

REGISTERED NUMBER: 07299105 (England and Wales)

**Report of the Directors and
Consolidated Financial Statements
for the Year Ended 31 December 2016
for
The Paragon Pub Group Limited**

**Contents of the Consolidated Financial Statements
for the Year Ended 31 December 2016**

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The Parogon Pub Group Limited
Company
Information
for the Year Ended 31 December 2016

DIRECTORS:

R J Colclough
D E Myers
J L Keates
P M Sharp

SECRETARY:

R J Colclough

REGISTERED OFFICE:

The Swan with Two Necks
Nantwich Road
Blackbrook
Newcastle
Staffordshire
ST5 5EH

REGISTERED NUMBER:

07299105 (England and Wales)

AUDITORS:

Mitten Clarke Audit Limited
Statutory Auditors
The Glades
Festival Way
Stoke on Trent
Staffordshire
ST1 5SQ

**Report of the Directors
for the Year Ended 31 December 2016**

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2016.

PRINCIPAL ACTIVITY

The principal activity of the group in the year under review was that of restaurants and bars.

The principal activity of the company in the period was that of a holding company.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2016 to the date of this report.

R J Colclough
D E Myers
J L Keates
P M Sharp

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

AUDITORS

On 10 March 2017, the audit business of Mitten Clarke Limited was transferred to Mitten Clarke Audit Limited who succeeded to the office as statutory auditor of the company. The audit report on the financial statements

has been issued by the successor firm, Mitten Clarke Audit Limited.

Mitten Clarke Audit Limited, has indicated its willingness to continue in office and will be proposed for re-appointment in accordance with section 485 Companies Act 2006.

**Report of the Directors
for the Year Ended 31 December 2016**

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:

R J Colclough - Director

27 September 2017

Report of the Independent Auditors to the Members of The Paragon Pub Group Limited

We have audited the financial statements of The Paragon Pub Group Limited for the year ended 31 December 2016 on pages six to twenty. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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

Respective responsibilities of directors and auditors

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2016 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit, the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements, and has been prepared in accordance with applicable legal requirements. In the light of

the knowledge and understanding of the group and the parent company and its environment, we have not identified any material misstatements in the Report of the Directors.

**Report of the Independent Auditors to the Members of
The Paragon Pub Group Limited**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to

report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a Group Strategic Report or in preparing the Report of the Directors.

Mark Vincent ACA (Senior Statutory Auditor)
for and on behalf of Mitten Clarke Audit Limited
Statutory Auditors
The Glades
Festival Way
Stoke on Trent
Staffordshire
ST1 5SQ

27 September 2017

**Consolidated Income Statement
for the Year Ended 31 December 2016**

	Notes	Year Ended 31.12.16 £	Period 1.8.14 to 31.12.15 as restated £
TURNOVER		9,211,116	11,933,686
Cost of sales		<u>6,013,169</u>	<u>7,607,928</u>
GROSS PROFIT		3,197,947	4,325,758
Administrative expenses		<u>2,516,754</u> 681,193	<u>2,671,049</u> 1,654,709
Other operating income		<u>1,378</u>	<u>23,878</u>
OPERATING PROFIT	4	682,571	1,678,587
Interest receivable and similar income		<u>743</u> 683,314	<u>929</u> 1,679,516
Interest payable and similar expenses		<u>85,791</u>	<u>57,390</u>
PROFIT BEFORE TAXATION		597,523	1,622,126
Tax on profit		<u>127,884</u>	<u>343,974</u>
PROFIT FOR THE FINANCIAL YEAR		<u>469,639</u>	<u>1,278,152</u>

Consolidated Balance Sheet
31 December
2016

		2016		2015	
	Notes	£	£	as restated	£
FIXED ASSETS					
Intangible assets	8	-	-	75,000	
Tangible assets	9	3,420,953		2,841,703	
Investments	10	-	-	-	
		<u>3,420,953</u>		<u>2,916,703</u>	
CURRENT ASSETS					
Stocks		124,044		115,806	
Debtors	11	208,908		224,461	
Cash at bank and in hand		<u>1,310,862</u>		<u>1,247,329</u>	
		1,643,814		1,587,596	
CREDITORS					
Amounts falling due within one year	12	<u>2,541,288</u>		<u>1,647,793</u>	
NET CURRENT LIABILITIES			(897,474)		(60,197)
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>2,523,479</u>		<u>2,856,506</u>
CREDITORS					
Amounts falling due after more than one year	13		(1,035,352)		(842,018)
PROVISIONS FOR LIABILITIES			(28,400)		(64,400)
NET ASSETS			<u>1,459,727</u>		<u>1,950,088</u>
CAPITAL AND RESERVES					
Called up share capital			100		100
Other reserves			205,509		205,509
Retained earnings			<u>1,145,638</u>		<u>1,599,722</u>
SHAREHOLDERS' FUNDS			<u>1,351,247</u>		<u>1,805,331</u>
NON-CONTROLLING INTERESTS	16		<u>108,480</u>		<u>144,757</u>
TOTAL EQUITY			<u>1,459,727</u>		<u>1,950,088</u>

Consolidated Balance Sheet - continued
31 December
2016

The financial statements have been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

The financial statements were approved by the Board of Directors on 27 September 2017 and were signed on its behalf by:

R J Colclough - Director

**Company Balance
Sheet
31 December
2016**

		2016		2015 as restated	
	Notes	£	£	£	£
FIXED ASSETS					
Intangible assets	8		-		-
Tangible assets	9		-		-
Investments	10		<u>4,010</u>		<u>4,010</u>
			4,010		4,010
CURRENT ASSETS					
Debtors	11	208,242		192,889	
Cash at bank		<u>1,228</u>		<u>2,342</u>	
		209,470		195,231	
CREDITORS					
Amounts falling due within one year	12	<u>203,078</u>		<u>22,745</u>	
NET CURRENT ASSETS			<u>6,392</u>		<u>172,486</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>10,402</u>		<u>176,496</u>
CAPITAL AND RESERVES					
Called up share capital			100		100
Retained earnings			<u>10,302</u>		<u>176,396</u>
SHAREHOLDERS' FUNDS			<u>10,402</u>		<u>176,496</u>
Company's profit for the financial year			<u>713,906</u>		<u>100,255</u>

The financial statements have been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

The financial statements were approved by the Board of Directors on 27 September 2017 and were signed on its behalf by:

R J Colclough - Director

**Consolidated Statement of Changes in Equity
for the Year Ended 31 December 2016**

	Called up share capital £	Retained earnings £	Other reserves £
Balance at 1 August 2014	-	531,100	205,509
Changes in equity			
Issue of share capital	100	-	-
Dividends	-	(90,000)	-
Total comprehensive income	-	1,158,622	-
Balance at 31 December 2015	<u>100</u>	<u>1,599,722</u>	<u>205,509</u>
Changes in equity			
Dividends	-	(880,000)	-
Total comprehensive income	-	425,916	-
Balance at 31 December 2016	<u>100</u>	<u>1,145,638</u>	<u>205,509</u>
	Total £	Non- controlling interests £	Total equity £
Balance at 1 August 2014	736,609	35,216	771,825
Changes in equity			
Issue of share capital	100	-	100
Dividends	(90,000)	-	(90,000)
Total comprehensive income	1,158,622	109,541	1,268,163
Balance at 31 December 2015	<u>1,805,331</u>	<u>144,757</u>	<u>1,950,088</u>
Changes in equity			
Dividends	(880,000)	-	(880,000)
Total comprehensive income	425,916	(36,277)	389,639
Balance at 31 December 2016	<u>1,351,247</u>	<u>108,480</u>	<u>1,459,727</u>

**Company Statement of Changes in Equity
for the Year Ended 31 December 2016**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 August 2014	-	166,141	166,141
Changes in equity			
Issue of share capital	100	-	100
Dividends	-	(90,000)	(90,000)
Total comprehensive income	-	100,255	100,255
Balance at 31 December 2015	<u>100</u>	<u>176,396</u>	<u>176,496</u>
Changes in equity			
Dividends	-	(880,000)	(880,000)
Total comprehensive income	-	713,906	713,906
Balance at 31 December 2016	<u>100</u>	<u>10,302</u>	<u>10,402</u>

**Notes to the Consolidated Financial Statements
for the Year Ended 31 December 2016**

1. STATUTORY INFORMATION

The Parogon Pub Group Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with the provisions of Section 1A "Small Entities" of Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The financial statements have been prepared on the assumption that the company is able to carry on business as a going concern, which the directors consider appropriate having regard to the company's current and expected performance.

Basis of consolidation

The consolidated financial statements incorporate those of The Parogon Pub Group Limited and all its subsidiary undertakings for the period. All financial statements are made up to 31 December 2016.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation.

The parent company has not presented its profit and loss account as provided by Section 408 of the Companies Act 2006.

Related party exemption

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements.

Turnover

Turnover is stated net of VAT and discounts. Turnover from the sale of food and drink is recognised immediately.

Goodwill

Goodwill, being the amount paid in connection with the acquisition of a business in 2015, has been fully amortised in the 2016 financial statements as the directors believe it to no longer have any useful life.

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2016**

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold property	- 2% on cost
Improvements to property	- 10% on cost
Fixtures and fittings	- 20% on cost and 2% on cost
Computer equipment	- 33.33% on cost

Stocks

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

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Income

Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences which are differences between taxable

profits and total comprehensive income that arise from the inclusion of income and expenses in tax

assessments in periods different from those in which they are recognised in the financial statements,

except that unrelieved tax losses and other deferred tax assets are recognised only to the extent that

the directors consider that it probable that they will be recovered against the reversal of deferred tax

liabilities or other future taxable profits.

Deferred tax is measured at the tax rates that are expected to apply in the periods in which timing

differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The group contributes to a defined contribution personal pension scheme. Contributions payable are

charged to profit or loss in the period to which they relate.

3. EMPLOYEES AND DIRECTORS

The average number of employees during the year was 242 (2015 - 219) .

The average number of employees by undertakings that are proportionately consolidated during the year was 242 (2015 - 219) .

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2016**

4. OPERATING PROFIT

The operating profit is stated after charging:

	Year Ended 31.12.16	Period 1.8.14 to 31.12.15 as restated
	£	£
Depreciation - owned assets	323,300	264,740
Goodwill amortisation	75,000	-
Auditors' remuneration	<u>14,750</u>	<u>8,500</u>

5. INDIVIDUAL INCOME STATEMENT

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

6. DIVIDENDS

	Year Ended 31.12.16	Period 1.8.14 to 31.12.15 as restated
	£	£
Ordinary shares of £1 each		
Interim	<u>880,000</u>	<u>90,000</u>

7. PRIOR YEAR ADJUSTMENT

In preparing the consolidated financial statements it came to light that certain costs capitalised within freehold property in the financial statements for the period ended 31 December 2015 related to goodwill, fixtures and fittings, and associated legal fees. The following adjustments have been made as a result to the comparatives: freehold property has decreased by £194,000, fixtures and fittings have increased by £25,000, goodwill has increased by £75,000, other debtors have increased by £87,000, and prepayments have increased by £7,000. There has been no effect on the reported results or the retained earnings as a result of these adjustments.

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2016**

8. INTANGIBLE FIXED ASSETS

Group

Goodwill
£

COST

At 1 January 2016
and 31 December 2016

75,000

AMORTISATION

Charge for year
At 31 December 2016

75,000
75,000

NET BOOK VALUE

At 31 December 2016
At 31 December 2015

-
75,000

9. TANGIBLE FIXED ASSETS

Group

	Freehold property £	Improvements to property £	Fixtures and fittings £	Computer equipment £	Totals £
COST					
At 1 January 2016	2,332,113	711,752	596,612	27,442	3,667,919
Additions	<u>21,114</u>	<u>669,429</u>	<u>209,974</u>	<u>2,033</u>	<u>902,550</u>
At 31 December 2016	<u>2,353,227</u>	<u>1,381,181</u>	<u>806,586</u>	<u>29,475</u>	<u>4,570,469</u>
DEPRECIATION					
At 1 January 2016	89,063	314,723	401,179	21,251	826,216
Charge for year	<u>57,415</u>	<u>136,745</u>	<u>123,518</u>	<u>5,622</u>	<u>323,300</u>
At 31 December 2016	<u>146,478</u>	<u>451,468</u>	<u>524,697</u>	<u>26,873</u>	<u>1,149,516</u>
NET BOOK VALUE					
At 31 December 2016	<u>2,206,749</u>	<u>929,713</u>	<u>281,889</u>	<u>2,602</u>	<u>3,420,953</u>
At 31 December 2015	<u>2,243,050</u>	<u>397,029</u>	<u>195,433</u>	<u>6,191</u>	<u>2,841,703</u>

Included in cost of land and buildings is freehold land of £455,000 (2015 - £455,000) which is not depreciated.

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2016**

10. **FIXED ASSET INVESTMENTS**

Company

Shares in
group
undertakings
£

COST

At 1 January 2016
and 31 December 2016

4,010

NET BOOK VALUE

At 31 December 2016

4,010

At 31 December 2015

4,010

The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

Subsidiaries

Parogon Pubs Holdings Limited

Registered office: UK

Nature of business: Holding company

Class of shares:

%
holding
90.00

Ordinary

The Two Necks Property Company Limited

Registered office: UK

Nature of business: Property management

Class of shares:

%
holding
100.00

Ordinary

The Broughton Propco Limited

Registered office: UK

Nature of business: Property management

Class of shares:

%
holding
90.00

Ordinary

The Parogon Pub Company Limited

Registered office: UK

Nature of business: Bar & restaurant

Class of shares:

%
holding
90.00

Ordinary

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2016**

10. FIXED ASSET INVESTMENTS - continued

Farestone Limited

Registered office: UK

Nature of business: Bar & restaurant

Class of shares:	%
Ordinary	holding 90.00

The Orange Tree Bar & Grill Limited

Registered office: UK

Nature of business: Bar & restaurant

Class of shares:	%
Ordinary	holding 90.00

The Sheet Anchor Limited

Registered office: UK

Nature of business: Bar & restaurant

Class of shares:	%
Ordinary	holding 90.00

The Boars Head Ltd

Registered office: UK

Nature of business: Bar & restaurant

Class of shares:	%
Ordinary	holding 90.00

The Broughton Arms Ltd

Registered office: UK

Nature of business: Bar & restaurant

Class of shares:	%
Ordinary	holding 90.00

Seven Stars Pub Ltd

Registered office: UK

Nature of business: Bar & restaurant

Class of shares:	%
Ordinary	holding 90.00

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2016**

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2016	2015 as restated	2016	2015 as restated
	£	£	£	£
Trade debtors	2,400	2,202	-	-
Amounts owed by group undertakings	-	-	205,536	192,889
Other debtors	<u>206,508</u>	<u>222,259</u>	<u>2,706</u>	<u>-</u>
	<u><u>208,908</u></u>	<u><u>224,461</u></u>	<u><u>208,242</u></u>	<u><u>192,889</u></u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2016	2015 as restated	2016	2015 as restated
	£	£	£	£
Bank loans and overdrafts	156,666	133,333	-	-
Trade creditors	526,609	470,175	40	-
Amounts owed to group undertakings	-	-	199,508	17,181
Taxation and social security	520,426	774,542	-	2,564
Other creditors	<u>1,337,587</u>	<u>269,743</u>	<u>3,530</u>	<u>3,000</u>
	<u><u>2,541,288</u></u>	<u><u>1,647,793</u></u>	<u><u>203,078</u></u>	<u><u>22,745</u></u>

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group	
	2016	2015 as restated
	£	£
Bank loans	<u><u>1,035,352</u></u>	<u><u>842,018</u></u>

Amounts falling due in more than five years:

	Group	
	2016	2015 as restated
	£	£
Repayable by instalments		
Bank loans	<u><u>337,852</u></u>	<u><u>421,185</u></u>

14. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2016**

Group

	Non-cancellable operating leases	
	2016	2015 as restated
	£	£
Within one year	161,200	121,809
Between one and five years	486,000	456,000
In more than five years	631,500	745,500
	<u>1,278,700</u>	<u>1,323,309</u>

There are no commitments under operating leases in the individual company at the year end (2015: £1,977).

15. SECURED DEBTS

The following secured debts are included within creditors:

	Group	
	2016	2015 as restated
	£	£
Bank loans	<u>1,192,018</u>	<u>975,351</u>

The group has given an unlimited guarantee, in the form of a legal charge dated 4 October 2010 in relation to the freehold property known as The Swan With Two Necks Public House, and a debenture dated 1 December 2016, secured on the group's assets and its subsidiary undertakings' assets, as security for the bank loan. The bank loan is also secured by a cross guarantee given by other group undertakings.

This bank loan is also secured by a joint and several personal guarantee from the directors limited to £100,000.

The group has given an unlimited guarantee, in the form of a debenture dated 13 September 2013, secured on the company's assets, as security for the bank loan in The Orange Tree Bar & Grill Limited.

The bank loan is also secured by a cross guarantee given by other group undertakings.

16. NON-CONTROLLING INTERESTS

	2016	2015
	£	£
Brought forward	144,757	35,216
Share of profit for the financial year	43,723	119,530
Share capital	-	1
Dividends paid	(80,000)	(9,990)
Carried forward	<u>108,480</u>	<u>144,757</u>

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2016**

17. CONTINGENT LIABILITIES

The company has given an unlimited guarantee, in the form of a debenture dated 1 December 2016, secured on the company's assets, as security for the borrowings of its group undertakings. At 31 December 2016 these borrowings amounted to £1,192,018 (2015: £975,351). As at the date of these accounts the directors do not anticipate that the guarantee will be called upon.

18. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

The following advances and credits to a director subsisted during the year ended 31 December 2016 and the period ended 31 December 2015:

	2016	2015 as restated
	£	£
J L Keates		
Balance outstanding at start of year	653	653
Amounts repaid	(260)	-
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>393</u>	<u>653</u>

19. RELATED PARTY DISCLOSURES

During the year, total dividends of £880,000 were paid to the directors .

During the year, the directors of The Paragon Pub Group Limited received total remuneration of £267,845 (2015: £519,888).

20. ULTIMATE CONTROLLING PARTY

It is the view of the directors that there is no ultimate controlling party.

21. FIRST YEAR ADOPTION

These financial statements for the year ended 31 December 2016 are the first financial statements that comply with FRS 102 Section 1A small entities. The date of transition is 1 January 2015.

The transition to FRS 102 Section 1A small entities has not resulted in any changes in accounting policies to those used previously and therefore has not impacted on reported results for the prior year nor on opening equity.