Financial Statements
The ACC Liverpool Group Ltd

For the year ended 31 March 2022

Registered number: 05204033

Company Information

Directors	F L Dyer J A Corner A Cousins A H Machray MBE K Nicholls OBE
Registered number	05204033
Registered office	Arena and Convention Centre Liverpool Kings Dock Liverpool Waterfront Liverpool L3 4FP
Independent auditor	Grant Thornton UK LLP Chartered Accountants Statutory Auditor Royal Liver Building Liverpool L3 1PS

Contents

Group Strategic Report

For the year ended 31 March 2022

The directors present their group strategic review for the year ended 31 March 2022.

Who we are and what we do

The ACC Liverpool Group is a major employer in Liverpool and a proud supporter of the city it represents, operating a family of world-class venues, experiences and services for the local, national and international events market. We provide uplifting experiences for visitors, play a key role in the visitor economy, and help form a positive image of the wider region. Through M&S Bank Arena and award winning Conference and Exhibition centres, we offer a combined total of 15,225m2 of innovative, inspiring floor space. We host a variety of national conferences; public and trade exhibitions and entertainment events. Since opening, our campus has attracted more than 8 million visitors to around 4,500 events across our entire site and generated £2bn in economic benefit for the local economy.

The campus is also home to Pullman Liverpool, a 216 bed four star upscale hotel situated adjacent to Exhibition Centre Liverpool and we own and operate TicketQuarter, a regional ticketing agency for venues, visitor attractions and live events.

Business Review

All coronavirus restrictions were lifted from early 2022 and the events and hospitality sectors continue their recovery, particularly as international tourists return. Hospitality and leisure sectors were expected to be the fasted growing parts of the economy over the next five years, prior to the financial crisis that is now engulfing the economy. This in part reflected the large ground to be recovered following the pandemic. Restrictions on trading disproportionately impacted the industry with forced closures and high proportions of fixed business cost across property and people. The industry reported higher than average proportions of businesses with low profits, cash reserves and business confidence throughout the pandemic. With businesses continuing to recover revenue streams and repairing balance sheets, operating conditions will remain challenging. Key remaining business support measures expired at the end of March 2022. In particular, restricted rates relief for larger businesses and VAT on hospitality services returning to the full 20% rate. These factors, along with new extremities in rising inflation and supply-chain management issues means industry resilience will be further stretched through to 2024.

The ACC Liverpool Group shared the national journey. Under forced closure, event space was repurposed to support the medical response to the pandemic, specifically the hosting of mass testing and PPE equipment storage and distribution. We were able to further repurpose event space for television and filming. Event recovery commenced with the announcement of the 'COVID-19 Response' in Spring 2021, which established the initial roadmap out of lockdown in England. Government support measures including extension of furlough, business rates relief and reduced VAT, provided critical financial support and stimulus to the business as it prepared for Step 3 of the Roadmap from 17th May. This allowed events to resume in line with covid-secure measures for up to 1,000 capacity. Such easing of restrictions enabled the delivery of a number of small events to take place in both conferencing and entertainment in the period. We were proud to be part of Liverpool's staging of the largest pilot event programme in the UK as part of the national Events Research Programme. A huge amount of work took place behind the scenes to bring the worlds of events and science together. In doing so, our focus was clear – how to open venues up safely again and let the visitor economy thrive once more. We hosted a unique business event – 'Change Business For Good' designed exclusively to support the return of business meetings.

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Group Strategic Report (continued)

For the year ended 31 March 2022

Business Review (continued)

Our campus venues re-opened for full scale large events in late September. During the autumn of 2021 turnover for the period September until December rebounded to an average of 85% of pre-pandemic levels driven by Entertainment & Sport and corporate conferences. However, as a direct result of the loss of consumer confidence due to the emergence of Omicron and the subsequent introduction of Plan B we experienced a significant amount of lost and cancelled conference business in December; turnover from events fell to just 45% of pre-pandemic norms for that month. Ticket sales and the corresponding attendance for entertainment events in the run up to Christmas slowed considerably as people sought to mitigate the risk of isolation over the festive period. Thankfully due to the third booster vaccination programme, combined with increasing immunity rates, the levels of hospitalisations remained significantly lower than previous waves and the government were not forced to put the country into another damaging lockdown in January. This stalled the positive recovery in business event booking confidence, the impact of which will be felt into the post year end period. Entertainment & Sport bounced back strongly in the new financial year with pent up demand for leisure events. Further detail on post year end business conditions is discussed in future developments below.

Business performance

a. Financial performance:

Since the return of large indoor events in September, all venues have traded above initial expectations which is a reflection of the group's quality brand and strong reputation for safety, the hard-work and resilience of the group's talented and experienced team, and the strength of Liverpool as an attractive destination for both leisure and business tourists. Results in the first 5 months of the year reflect the restricted and largely event-closed conditions faced by the business.

	£'000
Trading results pre-return of large indoor events in September	(1,471)
Trading results post-return of large indoor events in September	1,961
Trading result before rental return	490
Fixed rental obligation	(2,390)
Trading result after rental return	(1,900)
Further non-cash accounting costs:	
Provisions	(761)
Depreciation net of capital grant amortisation	(179)
FRS102 pension scheme additional accounting costs above employer contributions	(934)
Operting loss for the year	(3,774)

b. Liquidity analysis:

	UDCF <1 year £'000	UDCF 1-2 years £'000	UDCF 3-5 years £'000	UDCF >5 years £'000	To be recognised in future profit and loss £'000	Other £'000	Balances as reported £'000
Trading cash reserves	17,707						17,707
Other working capital balances	(13,508)	(667)					(14,175)
Asset replacement, refubishment and cyclical decoration provisions		(1,211)	(4,405)	(7,242)	10,096		(2,762)
Liquidity before shareholder liability	4,199	(1,878)	(4,405)	(7,242)	10,096	-	770
Amounts due to parent undertaking, repayable on demand	(6,804)						(6,804)
Liquidity after shareholder liability	(2,605)	(1,878)	(4,405)	(7,242)	10,096	-	(6,034)
Pension liability						(12,737)	(12,737)
Fixed assets					-	1,267	1,267
Capital grants					-	(419)	(419)
Shareholders deficit	(2,605)	(1,878)	(4,405)	(7,242)	10,096	(11,889)	(17,923)

* UDCF - Undiscounted cash flows

Group Strategic Report (continued)

For the year ended 31 March 2022

Business performance (continued)

The group holds high levels of cash balances from agency ticketing on behalf of third parties, and from event venue hire advanced payments within its own trade. In ordinary trading conditions, high levels of business cash would be matched by deferred revenues so that the balance sheet reported positive working capital balances. The group also holds provisions for future property obligations in respect of asset replacement, refurbishment and cyclical decoration, for which it would expect to hold sufficient cash and asset coverage. The working capital base has been eroded during the pandemic through trading losses and decreasing trading cash reserves, excluding the re-growth in agency cash holdings. As reported in the Consolidated Statement of Cash Flows contained within the financial statements, the group was able to manage its trading cash losses in the current year with new event advanced payments as restrictions lifted, use of the coronavirus job retention scheme through to its end, and corporation tax receipts claimed. The net cash inflow from operating activities is £689k, inclusive of positive movement in agency cash holdings. The group remains reliant on the financial support of its parent undertaking Liverpool City Council, where the current indebtedness owed is unsecured and repayable on demand. Liverpool City Council remain committed to extending this financial support as we continue to manage immediate trading risks. The group continues to meet liabilities as they fall due, and has a trading recovery and profit improvement plan to return the business to a level of sustainable profit.

The company is a participating employer in the Merseyside Pension Fund, a local government pension scheme. In accordance with actuarial valuation results at 31 March 2022 the company's fund remains in surplus, with a growth in its funding surplus of 5%, to 106%, since 31 March 2019. This is principally due to stronger investment returns. The scheme remains funded by primary payments from employer contributions, the rates for which have been substantially maintained for the next 3 years, until 31 March 2025. The liability reported in the financial statements reflects a lower discount rate used to value scheme liabilities, in line with the accounting valuation requirements. Such valuation produces liabilities that are higher than those used in the funding assessment as based on high quality corporate bonds, regardless of how the scheme trustees have actually invested the scheme assets. The main purpose of the accounting valuation being to provide a consistent measurement of accounting costs across different companies.

Other key performance indicators and acknowledgements

With a talented core team of 186 staff, rising up to 500 and more on event days, we continue to deliver award winning services to event organisers, delegates and visitors alike. We were crowned winner of Best UK Conference Centre at the M & IT Awards in 2013, 2014, 2015, 2016, 2017, 2018 and 2021 and took home silver in 2019 and 2020. In 2021 we were also crowned the UK's Best Exhibition Centre under 8,000 sqm and our experienced and talented team were acknowledged as Best Venue Team in the UK at the MIA awards 2021. These industry awards are voted for by our partners and clients so are a real testament to the quality of services delivered and a real vote of confidence that our services really are best in class, firmly establishing us as a market leader in the conference and event sector.

Future developments, risks and uncertainties

Notwithstanding the stall in business events confidence caused by Omicron, the company carried £5.4m of contracted business meetings into the new financial year and anticipates a buoyant sports and entertainment market. During the financial year to date, the company has delivered a record first quarter of entertainment events, successfully hosted two major events, the Labour Party Annual Conference and the World Artistic Gymnastics Championships, and was delighted to be announced as the host venue for Eurovision 2023; such events showcase the City and its capability to attract major events on the international stage. Economically, the aftershocks of the pandemic, soaring inflation, supply-side challenges and the threat of recession means that the operating environment will remain extremely tough through to the end of 2024.

Group Strategic Report (continued)

For the year ended 31 March 2022

Future developments, risks and uncertainties (continued)

The business has limited hedged protection to energy prices after autumn-2022 and with an events diary sold highly forward in advance, cannot respond with complete agility to market price-risk. Rather than anticipate slowdown, our immediate objective is to deliver the busy programme of events scheduled across our new financial year and beyond. This may mean that some of our future financial performance expectation will be lower than initially envisaged, compared to the high optimism following the lifting of restrictions. The impact of energy will be particularly detrimental to future results through the end of 2024. The business is finalising plans for LED lighting installation in early 2023 across older properties in the campus and is actively seeking financially viable solutions to decarbonise the campus. The industry continues to lobby hard for extended government energy price intervention, or equivalent financial support beyond March 2023. With the continued support of its shareholder the business will draw on its cash reserves to withstand losses, for an extended period of time.

The number of industry workers fell sharply during the pandemic. The hospitality sector was one of the largest users of the Coronavirus Job Retention Scheme, which played a part in protecting jobs in the sector. As the economy began to re-open in 2021, the hospitality industry began facing staff shortages. There are a multitude of factors leading to high vacancies currently, including: many businesses hiring at once, workers not returning to jobs furloughed and workers having moved away during the pandemic not returning. ACC Liverpool used the CJRS and has managed to retain its pool of talented staff. The group continues to work closely with and monitor the impact of market pressures on strategic contracting partners and is committed to creating maximum opportunities in its local communities and to providing rewarding career paths and opportunities for social mobility. The group is currently exploring opportunities to build on its strength as an "excellence as standard" customer service business; to help shape and deliver future training and employment opportunities for local residents and to create an enlarged resource pool for both itself and the wider visitor economy in the City region to recruit from.

Strategically, the previous business plan was established in 2018 and covered the five-year period FY20 – FY24. The operating landscape has materially changed since this time due to both macroeconomic, industry and internal factors, hence some of the key fundamentals, such as the sales and resultant financial plan, quickly became outdated. Over the last three years, alongside surviving a global pandemic the leadership team have focused on delivering three of the key recommendations within the 2018 Business Plan, being the reduction of controllable overheads; prioritising self-funded investment proposals to deliver enhanced revenue streams and/or reduce operating costs; and quantifying and exploring funding options for maintenance and infrastructure requirements. Whilst continuing to navigate uncertain times and focus on business recovery, the company has launched a strategic review to create an inclusive growth plan for the next five years. Engagement sessions have been held with key stakeholders including community interest groups, destination delivery partners, local visitor economy businesses and Liverpool City region economic growth and inward investment representatives; this is to ensure The ACC Liverpool Group creates a growth plan which is truly representative of the needs of its key stakeholders. As part of its review, the company is committed to continually invest in its facilities and its people. It is constantly looking for ways to improve the customer experience and event delivery standards whilst achieving efficiencies and business agility. The venue owner has confirmed that their capital plans include over £5m of investment in facilities over 2022-24 to ensure the venues maintain their competitive advantage and an affordable long-term asset replacement plan is now in place across the campus. The directors are delighted to welcome Kate Nicholls OBE as the new Chair of the Board; Kate will help formulate the board's strategy alongside three new independent non-executive appointments. The directors express their thanks to Max Steinberg CBE for his contributions to successfully steering the business through the pandemic and for continuing to be a key ambassador for Liverpool City Region's visitor economy.

Group Strategic Report (continued)

For the year ended 31 March 2022

Financial Instruments

The group uses various financial instruments. These include cash and other items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to manage working capital for the group's operations. The directors review and agree policies for managing the risk and this is summarised below.

Price & yield

The high fixed cost base required to operate the campus venues is under current pressure due to the current surge in inflation in areas such as energy and labour. Price increases are sustainable to clients in the long-term based on the unique product on offer and the provision of space and services. However short term timing differences can present challenges where unexpected cost increases exceed sales price increases contracted for future years. Yield management is imperative to the success of the business and due to the flexible nature of the facilities there is often a conflict between space available during peak months and customers seeking to hold an event. A yield management strategy has been developed to ensure the space is sold at the best possible price, utilising the assets available at ACC Liverpool, whilst also delivering on the group's economic and social value impact to Liverpool and the wider City region. Exposure to market rates of energy mean will have a detrimental impact on future financial results. The business is managing efficiency through capital projects and operational initiatives. In the long term the industry must respond to a likely new norm of sustained higher energy costs.

Credit risk

The group's principal financial assets are cash and trade debtors. The risk associated with cash was previously limited, however the impact of the pandemic provides enhanced risk with additional spread on cash reserves enacted. Ordinarily credit risk arises from the company's trade debtors. The company has strict contract payment terms in place and performs full credit checks with a third party credit reference agency prior to entering into any agreements consequently mitigating any potential credit risk. Additional revenues are recovered quickly post event due to full event reconciliation and close down within agreed timescales, followed by robust credit management with targeted collections to prevent bad debt.

Liquidity risk and cash flow

The group holds high levels of cash balances in those held on behalf of agency third parties for advance ticket sales, and those on its own account for venue hire and accommodation advanced rentals. It takes a firm approach to treasury management whilst balancing the needs of the business between yield from deposits and instant access to cash to fund operational activities. Cash flow forecasting is undertaken to ensure anticipated cash demands are well planned and met. As reported earlier, the working capital base has been eroded during the pandemic and subsequent financial crisis, with low profits and decreasing cash reserves. The group remains reliant on the financial support of its parent undertaking Liverpool City Council, where the current indebtedness owed is unsecured and repayable on demand. Liverpool City Council remain committed to extending this financial support as the group continues to monitor immediate trading risks. The group continues to meet liabilities as they fall due and has a trading recovery and profit improvement plan to return the business to a level of sustainable profit

Faye Dyer

F L Dyer
Director

Date: 21/12/2022

Directors' Report

For the year ended 31 March 2022

The directors present their report and the financial statements for the year ended 31 March 2022.

Directors

The directors who served during the year were:

F L Dyer
M Steinberg CBE ((Chair) resigned 3rd April 2022)
A R Reeves (resigned 23rd June 2021)
J A Corner (appointed 1st July 2021)
A Cousins (appointed 1st July 2021)
A H Machray MBE (appointed 1st July 2021)

Directors appointed after year end:

K Nicholls OBE (appointed 4th April 2022)

Directors' liabilities

The company has made qualifying third party indemnity provisions for the benefit of its directors which were in place during the year and remain in force at the date of this report.

Directors' responsibilities statement

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated financial statements in accordance with applicable law and regulations. Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including 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 the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' Report (continued)

For the year ended 31 March 2022

Matters covered in the strategic report

A discussion on the group's financial performance, financial position, future developments, risk management and key proforma indicators have been disclosed in the Group strategic report.

Going Concern

As part of a strategic review, the directors have created a new business plan which sets out short term goals and the steps required to deliver them. A period of three years has been set as the appropriate duration of this business plan, which is reflective of the volatile operating landscape at present. As set out in note 2.6 to these financial statements, based on this business plan and the continued financial support available from its shareholders, the directors believe the adoption of the going concern assumptions remains appropriate.

Post balance sheet events

Extended political and economic uncertainty continues to severely impact economies and markets around the globe. The impact on the group continues to be considered by the directors and within its updated business plans. There are no adjusting or non-adjusting events which have come to light at this current.

Disclosure of information to auditor

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment, in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed for on its behalf.

Faye Dyer

F L Dyer
Director

Date: 21/12/2022

Independent Auditor's Report to the Members of The ACC Liverpool Group Ltd

Opinion

We have audited the financial statements of The ACC Liverpool Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2022, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statement of Financial Position, the Consolidated and Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2022 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the group's and the parent company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the group's and the parent company's financial resources or ability to continue operations over the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Independent Auditor's Report to the Members of The ACC Liverpool Group Ltd (continued)

Conclusions relating to going concern (continued)

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the group strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the group strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by the Companies Act 2006

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the group strategic report or the directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Independent Auditor's Report to the Members of The ACC Liverpool Group Ltd (continued)

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to the group and parent company and the industry in which it operates and determined which may influence the financial statements.

  We determined that the following laws and regulations are the most significant which are directly relevant to specific assertions in the financial statements:

  - Those that relate to reporting frameworks being FRS102 and the Companies Act 2006 and the relevant tax compliance regulations.
  - Those that relate to the operational activities of the group in respect of the operation of the Convention Centre, M&S Bank Arena, the Exhibition Centre Liverpool and hotel being the licences required to operate the facilities and Health and Safety requirements of visitors and employees and data protection.

- We assessed the susceptibility of the group and parent company's financial statements to material misstatements, including how fraud might occur. We performed the following audit procedures to address the risks related to irregularities and fraud:

Independent Auditor's Report to the Members of The ACC Liverpool Group Ltd (continued)

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (continued)

  - evaluation of the processes and controls in place to address the risks related to irregularities and fraud;
  - challenge of the assumptions and judgements made by management in its significant accounting estimates;
  - review and testing of journal entries, in particular manual journal entries, relating to management estimates and journal entries impacting the reported result for the year;
  - consideration of the potential for fraud in revenue recognition;
  - identifying and testing related party transactions.

- We enquired of management whether there was any awareness of instances of non-compliance with laws and regulations or whether they had any knowledge of actual or suspected fraud.

- In assessing the potential risks of material misstatement, we obtained an understanding of the group and parent company's operations, the applicable statutory provisions and business risks that may result in risk of material misstatement, and the group and parent company's control environment, including the adequacy of procedures for authorisation of transactions.

- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

- The engagement team's experience with similar engagements, their understanding and knowledge of the group and parent company's industry and their understanding of the industry and regulatory requirements were considered in assessing the appropriateness of the collective competence and capabilities of the engagement team.

Use of our report

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.

Grant Thornton UK LLP

Gareth Hitchmough
Senior statutory auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Liverpool
Date: 21/12/2022

The ACC Liverpool Group Ltd
Registered number:05204033

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2022

	Note	2022 £	2021 £
Turnover	4	**18,419,132**	4,840,720
Cost of sales		**(6,063,870)**	(2,550,767)
Gross profit		**12,355,262**	2,289,953
Administrative expenses		**(16,464,400)**	(10,806,615)
Other income	13	**335,817**	5,985,881
Operating loss	5	**(3,773,321)**	(2,530,781)
Interest receivable and similar income	9	**19,963**	65,651
Interest payable and similar expenses	10	**(273,509)**	0
Net finance expense in respect of defined benefit pension scheme	11	**(302,000)**	(235,000)
Loss on ordinary activities before taxation		**(4,328,867)**	(2,700,130)
Tax on loss on ordinary activities	12	**(212,000)**	297,751
Loss for the financial year		**(4,540,867)**	(2,402,379)
Actuarial gain/(losses) on defined benefit pension scheme	26	**2,515,000**	(2,269,000)
Deferred tax attributable to pension scheme	21	**(2,451,100)**	431,000
Other comprehensive income/(loss) for the year		**63,900**	(1,838,000)
Total comprehensive loss for the year		**(4,476,967)**	(4,240,379)

The notes on pages 18 to 36 form part of these financial statements.

The ACC Liverpool Group Ltd
Registered number:05204033

Consolidated Statement of Financial Position

As at 31 March 2022

	Note		2022 £		2021 £
Tangible Assets	14		**1,266,655**		1,517,182
			1,266,655		1,517,182
Current Assets					
Stocks	16	**45,833**		41,182	
Debtors: amounts due within one year	17	**4,317,897**		3,334,825	
Debtors: amounts due after more than one year	17	**0**		2,663,100	
Cash at bank and in hand	18	**17,707,034**		16,967,375	
		22,070,764		23,006,482	
Creditors: amounts falling due within one year	19	**(24,674,470)**		(21,333,784)	
Net current (liabilities)/assets			**(2,603,706)**		1,672,698
Total assets less current liabilities			**(1,337,051)**		3,189,880
Creditors: amounts falling due after more than one year	20		**(1,086,875)**		(808,259)
Provisions for liabilities					
Other provisions	22	**(2,762,068)**		(1,811,648)	
			(2,762,068)		(1,811,648)
Net (liabilities)/assets excluding pension liability			**(5,185,994)**		569,973
Pension liability	25		**(12,736,606)**		(14,015,606)
Net liabilities			**(17,922,600)**		(13,445,633)
Capital and reserves					
Called up share capital	23		**1**		1
Profit and loss account	24		**(17,922,601)**		(13,445,634)
Shareholders' deficit			**(17,922,600)**		(13,445,633)

The financial statements were approved and authorised for issue by the board and were signed on its behalf.

Faye Dyer

F L Dyer
Director

Date: 21/12/2022

The notes on pages 18 to 36 form part of these financial statements.

Company Statement of Financial Position

As at 31 March 2022

	Note		2022		2021
			£		£
Fixed Assets					
Tangible Assets	14		**1,266,655**		1,517,182
Investments	15		**1**		1
			1,266,656		1,517,183
Current Assets					
Stocks	16	**20,562**		20,562	
Debtors: amounts falling due within one year	17	**3,963,040**		3,254,005	
Debtors: amounts falling due after more than one year	17	**0**		2,663,100	
Cash at bank and in hand	18	**16,500,104**		16,607,902	
		20,483,706		22,545,569	
Creditors: amounts falling due within one year	19	**(21,508,901)**		(19,187,909)	
Net current (liabilities)/assets			**(1,025,195)**		3,357,660
Total assets less current liabilities			**241,461**		4,874,843
Creditors: amounts falling due after more than one year	20		**(1,086,875)**		(808,259)
Provisions for liabilities					
Other provisions	22	**(1,678,511)**		(1,127,612)	
			(1,678,511)		(1,127,612)
Net (liabilities)/assets excluding pension liability			**(2,523,925)**		2,938,972
Pension liability	25		**(12,736,606)**		(14,015,606)
Net liabilities			**(15,260,531)**		(11,076,634)
Capital and reserves					
Called up share capital	23		**1**		1
Profit and loss account	24		**(15,260,532)**		(11,076,635)
Shareholders' deficit			**(15,260,531)**		(11,076,634)

The parent company has taken advantage of Section 408 of the Companies Act 2006 and has not included its own statement of comprehensive income in these financial statements. The parent company's loss for the year was £4,247,797 (2021: Loss - £ 2,067,456).

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

Faye Dyer

F L Dyer
Director

Date: 21/12/2022

The notes on pages 18 to 36 form part of these financial statements.

The ACC Liverpool Group Ltd
Registered number:05204033

Consolidated Statement of Changes in Equity

For the year ended 31 March 2022

	Called up share capital	Profit and loss account	Total Equity
	£	£	£
At 1 April 2021	1	(13,445,634)	(13,445,633)
Comprehensive income for the year			
Loss for the year	0	(4,540,867)	(4,540,867)
Actuarial gain on pension scheme	0	2,515,000	2,515,000
Deferred tax movements attributable to pension scheme	0	(2,451,100)	(2,451,100)
At 31 March 2022	1	(17,922,601)	(17,922,600)

	Called up share capital	Profit and loss account	Total Equity
	£	£	£
At 1 April 2020	1	(9,205,255)	(9,205,254)
Comprehensive income for the year			
Loss for the year	0	(2,402,379)	(2,402,379)
Actuarial loss on pension scheme	0	(2,269,000)	(2,269,000)
Deferred tax movements attributable to pension scheme	0	431,000	431,000
At 31 March 2021	1	(13,445,634)	(13,445,633)

The notes on pages 18 to 36 form part of these financial statements.

Company Statement of Changes in Equity

For the year ended 31 March 2022

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2021	1	(11,076,635)	(11,076,634)
Comprehensive income for the year			
Loss for the year	0	(4,247,797)	(4,247,797)
Actuarial gain on pension scheme	0	2,515,000	2,515,000
Deferred tax movements attributable to pension scheme	0	(2,451,100)	(2,451,100)
At 31 March 2022	1	(15,260,532)	(15,260,531)

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2020	1	(7,171,179)	(7,171,178)
Comprehensive income for the year			
Loss for the year	0	(2,067,456)	(2,067,456)
Actuarial loss on pension scheme	0	(2,269,000)	(2,269,000)
Deferred tax movements attributable to pension scheme	0	431,000	431,000
At 31 March 2021	1	(11,076,635)	(11,076,634)

The notes on pages 18 to 36 form part of these financial statements.

The ACC Liverpool Group Ltd
Registered number:05204033

Consolidated Statement of Cash Flows

For the year ended 31 March 2022

	2022	2021
Cash flows from operating activities	**£**	£
Loss for the financial year	**(4,540,867)**	(2,402,379)
Adjustments to cash flows from non-cash items:		
Depreciation of tangible assets	**220,038**	142,478
Amortisation of capital grants	**(40,746)**	(4,674)
Pension current service costs	**1,236,000**	1,115,000
Interest received	**(19,963)**	(65,651)
Interest payable	**273,509**	0
Other income	**(335,817)**	(5,985,881)
Tax on loss on ordinary activities	**212,000**	(297,751)
	(2,995,846)	(7,498,857)
Working capital adjustments		
Movement in stocks	**(4,651)**	11,148
Movement in debtors	**(1,771,245)**	2,214,826
Movement in creditors	**3,660,048**	273,400
Movement in provisions	**761,070**	190,809
Cash from operations	**(350,624)**	(4,808,674)
Revenue grants and other income	**335,817**	5,985,881
Provisions utilised	**(84,159)**	0
Corporation tax received/(paid)	**788,173**	(90,964)
Net cash from operating activities	**689,207**	1,086,243
Cash flows from investing activities		
Capital grants received	**297,265**	103,887
Proceeds on the disposal of fixed assets	**81,493**	0
Purchase of property, plant & equipment	**(348,269)**	(504,820)
Interest received	**19,963**	65,651
Maturity or increase in principal amount of cash deposits	**2,877,104**	(49,191)
Net cash from investing activities	**2,927,556**	(384,473)
Net increase in cash and cash equivalents	**3,616,763**	701,769
Cash and cash equivalents at beginning of year	**12,390,413**	11,688,644
Cash and cash equivalents at the end of year	**16,007,176**	12,390,413
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	**17,707,034**	16,967,375
Less: Bank deposits of greater than 3 months duration	**(1,699,858)**	(4,576,962)
	16,007,176	12,390,413

The notes on pages 18 to 36 form part of these financial statements.

Notes to the Financial Statements

For the year ended 31 March 2022

1. Company Information and details of controlling parties

The ACC Liverpool Group Ltd is a private company limited by shares, incorporated in England & Wales under the Companies Act 2006, registration number 05204033. The address of its registered office and its principal place of business is Kings Dock, Liverpool Waterfront, Liverpool, L3 4FP. Disclosures about the principal activity or details to that effect are included in the Strategic Report.

The company is a wholly owned subsidiary of Liverpool City Council. Liverpool City Council is the ultimate controlling party and is the parent undertaking of the smallest and largest group which consolidates these financial statements for which the company is a member. Copies of financial statements can be obtained from Liverpool City Council, Cunard Building, Water Street, Liverpool, L3 1AH

2. Accounting policies

2.1 Summary of significant accounting policies and key accounting estimates

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

2.2 Statement of compliance

The financial statements have been prepared in accordance with FRS 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland' and applicable legislation as set out in the Companies Act 2006 and The Large and Medium-sized Companies and Groups Regulations 2008. The company presents both individual financial statements (subject to relevant exemptions) and consolidated financial statements for its group.

2.3 Basis of preparation

The financial statements have been prepared under the historic cost convention. The primary economic environment in which the company operates is governed by the Great British Pound, its functional currency. As such the financial statements have been prepared in this currency.

2.4 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the company. A subsidiary is an entity controlled by the company. Control is achieved where the company has the power to govern the financial and operational policies of an entity so as to obtain benefits from its activities. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the company. The accounting periods of subsidiaries are co-terminus with those of the company. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

2.5 Disclosure exemptions

The company's individual statement of comprehensive income is omitted from the financial statements as permitted by section 408 of the Companies Act 2006, where group financial statements are presented. The company's individual statement of cash flows is omitted from the financial statements as permitted by FRS 102 Section 1.12. The company is exempt from disclosing transactions with other wholly owned members of the group controlled by the ultimate parent undertaking, as permitted by FRS 102 Section 33.

Notes to the Financial Statements

For the year ended 31 March 2022

2. Accounting policies (continued)

2.6 Going concern

The directors acknowledge the losses reported in the financial statements amounting to £4.5m and the deficit in reserves of £17.9m. As part of a strategic review, the directors have created a new business plan which sets out short term goals and the steps required to deliver them. A period of three years has been set as the appropriate duration of this business plan, which is reflective of the volatile operating landscape at present. Based on this business plan and the continued financial support available from its shareholder, the directors believe the adoption of the going concern assumptions remains appropriate.

Continuing uncertain economic conditions present increased risks for all businesses including the particular impact of inflation and supply chain management issues. The company remains reliant on financial support from its shareholder where current indebtedness owed is unsecured and repayable on demand. The shareholder remains committed to extending this financial support as the business continues to respond to operating risk.

2.7 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the group and turnover can be readily measured. Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added tax. Turnover includes revenue earned from the sale of goods and rendering of services.

The revenue streams of the business consist of rental income and additional service charges for the M&S Bank Arena, Convention Centre and Exhibition Centre Liverpool, box office income from ticket sales, sponsorship income, accommodation charges and associated food and beverage income.

The revenue for the rental of the M&S Bank Arena, Convention Centre and Exhibition Centre Liverpool and related additional charges is recognised when the event has been held. If the event is held over a number of days the revenue is only recognised once the entire event has taken place.

The revenue from the box office ticket sales is recognised when the event has been held except for facility fees which are recognised at the point of sale. Sponsorship revenue is recognised over the period of the agreement.

Turnover in respect of accommodation is recognised at the point of the customer's stay whilst other sales, including food and beverage revenues, are recognised at the point of sale.

Customer and function deposits received are held as a liability on the statement of financial position until the customer has stayed at the hotel or the function has occurred.

Notes to the Financial Statements

For the year ended 31 March 2022

2. Accounting policies (continued)

2.8 Other income

Other income represents government grants receivable in respect of the job retention scheme, culture recovery fund and other revenue government grants received. These are recognised in income over the periods in which the group recognises the related costs for which the grant is intended to compensate.

2.9 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant and equipment	- 3 to 7 years
Fixtures and fittings	- 3 to 12 years

Assets under construction are not depreciated until in use within the business.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted retrospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the consolidated Statement of Comprehensive Income.

2.10 Operating leases

Rentals paid under operating leases are charged to the statement of comprehensive income on a straight line basis over the period of the lease, unless the rental payments structured are to increase in line with expected general inflation, in which case the group recognises annual rent expenses equal to amounts owed to the lessor. The aggregate benefit of lease incentives are recognised as a reduction to the expense recognised over the lease term on a straight line basis. Rent concessions provided to the group have been recognised over the period of the concession.

2.11 Deferred capital grants

Where grants are received to cover the cost of asset purchases, they are held on the Statement of Financial Position and amortised over the life of the asset through Other Income.

2.12 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Notes to the Financial Statements

For the year ended 31 March 2022

2. Accounting policies (continued)

2.13 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell.

2.14 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.15 Financial instruments

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable and loans to group undertakings.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at the present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

2.16 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Notes to the Financial Statements

For the year ended 31 March 2022

2. Accounting policies (continued)

2.17 Retirement benefits

The Group operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in the Statement of Comprehensive Income (SOCI) in the period in which they arise.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

Gains and losses on curtailments/settlements are recognised when the curtailment/settlement occurs.

The Group operates a defined contribution plan for other employees, the assets for which are held separately, in independently administered funds. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payments obligations. The contributions are recognised as an expense in the Statement of income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position.

2.18 Provisions

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Provisions are charged as an expense to the Statement of income in the year that the Group becomes aware of the obligation and the unwinding of the discount is recognised as finance cost. Provision for cyclical asset replacement, refurbishment and redecoration costs is recognised when the existence of a liability has been established by the Group after entering into full repairing and insurance conditions of property leases, or through obligations created under any brand and franchise agreements.

2. Accounting policies (continued)

2.19 Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company and the Group operate and generate income. It comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for: temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans for individual subsidiaries in the Group and the reversal of temporary differences. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The directors consider the key judgements and estimates in the financial statements to be as follows:

- the valuation of pension scheme liabilities
- the recognition of deferred tax assets
- measurement of provisions
- impairment of financial assets

Notes to the Financial Statements

For the year ended 31 March 2022

3. Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

3.1 Defined benefit pension scheme liability - (estimate)

The present value of the pension obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net expense / (income) for pensions include the discount rate. Any changes in these assumptions which have been disclosed in note 25, will impact the carrying amount of pension obligations.

3.2 Deferred tax – (judgement)

The recoverability of recognised deferred tax assets is in part dependent on the Group's ability to generate future taxable profits sufficient to utilise tax losses accumulated. Deferred tax assets have not been recognised in respect of current and past trading losses, because although it is possible, it is not probable, that future taxable profit will be available against which the Group can use the benefits therefrom. The deferred tax asset previously recognised in respect of the defined benefit pension scheme deficit has been derecognised in the current year consistent with the same approach.

3.2 Provisions – (estimate)

When determining the measurement of provisions the directors are required to make estimates regarding future cash flows with regard to: obligations contained in lease and other legal agreements; cyclical asset replacement; the life and condition of assets; and the future replacement value of such assets or maintenance costs. Inherent measurement uncertainties include potential variation in landlord and franchisee conditions; technical risk in the large facilities management projects, currently exacerbated in public buildings by climate change initiatives; and the rate of inflation impacting the value of future works. The directors perform annual updates to rolling technical management life cycle programmes and seek advisory support where necessary when reviewing technical risk. The time value of money is set by reference to prudential borrowing rates.

3.4 Impairment of financial assets – (estimate)

Management will review and assess the recoverability of financial assets at each reporting date and provide against any balances which management believe are not recoverable in part or in full. Management will also apply a 3% general provision on the remaining uncollected balance at each reporting date.

Notes to the Financial Statements

For the year ended 31 March 2022

4. Turnover

The whole of the turnover is attributable to the services rendered as explained in the Strategic Report. All turnover arose within the United Kingdom.

5. Operating Loss

The operating loss is stated after charging/(crediting):

	2022	2021
	£	£
Depreciation of tangible fixed assets - owned by the group	**220,038**	142,478
Amortisation of capital grants	**(40,746)**	(4,674)
Impairment of financial assets	**28,589**	258,043
Staffing restructuring costs	**0**	619,985
Revenue grants and other income	**(295,071)**	(5,981,207)
Operating leases - land and buildings	**2,390,000**	2,390,000
Operating leases - provisions for restoration and replacement	**761,070**	222,409
Operating leases - motor vehicles	**18,430**	16,227
Operating leases - land and building rent concessions	**0**	(2,390,000)

6. Auditors' remuneration

	£	£
Fees payable to the group's auditors in respect of:		
The auditing of accounts of the Group pursuant to legislation	**29,600**	26,250
The auditing of accounts of the Subsidiaries to legislation	**12,900**	11,550
	42,500	37,800

Notes to the Financial Statements

For the year ended 31 March 2022

7. Employees

Group

Staff costs, including directors' remuneration, were as follows:

	2022	2021
	£	£
Wages and salaries	**6,158,842**	5,896,802
Social security costs	**542,005**	542,759
Pension costs	**602,475**	645,895
Termination costs	**0**	619,985
	7,303,322	7,705,441

The average monthly number of employees, including the directors, during the year was as follows:

	2022	2021
	No.	No.
Events	**131**	157
Hotel	**55**	65
	186	222

Company

Staff costs, including directors' remuneration, were as follows:

	2022	2021
	£	£
Wages and salaries	**4,581,059**	4,739,094
Social security costs	**439,249**	463,744
Pension costs	**576,257**	623,914
Termination costs	**0**	615,805
	5,596,565	6,442,557

The average monthly number of employees, including the directors, during the year was as follows:

	2022	2021
	No.	No.
Events	**131**	157
	131	157

Notes to the Financial Statements

For the year ended 31 March 2022

8. Directors' remuneration and key management personnel

The directors' remuneration for the year was as follows:

	2022	2021
	£	£
Remuneration	**192,527**	326,314
Contributions paid to defined benefit pension scheme	**21,377**	38,673
Compensation for loss of office	**0**	87,136
	213,904	452,123

During the year the number of directors who were receiving benefits was as follows

	2022	2021
	No.	No.
Accruing benefits under defined benefit pension schemes	**1**	2

In respect of the highest paid director:	2022	2021
	£	£
Remuneration	**160,207**	196,227
Contributions paid to defined benefit pension scheme	**21,377**	24,954
Compensation for loss of office	**0**	87,136
	181,584	308,317

Payments to other key management personnel

	2022	2021
Number of personnel (non-directors)	**3**	3
Total remuneration (inc. pension contributions and social security)	**438,584**	372,336

9. Interest receivable

	2022	2021
	£	£
Bank interest receivable	**19,963**	65,651
	19,963	65,651

10. Interest payable

	2022	2021
	£	£
Unwinding of discount on provisions	**273,509**	0
	273,509	0

Notes to the Financial Statements

For the year ended 31 March 2022

11. Net finance expense in respect of defined benefit pension scheme

	2022	2021
	£	£
Expected return on pension scheme assets	**450,000**	387,000
Interest on pension scheme liabilities	**(752,000)**	(622,000)
	(302,000)	(235,000)

12. Taxation

	2022	2021
	£	£
Total current tax	**0**	(85,751)
Deferred tax		
Origination and reversal of timing differences	**212,000**	(212,000)
Total deferred tax	**212,000**	(212,000)
Taxation charge/(credit) for the year	**212,000**	(297,751)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2021 – higher than) the standard rate of corporation tax in the UK of 19% (2021 – 19%). The differences are explained below:

	2022	2021
	£	£
Loss on ordinary activities before tax	**(4,328,867)**	(2,700,129)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	**(822,485)**	(513,024)
Effects of:		
Expenses not deductible for tax purposes	**236,519**	212,558
Deferred tax adjustments	**212,000**	(212,000)
Trading losses carry back relief	**-**	(85,773)
Trading losses carried forward without deferred tax recognition	**585,966**	300,489
Total tax charge/(credit) for the year	**212,000**	(297,750)

Factors that may affect future tax charges

In October 2021 the government enacted an increase in the Corporation Tax rate to 25% from April 2023. This has no impact on the current financial statements and would increase the value of unrecognised deferred tax assets. The group has trading tax losses carried forward of £5,215,398 (2021: £2,738,942), to utilise against future trading profits. Due to the uncertainty as to when these losses will be utilised, no recognition of a deferred tax asset has been made in the financial statements. The deferred tax asset previously recognised in respect of the defined benefit pension scheme deficit has been derecognised in the current year, consistent with treatment of trading losses carried forward. Such further unrecognised deferred tax assets are £3,184,415 (2021: £2,663,100)

Notes to the Financial Statements

For the year ended 31 March 2022

13. Other Income

Other income relates to pandemic specific revenue grants and other funding secured, including furlough, Culture Recovery Fund, local government grants, and financial support provided by the parent undertaking to cover fixed premises costs.

14. Tangible fixed assets

Group and company	Plant and equipment	Fixtures and fittings	Assets under construction	Total
	£	£	£	£
Cost				
At 1 April 2021	368,705	1,071,341	533,519	1,973,565
Additions	0	51,004	0	51,004
Transfers	198,780	334,739	(533,519)	0
Disposals	0	(109,198)	0	(109,198)
At 31 March 2022	**567,485**	**1,347,886**	**0**	**1,915,371**
Depreciation				
At 1 April 2021	239,352	217,031	0	456,383
Charge for the year	45,393	174,645	0	220,038
Released on Disposal	0	(27,705)	0	(27,705)
At 31 March 2022	**284,745**	**363,971**	**0**	**648,716**
Net book value				
At 31 March 2022	**282,740**	**983,915**	**0**	**1,266,655**
At 31 March 2021	129,353	854,310	533,519	1,517,182

15. Fixed asset investments

Company	Investment in subsidiary companies	Total
	£	£
Cost and net book value		
At 1 April 2021 and 31 March 2022	1	1

Subsidiary undertakings

The company owns 100% of the ordinary share capital of ACC Liverpool Hotel Ltd, a company incorporated in England & Wales, registration number 08798224. Its principal activity is that of a hotelier. The address of its registered office is Arena and Convention Centre Liverpool, Kings Dock, Liverpool Waterfront, L3 4FP.

Notes to the Financial Statements

For the year ended 31 March 2022

16. Stocks

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Consumables	**45,835**	41,183	**20,562**	20,562

17. Debtors

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Debtors: Amounts due within one year				
Trade debtors	**3,082,916**	846,137	**2,966,954**	755,025
Amounts owed by group undertakings	**620,116**	883,780	**696,980**	1,058,468
Other debtors	**178,878**	136,182	**0**	0
Prepayments and accrued income	**396,679**	641,245	**259,798**	613,031
Corporation tax	**39,308**	827,481	**39,308**	827,481
	4,317,897	3,334,825	**3,963,040**	3,254,005
Debtors: Amounts due after more than one year				
Deferred taxation (note 21)	**0**	2,663,100	**0**	2,663,100
	4,317,897	5,997,925	**3,963,040**	5,917,105

18. Cash at bank and in hand

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Cash at bank and in hand	**16,007,176**	12,390,413	**14,800,246**	12,030,940
Cash held in deposit accounts	**1,699,858**	4,576,962	**1,699,858**	4,576,962
	17,707,034	16,967,375	**16,500,104**	16,607,902

Notes to the Financial Statements

For the year ended 31 March 2022

19. Creditors: Amounts falling due within one year

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Trade creditors	**1,330,582**	825,072	**962,247**	718,437
Amounts owed to group undertakings	**6,804,425**	6,602,323	**4,579,643**	5,073,808
Taxation and social security	**953,358**	958,890	**871,266**	787,930
Other creditors	**9,429,640**	8,234,568	**9,417,409**	8,224,617
Accruals and deferred income	**6,156,465**	4,712,931	**5,678,336**	4,383,117
	24,674,470	21,333,784	**21,508,901**	19,187,909

Amounts owed to group undertakings are unsecured and repayable on demand.

Included within other creditors is £9.0m (2021: £7.8m) owed under agency relationships for event admission monies held for promoters and event organisers.

20. Creditors: Amounts falling due after more than one year

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Accruals and deferred income	**667,266**	645,169	**667,266**	645,169
Deferred capital grant	**419,609**	163,090	**419,609**	163,090
	1,086,875	808,259	**1,086,875**	808,259

21. Deferred taxation

Group and Company

	£
At 1 April 2021	2,663,100
Charged to other comprehensive income	(2,451,100)
Charged to income statement	(212,000)
At 31 March 2022	**0**

The deferred tax asset in respect of the defined benefit pension scheme has been derecognised in the current year consistent with treatment of trading losses carried forward.

Notes to the Financial Statements

For the year ended 31 March 2022

22. Provisions

Group	Replacement, refurbishment and cyclical decoration £
At 1st April 2021	1,811,648
Charged to the statement of comprehensive income	761,070
Unwinding of discount	273,509
Utilised in year	(84,159)
At 31 March 2022	**2,762,068**

Details of provisions are provided in note 3.2. Provisions are expected to be utilised £1.2m within 1 year, £4.3m 2-5 years and £7.3m greater than 5 years (2021: £1.2m, £3m and £9m). £10m is to be recognised in profit and loss in future years (2021: £9.2m).

Company	Replacement, refurbishment and cyclical decoration £
At 1st April 2021	1,127,612
Charged to the statement of comprehensive income	277,390
Unwinding of discount	273,509
Utilised in year	0
At 31 March 2022	**1,678,511**

Details of provisions are provided in note 3.2. Provisions are expected to be utilised £1.2m within 1 year, £0.7m 2-5 years and £7.3m greater than 5 years (2021: £1.2m, £Nil and £9m). £7.5m is to be recognised in profit and loss in future years (2021: £9.2m).

23. Share Capital

Allotted, called up and paid	2022 £	2021 £
1 Ordinary share of £1	1	1

Called up share capital represents the nominal value of the shares issued.

Notes to the Financial Statements

For the year ended 31 March 2022

24. Reserves

Profit and loss account – includes the current year loss and prior period retained profits and losses.

25. Pension commitments

Group and Company

The company is a participating employer in the Merseyside Pension Fund, a local government defined benefit pension scheme, which the employees of the company are eligible to join.

The defined benefit pension scheme provides benefits based on employees' number of years' service. The assets of the scheme are held separately from those of the company.

The following information is based upon the full actuarial valuation of the fund at 31 March 2019 updated to 31 March 2022 by a qualified independent actuary. The deficit recognised in the statement of financial position amounts to £12,736,606 (2021: £14,015,606). The directors consider the best estimate of contributions to the defined benefit pension scheme for the year ended 31 March 2023 will be £551,000 (2022: £639,000).

Reconciliation of present value of plan liabilities:

	2022 £	2021 £
At the beginning of the year	**34,396,531**	26,926,531
Current service cost	**1,482,000**	1,351,000
Interest cost on scheme liabilities	**752,000**	622,000
Curtailments	**0**	454,000
Actuarial (gain)/loss	**(1,065,000)**	4,897,000
Contributions by scheme participants	**293,000**	342,000
Benefits paid	**(740,000)**	(196,000)
At the end of the year	**35,118,531**	34,396,531

Reconciliation of present value of plan assets:

	2022 £	2021 £
At the beginning of the year	**20,380,925**	16,294,925
Expected return on scheme assets	**450,000**	387,000
Actuarial gain	**1,450,000**	2,628,000
Contributions by scheme participants	**293,000**	342,000
Benefits paid	**(740,000)**	(196,000)
Contributions by employer	**568,000**	948,000
Administration expenses	**(20,000)**	(23,000)
At the end of the year	**22,381,925**	20,380,925

Notes to the Financial Statements

For the year ended 31 March 2022

25. Pension commitments (continued)

	2022	2021
	£	£
Equities	**11,123,000**	10,414,000
Government bonds	**2,104,000**	265,000
Other bonds	**761,000**	2,344,000
Property	**2,149,000**	1,834,000
Cash/liquidity	**470,000**	448,000
Other	**5,774,925**	5,075,925
Total plan assets	**22,381,925**	20,380,925

The amounts recognised in the statement of financial position in respect of the defined benefit pension scheme is as follows:

	2022	2021
	£	£
Fair value of plan assets	**22,381,925**	20,380,925
Present value of plan liabilities	**(35,118,531)**	(34,396,531)
Net pension scheme liability	**(12,736,606)**	(14,015,606)

The amounts recognised in the statement of comprehensive income are as follows:

	2022	2021
	£	£
Current service costs	**(1,482,000)**	(1,351,000)
Administration expenses	**(20,000)**	(23,000)
Interest on pension scheme liabilities	**(752,000)**	(622,000)
Return on scheme assets	**450,000**	387,000
Curtailments	**0**	(454,000)
Contributions by employer	**568,000**	948,000
Total	**(1,236,000)**	(1,115,000)

Notes to the Financial Statements

For the year ended 31 March 2022

25. Pension commitments (continued)

The amount of actuarial gains and losses recognised in the Consolidated Statement of Comprehensive Income was £2,515,000 gain (2021 - £2,269,000 loss).

Principal actuarial assumptions at the Statement of Financial Position date (expressed as weighted averages):

	%	%
Discount rate	**2.8**	2.2
Future salary increases	**4.7**	4.2
Future pension increases	**3.3**	2.8
Inflation	**3.2**	2.7
Life expectancies:		
- current pensioners aged 65 - males	**20.9**	21
- future pensioners aged 65 - males	**22.4**	22.6
- current pensioners aged 65 - females	**24**	24.1
- future pensioners aged 65 - females	**25.9**	26.0

Amounts for the current and previous three years are as follows:

Defined benefit pension schemes

	2022	2021	2020	2019
	£	£	£	£
Defined Benefit Obligation	**(35,118,531)**	(34,396,531)	(26,926,531)	(26,018,531)
Scheme Assets	**22,381,925**	20,380,925	16,294,925	16,015,925
	(12,736,606)	(14,015,606)	(10,631,606)	(10,002,606)
Experience adjustments on scheme liabilities	**1,065,000**	(4,897,000)	2,425,000	(2,019,000)
Experience adjustments on scheme assets	**1,450,000**	2,628,000	(1,015,000)	522,000
	2,515,000	(2,269,000)	1,410,000	(1,497,000)

Notes to the Financial Statements

For the year ended 31 March 2022

26. Commitments under operating leases

At 31 March 2022 the Group and the company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2022 £	Group 2021 £	**Company 2022 £**	Company 2021 £
Building Rents				
Not later than 1 year	**2,400,887**	2,403,868	**1,300,887**	1,303,868
Later than 1 year and not later than 5 years	**9,560,000**	9,577,597	**5,160,000**	5,177,597
Later than 5 years	**13,742,500**	16,132,500	**7,417,500**	8,707,500
Total	**25,703,387**	28,113,965	**13,878,387**	15,188,965

	Group 2022 £	Group 2021 £	**Company 2022 £**	Company 2021 £
Motor vehicles				
Not later than 1 year	**10,887**	13,868	**10,887**	13,868
Later than 1 year and not later than 5 years	**8,416**	17,597	**8,416**	17,597
Total	**19,303**	31,465	**19,303**	31,465

27. Analysis of net funds

	At 1 April 2021 £	**Cashflows £**	**at 31 March 2022 £**
Cash at bank and in hand	12,390,413	3,616,763	16,007,176

28. Post balance sheet events

Extended political and economic uncertainty continues to severely impact economies and markets around the globe. The impact on the group continues to be considered by the directors and within its updated business plans. There are no adjusting or non-adjusting events which have come to light at this current time.