Cotswold Inns and Hotels Limited

Registration number: 03309179

Annual Report and Financial Statements

For the period ended 27 March 2021

Contents

Company Information

Directors:	S Emeny N R Smith F J M Turner
Secretary:	R L Spencer
Registered Office:	Pier House 86-93 Strand-on-the-Green London England W4 3NN
Registered Number:	03309179 (England and Wales)

Strategic Report

The Directors present their Strategic Report for period ended 27 March 2021. The period for the current financial year is 73 weeks and 2 days in order to bring the reporting in line with the ultimate parent company Fuller, Smith & Turner P.L.C.

Principal Activities and Review of the Business

The principal activity of the Company was the provision of bar and restaurant facilities and accommodation services. The main trade and assets of the Company was hived up into its ultimate parent company, Fuller, Smith & Turner P.L.C. ('Fuller's') on 22 February 2020. From that date the Company's principal activity was the sub-letting of two pubs to Fuller's.

During the period, total revenue was £4,683,707 (period ended 31 October 2019: £23,274,306) while the loss after tax for the period was £1,827,982 (2019: profit was £646,289). The results are set out in the Income Statement. The trade and assets which were hived up in the current period have been treated as discontinued operations as required by IFRS 5.

The Company is a wholly owned subsidiary of RSH 200 Limited. The ultimate parent of the Company was Fuller, Smith & Turner P.L.C. as at 27 March 2021, and the interests of the Directors are disclosed in the financial statements of Fuller, Smith & Turner P.L.C.

The performance of the Company for the period ended 27 March 2021 was dependent on support from the ultimate parent company, Fuller, Smith & Turner P.L.C. ("Fuller's"). The Fuller's Group manages its operations on a divisional basis. For this reason, the Company's Directors believe that further key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance, or position of the business. The performance of the Fuller's Group, which includes this Company, is discussed in the Group's Annual Report, which can be obtained from the address in note 23.

No dividends were declared or paid during the current period. In the previous period ended 31 October 2019 a dividend of £4,825,000 was declared and paid.

Principal Risks and Uncertainties

The Company is a wholly-owned subsidiary of Fuller's. The Directors of Fuller's assess and manage all risks and uncertainties faced by its various subsidiaries on a group wide basis. The Fuller's Group principal risks and uncertainties are discussed in more detail on pages 32 and 34 of its 2021 annual report.

The Company does not enter any hedging arrangements.

By order of the Board

Neil R Smith
Director
21 December 2021

Directors' Report

The Directors present their report and the unaudited financial statements of the Company for the period ended 27 March 2021.

Directors

The Directors who held office during the period, and up to the date of issuing the financial statements were as follows:

Mr S Emeny
Mr A T Councell (resigned 30 September 2021)
Mr F J M Turner
Mr N R Smith (appointed 30 November 2021)

Corporate Governance

The Company is not required to comply with the UK Corporate Governance Code. However, the accounts of the ultimate parent company include a corporate governance report in line with the principles of the UK Corporate Governance Code.

The Board maintains overall control over appropriate financial, strategic, budgetary, and organisational issues.

Political Donations

The Company made no donations for political purposes during the current or prior period.

Indemnity Provision

The Company's Articles of Association provide the Directors with indemnities in relation to their duties as Directors, including qualifying third-party indemnity provisions (within the meaning of the Companies Acts). The Company has Directors and Officers liability insurance which gives appropriate cover for any legal action brought against its Directors.

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 financial statements in accordance with applicable law and regulations. Company law requires the Directors to prepare financial statements for each financial period. 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, comprising FRS 101 'Reduced Disclosure Framework', and applicable law). Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the Company and of the profit or loss of the Company for that period.

In preparing the 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;
- State whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' Report (continued)

The Directors consider that the financial statements provide the information necessary to assess the Company's performance, business model and strategy and is fair, balanced and understandable.

Going Concern Statement
The hive up of the trade and assets of the Company on 22 February 2020 into Fuller's has significantly minimised the risk of external factors such as the coronavirus pandemic, with the trade of the seven hotels and two bars transferred, the Company expects to fully fund its remaining held leases through the sub-leasing of the properties to Fuller's. The Company has prepared the financial statements on a going concern basis.

However, we draw attention to the Fuller's group financial statements which contain a material uncertainty relating to going concern and consider that the Company is reliant on Fuller's for future funding. The going concern note in Fullers' accounts refers to the following:

- The Group has modelled two financial scenarios covering the period to December 2022 (the 'going concern assessment period') that reflect the potential continued impact of the coronavirus pandemic. Under the 'downside case' without additional mitigating action, the covenants on reinstatement in June 2022 through to December 2022 would be breached. The Directors consider the significant reduction in sales modelled under this scenario, which largely reflects a repeat of FY21 in the second half of the year, to be unlikely given the continued successful rollout of the vaccine. However, with the continued threat of variants and the unknown impact that these could have, this downside scenario whilst severe is plausible.
- Although the model shows there would be adequate liquidity headroom even under this scenario, the Directors would need to seek waivers for debt and interest coverage covenants that will be reinstated from June 2022 under the terms of the loan extensions. The Directors are confident that in this case it would be possible to agree waivers for these covenants with its lending banks (as has been the case in prior lockdown scenarios). In addition, the Group could also implement further mitigating actions before this point in time comprising deferring capital expenditure, further disposals of parts of the Group's valuable freehold property estate and cost reductions such as redundancies. It is possible that the extent of these mitigating actions would negate the need to get waivers in place.
- After due consideration of the matters set out above, the Directors are satisfied that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and specifically the going concern assessment period to December 2022. However, as the downside scenario shows that the covenants would be breached when reinstated from June through to December 2022, within the going concern period, and not all the mitigating actions required to prevent this are within management's control, there is a material uncertainty that may cast doubt on the Group's ability to continue as a going concern. The financial statements do not reflect any adjustments that would be required to be made if they were prepared on a basis other than the going concern basis.

Given this Company's reliance on the Fuller's group and the identification of a material uncertainty as to its ability to continue as a going concern there exists a material uncertainty as to the ability of Fuller's to support this Company. However, based on the availability of support to date and the conclusion within the Fuller's group financial statements the directors also continue to adopt the going concern basis in the preparing the Company financial statements.

By order of the Board

Rachel Spencer
Company Secretary
21 December 2021

Income Statement and Statement of Comprehensive Income

	Note	**Continuing Period ended 27 March 2021**	**Discontinued Period ended 27 March 2021**	**Period ended 27 March 2021**	Continuing Period ended 31 Oct 2019	Discontinued Period ended 31 Oct 2019	Period ended 31 October 2019
		£	**£**	**£**	£	£	£
Turnover	4	**5,237**	**4,678,470**	**4,683,707**	20,356,676	2,917,630	23,274,306
Cost of sales		**-**	**(3,458,577)**	**(3,458,577)**	(13,133,378)	(1,802,509)	(14,935,887)
Gross profit		**5,237**	**1,219,893**	**1,225,130**	7,223,298	1,115,121	8,338,419
Administrative expenses before separately disclosed items		**(353,582)**	**(1,224,714)**	**(1,578,296)**	(6,489,168)	(815,510)	(7,304,678)
Separately disclosed items	6	**(1,474,816)**	**-**	**(1,474,816)**	-	76,591	76,591
Operating (loss)/profit	5	**(1,823,161)**	**(4,821)**	**(1,827,982)**	734,130	376,202	1,110,332
Interest receivable	8	**113,739**	**-**	**113,739**	427	-	427
Interest payable	8	**(113,739)**	**-**	**(113,739)**	(271,728)	(37,637)	(309,365)
(Loss)/profit before tax		**(1,823,161)**	**(4,821)**	**(1,827,982)**	462,829	338,565	801,394
Tax on (loss)/profit on ordinary activities	9	**-**	**-**	**-**	(90,778)	(64,327)	(155,105)
Total comprehensive (loss)/profit for the financial period		**(1,823,161)**	**(4,821)**	**(1,827,982)**	372,051	274,238	646,289

Statement of Financial Position

	Note	As at 27 March 2021 £	As at 31 October 2019 £
on-current assets			
Intangible assets	11	-	1,306,591
Property, plant and equipment	12	-	25,853,504
Debtors: amounts falling due after one year	18	**107,500**	-
		107,500	27,160,095
Current assets			
Inventory	14	-	182,325
Debtors: amounts falling due within one year	15	**16,717,333**	1,136,795
Cash and cash equivalents		**145,311**	1,849,652
		16,862,644	3,168,772
Current liabilities			
Lease liabilities	19	**(226,885)**	-
Creditors: amounts falling due within one year	16	**(130,216)**	(12,728,981)
Net current assets/(liabilities)		**16,505,543**	(9,560,209)
Total assets less current liabilities		**16,613,043**	17,599,886
Non-current liabilities			
Creditors: amounts falling due after one year	17	-	(28,018)
Deferred taxation	20	-	(529,138)
Lease liabilities	18	**(1,398,295)**	-
Net assets		**15,214,748**	17,042,730
Equity			
Share capital	21	**7,050,000**	7,050,000
Revaluation reserve		**7,978,863**	7,978,863
Retained earnings		**185,885**	2,013,867
Total shareholder's funds		**15,214,748**	17,042,730

For the period ending 27 March 2021 the Company was entitled to exemption from audit under Section 479a of the Companies Act 2006. No members have required the Company to obtain an audit of its accounts for the period in question in accordance with Section 476 of the Companies Act 2006.

The Directors acknowledge their responsibility for complying with the requirements of the Act with respect to accounting records and the preparation of accounts. The financial statements on pages 7 to 27 were approved by the Board of Directors and authorised for issue on 21 December 2021.

Signed on behalf of the Board of Directors:

Neil R Smith
Director
21 December 2021
Company registration number: 03309179

Statement of Changes in Equity

	Called up share capital	Revaluation reserve	Retained earnings	Total
	£	£	£	£
At 1 October 2018	12,050,000	10,181,588	(1,354,595)	20,876,993
Profit and total comprehensive profit for the period	-	-	646,289	646,289
Dividends: Equity Capital	-	-	(4,825,000)	(4,825,000)
Share cancellation	(5,000,000)	-	5,000,000	-
Transfer to profit and loss account on sale of Broadway	-	(2,202,725)	2,547,173	344,448
At 31 October 2019	7,050,000	7,978,863	2,013,867	17,042,730
Loss and total comprehensive loss for the period	**-**	**-**	**(1,827,982)**	**(1,827,982)**
At 27 March 2021	**7,050,000**	**7,978,863**	**185,885**	**15,214,748**

Retained earnings represents accumulated profits and losses arising from trading activity.

Notes to the Financial Statements

1. General Information

Cotswold Inns and Hotels Limited ("the Company") was a provider of bar, restaurant, and accommodation facilities in the United Kingdom. During the period the trade and assets relating to those facilities were hived up into the Company's ultimate parent company, Fuller, Smith & Turner P.L.C. ('Fuller's'). The Company now only holds a number of leases which it sublets to Fuller's.

The Company is a private limited company (registered number 03309179) and is incorporated and domiciled in the United Kingdom. The address of its registered office is Pier House, 86-93 Strand-on-the-Green, London, W4 3NN.

2. Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have all been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101 - 'The Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006.

The Company transitioned from FRS 102 Section 1A as at 1 October 2018. These are the Company's first set of financial statements prepared in accordance with FRS 101. An explanation of how the transition to FRS 101 has affected the reported financial position and performance is given in note 24.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

In preparing these financial statements the Company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore, these financial statements do not include:

1 A statement of cash flows and related notes
2 Disclosure of key management personnel compensation
3 Disclosures in relation to impairment of assets
4 Disclosures in respect of financial instruments (other than disclosures required for recording financial instruments at fair value)
5 Disclosures in relation to non-current assets held for sale and discontinued operations
6 Certain disclosures in relation to revenue from contracts with customers
7 Certain disclosures relating to leases
8 Certain disclosures in relation to accounting policies, changes in accounting estimates and errors
9 Certain related party disclosures

Notes to the Financial Statements

2. Significant Accounting Policies (continued)

2.1.1 Going Concern

The Company has prepared the financial statements on a going concern basis. The hive up of the trade and assets of the Company on 27 February 2020 into Fuller's has significantly minimised the risk of external factors such as the coronavirus pandemic, with the trade of the seven hotels and two bars transferred, the Company expects to fully fund its remaining held leases through the sub-leasing of the properties to Fuller's.

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Notes to the Financial Statements

2. Significant Accounting Policies (continued)

2.1.2 New Standards, Amendments and IFRIC Interpretations

The following new and amended IFRS and IFRIC interpretations are effective for the Company's period commencing 1 November 2019:

- IFRS 16 Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the substance of transactions involving the legal form of a lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the Balance Sheet.

The Company adopted IFRS 16 using the modified retrospective approach from 1 November 2019. Modified retrospective does not require the comparative figures to be restated and the cumulative impact is recognised as an adjustment to the opening Balance Sheet retained earnings at the date of application. See note 24. Other than the application of IFRS 16, the Directors do not believe the adoption of the new standards and interpretations has had any significant impact on the amounts reported in the financial statements

2.2 Foreign Currency Translation

Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ("the functional currency"). The financial statements are presented in "Pounds Sterling" (£), which is also the Company's functional currency.

2.3 Property, Plant and Equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost also includes transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is provided on the following basis:

Freehold property - straight line over 150 years
Short-term leasehold property - over the period of the lease
Motor vehicles - 25% on cost
Fixtures and fittings - at varying rates on cost

Notes to the Financial Statements

2. Significant Accounting Policies (continued)

2.3 Property, Plant and Equipment (continued)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if it is greater than its estimated recoverable amount (note 2.4).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount, and they are recognised within 'Other income' in the income statement.

2.4 Impairment of Non-Financial Assets

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount might not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

2.5 Financial Assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss; and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

2.5.1 Classification

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if it is acquired principally for selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are expected to be settled within 12 months, otherwise, they are classified as non-current investments.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets, with fixed or determinable payments, that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Company's loans and receivables comprise trade and other receivables and amounts due from group undertakings in the statement of financial position.

2.5.2 Recognition and Measurement

Financial assets at fair value through profit or loss are subsequently carried at fair value.

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Notes to the Financial Statements

2. Significant Accounting Policies (continued)

Gains or losses arising from changes in the 'fair value of the financial assets at fair value through profit or loss' category is presented in the income statement within interest income or expenses in the period in which they arise.

2.6 Impairment of Financial Assets

The Company assesses, at the end of each reporting period, whether there is any indication that a financial asset or group of financial assets may be impaired (i.e. its carrying amount may be higher than its recoverable amount). A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment resulting from one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

2.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, inventories are assessed for impairment. If inventories are impaired, the carrying amount is reduced to its estimated selling price less costs to complete and sell. The impairment loss is recognised immediately in the profit or loss.

2.8 Debtors

Trade and other receivables represent amounts due from customers for the provision of bar, restaurant and accommodation facilities in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Debtors are recognised initially at fair value, net of transaction costs, and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.9 Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. In the statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

2.10 Creditors

Creditors represent obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. If settlement is expected in one year or less, they are classified as current liabilities. If not, they are presented as non-current liabilities.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Notes to the Financial Statements

2. Significant Accounting Policies (continued)

2.11 Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.12 Revenue Recognition

Revenue is recognised under IFRS 15 upon application of the following steps:
- Identify the contract with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to each performance obligation
- Recognise revenue when a performance obligation is satisfied by transferring a promised good or service to a customer

The Company's revenue consists of food, drink and accommodation sales. Food and drink revenue is recognised when control of the goods /services has transferred, being at the point the customer purchases the food or drink. The Company also takes bookings for events and accommodation which require a deposit to secure the booking. A contract liability for the deposit is recognised at the time of the sale. The contract liability is released, and revenue is recognised on a straight-line basis over the duration of the room occupation or event. A contract liability is recognised until the event is complete or the guest has occupied the room.

2.13 Separately Disclosed Items

Separately disclosed items are transactions that due to their nature or expected infrequency of events giving rise to them, merit separate presentation to allow shareholders to understand better the elements of financial performance in the period, so as to facilitate comparison with prior periods and better assess trends in financial performance.

2.14 Interest Income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables is recognised using the original effective interest rate.

2.15 Interest Expense

Interest expense is recognised using the effective interest method.

2.16 Current and Deferred Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholder's funds, in which case the tax is recognised in other comprehensive income or directly in shareholder's funds, respectively.

Notes to the Financial Statements

2.16 Current and Deferred Tax (continued)

The current tax charge is calculated based on tax laws enacted or substantively enacted by the end of the reporting period in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, based on amounts expected to be paid to the tax authorities.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; or arise from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.17 Employee Benefits

The Company operates a defined contribution pension plan. Under the defined contribution pension plan, the Company pays fixed contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Amounts not paid are shown in accruals as a liability in the statement of financial position. The assets of the plan are held separately from the company in independently administered funds. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

2.18 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

a) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities

Notes to the Financial Statements

2.18 Leases (continued)

recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term. Where the lease is then sublet to another party the asset is reclassified as a lease receivable which is measured at the present value of lease payments.

b) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs. The lease payment also includes the exercise price of a purchase option reasonably certain to be exercised by the Company and payment of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. Extensions to leases are recognised when it is reasonably certain the option is going to be exercised. In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. The carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term or a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments)

3. Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.1 Critical Accounting Estimates and Assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are addressed below.

(a) Impairment of property, plant and equipment

The Company reviews for impairment all property, plant and equipment at cash-generating unit level where there is an indication of impairment. This requires an estimation of the value in use and involves estimation of future cash flows and choosing a suitable discount rate.

Notes to the Financial Statements

4. Revenue

The Company's revenue is derived from the provision of bar, restaurant and accommodation facilities in the United Kingdom.

5. Operating (Loss)/Profit

Operating (loss)/profit is stated after charging:

	Period ended 27 March 2021	Period ended 31 October 2019
	£	£
Depreciation of property, plant and equipment	**347,793**	1,073,942
Amortisation of intangibles	**68,241**	224,728
Operating lease rentals	**-**	409,265
Rental expense relating to short-term and low-value leases	**175,128**	-

6. Separately Disclosed Items

The Company presents separately disclosed items on the face of the Income Statement for those material items of income and expense which, because of the nature or expected infrequency of the events giving rise to them, merit separate presentation to allow shareholders to understand better the elements of financial performance in the year.

	Period ended 27 March 2021	Period ended 31 October 2019
	£	£
Amounts included in operating (loss)/profit:		
Restructuring and acquisition costs	**314,795**	-
Impairments	**948,059**	-
Exceptional staff costs	**211,962**	-
Profit on disposal or properties	**-**	76,591
Total separately disclosed items included in operating (loss)/profit	**1,474,816**	76,591

Notes to the Financial Statements

6. Separately Disclosed Items (continued)

The restructuring and acquisition costs relate to the acquisition of the Company and subsequent reorganisation by the ultimate controlling party, Fuller Smith and Turner P.L.C.

The total impairment charge relates to the write down of £948k related to the lease receivable on one of the leases sublet to Fuller's where it was assumed it would not reopen. Subsequent to year end the lease was surrendered.

7. Directors and Employees

Staff costs, including directors, comprised the following:

	Period ended 27 March 2021	Period ended 31 October 2019
	£	£
Wages and salaries	**2,069,389**	9,139,766
Social security costs	**179,055**	663,260
Other pension costs	**48,017**	112,021
Total	**2,296,461**	9,915,047

Other pension costs represent amounts recognised as an expense for the defined contribution pension plan.

The average number of employees of the Company (including directors) during the period was 88 (2019 - 372). Key management are considered to be the senior leadership team and their total remuneration for the period totalled £34,122 (2019: £536,784).

Directors' emoluments
The Directors are paid by the parent company, Fuller, Smith & Turner P.L.C., for their services to Fuller, Smith & Turner P.L.C and did not receive any remuneration for services to the Company in the current period (2019: £971,501).

8. Net finance charge

	Period ended 27 March 2021	Period ended 31 October 2019
	£	£
Interest receivable and similar income		
Lease interest receivable	**113,739**	427
Interest payable and similar expenses		
Bank interest payable	**-**	(307,676)
Finance leases and hire purchase contracts	**-**	(1,689)
Lease interest payable	**(113,739)**	-
Total	**-**	(308,938)

Notes to the Financial Statements

9. Income Tax

The tax charge included in profit or loss:

	Period ended 27 March 2021	Period ended 31 October 2019
	£	£
Current tax:		
UK corporation tax on profit/loss for the period	-	155,105
Total current tax	-	155,105
Deferred tax:		
Accelerated capital allowances	-	-
Short term timing differences	-	-
Total deferred tax	-	-
Tax on (loss)/profit on ordinary activities	-	155,105

The total tax (credit)/charge for the period is lower than the standard rate of corporation tax in the United Kingdom for the 73 weeks ended 27 March 2021 of 19% (13 months ended 31 October 2019: 19%). The differences are explained as follows:

	Period ended 27 March 2021	Period ended 31 October 2019
	£	£
(Loss)/Profit on ordinary activities before tax	**(1,827,982)**	801,394
(Loss)/Profit on ordinary activities multiplied by the standard rate of corporation tax in the United Kingdom of 19% (2019: 19%)	**(347,317)**	152,265
Deferred tax not recognised	**11,272**	628,859
Revenue items capitalised	**(406)**	92,709
Allowable purchased goodwill	-	(902,461)
Capital gains	-	18,058
Other differences leading to an increase in tax charge	**162,460**	165,675
Group relief	**173,991**	-
Total tax charge	-	155,105

Notes to the Financial Statements

10. Dividends

	Period ending 27 March 2021	Period ended 31 October 2019
	£	£
Dividends declared	-	4,825,000
Total	-	4,825,000

11. Intangible assets

	Goodwill
	£
Cost	
At 31 October 2019	3,585,701
Hive up Transfer	(3,585,701)
At 27 March 2021	-
Amortisation	
At 31 October 2019	2,279,110
Charge for the year	68,241
Hive up Transfer	(2,347,351)
At 27 March 2021	-
Net book value	
At 27 March 2021	-
At 31 October 2019	1,306,591

Notes to the Financial Statements

12. Property, plant and equipment

	Freehold property	Short-term leasehold property	Fixtures, Fittings & Equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 31 October 2019	27,278,600	59,897	11,737,346	117,825	39,193,668
Additions	-	-	465,104	-	465,104
Disposals	-	-	(51,322)	-	(51,322)
Hive-up Transfers	(27,278,600)	(59,897)	(12,151,128)	(117,825)	(39,607,450)
At 27 March 2021	-	-	-	-	-
Depreciation and impairment					
At 31 October 2019	2,982,538	30,457	10,247,814	79,355	13,340,164
Charge for the year	187,674	-	153,614	6,505	347,793
Hive-up Transfers	(3,170,212)	(30,457)	(10,401,428)	(85,860)	(13,687,957)
At 27 March 2021	-	-	-	-	-
Net book value					
As 27 March 2021	-	-	-	-	-
At 31 October 2019	24,296,062	29,440	1,489,532	38,470	25,853,504

13. Impairment

During the year, impairment losses of £948k (2019: nil) were recognised within separately disclosed items:

	As at 27 March 2021	As at 31 October 2019
	£	£
Intercompany impairment	**80,847**	-
Impairment of lease receivable	**867,212**	-
Total	**948,059**	-

Notes to the Financial Statements

14. Inventory

	As at 27 March 2021	As at 31 October 2019
	£	£
Inventory	-	182,235

There is no significant difference between the replacement cost of inventory and its carrying amount.

15. Debtors

	As at 27 March 2021	As at 31 October 2019
	£	£
Trade debtors	-	83,042
Amounts due from group undertakings	15,976,344	-
Lease receivables	650,468	-
Other debtors	90,521	417,466
Prepayments	-	636,287
	16,717,333	1,136,795

Amounts due from group undertakings are unsecured and bear no interest and repayable on demand.

16. Creditors: amounts falling due within one year

	As at 27 March 2021	As at 31 October 2019
	£	£
Bank loans	-	(628,301)
Trade creditors	-	(1,121,164)
Amounts owed to group undertakings	-	(8,403,474)
Corporation tax	-	(147,605)
Taxation and social security	(130,216)	(535,861)
Other creditors	-	(1,543,072)
Obligations under finance lease and hire purchase contracts	-	(2,687)
Accruals and deferred income	-	(346,817)
	(130,216)	(12,728,981)

Amounts owed to group undertakings are unsecured, bear no interest and are repayable on demand.

Notes to the Financial Statements

17. Creditors: amounts falling due after more than one year

	As at 27 March 2021 £	As at 31 October 2019 £
Net obligations under finance leases and hire purchase contracts	-	(28,018)
	-	(28,018)

18. Loans

Analysis of the maturity of loans is given below:

	As at 27 March 2021 £	As at 31 October 2019 £
Amounts falling due within one year		
Bank loans	-	(628,301)
	-	(628,301)

19. Leases

Amounts recognised in the balance sheet	As at 27 March 2021 £	As at 1 November 2019 £
Lease receivables		
Properties	**757,968**	2,997,150
Lease liabilities		
Current	**(226,885)**	(406,761)
Non-current	**(1,398,295)**	(2,590,389)

In the previous year, the Company accounted for operating leases under IAS 17, Leases. For adjustments recognised on adoption of IFRS 16 as 1 November, refer to note 24.

Set out below are the carrying amounts of lease receivables recognised and the movements during the period:

Net carrying value as at 1 November 2019	2,997,150
Lease amendments*	(1,044,833)
Interest receivable	113,739
Impairment	(867,212)
Lease receipts	(440,876)
Net carrying value as at 27 March 2021	**757,968**

*Lease amendments relate to the surrender of one lease during the period.

Notes to the Financial Statements

19. Leases (continued)

Amounts recognised in the income statement

	Period ending 27 March 2021 £
Interest receivable (included in net finance charge)	**(113,739)**
Interest expense (included in net finance charge)	**113,739**
Impairment of lease receivables	**867,212**
	867,212

20. Deferred taxation

	Revaluation of freehold property £
As at 31 October 2019	**(529,138)**
Hive-up Transfers to FST	**529,138**
As at 27 March 2021	**-**

21. Share Capital

Ordinary shares	As at 27 March 2021 £	As at 31 October 2019 £
Allotted, called up and fully paid		
7,050,000 (2019: 7,050,000) Ordinary shares of £1 each	**7,050,000**	7,050,000

22. Related Party Transactions

As at 31 October 2019 the Company owed £8,403,474 to Fuller Smith and Turner PLC, the ultimate parent undertaking.

As at 27 March 2021 the Company was owed £15,976,344 from Fuller, Smith & Turner P.L.C., the ultimate parent undertaking due to the hive up of assets on 22 February 2020.

23. Controlling Parties

The immediate parent undertaking is RSH 200 Limited, and the ultimate controlling party is Fuller Smith and Turner PLC, a company incorporated in England and Wales. The smallest and largest group to consolidate these financial statements is Fuller, Smith & Turner P.L.C. Copies of the Fuller, Smith & Turner P.L.C. consolidated financial statements are publicly available and can be obtained from the Company Secretary at Pier House, 86-93 Strand-on-the Green, London, W4 3NN.

Notes to the Financial Statements

24. Changes in accounting policies

This note explains the impact of the adoption of IFRS 16, Leases, on the Company's financial statements, and it discloses the new accounting policies that have been applied from 1 November 2019.

The Company has adopted IFRS 16 using the modified retrospective approach from 1 November 2019 but it has not restated comparatives for the 2019 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening Balance Sheet on 1 November 2019.

On adoption of IFRS 16, the Company recognised lease liabilities in relation to leases which had previously been classified as operating leases under the principles of IAS 17, Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 November 2019. The incremental borrowing rate applied to the lease liabilities on 1 November 2019 was 2.1-2.9% depending on the remaining length of the lease.

The associated lease receivables for property leases which the Company sublets to its ultimate parent company were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the Balance Sheet as at 31 October 2019.

Operating lease commitments disclosed at 31 October 2019[1]	3,220,500
Discounted using the lessee's incremental borrowing rate at the date of initial application	2,997,150
Lease liability recognised as at 1 November 2019	
Current lease liabilities	406,761
Non-current lease liabilities	2,590,389
	2,997,150

[1] The prior period accounts did not include the future minimum lease payments for the Company's head office lease as part of the operating lease commitment disclosure. As such, the operating lease commitment balance as at 31 October 2019 was understated by £1,100,125. The disclosure above includes the commitments for the head office as at 31 October 2019, which is why the balance is higher compared to the prior year accounts.

Notes to the Financial Statements

24. Changes in accounting policies (continued)

Adjustments Recognised in the Balance Sheet on 31 October 2019

The change in accounting policy affected the following items in the Balance Sheet on 1 November 2019:

- Lease receivable – increase by £2,997,150
- Lease liabilities – increase by £2,997,150

There is no impact on retained earnings at 1 November 2019.

In applying IFRS 16 for the first time, the Company has used the following practical expedients permitted by the standard:

- The use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- Reliance on previous assessments of whether leases are onerous
- The accounting for operating leases, with a remaining lease term of less than 12 months or considered low value as at 31 October 2019, as short-term leases and recognised on a straight-line basis for the remaining term of the lease.

25. Transition to FRS 101

The Company transitioned to FRS 101 on 1 October 2018. Management have undertaken a review of the Company's accounting policies in order to identify all potential transitional adjustments that may be necessary. Management have not identified any material adjustments arising from the transition and therefore no transitional adjustments have been made to these financial statements.

Therefore, there is no change to the Statement of Financial Position and Income Statement as previously stated for the period ended 31 October 2019.