REVOLUTION
BARS GROUP

REVOLUTION BARS GROUP PLC
ANNUAL REPORT AND ACCOUNTS 2018

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 76 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 into late evening.

Read more on the At a glance **Pages 2 and 3**

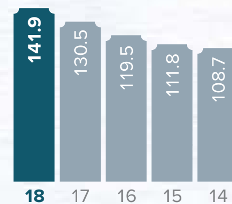
Read Our Strategy **Pages 16 and 17**

Number of sites at:	Revolution	Revolución de Cuba	Total
At IPO	52	5	**57**
FY16	1	4	**5**
FY17	2	4	**6**
FY18	3	3	**6**
Total at 30 June 2018	58	16	**74**
– Launched FY19	1	1	**2**
– Planned for H1 FY19	1	2	**3**
Target in H1 FY19	2	3	**5**
Forecast at 31 Dec 2018	60	19	**79**

Highlights

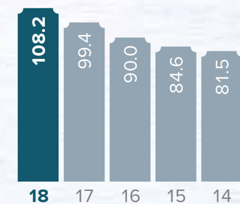
Revenue £m

£141.9m



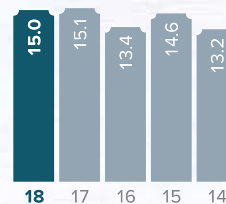
Gross margin £m

£108.2m



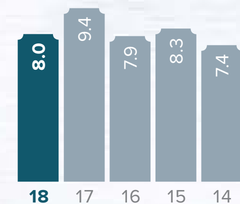
Adjusted EBITDA*** £m

£15.0m



Adjusted PBT*** £m

£8.0m



* Restated – see Note 1(b) of the consolidated financial statements for an explanation and analysis of the prior period adjustments included in respect of the profit for the 52 weeks ended 1 July 2017.

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

*** Adjusted performance measures exclude exceptional items, bar opening costs and share-based payments (see reconciliation table on page 22 of the Financial Review).

Financial performance

- > Revenue of £141.9 million (2017: £130.5 million), an increase of 8.7 per cent
- > Like-for-like sales** decline of 0.6 per cent
- > Adjusted*** Operating profit £8.5 million (2017 Restated*: £9.6 million)
- > Adjusted EBITDA*** £15.0 million (2017: £15.1 million), in line with revised guidance
- > Loss before tax of £3.6 million (2017 Restated*: profit £5.2 million)
- > Adjusted profit before tax*** of £8.0 million (2017 Restated*: £9.4 million)
- > Gross margin improved by 10 bps
- > (Loss) per share (5.7p) (FY17 Restated*: Earnings 7.7p)
- > Adjusted EPS*** of 13.0 pence (2017 Restated*: 14.6 pence)
- > Final dividend of 3.3 pence per share (2017: 3.3 pence per share)

Estate development

- > Six new sites opened in the year and are trading well
- > The Group invested £14.2 million in total during the period, including £9.8 million related to new venues and £4.4 million related to developing and maintaining the existing business

Current trading

- > Like-for-like sales decline for first quarter of current year -5.0 per cent
- > Five openings confirmed in first half of FY19

Strategic report

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OUR STRONG SPIRIT MEANS... **OUR CONFIDENCE IN THE POTENTIAL OF THE GROUP IS UNDIMINISHED**

Investment case

TRADING FROM
76 BARS
(AT 2 OCTOBER 2018)

TOTAL SALES INCREASED 8.7%
£141.9M

INCREASED DIGITAL PRESENCE

1.1M
FACEBOOK FANS

77K
INSTAGRAM USERS

ACROSS REVOLUTION AND REVOLUCIÓN DE CUBA

CONFIRMED OPENINGS FOR FIRST HALF FY19
5 BARS
(2 ALREADY OPENED SINCE 30 JUNE 2018)

DIVIDEND
4.95 pence
(PER SHARE)

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 76 bars located predominantly in town or city high streets operating under the Revolution and Revolución de Cuba brands. We believe there to be significant scope for expansion.

Our brands

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 property.

The success of the 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 a wide range of premium cocktails and drinks and our lunchtime and evening food offerings.

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.
- Roll-out of the brand in selective high street locations throughout the UK.

VENUES
59

DRINKS
– wide range of premium cocktails and drinks

ENTERTAINMENT
– mainstream "feel good" music

FOOD
– classics and new enticing offerings

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.

Operational priorities

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

VENUES
17

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

ENTERTAINMENT
– live Cuban/Spanish bands

FOOD
– regular refresh and new menu offerings

WE REMAIN CONFIDENT THAT THE BUSINESS IS WELL POSITIONED FOR **A RETURN TO GROWTH**

Summary

- The Board paid an interim dividend this year of 1.65 pence per share (2017: 1.65 pence per share).
- Subject to approval at the Company's Annual general meeting ("AGM"), we will pay a final dividend of 3.3 pence per share (2017: 3.3 pence per share).

OUTSTANDING CUSTOMER EXPERIENCE IS AT THE HEART OF OUR STRATEGY."

As the Chairman of Revolution Bars Group plc, it is my privilege to introduce this, our fourth annual report and accounts for the 52 weeks ended 30 June 2018.

Our business

The Group is a leading operator of 76 premium bars with a strong presence throughout the UK for its two high quality retail brands: Revolution, which is focused on young adults; and Revolución de Cuba, which attracts a broader age range. The Group is wet led but also offers food, a significant growth opportunity.

Providing exceptional customer experiences is at the heart of the business' strategy to drive like-for-like sales growth through repeat visits and word-of-mouth marketing, while attracting new customers with targeted offers and social media activity. In addition, the Group seeks to expand its footprint with new sites in good locations.

At the beginning of the period, the Group operated from 67 venues (54 Revolution and 13 Revolución de Cuba venues). During the reporting period there were six new venue openings, three of each brand, as well as a re-opening of a bar. Therefore, the Group traded from 74 venues at the end of the reporting period since when two further bars have opened, one Revolution and one Revolución de Cuba.

Corporate activity and management changes

The business experienced significant, and well-documented, levels of corporate activity in the first half followed by the resignation of the Chief Executive Officer. During that activity, development work stalled while management was distracted, and in the aftermath a number of experienced senior managers on the operational side of the business resigned causing further disruption which adversely impacted trading. In this light, delivering record Christmas sales was an excellent result for the business.

There is no further update on a possible acquisition of Deltic following the statement regarding media speculation on 7 September 2018. The Board will notify shareholders of any developments.

Trading conditions and like-for-like sales**

Like-for-like sales in the first half (up to and including week 27 to include New Year's Eve in both periods) were +1.9 per cent, aided by record Christmas sales. In the second half (excluding week 27) like-for-like sales were -3.2 per cent.

We estimate that the "Beast from the East" disrupted sales by circa £0.5 million in early March; Easter trading was disrupted by the failure of Conviviality, owner of the Group's principal supplier, Matthew Clark, further distracting management from implementing new initiatives; and the hottest summer on record combined with England's World Cup run detracted from the appeal of our bars, which do not have TVs or significant outside areas. These factors together with an unsettled workforce and the widely documented cost pressures faced by the whole sector have led to 2017/18 being a disappointing year and one from which we expect to significantly improve upon.

Our results

Sales of £141.9 million (2017: £130.5 million) were up +8.7 per cent, driven by new site openings. Adjusted EBITDA*** of £15.0 million (2017 Restated: £15.1 million) was broadly similar to the prior period and in line with our revised guidance. Adjusted EBITDA*** is the key measure of underlying performance as it excludes exceptional items, bar opening costs that are a function of the timing of the new venue development programme and (credits)/charges arising from long-term incentive plans that are more reflective of changes in senior management than trading.

After exceptional items of £11.1 million (2017 Restated*: £2.3 million), bar opening costs of £2.0 million (2017: £1.4 million) and a credit from long-term incentive plans of £1.6 million (2017: charge £0.5 million), the operating loss was £3.0 million (2017 Restated*: profit £5.5 million).

Exceptional items include non-cash charges of £7.8 million for onerous lease provisions and asset impairments (2017 Restated*: £1.9 million). The cash element £3.3 million (2017: £0.4 million) relates primarily to fees and expenses following the period's corporate activity.

Our Board

The Group's CEO, Mark McQuater, resigned from the Board on 17 October 2017. I stepped in immediately as Executive Chairman and fulfilled that role until Rob Pitcher took up his appointment as the new CEO on 25 June 2018, when I reverted to Non-executive Chairman.

The Board adopted an extensive and rigorous search for a new CEO and was particularly keen to recruit an individual with strong operational credentials, hands-on experience of other disciplines including marketing and human resources, and responsibility for a significantly sized business. Rob fits the description perfectly.

Michael Shallow, who was appointed just prior to the Company's listing on the London Stock Exchange in March 2015 has advised the Board that he intends not to seek re-election at the forthcoming AGM and will stand down form the Board on that date. Jemima Bird will become senior Non-executive director from the date of the AGM. A search is underway for an additional Non-executive Director.

Jemima Bird has served as our third Non-executive independent Director since January 2017.

Our auditor

Towards the end of 2017, the Board conducted a tender process for the provision of audit services to the Group. As a result of the tender process, PricewaterhouseCoopers LLP was appointed as the new independent auditor to the Group.

Our dividend

Given underlying earnings, as measured by adjusted EBITDA***, broadly in line with the prior period, the Board is proposing a maintained final dividend of 3.3 pence per share (2017: 3.3 pence). This will result in the dividend for the period being at 4.95 pence per share, an interim dividend of 1.65 pence per share (2017: 1.65 pence) having been paid on 12 April 2018.

The final dividend is subject to approval at the Company's AGM and will be paid on 7 December 2018.

CHAIRMAN'S STATEMENT CONTINUED

Our people

The Group employs over 3,200 people who provide the outstanding customer experience that is at the heart of our strategy. Those individuals are complemented and supported by many others who work long, hard hours providing the necessary support for our front-line staff. Strong cohesive teams have been built across our business 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.

THE STRENGTH OF OUR NEW VENUE PIPELINE AND GOOD OVERALL RETURNS OF OUR NEW SITES GIVE US CONFIDENCE IN THE BRANDS AND ACHIEVING FURTHER GROWTH. ROB PITCHER'S OPERATIONAL AND EXECUTIONAL FOCUS, THE RECENTLY STRENGTHENED OPERATIONS TEAMS, AND THE GOOD RANGE OF INITIATIVES PLANNED OR BEING IMPLEMENTED MEANS THAT OUR BELIEF IN THE POTENTIAL OF THE BUSINESS IS UNDIMINISHED."

Our future

In the first quarter of FY19, like-for-like** sales are -5.0 per cent. However, with many exciting initiatives planned or currently being implemented, as detailed in the CEO's Statement, we are confident of improvement. In addition, pre-booked revenue for the critically important Christmas trading period is currently up 20.3 per cent on the same time last year (up 13.8 per cent on a like-for-like** basis), which we expect to aid our performance. Furthermore, we do not anticipate a recurrence of the same external circumstances experienced to date in 2018.

Under Rob Pitcher, we anticipate following the same strategy with two strong but differing brands which we will continue to grow. Since the period end, we have opened Revolution Glasgow and Revolución de Cuba Southampton with both trading in line with expectations. We expect to deliver five new openings in the first half, with an additional three sites expected to open prior to the end of November 2018 to benefit from the important Christmas trading period.

The strength of our new venue pipeline and good overall returns of our new sites give us confidence in the brands and achieving further growth. Rob Pitcher's operational and executional focus, the recently strengthened operations teams, and the good range of initiatives planned or being implemented means that our belief in the potential of the business is undiminished.

Keith Edelman
Chairman
2 October 2018

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SOUTHAMPTON

CONVERSION OF TWO FORMER RETAIL UNITS INTO A REVOLUCIÓN DE CUBA. OPENED SEPTEMBER 2018. TWO-FLOOR OPERATION COVERING 5,000 SQUARE FEET OF DRINKING AREA. INCLUDES AN EXTERNAL AREA. VENUE SITS IN THE TRADITIONAL ENTERTAINMENT CIRCUIT.

£1.4 MILLION INVESTMENT.

WE CONTINUE TO INNOVATE OUR PRODUCT IN ORDER TO **IMPROVE THE APPEAL OF OUR BRANDS**

MY IMMEDIATE FOCUS IS TO RESTORE SALES AND PROFIT GROWTH TO OUR CORE TRADING ESTATE AS I BELIEVE THERE IS SIGNIFICANT OPPORTUNITY TO DELIVER THIS OVER THE COMING MONTHS."

THERE IS SIGNIFICANT POTENTIAL AND PROMISE AS WELL AS A ROUTE BACK TO THE 18 CONSECUTIVE QUARTERS OF LIKE-FOR-LIKE SALES GROWTH.**"

Introduction

I joined the business six days before the end of the financial year with the last few months seeing significant activity while I looked into and reviewed every aspect of the business to properly understand the key challenges facing the Group. I deduced that the Group has two strong brands which can be operated significantly better and have been affected by the long period of uncertainty and major operational management change.

At the end of August, we held a two-day conference enabling me to meet the management teams of all our sites. That, alongside the 50 sites I have visited so far, has confirmed that the Company's vision and values are alive across the Group and our employees. The conference outlined my plans for refocusing the business on delivering for our customers, our teams, and our shareholders.

There is significant potential and promise as well as a route back to the 18 consecutive quarters of like-for-like sales growth** that ended in the second half.

Our new openings are impressive and performing well and our development teams are creative in producing venues of great character and difference, standing them apart from the competition.

My first report as CEO sets out my early thoughts on our strategy and our priorities for taking the business forward and returning to like-for-like sales growth**.

Our strategy:

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

> driving continued profit improvement across our existing estate; and

> expanding the footprint to new and profitable locations.

I believe a continuation of this strategy is the right approach. Historically, the Group's brands have led their market segments, but sustained success is delivered by focusing on the detail of our customer proposition – something that has waned due to management distractions and operational management change.

My immediate focus is to restore sales and profit growth to our core trading estate as I believe there is significant opportunity to deliver this over the coming months.

Within this, the Revolution customer proposition is the key focus area and work is underway to review all customer touch points to ensure that we are delivering a premium experience. The Revolución de Cuba customer proposition is much clearer and is continuing to deliver well; it is differentiated in its market place and has a stronger focus on food, and a slightly more mature and affluent customer profile.

Building customer loyalty

Today's market conditions require an even stronger focus on engaging with our customers. Digital developments and innovations will aid in unlocking this potential. We will deliver this in a number of ways:

> We appointed a new and award-winning social media agency in Social Chain, having recognised our digital platforms have not kept pace with the rapid changes in customer behaviours. Email communication is now of limited benefit and shifting resources to social engagement will enable better communications with our target customer base.

> Feedback data has been too focused on a single channel, Trip Advisor, distorting our view of the customer experience. In mid-September, we launched Reputation.com across the business to provide a broader view of the Group's online reputation by capturing all review websites and allowing on-site management to respond from one dashboard. A further benefit is that this provides local and national benchmarking against the top quartile of our sites, facilitating management focus on driving the business forward and truly delivering for the customer.

> Our customers now expect a seamless digital journey, and we have developed an online table booking system planned for roll-out across the business pre-Christmas. This will allow customers to book a table in any of our bars and the system is integrated with and complements our central pre-booking systems.

> Food delivery represents a significant opportunity, and we are looking to further develop our existing relationships with delivery partners to maximise revenue potential. We are also looking to develop click and collect capabilities via our website and social channels.

> Although our cocktail masterclasses remain as popular as ever and are a significant source of like-for-like growth**, that rate of growth has slowed. The events are synonymous with the brand and have become a real differentiator, providing a unique customer experience that is both fun and premium. With some of our competitors now offering similar experiences we have to identify new ways to innovate and add creativity to this important competitive socialising format. I am excited to see how the team further develops this offering.

> We have invested additional resources in our central sales teams and corporate sales managers to provide further support and training to locally based sales teams. This is producing encouraging results with committed revenue for the vitally important Christmas trading period 20.3 per cent ahead of last year.

> We are also working with a consultancy to further refine the Revolution brand proposition, ensuring we provide customers with the best premium bar experience on the high street. We expect to start trials on the recommendations in early 2019.

CHIEF EXECUTIVE OFFICER'S STATEMENT CONTINUED

Driving profit improvement from existing sites

Given the cost headwinds our sector has and continues to face – National Living Wage, Apprenticeship Levy, business rates and rent rises – this strategic pillar requires ever increasing rigour and creativity. Key priorities in the coming year are:

- A renewed operational focus: I intend to be very "hands on" as this will best leverage my experience of managing other turnaround brands and enable me a faster understanding of how best to improve the quality of operational management. As a result, the role of Chief Operations Officer, vacated due to resignation earlier in the year, will not be replaced. Our Operations Directors will now report directly to me. We have also appointed a third Operations Director, having operated with only two for over six months, and employed a Property Director following resignation earlier in the year.
- Refreshing the food offering: Our new food menu launched in Revolution bars in mid-September and is the biggest refresh of our food offer in recent years, representing a fundamental shift in both quality and presentation. The menu introduces a theatrical element, creating the fun and excitement that are integral to our brand ethos. Responding to customer trends, 40 per cent of the new menu is suitable for either vegan or vegetarian customers, an increasingly important factor for us given our young professional customer base. Following the success of a weekend brunch offer in a number of Revolución de Cuba sites, a similar offer will be introduced to Revolution in the coming months, creating a brand-new trading session for the Revolution brand.
- I believe there is a significant opportunity to create value through the pricing models that we currently employ, and have instigated a review of our current pricing across the business. This will ensure we are optimising our margin while delivering increased value to our customers.
- Premiumisation and creativity of our drinks range, particularly cocktails, continues. We launch four new cocktail menus each year, the latest being the beginning of September. We collaborate closely with the brand owners of premium spirits who are keen to associate their products with our businesses and provide significant marketing support. They help us to innovate and allow us to see other offerings from around the world to aid in elevating our offering.
- Re-establish our market-leading position for Friday and Saturday night entertainment. We researched what the best party nights look like and are in the process of trialing new initiatives at three sites. We have also appointed an established agency to provide a more consistent, improved and on-brand offer for live music and DJs. The early signs are encouraging.
- Continued cost controls: As part of our cost reduction programme, we implemented labour scheduling software at the beginning of Q4 in FY18; however, engagement at venue level has been disappointing. In the coming months, we will be working hard to ensure that the benefits of the system are fully realised. During the period, average hourly wage rates increased by 3.7 per cent due to statutory increases in the National Living and National Minimum Wage. A further 1.0 per cent increase in employer's pension contributions applied from 1 April. The increase in total venue labour costs at like-for-like** sites was limited to 1.7 per cent due to improvements in deployment driving labour efficiencies.
- Energy costs have been an important focus in recent months following the appointment of consultants. Their work has only just commenced; however, we are already seeing benefits through monitoring consumption on a daily basis and site surveys that identify fast paybacks from carefully focused investments in equipment replacement, LED lighting, and energy saving devices.
- A new accounting system providing the business with far improved management information is being installed. This will be vital in highlighting further efficiency opportunities for the business.

Expansion of our estate

Our property team is driving significant value through high quality site selection and property development. Innovation and creativity are key attributes of their work, and the team has the vision to take unique buildings with interesting but often challenging space, see the potential, and deliver inspiring backdrops for our brands which are very different to those of our competitors. A number of recent developments have roof top bars and/or retractable roofs, creating inside/outside areas.

During the reporting period, we opened six new venues, three Revolutions and three Revolución de Cuba sites.

Since the end of the reporting period, we have opened Revolution Glasgow (Mitchell Street) and Revolución de Cuba in Southampton. Both are stunning developments with great potential. Three further openings are planned before the end of November, meaning the Group will trade from 79 venues.

Our pipeline of new sites remains healthy and we have many exciting prospects including two sites that could open in the second half of the FY19. In the short term, we intend to take a slightly more cautious approach to new sites given that we believe our immediate priority and management focus must be to return our existing business to growth. This may also necessitate an increased focus on the refurbishment of the existing estate, particularly if our work on the customer proposition and late night entertainment identifies that remedial actions requiring capital investment are required in order to drive like-for-like growth**.

Employees and management teams

I would like to acknowledge the dedication and commitment demonstrated by our 3,000-strong team. I have been impressed with the calibre of our people in our sites and the support centre and their commitment to our brands.

The last year has presented some extraordinary challenges that will have tested many of our teams; however, I am confident that their continuing hard work and support will yield improved performance in the near future. I would also like to thank all of our employees for their warm welcome when I joined the business and I am hugely looking forward to working with them in the coming years.

Rob Pitcher
Chief Executive Officer
2 October 2018

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GLASGOW

CONVERSION OF AN EXISTING LICENSED CLUB IN A PROMINENT LOCATION IN CENTRAL GLASGOW INTO A REVOLUTION. CLOSE BY THERE ARE MANY CASUAL DINING RESTAURANTS AND MAJOR WET LED OPERATORS. COVERING A TWO-FLOOR OPERATION. SIGNIFICANT REMODELLING TO THE CURRENT LAYOUT WAS REQUIRED CONVERTING AN EXISTING RETAIL UNIT ON THE GROUND FLOOR TO BE PART OF THE LICENSED DEMISE.

£1.9 MILLION INVESTMENT.

OUR MARKETS

The United Kingdom has over 330,000 licensed premises with many different styles of operation; many operate as clubs and bars, many predominantly as restaurants and many as hotels.

The total pub and restaurant market is estimated as being worth £88 billion (source: MCA Eating Out Report 2017). The market is very competitive with relatively low barriers to entry and a multitude of brands.

Brands differentiate themselves through theming, quality of operation and customer focus.

Markets overview

Our market is evolving at a rapid pace due to a number of factors and is polarising between value operators and premium operators but in all cases a clear customer proposition and great service standards are critical for brand credibility and customer loyalty.

OUR RESPONSE TO MARKET TRENDS

A focus on premium brands

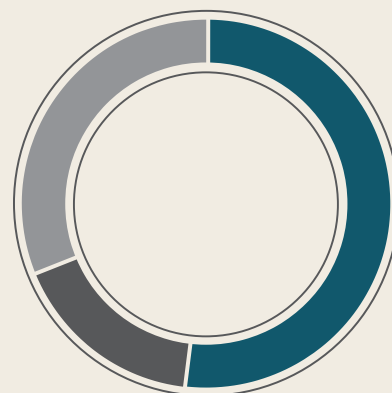
The Group's brands seek to operate towards the top end of the market by offering premium products with a value-added focus through providing an extensive range of innovative cocktails and food presented and served with flair and style in a quality, modern, cool and fun environment.

GIN AND SUPER PREMIUM RUMS

ARE THE FASTEST GROWING CATEGORIES

Well invested estate

£14.2 MILLION CAPITAL EXPENDITURE IN THE PERIOD:



2018 openings	£7.4m
2019 openings	£2.4m
Existing estate	£4.4m

Increasing our digital footprint

- Digital marketing remains at the heart of the Revolution Bars Group marketing strategy. Whilst the focus remains on the communication strategy to our 1.1 million Facebook fans across Revolution and Revolución de Cuba, our Instagram following is growing at a pace and is now up to 77k Instagram users.
- The Group has entered into a strategic partnership with a new social media agency in the summer of 2018, Social Chain, which will provide further growth, engagement and reach to our key markets whilst supporting our local social media strategy.
- Launch of the new Revolución de Cuba website in January supported a 32 per cent increase in traffic with 1.4 million visits.
- Revolution website traffic was 3.6 million users (up +14 per cent); however, a new website will be launched in February 2019 to help support the booking strategy as well as providing our customers with an improved user journey and easier access to information surrounding Revolution.

Meeting customer demand

Our locations

As at the date of this report we operate 76 bars across the UK under both the Revolution and Revolución de Cuba brands. Three more bars are planned to open by the end of November 2018. Our bars are situated in town and city centres with some large cities hosting multiple versions of the Revolution brand. There is, therefore, significant scope for expansion.

POTENTIAL FOR 150 SITES

WE BELIEVE THERE IS THE POTENTIAL TO GROW OUR ESTATE TO 150 BARS

OUR BUSINESS MODEL

Our business model is to maintain strong cash generation from our existing estate of bars and to invest the surplus cash generated through a carefully targeted roll-out of new bars for 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 opportunities. As at the date of this report we trade 76 bars with a further three bars scheduled to open by the end of November 2018. Our bars are located predominantly in town or city centre high streets.

Our operating brands

Two distinct and differently themed brands but with common delivery styles

- Tailored design and bespoke layouts in buildings of style and character
- Outstanding customer service with an emphasis on fun
- Premium quality products served in a style that exudes flair and innovation

1

Customer focus

Revolution's primary customer focus is on 18–25 year olds who are looking for a fun and party atmosphere. During the daytime, the brand's focus on food has a broader appeal.

Revolución de Cuba's focus is on a slightly more mature and discerning customer.

The female customer is at the heart of our propositions and therefore we strive to ensure that our environments are clean, well maintained, safe and properly supervised and that our product offers and service quality are consistent with a premium operation.

A RECORD YEAR OF REVOLUTION LOYALTY CARD SALES

£230K +15%

Read more in our Financial Review Pages 20–24

2

Skilled staff

The Group's training and development activity ensures we maintain a strong pipeline of managers to lead and grow the business. A variety of development tools, maximising technology where appropriate and combined with our ACE Customer Service training programme, takes 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.

400 MEMBERS OF STAFF

ATTENDED THE 2018 CONFERENCE

Read more on Sustainability Page 26

3

Premium products

The high value associated with our retail brands by our core customer groups drives significant levels of loyalty and frequency of visit. Our Revolution bars have been trading since 1996 and are a destination of choice for customers who value our innovative food and drinks menus based around premium branded products in a fun and entertaining environment. The success of our Revolución de Cuba brand is driven by the Cuban-inspired backdrop and theming offering innovative cocktails, food and live music to a wide range of customers. We do not lose sight of the fact that, above all else, most of our customers come to us for a good night out. What we are actually selling are good times and fun, happy experiences, the delivery of which requires us to get all facets of our operation and brand standards operating consistently at a premium level.

OVER 120

NEW BESPOKE COCKTAILS ACROSS BOTH BRANDS

4

National estate

We have a trading portfolio of 76 bars located predominantly in town or city centre high streets operating under the Revolution and Revolución de Cuba brands. We regularly review new bar opportunities against rigorous and proven investment criteria and believe that there is scope for 150 of our branded bars in the United Kingdom. The Group continues to develop a strong pipeline of new sites and expects to open at least five new sites each year.

6

BARS OPENED IN FY18

Read more about our new bars

Southampton, Revolución de Cuba **Page 7**

Glasgow, Revolution **Page 11**

Birmingham, Revolución de Cuba **Page 17**

Newcastle Revolución de Cuba **Page 23**

5

Compelling marketing

The Group's focus on a relatively young customer demographic requires leading-edge communication and marketing. The Group has recently reviewed its agency partners and has contracted with Social Chain, which is one of the fastest growing and most well-respected marketing agencies in the UK, and which happens to be led by a former Revolution bartender. We have an exclusivity arrangement in place with Social Chain and are working with it to significantly improve the quality, style and innovation of our digital presence.

1.2M

SOCIAL MEDIA FOLLOWERS

6

Quality management

Our senior management team has experienced some significant challenges during the last year, which resulted in changes in personnel. The team has been strengthened substantially which leaves it well positioned to achieve some step changes in performance in the coming years.

MANAGEMENT TEAM POSITIONED FOR RETURN TO GROWTH

Read more about our Board Of Directors **Pages 30 and 31**

Read more about our Senior Management **Pages 32 and 33**

MAINTAIN STRONG CASH GENERATION FROM OUR EXISTING ESTATE OF BARS AND INVEST SURPLUS CASH THROUGH A CAREFULLY **TARGETED ROLL-OUT OF NEW BARS**

CUSTOMER EXPERIENCE

Strategic objective

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

To build customer loyalty by providing a seamless digital customer experience.

Performance in 2018

- Pre-bookings for Christmas 20 per cent ahead of last year
- Like-for-like pre-bookings for Christmas + 14 per cent
- Significant digital growth:
  - Facebook fans up 15 per cent
  - Website visits up 23 per cent

Future focus

- Food and drink innovation
- Late-night entertainment offer and focus on fun and atmosphere
- Quality customer service
- Recognising email communication is a limited benefit; we are working with a new digital engagement partner, Social Chain
- Data-driven strategy with a broad view on capturing more fully our online reputation

PROFIT IMPROVEMENT

Strategic objective

Continued profit improvement from existing sites.

Performance in 2018

- Gross margin improved by 10bps
- Revenue from like-for-like venues down £0.6 million
- Adjusted EBITDA £15.0m (FY17: £15.1 million)

Future focus

- Targeted efficiencies, focusing on key cost lines including payroll and energy
- Better targeting of discounts to improve gross margin
- Leverage marketing support from major drink brand owners

ESTATE EXPANSION

Strategic objective

Opening new profitable sites in growth locations.

Performance in 2018

- Three new Revolución de Cuba bars opened
- Three new Revolution bars opened
- Returns from new sites (opened more than 12 months) since IPO running at +28 per cent
- Growth potential for both brands:
  - Revolution to 100 sites
  - Revolución de Cuba to at least 50 sites

Future focus

- Two new bars opened already – Revolution Glasgow (Mitchell St) and Revolución de Cuba Southampton
- Three further openings planned before end November 2018
- Two good prospects for second half and strong pipeline building for subsequent years

KPIs

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

- like-for-like sales**;
- number of units opened;
- adjusted EBITDA***; and
- gross margin.

** 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, non-recurring opening costs and share-based payments (see reconciliation table on page 22 of the Financial Review).

BIRMINGHAM

CONVERSION OF PROMINENT LOCATION IN CENTRAL BIRMINGHAM INTO A REVOLUCIÓN DE CUBA. CLOSE TO CASUAL DINING RESTAURANTS AND MAJOR WET LED OPERATORS. OPENED MARCH 2018.

THE VENUE HOUSES A SIGNIFICANT TWO-FLOOR OPERATION. SIGNIFICANT REMODELLING OF THE BUILDING WAS REQUIRED INCLUDING CONVERTING AN EXISTING RETAIL UNIT ON THE GROUND FLOOR AND THE OLD LAW LIBRARY ON THE FIRST FLOOR.

CAPITAL INVESTMENT £1.4 MILLION.

PRINCIPAL RISKS AND UNCERTAINTIES

We believe that the principal risks and uncertainties faced by the business are set-out 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.

Risk management framework

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 significantly more profit than others and overall 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 three mitigating actions to this risk: (i) operational managers are focused on the maintenance of operating profit of economically significant sites; (ii) these sites benefit from an annual refresh to ensure decor is maintained to the highest standards; and (iii) growing the size of the business through new sites reduces the Group's exposure to the fortunes of individual sites.
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 sufficient resources to ensure the investigation of all new site opportunities. A wide selection of property agents has also been briefed. Public company status and a relatively low level of third-party debt is attractive to potential landlords, enhancing the Group's covenant.
Consumer demand	
The eating-out and drinking-out markets are dependent on the consumer's disposable income. Macroeconomic factors, such as employment levels, interest rates and consumer confidence, are 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 in response to macroeconomic influences. Pricing, discounting, marketing and promotional activity can all be adjusted quickly if necessary. Furthermore, the Group's proposition is not based solely on selling 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.

Underlying cause of risk	Response and mitigation
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 pressure 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 solely on price. Environment, use of premium products, innovative serves and entertainment all combine to attract those customers looking for a good experience and therefore willing to pay more. Discounting risks are, at least in part, therefore mitigated.
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 poor execution of operating policies and procedures 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 on a five-yearly cycle by reference to open market rents prevailing at the time of the review. Most leases stipulate upward-only increases. Substantial increases in market rents may arise as a result of other events in the locality and agreements with other operators that are beyond the control of the Group. Thus rent reviews may impair the net profitability of the relevant site and 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, i.e. there is no conflict of interest. Some mitigation arises due to rent reviews being spread out geographically and in terms of their timing such 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 is the Group's principal supplier. 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 is the best supplier. Matthew Clark operates nationwide whereas other drink wholesalers do not. Prior to 2018, it had a long history and good service record with the Group and the Group is an important customer. Mitigation is derived from a four-year deal (to December 2021) and through the Group's principal commercial deals with brand owners and not being dependent on the identity of the distributor. The Group has in place a contingency plan, which was tested to the full earlier this year when Matthew Clark's parent company entered into administration. For several weeks, the Group was supplied by an alternative supplier. Whilst this event was disruptive, there was no significant break in supply and the Group does not believe its sales were adversely impacted.
National Minimum/Living Wage	
A significant proportion of venue-based staff are affected, directly or indirectly, by wage legislation. Recent years have seen rises above inflation imposed on the business and given the pronouncements of political parties, this looks set to continue. Increased wage rates could impair site profitability.	Wage rate increases can be mitigated by reductions in the number of hours worked. However, the Group's customer proposition is dependent on high levels of service and therefore management is acutely aware that it should not cut hours in a way that impacts the customer. However, technology is being introduced to deploy staff more effectively and to streamline back office processes that will help mitigate wage increases. Also, to some extent small increases in selling prices may be possible to help cover increased costs.

FINANCIAL REVIEW

Reduction in EBITDA margin is predominantly the result of the reduction in like-for-like** sales whilst costs have increased significantly as a result of National Minimum Wage pay rates and higher overheads on both rent and particularly general rates.

Summary

> Revenue for the period was £141.9 million (2017: £130.5 million), an 8.7 per cent increase compared with the prior period.

> Revenue from like-for-like** venues decreased on the prior period by 0.6 per cent.

> The underlying result, as measured by adjusted EBITDA***, was £15.0 million (2017: £15.1 million), a decrease of 0.4 per cent.

> The Group incurred an operating loss of £3.0 million (2017 Restated*: profit £5.5 million) but this was after charging exceptional items of £11.1 million (2017 Restated*: £2.3 million).

* Restated – see Note 1(b) of the consolidated financial statements for an explanation and analysis of the prior period adjustments included in respect of the profit for the 52 weeks ended 1 July 2017.

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

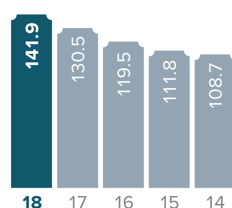
*** Adjusted EBITDA excludes exceptional items, bar opening costs and share-based payments (see reconciliation table on page 22 of the Financial Review).

Prior period adjustments

The financial statements include three prior period adjustments resulting in a restatement of financial statements for the 52 weeks ended 1 July 2017. These adjustments relate to the methodology applied to undertake asset impairment reviews, the redesignation of a deferred tax credit as a prior period adjustment and recognition of the interest charge associated with a movement on the provision for onerous leases. These adjustments are detailed in the Note 1(b) to the financial statements. In aggregate, the effect of the prior period restatement is to reduce net assets at 2 July 2016 by £4.5 million. The cumulative effect of the restatements is to reduce profit after tax for the period ended 1 July 2017 by £0.3 million and to reduce net assets as at 1 July 2017 by £4.8 million.

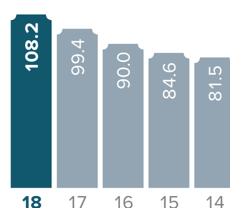
Revenue £m

£141.9m



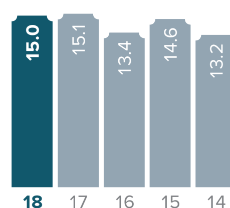
Gross margin £m

£108.2m



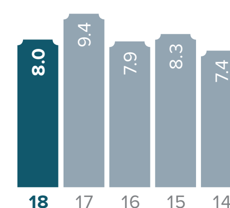
Adjusted EBITDA*** £m

£15.0m



Adjusted PBT*** £m

£8.0m



Throughout this report, the 2017 comparatives are described as "Restated" which means they are adjusted for prior period adjustments.

Results

Revenue for the period was £141.9 million (2017: £130.5 million), an 8.7 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 six new sites opened in the prior period offset by lower sales from established sites. Revenue from like-for-like** venues decreased on the prior period by 0.6 per cent.

The Group incurred an operating loss of £3.0 million (2017 Restated*: profit £5.5 million) but this was after charging exceptional items of £11.1 million (2017 Restated*: £2.3 million).

The underlying result, as measured by adjusted EBITDA***, was £15.0 million (2017: £15.1 million), a decrease of 0.4 per cent. This reflects an adjusted EBITDA margin of 10.6 per cent of revenue compared with 11.6 per cent in the prior period (Restated*). The reduction in EBITDA margin is predominantly the result of the reduction in like-for-like** sales whilst costs have increased significantly as a result of minimum wage pay rates and higher overheads on both rent and particularly general rates following the first full period post the 2017 rating revaluation.

Year-on-year cost increases at venues opened pre-July 2017 included wages of +£0.6 million (up 1.9 per cent), rent of +£0.4 million (up 4.1 per cent) and general property rates of +£0.6 million (up 14.1 per cent). These cost increases were mitigated by improved gross margin (+0.2 percentage points) and savings in marketing (down £0.7 million) and insurance (down £0.2 million).

The restatements of the key comparative measures for the 52 weeks ended 1 July 2017 are set out below:

	As originally published £m	Restated* £m
Statutory measures		
Operating profit	**3.7**	5.5
Profit on ordinary activities before taxation	**3.6**	5.2
Profit and total comprehensive income for the period	**4.1**	3.8
Basic earnings per share (pence)	**8.2**	7.7
Non-GAAP measures		
Adjusted EBITDA***	**15.1**	15.1
Adjusted operating profit***	**9.5**	9.6
Adjusted profit before tax***	**9.3**	9.4
Adjusted earnings per share (pence)***	**14.2**	14.6

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

	Number of venues	2018 £m	2017 Restated* £m
Adjusted EBITDA***			
Venues opened pre-July 2017	61	**20.7**	21.7
Venues opened in prior period	6	**1.3**	0.8
Venues opened in current period	6	**0.8**	—
Other non-like-for-like venue	1	**(0.2)**	(0.3)
Adjusted EBITDA from venues	74	**22.6**	22.2
Central support costs		**(7.6)**	(7.1)
Adjusted EBITDA		**15.0**	15.1

SIX VENUES OPENED IN THE CURRENT PERIOD, ACHIEVING TOTAL REVENUE IN THE PERIOD OF £7.0M AND ADJUSTED EBITDA*** OF £0.8M WHICH EQUATES TO 11.4% OF REVENUE."

FINANCIAL REVIEW CONTINUED

Results continued

Of the six venues opened in the prior period, four Revolución de Cuba venues opened in the first half and two Revolutions opened towards the end of the second half. Five of these sites have performed to expectation but Revolution Torquay (opened May 2017) has fallen significantly short particularly during outside the tourist season and has dragged down the overall performance of investments in the prior financial period. A different strategy is to be adopted for this site including lowering the operating costs during the winter months and a different marketing approach to improve daytime trade. EBITDA conversion from this group of investments was 11.6 per cent, significantly below the ultimate target of 20 per cent. Whilst profit conversion will continue to improve as these sites mature a turnaround of the Torquay performance will be crucial if this group is to achieve target.

Six venues opened in the current period: Revolución de Cuba in Belfast early in the period with three Revolutions in Solihull, Inverness and Putney opening just before Christmas at the end of the first half; two further Revolución de Cuba venues opened during the second half, in Birmingham just before Easter and in Newcastle-upon-Tyne just two days before the period end. These venues achieved total revenue in the period of £7.0 million and adjusted EBITDA*** of £0.8 million which equates to 11.4 per cent of revenue. The three Revolución de Cuba venues are large sites and all are trading strongly, and EBITDA conversion is expected to improve over an extended period consistent with earlier large Revolución de Cuba openings. The Board is confident that this group of sites will achieve in excess of the targeted EBITDA conversion of 20 per cent.

	2018 £m	2017 Restated* £m
Reported pre-tax (loss)/profit	**(3.6)**	5.2
Exceptional items	**11.1**	2.3
Bar opening costs	**2.0**	1.4
(Credit)/charge arising from long-term incentive plans	**(1.5)**	0.5
Adjusted pre-tax profit	**8.0**	9.4
Add back finance costs	**0.5**	0.3
Add back depreciation	**6.5**	5.4
Adjusted EBITDA	**15.0**	15.1

Central costs represent 5.3 per cent revenue compared to 5.4 per cent in the prior period and equate to £103k per venue.

The Group reported a pre-tax loss for the period of £3.6 million (2017 Restated*: profit £5.2 million). The reported result for the period has been significantly impacted by exceptional items £11.1 million (2017 Restated*: £2.3 million), bar opening costs for new venues of £2.0 million (2017: £1.4 million) and a credit arising from long-term incentive plans of £1.5 million (2017: charge £0.5 million). The Board's preferred profit measure is adjusted pre-tax profit, which excludes exceptional items, bar opening costs and credits/charges arising from long-term incentive plans, all of which can fluctuate significantly from year to year and serve to distract from the underlying performance of the business. On this basis, adjusted pre-tax profit was below the prior period at £8.0 million (2017 Restated*: £9.4 million).

REVENUE FOR THE PERIOD WAS £141.9M (2017: £130.5M), AN 8.7% INCREASE COMPARED WITH THE PRIOR PERIOD. THE REVENUE INCREASE COMPRISED PART-PERIOD CONTRIBUTIONS FROM SIX NEW SITES OPENED DURING THE PERIOD AND THE ANNUALISATION OF SIX NEW SITES OPENED IN THE PRIOR PERIOD OFFSET BY LOWER SALES FROM ESTABLISHED SITES."

Exceptional items and bar opening costs and accounting for long-term incentive plans

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 £11.1 million (2017 Restated*: £2.3 million) were associated with the takeover and merger approaches received from the Stonegate Pub Company Limited and the Deltic Group Limited during the first half of the reporting period, the resignations of the Chief Executive Officer ("CEO") and Chief Operating Officer ("COO") and the recruitment of a replacement CEO, additional resourcing to support the review of accounting policies, a fixed assets impairment charge and an increase in the provision for onerous leases. A full analysis of the costs associated with each of these items together with the items charged in the comparative period is given in Note 3 to the financial statements. £7.8 million of the exceptional costs are non-cash items (2017: £1.9 million).

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 most significant element of these costs relates to property overheads incurred between signing the lease and opening for trading. Whilst six venues were opened in the reporting period, the total charge also includes £0.6 million in respect of the five venues opening in the first half of the subsequent reporting period (all by mid-November 2018). Two of these sites have been subject to significant delay since the leases were signed and have contributed significantly to these extra costs: Revolution Glasgow, which opened towards the end of August 2018, was delayed by several months due to issues obtaining the building warrant and Bristol has been delayed by a licensing issue but will open in October 2018.

NEWCASTLE

CONVERSION OF TWO OLD BARS/CLUBS INTO A REVOLUCIÓN DE CUBA IN THE HEART OF NEWCASTLE CITY CENTRE. OPENED JULY 2018.

A FANTASTIC THREE-FLOOR OPERATION WITH A ROOFTOP TERRACE.

THIS PROPERTY IS SITUATED PROMINENTLY BETWEEN GREY STREET AND COLLINGWOOD STREET WHICH MEANS WE CAN ATTRACT EXCELLENT DAY AND NIGHT-TIME TRADE.

THE CAPITAL INVESTMENT TOTALLED £1.8 MILLION.

Exceptional items and bar opening costs and accounting for long-term incentive plans continued

(Credit)/charge arising from long-term incentive plans resulted from the resignation of the CEO and COO, both of whom received significant share option awards at the time of the initial public offering ("IPO") in March 2015. A number of other senior managers in receipt of significant awards at the time of the IPO also resigned during the period. The cumulative charges made in earlier reporting periods in respect of these individuals were reversed on their resignations. This is also a non-cash item.

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, bar opening costs that are a function of the timing of the new venue development program rather than the underlying trade and charges relating to long-term incentive schemes which tend to reflect changes in the management team rather than being a measure of performance.

Finance costs

Finance costs of £0.55 million (2017: £0.3 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, the amortisation of arrangement fees over the life of the facility and interest on the movement in the onerous lease provision. The Group has a revolving credit facility of £25 million that is committed to December 2021. The facility provides flexibility in managing the timing of capital investments so that good opportunities are not foregone and also provides headroom against unforeseen short-term trading issues. At the end of the period, loans of £15.5 million (2017: £7.5 million) were outstanding on the revolving credit facility.

Taxation

The current period shows a tax credit of £0.7 million (2017 Restated*: charge £1.4 million) due mainly to tax relief arising from exceptional items and high levels of capital investment supporting capital allowance claims in excess of depreciation. Corporation tax on profits in the current period is a credit of £0.5 million (2017 Restated*: charge £0.9 million) and a net deferred tax credit of £0.2 million arising from timing differences (2017 Restated*: charge £0.5 million).

Capital expenditure and returns on invested capital

The Group invested £14.2 million (2017: £12.9 million) in total during the period of which £9.8 million (2017: £8.6 million) related to new venues and £3.8 million (2017: £3.7 million) related to developing and maintaining the existing estate. A further £0.6 million was spent on computers and IT related items (2017: £0.5 million). £2.4 million of the expenditure on new venues related to venues that will open in the months following the end of the reporting period – Revolution Glasgow (August 2018), Revolución de Cuba Southampton (September 2018) and Revolución de Cuba Bristol (October 2018). The latter venue included a lease premium that was paid earlier in 2018. The comparable position at the end of the 2017 reporting period was spend of £1.5 million in respect of 2018 openings.

The six venues opened in the prior period generated adjusted EBITDA*** in the current period of £1.3 million. The capital development cost for these six venues was £7.1 million producing a return on capital of 18 per cent during the current reporting period (adjusted EBITDA*** divided by capital cost). As indicated in the results section, the performance of this group of investments is being held back by one significantly underperforming venue. Six venues opened in the current period at a cost of £8.8 million. These venues are trading well and expected to achieve an overall return of at least 30 per cent at maturity.

Operating cash flow and net debt

The Group generated net cash flow from operating activities in the period of £10.2 million, £0.6 million more than in the prior period (2017 Restated*: £9.6 million). This was mainly attributable to lower corporation tax payments £0.6 million (2017: £1.1 million). Capital investments of £14.3 million (2017: £12.8 million), dividends £2.5 million (2017: £2.5 million) and interest £0.5 million (2017: £0.2 million) resulted in a net cash outflow in the period of £7.1 million (2017 Restated*: £5.9 million) and opening net debt of £4.4 million moving to a closing net debt position of £11.5 million. Net cash outflow for 2017 was restated due to customer credit and debit card transactions that have not yet cleared the bank account at period end but relate to sales within the period which have historically been treated as cash and cash equivalents in the statement of financial position and cash flow statement. These amounts are now reported as receivables rather than cash and cash equivalents.

(Loss)/earnings per share

Basic (loss)/earnings per share for the period was (5.7) pence (2017 Restated*: 7.7 pence). Adjusting for exceptional items, non-recurring opening costs and (credits)/charges arising from long-term incentive plans results in an adjusted earnings per share for the period of 13.0 pence (2017 Restated*: 14.6 pence).

Dividend

The Board has recommended a final dividend of 3.3 pence per share (2017: 3.3 pence per share), which is to be proposed at the Company's AGM on 26 November 2018.

Mike Foster
Chief Financial Officer
2 October 2018

* Restated – see Note 1(b) of the consolidated financial statements for an explanation and analysis of the prior period adjustments included in respect of the profit for the 52 weeks ended 1 July 2017.

** 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, bar opening costs and share-based payments (see reconciliation table on page 22 of the Financial Review).

THE GROUP'S ACTIVITIES PRIORITISE OUR PEOPLE, RESPONSIBLE RETAILING AND CHARITY

People

The Group employs around 3,200 people and, through its proven growth strategy, is committed to creating rewarding 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 On line 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.

Our talent attraction strategy ensures that we provide a compelling reason for experienced hospitality team members to join the Group. During the last year two highly experienced senior operations managers have joined the business from other organisations within the sector. The balance of developing internal talent with a strong attraction strategy for experienced individuals from outside the Group is helping to broaden the skills and knowledge base of the teams.

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. Twice 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 direction for the year to come, create a strong network amongst peers and 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 110 days of classroom-based management development training courses during FY18, providing access to full-day training courses to over 1,500 people. This was supplemented by e-learning programmes. The Group is committed to equal opportunities and the elimination of discrimination, harassment and victimisation of employees. Of our workforce, 44 per cent are female and 56 per cent are male.

In addition to competitive pay rates, there is a suite of reward and incentive schemes, investing around one 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. An employee assistance programme is provided to all managers to assist them with issues that might be impacting their wellbeing.

The Group's performance as an employer is measured twice yearly through our internal "Quality of Life" survey. The 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.

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 products 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.

The new food menu launched in Revolution bars in September 2018 contains a significant number of dishes appropriate for vegetarians, vegans and those with other food intolerances, in order to appeal to this increasing market trend, which resonates with a significant proportion of our customer base.

CORPORATE AND SOCIAL RESPONSIBILITY STATEMENT CONTINUED

Charity

Early in 2018, the Group decided that, as part of its social responsibility agenda, it should support a nominated charity. In direct response to feedback from a significant number of our employees, Shelter, the housing and homelessness charity, was selected and the Group has formally committed to raise £100,000 on behalf of the charity in the year. Our employees told us that homelessness was a matter of serious concern to them given the frequency with which they encounter those who are homeless on their way home when they leave our venues late at night. Most of the funds committed will be raised by our employees undertaking sponsored events.

The Group also has a programme designed to promote other charitable activity within its workforce. The scheme, called “You raise it, we match it”, rewards funds raised by staff for other charities and matches what they have raised.

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. All new sites and major refurbishment projects include fitting energy-efficient lighting and other control devices in order to minimise energy consumption. Smart meters have been fitted throughout our estate to allow monitoring of consumption on a daily basis. During the year, the Group appointed Energise as its energy consultants to work with the Group on all aspects of minimising energy consumption and the cost of energy.

Greenhouse gas emissions

We report Scope 1 and 2 emissions defined by the Greenhouse Gas Protocol as follows:

- Scope 1 (direct emissions): combustion of fuel and operation of facilities; and
- Scope 2 (indirect emissions): combustion purchased electricity, heat or steam.

Greenhouse gas emissions data

The reporting of greenhouse gas emissions is for the 52 weeks ended 30 June 2018 to mirror our financial reporting period. Reporting follows the requirements of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 and uses conversion factors published by DEFRA.

Emission type:	2017–18 CO_2e tonnes
Scope 1: operation of facilities	**—**
Scope 1: combustion	**1,836**
Total Scope 1 emissions	**1,836**
Scope 2: Purchased Energy	**10,303**
Total Scope 2 emissions	**10,303**
Total emissions	**12,139**
Greenhouse gas emissions intensity ratio	**85.5 t/£m**
Revenue (£m) – calendar year	**141.9**

Scope and methodology

- This includes emissions under Scope 1 and 2, except where stated, but excludes any emissions from Scope 3.
- We exclude fugitive emissions from our operation of facilities reported number due to the availability of records.
- This report is based upon location-based factors.

Anti-bribery and corruption policy

The Group has in place an anti-bribery and corruption policy that has been approved by the Board and communicated through all heads of department and their teams. The policy requires transparency and the maintenance of an entertainment register that is regularly reviewed by the Board. Key suppliers have also been made aware of the policy.

Anti-slavery policy and human rights

The Group has in place an anti-slavery policy that has been approved by the Board. Suppliers are required to acknowledge the Group's policy and their obligation to adhere to it as part of any contractual arrangements.

The Group does not have a formal human rights policy but it is committed to conducting business with integrity and fairness.

On behalf of the Board

Mike Foster
Company Secretary
2 October 2018

CONFERENCE **2018**

IN AUGUST 2018, 400 MEMBERS OF THE OPERATIONS MANAGEMENT AND SUPPORT TEAMS WERE BROUGHT TOGETHER. THEY WERE JOINED BY SUPPLIERS WHO WANTED TO BE A PART OF SOMETHING SPECIAL. THE PURPOSE OF THE CONFERENCE WAS TO RECOGNISE THE SUCCESSES, INVOLVE PEOPLE IN UNDERSTANDING THE GROUP'S AMBITION AND PLAN HOW TO GET THERE WITH FUN ALONG THE WAY.

THE GROUP IS COMMITTED TO HIGH STANDARDS IN CORPORATE GOVERNANCE

Keith Edelman
Chairman

Introduction from the Chairman

This is the Company's fourth 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.

Compliance with the Code

Apart from the matters described below, 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 Board is aware of the 2018 revisions to the UK Corporate Governance Code applicable from 1 January 2019 and is already planning to ensure full compliance from that date.

Code provision	Area	Explanation
A.2.1	Separation of roles of Chairman and CEO	During the period Mark McQuater left the business. During the search for his successor, Keith Edelman, the Chairman exercised the role of "Interim Executive Chairman". Rob Pitcher was appointed CEO in June 2018 and from that point the roles of Chairman and CEO were separated.
C.3.1	Composition of Audit Committee	Keith Edelman serves as Chairman of the Audit Committee and during his tenure as "Interim Executive Chairman" in the year could not be considered independent. With the appointment of Rob Pitcher in June 2018 Keith is considered independent once again.

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

- The Board comprises a majority of independent Non-executive Directors, of which there are three including me as Non-executive Chairman (deemed independent on appointment), and two Executive Directors. However, following the resignation of the Chief Executive Officer ("CEO") in October 2017 and because of the small size of the Executive Board, I became Executive Chairman so as to be fully involved in the day-to-day running of the business, including the recruitment of a replacement CEO, until Rob Pitcher joined the Group in June 2018.

  Therefore, during the period between 17 October 2017 and 25 June 2018, the Board did not comprise a majority of independent Directors, having two Executive Directors and two Non-executive Directors, but in the circumstances the Board judged that my stepping up to the role of Executive Chairman for a short-term period was in the best interests of the Group and its stakeholders.
- Each Non-executive Director has a proven track record in business at a high level and has expertise of relevance to the Company.
- The Board and its Committee structure, as required for a listed company, have been implemented. The Audit Committee is required to fully comprise Non-executive Directors but I continued to be an active member of the Committee during the period when I was Executive Chairman and therefore the Group was not in compliance with this element of the Code during the period 17 October 2017 to 25 June 2018, during which time the Audit Committee met 3 times. The Non-executive Directors have provided critical challenge and support to the areas of the Group which they believe are of particular importance.
- We review regularly, and implement as necessary, any developments in corporate governance best practice and seek to apply them appropriately.

Michael Shallow, who was appointed just prior to the Company's listing on the London Stock Exchange in March 2015, serves as senior independent Non-executive Director and Chair of the Remuneration, Nomination and Audit Committees. Michael has advised the Board that he intends not to seek re-election at the forthcoming AGM and will stand down from the Board on that date. Jemima Bird will become senior Non-executive director from the date of the AGM. A search is underway for an additional Non-executive Director.

Each Director was selected to bring the range of public company, commercial and industry skills required to drive the Group forward. Additionally, the Board takes appropriate advice on governance matters from external advisers.

The remuneration policy for both Executive and Non-executive Directors is set out within the Remuneration Report which starts on page 38.

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

Keith Edelman
Chairman
2 October 2018

STRONG AND EXPERIENCED LEADERSHIP

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

Board Committees:
Audit; Remuneration; Nomination (Chair).

Relevant past experience:
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. Keith's previous executive 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).

Other appointments:
He is currently non-executive chairman of Pennpetroenergy Plc, a non-executive director of Headlam Plc and a non-executive director (and chairman of the audit committee) of the London Legacy Development Corporation.

Rob Pitcher
Chief Executive Officer

Appointment date:
25 June 2018

Board Committees:
Nomination.

Relevant past experience:
Rob has over 25 years' experience within the hospitality sector, most recently as divisional director restaurants at Mitchells & Butlers responsible for the Harvester, Toby Carvery and Stonehouse brands. Prior to joining M&B, Rob has held senior positions at many other leading hospitality companies including: Bramwell, Stonegate, Town & City, Laurel, Spirit and Scottish & Newcastle Retail.

Mike Foster
Chief Financial Officer

Appointment date:
2 June 2017

Board Committees:
None.

Relevant past experience:
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 over 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

Board Committees:
Audit (Chair); Remuneration (Chair); Nomination.

Relevant past experience:
Michael has performed 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 also 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.

Michael, who was appointed just prior to the Company's listing on the London Stock Exchange in March 2015 has advised the Board that he intends not to seek re-election at the forthcoming AGM and will stand down from the Board on that date. Jemima Bird will become senior Non-executive director from the date of the AGM. A search is underway for an additional Non-executive Director.

Jemima Bird

Independent
Non-executive Director

Appointment date:
19 December 2016

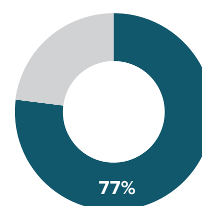
Board Committees:
Audit; Remuneration; Nomination.

Relevant past experience:
Jemima is a marketeer with more than 20 years' experience in many of the UK's leading high street brands. She formed Jbird consultancy in 2013. She is currently working with the Co-operative Group, which she rejoined in January 2016 as customer director having worked there previously in various branding and marketing roles from 1996 to 2008. Between 2010 and 2015, Jemima held board positions at Moss Bros plc, Tragus, the restaurant operator, and Musgrave Retail Partners (Budgens and Londis).

Skills directly relevant to our business

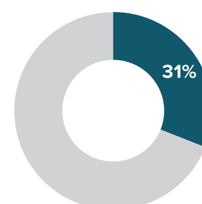
Leisure

77 per cent of our Board and senior management have experience in leisure businesses.



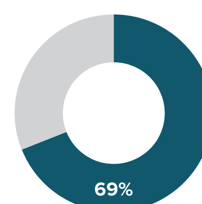
Marketing

31 per cent of our Board and senior management have experience in marketing businesses.



Operational

69 per cent of our Board and senior management have experience in operational businesses.



Mark McQuater, who held the position of Chief Executive Officer at the beginning of the period, resigned from the Board on 17 October 2017.

EXPERIENCE AND EXPERTISE

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.

Alex Stanhope

Group Property Director

Alex joined the business in August 2018 as Group Property Director. Prior to this Alex was the property director at the Deltic Group. During his career Alex has held a number of property-related roles starting in private practice for the likes of CBRE, with more recent client-side roles at Holland & Barrett as group head of estates and Halfords PLC. Alex has a degree in real estate management and is a member of the RICS. He is responsible for managing all aspects of the Property and Development function, from the acquisition and fit-out of new sites to the ongoing maintenance and refurbishment programme and all other estate matters.

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 prior to that held a number of roles at First Leisure Corporation plc, including marketing manager and brand manager, spending 11 years with each business.

Myles was promoted from Trading Director to Commercial Director in January 2017. Myles is responsible for procurement, drinks retail strategy, reward and recognition programmes and commercial supplier agreements and relationships.

Simon Dobson

Food Director

Simon joined the business in January 2018. Simon was previously Managing Director of Delaware North in the UK managing the food operation for very large contracts such as Wembley stadium, Arsenal Emirates stadium and several premier racecourses. He has worked for over 20 years in food and customer experience.

Clinton Ghent

Operations Director – Revolución de Cuba

Clinton joined the business in 2008 as a general manager after beginning his career with Fat Cat Café Bars. He has been responsible for the development and delivery of the brand and operational elements of Revolución de Cuba since its inception in 2011, and has overseen the opening of 16 trading sites, with a further three in development.

Kate Eastwood

Sales and Marketing 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 and then to Sales and Marketing Director in January 2018.

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 the 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.

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 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 Rank Group, where she was part of a 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.

Andy Dyson

Operations Director – Revolution North

Andy joined the business in 1998, having graduated from Leeds University, where he studied civil engineering (BEng (Hons)). He has worked in a number of operational roles within the group, including bar management and area management. Andy was promoted to Regional Operations Manager in 2013 and to Operations Director – Revolution North in 2018.

Mark Walter

Operations Director – Revolution South

Mark joined the business in September 2018 from Mitchells & Butlers, where he had been operations manager for three years. Mark has spent his career in hospitality running late-night venues, pubs and bars. Prior to joining Mitchells & Butlers, Mark was an area manager for Laurel and Stonegate Pub Company.

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

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 such period aligns with the Group's strategic planning process. The latest three-year plan was formally reviewed by the Board in May 2018 and, as a consequence of feedback and amendments to certain elements of it, was updated in June 2018. The three-year plan covers the period to the end of June 2021. The plan provided the basis for:

1. setting the detailed budget for the 52 weeks ending 29 June 2019;
2. understanding the likely performance levels based on different patterns of like-for-like sales growth, estate expansion and cost pressures;
3. stress-testing compliance with quarterly banking covenant tests; and
4. understanding the Group's long-term funding requirements.

The Group's three-year plan is built up in financial quarters in a robust spreadsheet model developed for the purpose over the last 12 months. The model uses up-to-date trading data 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 like-for-like sales growth, returns from expansionary capital expenditure, 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 National 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. The model also includes financial covenant tests consistent with the Group's banking facilities and allows for scenario analysis to stress-test the banking covenants.

The Group has a £25 million revolving credit facility committed to 31 December 2021. The facility provides liquidity to cover normal monthly and seasonal cash outflows, 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. The Group has opened six new sites in each of the last two financial years and will open a further five new sites in the first half of the new financial period. A number of these new sites have been in large cities requiring larger than average footprints and at higher cost. This accelerated rate of investment together with the one-off exceptional costs relating to corporate activity and Executive Director changes has seen utilisation of the facility over the last two financial periods increase from £0.5 million to £15.5 million with a further increase to £19.0 million as at the date of signing the financial statements.

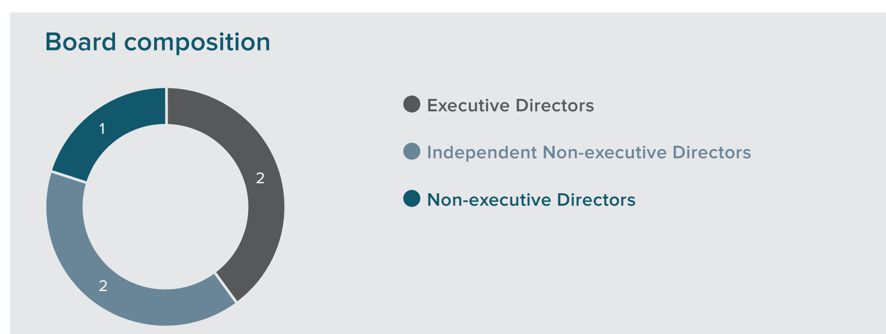
The Group continues to be very cash generative pre-expansionary capital expenditure, has ample headroom on its facility to cover working capital and seasonal cash flow needs and can potentially cover a significant reduction in trading performance relative to recent levels. The acceleration of capital investment has coincided with a number of events that have adversely impacted trading performance and therefore the Board has recently agreed with its bank some revisions to facility covenants that will provide a greater level of tolerance over existing test levels. The Board is also mindful that controlling the rate of capital investment is a principal driver of the Group's debt levels and, as such, given current trade trends intends, temporarily, to adopt a more cautious approach to the rate of expansion whilst the new Chief Executive Officer focuses on consolidating and improving underlying trading performance of the business.

As detailed on pages 18 and 19, 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 REPORT

Board composition



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 a company of its size, other than in terms of Board composition during the period between 17 October 2017 and 24 June 2018 when Keith Edelman, who started and ended the financial reporting period as Non-executive Chairman, became Executive Chairman following the resignation of the Group's Chief Executive Officer ("CEO").

Compliance with the Code: Board composition

Michael Shallow served as "senior" independent Director throughout the reporting period to lead meetings of Non-executive Directors, 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 has also been and is available to shareholders up to 26 November 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. Michael has advised the Board that he intends not to seek re-election at the forthcoming AGM and will stand down from the Board on that date. Jemima Bird will become senior Non-executive director from the date of the AGM. A search is underway for an additional Non-executive Director.

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 30 June 2018 and Chairman. The Chairman has confirmed to shareholders in the Notice of AGM that he and the Board believe that the performance of each Director, both Executive and Non-executive, and the Board Committees continues to be effective and demonstrates commitment to the relevant responsibilities.

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 and it agrees the strategic direction and governance structure that will help achieve this long-term success and deliver shareholder value. The Board oversees those matters that it regards as critical to the success of the Group including strategy, financial policy, maintaining a sound system of internal control, senior appointments and corporate governance. The Board's main responsibilities are included in a schedule of matters reserved for the Board, as set out below:

- 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, and interim financial 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;
- approving significant expenditure commitments and material transactions and contracts;
- ensuring a satisfactory dialogue with the Group's shareholders;
- appointing and removing Directors and other members of the senior management team;
- determining the remuneration policy and adjustments to the remuneration for 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 an ongoing process for identifying, evaluating and managing the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity. This process has been in place for the year under review and up to the date of approval of the annual report and accounts although during the year the Board decided that the establishment of a Risk Committee would enhance the quality and robustness of its risk management process. The principal risks are regularly reviewed by the Board. A description of these risks together with an assessment of how they are being managed or mitigated, is included on pages 18 and 19.

Last year's report noted that the Group's risk management and internal control systems had not operated to the high standard expected and that it would remain a significant focus for the Board in the immediate future. Steps were taken at the time that were largely reactive in order to provide appropriate resources to deal with the most immediate issues regarding financial reporting and forecasting and to deal with two approaches regarding possible offers for the Group, one of which was subsequently put to a shareholder vote and rejected.

Since that time and, as a result of the Board's review of the effectiveness of the Group's risk management and internal control systems, a number of initiatives have been undertaken including:

- the recruitment of additional qualified and more relevant skilled resource in finance and the recruitment of a qualified corporate secretary to provide more support around corporate governance matters;
- provision of training for financial staff that rewards examination success encourages formal qualification;
- implementation of a new finance system that provides significantly improved accountability throughout the business;
- implementation of a labour rota system that provides much greater control over local forecasting and labour resources; and
- establishment of a Risk Committee under the chair of the Chief Financial Officer that meets quarterly to formally identify, review and propose actions to improve the management of key risks across all areas of the business and to hold individuals to account. A key focus of the Risk Committee relates to health and safety and minimising exposure to cash losses but its remit extends to the identification and management of any risk faced or potentially faced by the business.

It is pleasing to note that contingency arrangements in relation to one of the principal risks relating to supplier concentration had to be invoked as a result of the financial failure in March 2018 of Conviviality, the parent company of the Group's principal supplier Matthew Clark. This was a major issue for many Matthew Clark customers but we were able to activate alternative supply arrangements, as planned, such that whilst this was a significant management distraction, there was negligible impact to our customer offer.

As noted above, the Board has delegated certain responsibilities to Committees to assist it with discharging its duties regarding key risks. The Committees play an essential role in supporting the Board to implement its strategy and provide focused oversight of key aspects of the business. Minutes and action points arising from Committee meetings are always circulated to and reviewed at Board meetings. 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 has complied fully with these recommendations throughout the reporting period, notwithstanding.

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. However, following the resignation of the CEO on 17 October 2017 and given the turmoil in the business created by the two approaches to acquire or merge with the business and the aftermath of the shareholder vote to reject an offer, the Board agreed that shareholder interests would be best served in the short term by Keith Edelman temporarily relinquishing his role as Non-executive Chairman and becoming Executive Chairman. This decision recognised the need for strong leadership of the Group and also the critical and time-consuming activity of recruiting the right individual to succeed as the Group's new CEO. Keith Edelman fulfilled the role of Executive Chairman from 17 October 2017 to 24 June 2018. Keith Edelman was Non-executive Chairman at both the beginning and end of the reporting period under review. Keith Edelman 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 Rob Pitcher, 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.

CORPORATE GOVERNANCE REPORT CONTINUED

Chairman and Chief Executive Officer continued

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.

Board meetings

The Board's intention is to meet at least eight times per year for structured Board meetings covering all aspects of the business. During the 52 weeks to 30 June 2018 the Board met 15 times, of which nine were full structured meetings and the balance were mostly necessitated by the approaches received regarding possible offers for the Group.

The attendance record of each of the Directors at meetings of the Board and the Committees of the Board is set out below:

	Board	Audit	Remuneration	Nomination
Total number of meetings	15	5	4	1
Keith Edelman	15	5	4	1
Mark McQuater[1]	8	—	—	—
Mike Foster	15	5	2	1
Michael Shallow	15	5	4	1
Jemima Bird	15	5	4	1

1. Mark McQuater resigned from the Board on 17 October 2017 and remains on garden leave until 16 October 2018.

Agendas and papers for each Board meeting are sent out in advance. The papers include business reports and updates from the Chief Executive Officer and the Chief Financial Officer. Members of the Group's senior management team are also invited to present at Board meetings on a regular basis, 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 AGM to be held on Monday 26 November 2018. 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 30 June 2018. 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. The changes made to the composition of the Board during the year, including the short-term change in role for the Chairman, moving from a Non-executive office to an Executive office, were a result of such a meeting of the Non-executive Directors.

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 26 November 2018. 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 38 to 53. 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 30 June 2018.

Mike Foster
Chief Financial Officer
and Company Secretary
2 October 2018

PROMOTING A STRONG AND SUSTAINABLE PERFORMANCE CULTURE

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 30 June 2018

Whilst the Group continued to make good progress on the opening of new venues to expand its footprint, the severe weather conditions in March and the extended spell of high temperatures throughout May and June 2018 adversely impacted like-for-like sales in the second half of the year. The challenges in the Finance function, which were well documented in last year's annual report, and the approaches made to the Group by two potential offerors culminating in a formal offer from Stonegate Pub Company Limited, and following the rejection of that offer the immediate resignation of the Chief Executive Officer ("CEO"), were disruptive events that clearly impacted management focus and business results. Consequently, performance under adjusted EBITDA and adjusted profit before tax bonus targets was below the threshold level and as such no bonuses are payable to any of the Executive Directors or senior management team.

Given the underperformance of the business, the Committee decided that it was not appropriate to undertake salary reviews in July 2018 for the Executive Directors or the majority of the senior management team, although certain individuals' salaries were reviewed during the course of the year to increase alignment with benchmark rates for their roles, particularly where this included expanded responsibilities.

The first tranche of awards granted on IPO was due to vest based on performance to 30 June 2018. On his resignation, the majority of Mark McQuater's outstanding LTIP awards lapsed in full, although a minority of the first tranche, amounting to 29,159 shares, vested during the period. The vesting calculation was performed by Mercers and reflected the performance conditions and full time pro rating. No other Executive Directors held any LTIP awards that were eligible to vest during the year.

Changes to the Board during the year

As stated above, Mark McQuater resigned from the Board effective 17 October 2017. Mark was placed on garden leave from that date and, under the terms of his service contract, will continue to receive salary, benefits and pension payments over his 12-month notice period.

Rob Pitcher was appointed as his successor and joined the Board as CEO on 25 June 2018. His salary was set on appointment at £350,000, taking into account his experience, the market rate for this role at similar companies and the salary of his predecessor. Benefits and pension contributions are provided in line with the remuneration policy as described on the following pages. Rob Pitcher is eligible for a maximum annual bonus of 100 per cent of salary and a long-term incentive award of 300 per cent of salary that will be allocated in two parts, the first part equivalent to 200 per cent salary shortly after the preliminary announcement of the 2018 results and the second part equivalent to 100 per cent salary shortly after the preliminary announcement of the 2019 results.

In order to ensure a smooth transition, and to minimise disruption to the day-to-day operations of the business, during the period between the resignation of Mark McQuater and appointment of Rob Pitcher, Keith Edelman took up the position of Executive Chairman. The Committee approved supplementary remuneration to account for the additional responsibilities and time commitment, increasing his annual fee to £330,750 over the period in question. His fee reverted to its previous level of £90,000 on resumption of his former role.

Revised remuneration policy and its application in the 2019 financial year

As described on the following pages, we are submitting a revised remuneration policy for approval at the 2018 AGM. The Committee reviewed the policy during the year and concluded that it remains appropriate and fit for purpose, and as such no material changes to the policy are proposed.

Executive Directors will continue to receive salary, benefits and pension payments as defined in the policy. Both will be eligible for a bonus payment of

up to 100 per cent of salary, contingent on the satisfaction of stretching EBITDA, PBT and personal performance targets as in prior years.

The CEO will receive an LTIP award in the coming year with a face value of 200 per cent of salary. This award will vest after a three-year performance period, based on EPS and TSR performance targets. A further award with a face value of 100 per cent of salary is to be issued after the preliminary announcement in 2019. Awards made in 2018 and thereafter will also be subject to appropriate recovery and withholding provisions, in line with best practice.

Committee activities

The Committee met four times during the year. As well as the routine matters set aside for the Committee, as set out under Directors' remuneration policy on page 40, its primary business was to consider and agree:

> whether outstanding awards under the Long Term Incentive Plan would vest contingent upon the Board recommended offer for the Group from Stonegate;

> the terms of the severance package offered to Mark McQuater who resigned from the business on 17 October 2017 following shareholders' vote to reject Stonegate's offer for the business;

> an adjustment to the remuneration for Keith Edelman who temporarily relinquished his role as Non-executive Chairman to become Executive Chairman until a replacement CEO was able to commence employment;

> the remuneration package for Rob Pitcher who joined as the Group's new CEO on 25 June 2018; and

> awards under the Long Term Incentive Plan ("LTIP") to Mike Foster and new members of the senior management team as well as small top-ups to other members of the senior management team to ensure comparability between team members.

Mercer was engaged on 1 July 2017 to provide advice to the Committee in relation to the vesting of LTIP awards in connection with the proposed offer for the Group and Aon was engaged to provide support on the accounting calculations in respect of LTIP awards and other matters

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 2018 AGM.

Michael Shallow
Chairman of the Remuneration Committee
2 October 2018

REMUNERATION REPORT CONTINUED
FOR THE 52 WEEKS ENDED 30 JUNE 2018

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 shortly after the Group's listing on the London Stock Exchange. As set out at that time, the policy was expected to continue to apply for a minimum of three years until 30 June 2018.

We are, therefore, submitting the remuneration policy as presented on the following pages for approval through a binding vote at the 2018 AGM. The Committee is satisfied that the policy continues to provide an appropriate framework for Executive remuneration and as such no material changes are proposed. This revised policy, if approved, is intended to apply from 1 July 2018 for a period of three financial years. As in previous years, the Annual Report on Remuneration will be put to an advisory vote at the 2018 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.

Remuneration for Executive Directors

The main component parts of the remuneration policy for Directors, as approved by shareholders, 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 taking into account performance, experience, responsibilities, relevant market information and the level of workforce pay increases.	Executive Directors' 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 of the role, sustained increase in the size of the business, or if there are significant movements in market rates. 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 15 per cent of salary. Only basic annual salary is pensionable.	Not applicable.

Element	Operation	Opportunity	Performance metrics
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.
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 allowing the Company to claw back bonus payments under certain circumstances. The recovery period in respect of each bonus will be three years from the date the bonus is paid.	Maximum bonus potential is 100 per cent 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 2017/18 annual bonus and those proposed for 2018/19 are described in the Annual Report on Remuneration starting on page 38.
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.	Nominal cost options (“NCO”) are share awards which vest, subject to performance, after three years. PSP awards are subject to recovery and withholding provisions allowing the Company to withhold invested awards or reclaim vested awards under certain circumstances.	Normal awards of up to 200 per cent of salary. Awards of up to 300 per cent of salary may be made in exceptional circumstances.	NCO awards will be granted subject to a combination of financial measures (including but not limited to relative TSR and 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’s strategy at that time. The performance measures used for previous awards, and proposed for the coming year, are described in the Annual Report on Remuneration.

REMUNERATION REPORT CONTINUED FOR THE 52 WEEKS ENDED 30 JUNE 2018

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. CSOP awards are subject to recovery and withholding provisions allowing the Company to withhold invested awards or reclaim vested awards under certain circumstances.	Aggregate value of any PSP and CSOP award granted will not normally exceed normal awards of 200 per cent of salary (300 per cent 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 per cent of base salary in the Company, using 50 per cent of net awards under the Company's PSP to achieve the shareholdings, if required.	100 per cent 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 Director 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. In exceptional circumstances, if there is a temporary yet material increase in the time commitment for Non-executive Directors, the Board may opt to pay additional fees to recognise the additional workload.	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 plan conditions are unable to fulfil their original intended purpose and if the change would not be materially less difficult to satisfy than as originally set.

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

Rob Pitcher

On 25 June 2018, Rob Pitcher (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 £350,000. His appointment (as Revolution Director) is subject to annual re-election by shareholders at the 2018 AGM. 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, Rob Pitcher is entitled to an annual car allowance of £15,000 per annum, private health insurance for himself, his spouse and his family, life assurance and a pension contribution of 15 per cent of basic salary.

The service agreement is terminable by Rob Pitcher or Revolution on not less than 12 months' prior written notice. Revolution can, however, terminate Rob Pitcher'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

Mike Foster (Revolution's Chief Financial Officer and Company Secretary) continues to perform his duties on the basis of an appointment letter which was approved by the Revolution Board on 29 May 2017 under the terms of which he is entitled to receive an annual base salary of £200,000 and 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.

At the time of Mike Foster's appointment, the Group had been approached about a potential offer for the business and, therefore, permission for the appointment had to be sought and was granted from the Takeover Panel as it could potentially have been regarded as a frustrating action under the Takeover Code. Accordingly, no service agreement was entered into at the time of his appointment due to restricted terms being applied relative to the approved Directors' remuneration policy. There continues to be no service agreement in place and therefore certain elements of the remuneration policy continue to be disapplied.

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 Rob Pitcher'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 be deemed to vest on the originally prescribed 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.

REMUNERATION REPORT CONTINUED
FOR THE 52 WEEKS ENDED 30 JUNE 2018

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 operate.

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

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, so as to achieve the appropriate 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 if the Committee regarded it to be an exceptional circumstance and subject to the Company not being in a closed period. In accordance with the rules of the scheme, awards are normally made within 42 days of an announcement of the Group's results.

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.

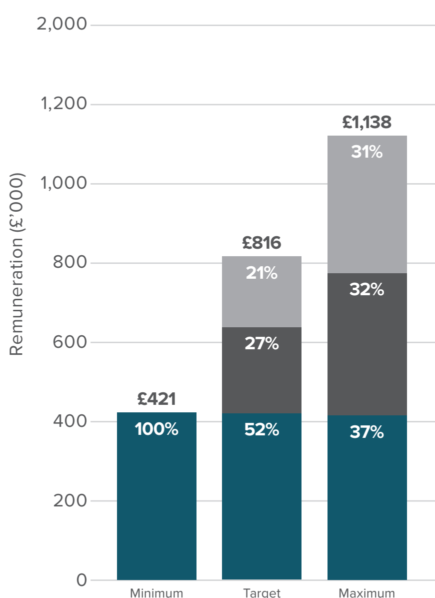
Shareholder engagement

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.

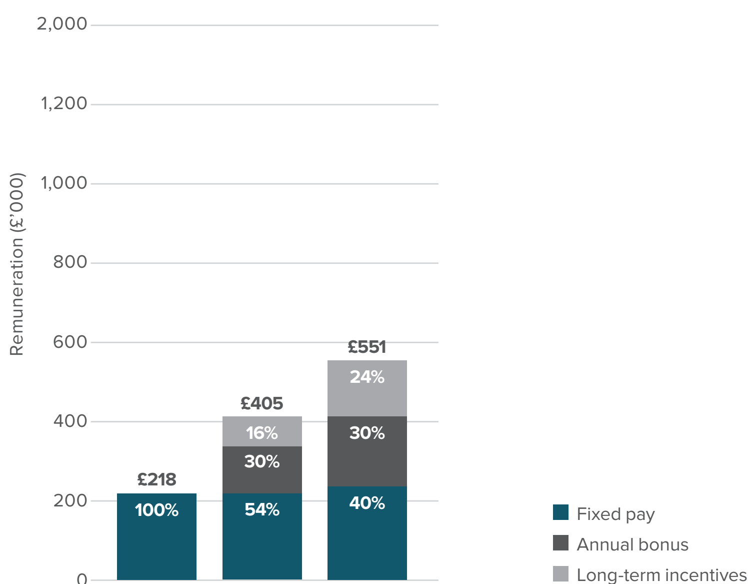
Reward scenarios

The charts below illustrate the level and mix of remuneration based on the current remuneration arrangements depending on the achievement of threshold, target and maximum performance of annual bonus and long-term incentives for 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.

CHIEF EXECUTIVE OFFICER PERFORMANCE



CHIEF FINANCIAL OFFICER PERFORMANCE



Assumptions:

1. Base salary as at 1 July 2018.
2. Annualised benefits based on terms as at 1 July 2018.
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. For the CEO and for the 2018/19 financial year only a PSP award of 300 per cent of salary has been included, which is in line with the Company's offer letter and which will be awarded shortly after the Company's preliminary results announcement – initially equivalent to 200 per cent of salary with a further 100 per cent to be issued after the preliminary announcement in 2019. 50 per cent of the face value is assumed at the target level. The total value of the award is spread over the three-year vesting period.
5. For the CFO, maximum performance includes the initial PSP grant of 200 per cent of salary, with 50 per cent of face value assumed at the target level. The total value of the award is spread over the three-year vesting period.

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 30 June 2018, the Committee met formally on four occasions, with all members attending each meeting.

The key activities of the Committee during the 52 weeks ended 30 June 2018 have been:

- approval of the bonus outcome and pay-out in respect of the financial reporting period for the 52 weeks ended 1 July 2017, confirming that the calculation had been made in accordance with the agreed mechanism;
- 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 that would have applied had such offer been approved by shareholders;
- to agree an appropriate bonus payment for Mike Foster in recognition of implementing improved financial controls and reporting and the considerable workload associated with dealing with the approaches to the Company in respect of an offer for the Company. Such bonus was contingent on completion of the takeover of the Company and therefore was not paid;
- to determine the remuneration to be paid to Keith Edelman during the period over which he undertook the role of Executive Chairman following the resignation of Mark McQuater as Chief Executive Officer;
- to approve awards under the LTIP scheme for Mike Foster and other senior managers;
- determination of the financial terms of the termination arrangements for Mark McQuater and Jimmy Del Giudice;
- review of salary arrangements for certain members of senior management; and
- to agree the salary and other benefit arrangements for Rob Pitcher prior to his appointment as Chief Executive Officer on 25 June 2018.

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. Keith Edelman acted as Executive Chairman between 17 October 2017 and 24 June 2018, during which period the Group was without a Chief Executive Officer.

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, Mercer, to advise on aspects of Executive remuneration. Mercer is a member of the Remuneration Consultants Group and is signatory to its code of conduct. Mercer has no connection with Revolution Bars Group plc other than in the provision of advice on Executive remuneration. The terms of engagement with Mercer are available from the Company Secretary on request. The fees payable to Mercer during the 52 weeks ended 30 June 2018 were £8,400 (2017: £8,924 paid to Aon).

During the year, the Company also used Macfarlanes LLP to provide advice on termination arrangements relating to Mark McQuater and Jimmy Del Giudice and the appointment of Rob Pitcher.

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 29 June 2019 (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 2018 consistent with the decision not to review the salaries of the senior management team. Current salaries are summarised as follows:

- Rob Pitcher, Chief Executive Officer, £350,000 per annum (2017: Mark McQuater £375,000); and
- Mike Foster, Chief Financial Officer, £200,000 per annum (2017: £200,000).

Performance-related bonus

The maximum bonus potential for the Chief Executive Officer and the Chief Financial Officer for the 52 weeks ending 29 June 2019 is 100 per cent of basic salary earned in the reporting period.

Executive Directors' bonuses are 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 the number and trading performance of new openings, customer feedback, product quality and staff engagement. An underpin relating to financial performance applies to the annual bonus award, which gives discretion to the Remuneration Committee to reduce the award if deemed necessary.

For the 52 weeks ending 29 June 2019, the financial performance metrics 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 is 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").

REMUNERATION REPORT CONTINUED
FOR THE 52 WEEKS ENDED 30 JUNE 2018

Implementation of the remuneration policy in the 52 weeks ending 29 June 2019 (unaudited) continued

Long-term incentive awards continued

In the coming period, the Committee plans to award Rob Pitcher options under the PSP and CSOP equivalent to three times salary, as agreed under the terms of his appointment. The Committee also expects to award options to senior managers who join the Group and to existing senior managers to replace options that were granted under the 2015 IPO that have lapsed.

Policy on Executive share ownership

The remuneration policy requires Executive Directors to invest in the Company to a level of at least 100 per cent of annual salary over time, save that under such policy Executive Directors 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 52.

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 30 June 2018 are given below.

Directors' remuneration for the 52 weeks ended 30 June 2018 (audited)

		Fees/ salary £'000	Taxable benefits[1] £'000	Pension £'000	Bonuses £'000	Long-term incentives £'000	Single figure of total remuneration £'000
Executive Directors							
Rob Pitcher[2]	**2018**	**7**	**—**	**1**	**—**	**—**	**8**
Mike Foster	**2018**	**200**	**17**	**—**	**—**	**—**	**217**
	2017	15	1	—	—	—	16
Mark McQuater[3]	**2018**	**368**	**40**	**64**	**—**	**44**	**516**
	2017	368	41	64	—	—	473
Chris Chambers[4]	**2018**	**21**	**1**	**3**	**—**	**—**	**25**
	2017	218	17	33	—	—	268
Sean Curran[5]	2017	206	23	31	—	—	260
Non-executive Directors							
Keith Edelman[6]	**2018**	**255**	**—**	**—**	**—**	**—**	**255**
	2017	90	—	—	—	—	90
Michael Shallow	**2018**	**40**	**—**	**—**	**—**	**—**	**40**
	2017	40	—	—	—	—	40
Jemima Bird	**2018**	**30**	**—**	**—**	**—**	**—**	**30**
	2017	16	—	—	—	—	16
Aggregate emoluments							
	2018	**921**	**58**	**68**	**—**	**44**	**1,091**
	2017	953	82	128	—	—	1,163

1 Taxable benefits comprise medical insurance policies and car allowances.

2 Rob Pitcher was appointed to the Board on 25 June 2018; his remuneration figures above reflect the period from the date of appointment only.

3 Mark McQuater stepped down from the Board on 17 October 2017. His remuneration for 2018 includes contractual payments due during his notice period of £334,000 up to the end of the reporting period.

4 Chris Chambers, who stepped down from the Board on 6 May 2017, received a final payment in lieu of notice in the 2018 reporting period.

5 Sean Curran stepped down from the Board on 31 August 2016 but under agreed severance arrangements was paid until 10 May 2017.

6 Keith Edelman assumed the role of Executive Chairman on 17 October 2017, before resuming his role as Non-executive Chairman on 24 June 2018. Of the figure presented above, £227,000 relates to the period over which he was the Executive Chairman.

Basic annual salary

Executive Directors' salaries as at 1 July 2018 are as follows:

> Rob Pitcher, Chief Executive Officer, £350,000 per annum.

> Mike Foster, Chief Financial Officer, £200,000 per annum.

Performance-related bonus

For the 52 weeks ended 30 June 2018, 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. The performance-related bonus did not apply to the Executive Chairman during the period in office.

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 £320,000 would be allocated to be shared by all participants. Up to an additional £630,000 would be allocated to the pool for performance between threshold target and budget, with up to a further £100,000 of EBITDA (or PBT) allocated to the pool for performance above budget.

EBITDA performance

Actual adjusted EBITDA performance for the 52 weeks ended 30 June 2018 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 30 June 2018 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)	16,188	18,375	15,008	40%	0%
Adjusted profit before tax (£'000)	10,050	11,408	7,976	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
Chief Financial 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 performance during the year and is consistent with the treatment of other senior managers.

Pension arrangements

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

Rob Pitcher	15.0 per cent
Mark McQuater	17.5 per cent
Keith Edelman	0.0 per cent
Mike Foster	0.0 per cent

Non-executive Directors’ fees and incentives continued

Performance Share Plan (“PSP”) – awards granted in FY18 (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
Mike Foster	Performance share	0.1	240,000	200% of salary	£240,000	25%	30.06.20

1 Face value was determined based on the share price of 162.4 pence at the date of the grant of the awards.

This award is subject to stretching performance conditions, which are tested over a three-year performance period between 1 July 2017 and 30 June 2020, and will vest in 2020 to the extent these conditions are satisfied.

Part A – EPS targets

The vesting of Part A of the award will be dependent on the Group’s EPS performance over the three-year performance period. 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%

Part B – TSR targets

The vesting of Part B of the award will be dependent on the Group’s TSR over the performance period, measured relative to the TSR of the constituents of a bespoke 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 would mean it were ranked at least median within the comparator group; thereafter the following vesting schedule will apply:

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

The base point from which TSR is measured for the comparator group is a three-month average prior to the start of the performance period, and the end point for both the Company share price and the comparator group will be an average over the last three months of the performance period.

In calculating the annual charges arising from the incentive, expected volatility has been estimated by considering historical average share price volatility for both the Company and other 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 1 July 2017	Granted during the year Number	Vested during the year Number	Lapsed during the year Number	**No. of shares at 30 June 2018**	Vesting date
Mike Foster									
	PSP	14.11.17	0.1	—	240,000	—	—	**240,000**	30 Nov 2020
	CSOP	14.11.17	1.62	—	18,518	—	—	**18,518**	30 Nov 2020
				—	258,518	—	—	**258,518**	
Mark McQuater[1]									
	PSP – IPO LTIP tranche 1	19.03.15	0.1	700,000	—	29,159	670,841	**—**	n/a
	PSP – IPO LTIP tranche 2	19.03.15	0.1	350,000	—	—	350,000	**—**	n/a
	PSP – IPO LTIP tranche 3	19.03.15	0.1	350,000	—	—	350,000	**—**	n/a
	CSOP	19.03.15	191	15,706	—	—	15,706	**—**	n/a
				1,415,706	—	29,159	1,386,547	**—**	

1 Mark McQuater resigned on 17 October 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. The initial awards made at IPO do not count for the purposes of this limit and, following the lapse of such awards made to Mark McQuater on his resignation, no initial awards are held by Directors of the Company. As at 30 June 2018, 475,000 IPO awards held by other senior managers remain outstanding, equivalent to 24 per cent of the Ordinary Shares in issue (2017: 91 per cent).

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

Mark McQuater resigned from the Board on 17 October 2017. He remains on garden leave until 16 October 2018 during which time he receives his normal pay and benefits. No bonus payments were made to Mark McQuater during the reporting period but 29,159 options under the Performance Share Plan became exercisable as part of the contract termination arrangements and were duly exercised during the reporting period. All other share awards under the long-term incentive plan have lapsed. The number of options that became exercisable was determined independently by the Committee's adviser, Mercer, and was pro-rated both for performance and time served up to the date of resignation.

REMUNERATION REPORT CONTINUED FOR THE 52 WEEKS ENDED 30 JUNE 2018

Directors' interests and shareholding guidelines (audited)

The following table shows Directors' interests in the Company:

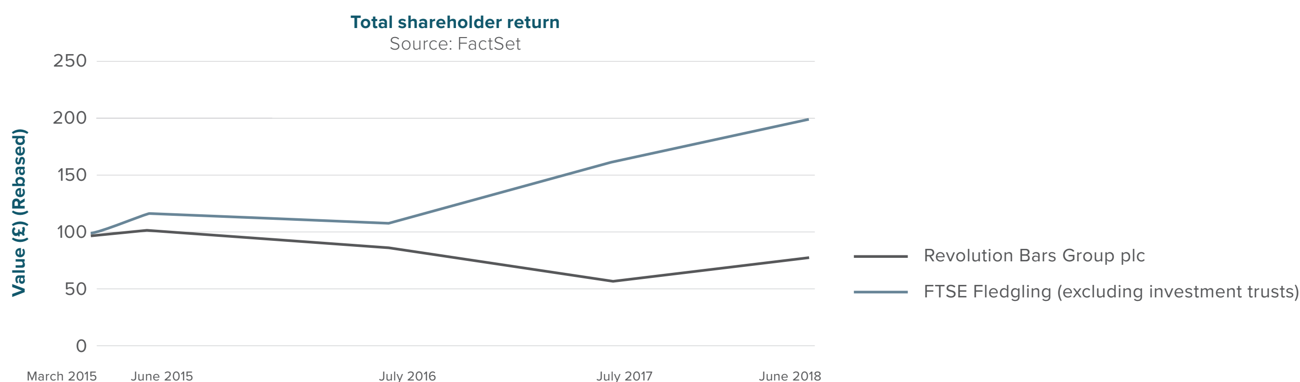
Director	Beneficially owned at 30 June 2018 Number	Outstanding LTIP awards Number	Outstanding share awards under all employee share plans Number	Total interest in shares Number	Shareholding as a % of base salary at 30 June 2018
Rob Pitcher	**—**	—	—	—	**0%**
Mike Foster	**—**	258,518	—	258,518	**0%**
Keith Edelman	**30,500**	—	—	30,500	**n/a**
Michael Shallow	**12,750**	—	—	12,750	**n/a**
Jemima Bird	**12,750**	—	—	12,750	**n/a**

Executive Directors with service contracts are expected to hold an investment of at least 100 per cent of base salary in Company shares. 50 per cent of any awards which vest under the Company's LTIPs (net of any taxes due) must be retained until the requirement has been met. The table above shows Directors' interests in shares and the percentage of the guideline currently met as at 30 June 2018.

The shareholding counting 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 shareholding or its current market value. 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 (excluding investment trusts). 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 30 June 2018. The graph shows performance of a hypothetical £100 invested at IPO and its performance over that period.



This graph shows the value, by 30 June 2018, of £100 invested in Revolution Bars Group plc on 12 March 2015, compared with the value of £100 invested in the FTSE Fledgling (excluding investment trusts) Index.

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:

	2018	2017	2016	2015
Single figure of remuneration (£'000)				
Rob Pitcher[1]	**8**	—	—	—
Mark McQuater[2]	**516**	473	570	449
LTIP vesting (% of maximum)	**—**	—	—	—
Bonus (% of maximum)	**—**	—	22%	12%

1 Rob Pitcher was appointed to the Board as CEO on 25 June 2018.

2 Mark McQuater resigned from the Board on 17 October 2017 and remains on garden leave until 16 October 2018.

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. For this purpose, given that there was no Chief Executive Officer in place for the majority of the year, the percentage change shown reflects the difference in the packages between the start and end of the reporting period.

	CEO %	Employee %
Salary	(6.7)	3.2
Taxable benefits	(33.6)	nil
Annual bonus	—	nil

Relative importance of spend on pay (unaudited)

	2018 £m	2017 £m	%
Staff costs	**42.3**	40.0	6
Distributions to shareholders	**2.5**	2.5	—

Shareholder voting on the Directors' Remuneration Report at the 2017 AGM (unaudited)

At the AGM on 30 November 2017, the Directors' Remuneration Report and Annual Report on Remuneration received the following votes from shareholders:

		Votes for	Votes against	Votes withheld
Directors' Remuneration Report		25,902,544	52,105	—
	% of votes cast 51.9	99.8	0.2	—

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 AGM and was expected to continue to apply until 30 June 2018. Therefore, a vote was not held on the Directors' remuneration policy at the 2017 AGM. There are no plans to materially change the policy, but given the expiry of the three-year period for which approval was originally given, shareholders will be asked to vote on the policy at the 2018 AGM.

Approval

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

Michael Shallow
Chairman of the Remuneration Committee
2 October 2018

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 30 June 2018.

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. For the period between 17 October 2017 and 24 June 2018, Keith Edelman served as Executive Chairman during which period he continued to be a member of the Committee and, therefore the Company was not in compliance with the Code during this period. Given that the Committee comprises only three members and that the majority were independent Non-executive Directors during this period and given the issues under review by the Committee during this period, I as Committee Chairman was satisfied that this was in the best interests of the Company and its shareholders.

I have previously held senior finance positions in large leisure sector companies including finance director of Greene King plc and have been a non-executive director and audit committee chairman at Britvic plc, Spice plc (now EnServe Group Limited) and Domino's Pizza Group plc.

I am, therefore, suitably experienced to perform the role of Audit Committee Chairman and have a good understanding of the sector in which the Group operates.

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 meets at least twice a year at the appropriate times in the reporting and audit cycle and also at least twice per annum ensures that there is meeting time 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, 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 the external auditor which they consider to be of significant audit risk.

Following completion of the Group's audit for the 52 weeks ended 30 June 2017 and the other associated formalities, the Committee reflected on the difficulties that the Group had experienced on its financial reporting (as reported in last year's Committee report) which had given rise to a significant number of prior year adjustments. The Committee decided that a change of auditor was appropriate and accordingly a tender process was undertaken by the Committee resulting in the resignation of KPMG LLP and appointment of PricewaterhouseCoopers LLP ("PwC") as the Group's external auditor on 29 January 2018. The Committee is satisfied that, since the date of appointment, PwC has undertaken its responsibilities as the Group's external auditor to a high standard and therefore the Committee will be recommending that PwC be formally appointed as auditor at the 2018 annual general meeting ("AGM"). The PwC audit partner responsible for the Group is Randal Casson.

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.

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

Assessing effectiveness of external audit process

Whilst the Committee does not rely solely on the work of the external auditor, it regards the breadth and quality of the work performed by the external auditor as contributing significantly to several of the Committee's objectives, particularly regarding assurance relating to the accuracy and reliability of its external reporting and for reviewing objectively the Group's systems and internal controls. For that reason, planning meetings are held with the external auditor to review its proposed work programmes and any recommendations made by the external auditor is reviewed in depth as are its findings from its review of the half-year and year-end accounts. The Committee meets to discuss the performance of the external auditor and to consider priorities for future work. This review process led to the decision to change the external auditor earlier in the year.

In order for the auditor to be fully effective, it must be independent of the Company and the Committee intends to ensure that no other work is performed by the external auditor so that its independence is not compromised. 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 comes into effect for the Group in the financial year ending 30 June 2020. During the year the value of non-audit services provided by the external auditor amounted to 0.15 million (2017: £0.02 million). The non-audit services relate to work performed by PwC prior to its appointment as external auditor. This non-audit work was referred to in last year's Audit Committee Report and related to an investigation into and a report to the Committee on the Group's accounting for supplier rebates and short-life assets. This work was substantially completed prior to the completion of KPMG LLP's audit of the results for the 52 weeks ended 30 June 2017 and subsequently a related smaller piece of work was undertaken by PwC to finalise the investigation. This work was completed before PwC was invited to participate in the tender process for the appointment as the Group's external auditor and both the Committee and PwC carefully considered whether there was any conflict of interest and were satisfied that there was not. The Committee does not intend that PwC will be engaged to perform any other non-audit services other than to review the Group's interim reporting, which it considers to be both incidental to the role as auditor and helpful to performing its role as auditor.

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 appointment of PwC as external auditor during the year, there are no plans to undertake a tender in the foreseeable future.

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;
- 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;
- 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;
- assessing and advising the Board on the internal financial, operational and compliance controls; and
- approving the appointment and recommending the re-appointment of the external auditor;
  - its terms of engagement and fees;
  - the scope of its work and reviewing the results of that work;
  - reviewing and monitoring its independence; and
  - reviewing its effectiveness.

AUDIT COMMITTEE REPORT CONTINUED

Meetings and attendance

During the 52 weeks ended 30 June 2018, the Audit Committee met formally on five occasions, with all members attending the meetings. At two of the meetings, the Audit Committee had access to the external auditor without management present.

Work performed by the Committee during the year has included:

- engaging PwC to undertake a review of the Group's historical accounting for supplier rebates and short life assets and receiving and reviewing PwC's interim findings and commissioning a related smaller piece of work to satisfy further the Committee's further questions in relation to these matters;
- work associated with the accounting review and application of accounting policies;
- resignation of KPMG LLP and undertaking a tender for audit services culminating in the appointment of PwC as the Group's auditor;
- reviewing the independence and objectivity of PwC as external auditor, together with its effectiveness, following its initial audit and recommending its appointment to shareholders at the AGM;
- receiving the external auditor's reports to the Committee in respect of the interim audit review;
- reviewing and approving the external audit plan for the 52 weeks ended 30 June 2018;
- reviewing the market update in June 2018;
- reviewing the annual report and accounts for 2018 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 2018, which included internal verification processes and content approval procedures;
- 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; and
- reviewing compliance with and explaining any exceptions from the UK Corporate Governance Code.

Internal audit

The Group does not have an internal audit function and to date has considered 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.

To strengthen and complement this function a Risk Committee has been established chaired by the Chief Financial Officer and comprising certain members of the Senior Management team. The purpose of the Committee is:

- to identify, mitigate and prevent risk as far as possible;
- to protect the financial, physical and reputational image of the business;
- to fulfil the Company's legal obligations; and
- to ensure visibility and transparency over controls.

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 period the Committee met formally on two occasions with all members attending. The key activities of the Committee during the period have been:

- to ensure any critical issues arising from the audits carried out by the external consultants are rectified in a timely function;
- to monitor health and safety issues in venues including certification compliance, review of risk assessments, food safety issues and review of insurance matters;
- to ensure the Company adheres to the licensing objectives to protect all premises licences; and
- to advise on changes in relevant legislation and policies.

The Group also employs four full-time stock-takers who are checking stocks and various other generally related compliance matters such as cash counts on a risk-assessed basis. Each site's stock is counted on average between eight and ten times per annum. Stock-take results are reviewed by both operational and finance staff immediately when 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; poor scores relating to these matters and brand standards will reduce their bonus earnings potential.

Significant accounting matters

During the year, the Company received a "Request for information" from the Financial Reporting Council, in respect of certain matters, principally deferred taxation credits and share-based payment disclosure, in the Group's annual report and accounts to 1 July 2017. As a result of the subsequent internal review, the Group has restated its Financial Statements in respect of a deferred taxation credit. The full nature of this restatement is reported in Note 1b to the Financial Statements. The Group has also improved its share-based payment disclosures, as reported in Note 19 to the Financial Statements. The FRC enquiry in respect of these matters was closed on 26 July 2018.

When reviewing the Company's 2017 Annual Report and Accounts, the FRC has made clear to us the limitations of its review as follows:

> its review is based on the 2017 Annual Report and Accounts only and does not benefit from a detailed knowledge of the Group's business or an understanding of the underlying transactions entered into;

> communications from the FRC provide no assurance that the Company's 2017 Annual Report and Accounts are correct in all material respects and are made on the basis that the FRC (and its officers, employees and agents) accepts no liability for reliance on them by the Company or any third party, including but not limited to investors and shareholders; and

> the FRC's role is not to verify information provided but to consider compliance with reporting requirements.

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.

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 2018:

> 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. Due to improved controls implemented during the year and regular monthly reviews undertaken by senior finance management, the requirement for judgements to be applied has been reduced dramatically. Where relevant, 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. As a result of its reviews, the Committee has applied accelerated depreciation rates on certain leasehold improvements.

> 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 a prior period adjustment in respect of impairment calculations: The Committee became aware during the period that impairment calculations undertaken previously had not fully allocated head office costs to sites and this error of principle resulted in certain sites becoming impaired. The Committee was consulted and reviewed these calculations.

> Exceptional items: exceptional items on a pre-tax basis of £11.1 million (2017: £2.3 million) represent a material item in the profit and loss account. The charge comprises fees associated with the resignations of the Chief Executive Officer and the Chief Operating Officer, fees associated with the accounting review, professional fees associated with the unsolicited approaches to the Company from Stonegate Pub Company Limited and the Deltic Group, which culminated in a formal offer being put to a shareholder resolution at an extraordinary general meeting, an increase in the provision for onerous leases, and a fixed assets impairment charge (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 PwC that detailed key audit findings in relation to the above accounting matters.

Michael Shallow
Chairman of the Audit Committee
2 October 2018

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 to 30 June 2018.

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 and Jemima Bird, who are independent Non-executive Directors, and the Chief Executive Officer (Mark McQuater up to 17 October 2017 and Rob Pitcher from 25 June 2018). Accordingly, 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 occur during the year under review.

Meetings and attendance

During the 52 weeks ended 30 June 2018, the Nomination Committee met formally on one occasion 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 are set out on pages 30 and 31. Following performance evaluations conducted during the year, the Committee is satisfied that the Directors who served during the 52 weeks ended 30 June 2018 performed effectively and demonstrated a commitment to their roles. Annual performance reviews will continue going forward.

Diversity

We pride ourselves on being a diverse and inclusive business. All employees are welcomed and treated with respect, regardless of their background. We remain committed to offering equal opportunities for colleagues to develop, progress and grow.

The Committee supports the recommendations outlined in the Hampton-Alexander Review "FTSE Women Leaders" and is aware of the need to increase the number of women on the Board, and in other senior management positions, 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 and throughout the senior management team. The Committee also recognises that diversity encompasses not only gender but also background, ethnicity and disability. The Committee believes that all 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 of the relevant team.

Jemima Bird is the only woman on the Company's Board in 2018 and two of the eight members of the senior management team are women (25 per cent). Across our business of over 3,200 employees, female employees represented approximately 44 per cent of the workforce as at 30 June 2018 (1 July 2017: 42 per cent). The Group is committed to continuing to develop the potential of its female employees through its training programmes and its corporate development pipeline.

Gender pay gap

In accordance with statutory requirements, the Group published its gender pay reporting by the due date. To find out more and to understand what we are doing to support gender equality, please read our report on our corporate website.

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
2 October 2018

DIRECTORS' REPORT

Introduction

The Directors present their annual report and the audited consolidated financial statements of the Company and Group for the 52 weeks ended 30 June 2018. 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 27 which sets out a review of the business of the Group during the 52 weeks ended 30 June 2018 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, 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 28 to 62; and
- related party transactions as set out in Note 23 to the consolidated financial statements.

This Directors' Report together with the Strategic Report set out on pages 1 to 27 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 70. The Directors intend, subject to sufficient distributable reserves being available, to pay a final dividend in respect of the 52 weeks ended 30 June 2018 of 3.3 pence per share (2017: 3.3 pence per share). The Group paid an interim dividend of 1.65 pence per share during the period (2017: 1.65 pence per share), taking the total dividend in relation to the 52 weeks ended 30 June 2018 to 4.95 pence per share (2017: 4.95 pence per share). Payment of the dividend is subject to shareholder approval at the AGM.

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 AGM 2018. As at 30 June 2018, the issued share capital of the Company was 50,029,159 Ordinary Shares of £0.001 each. Details of the share capital as at 30 June 2018 are shown in Note 18 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 of these can be found on page 51. As at the financial period end on 30 June 2018 and up to the date of this report, no awards have been granted to the Company's new Chief Executive Officer, Rob Pitcher. Awards of 258,518 shares have been granted to Mike Foster, Chief Financial Officer. During the reporting period, 29,159 options were exercised, 2,316,882 awards lapsed and further awards of 845,247 have been granted.

Substantial shareholdings

As at 25 June 2018 and 28 September 2018, 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:

	As at 25 June 2018		As at 28 Sept 2018	
Name of holder	Total holding of shares	% of total voting rights	Total holding of shares	% of total voting rights
Artemis Investment Management	9,432,753	18.85	10,397,163	20.78
Sanford DeLand Asset Management	5,185,000	10.36	6,185,000	12.36
Legal & General Investment Management	4,588,000	9.17	4,588,000	9.17
AXA Framlington Investment Managers	2,979,877	5.96	2,979,877	5.96
Credit Suisse as principal	2,455,209	4.91	2,455,209	4.91
GLG Partners CfD	2,455,209	4.91	2,455,209	4.91
River and Mercantile Asset Management	3,172,259	6.34	2,322,259	4.64
Chelverton Asset Management	2,100,000	4.20	2,250,000	4.50
Hargreaves Lansdown, stockbrokers (EO)	1,690,413	3.38	1,737,980	3.47
Deltic Group	1,500,000	3.00	1,500,000	3.00

Directors

The Directors of the Company and their biographies are set out on pages 30 and 31. Their interests in the Ordinary Shares of the Company are shown in the Directors' Remuneration Report on page 52.

Mark McQuater stepped down from the Board on 17 October 2017 and Rob Pitcher was appointed as an Executive Director on 25 June 2018. Keith Edelman, who was a Director throughout the reporting period, served as Non-executive Chairman from the beginning of the period until 17 October 2017, after which he served as Executive Chairman until the date of Rob Pitcher's appointment, when he resumed the role of Non-executive Chairman.

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 23 to the consolidated financial statements. There were no material transactions with related parties during the 52 weeks ended 30 June 2018.

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.

Going concern

The Group has a £25 million revolving credit facility committed to 31 December 2021. The facility provides liquidity to cover normal monthly and seasonal cash outflows, 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. The Group has opened six new sites in each of the last two financial years and will open a further five new sites in the first half of the new financial period. A number of these new sites have been in large cities requiring larger than average footprints and at higher cost. This accelerated rate of investment together with the one-off exceptional costs relating to corporate activity and executive director changes has seen utilisation of the facility over the last two financial periods increase from £0.5 million to £15.5 million with a further increase to £19.0 million as at the date of signing the financial statements.

The Group continues to be very cash generative pre-expansionary capital expenditure, has ample headroom on its facility to cover working capital and seasonal cash flow needs and can potentially cover a significant reduction in trading performance relative to recent levels. The acceleration of capital investment has coincided with a number of events that have adversely impacted trading performance and therefore the Board has recently agreed with its bank some revisions to facility covenants that will provide a greater level of tolerance over existing test levels. The Directors have reviewed the Group's trading forecast, which demonstrate that the Group has adequate financial resources to continue in operational existence for at least 12 months from the date of approval of the financial statements and to remain compliant with the terms of the revolving credit facility and the financial covenants (tested quarterly) attached to it. 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 26 November 2018. 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 20 on page 92. The Group's risk management policies and procedures and principal risks and mitigations can be found on pages 18 and 19.

Independent auditors and disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors is unaware, and each Director has taken all the steps that he ought to have taken as Director to make himself aware of any relevant audit information and to establish that the Company's auditors is aware of that information.

PricewaterhouseCoopers LLP ("PwC") has expressed its willingness to be appointed as auditor of the Company. In accordance with section 489 of the Companies Act 2006, a resolution for the appointment of PwC as independent auditor of the Company is to be proposed at the forthcoming AGM.

By order of the Board

Mike Foster
Company Secretary
2 October 2018

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 financial statements for each financial 52-week period. Under that law the Directors have prepared the Group financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union and Company financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union. 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 Company and of the profit or loss of the Group and Company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed for the Group financial statements and IFRSs as adopted by the European Union have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

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

Directors' confirmations

The Directors consider that 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 and Company's position and performance, business model and strategy.

Each of the Directors, whose names and functions are listed in Corporate Governance Report, confirm that, to the best of their knowledge:

- the Company financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Company;
- the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and loss of the Group; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces.

Rob Pitcher
Chief Executive Officer

Mike Foster
Chief Financial Officer
2 October 2018

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF REVOLUTION BARS GROUP PLC

Report on the audit of the financial statements

Opinion

In our opinion, Revolution Bars Group plc's Group financial statements and Company financial statements (the "financial statements"):

- give a true and fair view of the state of the Group's and of the Company's affairs as at 30 June 2018 and of the Group's loss and the Group's and the Company's cash flows for the 52 week period (the "period") then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Company's financial statements, as applied in accordance with the provisions of the Companies Act 2006; and
- 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.

We have audited the financial statements, included within the Annual Report and Accounts 2018 (the "Annual Report"), which comprise: the Consolidated and Company statements of financial position as at 30 June 2018; the Consolidated statement of profit and loss and other comprehensive income, the Consolidated and Company statements of cash flow, and the Consolidated and Company statements of changes in equity for the 52 week period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

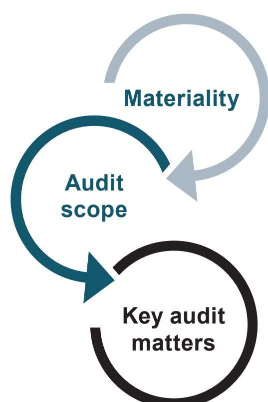
We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Company.

Other than those disclosed in note 4 to the financial statements, we have provided no non-audit services to the Group or the Company in the period from 2 July 2017 to 30 June 2018.

Our audit approach

Overview



- Overall Group materiality: £376,000, based on 5% of profit before tax and exceptional items.
- Overall Company materiality: £298,350, based on 1% of total assets.

- Full scope audit of four trading entities within the Group, which together comprise 100% of revenue and profit before tax and exceptional items.
- We carried out a full scope audit in relation to the Company.

- Going concern (Group and parent).
- Recoverability of property, plant and equipment and onerous lease provisioning (Group).
- Recognition of supplier rebates (Group).
- Prior year restatements (Group).

INDEPENDENT AUDITOR'S REPORT CONTINUED
TO THE MEMBERS OF REVOLUTION BARS GROUP PLC

Our audit approach continued

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

We gained an understanding of the legal and regulatory framework applicable to the Group and the industry in which it operates, and considered the risk of acts by the Group which were contrary to applicable laws and regulations, including fraud. We designed audit procedures at Group and significant component level to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. We focused on laws and regulations that could give rise to a material misstatement in the Group and Company financial statements, including, but not limited to, the Companies Act 2006, the Listing Rules, and UK tax legislation. Our tests included, but were not limited to, review of the financial statement disclosures to underlying supporting documentation and enquiries of management. There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

We did not identify any key audit matters relating to irregularities, including fraud. As in all of our audits we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, 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. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
Going concern Refer to note 1 of the Notes to the Consolidated Financial Information. The Group and Company financial statements have been prepared on the going concern basis. The Directors believe that the Group and Company will have the cash resources they require to service and settle their liabilities for the period extending beyond 12 months from the date of approval of the financial statements. Whilst the Group has historically generated positive adjusted EBITDA, and is in a net asset position, the Group has suffered a decline in trading in recent months. Furthermore, the Group made a significant loss during the current year, and has renegotiated its banking facilities which has included a revision to financial covenants. The going concern status of the parent Company is intrinsically linked to the success of the Group. **Group and parent**	Our testing focused on the key judgements and assumptions as follows: > We evaluated and assessed the process by which the Group's future cash flow forecasts were prepared, including comparing them to the Board approved budgets, and found them to be consistent; > We obtained details of the terms of the Group's financing facility and the covenants in place in relation to this facility, and determined that the Group cash flow forecasts show compliance with all covenant conditions for at least 12 months from the date of the approval of financial statements; > We assessed the reasonableness of the key assumptions in the going concern model, such as like for like sales, new bar openings, rent and rates, payroll costs and controllable venue costs, which included comparing assumptions to historical results; > We considered historical forecasting accuracy, and whether the downside sensitivities applied were appropriately robust; and > We reviewed results post year end and confirmed that significant variations from management's initial expectations were no more adverse than the sensitivity analysis performed.

Our audit approach continued
Key audit matters continued

Key audit matter	How our audit addressed the key audit matter
Recoverability of property, plant and equipment and onerous lease provisioning Refer to page 57 of the Audit Committee Report and note 1 of the Notes to the Consolidated Financial Information. The property, plant and equipment balance of £60,195k has been tested for impairment during the year. Testing has been performed at a cash generating unit level, which has been assessed as an individual bar. The impairment tests performed, which are based on a value in use calculation, identified a prior year impairment charge required of £7,008k which has been recognised as at 2 July 2016. In addition, a further impairment charge, of £860k, was identified and recognised as an exceptional item during the year. The Directors have also considered whether an onerous lease provision is required for any bars, where the forecast bar contribution is lower than future rental costs. The assessment has been made using the same value in use calculation as that used for impairment testing of property, plant and equipment, and has resulted in a provision of £6,987k being recognised as an exceptional item in the current financial year. We focused on this area as the assessment of impairment of property, plant and equipment and onerous lease provisioning requires the use of estimates in the value in use calculation, including future forecast cash flows, a discount rate and long term growth rate, and the classification of items as exceptional also requires the use of judgement. **Group**	To assess the impairment and onerous lease provision assessment performed by the Directors', which were both based on the same value in use model, we performed the following: > We evaluated and assessed the process by which the Group's future cash flow forecasts were prepared, including comparing them to the Board approved budgets, and found them to be consistent; > assessed the reasonableness of the Board approved budget, including assessing the revenue and costs included in those budgets based on our understanding of the Group. We found the assumptions underpinning the budgets to be consistent with our understanding; > tested the Directors' historical budgeting accuracy by evaluating whether previous budgets had been achieved. Where budgets had not been achieved we understood the reasons why; > tested the Directors' key assumptions for long-term growth rates outside the budget period, by comparing them to, and finding them broadly in line with, forecast inflation rates in the UK; > considered the discount rate by forming our own independent expectation of what we would consider to be an appropriate range, and found that the rate used was within that range; > assessed the split of the impairment charge identified between the amount recognised as a prior year restatement (£7,008,000) and the amount recognised during the 52 weeks ended 30 June 2018 (£860,000), and concurred that the split was appropriate; and > considered whether the charge recognised in respect of onerous leases should be recognised as an exceptional item, and given the magnitude of the charge concurred that the presentation was appropriate.
Recognition of supplier rebates Refer to page 57 of the Audit Committee Report and note 1 of the Notes to the Consolidated Financial Information. The Group receives rebates from certain key suppliers. The terms of the rebates vary by supplier but largely relate to listing or marketing fees, or volume based rebates on purchases made throughout the financial year, with the value being determined by the level of spend. Amounts recognised as a reduction from costs in the consolidated statement of profit and loss and other comprehensive income, and amounts recognised as a receivable in the consolidated statement of financial position, are material to the financial statements. We focused on this area because the amount of supplier rebates income in respect of the year is determined by the terms for each supplier, which are negotiated separately and, as a result, differ from one another. This means that the calculation of the rebates recognised in the Consolidated statement of profit and loss and other comprehensive income, and as a receivable at the year end, is inherently more prone to error. We also focused on the existence and accuracy of the supplier rebate income and the valuation of year end receivable due to the risk of potential overstatement given the manual nature of the process. **Group**	To test supplier rebates, we: > recalculated, for a sample of suppliers, the rebate income recognised within the consolidated statement of profit and loss and other comprehensive income in the year, and receivable for at the Balance Sheet date, which included confirming inputs into the calculation, finding them to be materially consistent with the related agreement; > compared purchases recorded in the year, and the contractual rebate arrangements agreed with each supplier, to the Directors' calculation of the rebate income, finding it to not be materially different; > compared the receivable recognised at the prior year end to the amounts paid in the 52 weeks ended 30 June 2018 in respect of those receivables, with no material differences identified; > tested whether any rebate arrangements had been incorrectly recognised as income in the year and receivables held at 30 June 2018, and did not identify any material errors; and > agreed amounts paid by supplier post 30 June 2018 to source documentation to check they had been accounted for in the right accounting period, and found no instances of amounts recorded in the wrong period.

Our audit approach continued

Key audit matters continued

Key audit matter	How our audit addressed the key audit matter
Prior year restatements Refer to page 57 of the Audit Committee Report and note 1 of the Notes to the Consolidated Financial Information. Prior period errors have been identified in relation to impairment of property, plant and equipment, onerous lease provisioning, customer credit and debit card transactions, deferred tax and exceptional items. The net impact of the restatement to correct the errors is a reduction in net assets of £4,475k as at 2 July 2016, a reduction in net assets of £4,757k as at 1 July 2017 and a reduction in profit after tax of £282k for the 52 weeks ended 1 July 2017. We focused on this area because of the material impact on the net assets of the Group and judgements are involved in determining the amount of the identified error. **Group**	To test the prior year restatements, we: > agreed each prior year restatement to supporting documentation and underlying accounting records, which supported the value of the error. Each prior year restatement was considered individually including which accounting period the restatement relates to; > assessed the appropriateness of the impairment of PPE being recognised as a restatement at 2 July 2016 and the resulting impact on the consolidated statement of profit and loss and other comprehensive income for the 52 weeks ended 1 July 2017, as described in the Key Audit Matter in relation to the recoverability of property, plant and equipment and onerous lease provisioning, and concurred with the treatment; > identified that the interest element of the onerous lease charge recognised in the Consolidated statement of profit and loss and other comprehensive income for the 52 weeks ended 1 July 2017 should be reclassified to interest; > evaluated whether customer credit and debit card transactions that had not cleared the bank should be reclassified from cash to trade and other receivables as at 2 July 2016 and 1 July 2017 and concurred with the Directors that this reclassification was appropriate; > assessed whether it was appropriate to restate the tax credit in the Consolidated statement of profit and loss and other comprehensive income for the 52 weeks ended 1 July 2017. On the basis that £1,734k recognised related to a prior period error, we concurred with the restatement which resulted in an adjustment to the deferred tax position as at 2 July 2016; > evaluated the appropriateness of removing the share based payment charge from exceptional items. On the basis that this is a recurring item we agreed with this restatement; and > tested the disclosures in respect of prior year restatement and concluded they were adequate and in line with the requirements of IAS 8. Based on the above, we found the accounting entries to correct the prior period errors to be materially correct.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

The Group consists of nine legal entities, all of which are managed by one central finance team. Four legal entities (Revolution Bars Group plc, Revolución de Cuba Limited, Revolution Bars Limited and Inventive Service Company Limited) within the Group were determined to be full scope components. These provided coverage of 100% of revenue, profit before tax and exceptional items of the Group. No component auditors were involved in the audit.

Our audit approach continued

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Company financial statements
Overall materiality	£376,000.	£298,350.
How we determined it	5% of profit before tax and exceptional items.	1% of total assets.
Rationale for benchmark applied	Profit before tax and exceptional items was selected as this provides us with a consistent year-on-year basis for determining materiality and, we believe, is a metric used by Shareholders when assessing Group performance.	Total assets is considered to be appropriate as it is not a profit oriented Company. The Company holds investments in subsidiaries and therefore total assets is deemed a generally accepted auditing benchmark.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was between £357,000 and £263,200. Certain components were audited to a local statutory audit materiality that was also less than our overall Group materiality.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £18,000 (Group audit) and £15,000 (Company audit) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Going concern

In accordance with ISAs (UK) we report as follows:

Reporting obligation	Outcome
We are required to report if we have anything material to add or draw attention to in respect of the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the Directors' identification of any material uncertainties to the Group's and the Company's ability to continue as a going concern over a period of at least 12 months from the date of approval of the financial statements.	We have nothing material to add or to draw attention to. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's and Company's ability to continue as a going concern.
We are required to report if the Directors' statement relating to going concern in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.	We have nothing to report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

INDEPENDENT AUDITOR'S REPORT CONTINUED
TO THE MEMBERS OF REVOLUTION BARS GROUP PLC

Reporting on other information continued

Based on the responsibilities described above and our work undertaken in the course of the audit, the Companies Act 2006 (CA06), ISAs (UK) and the Listing Rules of the Financial Conduct Authority (FCA) require us also to report certain opinions and matters as described below (required by ISAs (UK) unless otherwise stated).

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the period ended 30 June 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. *(CA06)*

In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report. *(CA06)*

The directors' assessment of the prospects of the Group and of the principal risks that would threaten the solvency or liquidity of the Group

We have nothing material to add or draw attention to regarding:

> The Directors' confirmation on page 33 of the annual report 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 or liquidity.

> The disclosures in the annual report that describe those risks and explain how they are being managed or mitigated.

> The directors' explanation on page 33 of the annual report as to how they have assessed the prospects of the Group, over what period they have done so and why they consider 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.

We have nothing to report having performed a review of the Directors' statement that they have carried out a robust assessment of the principal risks facing the Group and statement in relation to the longer-term viability of the Group. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the UK Corporate Governance Code (the "Code"); and considering whether the statements are consistent with the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit. *(Listing Rules)*

Other Code provisions

We have nothing to report in respect of our responsibility to report when:

> The statement given by the Directors, on page 62, that they consider the annual report taken as a whole to be fair, balanced and understandable, and provides the information necessary for the members to assess the Group's and Company's position and performance, business model and strategy is materially inconsistent with our knowledge of the Group and Company obtained in the course of performing our audit.

> The section of the Annual Report on page 55 describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.

> The Directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified, under the Listing Rules, for review by the auditors.

Directors' Remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006. *(CA06)*

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities in respect of the annual report and the financial statements, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also 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.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit Committee, we were appointed by the Directors on 22 January 2018 to audit the financial statements for the year ended 30 June 2018 and subsequent financial periods. This is therefore our first year of uninterrupted engagement.

Randal Casson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditor
Manchester
2 October 2018

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE 52 WEEKS ENDED 30 JUNE 2018

	Note	**52 weeks ended 30 June 2018 £'000**	52 weeks ended 1 July 2017 Restated* £'000
Revenue	2	**141,939**	130,467
Cost of sales		**(33,751)**	(31,075)
Gross profit		**108,188**	99,392
Operating expenses:			
– operating expenses, excluding exceptional items	3	**(100,120)**	(91,624)
– exceptional items	3	**(11,087)**	(2,288)
Total operating expenses		**(111,207)**	(93,912)
Operating (loss)/profit	4	**(3,019)**	5,480
Finance expense	7	**(555)**	(290)
(Loss)/profit before taxation		**(3,574)**	5,190
Tax credit/(charge)	8	**730**	(1,361)
(Loss)/profit and total comprehensive (expense)/income for the period		**(2,844)**	3,829
(Loss)/earnings per share:			
– basic and diluted (pence)	9	**(5.7)**	7.7
Dividend declared per share (pence)		**4.95**	4.95

Non-GAAP measure			
Revenue		**141,939**	130,467
Operating (loss)/profit		**(3,019)**	5,480
Exceptional items		**11,087**	2,288
(Charge)/credit arising from long-term incentive plans		**(1,566)**	483
Bar opening costs	3	**2,029**	1,393
Adjusted operating profit		**8,531**	9,644
Finance expense		**(555)**	(290)
Adjusted profit before tax		**7,976**	9,354
Depreciation		**6,477**	5,422
Finance expense		**555**	290
Adjusted EBITDA		**15,008**	15,066

* Restated – see Note 1(b) of the consolidated financial statements for an explanation and analysis of the prior period adjustments made in respect of the profit for the 52 weeks ended 1 July 2017 and in respect of other prior periods.

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2018

	Note	30 June 2018 £'000	1 July 2017 Restated* £'000	2 July 2016 Restated* £'000
Assets				
Non-current assets				
Property, plant and equipment	10	**60,195**	53,353	45,898
Current assets				
Inventories	11	**3,892**	3,320	2,961
Trade and other receivables	12	**11,474**	10,554	9,230
Tax receivable		**265**	—	—
Cash and cash equivalents	13	**4,025**	3,050	1,843
		19,656	16,924	14,034
Total assets		**79,851**	70,277	59,932
Liabilities				
Current liabilities				
Trade and other payables	14	**(22,891)**	(20,517)	(21,525)
Provisions	15	**(1,065)**	(302)	(383)
Tax payable		**—**	(843)	(1,034)
		(23,956)	(21,662)	(22,942)
Non-current liabilities				
Interest-bearing loans and borrowings	16	**(15,500)**	(7,500)	(500)
Deferred tax liability	17	**(690)**	(925)	(448)
Provisions	15	**(8,912)**	(3,441)	(1,697)
Rent-free creditor		**(2,433)**	(1,504)	(937)
		(27,535)	(13,370)	(3,582)
Total liabilities		**(51,491)**	(35,032)	(26,524)
Net assets		**28,360**	35,245	33,408
Equity attributable to equity holders of the Parent				
Share capital	18	**50**	50	50
Merger reserve		**11,645**	11,645	11,645
Retained earnings		**16,665**	23,550	21,713
Total equity		**28,360**	35,245	33,408

Signed on behalf of the Board on 2 October 2018.

Mike Foster
Director

Registered number: 08838504

* Restated – see Note 1(b) of the consolidated financial statements for an explanation and analysis of the prior period adjustments made in respect of the profit for the 52 weeks ended 1 July 2017 and in respect of other prior periods.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE 52 WEEKS ENDED 30 JUNE 2018

		Reserves		
	Share capital £'000	Merger reserve £'000	Retained earnings £'000	Total equity £'000
At 3 July 2016 – as reported	50	11,645	26,188	37,883
Impact of restatements*	—	—	(4,475)	(4,475)
At 3 July 2016 – restated*	50	11,645	21,713	33,408
Total comprehensive income for the period – restated*	—	—	3,829	3,829
Credits arising from long-term incentive plans	—	—	483	483
Dividends paid	—	—	(2,475)	(2,475)
At 1 July 2017 – restated*	50	11,645	23,550	35,245
Total comprehensive expense for the period	—	—	(2,844)	(2,844)
Charges arising from long-term incentive plans	—	—	(1,566)	(1,566)
Dividends paid	—	—	(2,475)	(2,475)
At 30 June 2018	**50**	**11,645**	**16,665**	**28,360**

* Restated – see Note 1(b) of the consolidated financial statements for an explanation and analysis of the prior period adjustments made in respect of the profit for the 52 weeks ended 1 July 2017 and in respect of other prior periods.

CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE 52 WEEKS ENDED 30 JUNE 2018

	Note	52 weeks ended 30 June 2018 £'000	52 weeks ended 1 July 2017 Restated* £'000
Cash flow from operating activities			
(Loss)/profit before tax from operations		**(3,574)**	5,190
Adjustments for:			
Net finance expense		**555**	290
Depreciation of property, plant and equipment		**6,477**	5,422
Impairment of property, plant and equipment		**860**	—
Tax (credit)/charge		**(48)**	—
(Charges)/credits arising from long-term incentive plans	19	**(1,566)**	483
Operating cash flows before movement in working capital		**2,704**	11,385
Increase in inventories		**(572)**	(359)
Increase in trade and other receivables		**(920)**	(1,324)
Increase/(decrease) in trade and other payables		**3,323**	(644)
Increase in provisions		**6,234**	1,663
		10,769	10,721
Tax paid		**(565)**	(1,075)
Net cash flow generated from operating activities		**10,204**	9,646
Cash flow from investing activities			
Purchase of property, plant and equipment	10	**(14,276)**	(12,779)
Net cash flow used in investing activities		**(14,276)**	(12,779)
Cash flow from financing activities			
Equity dividends paid		**(2,475)**	(2,475)
Interest paid		**(478)**	(185)
Drawdown of borrowings		**8,000**	7,000
Net cash flow generated from financing activities		**5,047**	4,340
Net increase in cash and cash equivalents		**975**	1,207
Opening cash and cash equivalents		**3,050**	1,843
Closing cash and cash equivalents	13	**4,025**	3,050

* Restated – see Note 1(b) of the consolidated financial statements for an explanation and analysis of the prior period adjustments made in respect of the profit for the 52 weeks ended 1 July 2017 and in respect of other prior periods.

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION FOR THE 52 WEEKS ENDED 30 JUNE 2018

1. General information

Corporate information

The consolidated financial statements of Revolution Bars Group plc for the 52 weeks ended 30 June 2018 were authorised for issue by the Board of Directors on 2 October 2018. Revolution Bars Group plc is a public limited company incorporated and domiciled in the UK under the Companies Act 2006. The Company is limited by shares 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 30 June 2018 (prior period 52 weeks ended 1 July 2017), 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 period ended 30 June 2018 is a 52-week period; the period ended 1 July 2017 was a 52-week period. The consolidated financial statements have been prepared under the historical cost convention in accordance with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. References to 2018 relate to the 52-week period ended 30 June 2018 and references to 2017 relate to the 52-week period ended 1 July 2017 unless otherwise stated. The consolidated financial statements are presented in Pounds Sterling with values rounded to the nearest hundred thousand, except where otherwise indicated. These policies have been applied consistently unless otherwise stated.

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 period are discussed below.

Going concern

The Group has a £25 million revolving credit facility committed to 31 December 2021. The facility provides liquidity to cover normal monthly and seasonal cash outflows, 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. The Group has opened six new sites in each of the last two financial years and will open a further five new sites in the first half of the new financial period. A number of these new sites have been in large cities requiring larger than average footprints and at higher cost. This accelerated rate of investment together with the one-off exceptional costs relating to corporate activity and Executive Director changes has seen utilisation of the facility over the last two financial periods increase from £0.5 million to £15.5 million with a further increase to £19.0 million as at the date of signing the financial statements.

The Group continues to be very cash generative pre-expansionary capital expenditure, has ample headroom on its facility to cover working capital and seasonal cash flow needs and can potentially cover a significant reduction in trading performance relative to recent levels. The acceleration of capital investment has coincided with a number of events that have adversely impacted trading performance and therefore the Board has recently agreed with its bank some revisions to facility covenants that will provide a greater level of tolerance over existing test levels. The Directors have reviewed the Group's trading forecast, which demonstrates that the Group has adequate financial resources to continue in operational existence for at least 12 months from the date of approval of the financial statements and to remain compliant with the terms of the revolving credit facility and the financial covenants (tested quarterly) attached to it. For this reason the Directors continue to adopt the going concern basis in preparing the consolidated financial information.

(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. Receivables also include credit card sales which have not yet cleared the bank at the reporting date.

1. General information continued

(a) Accounting policies continued

Non-derivative financial instruments continued

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 remaining term of the leasehold agreement on a straight line basis for new bars and lower of 10 years or the remaining term of the leasehold agreement for refurbishments to existing bars
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.

Impairment of tangible fixed assets

At each statement of financial position date, the Group reviews the carrying amounts of its tangible 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 has 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.

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION CONTINUED FOR THE 52 WEEKS ENDED 30 JUNE 2018

1. General information continued

(a) Accounting policies continued

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 consolidated statement of profit and loss and other comprehensive income 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 for 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.

When valuations of leasehold properties (based on future estimated income streams) give rise to a deficit as a result of onerous lease conditions they are recognised as provisions. These provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The key assumptions used in the discounted cash flow calculations are the discount and inflation rates and the market rents, vacant periods and future trading income of the properties.

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.

Revenue from discount cards used is recognised as discounts against the revenue when customers redeem the cards.

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 consolidated statement of profit and loss and other comprehensive income on a straight line basis over the term of the lease. Lease incentives received are recognised in the consolidated statement of profit and loss and other comprehensive income as an integral part of the total lease expense.

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 consolidated statement of profit and loss and other comprehensive income on an accruals basis, using the effective interest method.

1. General information continued

(a) Accounting policies continued

Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the consolidated statement of profit and loss and other comprehensive income 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 periods.

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 market-based performance conditions and by use of a Black Scholes model for all others.

Exceptional items

Items that are unusual or infrequent in nature and material in size are disclosed separately in the consolidated statement of profit and loss and other comprehensive income. 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, contract termination costs and costs associated with one-off projects. Charges related to share-based payment arrangements are not treated as exceptional items, but are excluded from adjusted EBITDA calculations.

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 excluded from adjusted EBITDA calculations. 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.

1. General information continued

(b) Prior period restatements

As previously reported, a number of prior period adjustments were reflected in the accounts for the 52 weeks ended 1 July 2017 following a review of the Group's accounting policies and practices. Those adjustments were fully explained and the resulting corrections made to prior periods were detailed in those accounts. As a result of circumstances, as detailed below, the following prior period adjustments have been reflected in these financial statements.

Asset impairments

The Executive Chairman's Statement accompanying this report references the Board's decision to change the Group's auditor and to undertake a tender process that required prospective auditors to undertake their own review of the Group's accounting policies and practices. This identified that the Group's methodology for identifying and providing for asset impairments should be improved. Historically, it had not been the Group's practice to fully allocate head office costs to trading venues as part of its impairment test calculations. As this methodology had been consistently applied for a number of periods, a prior period adjustment has been made. This adjustment benefits the earnings of future periods as a result of reducing depreciation charges and does not affect cash flow. Its effect is to reduce net assets as at 2 July 2016 by £6.2 million and to increase profit after tax for the 52 weeks ended 1 July 2017 by £1.5 million.

Deferred tax

As a result of an internal review following an enquiry from the Financial Reporting Council regarding a material deferred tax credit reported in the accounts for the period ended 1 July 2017, the Directors have now determined that this item should have been treated as a prior period adjustment. This item relates to temporary timing differences on fixed assets as at 2 July 2016 that were originally calculated using a closing tax written down value of £14.1 million whereas the capital allowances summary submitted with the 2016 tax computations subsequently showed a tax written down value of £24.3 million. The income statement credit arising from this reduction in deferred tax liability has now been recognised in the period ended 2 July 2016. The effect is a decrease of the deferred tax liability as at 2 July 2016, and a consequential increase to profit after tax of £1.7 million in the period ended 2 July 2016. This deferred tax credit was originally reported as a credit to profit in the period ended 1 July 2017 and as such the impact of the restatement is to reduce the profit for the period ended 1 July 2017 by £1.7 million. There is no impact on net assets as at 1 July 2017.

Onerous lease provision

When the movement on the onerous lease provision was reported in the 52 weeks ended 1 July 2017, the interest charge associated with the movement on the provision was not separately disclosed in the income statement or the cash flow statement. An adjustment has been made to correct this disclosure with no effect on profit or net assets for the 52 weeks ended 1 July 2017.

Cash and cash equivalents

Customer credit and debit card transactions that have not yet cleared the bank account at period end but relate to sales within the reporting period have historically been treated as cash and cash equivalents in the statement of financial position and the cash flow statement. These amounts are now reported as receivables rather than cash and cash equivalents and accordingly an adjustment of £1.3 million has been made to the relevant balances at 1 July 2017 (2 July 2016: £0.9 million). This change in disclosure has no effect on profit or net assets for the 52 weeks ended 1 July 2017.

Directors' remuneration

The disclosure of Directors' remuneration for the 52 weeks ended 1 July 2017 was found to have been misstated by £0.1 million and has been corrected in Note 6. There was no effect on profit due to this error.

Summary

The Directors have taken the appropriate steps to ensure that the accounts are drawn up in accordance with the relevant accounting standards. The disclosures in these accounts describe the nature and impact of the most recent corrections and how these have been reflected in the accounts for the 52 weeks ended 30 June 2018. Throughout this report, the 2017 comparatives are described as "Restated" which means they are adjusted for prior period adjustments, compared to those originally reported in the 2016 and 2017 financial statements.

In aggregate, the effect of all of the prior period restatements is to reduce net assets at 2 July 2016 by £4.5 million. The cumulative effect of the restatements to the 2017 financial statements is to reduce profit after tax for the period ended 1 July 2017 by £0.3 million, and to reduce net assets as at 1 July 2017 by £4.8 million.

1. General information continued

(b) Prior year restatements continued

Summary continued

A summary of the combined impact of the prior period adjustments on the consolidated statement of profit and loss and other comprehensive income and the consolidated statement of cash flow for the 52 weeks ended 1 July 2017 and on the consolidated statements of financial position as at 1 July 2017 and 2 July 2016 arising from the restatement are as follows:

Consolidated statement of profit and loss and other comprehensive income for the 52 weeks ended 1 July 2017

	1 July 2017 As published £'000	Impairments[1] £'000	Onerous lease provisions £'000	Deferred tax £'000	Share-based payments £'000	1 July 2017 Restated £'000
Operating profit before exceptionals	8,088	163	—	—	(483)	7,768
Exceptional charge	(4,352)	1,476	105	—	483	(2,288)
Operating profit after exceptionals	3,736	1,639	105	—	—	5,480
Finance expense	(185)	—	(105)			(290)
Profit before tax	3,551	1,639	—	—	—	5,190
Tax	560	(187)	—	(1,734)	—	(1,361)
Profit after tax	4,111	1,452	—	(1,734)	—	3,829
Adjusted EBITDA	15,066	—	—	—	—	15,066

1 Impairments include the effect of the restatement on the depreciation charge (£163k) as a result of assets being written down in prior periods.

Consolidated statement of financial position as at 1 July 2017

	1 July 2017 As published £'000	Impairments[1] £'000	Debit and credit cards £'000	Deferred tax £'000	1 July 2017 Restated £'000
Property, plant and equipment	58,722	(5,369)	—	—	53,353
Inventories	3,320	—	—	—	3,320
Trade and other receivables	9,268	—	1,286	—	10,554
Cash and cash equivalents	4,336	—	(1,286)	—	3,050
Current assets	16,924	—	—	—	16,924
Trade and other payables	(20,819)	—	—	—	(20,819)
Tax payable	(843)	—	—	—	(843)
Current liabilities	(21,662)	—	—	—	(21,662)
Deferred tax liabilities	(1,537)	612	—	—	(925)
Interest-bearing loans and borrowings	(7,500)	—	—	—	(7,500)
Provisions	(3,441)	—	—	—	(3,441)
Other liabilities	(1,504)	—	—	—	(1,504)
Non-current liabilities	(13,982)	612	—	—	(13,370)
Net assets	40,002	(4,757)	—	—	35,245

1 Impairments include the effect of the restatement on the depreciation charge (£163k) as a result of assets being written down in prior periods.

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION CONTINUED FOR THE 52 WEEKS ENDED 30 JUNE 2018

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	Impairments[1] £'000	Debit and credit cards £'000	Deferred tax £'000	2 July 2016 Restated £'000
Property, plant and equipment	52,906	(7,008)	—	—	45,898
Inventories	2,961	—	—	—	2,961
Trade and other receivables	8,303	—	927	—	9,230
Cash and cash equivalents	2,770	—	(927)	—	1,843
Current assets	14,034	—	—	—	14,034
Trade and other payables	(21,908)	—	—	—	(21,908)
Tax payable	(1,034)	—	—	—	(1,034)
Current liabilities	(22,942)	—	—	—	(22,942)
Deferred tax liabilities	(2,981)	799	—	1,734	(448)
Interest-bearing loans and borrowings	(500)	—	—	—	(500)
Provisions	(1,697)	—	—	—	(1,697)
Other liabilities	(937)	—	—	—	(937)
Non-current liabilities	(6,115)	799	—	1,734	(3,582)
Net assets	37,883	(6,209)	—	1,734	33,408

1 Impairments include the effect of restatement on depreciation charge (£163k) as a result of assets being written down in prior periods.

Consolidated statement of cash flow for the 52 weeks ended 1 July 2017

	1 July 2017 As published £'000	Debit and credit cards £'000	1 July 2017 Restated £'000
Net cash inflow from operating activities	10,005	(359)	9,646
Net cash outflow from investing activities	(12,779)	—	(12,779)
Net cash inflow from financing activities	4,340	—	4,340
Net increase/(decrease) in cash and cash equivalents	1,566	(359)	1,207
Net cash and cash equivalents at beginning of period	2,770	(927)	1,843
Net cash and cash equivalents at end of period	4,336	(1,286)	3,050

The impact on diluted and basic EPS for the period ended 1 July 2017 was a reduction of 0.5 pence per share to 7.7 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 period are set out below.

The Directors consider the principal judgements made in the financial statements to be:

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, bar opening costs and share based payments;

> adjusted profit before tax before exceptional, bar opening costs and share based payments;

1. General information continued

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

Exceptional items and bar opening costs: adjusted profitability measures continued

- adjusted earnings before interest, tax, depreciation and amortisation before exceptional, bar opening costs ("adjusted EBITDA") and share based payments; and
- adjusted basic earnings per share (before exceptional items, bar opening costs and share based payments).

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 consolidated statement of profit and loss and other comprehensive income provides a reconciliation of the adjusted profitability measures, excluding exceptional and non-underlying items to the equivalent unadjusted IFRS measures.

Exceptional items, bar opening costs and share based payments are further detailed in Note 3 to the financial statements. Share based payments are detailed in Note 19.

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

- costs incurred in association with merger and acquisition activity, such legal and professional fees such as stamp duty;
- costs incurred in respect of changes to executive management;
- external costs of an accounting review;
- impairment charges in respect of tangible assets as a result of underperformance of sites; 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

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.

Capitalisation of employment costs

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.

The Directors consider the principal judgements made in the financial statements to be:

Provision for onerous leases (Note 15)

- 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 15.

Recoverable amount of property, plant and equipment (Note 10)

- Assets that are subject to depreciation 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.
- 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 10.
- 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.

1. General information continued

(d) New accounting standards

There have been no significant changes to accounting under IFRS which have affected the Group's results. The following IFRS have been issued but are not yet effective:

- IFRS 16 "Leases" was issued on 13 January 2016 and is effective for accounting periods beginning on or after 1 January 2019. 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 consolidated statement of profit and loss and other comprehensive income, 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 Group will implement this standard for the 52 weeks ended 27 June 2020. It is anticipated that the transition to IFRS 16 will have a material impact on the value of lease assets and liabilities recognised in the consolidated balance sheet. The Group is in the process of assessing the potential impact of this standard on the financial statements. Until the impact assessment is complete, it is not practical to provide a reasonable estimate of the financial effect of IFRS 16.
- 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 covers three distinct areas: the classification and measurement of financial assets and liabilities; the impairment of financial assets; and new hedging requirements designed to give increased flexibility in relation to hedge effectiveness. IFRS 9 requires a new impairment model with impairment provisions based on expected credit losses rather than incurred credit losses under IAS 39. The Group does not believe the new requirement consideration of forward looking would have an impact on the Group financial position.
- IFRS 15 "Revenue from Contracts with Customers" is effective after 1 January 2018. It introduces a new revenue recognition model that recognises revenue either at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised and is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The Group recognises revenue at the point of sale to the customer, and as such believes that the new standard will not have a material impact on the Group.

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; and
- amendments to IAS 7 – Disclosure initiative "Changes in liabilities arising from financing activities".

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's internal management reporting is focused predominantly on revenue and adjusted EBITDA, as these are the principal drivers of the Group's business and its allocation of resources. The CODM receives information on each trading venue and each of which is considered to be an operating segment. All operating segments have the same characteristics and, in accordance with IFRS 8, are aggregated to form an "Ongoing business" 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 drink and food with a small amount of admission income.

2. Segmental information continued

	52 weeks ended 30 June 2018 £'000	52 weeks ended 1 July 2017 Restated* £'000
Revenue	**141,939**	130,467
Cost of sales	**(33,751)**	(31,075)
Gross profit	**108,188**	99,392
Operating expenses:		
– operating expenses excluding exceptional items	**(100,120)**	(91,624)
– exceptional items	**(11,087)**	(2,288)
Total operating expenses	**(111,207)**	(93,912)
Operating (loss)/profit	**(3,019)**	5,480

Depreciation for the ongoing business is disclosed in Note 4.

3. Operating expenses

	52 weeks ended 30 June 2018 £'000	52 weeks ended 1 July 2017 Restated* £'000
Administrative expenses	**14,256**	12,697
Sales and distribution	**96,951**	81,215
Total operating expenses	**111,207**	93,912
Exceptional items		
Administrative expenses:		
– professional fees for aborted corporate transaction	**1,707**	—
– other exceptional fees (see below)	**585**	239
– termination of Directors' contracts	**948**	190
– impairment of property, plant and equipment	**860**	—
– movement on onerous lease provisions	**6,987**	1,859
Total exceptional items	**11,087**	2,288

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. Exceptional charges in the period amounted to £11.1 million (2017 Restated*: £2.3 million) and comprised the following:

Professional fees for aborted merger and acquisition activities comprise legal and corporate advisory fees, and registrar and virtual data room services provided in respect of the Board recommended offer from Stonegate Pub Company Limited and the merger proposals from the Deltic Group Limited.

Other exceptional fees relate to work undertaken in connection with accounting reviews and restatements during the period.

The costs associated with termination of Directors' contracts relate to compensation payments and legal costs associated with the resignations of the Chief Executive Officer ("CEO") and Chief Operating Officer and also fees and expenses relating to the recruitment of the replacement CEO. The comparative figure relates to the contract termination of Chris Chambers, Chief Financial Officer.

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

* Restated – see Note 1(b) of the consolidated financial statements for an explanation and analysis of the prior period adjustments made in respect of the profit for the 52 weeks ended 1 July 2017 and in respect of other prior periods.

3. Operating expenses continued

Following a more robust analysis of the performance of the Group's bars, seven leases were identified as requiring an onerous lease provision based on projected trading contributions and rental commitments. The adjustment will reduce rental charges in future periods; it has no impact on the Group's cash flows. In the comparative period, an onerous lease provision in respect of two properties was substantially reinstated following the discontinuation of negotiations relating to the potential sub-let of these properties.

	52 weeks ended 30 June 2018 £'000	52 weeks ended 1 July 2017 £'000
Bar opening costs	**2,029**	1,393

Bar opening costs relate to costs incurred in getting new sites fully operational and primarily include costs incurred before the opening date preparing for the launch. The most substantial part of the costs is for rent and rates incurred between the start of the lease and opening. In the 52 weeks ended 30 June 2018, six new bars were opened. Costs incurred in the period also include those bars opening in the first half of Financial Year 2019.

4. Group operating (loss)/profit

Group operating (loss)/profit is stated after charging:	**52 weeks ended 30 June 2018 £'000**	52 weeks ended 1 July 2017 Restated* £'000
Depreciation of owned fixed assets	**6,477**	5,422
Impairment of property, plant and equipment	**860**	—
Rentals payable under operating leases:		
– leasehold premises	**10,975**	10,053
– other	**482**	504
Auditor's remuneration:		
– audit fees payable to the Company's auditor for the audit of these financial statements	**150**	85
Fees payable to the Company's auditor for:		
– audit of financial statements of subsidiary	**35**	20
– tax services	**—**	1
– forensic audit	**120**	—
– interim review	**30**	20
– audit-related services	**—**	23

The forensic audit charges relate to work performed by PwC prior to its appointment as external auditor. This non-audit work was referred to in last year's Audit Committee Report and related to an investigation into the Group's accounting for supplier rebates and short-life assets. This work was completed before PwC was invited to participate in the tender process for the appointment as the Group's auditor and only after it had confirmed that this work had not created a conflict of interest.

5. Staff numbers and costs

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

	52 weeks ended 30 June 2018 Number	52 weeks ended 1 July 2017 Number
Administration	**89**	82
Operational	**2,934**	2,661
	3,023	2,743

The aggregate payroll costs were as follows:

	52 weeks ended 30 June 2018 £'000	52 weeks ended 1 July 2017 £'000
Wages and salaries	**40,722**	36,608
Social security costs	**2,863**	2,622
Share-based payment charge	**(1,566)**	483
Other pension costs	**303**	296
	42,322	40,009

In the 52 weeks ended 30 June 2018, £0.6 million (2017: £0.5 million) of wages and salary costs were capitalised as property, plant and equipment in the consolidated statement of financial position.

* Restated – see Note 1(b) of the consolidated financial statements for an explanation and analysis of the prior period adjustments made in respect of the profit for the 52 weeks ended 1 July 2017 and in respect of other prior periods.

6. Directors' remuneration

	52 weeks ended 30 June 2018 £'000	52 weeks ended 1 July 2017 Restated[2] £'000
Aggregate emoluments	**1,023**	1,191
Pension contributions to money purchase schemes[1]	**68**	131
	1,091	1,322
Emoluments in respect of the highest paid Director		
Aggregate emoluments including pension contributions to money purchase schemes	**516**	473

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

2 Aggregate emoluments were found to be misstated in the 52 weeks ended 1 July 2017.

Two Directors (2017: two) were enrolled in the defined contribution pension scheme in the period.

Additionally, £259k of long term incentive share options were awarded to a director in the period.

7. Finance expenses

	52 weeks ended 30 June 2018 £'000	52 weeks ended 1 July 2017 Restated* £'000
Interest payable on bank loans and overdrafts	**478**	185
Interest on onerous lease provisions	**77**	105
Interest payable	**555**	290

8. Taxation

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

	52 weeks ended 30 June 2018 £'000	52 weeks ended 1 July 2017 Restated* £'000
Analysis of (credit)/charge in the period		
Current tax		
UK corporation tax on the (loss)/profit for the period	**—**	884
Adjustment in respect of prior periods	**(495)**	—
Deferred tax		
Origination and reversal of timing differences	**(235)**	285
Adjustment in respect of prior periods	**—**	192
Total tax	**(730)**	1,361
Factors affecting current tax (credit)/charge for the period		
(Loss)/profit before taxation	**(3,574)**	5,190
(Loss)/profit at standard rate of UK corporation tax (2018: 19%; 2017: 19.75%)	**(679)**	1,025
Effects of:		
– expenses not deductible for tax and other permanent differences	**563**	591
– adjustment in respect of prior periods	**(812)**	(132)
– adjustments in respect of changes in tax rates on deferred tax balances	**198**	(123)
Total tax (credit)/charge for the period	**(730)**	1,361

At 30 July 2018, the Group has carried forward tax losses of £3.6 million which are available to offset against future losses, upon which no deferred tax has been booked. There are no unprovided temporary differences or unused tax credits.

The UK rate of corporation tax, currently 19 per cent, will reduce to 17 per cent on 1 April 2020 under provisions contained in the Finance Act 2016. The Group has recognised deferred tax in relation to UK companies at either 19 per cent or 17 per cent depending on the period in which the deferred tax asset or liability is expected to reverse.

* Restated – see Note 1(b) of the consolidated financial statements for an explanation and analysis of the prior period adjustments made in respect of the profit for the 52 weeks ended 1 July 2017 and in respect of other prior periods.

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION CONTINUED
FOR THE 52 WEEKS ENDED 30 JUNE 2018

9. (Loss)/earnings per share

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

	52 weeks ended 30 June 2018	52 weeks ended 1 July 2017 Restated*
(Loss)/profit for the period (£'000)	**(2,844)**	3,829
Weighted average number of shares – basic and diluted ('000)	**50,029**	50,000
Basic and diluted (loss)/earnings per Ordinary Share (pence)	**(5.7)**	7.7

Loss 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 30 June 2018 £'000**	52 weeks ended 1 July 2017 Restated* £'000
(Loss)/profit on ordinary activities before taxation	**(3,574)**	5,190
Exceptional items, share-based payments and bar opening costs	**11,550**	4,164
Adjusted profit on ordinary activities before taxation	**7,976**	9,354
Taxation on ordinary activities	**730**	(1,361)
Taxation on exceptional items and bar opening costs	**(2,200)**	(699)
Adjusted profit of ordinary activities after taxation	**6,506**	7,294
Basic and diluted number of shares ('000)	**50,029**	50,000
Adjusted basic and diluted EPS (pence per share)	**13.0**	14.6

10. 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 2 July 2016	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
Additions	—	9,946	3,511	722	14,179
At 30 June 2018	**1,426**	**74,719**	**49,762**	**7,608**	**133,515**
Depreciation					
At 2 July 2016 – restated*	(1,216)	(21,044)	(33,490)	(4,811)	(60,561)
Provided in the period – restated*	—	(2,259)	(2,513)	(650)	(5,422)
Impairment charges – restated*	—	—	—	—	—
At 1 July 2017 – restated*	(1,216)	(23,303)	(36,003)	(5,461)	(65,983)
Provided in the period	—	(3,479)	(2,292)	(706)	(6,477)
Impairment charges	—	(676)	(184)	—	(860)
At 30 June 2018	**(1,216)**	**(27,458)**	**(38,479)**	**(6,167)**	**(73,320)**
Net book value					
At 30 June 2018	**210**	**47,261**	**11,283**	**1,441**	**60,195**
At 1 July 2017 – restated*	210	41,470	10,248	1,425	53,353
At 2 July 2016 – restated*	210	34,348	9,836	1,504	45,898

* Restated – see Note 1(b) of the consolidated financial statements for an explanation and analysis of the prior period adjustments made in respect of the profit for the 52 weeks ended 1 July 2017 and in respect of other prior periods.

10. Property, plant and equipment continued

Depreciation and impairment of property, plant and equipment are recognised in operating expenses in the consolidated statement of profit and loss and other comprehensive income.

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 CGUs are predominantly based on value in use, which is calculated from the cash flows expected to be generated to the end of the lease term discounted at the Group's weighted average cost of capital.

In the 52 weeks ended 30 June 2018, the Group impaired the assets of four 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 an impairment loss is recognised, the asset's adjusted carrying value is depreciated over its remaining useful economic life.

Following the restatements to the 2 July 2016 statement of financial position described in Note 1(b) to the financial statements, in the 52 weeks ended 1 July 2017 no CGUs were impaired.

At the end of each reporting period, a filter test, based on annual run rate of EBITDA, is used to identify whether any asset is potentially impaired. The test compares a multiple of run rate EBITDA, adjusted for central overheads, to the carrying value of the asset. This multiple is based on the shorter of the remaining lease term or eight years.

If the filter test indicates a potential impairment, a more detailed value in use review is performed. These value in use calculations use cash flows based on Board-approved forecasts covering a three-year period. These forecasts combine management's understanding of historical performance and knowledge of local market environments and competitive conditions to give realistic views for future performance. Cash flows beyond this three-year period are extrapolated using a long-term growth rate to the end of the lease term.

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 (2017: 2.0 per cent).

> Pre-tax discount rate: 11.7 per cent (2017: 11.7 per cent).

The long-term growth rate has been determined with reference to forecast ten-year bond yields from the Bank of England, 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 £0.25 million.

11. Inventories

	30 June 2018 £'000	1 July 2017 £'000
Goods held for resale	**3,892**	3,320

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

	52 weeks ended 30 June 2018 £'000	52 weeks ended 1 July 2017 £'000
	33,751	31,075

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

12. Trade and other receivables

	30 June 2018 £'000	1 July 2017 Restated* £'000
Amounts falling due within one year		
Trade and other receivables	**2,610**	1,755
Accrued rebate income	**630**	895
Prepayments	**8,234**	7,904
	11,474	10,554

* Restated – see Note 1(b) of the consolidated financial statements for an explanation and analysis of the prior period adjustments made in respect of the profit for the 52 weeks ended 1 July 2017 and in respect of other prior periods.

12. Trade and other receivables continued

The ageing of trade receivables at the balance sheet date was:

	30 June 2018 £'000	1 July 2017 £'000
Not past due	**1,977**	1,373
Past due 0–30 days	**113**	174
Past due 31–60 days	**468**	33
More than 60 days	**52**	175
	2,610	1,755

The Directors are not aware of any factors affecting the recoverability of outstanding balances as at 30 June 2018.

All receivables are GBP denominated. The Group does not have a provision for bad and doubtful debts (2017: £nil).

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. £7.6 million comprises prepayments relating to property rent and rates (2017: £6.9 million).

As referred to in Note 1(b) to the financial statements, uncleared credit and debit card takings have previously been reported in cash and cash equivalents but are now reported in receivables and accordingly the comparative has been restated.

13. Cash and cash equivalents

	30 June 2018 £'000	1 July 2017 Restated* £'000
Cash and cash equivalents	**4,025**	3,050

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. As referred to in Note 1(b) to the financial statements, uncleared credit and debit card takings have previously been reported in cash and cash equivalents but are now reported in receivables and accordingly the comparative has been restated.

14. Trade and other payables

	30 June 2018 £'000	1 July 2017 Restated* £'000
Trade payables	**13,636**	10,935
Other payables	**68**	58
Accruals	**6,254**	5,794
Other taxes and social security costs	**2,933**	3,730
	22,891	20,517

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.

15. Onerous lease provision

	30 June 2018 £'000	1 July 2017 £'000
Opening balance	**3,743**	2,080
Provisions used in period	**(830)**	(301)
Provisions made in period	**6,987**	1,859
Interest charged in period	**77**	105
	9,977	3,743
Current	**1,065**	302
Non-current	**8,912**	3,441
	9,977	3,743

* Restated – see Note 1(b) of the consolidated financial statements for an explanation and analysis of the prior period adjustments made in respect of the profit for the 52 weeks ended 1 July 2017 and in respect of other prior periods.

15. Onerous lease provision continued

The onerous lease provision is expected to be payable over the remaining lease terms.

The calculation is most sensitive to changes in the assumptions used to forecast trading cash flows, and a risk-free discount rate of 1.3%. Management considers that it is reasonably possible that the risk-free discount rate could change by +/-0.5 per cent which would result in a change in the corresponding liability of -/+£140,000. Similarly, a 0.1 per cent reduction in the long-term growth rate assumption would increase the provision recorded by £0.1 million.

16. Interest-bearing loans and borrowings

	30 June 2018 £'000	1 July 2017 £'000
Revolving credit facility	**15,500**	7,500

In June 2017, 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 and an unlimited guarantee.

The facility is secured over the assets of Revolution Bars Group plc, Revolucion de Cuba Limited, Revolution Bars Limited and Inventive Service Company Limited.

The amount drawn at 30 June 2018 was £15.5 million (2017: £7.5 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 20.

17. 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 2 July 2016 – restated*	202	(650)	(448)
Charge to income – restated*	(25)	(452)	(477)
At 1 July 2017 – restated*	177	(1,102)	(925)
(Charge)/credit to income	(158)	393	235
At 30 June 2018	**19**	**(709)**	**(690)**

	30 June 2018 £'000	1 July 2017 Restated* £'000
Deferred tax assets	**19**	177
Deferred tax liabilities	**(709)**	(1,102)
Total	**(690)**	(925)

18. Share capital

	30 June 2018 £'000	1 July 2017 £'000
Allotted, called up and fully paid		
50,029,159 £0.001 Ordinary Shares (2017: 50,000,000 £0.001 Ordinary Shares)	**50**	50
	50	50

19. Share-based payments (equity settled)

The Group currently operates an employee share incentive scheme, namely The Revolution Bars Group Share Plan. Awards under the scheme comprise:

- a nominal cost option ("NCO") granted to acquire Ordinary Shares in the Company at an option price of 0.1 pence per share; and
- a linked, tax-favoured Company share option plan ("CSOP") granted under Part II of The Revolution Bars Group Share Plan to acquire a number of Ordinary Shares in the Company. The option price is set as the market value at the time of the award.

The two options are linked and the NCO can only be exercised if the related approved option is exercised (or waived). When the awards are exercised, the CSOP options will be exercised first (where a gain is available). Following this the number of shares received by an employee through the exercise of the NCO will be reduced by such number of shares as have a value equal to the gain on the CSOP shares.

* Restated – see Note 1(b) of the consolidated financial statements for an explanation and analysis of the prior period adjustments made in respect of the profit for the 52 weeks ended 1 July 2017 and in respect of other prior periods.

19. Share-based payments (equity settled) continued

The Group's Plan is an equity-settled share option scheme approved by HMRC. It was established in 2015. Awards are subject to performance conditions and require holders to remain employed through the vesting period.

The total credit for the period relating to employee share-based payment plans was £1.6 million (2017: expense £0.5 million), all of which related to equity-settled share-based payment transactions. The credit during the period principally related to the reversal of prior year charges related to awards granted to senior management who left during the financial period.

The table below summarises the amounts recognised in the consolidated statement of profit and loss and other comprehensive income during the period:

	52 weeks ended 30 June 2018 £'000	52 weeks ended 1 July 2017 £'000
IPO LTIP award		
– Tranche 1	**(849)**	265
– Tranche 2	**(411)**	41
– Tranche 3	**(267)**	67
	(1,527)	373
2016 LTIP award		
– Tranche 1	**(1)**	34
– Tranche 2	**—**	9
– Tranche 3	**—**	7
	(1)	50
2017 LTIP award	**(80)**	60
2018 LTIP award	**42**	—
	(1,566)	483

In the 52 weeks ended 30 June 2018, conditional awards of Ordinary Shares were granted as follows:

	Nominal cost option ("NCO")	Company share option plan ("CSOP")
14 November 2017	548,472	164,604
12 April 2018	370,000	20,689
Total	918,472	185,293

Awards under the CSOP are linked to the grant of NCO awards and any value received from the CSOP award reduces the value receivable from the NCO award.

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

	NCO				CSOP				Total			
	2018 Number of shares	**2018 WAEP p**	2017 Number of shares	2017 WAEP p	**2018 Number of shares**	**2018 WAEP p**	2017 Number of shares	2017 WAEP p	**2018 Number of shares**	**2018 WAEP p**	2017 Number of shares	2017 WAEP p
Outstanding at the beginning of the year	**2,661,413**	**0.1**	3,158,913	0.1	**247,767**	**1.92**	286,406	1.92	**2,909,180**	**0.26**	3,445,319	0.25
Lapsed during the year	**(2,200,633)**	**0.1**	(1,190,000)	0.1	**(116,249)**	**1.92**	(56,139)	1.91	**(2,316,882)**	**0.19**	(1,246,139)	0.18
Exercised	**(29,159)**	**0.1**	—		**—**				**(29,159)**	**0.10**	—	
Outstanding at the end of the year	**1,350,093**	**0.1**	2,661,413	0.1	**316,811**	**1.76**	247,767	1.92	**1,666,904**	**0.42**	2,909,180	0.26

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 86).

19. Share-based payments (equity settled) continued

The performance conditions are tested over the performance periods as set out below:

> the IPO LTIP award tranche 1 has been 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 potentially vested in 2018. 37,920 of these awards vested during the period on the termination of contracts of the Chief Executive Officer and another Senior Executive. No other awards from tranche 1 have vested and accordingly 274,571 options outstanding as at 30 June 2018 will lapse during the reporting period to 29 June 2019; 201,765 options under tranches 2 and 3 remain outstanding at 30 June 2018 and are tested over the periods from 1 July 2016 to 30 June 2019 and from 1 July 2017 to 30 June 2020 respectively and will vest in equal volumes on the date of announcement of results for the reporting periods ended June 2019 and June 2020. At 30 June 2018, 403,530 of these awards remained outstanding;

> the 2016 LTIP award will be tested in three tranches over three year periods from 1 July 2015 to 30 June 2018 (50 per cent), 1 July 2016 to 30 June 2019 (25 per cent) and 1 July 2017 to 30 June 2020 (25 per cent) and, to the extent that performance conditions have been satisfied, will vest on the later of the announcement of results for each of these reporting periods or the date of the third anniversary of the grant of the award. At 30 June 2018, 108,242 of these awards remained outstanding;

> the 2017 LTIP award will be tested over the period from 1 July 2016 to 30 June 2019 and, to the extent that performance conditions have been satisfied, will vest on 19 November 2019, being the third anniversary of the date of the grant of the awards. At 30 June 2018, 110,000 of these awards remained outstanding; and

> the 2018 LTIP award will be tested over the period from 1 July 2017 to 30 June 2020 and, to the extent that performance conditions have been satisfied, will vest on either 14 November 2020 or 12 April 2021, being the third anniversary of the date of the grant of the awards. At 30 June 2018, 1,045,132 of these awards remained outstanding.

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 period ended 27 June 2015 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) has been used as the base point from which TSR is measured for the Company. For subsequent awards, the offer price is to be based on a three-month average prior to the start of the performance period. For all awards, the end point offer price is to be based on the average for 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.

19. Share-based payments (equity settled) continued

Part B – TSR targets continued

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 periods ended 30 June 2018 and 1 July 2017:

	2018[4] award	2017[3] award	2016 LTIP[2] Tranche 1	2016 LTIP[2] Tranche 2	2016 LTIP[2] Tranche 3	IPO LTIP[1] Tranche 1	IPO LTIP[1] Tranche 2	IPO LTIP[1] Tranche 3
NCO: fair value at grant date – EPS	**140**	187	188	193	182	188	193	182
CSOP: fair value at grant date – EPS	**48**	42	30	33	40	41	50	57
NCO: fair value at grant date – TSR	**87**	113	112	159	130	108	113	119
CSOP: fair value at grant date – TSR	**42**	40	27	31	35	38	43	48
NCO: exercise price (p)	**0.1**	0.1	0.1	0.1	0.1	0.1	0.1	0.1
CSOP: exercise price (p)	**162**	179	194	194	194	200	200	200
Share price (p)	**153**	183	194	194	194	200	200	200
Expected volatility (%)	**57.67**	31.00	30.61	30.61	19.59	28.91	28.9	20.81
Expected life of options (years)	**3**	5.29	4.29	4.29	4.29	3.29	3.29	3.29
Weighted average remaining life	**2**	3	2	2.36	2	1	1.36	1
Expected dividend yield (%)	**3.24**	2.63	2.64	2.64	2.64	2.64	2.64	2.64
Risk-free rate (%)	**0.95**	1.05	0.86	1.15	0.30	0.65	1.00	0.23

1 Granted on 18 March 2015.

2 Granted on 2 November 2015.

3 Granted on 9 November 2016.

4 Granted on 14 November 2017 and 12 April 2018.

20. 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. The Group limits its exposure to credit risk from trade receivables by establishing a maximum payment period of three months for corporate customers.

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. Trade and other receivables do not contain any impaired assets.

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 30 June 2018.

20. Financial instruments continued

Credit risk continued

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.

The Group's financial assets are as follows:

	30 June 2018 £'000	1 July 2017 Restated* £'000
Trade and other receivables	**2,610**	1,755
Cash and cash equivalents	**4,025**	3,050
	6,635	4,805

The ageing of trade receivables at the balance sheet date was:

	30 June 2018 £'000	1 July 2017 £'000
Not past due	**1,977**	1,373
Past due 0–30 days	**113**	174
Past due 31–60 days	**468**	33
More than 60 days	**52**	175
	2,610	1,755

The Directors are not aware of any factors affecting the recoverability of outstanding balances as at 30 June 2018.

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 approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risk damage to the Group's reputation.

The Group aims to maintain the level of its cash and cash equivalents at an amount in excess of expected cash outflows on financial liabilities over the next 90 days. The Group also monitors the level of expected cash inflows on trade and other trade receivables with expected cash outflows on trade and other payables.

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 £15.5 million was drawn at 30 June 2018.

The Group's financial liabilities are as follows:

	30 June 2018 £'000	1 July 2017 £'000
Trade payables	**13,636**	10,935
Other payables	**68**	58
Revolving credit facility	**15,500**	7,500
	29,204	18,493

The maturity analysis of the financial liabilities is as follows:

As at 30 June 2018	**<1 year £'000**	**1–5 years £'000**	**>5 years £'000**	**Total £'000**
Trade and other payables	**13,704**	**—**	**—**	**13,704**
Revolving credit facility	**—**	**15,500**	**—**	**15,500**

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

These liabilities are short term in nature. The liabilities are on an undiscounted basis and not considered materially different.

* Restated – see Note 1(b) of the consolidated financial statements for an explanation and analysis of the prior period adjustments made in respect of the profit for the 52 weeks ended 1 July 2017 and in respect of other prior periods.

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION CONTINUED FOR THE 52 WEEKS ENDED 30 JUNE 2018

20. Financial instruments continued

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 30 June 2018, the Group's interest-bearing financial assets consisted solely of cash and cash equivalents (see Note 13). The Group has interest-bearing financial liabilities as at 30 June 2018, comprising a revolving credit facility of £15.5 million (2017: £7.5 million).

The Group does not enter into derivatives or hedging transactions.

The main risk arising from the Group's financial instruments is interest rate risk. The Group does not have any exposure to foreign currency risk as all the Group's revenue and costs are in Pound Sterling.

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 Group'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 Group ensures that it has sufficient cash on demand to meet its expected operational expenses, including the servicing of any financial obligations. This excludes the potential impact of extreme circumstances which cannot be reasonably predicted.

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. When monitoring capital risk, the Group considers its gearing ratio.

21. 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:

	30 June 2018 £'000	1 July 2017 £'000
Land and buildings		
Operating lease payments due:		
– in less than one year	**10,877**	9,487
– in two to five years	**46,586**	37,948
– in over five years	**133,421**	97,145
	190,884	144,580
Other assets		
Within one year	**214**	234
In two to five years	**127**	212
	341	446

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 £1.3 million (2017: £1.2 million).

21. Operating leases continued

The total lease payments recognised in the consolidated statement of profit and loss and other comprehensive income in the 52 weeks ended 30 June 2018 were £11.1 million (52 weeks ended 1 July 2017: £10.6 million). The consolidated statement of profit and loss and other comprehensive income includes the charge for rent-free periods for both reporting periods. During the year the Group received £0.1 million (2017: £0.1 million) rental income under a sub-lease.

There were no capital commitments at 30 June 2018 (1 July 2017: £nil).

22. Dividends

	30 June 2018 £'000	1 July 2017 £'000
Amounts recognised as distributions to equity holders in the period:		
Final dividend for the 52 weeks ended 1 July 2017 of 3.30p (2016: 3.30p)	**1,650**	1,650
Interim dividend for the 52 weeks ended 30 June 2018 of 1.65p (2017: 1.65p)	**825**	825
	2,475	2,475
Proposed final dividend for the 52 weeks ended 30 June 2018 of 3.30p (2017: 3.30p) per share	**1,650**	1,650

The proposed final dividend is subject to approval by shareholders at the Annual General Meeting ("AGM") on 26 November 2018 and has not yet been included as a liability in these financial statements.

23. Related party transactions

(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 30 June 2018 £'000	52 weeks ended 1 July 2017 £'000
Key management emoluments including social security costs	**1,990**	1,760
Awards granted under a long-term incentive plan	**609**	423
Pension contributions to money purchase schemes[1]	**81**	159
	2,680	2,342

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

The key management of the Company is considered to be the Directors of the Company and Senior Management as detailed on pages 30 to 33, details of their compensation are provided in the Remuneration Report. The Company did not enter into any form of loan arrangement with any Director during any of the periods presented.

Following the prior year restatements referred to in Note 1 (b) to the financial statements, the dividends paid by Inventive Service Company Limited to Inventive GuaranteeCo. Limited (both subsidiaries of the Group) in both the year ended 28 June 2015 and 30 June 2016 became unlawful due to insufficient reserves in Inventive Services Company Limited to fund the distribution. In the current financial year Inventive Service Company Limited had sufficient distributable reserves to declare a dividend. The Board will consider the matter as part of the next AGM of these Companies.

24. Subsequent events

On 28 September 2018 the Group's revolving credit facility was reviewed in light of the trading results in the second half of the financial year and in the post-year-end period. The facility was reconfirmed at £25 million and for the period to December 2021. The financial covenants associated with the facility were revised to reflect recent trading results. An additional fee of £62,500 was incurred in relation to this, which will be charged to the profit and loss account over the period from October 2018 to December 2021. There were no other changes to the terms of the facility, including interest margin.

COMPANY STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2018

	Note	30 June 2018 £'000	1 July 2017 £'000
Assets			
Non-current assets			
Investments	5	**29,650**	29,650
Current assets			
Trade and other receivables	6	**185**	1,751
Total assets		**29,835**	31,401
Net assets		**29,835**	31,401
Equity attributable to equity holders of the Parent			
Share capital	7	**50**	50
Merger reserve		**11,645**	11,645
Retained earnings		**18,140**	19,706
Total equity		**29,835**	31,401

The Company made a profit after tax of £2.5 million in the 52 weeks ended 30 June 2018 (2017: £2.5 million) relating entirely to the dividends received from a subsidiary of the Company in the period.

Signed on behalf of the Board on 2 October 2018.

Mike Foster
Director

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE 52 WEEKS ENDED 30 JUNE 2018

		Reserves		
	Share capital £'000	Merger reserve £'000	Retained earnings £'000	Total equity £'000
At 3 July 2016	50	11,645	19,223	30,918
Total comprehensive income for the period	—	—	2,475	2,475
Credit 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
Total comprehensive income for the period	—	—	2,475	2,475
Charge arising from long-term incentive plans	—	—	(1,566)	(1,566)
Dividend paid	—	—	(2,475)	(2,475)
At 30 June 2018	**50**	**11,645**	**18,140**	**29,835**

COMPANY STATEMENT OF CASH FLOW
FOR THE 52 WEEKS ENDED 30 JUNE 2018

	52 weeks ended 30 June 2018 £'000	52 weeks ended 1 July 2017 £'000
Cash flow from operating activities		
Profit before tax	**2,475**	2,475
Adjustments for:		
Dividends paid	**(2,475)**	(2,475)
Decrease/(increase) in trade and other receivables	**1,566**	(483)
(Credit)/charge arising from long-term incentive plans	**(1,566)**	483
Net cash flow generated from operating activities	**—**	—
Cash flow from investing activities		
Dividends received from subsidiary company	**2,475**	2,475
Net cash flow generated from investing activities	**2,475**	2,475
Cash flow from financing activities		
Equity dividends paid	**(2,475)**	(2,475)
Net cash flow used in financing activities	**(2,475)**	(2,475)
Net increase in cash and cash equivalents	**—**	—
Opening cash and cash equivalents	**—**	—
Closing cash and cash equivalents	**—**	—

FINANCIAL STATEMENTS

NOTES TO THE COMPANY FINANCIAL INFORMATION FOR THE 52 WEEKS ENDED 30 JUNE 2018

1. 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 30 June 2018 (prior period 52 weeks ended 1 July 2017) 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 (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 market-based performance conditions and by use of a Black Scholes model for all others.

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.

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 AGM.

Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the consolidated statement of profit and loss and other comprehensive income 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 periods.

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.

NOTES TO THE COMPANY FINANCIAL INFORMATION CONTINUED FOR THE 52 WEEKS ENDED 30 JUNE 2018

2. 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 period was £2,475,000 (2017: £2,475,000).

3. Auditor's remuneration

Auditor's remuneration in respect of the Company audit was £500 (2017: £500).

4. 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 38 to 58. 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 other than issues of share-based payments as described in Note 1 to the Company financial statements.

5. 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:	30 June 2018 £'000	1 July 2017 £'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 30 June 2018 and 1 July 2017, 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 GuaranteeCo Limited[1]	United Kingdom	Ordinary	100%	Holding company[2]
Revolution Bars Limited[1]	United Kingdom	Ordinary	100%	Trading[3]
Revolucion de Cuba Limited[1]	United Kingdom	Ordinary	100%	Trading[3]
Inventive Service Company Limited[1]	United Kingdom	Ordinary	100%	Trading[3]
Inventive Leisure Limited[1]	United Kingdom	Ordinary	100%	Dormant[3]
Rev Bars Limited[1]	United Kingdom	Ordinary	100%	Dormant[3]
Inventive Leisure (Services) Limited[1]	United Kingdom	Ordinary	100%	Dormant[3]
New Inventive Bar Company Limited[1]	United Kingdom	Ordinary	100%	Dormant[3]

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

2 Direct holding.

3 Indirect holding.

6. Trade and other receivables

	30 June 2018 £'000	1 July 2017 £'000
Amounts owed from subsidiary undertakings	**185**	1,751
	185	1,751

Amounts owed from subsidiary undertakings are unsecured, interest free and repayable on demand.

7. Share capital

	30 June 2018 £'000	1 July 2017 £'000
Allotted, called up and fully paid		
50,029,159 £0.001 Ordinary Shares (2017: 50,000,000 £0.001 Ordinary Shares)	**50**	50
	50	50

CORPORATE INFORMATION

Revolution Bars Group plc
Registered number 08838504

Registered address
21 Old Street
Ashton-under-Lyne
Tameside
OL6 6LA

Broker
Numis Securities Ltd
The London Stock Exchange
10 Paternoster Square
London
EC4M 7LT

Registrar
Link Asset Services
71 Victoria Street
London
SW1H 0XA

Financial PR
Instinctif Partners
65 Gresham St
London
EC2V 7NQ

Independent auditor
PricewaterhouseCoopers LLP
1 Hardman Square
Spinningfields
Manchester
M3 3EB

Tax advisers
Grant Thornton UK LLP
4 Hardman Square
Spinningfields
Manchester
M3 3EB

Legal advisers (corporate)
Macfarlanes LLP
20 Cursitor St
London
EC4A 1LT

Legal advisers (property)
Shoosmiths
Hardman Street
Spinningfields
3 Hardman St
Manchester
M3 3HF

Legal advisers (licensing)
Kuits
3 St Mary's Parsonage
Manchester
M3 2RD

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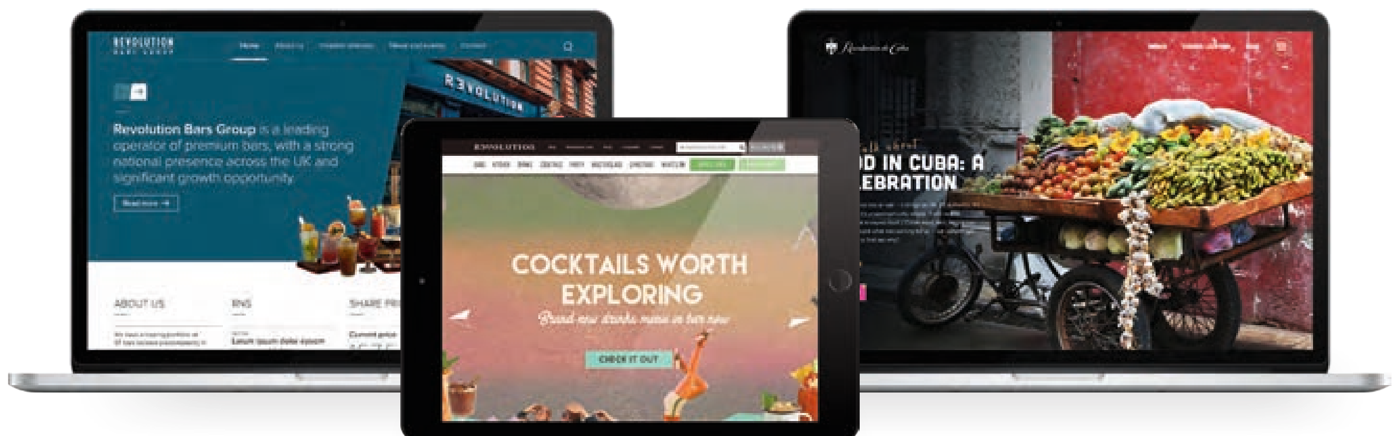

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