.0 per cent increase over the prior period. Operating profit was £3.7 million (2016 Restated*: £5.3 million) but this was after charging exceptional items of £4.3 million (2016 Restated*: £1.4 million).

Prior period adjustments

Towards the end of the reporting period, and following a thorough internal financial review, it has come to light that certain marketing expenditures were incorrectly capitalised as short-life assets, and that there had been an over-accrual of supplier rebates at previous period ends. As a result, the Board engaged PwC to undertake a detailed independent review and report on these items. This report was delivered to the Board in August 2017. The correction of these two items has resulted in a restatement of the accounts for the 53-week period ended 2 July 2016. In parallel with the PwC work, the Audit Committee of the Board decided that, ahead of the completion of the consolidated financial statements for the reporting period, a thorough review should also be undertaken of the application of the Group's accounting policies and practices. This has resulted in the identification of a number of adjustments that are required to be made in prior period accounts. Many of these relate to 2016, although some relate to earlier periods. The adjustments are outlined in notes to the announcement. In aggregate, the effect of the prior period restatement is to reduce net assets at 27 June 2015 by £2.5 million. The cumulative effect of the restatements was to reduce profit after tax for the period ended 2 July 2016 by £1.7 million, and to reduce net assets as at 2 July 2016 by £3.3 million.

Throughout this report, the 2016 comparatives are described as "Restated", which means they are adjusted for prior period adjustments.

The restatements of the key comparative measures for the 53 weeks ended 2 July 2016 are set out below:

	As originally published £m	Restated £m
Statutory measures		
Operating profit	7.3	5.3
Profit on ordinary activities before taxation	7.1	5.1
Profit and total comprehensive income for the period	6.1	4.4
Basic earnings per share (pence)	12.1	8.8
Non-GAAP measures		
Adjusted EBITDA***	15.6	13.0
Adjusted operating profit***	9.3	7.6
Adjusted profit before tax***	9.2	7.4
Adjusted earnings per share (pence)***	14.6	11.7

1 Operating margin is adjusted EBITDA as a percentage of revenue.

* Restated – see Note 1(b) of the consolidated financial statements for an explanation and analysis of the prior year adjustments included in respect of the profit for the 53 weeks ended 2 July 2016.

** Like-for-like sales are defined as total retail sales from bars that have been trading continuously for at least 12 months.

*** Adjusted EBITDA excludes exceptional items and bar opening costs (see reconciliation table on page 18 of the Financial Review).

Revenue £m
£130.5m

Gross margin £m
£99.4m

Adjusted EBITDA £m***
£15.1m

Adjusted PBT £m***
£9.3m

Profit after tax £m
£4.1m

Results

Revenue for the year was £130.5 million (2016: £119.5 million), a +9.2 per cent increase compared with the prior period. The revenue increase comprised part-year contributions from six new sites opened during the period and the annualisation of five new sites opened in the prior period as well as an increased contribution from established sites. Revenue from like-for-like** venues increased on the prior period by 1.5 per cent.

Operating profit was £3.7 million (2016 Restated*: £5.3 million) but this was after charging exceptional items of £4.3 million (2016 Restated*: £1.4 million).

The underlying result, as measured by adjusted EBITDA*** was £15.1 million (2016 Restated*: £13.0 million), an increase of 16.0 per cent. This reflects an adjusted EBITDA*** margin of 11.6 per cent of revenue compared with 10.8 per cent in the prior period (Restated*). This improvement has been predominantly driven by improvements in profit conversion from the five openings in the prior period and improved terms on a number of product supply arrangements, which helped gross margin improve by 0.8 per cent. This was notwithstanding that food sales, where margins are lower, increased their share of total revenue from 13.6 per cent to 14.3 per cent due to the accelerated expansion of the Group's Revolución de Cuba branded venues, where food sales are a higher proportion of total revenue. The improvements in gross margin are also testament to our policy of offering a premium drinks range and the introduction of many new brands with significant support from the brand owners.

The table below shows how adjusted EBITDA*** has moved forward in the constituent parts of the estate.

	Number of venues	2017 £m	2016 Restated* £m
Adjusted EBITDA* **			
Venues opened pre-July 2015	56	**19.4**	19.6
Venues opened in prior period	5	**2.3**	0.5
Venues opened in current period	6	**0.8**	—
Venue closed in period	1	**(0.3)**	(0.1)
Adjusted EBITDA from venues		**22.2**	20.0
Central support costs		**(7.1)**	(7.0)
Adjusted EBITDA		**15.1**	13.0

Despite like-for-like** sales growth and improvements in gross margin, adjusted EBITDA*** in the older estate has reduced by £0.5 million, predominantly reflecting the 53rd week in the 2016 period and on an underlying basis with revenue growth and margin improvements offsetting higher than inflation cost increases on wages and overheads.

Of the five venues opened in the prior period, three opened in the first half and two towards the end of the second half (and the profit maturity at these sites is very encouraging). Adjusted EBITDA*** excludes bar opening costs, meaning the improvement is due to a combination of annualisation of revenue, sales growth post-anniversary of opening (included in like-for-like** sales increase) and maturing EBITDA conversion. As referred to in the Chief Executive Officer's report, our primary objective at opening is to ensure outstanding customer experience, and it is entirely expected that revenue growth is achieved post-anniversary and that operating efficiencies improve significantly over time. Average revenue per venue for these five venues in the period was £2.5 million, with adjusted EBITDA*** equating to 18.4 per cent of revenue. We anticipate seeing further profit improvements at these sites in the coming period and, ultimately, for adjusted EBITDA*** conversion to exceed 20 per cent.

Six venues opened in the current period, four Revolución de Cubas in the first half and two Revolutions towards the end of the second half. All have traded well achieving total revenue in the year of £5.6 million and adjusted EBITDA*** of £0.8 million, which equates to 14.2 per cent of revenue. Clearly this group of sites has yet to reach full maturity, but we expect improvements in the coming year that should also approach an adjusted EBITDA*** conversion of 20 per cent.

Central costs represent 5.4 per cent revenue compared to 5.9 per cent in the prior period.

The Group's reported pre-tax profit reduced to £3.6 million (2016 Restated*: £5.1 million). The reported result for the period has been significantly impacted by exceptional items and bar opening costs for new venues of £5.7 million (2016 Restated*: £2.3 million).

STRATEGIC REPORT
FINANCIAL REVIEW CONTINUED

Results continued

The Board's preferred profit measure is adjusted pre-tax profit, which excludes exceptional items and bar opening costs, and on this basis adjusted pre-tax profit rose to £9.3 million (2016 Restated*: £7.4 million), an increase of 25.1 per cent.

	FY17 £m	FY16 Restated* £m
Reported pre-tax profit	**3.6**	5.1
Exceptional items	**4.3**	1.4
Bar opening costs	**1.4**	0.9
Adjusted pre-tax profit	**9.3**	7.4
Add back finance costs	**0.2**	0.1
Add back depreciation	**5.6**	5.5
Adjusted EBITDA	**15.1**	13.0

Exceptional items and bar opening costs

Exceptional items, by virtue of their size, incidence or nature, are disclosed separately in order to allow a better understanding of the underlying trading performance of the Group. Costs of £4.3 million (2016 Restated*: £1.4 million) were associated with the changes in Chief Financial Officer, additional resourcing to support the accounting review, a fixed assets impairment charge, an increase in the provision for onerous leases and charges relating to the Long Term Incentive Plan. The prior period costs principally related to professional fees associated with an aborted acquisition. Bar opening costs refer to costs incurred in getting new sites fully operational and primarily include costs incurred before opening and in preparing for the launch.

The Board believes that the performance measures, adjusted EBITDA***, adjusted operating profit*** and adjusted pre-tax profit***, give a clearer indication of the underlying performance of the business as they exclude exceptional items and bar opening costs that are a function of the timing of the new venue development programme rather than the underlying trade.

Finance cost

Finance costs of £0.2 million (2016: £0.1 million) relate to borrowings under the Group's committed revolving credit facility and also include commitment fees relating to any undrawn element of the facility and the amortisation of arrangement fees over the life of the facility. During the year, the Group increased its credit facility to £25 million to provide greater flexibility in managing the timing of capital investments so that good opportunities are not foregone and also to provide headroom against unforeseen short-term trading issues. At the end of the period, loans of £7.5 million (2016: £0.5 million) were outstanding on the revolving credit facility.

Taxation

The current period shows a tax credit of £0.6 million (2016 Restated*: charge of £0.7 million) due to credits from earlier periods more than offsetting the current year tax charge. The corporation tax payable on profits in the current period amounts to £0.9 million (2016 Restated*: £1.1 million) but is offset by a net deferred tax credit arising from timing differences and adjustments to prior periods of £1.4 million.

Capital expenditure and returns on invested capital

The Group invested £12.8 million (2016 Restated*: £11.9 million) in total during the period, of which £8.6 million (2016 Restated*: £6.5 million) related to new venues and £4.2 million (2016 Restated*: £5.4 million) related to developing and maintaining the existing estate. £1.5 million of the expenditure on new venues related to the new Revolución de Cuba in Belfast that did not open until the third week of July 2017, just after the period end.

The five venues opened in the prior period generated adjusted EBITDA*** in the current period of £2.3 million. The capital development cost for these five venues was £7.1 million producing a return on capital of 32 per cent during the current reporting period (adjusted EBITDA*** divided by capital cost). As indicated in the results section, some of these venues opened at the end of the prior period and their current period performance does not reflect full maturity of either sales or EBITDA conversion. Further improvements in both sales and profit are being achieved at these venues that will drive the returns higher. The six venues opened in the current year are following a similar trading and maturity profile to date and similar returns are expected.

Operating cash flow and net debt

The Group generated net cash flow from operating activities in the period of £10.0 million, £3.2 million less than the prior period (Restated*). This was mainly attributable to negative movements on working capital and the payment of tax of £1.1 million (2016 Restated*: £nil). Capital investments of £12.8 million (2016 Restated*: £11.9 million) and dividend payments of £2.5 million (2016: £1.6 million) resulted in a net cash outflow in the period of £5.4 million (2016 Restated*: £0.4 million) and an opening net cash position of £2.3 million moving to a closing net debt position of £3.2 million.

Earnings per share

Basic earnings per share for the period was 8.2 pence (2016 Restated*: 8.8 pence). Adjusting for exceptional items and bar opening costs results in an adjusted earnings per share for the year of 14.2 pence (2016 Restated*: 11.7 pence), an increase of 2.5 pence per share.

Dividend

The Board has recommended a final dividend of 3.3 pence per share (2016: 3.3 pence), which is to be proposed at the Company's annual general meeting on 30 November 2017.

Mike Foster
Chief Financial Officer
3 October 2017

* Restated – see Note 1(b) of the consolidated financial statements for an explanation and analysis of the prior year adjustments included in respect of the profit for the 53 weeks ended 2 July 2016.

*** Adjusted EBITDA excludes exceptional items and bar opening costs (see reconciliation table on page 18 of the Financial Review).

Revolución de Cuba
RUM BAR • CANTINA

Glasgow

2017
PREMIUM PRODUCTS
Continuously seeking to innovate and evolve our products, service and brand support.

STRATEGIC REPORT
CORPORATE AND SOCIAL RESPONSIBILITY STATEMENT

The Group's corporate social responsibility activities prioritise our people, responsible retailing and charity.

People

The Group's performance as an employer is measured twice yearly through our internal "Quality of Life" survey. In the past year the results of these surveys have been linked with our customer feedback platform, in order to identify ways to not only improve employee engagement but to provide a direct link to how this can enhance the customer experience.

The Group employs around 2,743 people and, through its proven growth strategy, is committed to creating more careers for our teams. In order to support the retention of our teams, our development activity focuses on creating career paths from every department within the business. Our talent development activity ensures that we maintain a strong pipeline of managers to lead and grow the business. This is evidenced by a detailed succession plan and talent management programme, enabling us to fill circa 70 per cent of our management positions internally. Our training utilises a variety of development tools, maximising technology where appropriate. We combine our e-learning platform, ACE Online, and customer service training programme to provide training to all our employees from day one. These tools take people from learning about our purpose, vision and values at induction through to mastering a range of brand standards that ensure quality and speed of service are a focus for all team members.

For those wishing to progress, our career development path is clearly outlined in My Career Portfolio ("MCP"), taking ambitious team members from first-line supervisor roles to General Manager and Area Manager positions. Three times a year, we recruit new talent to our Academy programme, selected through an assessment centre selection process; we ensure that the top talent joins our next cohort of future managers and induct them at a two-day development centre, followed up by pairing them with a dedicated mentor and regular reviews with their General Manager. All management groups within the operations team have their own dedicated annual conference. The purpose of these conferences is to set the directive for the year to come, to create a strong network amongst peers and to ensure that the purpose, vision and values of the business are embedded into the actions taken on the back of the events.

Using a blend of in-house and third-party provision, the Group ran around 100 days of classroom-based management development training courses during FY17, providing access to full-day training courses to over 1,200 people. This was supplemented by e-learning programmes. The Company is committed to equal opportunities and the elimination of discrimination, harassment and victimisation of employees. Of our workforce, 42 per cent are female and 58 per cent are male.

In addition to competitive pay rates, it creates a suite of reward and incentive schemes, investing around 1 per cent of turnover annually. Further, all employees are able to join the Group's stakeholder pension plan, as well as obtain tax-efficient childcare vouchers. All team members are entitled to a 50 per cent discount on food and drink purchased within our bars.

Food information and quality

People

Responsible drinks retailing

The Group supports practices which promote responsible drinking and has established its own "Responsible Alcohol Retailing Policy", supported by staff training and monitoring. The Group's pricing models are set so as to avoid deeply discounting products. Events are promoted responsibly and are accompanied by individual risk assessments. A number of bars enter local "Best Bar None" schemes (run by local authorities and the police to encourage good behaviour in town centres), promoting a safe and secure environment.

Food information and quality

The Group continuously aims to improve the quality of its food offering and provide customers with the required information about its product range to allow them to make informed decisions about their food consumption. This includes providing allergen and calorie information for all dishes via our website. Products not containing gluten or meat are advertised on the printed menu. Full training is provided to bar teams to enable them to deal with customer queries and prevent cross-contamination. The Group sets out strict specifications for all products so that high standards of quality are met.

Charity

The Group has a programme designed to promote charitable activity within its workforce. The scheme, called "You raise it, we match it", rewards funds raised by staff for various charities and matches what they have raised. During the reporting period, the Group matched £10,000 of fundraising.

Environment

The Group endeavours to conduct its business in a way that is sympathetic to the environment. Where possible, glassware and bottles are recycled as is cardboard packaging. In developing our sites, we are making increasing use of energy-efficient devices and our use of energy when operating our sites is monitored by smart meters and reviewed by management.

Indirect emissions have been calculated using the Carbon Reduction Commitment ("CRC") Energy Efficiency Scheme factor and cover the period 1 April to 31 March. These emissions totalled 14,225 tonnes of CO_2 (2016: 14,015 tonnes).

Human rights

Even though the Group does not have a formal human rights policy, it is committed to conducting business with integrity and fairness.

By order of the Board

Mike Foster
Company Secretary
3 October 2017

Environment

Responsible drinks retailing

CORPORATE GOVERNANCE
INTRODUCTION TO GOVERNANCE

Keith Edelman
Chairman

Introduction from the Chairman

This is the Company's third Governance Report.

The Board recognises the importance of, and is committed to, high standards of corporate governance, and all Directors are fully aware of their duties and responsibilities under the UK Corporate Governance Code 2016 (the "Code"), the Disclosure Guidance and Transparency Rules ("DTRs") and the Listing Rules. Save as set out in this report, the Board considers that the Group has complied with the requirements of the Code throughout its existence and through to the end of the reporting period.

The Group continues to implement a robust governance structure to ensure compliance with the Code. The following are some key highlights:

- the Board consists of three independent Non-executive Directors, including me as Non-executive Chairman (deemed independent on appointment), and two Executive Directors;
- each Non-executive Director has a proven track record in business at a high level and has expertise of relevance to the Company;
- the interests of the Group's Executive Directors as shareholders are aligned closely with those of other shareholders;
- the Board and its Committee structure, as required for a listed company, have been implemented. The Non-executive Directors have provided critical challenge and support to the areas of the Group which they believe are of particular importance; and
- we will review regularly, and implement as necessary, any developments in corporate governance best practice and seek to apply them appropriately.

A formal process to identify suitable independent Non-executive Directors was undertaken prior to listing and Michael Shallow and I were appointed at that time. Michael Shallow serves as an independent Non-executive Director and Chair of the Remuneration and Audit Committees. Jemima Bird was appointed as our third independent Non-executive Director on 1 January 2017.

Each Director has been chosen to bring the range of public company, commercial and industry skills required to drive the business forward. The Board continues to take appropriate advice on governance matters from our external advisers.

The Group continues to implement the advised remuneration policy consistent with advice taken prior to listing from New Bridge Street (a trading name of Aon plc). This remuneration policy for both Executive and Non-executive Directors is set out within the Remuneration Report, which starts on page 30.

I am well aware that the Group has faced substantial challenges during the past year, with financial performance falling short of our expectations. The Board has taken decisive action in the following areas:

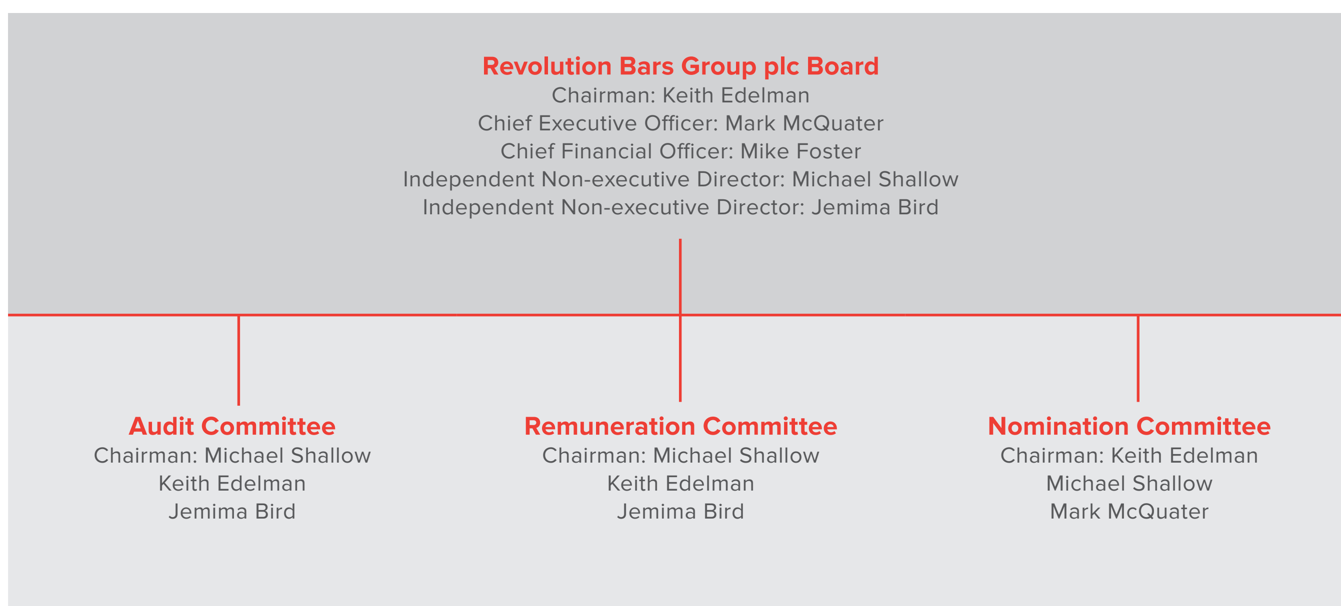
- we moved quickly to appoint a successor to Chris Chambers. Mike Foster, who has considerable experience in this industry, joined the business in March 2017 on a short-term basis to provide interim cover but was appointed as Chief Financial Officer on a permanent basis on 2 June 2017; and
- we have completed a comprehensive review of our accounting policies and balance sheet, and the appropriate write-downs and prior year adjustments have been made.

Further details are in the Chairman's Statement on pages 4 and 5.

Significant steps have been implemented to strengthen the finance team and financial disciplines, which will lead to greater transparency in external reporting. The challenges of the past year are behind us, and the Board can now look forward to delivering shareholder value in the years to come.

The Group has the principles of transparency and openness at the heart of its culture and we are committed to high standards in corporate governance. We firmly believe that corporate governance structures and processes will help our business to perform in a more efficient and competitive way in the marketplace and will lead to strong relationships with all our stakeholders.

Keith Edelman
Chairman
3 October 2017



Viability statement

In accordance with provision C.2.2 of the 2014 UK Corporate Governance Code, the Board has assessed the prospects for the Group over a period of three years from the date of approval of the financial statements.

The Board believes that a three-year period is appropriate as it is aligned with the Group's strategic planning process. The latest three-year plan was reviewed by the Board in May 2017 and covers the three-year period to the end of June 2020. This plan provided the basis for setting the detailed budget for the 52 weeks ending 30 June 2018 and also for understanding the Group's long-term funding term requirements ahead of agreeing a new funding facility with the Group's bankers.

The Group's three-year plan is based on up to date trading data and built up in a spreadsheet model comprising segments for the like-for-like mature estate, immature venues (those opened within the current financial year and the previous financial year), committed future openings and other projected openings. This information is then overlaid with a series of assumptions in respect of sales growth, known cost increases including rent reviews and general rate increases, and cost saving initiatives as well as available market data and trend analysis on matters such as economic outlook, inflation forecasts and other government imposed costs such as minimum wage and living wage, property rates revaluations, apprenticeship levy, and changes in excise duties and other tax rates. The three-year plan model comprises a fully integrated profit and loss account, balance sheet and cash flow statement analysed into quarter years. The model also includes financial covenant tests consistent with the Group's banking facilities allowing the covenants to be stress tested against different trading scenarios.

Following the Board's review of the three-year plan, a new increased revolving credit facility was agreed with the Group's bankers, NatWest. This £25 million facility runs to 31 December 2021 and provides liquidity to cover normal monthly and seasonal cash flows, a safety net for the business to ride out short-term downturns in trade, and potentially to facilitate an acceleration of expansion plans if good site acquisition opportunities are identified in excess of the Company's stated target of a minimum of five new sites per annum.

As detailed on pages 14 and 15, the Board has conducted a robust assessment of the principal risks facing the Company. This includes consideration of strategic risks, economic and market risks, operational and people risks, regulatory risks and financial risks. The resilience of the Group to the impact of these risks has been assessed by applying significant but plausible sensitivities to the cash flow projections based on past experience. This includes modelling the effect of reduced consumer confidence and spending, a failure to maintain and develop compelling customer offers and the impact of increased regulation.

Taking account of the Group's current position, the principal risks to normal levels of trading and the potential mitigating actions that the Company would take in response to a downturn in trade, and the experience that the Group has in adapting the business to change, the Board has a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three-year period of assessment.

CORPORATE GOVERNANCE
BOARD OF DIRECTORS

The Board currently comprises a Non-executive Chairman, two Executive Directors and two other Non-executive Directors.

Keith Edelman Non-executive Chairman – Appointment date: 16 February 2015

Keith was appointed to the Board in February 2015 as Non-executive Chairman. Keith has served on the boards of public companies for over 29 years across a wide range of businesses and markets, with extensive experience in the retail sector. He is currently the senior independent non-executive director of SuperGroup plc (a UK fashion retailer) and a non-executive director of Safestore Holdings plc (the UK's largest self-storage group). He is also a non-executive director (and chairman of the audit committee) of the London Legacy Development Corporation. Keith's previous roles include being managing director of Arsenal Holdings plc from 2000 to 2008 and chief executive officer of Storehouse plc (encompassing BHS and Mothercare) from 1993 to 1999. Keith has a BSc in management studies from the University of Manchester (Institute of Science and Technology).

Mark McQuater Chief Executive Officer – Appointment date: 12 March 2013

Mark joined the Group as Chief Executive Officer in March 2013. He studied economics and accountancy at Edinburgh University before qualifying as a Chartered Accountant with Thomson McLintock (now KPMG) in Edinburgh. Mark's first industry role was in the corporate development team at Scottish & Newcastle in 1986. In 1989 he joined NatWest Ventures (now Bridgepoint), becoming local director in its Scottish office. In 1994, Mark joined the board of pub group JD Wetherspoon plc as its first managing director. In 1996, Mark moved to The Rank Group as managing director of Tom Cobleigh, Rank's managed pub company, and then to The Greenall's Group as managing director of the 850-unit pub and restaurant division, where he stayed until its sale to Scottish & Newcastle in 1999. Mark then founded the Barracuda Group in July 2000, with backing from venture capital firm PPM Ventures, the private equity arm of Prudential. In 2005, Barracuda was the subject of a £262 million management buy-out financed by Charterhouse Capital Partners.

Mike Foster Chief Financial Officer – Appointment date: 2 June 2017

Mike was appointed as Chief Financial Officer on 2 June 2017 having joined the Group on a short-term interim contract towards the end of March 2017. Mike is a Chartered Accountant with extensive corporate finance and hands-on financial and commercial management experience gained in senior positions at large multi-site retail and leisure businesses, including the last 20 years at major pub and bar companies. Most recently, he was chief financial officer of iNTERTAIN Ltd from 2009 until December 2016, when that company was sold to Stonegate Pub Company Limited. Prior to that, he was chief financial officer of Regent Inns plc from 2005 and held a number of senior accounting roles at Spirit Group (formerly with Scottish & Newcastle Retail), Esporta plc and First Leisure Corporation plc.

Michael Shallow Independent Non-executive Director – Appointment date: 16 February 2015

Michael joined the Board as an independent Non-executive Director in February 2015. Michael has held a variety of roles in UK public companies, including finance director of pub group Greene King plc from 1991 to 2005, non-executive director (and audit committee chairman) of Britvic plc from 2005 to 2014 and non-executive director (and audit committee chairman) of Spice plc (now EnServe Group Ltd) from 2006 to 2010. He was formerly a non-executive director, member of the remuneration and nomination committees, and chairman of the audit committee of Domino's Pizza Group plc. Michael has a degree in natural sciences and engineering from Trinity College, Cambridge.

Jemima Bird Independent Non-executive Director– Appointment date: 1 January 2017

Jemima was appointed to the Board as an independent Non-executive Director at the beginning of 2017. Jemima is a marketer with experience spanning 20 years in many of the UK's leading high street brands. She formed Jbird Consulting in 2013. She is currently working with The Co-operative Group as customer director, which she rejoined in January 2016 on an interim basis having worked there previously in various branding and marketing roles from 1996 to 2008. Between 2010 and 2015, Jemima has held board positions at Moss Bros plc, the restaurant operator Tragus, and Musgrave Retails Partners (Budgens and Londis).

Sean Curran, who held the position of Chief Financial Officer at the beginning of the period, stepped down from the Board on 31 August 2017 and was replaced by Chris Chambers. Chris Chambers resigned his position in February 2017 and stepped down from the Board with effect from 6 May 2017.

CORPORATE GOVERNANCE
SENIOR MANAGEMENT

In addition to the Executive Directors, the following senior managers are considered relevant to establishing the appropriate expertise and experience for the management of the business.

Jimmy Del Giudice Chief Operating Officer

Having spent three years in high street retail management, Jimmy joined the Group in 1991. He has worked in a number of operational roles within the Group, including bar management and area management.

Jimmy was promoted to Group Operations Director in 2006 and to Chief Operating Officer in 2016. He was instrumental in the development of the Revolución de Cuba brand.

Godfrey Russell Group Property Director

Godfrey joined the Group in 1997, having graduated from Liverpool John Moores University, where he studied urban estate management (BSc (Hons)). Prior to joining the business, Godfrey worked for Housing Project Ltd and Shapstone Investments Ltd.

He has developed and been responsible for all new Group sites since 1999, as well as overseeing the Group's existing estate capital expenditure programme.

Kate Eastwood Sales Director

Kate initially joined the business as a catering consultant in June 2013, becoming the Group's Director of Business Development in October 2013, with a remit including food management, advance sales and customer insight. Kate was promoted to Sales Director in May 2017. Her career began at Whitbread plc in the commercial drinks operations of Beefeater and Brewers Fayre. She moved to The Laurel Pub Company, creating and heading the food development, supply chain and buying team there. Kate then worked as Roadchef's retail catering director, before moving back into licensed trade and heading the food team and, subsequently, the pre-booked sales team at Barracuda. Kate has a degree in international management with hospitality from the University of Brighton.

Myles Doran Commercial Director

Myles joined the Group as a consultant in June 2013 and became a permanent employee in December 2013. Prior to joining the Group, Myles was head of sales and marketing at Barracuda Group and held a number of roles at First Leisure Corporation, including marketing manager and brand manager, spending 11 years with each business.

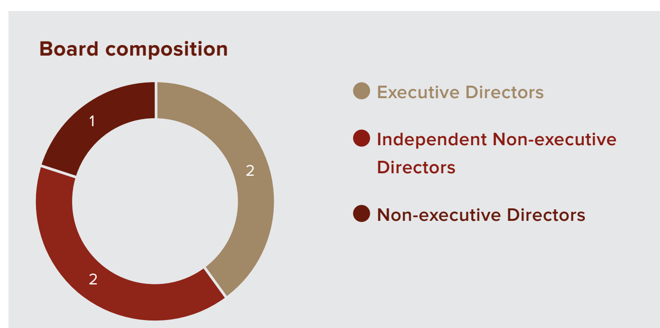
Myles was promoted to Commercial Director in January 2017. Prior to this, Myles' role was that of a Trading Director, a role which encompassed procurement, drinks retail strategy, reward and recognition programmes and commercial supplier agreements and relationships.

Fiona Regan People Development Director

Fiona joined the business in April 2015 as People Development Director. Prior to this Fiona was HR director for five years at Grosvenor Casinos, a division of The Rank Group. During her career she has held a number of HR roles starting in financial services then moving to the civil service before her time at The Rank Group, where she was part of the team leading the acquisition of Gala Casinos in 2013. Fiona has a degree in business studies and human resource management and is a Fellow of the CIPD.

The business address of each senior manager is 21 Old Street, Ashton-under-Lyne, Tameside OL6 6LA.

CORPORATE GOVERNANCE
CORPORATE GOVERNANCE REPORT



Overview

This report sets out the Group's governance structure and how it complies with the UK Corporate Governance Code 2016 (the "Code"), published in April 2016 by the Financial Reporting Council, and also includes items required by the Disclosure Guidance and Transparency Rules ("DTRs"). The Code is available on the Financial Reporting Council website at www.frc.org.uk. The Code sets out standards of good practice in relation to Board leadership and effectiveness, accountability, remuneration and relations with shareholders.

The disclosures in this report relate to our responsibilities for preparing the annual report and accounts, including compliance with the Code to the extent required, our report on the effectiveness of the Group's risk management and internal control systems and the functioning of our Committees.

The Directors consider that the Group has complied with those provisions of the Code applicable to companies of its size, other than in terms of Board composition for the first half of the period.

Compliance with the Code: Board composition

Prior to the appointment of Jemima Bird as an independent Non-executive Director on 1 January 2017, the Board did not have a "senior" independent Director. With effect from that date Michael Shallow was designated as the "senior" independent Director to lead annual (and other) meetings of Non-executive Directors, other than the Chairman, to appraise the Chairman's performance and to provide a sounding board for the Chairman and to serve as an intermediary to the other Directors when necessary.

Michael Shallow was performing these functions prior to 1 January 2017 before his designation as "senior" independent Director and he has also been and is available to shareholders if they have concerns with contact through the normal channels of Chairman, Chief Executive Officer or other Executive Directors where their issues have failed to be resolved, or for which such contact is inappropriate.

Compliance with the Code

In considering compliance with the provisions of the Code, the Board has undertaken an evaluation of its own performance, Committees, individual Directors who served during the period to 1 July 2017 and Chairman. The Chairman has confirmed to shareholders in the Notice of the Annual General Meeting that he and the Board believe that the performance of each Director, Committee and Non-executive Director continues to be effective and demonstrates commitment to the role.

Board governance

The Board is appointed by shareholders, who are the owners of the Group. The Board's principal responsibility is to act in the best interests of shareholders as a whole, within the legal framework of the Companies Act 2006. It is also collectively responsible to shareholders for the long-term success of the Group. It agrees the strategic direction and governance structure that will help achieve this long-term success and deliver shareholder value. The Board oversees areas such as strategy, financial policy and maintaining a sound system of internal control, and focuses primarily on strategic policy and governance issues. The Board's main responsibilities are included in a schedule of matters reserved for the Board, as set out below.

The matters reserved for the Board include:

- agreeing the Group's strategy and objectives;
- changing the structure and capital of the Group;
- approving the annual budget;
- approving the annual report and accounts, half-yearly reports and interim management statements;
- approving the Group's dividend policy and declaration of dividends;
- approving the Group's treasury policy;
- reviewing the effectiveness of the Board;
- reviewing the effectiveness of risk identification and management and internal controls. Risks identified by the Directors are outlined on pages 14 and 15;

- approving significant expenditure and material transactions and contracts;
- ensuring a satisfactory dialogue with the Group's shareholders;
- appointing and removing Directors;
- determining the remuneration policy for the Executive and Non-executive Directors;
- reviewing the Group's overall corporate governance arrangements;
- delegating authority to the Chief Executive Officer;
- setting annual objectives for the business in line with the current Group strategy;
- monitoring performance of the Group's objectives through Board reports, which include updates from the Chief Executive Officer, the Chief Financial Officer and other functional heads of key departments; and
- considering and continually updating a rolling agenda of items that includes any current issues or matters as they arise.

The Board has carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity. A description of these risks, together with an assessment of how they are being managed or mitigated, is included on pages 14 and 15.

The Board has carried out a review of the effectiveness of the Group's risk management and internal control systems. Towards the end of the reporting period, following several changes in key personnel in the finance department, it became evident that internal control systems regarding financial forecasting and budgeting were not of the quality expected and that certain accounting policies and practices were not being properly applied. The Board moved quickly in terms of recruiting additional financial resources and also in engaging external independent support from PwC in order to investigate these issues. In the short term, the resultant actions have been largely reactive to ensure that reporting deadlines were met and that the Company could respond appropriately to two approaches regarding possible offers for the Group. The Board recognises that the Group's risk management and internal control systems have not operated to the high standard expected in this area of the business and that it will remain a significant focus for the Board in the coming months.

The Board has delegated certain responsibilities to Committees to assist it with discharging its duties. The Committees play an essential role in supporting the Board to implement its strategy and provide focused oversight of key aspects of the business. The full terms of reference for each Committee are available on the Group's website, www.revolutionbarsgroup.com.

Board balance and independence

The Code recommends that a group outside the FTSE 350 (such as the Group) should have at least two independent non-executive directors, being individuals determined by the board to be independent in character and judgement and free from relationships or circumstances which may affect, or could appear to affect, the directors' judgement. It also recommends that a non-FTSE 350 group's remuneration and audit committees should comprise at least two independent non-executive directors, and that its nomination committee should comprise a majority of independent non-executive directors. The Group complies with these recommendations.

Chairman and Chief Executive Officer

The Group has established a clear division between the respective responsibilities of the Non-executive Chairman of the Board and the Chief Executive Officer.

The Non-executive Chairman is Keith Edelman and he is responsible for the effective operation, leadership and governance of the Board, leading the Board's discussions and its decision making. The Chairman promotes a culture of openness and debate by facilitating the effective contribution of Non-executive Directors in particular and ensuring constructive relations between Executive and Non-executive Directors. The Chief Executive Officer is Mark McQuater, who, through delegation from the Board, is responsible for leading the Group's business organisation and performance and the day-to-day management of the Group.

This separation of responsibilities between the Chairman and the Chief Executive Officer, coupled with the schedule of reserved matters, ensures that no individual has unfettered powers of decision making. The Board is committed to the highest standards of corporate governance. The Board comprises a Non-executive Chairman, two Executive Directors and two other Non-executive Directors.

Non-executive Directors and independence

The independence of each Non-executive Director was considered at the time of their appointment. The Group's Non-executive Directors provide a broad range of skills and experience to the Board which assists both in their roles in formulating the Group's strategy and in providing constructive challenge to the Executive Directors. The Group considers that Keith Edelman, Michael Shallow and Jemima Bird were independent at the time of their appointments and continue to be independent for the purposes of the Code.

CORPORATE GOVERNANCE
CORPORATE GOVERNANCE REPORT CONTINUED

Board meetings

The Board's intention is to meet six to eight times per year for structured Board meetings, covering all aspects of the business. During the 52 weeks to 1 July 2017 the Board had such meetings eight times.

Agendas for the Board meetings are set out in advance of each meeting. All Directors receive papers in advance of Board meetings. These include a business report with updates from the Chief Executive Officer and the Chief Financial Officer. Members of the Group's Senior Management Team may also be invited to present at Board meetings, as appropriate, so that Non-executive Directors keep abreast of developments in the Group.

Appointment and tenure

The Board believes that all Directors are effective, are committed to their roles and have sufficient time available to perform their duties. Accordingly, all members of the Board will be offering themselves for election at the Group's annual general meeting to be held on Thursday 30 November 2017. All of the Directors have service agreements or letters of appointment and the details of their terms are set out in the Directors' Remuneration Report. The service agreements and letters of appointment are available for inspection at the Group's registered office during normal business hours.

No other contract with the Company or any subsidiary undertaking of the Company in which any Director was materially interested subsisted during or at the end of the financial period.

Evaluation and effectiveness

Evaluations of the performance of the Board, its Committees, individual Directors and the Chairman have taken place during the 52 weeks ended 1 July 2017. The conclusion from these evaluations is that the Board is operating effectively and in the best interests of shareholders.

In addition, the Chairman continues to meet with the Non-executive Directors at least once a year without the Executive Directors present to discuss Board balance, monitor the powers of individual Executive Directors and raise any issues between themselves as appropriate.

Development

In line with the Code, the Group will ensure that any new Directors joining the Board will receive appropriate support and are given a comprehensive, formal and tailored induction programme organised through the Company Secretary, including the provision of background material on the Group, briefings with senior management and accompanied operational visits. Each Director's individual experience and background will be taken into account in developing a programme tailored to his or her own requirements. Any new Director will also be expected to meet with major shareholders if required. This process has been implemented.

Directors' conflicts of interest

Directors have a statutory duty to avoid situations in which they have or may have interests that conflict with those of the Group, unless that conflict is first authorised by the Board. This includes potential conflicts that may arise when a Director takes up a position with another company. The Company's Articles of Association allow the Board to authorise such potential conflicts, and there is a procedure in place to deal with any actual or potential conflict of interest. The Board deals with each appointment on its individual merit and takes into consideration all the circumstances. All potential conflicts approved by the Board are recorded in a conflicts of interest register, which will be reviewed by the Board on a regular basis to ensure that the procedure is working effectively.

External directorships

The service agreements of the Executive Directors do not permit them to accept external commercial non-executive director appointments. Where Non-executive Directors have external directorships, the Board is comfortable that these do not impact on the time that any Director devotes to the Group and we believe that this experience only enhances the capability of the Board.

Information and support available to Directors

All Board Directors have access to the Company Secretary, who advises them on governance matters. The Chairman and the Company Secretary work together to ensure that Board papers are clear, accurate, delivered in a timely manner to Directors, and of sufficient quality to enable the Board to discharge its duties. Specific business-related presentations are given by senior management when appropriate. As well as the support of the Company Secretary, there is a procedure in place for any Director to take independent professional advice at the Group's expense in the furtherance of their duties, where considered necessary.

Shareholder engagement

Responsibility for shareholder relations rests with the Chairman, the Chief Executive Officer and the Chief Financial Officer. They ensure that there is effective communication with shareholders on matters such as governance and strategy, and are responsible for ensuring that the Board understands the views of major shareholders. The Board aims to present a balanced and clear view of the Group in communications with shareholders and believes that being transparent in describing how we see the market and the prospects for the business is extremely important.

The Board communicates with shareholders in a number of different ways. The full and half-year reporting is followed by presentations and investor meetings in locations where we have institutional shareholders. We also regularly meet with existing and prospective shareholders to update them on our latest performance or to introduce them to the Group. Periodically, we arrange visits to the business sites to give analysts and major shareholders a better understanding of how we manage our business. These visits and meetings are principally undertaken by the Chief Executive Officer and the Chief Financial Officer, although other senior management are present from time to time. Any relevant material resulting from such meetings is uploaded to the Group's website so that it is available to all shareholders. The Board receives regular updates on the views of its shareholders from the Chief Executive Officer, the Chief Financial Officer and Company brokers, which are a feature of each Board meeting.

The Group's corporate website is also regularly updated with news and information, including this annual report and accounts, which sets out our strategy and performance together with our plans for future growth.

Auditor

Towards the end of the current year external audit, and therefore after the end of the reporting period, the Committee reviewed the effectiveness of the audit.

Annual General Meeting

The annual general meeting ("AGM") of the Group will take place on 30 November 2017. All shareholders have the opportunity to attend and vote, in person or by proxy, at the AGM. The Notice of AGM can be found in a circular which is being posted at the same time as this annual report and accounts. The Notice of AGM sets out the business of the meeting and explanatory notes on all resolutions. Separate resolutions are proposed in respect of each substantive issue. The Chairman, the Chairman of each of the Committees and both Executive Directors will be present at the AGM and will be available to answer shareholders' questions.

Remuneration Committee Report

This report is set out on pages 30 to 45. The report provides details of the remuneration policy for the Company's Directors, describes how the remuneration policy is implemented and discloses the amounts paid to Directors during the 52 weeks ended 1 July 2017.

CORPORATE GOVERNANCE
REMUNERATION REPORT
for the 52 weeks ended 1 July 2017

Michael Shallow
Chairman of the Remuneration Committee

Dear shareholder

I am pleased to present, on behalf of the Board, the Remuneration Report of the Remuneration Committee.

The Group's remuneration policy aims to promote a strong and sustainable performance culture, to incentivise high growth and to align the interests of Executive Directors and other senior managers with those of shareholders. In promoting these objectives, the policy has been structured so as to adhere to the principles of good corporate governance and appropriate risk management.

In determining remuneration levels, the Committee has taken account of market conditions, the performance of the Group and its responsibility to shareholders.

Performance and reward in relation to the 52 weeks ended 1 July 2017

The Group made good progress on its strategic objectives with like-for-like sales growth of 1.5 per cent, the opening of six new venues in the year that are trading well, and the five new openings of the prior year proven to be delivering excellent returns on investment. However, financial performance has been constrained by the discovery that the Group's accounting policies and practices have not historically been applied in accordance with best practice. Consequently, a number of prior period adjustments have been made to the consolidated financial statements which have reduced the previously reported results of those prior periods and the correct application of those accounting policies and practices have suppressed profits in the reporting period under review relative to market expectations at the beginning of the year. Performance against the adjusted EBITDA and adjusted profit before tax bonus threshold targets were not met and no bonuses are payable to any of the Executive Directors or to senior management.

The Committee also decided that due to the shortfall in underlying profitability relative to market expectations as at the beginning of the period and the reduction in prior period profits, it was not appropriate to undertake salary reviews in July 2017 for the Executive Directors or Senior Management Team.

The Committee was required to determine the package afforded to Chris Chambers who commenced work with the Group on 31 August 2016. His salary on appointment was agreed at £245,000 with the remainder of his package set in line with our policy.

Mike Foster, who was immediately available, initially joined the Group on a short term contract in March 2017 as interim Finance Director to enable the Group to conduct a proper search of the market for a suitable replacement for the Chief Financial Officer position. However, given the accounting matters that came to light shortly after Mike Foster's interim appointment, culminating in the market announcement and given the approach from Stonegate Pub Company Limited ("Stonegate") to potentially make an offer for the Group, we moved quickly to secure Mike Foster's services on a permanent basis. The terms agreed with Mike Foster are in certain respects less than our stated remuneration policy for new directors but were considered appropriate given that he did not have significant experience as a Chief Financial Officer of a listed business and also because the approach had already been received from Stonegate to potentially make an offer for the Group. Permission to appoint Mike Foster to the Board had to be sought from and was granted by the Takeover Panel as it could potentially have been regarded as a frustrating action under the Takeover code. The terms were agreed with that in mind. For the same reason, no awards were made to Mike Foster under the Long Term Incentive Plan.

The Committee has also met to consider whether outstanding awards under the Long Term Incentive Plan should vest contingent upon the Board recommended offer for the Group from Stonegate. The Committee has confirmed that time pro-rating will be applied and will be calculated on a monthly basis in each case in accordance with the rules of the relevant employee scheme plan and, performance conditions will be applied. All performance conditions are to be tested in accordance with their terms. On this basis, the Group currently forecasts that 62,222 options will vest should the Stonegate offer complete at the offer price of 203 pence per share.

Shareholder feedback

The Committee welcomes any feedback on this report and the remuneration policy in general. On behalf of the Board, I would like to thank shareholders for their continued support and I look forward to your approval of our report at the 2017 AGM.

Michael Shallow
Chairman of the Remuneration Committee
3 October 2017

Directors' remuneration policy

This part of the Directors' Remuneration Report sets out the remuneration policy for the Company and has been prepared in accordance with the Companies Act 2006, Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended) and the UKLA's Listing Rules. The policy has been developed taking into account the principles of the UK Corporate Governance Code 2016 and the voting guidelines of UK institutional investors.

The Group's remuneration policy was put to a formal and binding vote at the 2015 AGM. As set out at that time, the policy is expected to continue to apply until 30 June 2018. The Annual Report on Remuneration will be put to an advisory vote at the 2017 AGM.

The Committee's key objectives relate to the determination of specific remuneration packages for each of the Executive Directors and certain Senior Executives of the Group, including pension rights and any compensation payments, recommending and monitoring the level and structure of remuneration for senior management and the implementation of share schemes and any other performance-related schemes.

The Remuneration Committee meets at least twice a year.

The Committee reviews the remuneration policy and, in particular, performance-related pay scheme structures on an annual basis to ensure that they continue to operate within the agreed risk framework of the Group. The Committee also ensures that an effective system of control and risk management is in place with regards to remuneration, which includes access to the Audit Committee to discuss matters of operational and financial risk. The Committee is satisfied that the proposed policy does not encourage or reward undue risk taking.

The Committee ensures that performance-related pay structures will not raise environmental, social or governance ("ESG") risks by inadvertently motivating irresponsible behaviour. More generally, with regard to the overall remuneration structure, there is no restriction on the Committee that prevents it from taking into account corporate governance on ESG matters.

The policy, in relation to subsequent years, will be kept under review to ensure that it reflects any changing circumstances.

CORPORATE GOVERNANCE
REMUNERATION REPORT CONTINUED
for the 52 weeks ended 1 July 2017

Remuneration for Executive Directors

The main component parts of the remuneration policy for Directors are detailed in the table below.

Policy table

Element	Operation	Opportunity	Performance metrics
Base salary			
To attract and retain key individuals. To reflect the relevant skills and experience in the role.	Salaries will normally be reviewed annually against performance, experience, responsibilities, relevant market information and the level of workforce pay increases.	The current salaries are set out in the Annual Report on Remuneration. Annual increases will usually be commensurate with those of the wider workforce. Further increases may be considered if there are significant changes in responsibility or scope, or a sustained increase in the size of the business, or if there are significant market movements. New joiners, where pay is initially set below market levels, may benefit from larger increases as their salary is progressed towards the market rate based on their development in the role.	A broad-based assessment of individual and Company performance is considered as part of any salary review.
Pension			
To provide cost-effective, yet market-competitive, retirement benefits.	Contribution to a personal pension arrangement or cash in lieu of pension by way of a salary supplement.	Set at market-competitive levels for Executive Directors. The maximum contribution will be up to 17.5% of salary. Only basic annual salary is pensionable.	Not applicable.
Benefits			
To provide benefits that assist Directors in the performance of their roles and are designed to be competitive and cost effective.	Car and fuel allowance for Executive Directors, private health insurance and life insurance cover. Other benefits may be offered (e.g. relocation) where considered appropriate.	Not applicable.	Not applicable.

Element	Operation	Opportunity	Performance metrics
Annual bonus plan			
To motivate Executive Directors and incentivise the achievement of key financial and strategic goals and targets over the financial year.	Based on the achievement of performance metrics measured at Group level. Bonus is paid wholly in cash. Recovery provisions will apply in the event of material misconduct, misstatement of financial results and/or an error in the calculation of the bonus payable. The recovery period in respect of each bonus will be three years from the date the bonus is paid.	Maximum bonus potential is 100% of salary for the Executive Directors. The Remuneration Committee retains discretion to withhold or reduce a bonus even if the objectives have been met.	The annual bonus plan is subject to the achievement of stretching performance conditions based on financial performance of the Group and personal strategic objectives which reflect key business drivers. The majority (if not all) of any bonus will be determined by financial measures with only a minority being paid for achieving threshold performance levels. The performance measures used for the 2016/17 annual bonus and those proposed for 2017/18 are described in the Annual Report on Remuneration starting on page 39.
Performance Share Plan ("PSP")			
To motivate Executive Directors and incentivise delivery of performance over the long term. To encourage greater shareholder alignment by rewarding total shareholder return ("TSR") outperformance. To facilitate share ownership.	Annual awards of performance share awards which vest, subject to performance, after three years.	Normal awards of up to 200%. 300% of salary in exceptional circumstances.	Awards will be granted subject to a combination of relative TSR and/or financial measures (e.g. as adjusted EPS) over, at least, a three-year period. The Committee will review the appropriateness of the performance conditions on an annual basis and may make changes to the weightings or introduce new measures which are aligned to the Company strategy at that time. The performance measures used for the Initial Awards are described in the Annual Report on Remuneration on page 39.

CORPORATE GOVERNANCE
REMUNERATION REPORT CONTINUED
for the 52 weeks ended 1 July 2017

Remuneration for Executive Directors continued

Policy table continued

Element	Operation	Opportunity	Performance metrics
Company Share Option Plan ("CSOP")			
To incentivise and recognise service over the longer term.	The Company operates a share option plan under which it may grant share options with an exercise price as determined by the Committee on grant. The terms on which an award vests are determined by the Committee on grant and, once vested, options are exercisable up to ten years from the date of grant. For Executive Directors with PSP awards, any grant of CSOP awards will be linked to the grant of PSP awards, which will be reduced accordingly to reflect the value received under any CSOP award.	Aggregate value of any PSP and CSOP award granted will not normally exceed normal awards of 200% of salary (300% of salary in exceptional circumstances), with PSP grant levels in the same year taken into consideration and reduced accordingly.	For Executive Directors, performance conditions will be linked to those used under the corresponding PSP award.
Executive share ownership			
To align Executive Directors' and shareholders' interests.	All Executive Directors are expected to hold an investment of at least 100% of base salary in the Company, using 50% of net awards under the Company's PSP to achieve the shareholdings, if required.	100% of salary for all Executive Directors.	Not applicable.

Remuneration for Non-executive Directors

The remuneration policy for Non-executive Directors is set out below:

Policy table

Element	Operation	Opportunity	Performance metrics
To attract and retain high calibre Non-executive Directors. To set remuneration by reference to the responsibilities and time commitment undertaken by each Non-executive Director.	Fee levels are reviewed on a periodic basis and are set based on expected time commitments and responsibilities and in context of the fee levels in companies of a comparable size and complexity. The Committee sets the fee for the Non-executive Chairman, whereas fees for the Non-executive Directors are set by the members of the Board, excluding the Non-executive Directors.	The Non-executive Chairman's fee and Non-executive fees are set out in the Annual Report on Remuneration. Any increase in fees may be above those of the wider workforce (in percentage terms) in any particular year, reflecting the periodic nature of any review and/or changes to time commitments and/or responsibilities.	Not applicable.

The Committee operates the annual bonus plan and long-term incentive plans according to their respective rules and consistent with normal market practice, the Listing Rules and HMRC rules where relevant, including flexibility in a number of regards. These include:

- timing of awards and payments;
- the size of an award (within the limits noted in the table above) and when and how much should vest;
- who receives an award or payment;
- dealing with a change of control or restructuring of the Group;
- determining whether a participant is a good/bad leaver for incentive plan purposes and whether and what proportion of awards vest;
- any adjustments required to awards in certain circumstances (e.g. rights issues, corporate restructuring, events and special dividends); and
- the weightings, measures and targets for the annual bonus plan, PSP and CSOP from year to year.

The Committee retains the discretion to adjust the targets and/or set different measures and alter weightings for the annual bonus plan and to adjust targets for the PSP and CSOP if events occur (e.g. a major acquisition or disposal) which cause it to determine that the conditions are unable to fulfil their original intended purpose and if the change would not be materially less difficult to satisfy.

Existing awards

The Committee intends to honour any commitments, including the outstanding PSP awards, on the terms applicable at the time each such commitment was made. The relevant outstanding awards are described in the Annual Report on Remuneration.

Executive Directors' service agreements including policy on contracts of service

Mark McQuater

On 27 February 2015, Mark McQuater (Revolution's Chief Executive Officer) entered into a service agreement with Revolution, under which he is currently entitled to receive an annual base salary of £367,500. The appointment (as Revolution Director) is subject to annual re-election by the Revolution shareholders. If he is not re-elected as a Director, his employment continues in accordance with the terms of his service agreement.

Under the terms of the service agreement, Mark McQuater is entitled to an annual car allowance of 10 per cent of his basic salary, permanent health insurance, private health insurance for himself, his spouse and his family, life insurance and a pension contribution of 15 per cent of basic salary, which was increased to 17.5 per cent effective at the beginning of the current reporting period.

The service agreement is terminable by Mark McQuater or Revolution on not less than 12 months' prior written notice. Revolution can, however, terminate Mark McQuater's service agreement immediately, provided that such termination is effected together with payment of a cash sum in lieu of notice equivalent to the basic salary, pension allowance, car allowance and the value of his insured benefits to which he would have been entitled for the remainder of his notice period.

The service agreement is terminable with immediate effect without notice in certain circumstances.

Mike Foster

On 31 May 2017, Mike Foster (Revolution's Chief Financial Officer and Company Secretary) was sent an offer letter by Revolution, under which he is currently entitled to receive an annual base salary of £200,000. The offer letter had been approved by the Revolution Board on 29 May 2017. No service agreement has yet been entered into by Mike Foster and Revolution and he is currently performing his duties on the basis of the terms of the offer letter.

The offer letter entitles Mike Foster to receive an annual car allowance of £15,000, as well as private health insurance for himself and his spouse.

Mike Foster's employment is terminable by him or Revolution on not less than six months' prior notice.

The Executive Directors are eligible to participate in such bonus arrangements as Revolution may specify from time to time. The Revolution Board retains absolute discretion to determine whether or not a bonus should be paid to an Executive Director and, if a bonus is to be paid, the amount of such bonus.

Copies of Mark McQuater's service contract and Mike Foster's appointment letter are available for inspection, on request to the Company Secretary, at the Company's registered office.

On cessation of an Executive Director's employment, the treatment of any outstanding share awards will be governed by the rules of the appropriate plan. In the normal course, awards will lapse. If a participant is treated as a good leaver (for reasons of death, injury, permanent ill health or disability, redundancy, the employing entity ceasing to be a member of the Group, the business being transferred outside of the Group, or any other reason the Committee determines at its discretion) the award will normally vest on the normal vesting date to the extent that the performance conditions have been achieved and pro-rated for the service period rendered (unless the Committee decides to vest awards at cessation and/or disapply time pro-rating).

The Non-executive Directors have letters of appointment which provide for notice by either party giving to the other not less than six months' notice in writing for the Chairman and three months' notice in writing for other Non-executive Directors. The Company may also terminate by making a payment in lieu of notice.

None of the employment contracts or letters of appointment of the Directors contain special contractual termination provisions.

CORPORATE GOVERNANCE
REMUNERATION REPORT CONTINUED
for the 52 weeks ended 1 July 2017

Other employees' pay

The Committee does not consult with employees directly on matters of Executive remuneration. However, the Committee is aware of the disconnect which may be created if Executive Director remuneration is set in isolation and therefore is updated during the year with details of the pay and employment conditions in the wider workforce. In particular, the Committee is made aware of general salary increases, general benefit provision and the proposed level of annual bonuses. The Committee is also responsible for reviewing the proposed participants of the PSP and the CSOP.

Remuneration policy across the Group

The remuneration policy described in this report is broadly consistent with the policy used for other Senior Executives of the Company. A significant proportion of remuneration remains performance related, although lower quantums will operate.

The majority of employees will participate in an annual bonus or incentive scheme, although the limits and performance metrics will vary according to the seniority and location of the role. Participation in the PSP and the CSOP is targeted at senior management and key staff who are more able to influence overall Group performance.

The majority of new senior employees are eligible to join a defined contribution pension plan.

Policy on Executive Director recruitments/promotions

In relation to external Executive recruitment or internal promotion, the Committee will follow the principles outlined in the table below:

Element of remuneration
Base salary
Salary levels will be set based on: > the particular experience, knowledge and skills of the individual; > market rates for comparable positions in companies of a similar size and complexity; and > internal Company relativities. Where considered appropriate, the Committee may wish to set the initial salary below the perceived market rate (e.g. to reflect an individual's limited experience at a public limited company board level) but with the view to make phased increases, potentially above those of the wider workforce as a percentage of salary, to achieve the desired market positioning over time. Any increases would be subject to the individual's continued development and performance in the role.
Benefits
A new appointment would be offered the same or a similar benefits package (or equivalent, in line with local market practice) as that provided to current Executive Directors. Where considered necessary, the Committee may be required to pay certain relocation expenses, legal fees and other costs incurred by the individual in relation to their appointment.
Pension
A defined contribution or cash supplement (or equivalent, in line with local market practice) at the level provided to current Executive Directors may be provided.

Element of remuneration continued

Annual bonus

The Committee would envisage the annual bonus for any new appointment operating as set out in the policy table for current Executive Directors. The annual bonus maximum, as a percentage of salary, would be limited to that of the current Chief Executive Officer.

However, the Committee may consider it necessary (depending on timing and the nature of the appointment) to set different tailored performance measures for the initial bonus year.

Long-term incentives

Ongoing LTIP awards will be made on the same terms as current Executives', albeit possibly with different performance periods depending on the timing of the appointment. The maximum ongoing award, as a percentage of salary, will be no higher than that of the current Chief Executive Officer. An award may be made shortly after an appointment.

For internal promotions, existing awards will continue over their original vesting period and remain subject to their terms as at the date of grant.

Buy-out awards

To facilitate external recruitment, it may be necessary to buy out remuneration which would be forfeited on the appointee leaving their previous employer. When determining the quantum and structure of any buy-out awards, the Committee will, where possible, use a consistent basis, taking into account the form of remuneration (cash or shares), timing horizons and the application of any performance criteria.

Buy-out awards, if used, will be granted using the Company's existing share plans to the extent possible, although awards may also be granted outside of these schemes if necessary and as permitted under the Listing Rules.

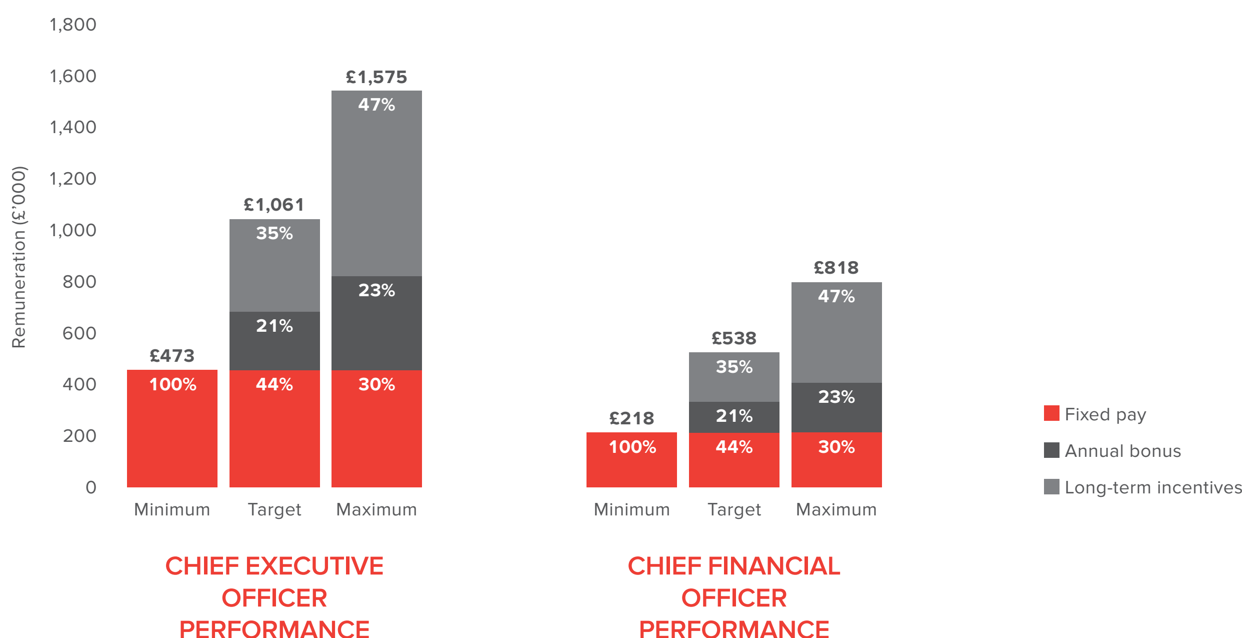
CORPORATE GOVERNANCE
REMUNERATION REPORT CONTINUED
for the 52 weeks ended 1 July 2017

Shareholder engagement

The Committee considers an open and constructive dialogue with investors to be vitally important to establishing a successful remuneration policy that is considered fair and transparent by both Executives and shareholders. Therefore, the Committee will consult with major investors whenever material changes to the policy are proposed. The Committee also welcomes investor feedback and will consider views raised at the AGM and regular meetings throughout the year when establishing the overall policy.

Reward scenarios

The charts below illustrate the level and mix of remuneration based on the current remuneration policy, updated to reflect current salary levels depending on the achievement of threshold, target and maximum performance of the Executive Directors. These charts are indicative as share price movement and dividend accrual have been excluded. All assumptions made are noted below the chart.



Assumptions:

1. Base salary applying on 3 July 2017.
2. Annualised benefits estimated based on 52 weeks ended 1 July 2017.
3. Minimum performance assumes no bonus, on-target performance assumes 60 per cent of the maximum bonus potential and maximum performance assumes 100 per cent of salary for the annual bonus.
4. Although there is no plan to grant PSP awards to Executive Directors in 2017/18, the charts show the grant levels for the initial PSP awards for the Chief Executive Officer, annualised over a three-year period. Target levels of 50 per cent of maximum have been used.
5. For illustrative purposes only, a grant of PSP awards to the new Chief Financial Officer in line with policy at 200 per cent of salary has been included. However, no award has yet been granted and the Committee has not yet determined whether to make any award.

Annual Report on Remuneration

The Committee's terms of reference are available from the Company Secretary and can be found on the Company's website at www.revolutionbarsgroup.com.

During the 52 weeks ended 1 July 2017, the Committee met formally on three occasions, with all members attending.

The key activities of the Committee during the 52 weeks ended 1 July 2017 have been:

- approval of the bonus outcome and pay-out in respect of the financial reporting period for the 53 weeks ended 2 July 2016, confirming that the calculation had been made in accordance with the agreed mechanism;
- determination and approval of the bonus scheme in respect of the financial reporting period for the 52 weeks ended 1 July 2017 in line with the policy and provisions set out here;
- to review the salary and pension arrangements for Mark McQuater;
- determination of the financial terms of the leaver arrangements for Sean Curran and Chris Chambers; and
- determination of an appropriate remuneration structure for Mike Foster as incoming Chief Financial Officer.

Subsequent to the end of the reporting period, the Committee has met to determine the calculations to be applied to the vesting of shares under the Long Term Incentive Plan in connection with the recommended Board offer from Stonegate Pub Company Limited.

Composition of the Remuneration Committee (unaudited)

The Committee currently consists of Michael Shallow (Chairman), Keith Edelman (Non-executive Chairman) and Jemima Bird (Non-executive Director). None of the Committee has any personal financial interest (other than as a shareholder), conflicts of interest from cross-directorships, or day-to-day involvement in the running of the business.

The Chief Executive Officer is invited to attend meetings, although is not present when matters affecting his own remuneration are discussed. The Company Secretary or their nominee acts as secretary to the Committee.

The Committee retains independent remuneration consultants, New Bridge Street ("NBS") (a trading name of Aon plc), to advise on aspects of Executive remuneration. NBS is a member of the Remuneration Consultants Group and has signed up to its code of conduct. NBS has no connection with Revolution Bars Group plc other than in the provision of advice on Executive remuneration. The terms of engagement with NBS are available from the Company Secretary on request. The fees payable to NBS during the 52 weeks ended 1 July 2017 were £8,924 (2016: £11,471).

During the year the Company also used Macfarlanes LLP to provide advice on termination arrangements relating to Sean Curran and Chris Chambers.

The Committee reviews its relationships with external advisers on a regular basis and believes that no conflicts of interest exist.

Implementation of the remuneration policy in the 52 weeks ending 30 June 2018 (unaudited)

Basic annual salary

Each Executive Director's basic salary is normally reviewed and determined by the Committee annually, taking into account the individual's performance and experience. The Committee also, from time to time, makes use of independent benchmark data provided by external remuneration consultants, takes due account of market data in separate comparator groups based on sector, size and complexity, and is aware of the level of salary increases awarded to other employees within the Group.

Salaries were not reviewed at the normal review date at the beginning of July 2017 consistent with the decision not to review the salaries of the Senior Management Team. The Committee agreed an initial salary for Mike Foster that is below that of his predecessor but consistent with his experience levels. Current salaries are summarised as follows:

- Mark McQuater, Chief Executive Officer, £367,500 per annum (2016: £367,500); and
- Mike Foster, Chief Financial Officer, £200,000 per annum (2016 for Chris Chambers: £245,000).

Performance-related bonus

The maximum bonus potential for the Chief Executive Officer and the Chief Financial Officer for the 52 weeks ending 30 June 2018 is 100 per cent of basic salary earned in the reporting period.

For each Executive Director, their performance-related bonus is based 80 per cent on an annual scorecard of financial performance metrics and 20 per cent on personal strategic objectives that reflect key drivers of the business, such as new openings, customers, quality and staff. An underpin applies to the annual bonus award, which gives discretion to the Remuneration Committee to reduce the award.

For the 52 weeks ended 1 July 2017, no award was allotted to any qualifying participants by the Committee, due to the shortfall in the Group's profit performance measures relative to the targets set at the beginning of the period.

For the 52 weeks ending 30 June 2018, the financial targets will be measured based on adjusted EBITDA and adjusted profit before tax ("PBT"). Further detail about such strategic and personal objectives is considered commercially sensitive and will therefore not be disclosed prospectively. This bonus will also be wholly payable in cash and subject to recovery provisions for three years from date of payment.

Long-term incentive awards

The Committee believes that share ownership and the granting of share-based incentives strengthen the link between Executives' personal interests and those of the shareholders. The Company has two long-term share plans in place, being a Company Share Option Plan ("CSOP") and a Performance Share Plan ("PSP").

CORPORATE GOVERNANCE
REMUNERATION REPORT CONTINUED
for the 52 weeks ended 1 July 2017

Implementation of the remuneration policy in the 52 weeks ending 30 June 2018 (unaudited) continued

Long-term incentive awards continued

It is not the Committee's current intention to grant any awards in the coming period given the Board recommended offer for the Group. No awards were made to Mike Foster given that the Group was already in discussions regarding a potential offer for the Group at the time of his appointment to the Board.

Policy on Executive share ownership

The Board has adopted a formal policy in respect of Executive share ownership, pursuant to which all Executives are expected to invest in the Company to a level of at least 100 per cent of annual salary over time, save that under such policy Executives may build to this level using 50 per cent of net awards under the Company's long-term incentive plans. Details of current share ownership levels are set out on page 34.

Non-executive Directors' fees and incentives

The fees of the Non-executive Directors are set by the Board following a review against fee levels operated in companies of a comparable size and after taking into account the anticipated time commitment of each role. The Non-executive Directors do not participate in any incentive, pension or benefit schemes of the Company.

Details of each Director's remuneration for the 52 weeks ended 1 July 2017 are given below.

Directors' remuneration for the 52 weeks ended 1 July 2017 (audited)

		Fees/ salary £'000	Taxable benefits[1] £'000	Pension £'000	Bonuses £'000	Long-term incentives £'000	Single figure of total remuneration £'000
Executive Directors							
Mark McQuater	**2017**	**368**	**41**	**64**	**—**	**—**	**473**
	2016[6]	350	42	52	126	—	570
Mike Foster[2]	**2017**	**15**	**1**	**—**	**—**	**—**	**16**
Chris Chambers[3]	**2017**	**218**	**17**	**33**	**—**	**—**	**268**
Sean Curran[4]	**2017**	**206**	**23**	**31**	**—**	**—**	**260**
Sean Curran	2016[6]	235	26	36	—	—	297
Non-executive Directors							
Keith Edelman	**2017**	**90**	**—**	**—**	**—**	**—**	**90**
	2016	90	—	—	—	—	90
Michael Shallow	**2017**	**40**	**—**	**—**	**—**	**—**	**40**
	2016	40	—	—	—	—	40
Jemima Bird[5]	**2017**	**16**	**—**	**—**	**—**	**—**	**16**
Aggregate emoluments							
	2017	**953**	**82**	**128**	**—**	**—**	**1,163**
	2016	715	68	88	126	—	997

1 Taxable benefits comprise medical insurance policies and car allowances.

2 Mike Foster was appointed to the Board on 2 June 2017; his remuneration figures above reflect the period from the date of appointment only.

3 Chris Chambers was appointed on 31 August 2017 and stepped down from the Board on 6 May 2017; the remuneration figures include garden leave payments of £44,917 up to the end of the reporting period. One further and final payment in lieu of notice of £25,701 was made to Chris Chambers after the end of the reporting period.

4 Sean Curran left on 31 August 2016 but under the agreed severance arrangements was paid until 10 May 2017.

5 Jemima Bird was appointed to the Board on 1 January 2017.

6 Taxable benefits during the 53 weeks ended 2 July 2016 have been restated to reflect the correct medical insurance benefit.

Basic annual salary

- Mark McQuater, Chief Executive Officer, £367,500 per annum.
- Sean Curran, Chief Financial Officer, £235,000 per annum.
- Chris Chambers, Chief Financial Officer, £245,000 per annum.
- Mike Foster, Chief Financial Officer, £200,000 per annum.

Performance-related bonus

For the 52 weeks ended 1 July 2017, a discretionary annual bonus plan was operated for the Executive Directors and other senior management. A percentage of each individual's base salary was payable, based on the attainment, on a sliding scale, of adjusted EBITDA and adjusted profit before tax targets, as well as on the achievement of personal objectives.

For each measure a bonus pool was created once a threshold target level of adjusted EBITDA or adjusted profit before tax had been achieved. For achieving threshold target performance, a pool of £258,000 would be allocated to be shared by all participants. Up to an additional £514,000 would be allocated to the pool for performance between threshold target and budget, with up to a further £256,000 of EBITDA (or PBT) allocated to the pool for performance above budget.

EBITDA performance

Actual adjusted EBITDA performance for the 52 weeks ended 1 July 2017 did not achieve the threshold target and consequently no bonus payment became payable.

PBT performance

Actual adjusted profit before tax performance for the 52 weeks ended 1 July 2017 did not achieve the threshold target and consequently no bonus payment became payable.

Full details of the performance outcome are set out in the table below:

Financial objectives

				Annual bonus	
Performance measure	Target	Stretch	Performance outcome	Weighting	Outcome (% of max bonus)
Adjusted EBITDA (£'000)	16,280	18,480	15,066	40%	0%
Adjusted profit before tax (£'000)	9,805	11,130	9,296	40%	0%
				80%	0%

A bonus of up to 20 per cent could also be earned based on personal objectives but the Committee decided that due to profit performance in the reporting period falling significantly short of target and given the restatement of prior year earnings it was not appropriate to make such awards.

The table below summarises the overall bonus result:

Individual	Total bonus: % salary payable
Chief Executive Officer	0% of salary payable

Acknowledging that the bonus mechanism is in line with the remuneration policy, the Committee is comfortable that the level of bonuses paid to Executive Directors reflects both the Company and individual performance during the year.

Pension arrangements

The Company contributed into defined contribution schemes or made cash payment equivalents for Executive Directors at the following percentages of basic salary:

Mark McQuater	17.5 per cent
Sean Curran	15.0 per cent
Chris Chambers	15.0 per cent
Mike Foster	0.0 per cent

CORPORATE GOVERNANCE
REMUNERATION REPORT CONTINUED
for the 52 weeks ended 1 July 2017

Non-executive Directors' fees and incentives continued

Performance Share Plan ("PSP") – awards granted in FY17 (audited)

The following PSP award was issued to an Executive Director:

Executive	Type of award	Exercise price (p)	Number of awards granted	Basis of award	Face value[1]	Percentage which vests at threshold	Performance period end
Chris Chambers	Performance share	0.1	410,000	300% of salary	£735,000	25	30.06.20

1 Face value was determined based on the share price of 179.3 pence at the date of the grant of the awards.

Awards granted to Chris Chambers as consideration for a buyout of previous awards forfeited, in granting these awards the Committee considered the value, time horizon and form of the award being forfeited. These awards lapsed at the date of his departure, the performance conditions are outlined below.

In connection with the awards held by Mark McQuater, 70 per cent of the awards are based upon an adjusted EPS target (Part A) and 30 per cent of the awards are based upon a TSR target (Part B).

The performance conditions are tested over three overlapping three-year performance periods:

> the first tranche (50 per cent of the award) will be tested over the period from 1 July 2015 to 30 June 2018 for Part A and 18 March 2015 to 30 June 2018 for Part B and will vest in 2018 to the extent it satisfies the conditions;

> the second tranche (25 per cent of the award) will be tested over the period from 1 July 2016 to 30 June 2019 and will vest in 2019 to the extent it satisfies the conditions; and

> the third tranche (25 per cent of the award) will be tested over the period from 1 July 2017 to 30 June 2020 and will vest in 2020 to the extent it satisfies the conditions.

Part A – EPS targets

The vesting of Part A of each such award will be dependent on the Group's EPS performance over the fixed periods listed above. No portion of Part A will vest unless the Group's EPS growth is at least equal to a compound annual growth rate of 7 per cent; thereafter the following vesting schedule will apply:

The Company's EPS compound growth	Extent of vesting of Part A
At least 7% per annum	25%
Between a minimum of 7% per annum and 13% per annum	Pro-rata between 25% and 100%
At least 13% per annum	100%

For the IPO LTIP Award, EPS performance will be tested using a pro-forma EPS figure for the year ended FY15 as a base point. Adjusted EPS for such purposes thereafter will be disclosed in due course at the time of vesting in the Remuneration Report.

Part B – TSR targets

The vesting of Part B of each such award will be dependent on the Group's TSR over the fixed periods listed above relative to the TSR of the constituents of the peer group of other UK-listed restaurant and bar sector companies over the same period.

No portion of Part B will vest unless the Group's TSR performance at least matches the median of the TSR performance within the comparator Group; thereafter the following vesting schedule will apply:

The Company's TSR performance against the TSR of the comparator companies	Extent of vesting of Part B
Median	25%
Between median and upper quartile	Pro-rata between 25% and 100%
Upper quartile (or better)	100%

For the IPO LTIP Award, the offer price (200 pence) will be used as the base point from which TSR is measured for the Company. For the FY16 LTIP Award and the FY17 LTIP Award a three-month average prior to the start of the performance period will be used. For all awards the end point will be averaged over the last three months of the respective performance period.

Expected volatility has been estimated by considering historical average share price volatility for the Company or similar companies. Staff attrition has been assessed based on historical retention rates.

Outstanding Executive share awards

Executive Director	Scheme	Grant date	Exercise price (p)	No. of shares at 2 July 2016	Granted during the year	Vested during the year	Lapsed during the year	**No. of shares at 1 July 2017**	Vesting date
Mark McQuater									
	PSP – IPO LTIP Tranche 1	19.03.15	0.1	700,000	—	—	—	**700,000**	30.06.18
	PSP – IPO LTIP Tranche 2	19.03.15	0.1	350,000	—	—	—	**350,000**	30.06.19
	PSP – IPO LTIP Tranche 3	19.03.15	0.1	350,000	—	—	—	**350,000**	30.06.20
	CSOP	19.03.15	191	15,706	—	—	—	**15,706**	30.06.18
				1,415,706	—	—	—	**1,415,706**	
Sean Curran[1]									
	PSP – IPO LTIP Tranche 1	19.03.15	0.1	350,000	—	—	(350,000)	**—**	n/a
	PSP – IPO LTIP Tranche 2	19.03.15	0.1	175,000	—	—	(175,000)	**—**	n/a
	PSP – IPO LTIP Tranche 3	19.03.15	0.1	175,000	—	—	(175,000)	**—**	n/a
	CSOP	19.03.15	191	15,706	—	—	(15,706)	**—**	n/a
				715,706	—	—	(715,706)	**—**	
Chris Chambers[2]									
	PSP – IPO LTIP Tranche 3	02.11.16	0.1	—	410,000	—	(410,000)	**—**	n/a
	CSOP	02.11.16	179	—	16,759	—	(16,759)	**—**	n/a
				—	426,759	—	(426,759)	**—**	

1 Sean Curran left on 31 August 2016.

2 Chris Chambers stepped down on 6 May 2017.

Directors' share-based incentives

Aggregate emoluments do not include any amounts for the value of share-based incentives to acquire Ordinary Shares in the Company granted to or held by the Directors.

The number of Ordinary Shares that may be issued under the PSP and any other share plan may not exceed 5 per cent of the Ordinary Shares in issue in any ten-year period. However, the Initial Awards shown above do not count for the purposes of this limit.

Payments made for loss of office and payments to past Directors (audited)

As described in last year's Annual Report on Remuneration, Sean Curran stepped down from the Board on 31 August 2016. He remained on garden leave until 10 May 2017 during which time he received his normal pay and benefits. No bonus payments were made to Sean during the reporting period and all share awards under the Long Term Incentive Plan have lapsed.

Chris Chambers stepped down from the Board on 6 May 2017; he continued to receive his normal pay and benefits until 6 May 2017. Payments totalling £77,342 in lieu of notice were paid in three equal instalments, the last of which was after the end of the reporting period. No bonus payments were made to Chris during the reporting period and all share awards under the Long Term Incentive Plan have lapsed.

CORPORATE GOVERNANCE
REMUNERATION REPORT CONTINUED
for the 52 weeks ended 1 July 2017

Directors' interests and shareholding guidelines (audited)

The following table shows Directors' interests in the Company:

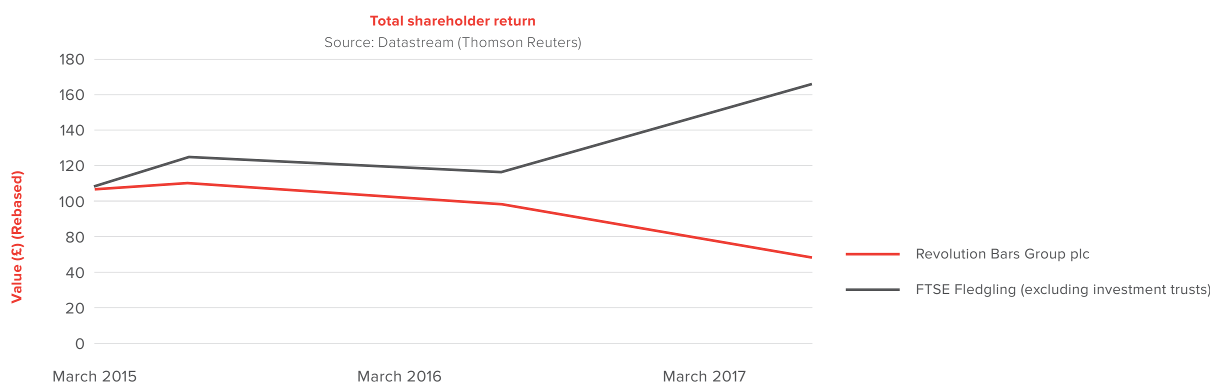
Director	Beneficially owned at 1 July 2017	Outstanding LTIP awards	Outstanding share awards under all employee share plans	Total interest in shares	Shareholding as a % of base salary at 1 July 2017
Mark McQuater	**813,720**	1,415,706	—	2,229,426	**606%**
Sean Curran	**—**	—	—	—	**n/a**
Chris Chambers	**—**	—	—	—	**n/a**
Mike Foster	**—**	—	—	—	**0%**
Keith Edelman	**30,500**	—	—	30,500	**n/a**
Michael Shallow	**12,750**	—	—	12,750	**n/a**
Jemima Bird	**12,750**	—	—	12,750	**n/a**

All Executive Directors are expected to hold an investment of at least 100 per cent of base salary in Company shares. This requirement can be achieved over a period of time using 50 per cent of net awards which vest under the Company's LTIPs. The table above shows shareholdings as at both the start and end of the reporting period and the percentage of the guideline currently met as at 1 July 2017.

Total shareholding, which counts towards the measurement of the guideline, is calculated on the basis of legally owned shares. The percentage of guideline met is based on the annual base salary and the higher of the acquisition cost of the total shareholding or the current market value of the total shareholding. Once an Executive Director meets the required holding, the Executive Director is only required to purchase additional shares equivalent to the value of any increase in base salary.

Performance graph and Chief Executive Officer remuneration table (unaudited)

The graph below illustrates the Company's total shareholder return ("TSR") performance relative to the FTSE Fledgling Index. This was chosen as it represents a broad-based index of which the Company is a constituent. Performance is shown over the period from the Company's listing in March 2015 through to the end of the current reporting period at 1 July 2017. The graph shows performance of a hypothetical £100 invested and its performance over that period.



This graph shows the value, by 1 July 2017, of £100 invested in Revolution Bars Group plc on 12 March 2015, compared with the value of £100 invested in the FTSE Fledgling Index (excluding investment trusts).

The other points plotted are the values at intervening financial year ends.

The table below details the CEO's remuneration over the same period as presented in the TSR graph:

	2017	2016	2015
Single figure of remuneration (£'000)	**473**	570	449
LTIP vesting (% of maximum)	**—**	—	—
Bonus (% of maximum)	**—**	22	12

Percentage increase in the remuneration of the Chief Executive Officer (unaudited)

The table below demonstrates the movement in the salary, benefits and annual bonus for the Chief Executive Officer between the current and previous financial periods compared to that for the average full-time salaried employee.

	CEO %	Employee %
Salary	5.0	2.2
Taxable benefits	(2.1)	—
Annual bonus	(100.0)	(12.6)

Relative importance of spend on pay (unaudited)

	2017 £m	2016 £m	%
Staff costs	**39.5**	33.5	18
Distributions to shareholders	**2.5**	1.6	56

Shareholder voting on the Directors' Remuneration Report at the 2016 annual general meeting (unaudited)

At the annual general meeting on 1 December 2016, the Directors' Remuneration Report and Annual Report on Remuneration received the following votes from shareholders:

		Votes for	Votes against	Votes withheld
Directors' Remuneration Report		37,538,753	1,288,614	1,388,055
	% of votes cast 80.2	96.78	3.22	—

Note: A vote withheld is not a vote in law and is not counted in the calculation of the proportion of votes cast "for" and "against" a resolution.

As indicated in the section of the report under Directors' remuneration policy, the Group's remuneration policy was put to a formal and binding vote at the 2015 annual general meeting and is expected to continue to apply until 30 June 2018. Therefore, a vote was not held on the Directors' remuneration policy at the 2016 annual general meeting.

Approval

This report was approved by the Remuneration Committee and signed on its behalf by:

Michael Shallow
Chairman of the Remuneration Committee
3 October 2017

CORPORATE GOVERNANCE
AUDIT COMMITTEE REPORT

**Michael Shallow
Chairman of the
Audit Committee**

Dear shareholder

I am pleased to introduce the report of the Audit Committee for the 52 weeks ended 1 July 2017.

The Code recommends that all members of the Committee be Non-executive Directors, independent in character and judgement and free from any relationship or circumstance which may, could or would be likely to, or appear to, affect their judgement and that at least one such member has recent and relevant financial experience. Accordingly, the Committee comprises all three independent Non-executive Directors with me as Committee Chairman, considered by the Board to have recent and relevant financial experience due to my previous experience in senior financial roles. As such, the Committee complies with the Code recommendations. Regular Committee meetings are also normally attended by the Chief Financial Officer and the external auditor. The Chief Financial Officer, who is also the Company Secretary, acts as secretary to the Committee. Other members of management, particularly senior financial managers, are invited to attend depending on the matters under discussion.

The Committee also meets at least twice per annum with the external auditor with no members of management present. The Committee was set up by the Board to assist it with its responsibilities in respect of financial reporting, including reviewing annual and half-year results, external auditing and internal controls, and advising on the independence and appointment of the external auditor. The Committee also routinely examines significant accounting treatments facing the Group and will focus on those matters raised by KPMG LLP, which they consider to be of significant audit risk. The Committee meets at least twice a year at the appropriate times in the reporting and audit cycle.

The Committee has this year strongly supported the new finance team following the departure of a long-standing Chief Financial Officer in August 2016 and subsequently his replacement in May 2017 as well as a long-standing Group Financial Controller in December 2016. Our current Chief Financial Officer, Mike Foster, joined the business in an interim role in March 2017 and together with the new team initially focused on understanding the reliability of the Group's forecasts and this resulted in the market announcement on 19 May 2017. The new team also identified that the application of our accounting policies required updating, particularly in two key areas:

> Certain items of marketing expenditure, including menus and branded collateral which were being capitalised as short-life assets. The appropriate treatment for such expenditure is to expense the cost as incurred.

> Certain policies relating to income from supplier rebates and listing fees were not applied correctly, resulting in over-statements of accrued income as at 2 July 2016 and 27 June 2015.

Corrections in relation to these two items have led to prior period adjustments that are set out in Note 1b to the consolidated financial statements.

When these matters came to the attention of the Audit Committee, the Committee engaged PwC to undertake a full independent review relating to these two issues to confirm the amounts involved and the appropriateness of the accounting treatment. In parallel, the new team was asked to review the application of all key accounting policies and practices and this identified several other issues also requiring adjustments to prior periods. These are also detailed in Note 1b to the consolidated financial statements.

The Committee has closely reviewed the PwC report, which was delivered in mid-August 2017, and the other findings of the finance team and their recommended adjustments. The Committee's main goal at this time has been to ensure that the material judgements and estimates used this financial year are the most appropriate to present a fair and balanced view of the financial affairs of the Group as at 1 July 2017 and the progress made during the course of the year.

During the year, the Directors continued to assess the following key areas:

> Board governance, including the Committee and the procedure for assessing the Group's key risks;

> management accounting processes and the quality of information provided to the Board;

> external financial reporting procedures and audit arrangements and reporting standards;

> complex transactions, potential exposure and risk;

> information systems; and

> budgeting and forecasting procedures and controls.

The Directors recognise the need to maintain the financial reporting procedures, review them on a continuing basis and adapt them to changing circumstances. Their review forms part of the Committee's agenda going forward together with its wider role and responsibilities, which are set out in more detail in this report. Based on its performance during the 52 weeks ended 1 July 2017, the Committee will be recommending that KPMG LLP be re-appointed as auditor at the 2017 annual general meeting ("AGM"). I look forward to meeting with shareholders at the AGM to answer any questions on the work of the Audit Committee.

Ensuring external auditor independence

During the year the value of non-audit services provided by the external auditor amounted to £0.02 million (2016: £0.4 million). New EU legislation on permitted non-audit services came into effect from 17 June 2016 which introduced a permitted non-audit services fee cap of 70 per cent of the average audit fee over a consecutive three-year period. This cap will come into effect for the Group in the financial year ending 30 June 2019. A significant proportion of non-audit services delivered during 2017 related to reviewing the Group's half-year reporting, which is a service incidental to the role as auditor. The Committee is satisfied that, in relation to services provided, KPMG LLP has taken actions to ensure that any potential conflicts of interest are properly managed.

KPMG was appointed as auditor of the Group by the Directors on 18 March 2015. The period of total uninterrupted engagement is the three years ended 1 July 2017. Prior to that KPMG was also auditor to the Group's previous Parent Company, but which, being unlisted, was not a public interest entity. Under the EU audit regulation, the Company is required to undertake a tender for audit services at least every ten years (being for the period commencing July 2024). In light of the Board recommended offer for the business, there are currently no plans to undertake a tender.

Role and responsibilities

The Committee's terms of reference can be found on the Group's website or alternatively can be obtained from the Company Secretary. The primary function of the Audit Committee is to assist the Board in fulfilling its responsibilities to protect the interests of shareholders with regard to the integrity of financial reporting, audit, risk management and internal controls. This comprises:

- monitoring and reviewing the Group's accounting policies, practices and significant accounting judgements; and
- receiving the annual and half-yearly financial statements and any public financial announcements and advising the Board on whether the annual report and accounts is fair, balanced and understandable in relation to the external audit:
  - approving the appointment and recommending the re-appointment of the external auditor and its terms of engagement and fees;
  - considering the scope of work to be undertaken by the external auditor and reviewing the results of that work;
  - reviewing and monitoring the independence of the external auditor;
  - reviewing the effectiveness of the external auditor;
  - reviewing compliance with the UK Corporate Governance Code;
  - overseeing the Group's procedures for its employees to raise concerns through its whistleblowing policy as set out in the code of conduct and business principles policy;
  - monitoring the effectiveness of the risk management systems and processes; and
  - assessing and advising the Board on the internal financial, operational and compliance controls.

Meetings and attendance

During the 52 weeks ended 1 July 2017, the Audit Committee met formally on three occasions, with all members attending the meetings. In addition, at two of the meetings, the Audit Committee had access to the external auditor without management present.

Following the end of the reporting period, the Committee met formally on two further occasions prior to the approval of the consolidated financial statements. In addition to the Committee's work associated with the accounting review referred to on the previous page, other work performed by the Committee during the year has included:

- reviewing and approving the external audit plan for the 52 weeks ended 1 July 2017;
- agreeing the Committee's rolling agenda for the 52 weeks to 30 June 2018 and the associated financial calendar;
- reviewing the annual report and accounts for 2017 and recommending to the Board its adoption as fair, balanced and understandable. In fulfilling this task, the Committee reviewed the process undertaken to produce the annual report and accounts 2017, which included internal verification processes and content approval procedures;
- reviewing the pre-close statement in July 2017;
- receiving the external auditor's reports to the Committee;
- reviewing the Group's accounting policies and key accounting judgements;
- considering the risk assessment, mitigation actions and assurance activities produced by management;

CORPORATE GOVERNANCE
AUDIT COMMITTEE REPORT CONTINUED

Meetings and attendance continued

- reviewing the independence and objectivity of the external auditor, together with its effectiveness, and recommending its re-appointment to shareholders at the AGM;
- reviewing compliance with and explaining any exceptions from the UK Corporate Governance Code; and
- reviewing the internal financial, operational and compliance control.

Internal audit

The Group does not have an internal audit function and considers that the key risks to the business are covered by a combination of resources including its compliance department, stock-takers and area managers.

The Group's compliance department is responsible for managing many of the principal risks facing the business concerning licensing and health and safety. Its work is supported by external consultants on both of these matters and as part of these arrangements annual contracts are in place to provide at least two audit visits per annum by fully qualified health and safety advisers.

The Group also employs four full-time stock-takers who are checking stocks and various other related compliance matters such as cash counts on a risk assessed basis. Site stocks are counted on average between eight and ten times per annum. Stock-take results are reviewed by both operational and finance staff immediately that they are made available.

An important element of the area manager's role is to perform spot checks on cash, stocks, licensing and health and safety matters as part of their regular site visits. The area manager assessments are used, amongst other things, to rate general managers and poor scores relating to these standards will reduce their bonus earnings potential.

Significant accounting matters

In reviewing the financial statements with management and the external auditor, the Committee has discussed and debated the critical accounting judgements and key sources of estimation uncertainty as set out in Note 1 to the consolidated financial statements. There has been particular emphasis this year on the matters giving rise to the prior period adjustments.

As a result of its review, the Committee has identified the following issues that require particular judgement or have significant impact on the interpretation of the annual report and accounts for 2017:

- Accrued rebates from suppliers: rebates are usually invoiced on a monthly or quarterly basis based on supplied volumes and whilst-these can usually be quickly assessed post-period, judgements are also sometimes required as to whether longer-term contractual thresholds will be met. The Committee is satisfied that appropriate judgements have been made.
- Carrying value of fixed assets: the Group keeps the carrying value of its fixed assets under review. Formal procedures are used in each external reporting period to make assessments of the appropriateness of carrying values within the balance sheet.
- Capitalisation of property, plant and equipment: the Committee has reviewed capitalisation policies and in particular the capitalisation of internal costs in relation to property development and IT systems development and is satisfied that its policies and the amounts capitalised are appropriate.
- Accounting for and the disclosure of prior period errors: the Committee has reviewed each of the items and is satisfied that they constitute prior year adjustments.
- Exceptional items: exceptional items on a pre-tax basis of £4.3 million (2016 Restated*: £1.4 million) represent a material item in the profit and loss account. The charge comprises fees associated with the resignation of the Chief Financial Officer, fees associated with the accounting review, an increase in the provision for onerous leases, a fixed assets impairment charge and charges relating to the Long Term Incentive Plan (see Note 3 to the consolidated financial statements). The Committee reviewed the constituent elements of this cost and was satisfied that they were exceptional in nature.

The Committee reviewed reports presented by KPMG LLP that detailed key audit findings in relation to the above accounting matters.

Michael Shallow
Chairman of the Audit Committee
3 October 2017

* Restated – see Note 1(b) of the consolidated financial statements for an explanation and analysis of the prior year adjustments included in respect of the profit for the 53 weeks ended 2 July 2016.

CORPORATE GOVERNANCE
NOMINATION COMMITTEE REPORT

Keith Edelman
Chairman of the Nomination Committee

Dear shareholder

I am pleased to introduce the report of the Nomination Committee for the 52 weeks ended 1 July 2017.

Responsibilities

The Committee's terms of reference, which can be found on the Group's website and can be obtained from the Company Secretary, deal with such issues as membership and frequency of meetings, together with the requirements for quorum and notice procedure and the right to attend meetings. The responsibilities of the Committee covered in its terms of reference include reviewing Board composition, appointing new Directors, re-appointment and re-election of existing Directors, succession planning taking into account the skills and expertise that will be needed on the Board in the future, reviewing time required from Non-executive Directors, determining membership of other Board Committees and ensuring external facilitation of the evaluation of the Board. As part of its activities the Committee also considers the diversity of the Board.

Composition

The Code recommends that a majority of the members of the Nomination Committee should be independent Non-executive Directors. The Committee is chaired by me, and its other members are Michael Shallow, Jemima Bird and Mark McQuater, of whom Michael and Jemima are independent Non-executive Directors. Consequently, the Committee complies with the Code recommendation.

By invitation, the meetings of the Committee may be attended by the Chief Financial Officer, although this did not happen during the year under review.

Meetings and attendance

During the 52 weeks ended 1 July 2017, the Nomination Committee met formally on two occasions with all members attending the meetings. The Committee will continue to meet formally at least once a year and at such other times as the Board or the Committee Chairman requires. The Committee has access to sufficient resources to carry out its duties, including the services of the Company Secretary. Independent external legal and professional advice can also be taken by the Committee if it believes it is necessary to do so.

Election of Directors

On the recommendation of the Committee and in line with the Code, all of the Group's Directors will stand for election at the forthcoming AGM and will subsequently offer themselves for re-election on an annual basis.

The biographical details of the Directors can be found on page 24. Following performance evaluations conducted during the year, the Committee is satisfied that the Directors, who served during the 52 weeks ended 1 July 2017, performed effectively and demonstrated a commitment to their roles. This will continue to be monitored going forward with further formal performance reviews taking place during the 52 weeks ending 30 June 2018.

Diversity

The Committee supports the aims, objectives and recommendations outlined in Lord Davies' report "Women on Boards" and is aware of the need to increase the number of women on the Board, to which it is committed over time. Within this overriding commitment, we will make appointments based on merit and against objective criteria to ensure we appoint the best individual for each role. The Committee and the Board understand the importance of a diverse Board membership as well as throughout the Group, and recognise that diversity encompasses not only gender but also background, ethnicity and disability. The Committee believes that appointments should be made on merit, the key criterion being whether or not the appointee can add to or complement the existing range of skills and experience on the Board.

Jemima Bird was appointed to the Board during the reporting period and two of the seven members of the Senior Management Team are women (29 per cent). Across our business of approximately 2,743 employees, female employees represented approximately 42 per cent of the workforce as at 15 July 2017. The Group is committed to continuing to develop the potential of its female employees through its training programmes and its corporate development pipeline.

I look forward to meeting with shareholders at the AGM to answer any questions on the work of the Nomination Committee.

Keith Edelman
Chairman of the Nomination Committee
3 October 2017

CORPORATE GOVERNANCE
DIRECTORS' REPORT

Introduction

The Directors present their annual report and the audited financial statements of the Company and Group for the 52 weeks ended 1 July 2017. This Directors' Report includes additional information required to be disclosed under the Companies Act 2006, the Code, the DTRs and the Listing Rules of the Financial Conduct Authority. Certain information required to be included in the Directors' Report is included in other sections of this annual report as follows, which is incorporated by reference into this Directors' Report:

- the Strategic Report on pages 1 to 21 which sets out a review of the business of the Group during the 52 weeks ended 1 July 2017 and the financial position of the Group at the end of that period to enable shareholders to assess how the Directors have performed their duty under section 172 of the Companies Act. The review also describes the principal risks and uncertainties facing the Group, and provides a fair review of the Group's business at the end of the financial year and an indication of likely future developments in the business;
- the Corporate Governance Statement on pages 26 to 29; and
- related party transactions as set out in Note 24 to the consolidated financial statements.

This Directors' Report together with the Strategic Report set out on pages 1 to 21 represents the "Management Report" for the purpose of compliance with the DTR 4.1.5R.

Results and dividend

The Group's results for the year are shown in the statement of comprehensive income on page 60. The Directors intend, subject to sufficient distributable reserves being available, that there will be a final dividend in respect of the 52 weeks ended 1 July 2017 of 3.3 pence per share (2016: 3.3 pence per share). The Group paid an interim dividend of 1.65 pence per share during the period (2016: 1.5 pence per share), taking the total dividend in relation to the 52 weeks ended 1 July 2017 to 4.95 pence per share (2016: 4.8 pence per share). Payment of the dividend is subject to shareholder approval at the annual general meeting. See also the post balance sheet events note below.

Share capital and related matters

The Company has only one class of share and the rights attached to each share are identical. Details of the rights and obligations attaching to the shares are set out in the Company's Articles of Association, which are available from the Company Secretary and can also be found on the Company's website, www.revolutionbarsgroup.com, under investor relations and shareholder information. The Ordinary Shares are listed on the official list and are traded on the London Stock Exchange. The Company may refuse to register any transfer of a share which is not a fully paid share. At a general meeting of the Company, every member has one vote on a show of hands, and on a poll one vote for each share held. Details of the voting procedure, including deadlines for exercising voting rights, are set out in the Notice of Annual General Meeting 2017. As at 1 July 2017, the issued share capital of the Company was 50,000,000 Ordinary Shares of £0.001 each. Details of the share capital as at 1 July 2017 are shown in Note 19 to the consolidated financial statements.

Powers of the Directors

The Directors may exercise all the powers of the Group including, subject to obtaining the required authority from the shareholders in general meeting, the power to authorise the issue of new shares and the purchase of the Company's shares. During the year, the Directors have not exercised any of the powers to issue or purchase shares in the Company.

Restrictions on transfer

There are no general restrictions on the transfer of Ordinary Shares in the Company other than in relation to certain restrictions that are imposed from time to time by laws and regulations (for example insider trading laws). Pursuant to the Listing Rules, Directors and certain officers and employees of the Group require the approval of the Company to deal in the Ordinary Shares of the Company.

The Company has in place certain share incentive plans and details can be found on page 37. As at the financial period end on 1 July 2017 and up to the date of this report, no awards have been granted to the Company's new Chief Financial Officer, Mike Foster. During the reporting period, 1,190,000 awards lapsed and 692,500 awards have been granted.

Substantial shareholdings

As at 26 September 2017, the Company had been notified, in accordance with the DTRs, of the following interests representing 3 per cent or more of the voting rights in the issued share capital of the Company:

Name of holder	Total holding of shares	% of total voting rights
Artemis Investment Management	7,387,121	14.77
Legal & General Investment Management	4,588,000	9.18
River and Mercantile Asset Management	4,448,106	8.90
Sand Grove Capital Management	4,128,061	8.26
Hargreaves Lansdown, stockbrokers (EO)	3,032,486	6.06
AXA Framlington Investment Managers	2,275,601	4.55
Cigogne Management	2,211,758	4.42
Barclays Stockbrokers (EO)	2,168,532	4.34
Sanford Deland Asset Management	2,085,000	4.17
Leste Capital Management	1,705,047	3.41

Directors

The Directors of the Company and their biographies are set out on page 24. Their interests in the Ordinary Shares of the Company are shown in the Directors' Remuneration Report on page 44.

On 31 August 2016, Chris Chambers was appointed to the Board as an Executive Director. Sean Curran stepped down from the Board on the same day. Chris Chambers stepped down from the Board on 6 May 2017 and Mike Foster was appointed as an Executive Director on 2 June 2017.

Appointment and removal of Directors

Directors may be appointed by ordinary resolution of the Company or by the Board. All Directors will stand for re-election on an annual basis, in line with the recommendations of the Code. In addition to any powers of removal conferred by the Companies Act 2006, the Company may by special resolution remove any Director before the expiration of his period of office.

Directors' indemnities and insurance

The Articles of Association of the Company permit it to indemnify the Directors of the Company against liabilities arising from or in connection with the execution of their duties or powers to the extent permitted by law. The Group has directors' and officers' indemnity insurance in place in respect of each of the Directors. The Group has entered into a qualifying third-party indemnity (the terms of which are in accordance with the Companies Act 2006) with each of the Directors. Neither the indemnity nor insurance provides cover in the event that a Director or officer is proved to have acted fraudulently.

Transactions with related parties

Details of the transactions entered into by the Group with parties who are related to it are set out in Note 24 to the consolidated financial statements. There were no material transactions with related parties during the 52 weeks ended 1 July 2017.

Change of control

The provisions of the Group's share incentive plans may cause options and awards granted to employees under such plans to vest on a change of ownership of the Group. The Group does not have agreements with any Director that would provide compensation for loss of office or employment resulting directly from a change of its ownership.

Amendment to the Company's Articles of Association

The Company may alter its Articles of Association by special resolution passed at a general meeting of shareholders.

Political donations

The Group has not made in the past, nor does it intend to make in the future, any political donations.

CORPORATE GOVERNANCE
DIRECTORS' REPORT CONTINUED

Post balance sheet events

On 24 August 2017, the Company announced that the Board was recommending an offer for the Company from Stonegate Pub Company Limited at an offer price of 203 pence per share. It is expected that the Group's shareholders will vote on the recommended cash offer by Stonegate on 17 October 2017.

The Board is also engaged with Deltic Group plc ("Deltic") as a possible offeror for the Group. Deltic has outlined a merger proposal, which the Board has rejected due to significant concerns regarding both value and deliverability. Deltic has stated that, in order to put forward its merger proposal and discuss with shareholders, it will in due course publish its own profit forecast and a quantified financial benefits statement in respect of a merger. In parallel, Deltic has also stated that it continues to evaluate a possible cash offer for the entire issued and to be issued share capital of Revolution. The Takeover Panel announced on 21 September 2017 that Deltic must either announce a firm intention to make an offer for the Group under Rule 2.7 of the City Code on Takeovers and Mergers, or announce that it does not intend to make an offer, by 5.00 pm on 10 October 2017. Deltic is continuing to perform due diligence on the Group, and the Board is committed to ensuring that the interests of the shareholders are best served.

The final dividend of 3.3 pence per share is subject to approval at the Company's annual general meeting on 30 November 2017 and would ordinarily be expected to be paid on 7 December 2017. However, if the Stonegate acquisition of the Group completes prior to the annual general meeting taking place, the dividend will not be payable.

Stonegate will have the right to reduce the amount of consideration payable for each Revolution share by the amount of any dividend (or other distribution) which is paid or becomes payable by Revolution to Revolution Shareholders before the date on which the proposed scheme of arrangement becomes effective, which is expected to be on or about 23 October 2017. Based on the expected timetable, therefore, it is not anticipated that any dividend (or other distribution) will be paid or that the offer price will be reduced.

If Stonegate does exercise its right to reduce the amount of consideration payable for each Revolution share by the amount of the dividend that has not been paid, Revolution Shareholders will be entitled to receive and retain that dividend.

Going concern

The Directors have reviewed the Group's trading forecasts. These forecasts demonstrate that the Group has adequate financial resources, including its £25 million revolving credit facility which is committed until December 2021, to continue in operational existence for a period of at least 12 months from the date of approval of the financial statements.

The Group is forecast to remain compliant with the terms of the revolving credit facility and the financial covenants attached to it, which are tested quarterly. The Directors expect to utilise the revolving credit facility for cash flow management and general business purposes as required.

The revolving credit facility contains a change in control clause and, should this clause be invoked, the Directors are confident that replacement facilities could be obtained from either the purchaser of the business or from alternative financial providers. For this reason the Directors continue to adopt the going concern basis in preparing the consolidated financial information.

Annual general meeting

The annual general meeting ("AGM") of the Company will take place on 30 November 2017. The Notice of Annual General Meeting is set out in the explanatory circular that accompanies this annual report and accounts.

Financial risk management, objectives and policies

The Group is exposed to certain financial risks, namely interest rate risk, liquidity risk and credit risk.

Information regarding such financial risks is detailed in Note 21 on pages 85 and 86. The Group's risk management policies and procedures and principal risks and mitigations can be found on pages 14 and 15.

Auditor and disclosure of information to auditor

Each of the Directors in office at the date when this annual report and accounts was approved confirms that:

> so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and

> the Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

KPMG LLP has expressed its willingness to be re-appointed as auditor of the Company. In accordance with section 489 of the Companies Act 2006, a resolution for the re-appointment of KPMG LLP as auditor of the Company is to be proposed at the forthcoming AGM.

By order of the Board

Mike Foster
Company Secretary
3 October 2017

CORPORATE GOVERNANCE
STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the annual report and the Group and Parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Parent Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law and have elected to prepare the Parent Company financial statements on the same basis.

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 Parent Company and of their profit or loss for that period. In preparing each of the Group and Parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

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

Responsibility statement of the Directors in respect of the annual financial report

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Strategic Report and Directors' Report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

By order of the Board

Mark McQuater
Chief Executive Officer

Mike Foster
Chief Financial Officer
3 October 2017

FINANCIAL STATEMENTS
INDEPENDENT AUDITOR'S REPORT
to the members of Revolution Bars Group plc

1. Our opinion is unmodified

We have audited the financial statements of Revolution Bars Group plc (the "Company") for the period ended 1 July 2017 which comprise the consolidated statement of profit and loss, the consolidated statement of other comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flows, the Company statement of financial position, the Company statement of changes in equity, the Company statement of cash flows and the related notes, including the accounting policies in Note 1.

In our opinion:

> the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 1 July 2017 and of the Group's profit for the period then ended;

> the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRSs as adopted by the EU");

> the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006; and

> the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the Audit Committee.

We were appointed as auditor by the Directors on 18 March 2015. The period of total uninterrupted engagement is the three years ended 1 July 2017. Prior to that we were also auditor to the Group's previous parent company, but which, being unlisted, was not a public interest entity. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

Overview		
Materiality:	£356,000 (2016: £425,000)	
Group financial statements as a whole	4.5% (2016: 5.1%) of Group profit before tax normalised to exclude exceptional items	
Coverage	100% (2016: 100%) of Group profit before tax	
Risks of material misstatement		**vs 2016**
Recurring risks	Recoverability of property, plant and equipment	◄►
	New: Accrued volume rebates	▲
	New: Capitalisation of leasehold improvements	▲
	New: Parent Company recoverable amount of investment in subsidiary	▲
Event driven	New: Prior period adjustments	▲

2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

	The risk	Our response
Recoverability of property, plant and equipment (£58.7 million; 2016: £52.9 million) Impairment charge £1.5 million; 2016: £nil Refer to page 48 (Audit Committee Report), page 65 (accounting policy) and Note 11 (financial disclosures).	**Forecast-based valuation:** The Group's statement of financial position includes a significant property, plant and equipment ("PP&E") balance, principally in relation to its portfolio of 68 bars. The estimated recoverable amounts are subjective due to the inherent uncertainty involved in forecasting and discounting future cash flows on a bar-by-bar basis.	Our procedures included: > control design: evaluating the Group's budgeting procedures and methodology upon which the forecasts are based; > benchmarking assumptions: challenging assumptions used by the Group based on externally derived data as well as our own assessment, using knowledge of the Company and sector or using our own valuation specialist where applicable, of key inputs such as projected economic growth, cost inflation and discount rate; > sensitivity analysis: performing break-even analysis to understand the sensitivity of the conclusions reached to changes in assumptions; and > assessing transparency: evaluating the adequacy of the Group's disclosures about the sensitivity of the outcome of the impairment assessment to changes in key assumptions. **Our results** > We found the resulting estimate of recoverable amounts to be acceptable.
Accrued volume rebates (£0.9 million; 2016: £0.6 million) Refer to page 48 (Audit Committee Report), page 67 (accounting policy) and Note 13 (financial disclosures).	**Data capture:** Completeness and accuracy of data used in the calculation, including actual supplier purchases and volume-specific contractual rebate percentages, because of the manual nature of the data transfer.	Our procedures included: > test of detail: recalculate a sample of rebates based on actual supplier purchases and the relevant contractual rebate percentages. Comparing a sample of the year-end receivables back to post-year-end confirmatory evidence such as, cash receipts and supplier confirmations to assess the accuracy of the rebate receivable. **Our results** > We considered the amount of accrued rebate receivable recognised to be acceptable.

FINANCIAL STATEMENTS
INDEPENDENT AUDITOR'S REPORT CONTINUED
to the members of Revolution Bars Group plc

2. Key audit matters: our assessment of risks of material misstatement continued

	The risk	Our response
Capitalisation of leasehold improvements (£12.9 million; 2016: £11.9 million) Refer to page 48 (Audit Committee Report), page 65 (accounting policy) and Note 11 (financial disclosures).	**Accounting treatment:** The Group's statement of financial position includes a significant PP&E balance to which additions of £12.9 million have been made in the year in respect of leasehold improvements. The classification of spend on leasehold improvements between operational and capital expenditure is inherently judgemental.	Our procedures included: > accounting analysis: critically assessing the appropriateness of the capitalisation by obtaining third-party invoices for a sample of amounts capitalised and challenging the appropriateness of capitalisation based on the capitalisation criteria of the relevant accounting standards and the description of the expenditure. **Our results** > We considered the amounts capitalised as leasehold improvements to be acceptable.
Prior period adjustments Opening reserves at 27 June 2015 £2.5 million; opening reserves at 2 July 2016 £3.3 million Refer to page 48 (Audit Committee Report), page 68 (accounting policy) and Note 1b (financial disclosures).	**Accounting application:** Six categories of prior period errors, with a cumulative impact on opening reserves at 27 June 2015 of £2.5 million have been identified and corrected in the financial statements. Judgements and complexities are involved in determining the amount of the identified errors and the appropriate prior accounting period to which the identified error relates.	Our procedures included: > test of detail: for each material prior year adjustments we inspected and agreed back to confirmatory evidence such as external reports or confirmations, or where external confirmations are not applicable internal supporting documentation, to critically assess the appropriateness of adjustments to prior periods. > assessing transparency: evaluating the adequacy of the Group's explanatory disclosures in relation to each prior year adjustment made. **Our results** > We found the accounting entries in respect of the prior period adjustments to be acceptable.
Parent Company: recoverable amount of investment in subsidiary (£29.7 million; 2016: £29.7 million) Refer to page 92 (accounting policy) and Note 29 (financial disclosures).	**Low risk, high value** The carrying amount of the Company's investment in subsidiary, held at cost, represents 100% of the Company's total assets. We do not consider the recoverable amount of this investment to be at a high risk of significant misstatement, or to be subject to a significant level of judgement. However, due to its materiality in the context of the Company financial statements as a whole (this is the only asset recorded on the statement of financial position), this is considered to be the area which had the greatest effect on our overall audit strategy and allocation of resources in planning and completing our Company audit.	Our procedures included: > test of detail: we compared the carrying value of the investment to the market capitalisation of the Group at the statement of financial position date. **Our results** > We found the carrying amount of investment in subsidiary to be acceptable.

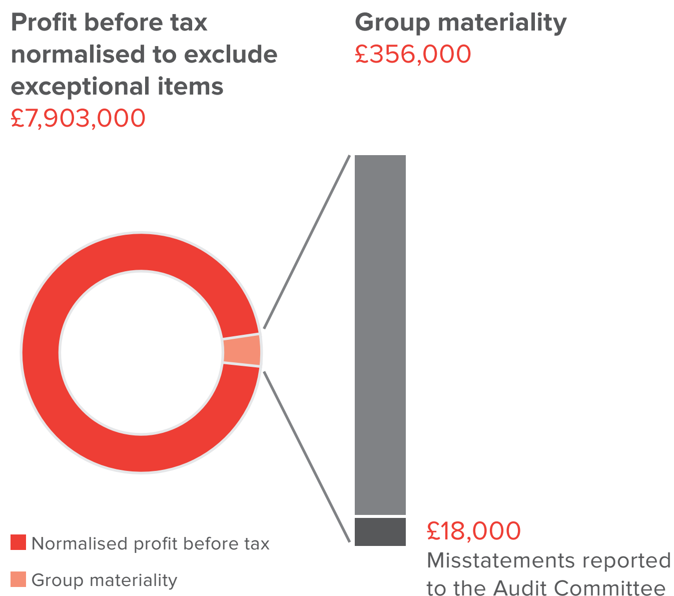
3. Our application of materiality and an overview of the scope of our audit

Materiality for the Group financial statements as a whole was set at £356,000 (2016: £425,000), determined with reference to a benchmark of Group profit before tax, normalised to exclude this year's exceptional items of £4,352,000 (2016: £1,382,000) as disclosed in Note 3.

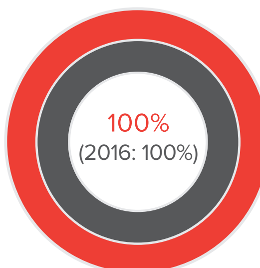
Materiality for the Parent Company financial statements as a whole was set at £2,826,000 (2016: £2,965,000), determined with reference to a benchmark of Company total assets, of which it represents 9% (2016: 10%).

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £18,000 (2016: £22,500), in addition to other identified misstatements that warranted reporting on qualitative grounds.

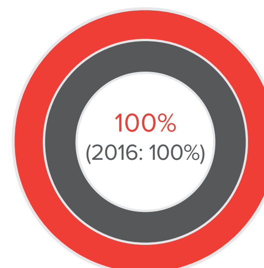
The Group team performed the audit of the Group, including the audit of the Parent Company, as if it was a single aggregated set of financial information. The audit was performed using the materiality level set out above.



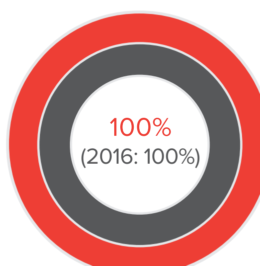
Group revenue



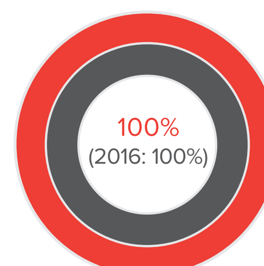
Group profit before tax



Group total assets



Group profit before exceptional items and tax



Full scope for Group audit purposes 2017

Full scope for Group audit purposes 2016

FINANCIAL STATEMENTS
INDEPENDENT AUDITOR'S REPORT CONTINUED
to the members of Revolution Bars Group plc

4. We have nothing to report on going concern

We are required to report to you if:

- we have anything material to add or draw attention to in relation to the Directors' statement in Note 1 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Company's use of that basis for a period of at least 12 months from the date of approval of the financial statements; or
- if the same statement is materially inconsistent with our audit knowledge.

We have nothing to report in these respects.

5. We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and directors' report

Based solely on our work on the other information:

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

Directors' remuneration report

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Disclosures of principal risks and longer-term viability

Based on the knowledge we acquired during our financial statements audit, we have nothing material to add or draw attention to in relation to:

- the directors' confirmation within the viability statement on page 23 that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;
- the principal risks disclosures describing these risks and explaining how they are being managed and mitigated; and
- the directors' explanation in the viability statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Under the Listing Rules we are required to review the viability statement. We have nothing to report in this respect.

Corporate governance disclosures

We are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our financial statements audit and the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy; or
- the section of the annual report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.

We are required to report to you if the Corporate Governance Statement does not properly disclose a departure from the eleven provisions of the UK Corporate Governance Code specified by the Listing Rules for our review.

We have nothing to report in these respects.

6. We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept 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 and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

7. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 53, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud, other irregularities, or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud, other irregularities or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

The risk of not detecting a material misstatement resulting from fraud or other irregularities is higher than for one resulting from error, as they may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control and may involve any area of law and regulation not just those directly affecting the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

8. The purpose of our audit work and to whom we owe our responsibilities

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

Stuart Burdass (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 St Peter's Square
Manchester
M2 3AE
3 October 2017

FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
for the 52 weeks ended 1 July 2017

	Note	52 weeks ended 1 July 2017 £'000	53 weeks ended 2 July 2016 Restated* £'000
Revenue	2	**130,467**	119,491
Cost of sales		**(31,075)**	(29,444)
Gross profit		**99,392**	90,047
Operating expenses:			
– operating expenses, excluding exceptional items	3	**(91,304)**	(83,401)
– exceptional items	3	**(4,352)**	(1,382)
Total operating expenses		**(95,656)**	(84,783)
Operating profit	4	**3,736**	5,264
Finance expense	7	**(185)**	(129)
Profit before taxation		**3,551**	5,135
Tax	8	**560**	(726)
Profit and total comprehensive income for the period		**4,111**	4,409
Earnings per share:			
– basic and diluted (pence)	9	**8.2**	8.8
Dividend declared per share (pence)		**4.8**	4.8

Non-GAAP measure			
Revenue		**130,467**	119,491
Operating profit		**3,736**	5,264
Exceptional items		**4,352**	1,382
Bar opening costs	3	**1,393**	912
Adjusted operating profit		**9,481**	7,558
Finance expense		**(185)**	(129)
Adjusted profit before tax		**9,296**	7,429
Depreciation		**5,585**	5,427
Finance expense		**185**	129
Adjusted EBITDA		**15,066**	12,985

* Restated – see Note 1(b) of the consolidated financial statements for an explanation and analysis of the prior year adjustments included in respect of the profit for the 53 weeks ended 2 July 2016.

FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 1 July 2017

	Note	1 July 2017 £'000	2 July 2016 Restated* £'000	27 June 2015 Restated* £'000
Assets				
Non-current assets				
Property, plant and equipment	11	**58,722**	52,906	46,472
Current assets				
Inventories	12	**3,320**	2,961	2,462
Trade and other receivables	13	**9,268**	8,303	8,843
Cash and cash equivalents	14	**4,336**	2,770	2,652
		16,924	14,034	13,957
Total assets		**75,646**	66,940	60,429
Liabilities				
Current liabilities				
Trade and other payables	15	**(20,819)**	(21,908)	(19,168)
Tax payable		**(843)**	(1,034)	34
		(21,662)	(22,942)	(19,134)
Non-current liabilities				
Deferred tax liability	18	**(1,537)**	(2,981)	(3,323)
Interest-bearing loans and borrowings	17	**(7,500)**	(500)	—
Provisions	16	**(3,441)**	(1,697)	(3,077)
Other liabilities	16	**(1,504)**	(937)	(808)
		(13,982)	(6,115)	(7,208)
Total liabilities		**(35,644)**	(29,057)	(26,342)
Net assets		**40,002**	37,883	34,087
Equity attributable to equity holders of the parent				
Share capital	19	**50**	50	50
Merger reserve		**11,645**	11,645	11,645
Retained earnings		**28,307**	26,188	22,392
Total equity		**40,002**	37,883	34,087

Signed on behalf of the Board on 3 October 2017.

Mike Foster
Director

Registered number: 08838504

* Restated – see Note 1(b) of the consolidated financial statements for an explanation and analysis of the prior year adjustments included in respect of the profit for the 53 weeks ended 2 July 2016.

FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the 52 weeks ended 1 July 2017

		Reserves		
	Share capital £'000	Merger reserve £'000	Retained earnings £'000	Total shareholders' equity £'000
At 27 June 2015 – as reported	50	11,645	24,880	36,575
Impact of restatements*	—	—	(2,488)	(2,488)
At 27 June 2015 – restated*	50	11,645	22,392	34,087
Total comprehensive income for the period – restated*	—	—	4,409	4,409
Credits arising from long-term incentive plans – restated*	—	—	987	987
Dividends paid	—	—	(1,600)	(1,600)
At 2 July 2016 – restated*	50	11,645	26,188	37,883
Total comprehensive income for the period	—	—	4,111	4,111
Credits arising from long-term incentive plans	—	—	483	483
Dividends paid	—	—	(2,475)	(2,475)
At 1 July 2017	**50**	**11,645**	**28,307**	**40,002**

* Restated – see Note 1(b) of the consolidated financial statements for an explanation and analysis of the prior year adjustments included in respect of the profit for the 53 weeks ended 2 July 2016.

FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF CASH FLOW
for the 52 weeks ended 1 July 2017

	Note	52 weeks ended 1 July 2017 £'000	53 weeks ended 2 July 2016 Restated* £'000
Cash flow from operating activities			
Profit after tax from operations		**4,111**	4,409
Adjustments for:			
Net finance costs		**185**	129
Depreciation of property, plant and equipment		**5,585**	5,427
Impairment of property, plant and equipment		**1,476**	—
Tax (credit)/charge		**(560)**	726
Charges arising from long-term incentive plans	20	**483**	987
Operating cash flows before movement in working capital		**11,280**	11,678
Increase in inventories		**(359)**	(499)
(Increase)/decrease in trade and other receivables		**(965)**	540
(Decrease)/increase in trade and other payables		**(539)**	2,869
Increase/(decrease) in provisions		**1,663**	(1,380)
		11,080	13,208
Tax paid		**(1,075)**	—
Net cash flow generated from operating activities		**10,005**	13,208
Cash flow from investing activities			
Purchase of property, plant and equipment	11	**(12,779)**	(11,861)
Net cash flow used in investing activities		**(12,779)**	(11,861)
Cash flow from financing activities			
Equity dividends paid		**(2,475)**	(1,600)
Interest paid		**(185)**	(129)
Drawdown of borrowings		**7,000**	500
Net cash flow from/(used in) financing activities		**4,340**	(1,229)
Net increase in cash and cash equivalents		**1,566**	118
Opening cash and cash equivalents		**2,770**	2,652
Closing cash and cash equivalents	14	**4,336**	2,770

* Restated – see Note 1(b) of the consolidated financial statements for an explanation and analysis of the prior year adjustments included in respect of the profit for the 53 weeks ended 2 July 2016.

FINANCIAL STATEMENTS
NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION
for the 52 weeks ended 1 July 2017

1. General information

Corporate information

The consolidated financial statements of Revolution Bars Group plc for the 52 weeks ended 1 July 2017 were authorised for issue by the Board of Directors on 3 October 2017. Revolution Bars Group plc is a public limited company incorporated and domiciled in England and Wales under the Companies Act 2006. The Company's shares are listed on the London Stock Exchange.

The registered number of the Group is 08838504 and its registered office is 21 Old Street, Ashton-under-Lyne, Tameside OL6 6LA.

Statement of compliance

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU, as they apply to the financial statements of the Group for the 52 weeks ended 1 July 2017 (prior year 53 weeks ended 2 July 2016), and in accordance with the provisions of the Companies Act 2006.

Basis of preparation

The accounting period runs to the Saturday which falls nearest to 30 June each year and therefore normally comprises a 52-week period but with a 53-week period falling at approximately five-year intervals. The year ended 1 July 2017 is a 52-week period; the period ended 2 July 2016 was a 53-week period. The consolidated financial statements have been prepared in accordance with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. References to 2017 relate to the 52-week period ended 1 July 2017 and references to 2016 relate to the 53-week period ended 2 July 2016 unless otherwise stated. The consolidated financial statements are presented in Pounds Sterling with values rounded to the nearest hundred thousand, except where otherwise indicated.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of Revolution Bars Group plc and its subsidiaries. The financial statements of subsidiaries are prepared for the same reporting period as the Parent Company with adjustments made to their financial statements to bring their accounting policies in line with those used by the Group.

The financial results of subsidiaries are included in the consolidated financial information from the date that control commences until the date that control ceases. The consolidated financial information presents the results of the companies within the same group. Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial information. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Judgements made by the Directors in the application of these accounting policies that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed below.

Going concern

The Directors have reviewed the Group's trading forecasts. These forecasts demonstrate that the Group has adequate financial resources, including its £25 million revolving credit facility which is committed until December 2021, to continue in operational existence for a period of at least 12 months from the date of approval of the financial statements.

The Group is forecast to remain compliant with the terms of the revolving credit facility and the financial covenants attached to it, which are tested quarterly. The Directors expect to utilise the revolving credit facility for cash flow management and general business purposes as required.

The revolving credit facility contains a change in control clause and should this clause be invoked the Directors are confident that replacement facilities could be obtained from either the purchaser of the business or from alternative financial providers. For this reason the Directors continue to adopt the going concern basis in preparing the consolidated financial information.

1. General information continued

(a) Accounting policies

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity securities, trade and other receivables, cash and cash equivalents, loans and borrowings and trade and other payables.

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Cash and cash equivalents

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

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method.

Share capital

Ordinary Shares are classified as equity. Incremental costs directly attributable to the issue of Ordinary Shares are recognised as a deduction from equity, net of any tax effects.

Merger reserve

The merger reserve arose due to the return of share capital related to the sale of a subsidiary business on 22 February 2014.

Property, plant and equipment

Property, plant and equipment are stated at historical purchase cost less accumulated depreciation and any accumulated impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is charged so as to write off the costs of assets over their estimated useful lives, on the following bases:

Short leasehold premises and improvements	–	Lower of 25 years or the term of the leasehold agreement on a straight line basis
IT equipment and office furniture	–	3 years to 4 years on a straight line basis
Fixtures and fittings in licensed premises	–	5 years on a straight line basis

Freehold land is not depreciated.

Depreciation policies and useful economic lives are reviewed at each statement of financial position date.

Short leasehold costs include directly attributable employment costs and related personal expenses of individuals employed to manage or implement the Company's capital development programme.

FINANCIAL STATEMENTS
NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION CONTINUED

1. General information continued

(a) Accounting policies continued

Impairment of tangible fixed assets

At each statement of financial position date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. Where the asset does not generate cash flows its value is allocated to other cash generating units ("CGUs") to which it is related as part of the impairment testing of those CGUs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimate of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Inventories

Inventories are stated at the lower of cost and net realisable value, with due allowance being made for obsolete or slow-moving items. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and other costs in bringing them to their existing location and condition. Cost is stated net of supplier volume rebates.

Net realisable value is the estimated selling price less further costs expected to be incurred prior to disposal.

Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions to a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised amounts expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay such amounts as a result of past service provided by the employee and the obligation can be estimated reliably.

Provisions

A provision is recognised in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event which can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

Revenue recognition

Revenue is the fair value of goods and services sold to third parties as part of the Group's trading activities, net of discounts. Revenue primarily comprises food and beverages sold in the Group's businesses. This revenue is recognised at the point of sale to the customer.

Expenses

Cost of sales

Cost of sales principally comprises the purchase cost of drinks and food sold.

Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

1. General information continued

(a) Accounting policies continued

Expenses continued

Supplier rebates

Supplier rebates are recognised as a deduction from cost of sales on an accruals basis using the contractual terms and volumes supplied up to the statement of financial position date for each relevant supplier contract. Where rebates are conditional on long-term minimum volumes, management judgement is applied as to the achievement of those volumes. Accrued rebates receivable as at the date of the statement of financial position are included within trade and other receivables. Where listing fees received are conditional on a contractual term, the amounts are recognised over that term.

Financing income and expenses

> Financing expenses comprise interest payable on borrowings and other finance charges.

> Interest income and interest payable are recognised in the profit or loss account on an accruals basis, using the effective interest method.

Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case the tax is also recognised directly in equity.

Current tax is the expected tax payable or credit receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components.

Segment information is based on the internal reports regularly reviewed by the Group's Chief Operating Decision Maker ("CODM") in order to assess each segment's performance and to allocate resources to them. The CODM is the Board (see Note 2).

Share-based payments (long-term incentive plans)

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight line basis over the vesting period, based on the Group's estimate of shares that will eventually vest. This is recognised as an employee expense with a corresponding increase in equity. Fair value is measured by the Monte Carlo model for options subject to a market-based performance condition and by use of a Black Scholes model for all others. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

FINANCIAL STATEMENTS
NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION CONTINUED

1. General information continued
(a) Accounting policies continued
Exceptional items

Items that are unusual or infrequent in nature and material in size are disclosed separately in the income statement. The separate reporting of these items helps provide a more accurate indication of the Group's underlying business performance, which the Directors believe would otherwise be distorted. Exceptional items include impairments of property, plant and equipment, closure costs including onerous lease costs, charges related to share-based payment arrangements, contract termination costs and costs associated with one-off projects.

Bar opening costs

Bar opening costs refer to costs incurred in getting new sites fully operational and primarily include costs incurred before opening and in preparing for the launch. These costs are disclosed separately in the income statement. The separate reporting of these items helps provide a more accurate indication of the Group's underlying business performance, which the Directors believe would otherwise be distorted.

(b) Prior year restatements

During the year, there were extensive changes within the finance team, following the resignations of key senior personnel. The new team became aware that certain of the Group's accounting policies and processes were not being strictly applied or were not in accordance with accounting standards. This was highlighted in the Group's pre-close announcement. The new finance team has undertaken a review into the Group's accounting policies and practices and PwC was engaged to produce a report for the Board on the two most significant matters relating to the classification of certain marketing expenditure as short-life assets and the historical over-estimation of accrued income from supplier rebates.

The review work has identified a number of prior period errors that, due to their materiality, require the restatement of the results for the 53 weeks ended 2 July 2016, as well as the consolidated statement of financial position positions as at 2 July 2016 and at 27 June 2015.

In aggregate, the effect of the prior period restatement is to reduce net assets at 27 June 2015 by £2.5 million. The cumulative effect of the restatements was to reduce profit after tax for the period ended 2 July 2016 by £1.7 million, and to reduce net assets as at 2 July 2016 by £3.3 million.

The nature and effect of individual adjustments is described below and in the tables that follow.

i. Overstatement of accrued income relating to supplier rebates

Certain policies relating to income from supplier rebates and listing fees were not applied correctly, resulting in an overstatement of accrued income as at 2 July 2016 and 27 June 2015. These amounts have now been written off to the consolidated income statements for those respective periods and net assets reduced accordingly.

ii. Short-life assets

Certain items of marketing expenditure, including menus and branded collateral with lives of several months, were being capitalised as short-life assets and depreciated over periods of between three and six months. The appropriate treatment for such expenditure is to expense the cost when incurred. This treatment resulted in the overstatement of net assets as at 2 July 2016 and 27 June 2015, and the overstatement of depreciation and understatement of marketing costs for the periods ended 2 July 2016 and 27 June 2015. Corrections made result in the restatement of the Group's key alternative reporting measure (adjusted EBITDA).

iii. Onerous leases

Total liabilities were incorrectly assessed as at 2 July 2016 and 27 June 2015 due to errors in the calculation of onerous lease liabilities for two vacant properties. This has resulted in the overstatement of net assets as at 2 July 2016 and 27 June 2015, and the misstatement of the corresponding charge recorded within the consolidated income statement for the respective periods.

1. General information continued

(b) Prior year restatements continued

iv. Share-based payments

The amounts charged to the income statement for share-based payments in the period ended 2 July 2016 and 27 June 2015 were understated due to errors in the calculations. Net assets at 2 July 2016 and 27 June 2015 were understated as a result of errors in the recognition of the corresponding deferred tax asset.

v. Inventories

Inventories were overstated due to errors in the recording of sundry inventory values, the deductions made to cost for rebates received, and the elimination of intercompany profits resulting in an overstatement of net assets at both 2 July 2016 and 27 June 2015.

vi. Under accrual of costs

Historically, the Group's accounting systems and processes have not captured all expenditure and liabilities as incurred and consequently prior year statement of financial position have understated liabilities and overstated net assets. Under accruals at prior period ends have been identified. In addition, the systems for properly accounting for customer deposits have been inadequate leading to an understatement of the carrying value of these balances and an overstatement of net assets.

In addition the Group has restated for the consequential adjustments to taxation arising from the above.

Summary

A summary of the combined impact of the prior year adjustments on the consolidated statement of profit and loss account and consolidated statement of cash flow for the 53 weeks ended 2 July 2016 and on the consolidated statements of financial position as at 2 July 2016 and at 27 June 2015 arising from the restatement are as follows:

Consolidated statement of profit and loss account for the 53 weeks ended 2 July 2016

	2 July 2016 As published £'000	Supplier rebates £'000	Short-life assets £'000	Onerous lease provision[1] £'000	Share based payments[1] £'000	Inventory £'000	Under accrual of costs £'000	2 July 2016 Restated £'000
Revenue	119,491	—	—	—	—	—	—	119,491
Gross profit	90,873	(805)	—	—	—	(21)	—	90,047
Operating profit/(loss)	7,273	(805)	(140)	636	(849)	(21)	(830)	5,264
Profit/(loss) before tax	7,144	(805)	(140)	636	(849)	(21)	(830)	5,135
Tax	(1,075)	159	—	(126)	148	4	164	(726)
Profit/(loss) after tax	6,069	(646)	(140)	510	(701)	(17)	(666)	4,409
Adjusted EBITDA	15,589	(805)	(976)	(361)	138	(21)	(579)	12,985

1 The adjustments in respect of share-based payments and onerous leases are in respect of the shortfall of the pre-existing amounts.

FINANCIAL STATEMENTS
NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION CONTINUED

1. General information continued
(b) Prior year restatements continued
Summary continued
Consolidated statement of financial position as at 2 July 2016

	2 July 2016 As published £'000	Supplier rebates £'000	Short-life assets £'000	Onerous lease provision £'000	Share-based payments £'000	Inventory £'000	Under accrual of costs £'000	2 July 2016 Restated £'000
Non-current assets	53,300	—	(394)	—	—	—	—	52,906
Inventories	3,504	—	—	—	—	(543)	—	2,961
Trade and other receivables	9,502	(1,199)	—	—	—	—	—	8,303
Cash and cash equivalents	2,770	—	—	—	—	—	—	2,770
Current assets	15,776	(1,199)	—	—	—	(543)	—	14,034
Trade and other payables	(20,398)	—	—	—	—	—	(1,510)	(21,908)
Tax payable	(1,798)	237	—	112	—	107	308	(1,034)
Current liabilities	(22,196)	237	—	112	—	107	(1,202)	(22,942)
Deferred tax liabilities	(3,183)	—	—	—	202	—	—	(2,981)
Financial liabilities	(500)	—	—	—	—	—	—	(500)
Provisions	(1,126)	—	—	(571)	—	—	—	(1,697)
Other liabilities	(889)	—	—	—	—	—	(48)	(937)
Non-current liabilities	(5,698)	—	—	(571)	202	—	(48)	(6,115)
Net assets	41,182	(962)	(394)	(459)	202	(436)	(1,250)	37,883

Consolidated statement of financial position as at 27 June 2015

	27 June 2015 As published £'000	Supplier rebates £'000	Short-life assets £'000	Onerous lease provision £'000	Share-based payments £'000	Inventory £'000	Under accrual of costs £'000	2 July 2016 Restated £'000
Non-current assets	46,726	—	(254)	—	—	—	—	46,472
Inventories	2,984	—	—	—	—	(522)	—	2,462
Trade and other receivables	9,237	(394)	—	—	—	—	—	8,843
Cash and cash equivalents	2,652	—	—	—	—	—	—	2,652
Current assets	14,873	(394)	—	—	—	(522)	—	13,957
Trade and other payables	(18,440)	—	—	—	—	—	(728)	(19,168)
Tax payable	(529)	78	—	238	—	103	144	34
Current liabilities	(18,969)	78	—	238	—	103	(584)	(19,134)
Deferred tax liabilities	(3,377)	—	—	—	54	—	—	(3,323)
Financial liabilities	—	—	—	—	—	—	—	—
Provisions	(1,870)	—	—	(1,207)	—	—	—	(3,077)
Other liabilities	(808)	—	—	—	—	—	—	(808)
Non-current liabilities	(6,055)	—	—	(1,207)	54	—	—	(7,208)
Net assets	36,575	(316)	(254)	(969)	54	(419)	(584)	34,087

1. General information continued

(b) Prior year restatements continued

Summary continued

Consolidated statement of cash flow for the 53 weeks ended 2 July 2016

	2 July 2016 As published £'000	Supplier rebates £'000	Short-life assets £'000	Onerous lease provision £'000	Share-based payments £'000	Inventory £'000	Under accrual of costs £'000	2 July 2016 Restated £'000
Net cash inflow/(outflow) from operating activities	14,184	—	(976)	—	—	—	—	13,208
Net cash outflow from investing activities	(12,837)	—	976	—	—	—	—	(11,861)
Net cash outflow from financing activities	(1,229)	—	—	—	—	—	—	(1,229)
Net increase in cash and cash equivalents	118	—	—	—	—	—	—	118
Net cash and cash equivalents at beginning of year	2,652	—	—	—	—	—	—	2,652
Net cash and cash equivalents at end of year	2,770	—	—	—	—	—	—	2,770

The impact on diluted and basic EPS for the period ended 2 July 2016 was a reduction of 3.3 pence per share to 8.8 pence per share.

(c) Critical judgements and key sources of estimation and uncertainty

The preparation of consolidated financial information in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results in due course may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis, and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

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

Provision for onerous leases (Note 16)

- Provisions for onerous leases require estimation and judgements to be made of the amounts expected to be payable over the remaining lease term for bars that have been closed, including an assessment of any sublet income. The future cash flows are discounted at a rate which reflects the risk profile of the cash flows. Sensitivity of the provision recorded to these key assumptions is included in Note 16.

Recoverable amount of property, plant and equipment (Note 11)

- Assets that are subject to amortisation are tested for impairment whenever events or changes in circumstance indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its estimated recoverable amount.

- The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. In assessing value in use, the expected future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the rate of return expected on an investment of equivalent risk. For an asset that does not generate largely independent income streams, the recoverable amount is determined in conjunction with the income generating units to which the asset belongs.

FINANCIAL STATEMENTS
NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION CONTINUED

1. General information continued

(c) Critical judgements and key sources of estimation and uncertainty continued

Recoverable amount of property, plant and equipment (Note 11) continued

- Determining value in use requires a series of estimates to be made including the appropriate discount rate to calculate the present value, and an estimate of the cash flows expected to arise from the CGU (including an assessment of revenue and cost base growth) and the long-term growth rate. For further details of sensitivity to these key assumptions, see Note 11.

- The key assumptions in the value in use calculation are the applicable discount rate of 11.7 per cent, revenue and cost base growth, and the long-term growth rate.

Exceptional items and bar opening costs: adjusted profitability measures

Management uses a range of measures to monitor and assess the Group's financial performance. These measures include a combination of statutory measures calculated in accordance with IFRS and alternative performance measures ("APMs"). These APMs include the following adjusted measures of profitability:

- adjusted operating profit before exceptional items and bar opening costs;

- adjusted profit before tax before exceptional and bar opening costs;

- adjusted earnings before interest, tax, depreciation and amortisation before exceptional and bar opening costs ("adjusted EBITDA"); and

- adjusted basic earnings per share (before exceptional items and bar opening costs).

We report these measures as the Board believes that they provide management and investors with useful additional information about the Group's performance. The above measures represent the equivalent IFRS measures but are adjusted to exclude items that we consider would prevent comparison of the Group's performance both from one reporting period to another and with other similar businesses.

These items are not defined under IFRS and as such there is judgement applied in the classification of items as exceptional. Exceptional items are classified as those which are separately identifiable by virtue of their size, nature or expected frequency and therefore warrant separate presentation. Bar opening costs are other items that we consider should be presented separately to allow a better understanding of the underlying performance of the business. Presentation of these measures is not intended to be a substitute for or to promote them above statutory measures.

The Group's income statement provides a reconciliation of the adjusted profitability measures, excluding exceptional and non-underlying items to the equivalent unadjusted IFRS measures.

Exceptional items and bar opening costs are further detailed in Note 3 to the financial statements.

Items that are considered to be exceptional or bar opening costs and that are therefore separately identified in order to aid comparability may include the following:

- costs incurred in association with business combinations, such legal and professional fees and stamp duty;

- costs incurred in respect of contract termination of CFO and the associated external costs of an accounting review;

- impairment charges in respect of tangible and intangible assets as a result of restructuring, business closure, underperformance of sites or fire damage;

- charges relating to share-based payments arising from the Group's long-term incentive schemes; and

- costs associated with onerous leases on property. The Group may incur costs and recognise liabilities in respect of leasehold properties where the terms of the lease make them onerous.

Bar opening costs comprise non-recurring bar opening costs, which are costs incurred between a site being acquired and commencement of trading. It predominantly includes property overheads and staff recruitment, payroll and training costs.

1. General information continued

(c) Critical judgements and key sources of estimation and uncertainty continued

Capitalisation of leasehold additions

The Company capitalises employment costs and related personal expenses of individuals whose job roles are fundamentally associated with managing or implementing the Company's capital development programme. Judgement is therefore applied in determining the element of internal employment costs which are directly attributable to capital projects. Where such an individual undertakes non-capital expenditure related activities as part of their job role then that proportion of their cost is not capitalised unless the non-capital expenditure related activities are incidental to their role.

(d) New accounting standards

There have been no significant changes to accounting under IFRS which have affected the Group's results. The only changes to the IFRS, International Financial Reporting Standards Interpretations Committee ("IFRS IC") interpretations and amendments that are effective for the first time in this financial year are the Annual Improvements to IFRS: 2012–2014 cycle. These have not had a material impact on the Group. The following IFRS have been issued but are not yet effective:

> IFRS 16 "Leases" (not yet endorsed by the EU) was issued on 13 January 2016 and is effective for accounting periods beginning on or after 1 January 2019. Early adoption is permitted if IFRS 15 "Revenue from Contracts with Customers" has also been applied. IFRS 16 is expected to have a significant impact on the amounts recognised in the Group's consolidated financial statements. On adoption of IFRS 16, the Group will recognise within the statement of financial position a right of use asset and lease liability for all applicable leases. Within the income statement, rent expense will be replaced by depreciation and interest expense. This will result in an increase in finance costs. The standard will also impact a number of statutory measures such as operating profit and cash generated from operations, and APMs used by the Group. The full impact of IFRS 16 is currently under review, including understanding the practical application of the principles of the standard. It is therefore not practical to provide a reasonable estimate of the financial effect until this review is complete.

> IFRS 9 "Financial Instruments" replaces all phases of the financial instruments project and IAS 39 "Financial Instruments: Recognition and Measurement". The standard is effective from 1 January 2018 and introduces new requirements for the classification and measurement of financial assets and financial liabilities, and a new model based on expected credit losses for recognising provisions, and provides for simplified hedge accounting by aligning hedge accounting more closely with an entity's risk management methodology. The potential impact of this change to the Group is currently under review but is not expected to have a material impact.

> IFRS 15 "Revenue from Contracts with Customers" (not yet endorsed by the EU) is effective after 1 January 2018 with early adoption permitted. It has not yet been endorsed by the EU. The standard establishes a principles-based approach for revenue recognition and is based on the concept of recognising revenue for obligations only when they are satisfied and the control of goods or services is transferred. The potential impact of this change to the Group is currently under review but is not expected to have a material impact.

Other standards and interpretations that are relevant to the Group have been assessed as having no significant financial impact or additional disclosure requirements at this time:

> amendments to IAS 12 – Recognition of Deferred Tax Assets for Unrealised Losses (not yet endorsed by the EU);

> amendments to IFRS 2 – Share-based payment (not yet endorsed by the EU);

> the IASB's annual improvement process 2014–2016 cycle (not yet endorsed by the EU); and

> amendments to IAS 7 – Disclosure Initiative (not yet endorsed by the EU).

FINANCIAL STATEMENTS
NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION CONTINUED

2. Segmental information

The Group's continuing operating businesses are organised and managed as reportable business segments according to the information used by the Group's CODM in its decision making and reporting structure.

The Group internal management reporting is focused predominantly on revenue and EBITDA, as these are principal drivers of the Group's business and the allocation of resources. The CODM receives information on each trading venue and each trading venue is considered an operating segment. In line with IFRS 8, each operating segment has the same characteristics and, accordingly, the bars are aggregated to form the "Ongoing" reportable segment. Within the ongoing business, assets and liabilities cannot be allocated to individual operating segments and are not used by the CODM for making operating and resource allocation decisions.

The Group performs all of its activities in the United Kingdom. All of the Group's non-current assets are located in the United Kingdom. Revenue is earned from the sale of goods.

	52 weeks ended 1 July 2017 £'000	53 weeks ended 2 July 2016 Restated* £'000
Revenue	**130,467**	119,491
Cost of sales	**(31,075)**	(29,444)
Gross profit	**99,392**	90,047
Operating expenses:		
– operating expenses excluding exceptional items	**(91,304)**	(83,401)
– exceptional items	**(4,352)**	(1,382)
Total operating expenses	**(95,656)**	(84,783)
Operating profit	**3,736**	5,264

Depreciation for the ongoing business is disclosed in note 4.

3. Operating expenses

	52 weeks ended 1 July 2017 £'000	53 weeks ended 2 July 2016 Restated* £'000
Administrative expenses	**12,697**	10,203
Sales and distribution	**82,959**	74,580
Total operating expenses	**95,656**	84,783
Exceptional items		
Administrative expenses:		
– professional fees for aborted corporate transaction	**—**	1,063
– other exceptional fees (see below)	**239**	—
– termination of Directors' contracts	**190**	329
– impairment of property, plant and equipment	**1,476**	—
– movement on onerous lease provisions	**1,964**	(997)
– charges arising from long-term incentive plans	**483**	987
Total exceptional items	**4,352**	1,382

During the year the Group was subject to significant senior personnel changes in its finance function and as a result of identifying some significant accounting adjustments undertook a full accounting review. The associated external costs of the accounting review, including work undertaken by PwC, together with the costs relating to the contract termination of Chris Chambers, Chief Financial Officer, are included within exceptional costs.

3. Operating expenses continued

As a result of the annual impairment testing of property, plant and equipment, the net book value of the assets at six of the Group's bars was written down either partially or in full.

During the year the level of provisions for onerous leases relating to two non-trading properties was reviewed and increased primarily reinstating a release in the prior period when management considered that there was a good prospect of being able to sublet the properties.

At the time of the initial public offering ("IPO"), substantial share options were awarded to a number of senior staff. The Board considers that the magnitude and timing of this award is one-off in nature and so treats any related charges or credits as exceptional.

In the 53 weeks ended 1 July 2016, restated exceptional items amounted to £1.4 million. This included professional fees incurred for an aborted corporate transaction and the contract termination costs relating to Sean Curran's resignation as Chief Financial Officer. It also includes a charge for share-based payments (resulting from the prior year adjustments) and a credit in respect of an adjustment to the onerous lease provision (part of which was previously included within underlying operating profit) reflecting management's assumptions at the time regarding the potential for subletting or disposing of the leasehold interests. Movements in long-term incentive plans and onerous lease provisions are in respect of the shortfall of pre-existing amounts.

	52 weeks ended 1 July 2017 £'000	53 weeks ended 2 July 2016 Restated* £'000
Bar opening costs	**1,393**	912

Bar opening costs refer to costs incurred in getting new sites fully operational and primarily include costs incurred before the opening date preparing for the launch. In the 52 weeks ended 1 July 2017, six new bars were opened but the costs also include the new Belfast opening in July 2017, shortly after the end of the reporting period. Five new bars opened in the 53 weeks ended 2 July 2016. Bar opening costs were found to be understated in the prior year, and the amount reported in the 53 weeks to 2 June 2016 has been updated accordingly.

4. Group operating profit

Group operating profit is stated after charging:	**52 weeks ended 1 July 2017 £'000**	53 weeks ended 2 July 2016 Restated* £'000
Depreciation of owned fixed assets	**5,585**	5,427
Impairment of property, plant and equipment	**1,476**	—
Rentals payable under operating leases:		
– leasehold premises	**9,948**	7,963
– other	**504**	499
Auditor's remuneration:		
– audit fees payable to the Company's auditor for the audit of these financial statements	**105**	61
Fees payable to the Company's auditor for:		
– audit of financial statements of subsidiary	**20**	20
– tax services	**1**	55
– transaction services	**—**	261
– audit-related services	**23**	16

* Restated – see Note 1(b) of the consolidated financial statements for an explanation and analysis of the prior year adjustments included in respect of the profit for the 53 weeks ended 2 July 2016.

FINANCIAL STATEMENTS
NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION CONTINUED

5. Staff numbers and costs

The average monthly number of employees during each period, analysed by category, was as follows:

	52 weeks ended 1 July 2017 Number	53 weeks ended 2 July 2016 Number
Administration	82	73
Operational	2,661	2,357
	2,743	2,430

The aggregate payroll costs were as follows:

	52 weeks ended 1 July 2017 £'000	53 weeks ended 2 July 2016 Restated* £'000
Wages and salaries	36,608	30,971
Social security costs	2,622	2,322
Share-based payment charge	483	987
Other pension costs	296	232
	40,009	34,512

6. Directors' remuneration

	52 weeks ended 1 July 2017 £'000	53 weeks ended 2 July 2016 Restated* £'000
Aggregate emoluments	1,060	1,019
Pension contributions to money purchase schemes[1]	131	88
	1,191	1,107
Emoluments in respect of the highest paid Director		
Aggregate emoluments	473	570

1 Includes salary enhancements made in lieu of pension contributions due to pension caps.

Three Directors (2016: two) were enrolled in the defined contribution pension scheme in the period.

7. Finance expenses

	52 weeks ended 1 July 2017 £'000	53 weeks ended 2 July 2016 £'000
Interest payable on bank loans and overdrafts	185	129

* Restated – see Note 1(b) of the consolidated financial statements for an explanation and analysis of the prior year adjustments included in respect of the profit for the 53 weeks ended 2 July 2016.

8. Taxation

The major components of the Group's tax (credit)/charge for each period are:

	52 weeks ended 1 July 2017 £'000	53 weeks ended 2 July 2016 Restated* £'000
Analysis of (credit)/charge in the period		
Current tax		
UK corporation tax on the profit for the period	**884**	1,068
Adjustment in respect of prior periods	**—**	—
Deferred tax		
Origination and reversal of timing differences	**285**	(255)
Adjustment in respect of prior periods	**(1,729)**	(87)
Total tax	**(560)**	726
Factors affecting current tax (credit)/charge for the period		
Profit before taxation	**3,551**	5,135
Profit at standard rate of UK corporation tax (2017: 19.75%; 2016: 20%)	**701**	1,027
Effects of:		
– expenses not deductible for tax and other permanent differences	**591**	157
– adjustment in respect of prior periods	**(1,729)**	(87)
– adjustments in respect of changes in tax rates on deferred tax balances	**(123)**	(371)
Total tax (credit)/charge for the period	**(560)**	726

A reduction in the UK corporation tax rate from 21 per cent to 20 per cent (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19 per cent (effective from 1 April 2017) and to 18 per cent (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17 per cent (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Company's future current tax charge accordingly. The deferred tax liability at 1 July 2017 has been calculated based on the rates which will apply when those balances are expected to unwind.

9. Earnings per share

The calculation of earnings per Ordinary Share is based on the results for the period, as set out below.

	52 weeks ended 1 July 2017	53 weeks ended 2 July 2016 Restated*
Profit for the period (£'000)	**4,111**	4,409
Weighted average number of shares (as adjusted for share subdivision) – basic and diluted	**50,000**	50,000
Basic and diluted earnings per Ordinary Share (pence)	**8.2**	8.8

* Restated – see Note 1(b) of the consolidated financial statements for an explanation and analysis of the prior year adjustments included in respect of the profit for the 53 weeks ended 2 July 2016.

FINANCIAL STATEMENTS
NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION CONTINUED

9. Earnings per share continued

Profit for the period was impacted by one-off exceptional costs and bar opening costs. A calculation of adjusted earnings per Ordinary Share is set out below.

Adjusted EPS	52 weeks ended 1 July 2017 £'000	53 weeks ended 2 July 2016 Restated* £'000
Profit on ordinary activities before taxation	**3,551**	5,135
Exceptional items and bar opening costs	**5,745**	2,294
Adjusted profit on ordinary activities before taxation	**9,296**	7,429
Taxation on ordinary activities	**560**	(726)
Taxation adjustments in respect of prior periods	**(1,729)**	—
Taxation on exceptional items and bar opening costs	**(1,013)**	(855)
Adjusted profit of ordinary activities after taxation	**7,114**	5,848
Basic and diluted number of shares	**50,000**	50,000
Adjusted basic and diluted EPS (pence per share)	**14.2**	11.7

10. Investments

As at 1 July 2017 and 2 July 2016 the Group and Company have the following investments in subsidiaries:

Company name	Class of shares	Holding	Status
Inventive Guarantee Co Limited[1]	Ordinary	100%	Holding company
Revolution Bars Limited[1]	Ordinary	100%	Trading
Revolucion de Cuba Limited[1]	Ordinary	100%	Trading
Inventive Service Company Limited[1]	Ordinary	100%	Trading
Inventive Leisure Limited[1]	Ordinary	100%	Dormant
Rev Bars Limited[1]	Ordinary	100%	Dormant
Inventive Leisure (Services) Limited[1]	Ordinary	100%	Dormant
New Inventive Bar Company Limited[1]	Ordinary	100%	Dormant

1 The registered address of each company is 21 Old Street, Ashton-under-Lyne, Tameside OL6 6LA.

* Restated – see Note 1(b) of the consolidated financial statements for an explanation and analysis of the prior year adjustments included in respect of the profit for the 53 weeks ended 2 July 2016.

11. Property, plant and equipment

Group	Freehold land and buildings £'000	Short leasehold premises £'000	Fixtures and fittings £'000	IT equipment and office furniture £'000	Total £'000
Cost					
At 28 June 2015 – restated*	1,426	48,316	39,608	5,248	94,598
Additions – restated*	—	7,076	3,718	1,067	11,861
At 2 July 2016 – restated*	1,426	55,392	43,326	6,315	106,459
Additions	—	9,381	2,925	571	12,877
At 1 July 2017	**1,426**	**64,773**	**46,251**	**6,886**	**119,336**
Depreciation					
At 28 June 2015 – restated*	(361)	(14,056)	(29,689)	(4,020)	(48,126)
Provided in the period – restated*	—	(2,086)	(2,601)	(740)	(5,427)
Impairment charges	—	—	—	—	—
At 2 July 2016 – restated*	(361)	(16,142)	(32,290)	(4,760)	(53,553)
Provided in the period	—	(2,357)	(2,568)	(660)	(5,585)
Impairment charges	—	(1,206)	(267)	(3)	(1,476)
At 1 July 2017	**(361)**	**(19,705)**	**(35,125)**	**(5,423)**	**(60,614)**
Net book value					
At 1 July 2017	**1,065**	**45,068**	**11,126**	**1,463**	**58,722**
At 2 July 2016 – restated*	1,065	39,250	11,036	1,555	52,906
At 27 June 2015 – restated*	1,065	34,260	9,919	1,228	46,472

The Group has determined that, for the purposes of impairment testing, each bar is a cash generating unit ("CGU"). The bars are tested for impairment in accordance with IAS 36 "Impairment of Assets" when a triggering event is identified. The recoverable amounts for the CGUs are predominantly based on value in use, which is calculated on the cash flow expected to be generated by the bars using the latest projected data available and discounted over perpetuity.

In the 52 weeks ended 1 July 2017, the Group impaired the assets of six CGUs, either partially or in full, based on the value in use of the CGU determined by discounted cash flow projections being lower than the net book value. When we recognise an impairment loss, we depreciate the asset's adjusted carrying value over its remaining useful economic life.

In the 53 weeks ended 2 July 2016, no CGUs were impaired.

The value in use calculations use cash flows based on Board-approved budgets covering a three-year period. These budgets combine understanding of historical performance together with knowledge of the current market, and management's views on the future achievable growth. Cash flows beyond this three-year period are extrapolated using a long-term growth rate to five years, at which point a terminal value has been calculated based upon the long-term growth rate.

* Restated – see Note 1(b) of the consolidated financial statements for an explanation and analysis of the prior year adjustments included in respect of the profit for the 53 weeks ended 2 July 2016.

FINANCIAL STATEMENTS
NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION CONTINUED

11. Property, plant and equipment continued

The key assumptions in the value in use calculations are the cash flows contained within the budgets, the long-term growth rate and the risk-adjusted pre-tax discount rate as follows:

> Long-term growth rate: 2.0 per cent (2016: 2.0 per cent).

> Pre-tax discount rate: 11.7 per cent (2016: 11.7 per cent).

The long-term growth rate has been determined with reference to forecast Gross Domestic Product ("GDP") growth, which management believes is the most appropriate indicator of long-term growth rates that is available. The pre-tax discount rate is based on the Group's weighted average cost of capital.

A sensitivity analysis has been performed on each of these key assumptions with other variables held constant.

Increasing the pre-tax discount rate by 1 per cent would result in additional impairments of £0.1 million. A 0.1 per cent decrease in the long-term growth rate would increase the impairment charge recorded by £0.1 million.

12. Inventories

	1 July 2017 £'000	2 July 2016 Restated* £'000
Goods held for resale	**3,320**	2,961

The cost of inventories recognised as an expense in cost of sales is as follows:

	52 weeks ended 1 July 2017 £'000	53 weeks ended 2 July 2016 Restated* £'000
	31,075	29,444

There were no expenses in cost of sales in respect of the write down of inventories.

13. Trade and other receivables

	1 July 2017 £'000	2 July 2016 Restated* £'000
Amounts falling due within one year		
Trade and other receivables	**469**	475
Accrued rebate income	**895**	616
Prepayments	**7,904**	7,212
	9,268	8,303

Prepayments and accrued rebate income do not contain impaired assets. There is no difference between the carrying value and fair value of all trade and other receivables. £6.9 million comprises prepayments relating to property rent and rates (2016: £6.4 million).

* Restated – see Note 1(b) of the consolidated financial statements for an explanation and analysis of the prior year adjustments included in respect of the profit for the 53 weeks ended 2 July 2016.

14. Cash and cash equivalents

	1 July 2017 £'000	2 July 2016 £'000
Cash and cash equivalents	**4,336**	2,770

Cash and cash equivalents consist entirely of cash at bank and on hand, including cash floats held at venues. Balances are denominated in Sterling. The Directors consider that the carrying value of cash and cash equivalents approximates to their fair value.

15. Trade and other payables

	1 July 2017 £'000	2 July 2016 Restated* £'000
Trade payables	**10,935**	11,769
Other payables	**58**	41
Accruals	**5,794**	6,642
Onerous lease provision (Note 16)	**302**	383
Other taxes and social security costs	**3,730**	3,073
	20,819	21,908

Trade and other payables are non-interest bearing and are normally settled 30 days after the month of invoice. Trade payables are denominated in Sterling. The Directors consider that the carrying value of trade and other payables approximates to their fair value.

16. Other non-current liabilities

	1 July 2017 £'000	2 July 2016 Restated* £'000
Onerous lease provision	**3,441**	1,697
Other liabilities	**1,504**	937
	4,945	2,634

Other liabilities comprise rent-free creditors recognised on operating leases.

Onerous lease provision

	1 July 2017 £'000	2 July 2016 Restated* £'000
Opening balance	**2,080**	3,460
Provisions used in period	**(301)**	(383)
Provisions made/(reversed) in period	**1,859**	(1,055)
Interest charged in period	**105**	58
	3,743	2,080
Current	**302**	383
Non-current	**3,441**	1,697
	3,743	2,080

The onerous lease provision is expected to be payable over the remaining lease terms. In 2016, the provision was net of an estimated rental income from future subletting of the properties.

The calculation is most sensitive to changes in the assumptions used for budgeted cash flow, and a risk-free discount rate of 2.6 per cent. Management considers that reasonably possible changes in assumptions would be a change in discount of 0.5 per cent. As an indication of sensitivity when applied to the calculation, an increase to the rate of +/-0.5 per cent would result in a change in the corresponding liability of -/+£0.1 million.

* Restated – see Note 1(b) of the consolidated financial statements for an explanation and analysis of the prior year adjustments included in respect of the profit for the 53 weeks ended 2 July 2016.

FINANCIAL STATEMENTS
NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION CONTINUED

17. Interest-bearing loans and borrowings

	1 July 2017 £'000	2 July 2016 £'000
Revolving credit facility	**7,500**	500

During the year, the Group revolving credit facility was increased from £5 million to £25 million to support general corporate activity. Drawn elements of the facility attract an interest rate of LIBOR + 2.05 per cent and the undrawn element attracts a fee of 0.82 per cent. The facility expires in December 2021 and is secured and supported by debentures over certain Group assets.

The amount drawn at 1 July 2017 was £7.5 million (2016: £0.5 million).

All borrowings are held in Sterling. There is no material difference between the fair value and book value of the Group interest-bearing borrowings. For more information on the Group's exposure to interest rate risk, see Note 21.

18. Deferred tax

The following are the major deferred tax liabilities and assets recognised by the Group and movements thereon during the current and prior reporting periods:

	Share-based payments £'000	Accelerated capital allowances £'000	Total £'000
At 28 June 2015 – restated*	54	(3,377)	(3,323)
Credit to income	148	194	342
At 2 July 2016 – restated*	202	(3,183)	(2,981)
(Charge)/credit to income	(25)	1,469	1,444
At 1 July 2017	**177**	**(1,714)**	**(1,537)**

	1 July 2017 £'000	2 July 2016 Restated* £'000
Deferred tax assets	**177**	202
Deferred tax liabilities	**(1,714)**	(3,183)
Total	**(1,537)**	(2,981)

19. Share capital

	1 July 2017 £'000	2 July 2016 Restated* £'000
Allotted, called up and fully paid		
50,000,000 £0.001 Ordinary Shares	**50**	50
	50	50

* Restated – see Note 1(b) of the consolidated financial statements for an explanation and analysis of the prior year adjustments included in respect of the profit for the 53 weeks ended 2 July 2016.

20. Share-based payments (equity settled)

The table below summarises the amounts recognised in the income statement during the year:

	52 weeks ended 1 July 2017 £'000	53 weeks ended 2 July 2016 Restated* £'000
IPO LTIP Award	**373**	925
2016 LTIP Award	**50**	62
2017 LTIP Award	**60**	—
	483	987

On 18 March 2015 conditional awards were made for 1,535,000 Ordinary Shares under the IPO LTIP Award, 767,500 under the 2016 LTIP Award and 767,500 under the 2017 LTIP Award to senior employees. On 9 November 2015 further conditional awards were made for 44,357 under the IPO LTIP Award, 22,228 under the 2016 LTIP Award and 22,228 under the 2017 LTIP Award to additional senior employees. On 2 November 2016 further conditional awards were made for 141,250 under the IPO LTIP Award, 70,625 under the FY16 LTIP Award and 70,625 under the FY17 LTIP Award to additional senior employees.

The vesting of each award is subject to the attainment of performance conditions. For each award, 70 per cent is based upon an adjusted earnings per share ("EPS") target (Part A) and 30 per cent on a TSR target (Part B). The adjusted EPS is based upon the non-GAAP measure as discussed in Note 9 (page 77).

The performance conditions are tested over the below performance periods:

> the IPO LTIP Award will be tested over the period from 1 July 2015 to 30 June 2018 for Part A and 18 March 2015 to 30 June 2018 for Part B and will vest in 2018 to the extent it satisfies the conditions;

> the 2016 LTIP Award will be tested over the period from 1 July 2016 to 30 June 2019 and will vest in 2019 to the extent it satisfies the conditions; and

> the 2017 LTIP Award will be tested over the period from 1 July 2017 to 30 June 2020 and will vest in 2020 to the extent it satisfies the conditions.

Part A – EPS targets

The vesting of Part A of each such award will be dependent on the Group's EPS performance over the fixed periods listed above. No portion of Part A will vest unless the Group's EPS growth is at least equal to a compound annual growth rate of 7 per cent; thereafter the following vesting schedule will apply:

The Company's EPS compound growth	Extent of vesting of Part A
At least 7% per annum	25%
Between a minimum of 7% per annum and 13% per annum	Pro-rata between 25% and 100%
At least 13% per annum	100%

For the IPO LTIP Award, EPS performance will be tested using a pro-forma EPS figure for the year ended FY15 as a base point. Adjusted EPS for such purposes thereafter will be disclosed in due course at the time of vesting in the Remuneration Report.

* Restated – see Note 1(b) of the consolidated financial statements for an explanation and analysis of the prior year adjustments included in respect of the profit for the 53 weeks ended 2 July 2016.

FINANCIAL STATEMENTS
NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION CONTINUED

20. Share-based payments (equity settled) continued

Part B – TSR targets

The vesting of Part B of each such award will be dependent on the Group's TSR over the fixed periods listed above relative to the TSR of the constituents of the peer group of other UK-listed restaurant and bar sector companies over the same period.

No portion of Part B will vest unless the Group's TSR performance at least matches the median of the TSR performance within the comparator Group; thereafter the following vesting schedule will apply:

The Company's TSR performance against the TSR of the comparator companies	Extent of vesting of Part B
Median	25%
Between median and upper quartile	Pro-rata between 25% and 100%
Upper quartile (or better)	100%

For the IPO LTIP Award, the offer price (200 pence) will be used as the base point from which TSR is measured for the Company. For the FY16 LTIP Award and the FY17 LTIP Award a three-month average prior to the start of the performance period will be used. For all awards the end point will be averaged over the last three months of the respective performance period.

Expected volatility has been estimated by considering historical average share price volatility for the Company or similar companies. Staff attrition has been assessed based on historical retention rates.

The following table illustrates the number and weighted average exercise price ("WAEP") of, and movements in, share options granted under the scheme:

	2017 Number of shares	**2017 WAEP (p)**	2016 Number of shares	2016 WAEP (p)
Outstanding at the beginning of the year	**3,158,913**	**0.1**	3,070,000	0.1
New awards	**692,500**	**0.1**	88,913	0.1
Lapsed during the year	**(1,190,000)**	**0.1**	—	0.1
Outstanding at the end of the year	**2,661,413**	**0.1**	3,158,913	0.1

The fair value of the share options granted under the scheme which are dependent on TSR performance is estimated at the date of grant using the Stochastic model. The fair value of the share options granted under the scheme which are dependent on EPS performance is estimated at the date of grant using the Black Scholes model. The following table gives the assumptions for the years ended 1 July 2017 and 2 July 2016:

	FY17 LTIP Award 3[3]	FY16 LTIP Award 3[3]	IPO LTIP Award 3[3]	**FY17 LTIP Award 2[2]**	FY16 LTIP Award 2[2]	IPO LTIP Award 2[2]	**FY17 LTIP Award 1[1]**	FY16 LTIP Award 1[1]	IPO LTIP Award 1[1]
Fair value at grant date (p) – EPS	**182**	182	182	**193**	193	193	**187**	188	188
Fair value at grant date (p) – TSR	**143**	130	119	**198**	159	113	**113**	112	108
Share price (p)	**178**	178	178	**192**	192	192	**191**	191	191
Exercise price (p)	**0.1**	0.1	0.1	**0.1**	0.1	0.1	**0.1**	0.1	0.1
Expected volatility (%)	**18.94%**	19.59%	20.81%	**31.00%**	30.61%	28.90%	**31.00%**	30.61%	28.91%
Expected life of options (years)	**5.29**	4.29	3.29	**5.29**	4.29	3.29	**5.29**	4.29	3.29
Weighted average remaining contractual life (years)	**3**	2	1	**3.36**	2.36	1.36	**3**	2	1
Expected dividend yield (%)	**—**	—	—	**—**	—	—	**—**	—	—
Risk-free interest rate (%)	**0.54%**	0.30%	0.23%	**1.37%**	1.15%	1.00%	**1.05%**	0.86%	0.65%

1 Granted on 18 March 2015.

2 Granted on 2 November 2015.

3 Granted on 9 November 2016.

21. Financial instruments

The Board has overall responsibility for the determination of the Group's risk management objectives and policies. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility.

The Group is exposed to the following financial risks:

> credit risk;

> liquidity risk;

> market risk; and

> capital risk.

Cash and cash equivalents are held in Pounds Sterling. Trade and other payables are measured at amortised cost.

Credit risk

Credit risk arises from the Group's cash balances held with counterparties and trade and other receivables. Credit risk is the risk of financial loss to the Group if a third party which owes amounts to the Group fails to meet its contractual obligations. At 1 July 2017 there were no receivables considered to be past due (2 July 2016: £nil).

Trade and other receivables are measured at amortised cost. Book values and expected cash flow are reviewed by the Board and any impairment is charged to the consolidated statement of comprehensive income in the relevant period.

All cash balances are held with reputable banks and the Board monitors its exposure to counterparty risk on an ongoing basis. The Group attempts to mitigate credit risk by assessing financial counterparties.

The Directors are not aware of any factors affecting the recoverability of outstanding balances as at 1 July 2017.

Given the nature of the Group's operations, the Directors do not consider the Group's credit risk, which arises mainly from cash held with banks, to be significant.

Liquidity risk

Liquidity risk arises from the Group's management of working capital. It is the risk that the Group will not be able to meet its future obligations as they fall due. The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due by maintaining adequate banking and borrowing facilities.

The Group performs regular cash flow projections to ensure that it has sufficient cash to meet expected operational expenses. The Group has committed lines of credit through a £25 million revolving credit facility in the amount of £25 million provided by The Royal Bank of Scotland, of which £7.5 million was drawn at 1 July 2017.

The Group's financial liabilities are as follows:

	1 July 2017 £'000	2 July 2016 Restated* £'000
Trade payables	**10,935**	11,769
Other payables	**58**	41
Revolving credit facility	**7,500**	500
	18,493	12,310

* Restated – see Note 1(b) of the consolidated financial statements for an explanation and analysis of the prior year adjustments included in respect of the profit for the 53 weeks ended 2 July 2016.

FINANCIAL STATEMENTS
NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION CONTINUED

21. Financial instruments continued

Liquidity risk continued

The maturity analysis of the financial liabilities is as follows:

As at 1 July 2017	< 1 year £'000	1–5 years £'000	> 5 years £'000	Total £'000
Trade and other payables	**10,993**	**—**	**—**	**10,993**
Revolving credit facility	**—**	**7,500**	**—**	**7,500**

As at 2 July 2016	< 1 year £'000	1–5 years £'000	> 5 years £'000	Total £'000
Trade and other payables – restated*	11,810	—	—	11,810
Revolving credit facility	—	500	—	500

Market risk

Market risk is the risk that changes in market prices, such as interest rates or foreign exchange rates, will affect the Group's costs. The objective of market risk management is to manage and control market risk exposures within acceptable parameters. Market interest rate risk arises from the Group's holding of interest-bearing financial assets and liabilities.

At 1 July 2017, the Group's interest-bearing financial assets consisted solely of cash and cash equivalents (see Note 14). The Group has interest-bearing financial liabilities as at 1 July 2017, being a revolving credit facility of £7.5 million (2016: £0.5 million).

The Board makes ad hoc decisions at its regular meetings as to whether to hold funds in instant access accounts or longer-term deposits. All accounts are held with reputable UK banks. These policies, which the Directors consider to be appropriate for the current stage of development of the Group's business, will be kept under review by the Board in future years. If interest rates at each period-end reporting date had moved by 5 per cent, the impact on results would not have been significant.

Fair value of financial instruments

The fair value of each category of financial instruments is the same as their carrying value in the Group statement of financial position.

Capital risk

The Group's capital is made up of share capital and retained earnings.

The objectives when managing capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The capital structure of the Group consists of shareholders' equity as set out in the consolidated statement of changes in equity. All working capital requirements are financed from existing cash resources and a revolving credit facility. There are no externally imposed capital requirements. Financing decisions are made by the Board based on forecasts of the expected timing and level of capital and operating expenditure required to meet the Group's commitments and development plans.

* Restated – see Note 1(b) of the consolidated financial statements for an explanation and analysis of the prior year adjustments included in respect of the profit for the 53 weeks ended 2 July 2016.

22. Operating leases

At the statement of financial position date the Group has outstanding commitments for future minimum lease payments under non-cancellable operating leases which are payable as follows:

	1 July 2017 £'000	2 July 2016 £'000
Land and buildings		
Operating leases which expire:		
– in less than one year	**9,487**	8,871
– in two to five years	**37,948**	35,484
– in over five years	**97,145**	92,644
	144,580	136,999
Other assets		
Within one year	**234**	169
In two to five years	**212**	176
	446	345

Lease agreements held by the Group have varying terms and renewal rights. While the commercial terms of the lease vary, they commonly include either market or index-linked rent reviews. The timing of rent reviews varies on a lease-by-lease basis.

The total future minimum sublease income due under non-cancellable subleases is £1.2 million (2016: £1.4 million).

The total lease payments recognised in the income statement in the 52 weeks ended 1 July 2017 was £9.7 million (53 weeks ended 2 July 2016: £8.3 million).

There were no capital commitments at 1 July 2017 (2 July 2016: £nil).

23. Dividends

	1 July 2017 £'000	2 July 2016 £'000
Amounts recognised as distributions to equity holders in the period:		
Final dividend for the 53 weeks ended 2 July 2016 of 3.30p (2015: 1.70p)	**1,650**	850
Interim dividend for the 52 weeks ended 1 July 2017 of 1.65p (2016: 1.50p)	**825**	750
	2,475	1,600
Proposed final dividend for the 52 weeks ended 1 July 2017 of 3.30p (2016: 3.30p) per share	**1,650**	1,650

The proposed final dividend is subject to approval by shareholders at the annual general meeting and has not yet been included as a liability in these financial statements.

FINANCIAL STATEMENTS
NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION CONTINUED

24. Related party transactions

2017 reporting period

(a) Subsidiaries

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

(b) Key management personnel

The compensation of key management personnel (including the Directors) is as follows:

	52 weeks ended 1 July 2017 £'000	53 weeks ended 2 July 2016 £'000
Key management emoluments including social security costs	**1,760**	1,758
Awards granted under a long-term incentive plan	**423**	—
Pension contributions to money purchase schemes[1]	**159**	109
	2,342	1,867

1 Includes salary enhancements made in lieu of pension contributions due to pension caps.

2016 reporting period

The Group paid £100,000 to acquire non-trade relationship deficits totalling £5,508,423 from Caspian Holdco Limited, its former parent company, as per section 99 of the Corporation Tax Act 2010 and as provided for in section 183 of the Corporation Tax Act 2010.

FINANCIAL STATEMENTS
COMPANY STATEMENT OF FINANCIAL POSITION
at 1 July 2017

	Note	1 July 2017 £'000	2 July 2016 Restated* £'000	27 June 2015 Restated* £'000
Assets				
Non-current assets				
Investments	29	**29,650**	29,650	29,650
Current assets				
Trade and other receivables	30	**1,751**	1,268	281
Total assets		**31,401**	30,918	29,931
Net assets		**31,401**	30,918	29,931
Equity attributable to equity holders of the Parent				
Share capital	31	**50**	50	50
Merger reserve		**11,645**	11,645	11,645
Retained earnings		**19,706**	19,223	18,236
Total equity		**31,401**	30,918	29,931

Signed on behalf of the Board on 3 October 2017.

Mike Foster
Director

* Restated – see Note 32 for an explanation and analysis of the prior period restatements included above in respect of the balances as at 2 July 2016 and the adjustments included above.

FINANCIAL STATEMENTS
COMPANY STATEMENT OF CHANGES IN EQUITY
for the 52 weeks ended 1 July 2017

		Reserves		
	Share capital £'000	Merger reserve £'000	Retained earnings £'000	Total shareholders' equity £'000
At 27 June 2015 – as reported	50	11,645	17,955	29,650
Impact of restatements*	—	—	281	281
At 27 June 2015 – restated*	50	11,645	18,236	29,931
Total comprehensive income for the period	—	—	1,600	1,600
Credits arising from long-term incentive plans – restated*	—	—	987	987
Dividend paid	—	—	(1,600)	(1,600)
At 2 July 2016 – restated*	50	11,645	19,223	30,918
Total comprehensive income for the period	—	—	2,475	2,475
Credits arising from long-term incentive plans	—	—	483	483
Dividend paid	—	—	(2,475)	(2,475)
At 1 July 2017	**50**	**11,645**	**19,706**	**31,401**

* Restated – see Note 32 for an explanation and analysis of the prior year adjustments included above in respect of the profit for the 53 weeks ended 2 July 2016 and in respect of other prior periods.

FINANCIAL STATEMENTS
COMPANY STATEMENT OF CASH FLOW
for the 52 weeks ended 1 July 2017

	Note	52 weeks ended 1 July 2017 £'000	53 weeks ended 2 July 2016 Restated* £'000
Cash flow from operating activities			
Profit after tax from operations		**2,475**	1,600
Adjustments for:			
Dividends receivable		**(2,475)**	(1,600)
Increase in trade and other receivables		**(483)**	(987)
Charges arising from long-term incentive plans	20	**483**	987
Net cash flow generated from operating activities		**—**	—
Cash flow from investing activities			
Dividends received from subsidiary company		**2,475**	1,600
Net cash flow generated from investing activities		**2,475**	1,600
Cash flow from financing activities			
Equity dividends paid		**(2,475)**	(1,600)
Net cash flow used in financing activities		**(2,475)**	(1,600)
Net increase in cash and cash equivalents		**—**	—
Opening cash and cash equivalents		**—**	—
Closing cash and cash equivalents		**—**	—

* Restated – see Note 32 for an explanation and analysis of the prior year adjustments included above in respect of the profit for the 53 weeks ended 2 July 2016 and in respect of other prior periods.

FINANCIAL STATEMENTS
NOTES TO THE COMPANY FINANCIAL INFORMATION

25. Accounting policies

Statement of compliance

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU, as they apply to the financial statements of the Group, for the 52 weeks ended 1 July 2017 (prior period 53 weeks ended 2 July 2016) and in accordance with the provisions of the Companies Act 2006.

Basis of preparation

The Company financial statements have been prepared in accordance with those parts of the Companies Act 2006 applicable to companies reporting under IFRS as adopted by the EU. They are presented in Pounds Sterling, with values rounded to the nearest hundred thousand, except where otherwise indicated.

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings and trade and other payables.

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Cash and cash equivalents

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

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method.

Share-based payments

The Company issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight line basis over the vesting period, based on the Group's estimate of shares that will eventually vest. This is recognised as an employee expense with a corresponding increase in equity. Fair value is measured by the Monte Carlo model for options subject to a market-based performance condition and by use of a Black Scholes model for all others. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes. Cost is recharged to subsidiary entities.

Investments in subsidiary undertakings

A subsidiary is an entity controlled, either directly or indirectly, by the Company, where control is the power to govern the financial and operating policies of the entity so as to obtain benefit from its activities. Investments in subsidiaries represent interests in subsidiaries that are directly owned by the Company and are stated at cost less any provision for permanent diminution in value.

25. Accounting policies continued

Share capital

Ordinary Shares are classified as equity. Incremental costs directly attributable to the issue of Ordinary Shares are recognised as a deduction from equity, net of any tax effects.

Dividends

Dividends receivable from the Company's subsidiaries and joint venture investments are recognised only when they are approved or paid by shareholders.

Dividend distributions to the company's shareholders are recognised in the period in which the dividends are paid, and, for the final dividend, when approved by the company's shareholders at the annual general meeting ("AGM").

Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

26. Profit for the period

No profit or loss account is presented for the Company as permitted by section 408 of the Companies Act 2006. The profit after tax for the year was £2,475,000 (2016: £1,600,000).

27. Auditor's remuneration

Auditor's remuneration in respect of the Company audit was £500 (2016: £500).

28. Directors' remuneration and employee costs

Details of Directors remuneration in respect of services delivered to the Group are contained in the Directors' Remuneration Report on pages 30 to 45. The remuneration received by the Directors in respect of directly attributable services to this company is inconsequential in the context of the remuneration figure. The Company has no employees other than the Directors and the Directors are not remunerated through this Company.

FINANCIAL STATEMENTS
NOTES TO THE COMPANY FINANCIAL INFORMATION CONTINUED

29. Investments

Investments in the Company's statement of financial position consist of its investments in subsidiary undertakings.

The Company's investment in its subsidiary undertakings is as follows:

At cost and net book value:	1 July 2017 £'000	2 July 2016 £'000
At the beginning of the period	**29,650**	29,650
Investment in subsidiary	**—**	—
At the end of the period	**29,650**	29,650

As at 1 July 2017 and 2 July 2016, the Company owned 100 per cent of the Ordinary Share capital of the following UK companies:

Company name	Country of incorporation	Class of shares	Holding	Status
Inventive Guarantee Co Limited[1]	United Kingdom	Ordinary	100%	Holding company
Revolution Bars Limited[1]	United Kingdom	Ordinary	100%	Trading
Revolucion de Cuba Limited[1]	United Kingdom	Ordinary	100%	Trading
Inventive Service Company Limited[1]	United Kingdom	Ordinary	100%	Trading
Inventive Leisure Limited[1]	United Kingdom	Ordinary	100%	Dormant
Rev Bars Limited[1]	United Kingdom	Ordinary	100%	Dormant
Inventive Leisure (Services) Limited[1]	United Kingdom	Ordinary	100%	Dormant
New Inventive Bar Company Limited[1]	United Kingdom	Ordinary	100%	Dormant

1 The registered address of each company is 21 Old Street, Ashton-under-Lyne, Tameside OL6 6LA.

30. Trade and other receivables

	1 July 2017 £'000	2 July 2016 Restated £'000
Amounts owed from subsidiary undertakings	**1,751**	1,268
	1,751	1,268

31. Share capital

	1 July 2017 £'000	2 July 2016 £'000
Allotted, called up and fully paid		
50,000,000 £0.001 Ordinary Shares	**50**	50
	50	50

32. Prior year restatements

During the year, there were extensive changes within the Finance team, following the resignations of key senior personnel. The new team became aware that certain of the Group's accounting policies and processes were not being strictly applied or were not in accordance with accounting standards, this was highlighted in the Group's pre-close announcement. The new finance team has undertaken a review into the Group's accounting policies and practices and PwC were engaged to produce a report for the Board. The review work has identified a number of prior period errors that, due to their materiality, require the restatement of the results for the 53 weeks ended 2 July 2016, as well as the consolidated statement of financial positions as at 2 July 2016 and at 27 June 2015. Refer to note 1(b) on pages 68 to 71 for a detailed explanation of the prior year restatements.

In aggregate, the effect of the prior period restatement is to increase net assets as at 27 June 2015 by £0.3m, and to increase net assets as at 2 July 2016 by £1.3m.

32. Prior year restatements continued

Share-based payments

The amounts charged in relation to the share-based payments charge for the period ended 2 July 2016 and 27 June 2015 were understated due to errors in the calculations and the corresponding recharge to subsidiary was not properly accounted for. There was no impact on profit for the periods. Net assets at 2 July 2016 and 27 June 2015 were understated as a result.

Summary

There is no impact on the income statement or statement of cash flows for the period ended 2 July 2016. A summary of the combined impact of the prior year adjustments on the consolidated statement of financial positions as at 2 July 2016 and at 27 June 2015 arising from the restatement are as follows:

Statement of financial position as at 2 July 2016

	2 July 2016 As published £'000	Share-based payments £'000	2 July 2016 Restated £'000
Non-current assets	29,650	—	29,650
Non-current assets	29,650	—	29,650
Amounts owed from subsidiary undertakings	—	1,268	1,268
Net assets	29,650	1,268	30,918

Statement of financial position as at 27 June 2015

	2 July 2015 As published £'000	Share-based payments £'000	2 July 2015 Restated £'000
Non-current assets	29,650	—	29,650
Non-current assets	29,650	—	29,650
Amounts owed from subsidiary undertakings	—	281	281
Net assets	29,650	281	29,931

FINANCIAL STATEMENTS
CORPORATE INFORMATION

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Registered number 08838504

Registered address
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Registrar
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