

BUTCOMBE BREWING COMPANY LIMITED

*Annual Report and Financial
Statements*

52 Week Period ended 28 January 2023

Registered number 04631172



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COMPANY INFORMATION

Directors

Jonathan Lawson

Simon Hope

Registered office

Cox's Green
Wrington
Bristol
BS40 5PA

Auditor

KPMG LLP
66 Queen Square
Bristol
BS1 4BE

Banker

HSBC Bank plc
17 North Street
Taunton
Somerset
TA1 1NA

STRATEGIC REPORT

The directors present their Strategic Report for the 52 week period ended 28 January 2023.

Within the Strategic Report and Directors' Report the references to "Group" refer to the overall Caledonia TLG Limited group of which this Company and its subsidiaries are a part of, with commentary included which is relevant for the understanding of these financial statements in the context of the overall group.

Business review

The Company was incorporated on 8 January 2003 and acts as an investment holding company.

The Company recorded no transactions in the statement of comprehensive income in the period ended 28 January 2023 (2022: none). Net assets at 28 January 2023 were £27,133,000 (2022: £3,187,000).

The performance of Butcombe Brewery Limited is a key performance indicator in supporting the investment held. The directors of Butcombe Brewery Limited included the following summary in the accounts for the period ended 28 January 2023 dated 21 July 2023:

"The Company operates two divisions:

- the Pubs & Inns Division which at 28 January 2023 operated 38 Managed sites (of which 24 are inns with rooms) and 18 tenanted pubs, all in England and centred around the south of the country. The company acquired two pubs from The OHH Pub Company Limited during the period. During the period, the Company also acquired Cirrus Inns Holdings Limited ("Cirrus") which operates 22 Managed sites (of which 17 are inns with rooms); and
- the Brewing & Distribution Division which brews ales and lagers at Wrington, North Somerset and distributes its own brewed products and third party products via a distribution facility at Polden near Bridgwater, Somerset to managed and tenanted pubs and Free Trade and On Trade customers. The division also performs contract brewing and packaging for third party customers and sells directly to customers via a website and retail shop.

This was an extremely busy financial period including the following highlights:

- A transformational acquisition of the Cirrus Inns group;
- Battling the headwinds of a cost of living crisis and a "cost of doing business crisis" including unprecedented inflationary pressures on food and other input costs and the challenges of the energy crisis thrown at the hospitality sector;
- Whilst continuing to invest heavily in the pub estate and the Brewing & Distribution division and actively managing the property portfolio; and
- Growing profitability in both divisions to deliver a record year of EBITDA profitability for the Company at £4.2m.

The financial period still includes a small legacy of Covid in the form of reduced rates of VAT for two months and a limited amount of business rates relief but offsetting this the period includes the first couple of months in February and March 2022 when trading was subdued by the high prevalence of cases of the Omicron variant. Overall, the reported performance of the Company for the period forms a base from which to grow profitability both organically and from the addition and development of the Cirrus estate.

Trading performance

Loss before tax was £1,904,000 (52 week period ended 29 January 2022: loss of £2,313,000). EBITDA before non-recurring costs for the period was a profit of £4,200,000 compared to a profit of £2,344,000 for the prior period.

In the previous period the Company received government support of £2,531,000 in the form of CJRS and Retail and Hospitality grants.

The management team focus on monitoring the movement in KPIs year on year. Where helpful the KPIs have been reported excluding Q1 as this was impacted by hospitality closures in the year ended January 2022 and by the Omicron variant in the year ended January 2023:

STRATEGIC REPORT (continued)

Business review (continued)

Metric	2023	2022	Comments
Pubs & inns Division EBITDA Margin	17.9%	23.4%	Pubs EBITDA Margin has reduced due to an increased mix of managed division revenue post covid compared to a more stable, higher EBITDA margin tenanted revenue. Managed division margin has been adversely impacted by increased energy costs and other inflationary effects. In addition, PY EBITDA margins were boosted by government support in the form of VAT reductions, government grants and business rates relief.
Brewing & Distribution Division EBITDA Margin	13.4%	8.5%	Strong growth in EBITDA margin following impressive 30.1% revenue growth (mainly into Free Trade customers) and 0.9% points increase in gross margin rate achieved in the division in the period.
LFL Managed pub sales growth in Q2-Q4 compared to same periods in PY (2022 comparatives compare Q2-Q4 versus same quarters in year ended January 2020)	+4.5% 36 pubs	+18.6% 15 pubs	UK LFL growth in 2023 was 4.5%. Single year growth represents strong return and highlights continued impact of development schemes completed within the estate over the past 5 years, and the growth over the three year period from before to after covid presented here is especially strong.
Sales mix of Managed pubs from room sales (excluding Cirrus sites)	13.2%	12.8%	We continue to invest heavily into our accommodation offer and ways of maximising occupancy. Addition of Cirrus sites will lead to a further increase in room sales mix from 2024 onwards.
OBV sales of our brewery compared to PY (2022 comparatives compare versus the year ended January 2020)	+21.5% %	-4.4%	27,000 brewers barrels of OBV products were sold in the period, 5,000 higher than prior period. The growing footprint of managed pubs and increased sales into free trade customers helped to contribute to the volume growth.

The Company's liquidity position was helped by proceeds of £2.0m from the disposal of four pub properties which had been identified as non-core by our estates review process.

Our strategy of "Investing for the future" enabled the delivery of five major (over £100k) development projects and maintenance capital expenditure together totalling £6.3m in the period. This level of capital investment highlights the importance which the directors have placed on developing the Company for future growth whilst simultaneously protecting liquidity."

Acquisition of Cirrus Inns Holdings Limited ("Cirrus")

The Company's subsidiary, Butcombe Brewery Limited, acquired 100% of the share capital of Cirrus on 16 December 2022. The acquisition of Cirrus was principally funded by the issue of ordinary shares in the Company's intermediate parent undertaking (Caledonia TLG Limited) to the Cirrus shareholders.

To facilitate the acquisition of Cirrus, the respective capital structures of Cirrus and the Company's intermediate parent were simplified immediately prior to the transaction with new preference share capital issued to certain shareholders. In parallel with the acquisition of Cirrus, the group completed a refinancing of its existing banking arrangements with three of its incumbent lenders.

As part of the completion transactions the Company issued £23.9m of new ordinary share capital to its parent company. The acquisition and refinancing are more fully disclosed in the consolidated financial statements of another intermediate parent company, Caledonia TLG Bidco Limited.

STRATEGIC REPORT (*continued*)

Principal risks and uncertainties

The recoverability of investments held as fixed assets is dependent on the ongoing trading profitability and asset base of the Company's principal subsidiary undertaking, Butcombe Brewery Limited. Butcombe Brewery Limited has included the following risks and opportunities in its most recent financial statements dated 21 July 2023:

Risk	Potential impact	Mitigation
<p>Economic climate and general consumer confidence</p> <p>Demand for our offering is a largely discretionary purchase which is sensitive to growth or decline in the amount of disposable income.</p> <p>High rates of consumer price inflation can reduce real wages and the amount of income available for discretionary spend.</p> <p>Increasing interest rates can reduce disposable income available to households as monthly mortgage payments increase</p>	<p>A worsening of the economic climate resulting in a fall in real wages or a drop in disposable income could reduce consumer confidence and lead to lower revenue in our pubs and other channels.</p>	<p>Our increasing mix of sales revenue from food and accommodation rather than drinks reduces the sensitivity to discretionary spend.</p> <p>We assess the economic climate carefully during our annual budgeting and rolling forecasting process and make decisions on pricing and cost budgeting in light of forecasts of future consumer trends.</p> <p>Pubs tend to be more resilient than elements of the economy relying on discretionary spend, given the relatively low ticket value. In addition, we can flex our offer and purchasing systems in managed pubs to deliver a good, better, best offer that delivers value for money for the customer whilst also protecting our margins and avoiding discounting.</p> <p>Sales in our pubs and drinks divisions in the period January to June 2023 have supported the view that both the pub sector generally and the Liberation Group specifically have seen consumer demand hold up better in the face of a difficult economic climate than had been feared last autumn.</p>
<p>Cost inflation</p> <p>Global and national events can lead to cost pressures within cost of goods sold, labour and other overhead costs and the costs of capital expenditure projects.</p> <p>The post Brexit labour legislation could result in a reduced supply of labour.</p>	<p>The cost of goods purchased from the EU could increase as a result of adverse movements in the GBP/EUR exchange rate.</p> <p>Global supply chain issues caused by events such as the global energy crisis or war/conflict can cause increases in input costs which are difficult to mitigate.</p> <p>The supply of labour in specific roles required in our pubs can become restricted resulting in higher wage rates or inability to staff roles in the extreme.</p> <p>National Minimum Wage legislation can introduce significant increases in labour costs in excess of general price inflation within our managed pubs.</p>	<p>We partner with major suppliers and buying groups to secure a broad-based supply of both drinks and food ingredients to provide access to alternative products in the event of cost inflation.</p> <p>We hedge our exposure to fluctuations on major input costs such as energy costs by entering into fixed price contracts for appropriate terms where possible.</p> <p>We have invested in sophisticated labour management software to maintain the optimal flexibility in staffing to flex labour cost with customer demand.</p> <p>We have developed an in-house recruitment function to maximise employer branding and minimise recruitment costs.</p> <p>A key part of our strategy has been to leverage the scale and buying power of the Group, whilst staying close to our local and customer needs. In February 2023 we completed a tender with drinks suppliers which provides certainty over cost inflation on this key area of cost of goods sold until February 2026.</p>

STRATEGIC REPORT *(continued)*

Principal risks and uncertainties *(continued)*

Risk	Potential impact	Mitigation
<p>Changes in consumer trends in the hospitality sector</p> <p>Our revenue and profitability are dependent on an ability to adapt to changes in consumer preferences and behaviours.</p>	<p>A customer offer which fails to satisfy current consumer demand would result in a decline in customer numbers, revenue and profits.</p>	<p>We develop individually tailored menus for each pub to ensure the food offer is matched to the customer base. Our pubs are segmented to ensure the selection of draught beers and lagers best matches customer preferences.</p> <p>Our brewery has developed award winning new beers to mitigate the trend away from cask towards keg.</p> <p>We continually monitor trends in the sector by active involvement in trade bodies and analysing competitor offers.</p> <p>A number of trends have accelerated during recent years from which we stand to directly benefit in all markets and which we expect to continue post the pandemic including staycations, demand for local produce, outdoor dining and working from home.</p>
<p>Pandemic/disease</p> <p>Pandemic disease leading to government action to enforce closures of our pubs or to restrict their trading operations.</p> <p>The majority of our revenue and contribution to fixed overheads comes from our Managed and Tenanted pubs and our on-trade sales to free trade and national customers.</p>	<p>During periods of enforced closure, we derive no revenue from Managed pubs and on-trade customers. We might receive reduced rent from tenants.</p> <p>After reopening, governments might impose social distancing restrictions and limited opening hours to limit transmission.</p> <p>Consumer confidence might be affected and this could reduce demand to eat, drink and stay in our pubs and inns.</p>	<p>We prioritise measures to ensure the safety of our customers and colleagues.</p> <p>We take actions to maximise liquidity and to minimise the cash burn of the business. These include taking advantage of any available government support schemes and additional grants where available.</p> <p>Our diversified channels to supply end consumers mitigates the impact as we grow sales and profits from off-trade customers such as supermarkets and online and retail shops.</p>
<p>Health and safety</p> <p>Food hygiene, allergens and fire safety risks present the most common risks experienced in our business every day.</p>	<p>Customers could experience severe allergic reactions or even death caused by inadequate presentation of allergen information or allergen knowledge of our colleagues.</p> <p>Customers or colleagues could suffer physical injury or death arising from poor fire safety or other health and safety procedures.</p>	<p>Divisional Health and Safety committees meet monthly and the minutes and matters arising are reviewed by a Group Health and Safety Committee including the executive directors which meets monthly.</p> <p>All colleagues are required to complete mandatory training courses on key online training modules on Health and Safety, food safety and allergens within four weeks of joining.</p>

STRATEGIC REPORT (*continued*)

Principal risks and uncertainties (*continued*)

Risk	Potential impact	Mitigation
Risk of physical damage to operating locations Damage to our pubs, breweries or distribution facilities by fire, flood or other hazard could disrupt activities.	Loss of revenue and profit in the short and medium term. Loss of customer numbers and brand recognition in the longer term.	<p>We maintain appropriate insurance against major risks. We have recently completed an insurance reinstatement valuation of all pub properties to ensure they are fully insured.</p> <p>Our group operates two breweries in Wrington, Somerset and in St Saviour, Jersey which are both able to brew Butcombe beers.</p> <p>We maintain strong relationships with major brewers to enable switching of Own Brewed beers to factored products if required in the short term to service customers in the event of a major incident at our breweries.</p>
Regulatory and taxation We operate in a highly regulated sector which is also subject to excise duty. Changes in government policy or taxation rates can impact on consumer demand or costs within our business.	<p>Changes in legislated minimum pricing or drink driving laws could reduce consumer demand for our products and services.</p> <p>Changes in the rate of duty, sales taxes or other tax rates could adversely impact on unit costs and consequently on margins or consumer demand.</p>	<p>We closely monitor all potential legislative developments and our directors and senior managers actively engage with government bodies both directly and through trade associations.</p> <p>Our increasing mix of food and accommodation revenue reduces the exposure to alcohol related changes in regulations and taxation.</p>
Information Technology We are increasingly reliant on information technology to provide our products and services to our customers. We hold personal data which is a critical business asset but creates a risk to brand and reputation and of financial penalties if not protected. The risk of cyber security breaches is increasing exponentially.	<p>An extended failure of our IT systems would impact on our ability to trade.</p> <p>A failure to invest sufficiently in IT systems could result in a loss of competitive advantage.</p> <p>A loss of personal data could result in reputational damage, loss of demand or significant penalties.</p> <p>A cyber-attack has the potential to impact on our Pubs or distribution channels.</p>	<p>Our core ERP and network systems into the cloud to minimise dependence on a hosted data centre.</p> <p>We use industry leading and sector-specific software which allows us to implement mandatory developments and value enhancing customer facing features quickly, efficiently and effectively.</p>
Credit / counterparty risk We grant credit terms with third parties and other group entities	A third party customer or other group entities could default on its contractual obligation to settle debts as they fall due resulting in financial impact on the Company.	<p>We put credit limits in place with customers to ensure that significant debts are not allowed to build up with individual customers.</p> <p>We monitor outstanding debts on a customer-by-customer basis on a weekly basis. We monitor our exposure to individual customers to ensure that no single customer becomes a significant proportion of our revenue base.</p> <p>We complete annual reviews for impairment indicators on intercompany balances.</p>

STRATEGIC REPORT (*continued*)

Outlook for FY24 and beyond

The last three financial years have provided many positive signals that the Company is well positioned for the future, with diversified channels to market which provide a hedge in difficult times, and with economic trends which are in our favour including working from home, staycations and outside trading.

The initial returns on the investments made into the pubs acquired from Cirrus, although yet to fully bear fruit, encourage the directors that a strong overall return on the acquisition will be achieved and that the same model can be deployed in future acquisitions. The cost of living crisis continues to be a significant headwind but we are confident that by communicating the value for money of our offer our customer base will continue to build.

We cannot rule out a recurrence of a Covid new variant or other virus and we will heed the lessons of the last three years to make sure the group is prudently managed with a focus on liquidity whilst pursuing these opportunities.

Section 172 Companies Act 2006 Statement

The directors of the Company work in conjunction with the Board of directors of the parent company of the Group, Caledonia TLG Limited ("CTLG"), and other subsidiary companies to ensure that all colleagues work together in good faith to promote the success of the Company and the Group for the benefit of the shareholders as a whole. In discharging our Section 172 duty we have done so through our agreed strategy for the benefit of the members of the Parent company, having regard to the stakeholders and matters set out in the Section 172 of the Act in the decisions taken during the period.

In doing so Section 172 requires a company to have regard to:

- i) The likely consequences of any decisions in the long term
- ii) The interests of the Company's employees
- iii) The need to foster the Company's business relationships with suppliers, customers and others
- iv) The impact of the Company's operations on the community and environment
- v) The desire of the Company to maintain a reputation for high standards of business conduct
- vi) The need to act fairly between members of the Company

The Group's approach to these six areas is considered in the review below.

Our business priorities

Our Group-wide focus is on growth, something we are well positioned to achieve thanks to our commitment, operational excellence and social and environmental sustainability. Our strategy is designed to enable us to win in the marketplace, focus on long term sustainability of our business and create value for our stakeholders. We aim to consider our impact on the wider society, communities and the environment. The Company's strategy is built around four pillars:

From the Heart

We're made of different stuff at the Liberation Group. We're an eclectic bunch of passionate people, all brought together by our love of food, drink and service. We get the greatest buzz from seeing our customers enjoying the food and drink we've made and served with love.

Raise the Spirits

The Liberation experience is always positive we do all we can to raise the spirits; can't help but smile; make their day better; choose your attitude; serving happiness.

Talk of the Town

Everything we do, from the way our pubs look, to the quality of our food and drink to the way we treat people, is irresistible; we're the talk of the town. We create wow moments; people can't help talking about us; share your passions; create a vibrant atmosphere.

Strategic Report (*continued*)

Section 172 Companies Act 2006 Statement (*continued*)

Our business priorities (*continued*)

Set the Bar High

We do everything to the very best of our capabilities and we push each other to be outstanding. We set the bar high. We brew the beer, we serve the beer; fresh locally sourced produce; in it together; if we're not proud of it we don't serve it.

Board Composition

The Board is responsible for creating and delivering sustainable shareholder value through the management of the Liberation Group's business. In discharging its role, the Board is guided by the interests of the Company and its fellow subsidiary Companies, taking into consideration the interests of the Company's stakeholders. The Board is responsible for complying with all legislation, for managing the risks associated with the Company's activities and for financing the Company.

The membership of the CTLG Board includes non-executive directors with substantial current and previous operational and financial senior management experience in complementary businesses and representation of the equity investor. Although CTLG has a majority shareholder in Caledonia Investments plc, the broad experience base of the directors helps to ensure that the need to act fairly between all members is recognised at all times.

Employee Engagement

The Board understands that the interests of employees are key to the long term success of the business. Health and safety of the Liberation Group's employees as well as our customers is a key priority. The Group engages in regular employee communication through internal company wide emails, Viva Engage and other social media. The Group has invested in learning and development providing an online platform for e-learning including modules for colleague well-being.

In the highly competitive hospitality sector, we need to attract and retain the most talented and skilled people to retain the highest standards of food and service we have become well known for. We ensure colleagues are kept informed of business performance and developments. The leadership team achieves this in several different ways, via email, roadshows and regular updates from the CEO via Viva Engage.

The Group has appropriate equal opportunities policies in place to ensure equal treatment throughout the recruitment process and duration of employment. We also have policies to ensure colleagues are not subjected to discrimination and are treated fairly and equally at all times.

Stakeholder Engagement

Engaging with all stakeholder groups to deliver long term success is a key focus for the Board. All decisions take into account the impact on stakeholders, our strategy is designed to enable us to win in the marketplace, focus on sustainability of our business and create value for each of our stakeholder groups:

Customers and Consumers

We recognise that we must delight the customers and consumers of our brands, products and experience to be successful and to thrive. We always place the customer at the heart of everything we do, and we recognise that we cannot achieve success for our shareholders without being successful in the eyes of our customers and consumers.

Suppliers

We continue working together with our suppliers to ensure high ethical standards and respect for human rights and the environment. A focus is on reducing our and our suppliers' impact through design and production of packaging and working on solutions for recycling, with a view to developing solutions to reduce emissions.

Strategic Report (continued)

Section 172 Companies Act 2006 Statement (continued)

Stakeholder Engagement (continued)

Lenders

Our syndicate of banks provide essential capital to finance the purchase and development of the assets of the Group including substantial freehold land and buildings. We maintain a regular dialogue with our lender group to ensure they are fully appraised of our trading, outlook and investment priorities.

Community and Environmental

We own 87% of the sites that we operate as managed pubs and inns or lease to tenants. We are acutely aware of the role that pubs play in the broader life of their local community and factor this into decision making around all aspects of the customer offer. We invest maintenance capital expenditure to ensure our sometimes historic buildings retain their iconic status in their local communities.

The Group and the Company are committed to reducing our environmental impact – in the UK, the electricity we use is 100% from renewable resources, our balers in the UK distribution centre are now entirely cardboard and plastic, increasing our recycled waste proportion, all our spent grain is utilised as cattle feed at local farms and we participate in the 'Too Good to Go' waste-fighting scheme saving 10 tonnes of CO₂E per annum.

Responsible Business

The Group is committed in all its dealings to uphold the highest standards of business conduct and integrity. Our Ethical Conduct Policy sets out how we expect our colleagues to behave, covering conflicts of interest, reporting of wrongdoing and suppliers, gifts and hospitality. Our compliance procedures are designed to identify any related party transactions and ensure they are reported to the directors immediately to ensure appropriate safeguards are put in place. We are committed to paying suppliers to agreed terms.

The directors are aware of their duty under s172 in their discussions as a board to take into account the interests of all key stakeholders and the long term impact in its decision making processes. Decisions made by the board take into account the interests of all of the Group's key stakeholders and reflect the Board's belief that the long term sustainable success of the Company and the Group depends on the achievement of the goals of all of its key stakeholders.

Approved by the board on 21 July 2023 and signed on its behalf by:



Simon Hope
Director
21 July 2023

Directors' Report

The directors present their report and financial statements for the period ended 28 January 2023.

Directors

Jonathan Lawson

Simon Hope

Employment of disabled persons

The Company's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retaining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

Employee involvement

The Company's policy is to consult and discuss with employees, at meetings, matters likely to affect employees' interests.

Dividends

The directors do not recommend the payment of a dividend (2022: £nil).

Political contributions

The Company made no political donations or incurred any political expenditure during the current or prior period.

Directors' indemnity insurance

Certain directors benefited from qualifying third party indemnity provisions in place during the financial period and at the date of this report.

Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial period have been included in the Strategic Report from page 3.

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 auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



Simon Hope
Director
21 July 2023

Cox's Green
Wroughton
Bristol
BS40 5PA

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 year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 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 of the profit or loss of the Company 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 estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the 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. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BUTCOMBE BREWING COMPANY LIMITED

Opinion

We have audited the financial statements of Butcombe Brewing Company Limited ("the Company") for the period ended 28 January 2023 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and related notes, including the accounting policies in note 3.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 28 January 2023 and of its result for the period then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BUTCOMBE BREWING COMPANY LIMITED (continued)

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud (“fraud risks”) we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included enquiring of directors and inspection of policy documentation as to Caledonia TLG Limited’s policies and procedures to prevent and detect fraud that apply to this group company as well as enquiring whether the directors have knowledge of any actual, suspected or alleged fraud.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because there are no revenue transactions. We did not identify any additional fraud risks.

We performed procedures including agreeing all accounting entries in the period to supporting documentation.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors (as required by auditing standards), and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

The company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

This company, as a holding company, is not subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BUTCOMBE BREWING COMPANY LIMITED (continued)

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 12, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BUTCOMBE BREWING COMPANY LIMITED (continued)

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

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

NChrimes

Nathan Chrimes (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
66 Queen Square
Bristol
21 July 2023

Statement of Comprehensive Income
for the 52 week period ended 28 January 2023

	<i>Note</i>	52 week period ended 28 January 2023 £000	52 week period ended 29 January 2022 £000
Turnover	5	-	-
Cost of Sales		-	-
Gross result		-	-
Distribution costs		-	-
Administrative expenses		-	-
Operating result		-	-
Interest payable and similar charges		-	-
Result before taxation		-	-
Tax on result	9	-	-
Result for the period		-	-

There are no items of other comprehensive income in either period.

The notes on pages 20 to 28 form part of these financial statements.

Statement of Financial Position
at 28 January 2023

	<i>Note</i>	2023 £000	2022 £000
Fixed assets			
Investments	10	25,983	2,037
Debtors: amounts falling due after more than one year	11	3,315	3,315
		29,298	5,352
 Creditors: amounts falling due within one year	12	(2,165)	(2,165)
Net current (liabilities)		(2,165)	(2,165)
 Total assets less current liabilities		27,133	3,187
 Net assets		27,133	3,187
 Capital and reserves			
Called up share capital	13	27,581	3,635
Share premium account		11	11
Profit and loss account		(459)	(459)
Shareholders' funds		27,133	3,187

These financial statements were approved by the board of directors on 21 July 2023 and were signed on its behalf by:



Simon Hope
Director

Company registered number: 04631172

The notes on pages 20 to 28 form an integral part of these financial statements.

Statement of Changes in Equity
for the 52 week period ended 28 January 2023

	Called up Share Capital	Share premium account	Profit and loss account	Total Equity
	£000	£000	£000	£000
Balance at 29 January 2022	3,635	11	(459)	3,187
Result for the period	-	-	-	-
Shares issued	23,946	-	-	23,946
Balance at 28 January 2023	27,581	11	(459)	27,133

	Called up Share Capital	Share premium account	Profit and loss account	Total Equity
	£000	£000	£000	£000
Balance at 30 January 2021	3,635	11	(459)	3,187
Result for the period	-	-	-	-
Balance at 29 January 2022	3,635	11	(459)	3,187

The notes on pages 20 to 28 form an integral part of these financial statements.

Notes to the Financial Statements

1 Reporting entity

Butcombe Brewing Company Limited (the "Company") a private company limited by shares, is registered in England, registration number 04631172. The Company is governed by the provision of the Companies Act 2006. The principle activity of the Company is a holding company. The registered office of the Company is Butcombe Brewery, Cox's Green, Wrington, Bristol BS40 5PA.

2 Basis of accounting

These financial statements give a true and fair view, comply with the Companies Act 2006 and were prepared in accordance with United Kingdom Accounting Standards including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"). The presentation currency of these consolidated financial statements is pounds sterling, rounding to the nearest £1,000.

The Company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare Group financial statements. The financial statements present information about the Company as an individual undertaking and not about its Group.

The Company's intermediate parent undertaking, Caledonia TLG Bidco Limited includes the Company in its consolidated financial statements. The financial statements of Caledonia TLG Bidco Limited have been filed at with the Registrar of Companies by the Company in accordance with Section 400(2)(e) of the Companies Act 2006.

In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash Flow Statement and related notes;
- Related party transactions; and
- Key Management Personnel compensation.

Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The principal activity of the company is to act as a holding company within the group headed by Caledonia TLG Limited, an intermediate parent company. The company meets its day to day working capital requirements from intercompany loan and trading balances within the sub-group headed by Caledonia TLG Bidco Limited.

The directors have performed a going concern assessment which indicates that, taking account of reasonably possible downsides, the company will have sufficient funds, through funding from an intermediate parent company, Caledonia TLG Bidco Limited, to meet its liabilities as they fall due during the going concern assessment period.

This assessment is dependent on Caledonia TLG Bidco Limited not seeking repayment of the amounts currently due to the group, which at 28 January 2022 amounted to £2,165,000, and providing additional financial support during the going concern assessment period. Caledonia TLG Bidco Limited has indicated its intention to continue to make available such funds as are needed by the company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, during the going concern assessment period. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

The company is also a guarantor on the financing facilities of Caledonia TLG Bidco Limited, an intermediate parent. These facilities have covenants attached to them which are based upon the consolidated figures of the wider group.

Notes to the Financial Statements (continued)

2 Basis of accounting (continued)

Going concern (continued)

The Group directors have prepared cash flow forecasts in order to assess going concern which indicate that, taking account of reasonably possible downsides, the Group will have sufficient funds to meet its liabilities as they fall due and remain compliant with all covenants for that period.

In addition to the above, in December 2022 the Group refinanced its previous banking facility held in Caledonia TLG Bidco Limited which was due to expire in September 2023. As part of the refinance bank debt was reduced by £6.3m with a larger Revolving Credit Facility of £10m.

The directors of the company have assessed the conclusions reached by the Group directors and agree with their conclusions.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Basis of measurement

The financial statements are prepared on the historical cost basis.

Accounting date

The financial statements are made up for the 52 weeks ended 28 January 2023 with comparative figures for the 52 weeks ended 29 January 2022.

3 Significant accounting policies

The Company has consistently applied the following accounting policies consistently to all periods presented in these financial statements.

Taxation

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

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 balance sheet date, and any adjustment to tax payable in respect of previous periods.

Notes to the Financial Statements (continued)

3 Significant accounting policies (continued)

Financial instruments

The Company has adopted Section 11 and 12 of FRS102 in relation to financial instruments.

Basic financial instruments

Basic financial instruments include cash, debtors, creditors, loans and borrowings.

Recognition and measurement

Basic financial instruments are recognised initially at transaction price less attributable transaction costs.

Interest bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest.

Subsequent to initial recognition basic financial instruments are measured at amortised cost using the effective interest method, less any impairment losses in the case of financial assets.

All of the Company's financial instruments are held at amortised cost.

Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset. The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Fixed asset investments

Fixed asset investments are stated at historical cost less provision for any diminution in value.

Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Notes to the Financial Statements (continued)

3 Significant accounting policies (continued)

Impairment excluding stocks and deferred tax assets (continued)

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the “cash-generating unit”). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to cash-generating units, or (“CGU”) that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs on a non-arbitrary basis, the impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or if it has been integrated then the entire entity into which it has been integrated. An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Related parties

The Company discloses transactions with related parties which are not wholly owned within the Group. It does not disclose transactions with members of the Group that are wholly owned.

4 Use of judgements and estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities at the balance sheet date and income and expenses during the period. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities:

- The recoverability of the investment in the subsidiary undertaking, Butcombe Brewery Limited, and recoverability of amounts due from group undertakings has been considered in light of the underlying profitability, asset base and valuation potential of the Company's subsidiary undertakings as a whole, operating as a pub and brewing business. There have been no indicators of impairment identified in the current period.

Notes to the Financial Statements (continued)

5 Turnover

No turnover was generated by the company in either of the periods.

6 Particulars of employees

The Company did not employ any persons (*2022: none*) during the period.

7 Auditor's remuneration

Auditors remuneration of £3,000 (*2022: £3,000*) is borne by Butcombe Brewery Limited, a subsidiary undertaking. The auditor provided no non-audit services in the period (*2022: none*)

8 Directors' remuneration

The remuneration received by the directors for their services rendered to the company totalled £1,000 (*2022: £1,000*), and was borne by another entity within the Group. No amounts have been cross charged in relation to these emoluments.

Notes to the Financial Statements (continued)

9 Taxation

Total tax expense recognised in the profit and loss account:

	Period ended 28 January 2023 £000	Period ended 29 January 2022 £000
Current tax		
Corporation tax charge	-	-
Total tax on result	-	-
Deferred tax		
Origination and reversal of timing differences	-	-
Adjustments in respect of prior periods	-	-
Tax on result	-	-

Reconciliation of effective tax rate

The tax charge for the period is equal to (2022: equal to) the standard rate of corporation tax in the UK of 19%

	Period ended 28 January 2023 £000	Period ended 29 January 2022 £000
Result before taxation	-	-
Corporation tax at standard rate of 19% (2022: 19%)	-	-
Non-deductible expenses	-	-
Effects of group relief	-	-
Total current tax	-	-

The company has accumulated unrecognised tax losses carried forward totalling £nil (2022: £nil).

An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This may increase the company's future current tax charge.

Notes to the Financial Statements (continued)

10 Investments held as fixed assets

	2023 £000	2022 £000
Shares in group undertakings and participating interests	25,983	2,037
Shares in group undertakings and participating interests:		
		Subsidiary undertakings £000
Cost		
At 29 January 2022		2,037
Investment in Butcombe Brewery Limited		23,946
Net book value		
At 28 January 2023		25,983

Acquisition of Cirrus Group of Companies

In the current financial period on 16 December 2022, the Company's subsidiary, Butcombe Brewery Limited, acquired 100% of the share capital of Cirrus Inns Holdings Limited, the holding company of the Cirrus Inns Group comprising 100% subsidiaries Cirrus Inn Limited and Farm Street Inns Limited. As part of the acquisition steps Butcombe Brewing Company Limited subscribed for shares in Butcombe Brewery Limited.

Details of the investments in which the company holds 20% or more of the nominal value of any class of shares capital are as follows:

<i>Undertaking</i>	<i>Country of incorporation</i>	<i>Holding</i>	<i>Proportion of voting rights and shares held</i>	<i>Principal activity</i>
Direct subsidiary undertakings				
Butcombe Brewery Limited	UK	Ordinary	100%	Brewing and estate management
Indirect subsidiary undertakings				
Cirrus Inns Holdings Limited (*)	UK	Ordinary	100%	Holding
Cirrus Inns Limited (*)	UK	Ordinary	100%	Pub company
Farm Street Inns Limited (*)	UK	Ordinary	100%	Pub company
M Still Catering Limited	UK	Ordinary	100%	Dormant
The Royal Oak Inn Trading Limited	UK	Ordinary	100%	Dormant

* Indirect subsidiary undertakings acquired on 16 December 2022.

The registered office of all the subsidiary undertakings is Cox's Green, Wrington, Bristol BS40 5PA.

Notes to the Financial Statements (continued)

11 Debtors

	2023	2022
	£000	£000
Amounts owed by group undertakings due after more than one year	3,315	3,315

Debtors include £3,315,000 (2022: £3,315,000) receivable from Butcombe Brewery Limited. The amounts are repayable on demand and are non-interest bearing and are expected to be received in more than one year from the balance sheet date.

12 Creditors: amounts falling due within one year

	2023	2022
	£000	£000
Amounts owed to parent & fellow subsidiaries	2,165	2,165

The Company is party to a Collective Guarantee Facility with HSBC Bank plc of £1,370,000, which is repayable on demand. The amounts owed to parent and fellow subsidiaries are repayable on demand and are non-interest bearing.

13 Share capital

	2023	2022
	£000	£000
<i>Allotted, called up and fully paid shares</i>		
Ordinary shares of £1 each	27,581	3,635

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

During the year the company issued 23,946,081 £1.00 ordinary shares to The Liberation Group UK Limited a company incorporated in UK as part of the Cirrus acquisition in consideration for roll over loan notes of the same value, that were subsequently capitalised into an investment in subsidiaries (see note 10).

14 Related party transactions

The company has taken advantage of the exemption from disclosing transactions with other wholly owned members of the group. Balances held in respect of group companies are shown in notes 11 and 12.

During the period, the company did not make any related party transactions.

Notes to the Financial Statements (continued)

15 Ultimate controlling party

The company is owned by The Liberation Group UK Limited, a company incorporated in England and Wales.

The ultimate controlling party is Caledonia Investments Plc, a company incorporated in England and Wales. Copies of the accounts of Caledonia Investments Plc are available at the Registered Office, Cayzer House, 30 Buckingham Gate, London SW1E 6NN.

The largest group in which the results of the group are consolidated is that headed by Caledonia TLG Limited, incorporated in Jersey.

The smallest group in which the results of the group are consolidated is that headed by Caledonia TLG Bidco Limited, incorporated in the UK. The accounts of Caledonia TLG Bidco Limited are filed with the Registrar of Companies by Caledonia TLG Bidco Limited in accordance with Section 400(2)(e) of the Companies Act 2006.