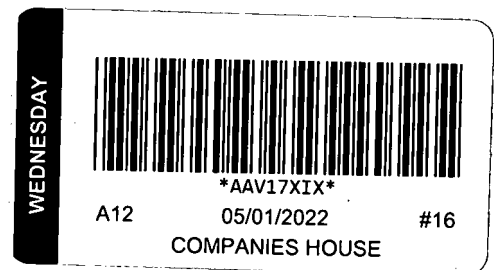


Financial Statements

The ACC Liverpool Group Ltd

For the year ended 31 March 2021

Registered number: 05204033



Company Information

Directors	J A Corner (appointed 1 st July 2021) A Cousins (appointed 1 st July 2021) F L Dyer A H Machray (appointed 1 st July 2021) M L Steinberg CBE (Chairman)
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
Solicitors	DWF LLP No 5 St. Paul's Square Old Hall Street Liverpool L3 9AE Hill Dickinson LLP No 1 St. Paul's Square Old Hall Street Liverpool L3 9SJ
Bankers	NatWest Bank PLC 2-8 Church Street Liverpool L1 3BG

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The ACC Liverpool Group Ltd
Registered number:05204033

Group Strategic Report

For the year ended 31 March 2021

The directors present their group strategic review for the year ended 31 March 2021.

The principal activities of the group of companies during the year remain that of hosting and managing events at The ACC Liverpool Group venues, namely the Convention Centre including the Auditorium, M&S Bank Arena, and Exhibition Centre Liverpool. In addition to the venues, The ACC Liverpool Group also operates TicketQuarter, a regional ticketing agency for venues, visitor attractions and live events. During the previous years, the group operated all car parking on the Kings Dock site. However following a strategic review of assets, undertaken in conjunction with the ultimate parent undertaking, car parking sites were excluded from the demise of the group's operating leases with effect from 1st April 2020, with car parking income and all associated costs reported as discontinued activities in the year ended 31st March 2020 accordingly. Visitors to The ACC Liverpool Group venues will benefit from enhanced parking spaces and services when the ultimate parent undertaking permanently opens a new £30m car park on Kings Dock, providing an improved experience for organiser, exhibitors, delegates and visitors alike.

The campus is also home to Pullman Liverpool, a 216 bed four star upscale hotel situated adjacent to Exhibition Centre Liverpool and managed by the group.

Business Review

Turnover for the group as at the end of 2020-21 is incomparable to the prior year due to the impact of the pandemic on turnover in all group areas. The ability for all four of the campus venues to operate during 2020-21 was materially driven by the nature of government restrictions in place throughout the year. Whilst the hotel was able to open to the general public over the summer months, the three event venues all had to remain closed and aside from a short interlude in December 2020 when the M&S Bank Arena and ACC Liverpool Auditorium were able to host a Christmas Panto and a number of musical tribute acts and Convention Centre Liverpool successfully hosted the UK's first socially distanced business event. Outside of this period, the event venues remained void of footsteps, chatter and laughter for most of the financial year.

The company shifted its focus over 2020-21 to three key areas, supporting the City's pandemic relief efforts, repurposing facilities to trade in permissible activities and minimising the net expenditure and financial outflow to an affordable level; to ensure the company could not only survive but once more thrive for both the benefit of the city's residents and visitor economy, alongside the wider positive economic and social impact the company has on the Liverpool City Region.

The company supported the City's pandemic relief through both provision of space and services, acting as a food and PPE distribution centre, being the host site for the first pilot for covid mass-testing and providing staff to support delivery of the latter at other City wide sites. The company also engaged in permissible activities such as filming and training, created a flexible hybrid/digital events solution, hosted a digital musical festival and planned for its participation in the governments Events Research Programme in April 2021; the company not only hosted the UK's only business conference as part of this crucial programme but also provided the complex ticketing services for the City's Circus Nightclub and Sefton Park Music Festival events. The group minimised the impact of COVID on the financial performance of the group through ensuring maximum use of all government grants, schemes and initiatives, on both a local and national level, cessation of all non-contractually committed/legally required expenditure, maximisation of income from other sources and acceleration of cost saving initiatives such as a restructuring of the core team with a move to a leaner operating model. A key result for the group was the successful bid of £2.97m of monies from the Culture Recovery Fund to cover operating losses for the M&S Bank Arena for the period covering 1st October 2020 to 31st March 2021, alongside the purchase of necessary equipment to enable the facility to operate in a covid-secure manner.

The ACC Liverpool Group Ltd
Registered number:05204033

Group Strategic Report (continued)

For the year ended 31 March 2021

Business Review (continued)

This award secured the viability of the group during the toughest trading period and has ensured the business remains “here for culture” for local residents for the foreseeable future. The group also received continued support from its sponsors during the year.

The company’s subsidiary also supported the City’s pandemic response with the Pullman Liverpool Hotel initially held on standby to take non-covid patients; thankfully hospitalisation levels did not necessitate the facility to “go live”. Whilst closed to the general public, during late November and throughout the last quarter of the financial year, the hotel was able to open on a limited number of occasions to provide services to permitted groups, typically those within the elite athlete or film industry sectors. On 17th May 2021 the Pullman Liverpool re-opened to all guests and has remained open since.

The company’s three event venues re-opened for socially distanced events on the same date and for full capacity events on 19th July 2021. Since this time, all four venues have traded above initial expectations which the Directors believe is a reflection of the groups 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.

The group has achieved numerous industry and national covid safety accreditations including the Accor “All safe” accreditation and the event industry’s “All Secure” standard. The safety and wellbeing of both visitors and team members continues to be of the utmost importance.

The group’s loss before tax of £2.7m is not directly comparable to the 2019-20 loss before tax of £6.1m due to several factors which materially impacted the 2019-20 results and did not represent the underlying quality of earnings for the prior year. These factors are set out in the table below and explained beneath and demonstrate that the underlying business performance has worsened by £1.4m, a position not at all surprising given the devastating impact of covid on the industry in which the group operates.

	2020-21 £’000	2019-20 £’000
Group loss before taxation	(2,700)	(6,077)
Defined benefit pension scheme charge	1,092	2,010
Bad debt expense relating to a 2018-19 exceptional credit	-	2,409
Business interruption insurance monies in relation to lost car parking income:		
- recognised in 2018-19 in relation to car parking shortfalls in 2019-20	-	1,223
- recognised in 2018-19 in relation to car parking shortfalls in 2020-21	-	523
Profit on other insurance claims	-	(337)
Underlying group loss before taxation	(1,608)	(249)

The ACC Liverpool Group Ltd
Registered number:05204033

Group Strategic Report (continued)

For the year ended 31 March 2021

Business Review (continued)

Exceptional items

The first is the negative impact of the annual valuation of the defined benefit pension scheme operated by the parent company on the income statement and statement of financial position. The annual valuation of the fund is outside the control of the Company and the discount rate applied at valuation is based on corporate bond yields on inflation linked government bonds. During 2019-20 and 2020-21, corporate bond yields fell producing a lower discount rate and higher liabilities. In addition, there was a significant increase to past service costs of £0.7m in 2019-20 almost entirely due to the recognition of a provision for the McCloud judgement. Defined benefit pension charges of £1.1m in 2021 and £2.0m in 2020 have been incurred, as shown above and set out in note 25 to these financial statements.

Secondly, exceptional costs of £3.0m in 2019-20 contain a bad debt attributable to the ultimate parent undertaking of £2.4m. A one-off exceptional credit of £4.2m was recognised in 2018-19 against admin expenses for sums borne by the company historically but that should have been recharged to the ultimate parent undertaking. Subsequent to the approval of the 2018-19 accounts, the debtor decided to legally time-bar an element of the debt due and provided an unexpected but valid legal challenge against a further aspect, resulting in a bad debt being recognised during 2019-20. The remainder of the debt has now been settled in full.

Thirdly, the operation of car parking and associated costs and revenues has reverted to the ultimate parent undertaking with effect from 1st April 2020. A commercial agreement was struck during 2019-20 to remit £0.5m of the business interruption insurance sums recognised in 2018-19 to the parent company; this being the shortfall in car parking income expected and claimed in relation to 2020-21 until the new Kings Dock car park opened. This gave rise to the recognition of discontinued operations in the Statement of Comprehensive Income. In addition the shortfall in car parking income expected and claimed in relation to 2019-20 was recognised in the 2018-19 Statement of Comprehensive Income. As reported at the prior year's financial statements this led to a £1.2m shortfall in profit in 2019-20.

Lastly the company made a number of non-car park related property insurance claims in 2019-20 in respect of damage incurred, resulting in non-recurring other income of £0.3m being recognised in the prior year's financial statements.

In the prior year, the Directors calculated the impact of covid on 2019-20 results to amount to in excess of £0.6m; this included lost contribution from contracted March events and shortfalls in hotel booking levels. For 2020-21 the impact of the pandemic on trading has been immense and has fundamentally shaped the entire group results.

The Directors are pleased with the underlying results for the year ended 2020-21 as whilst the turnover from continuing operations has declined by £19.7m the impact on the underlying loss before tax after adjusting for exceptional items as shown in the table above, has been mitigated to £1.4m, as shown above. The company has continued to implement numerous profit improvement initiatives in year including an accelerated permanent shift to a leaner organisational structure, with a circa 20% reduction against 2019-20 headcount and an introduction into new markets. The Board believe this has improved the group's resilience to macroeconomic factors and will hopefully enable the business to emerge from pandemic with a strong and stable business, as highlighted in note 2.2 to these financial statements.

The ACC Liverpool Group Ltd
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Group Strategic Report (continued)

For the year ended 31 March 2021

Business Review (continued)

Employees

The covid pandemic has undoubtedly been one of the biggest people challenges the group has faced to date; we continue to prioritise our people and support their health and wellbeing as much as possible as the group navigates these unprecedented times. Whilst the group has accepted some voluntary redundancies during the year, a significant proportion of these were to achieve permanent efficiencies rather than short-term cost savings; the group has a talented, experienced and much valued workforce and has supported its staff with a range of voluntary initiatives during the year to protect jobs and sustain minimum pay levels. The ACC Liverpool Group remains a real living wage employer and continues to invest in a number of apprentices. It offers annual health checks for all staff, funds a cash benefits plan for its staff and has comprehensive policies and practices to support a happy and engaged workforce. The company has set an action plan for further people improvements during 2022 which can be reviewed at [acc-social-value-strategy-amended-people.pdf \(accliverpool.com\)](#)

CSR remains a strong emphasis for the company through our Charitable Foundation. We started fundraising in 2008 following the opening of the Arena and Convention Centre and our staff and service partners have raised over £65,000 and made significant contribution to the local community, supporting a variety of charities and local organisations in need of help and support.

The ACC Liverpool Group Foundation focuses on the Merseyside area and the priority areas are children, young people and families, social isolation, the LGBT+ community, education and learning, and housing and homelessness.

In addition the company also engages in various direct charitable initiatives. To date we have donated over 100,000 tickets to the local community and charities, to increase access to minority and hard to reach communities and in support of local charitable initiatives. The company makes monthly donations to local foodbanks and homeless charities through our catering partner Sodexo and we provide educational and career support for local students and graduates via presentations and site tours via our partnership with local universities. The company has set an action plan for further community improvements during 2022 which can be viewed at [acc-social-value-strategy-amended-community.pdf \(accliverpool.com\)](#)

Environmental

The environmental impact of our business continues to be an area of strong focus for the company. As part of the development of Exhibition Centre Liverpool, the company installed 957 Photovoltaic (PV) panels on the roof of the venue providing renewable energy for our venue campus for the next 20 years. Internally the company's energy watch scheme is working to ensure that energy usage is effectively controlled. All wastage is monitored and curbed by staff education and feedback. Waste management across the campus is also a priority with a large percentage of our waste sorted at source to ensure optimum recycling. The company maintains a zero to landfill status and continues to drive innovation in this field to increase the percentage of waste to recycling. The company has now eliminated single plastics use in the Convention Centre. Rainwater harvesting also occurs across our venues to support with reusable water usage, providing 40% of water for flushing across the venue campus. The company has also set an action plan for further environmental improvements in 2022 which can be viewed at [acc-social-value-strategy-amended-environment.pdf \(accliverpool.com\)](#)

The ACC Liverpool Group Ltd
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Group Strategic Report (continued)

For the year ended 31 March 2021

Key Performance Indicators

The key performance indicators of the group are growth in revenue and economic impact created from the events that we host. Turnover for the year has decreased from £25.7m in 2019-20 to £4.8m in 2020-21 driven by the impact of the COVID 19 pandemic. Similarly Economic Impact has been negligible during 2020-21 whereas in 2019-20 economic impact generated by the company's activities was £232m, a sum boosted by exceptional attendance at the Vitality Netball World Cup in July 2019.

Future Developments

Whilst continuing to navigate uncertain times and focus on business recovery, the company is in the early phases of a strategic review to create an inclusive growth plan for the next five years. Engagement sessions have commenced 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 current five year business plan, 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 2022-23 to ensure the venues maintain their competitive advantage and an affordable long-term asset replacement plan is now in place across the campus.

The company is investing in its ticketing business, Ticket Quarter, which is experiencing significant growth and the group is actively seeking opportunities to expand its current operations locally.

Principal risks and uncertainties

External Market Factors

The principle risk to the business at present remains the on-going impact of the covid pandemic. The industry has already experienced some significant shifts in the market and the full long term impact will only be known once the current situation fully stabilises. The ACC Liverpool Group has adopted a strategy to preserve and maintain client relationships, primarily looking to postpone affected events where possible. Modelling at present assumes that business events will not full return to new norm levels until 2023-24, recognising the continued impact of the pandemic on business confidence, home working arrangements and international travel. Sports and entertainment events however are assumed to continue to be in strong demand, albeit with reduced numbers expected should covid vaccine passports be necessitated. The Directors have undertaken scenario planning, informed by macro and industry intelligence, including further reasonable delays on the above. In light of the cash position and on-going support from its ultimate parent undertaking, as detailed in note 2.2 to these financial statements, the Directors are confident that the company will remain a going concern and are focusing on ensuring that the group emerges with a stable platform for future growth.

The ACC Liverpool Group Ltd
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Group Strategic Report (continued)

For the year ended 31 March 2021

Competitive Risk

A further material risk to the group is the competitive environment in which the business operates with new entrants to the market place and the development and investment in competitor venues. This impacts the arena, convention centre, exhibition centre and the Pullman hotel. Investment in customer experience, development of the venues and services we offer, and retaining a quality workforce are critical to maintaining our competitive advantage.

Due to the campus nature of the facilities, the size, flexibility and operational ease, The ACC Liverpool Group is in a strong competitive position in the conference, exhibition, sport and entertainment sectors.

ACC Liverpool was voted the Best UK Conference Centre in the Meetings & Incentive Travel awards for a 7th time in 2021. This award, considered the top accolade in the conference market industry, is testament to the venue teams commitment to raising customer service levels across every point of the client journey and a vote of confidence from our clients that the services offered at ACC Liverpool really are best in class, firmly establishing ACC Liverpool as a market leader in the conference and event sector. Furthermore we are equally delighted that the Exhibition Centre Liverpool was voted the Best UK Exhibition Centre under 8,000sqm in the 2021 Exhibition News Awards, an award voted for by our industry colleagues. We are also incredibly proud of our Events and Operations Team for being crowned Venue Team of the year in the MIA 2021 awards; a true testament to their resilience, flexibility, positivity and one team ethos.

Price & Yield

The high fixed cost base required to operate the campus venues consistently comes under pressure due to cost increases beyond the control of the venues in areas such as utilities, rates and the impact of the living wage. 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 company's objectives of economic impact to Liverpool and the wider City region.

Resource availability

The availability of resource across the events and hospitality sector is currently a challenge with the combined impact of Brexit and the global pandemic creating a perfect storm. The company largely operates an outsourced model and the size and strength of its key service delivery partners has helped mitigate the impact to date. However the company is committed to creating maximum opportunities in its local communities and to providing rewarding career paths and opportunities for social mobility. The company 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.

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 main risk arising from the group's financial instruments is credit risk. The directors review and agree policies for managing the risk and this is summarised below.

The ACC Liverpool Group Ltd
Registered number:05204033

Group Strategic Report (continued)

For the year ended 31 March 2021

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 resources due to the industry accepted agreements regarding advance ticket sales, venue hire and accommodation deposits received, taking a strong 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.~~

The company's strategy to preserve event bookings and client relationships during the pandemic is designed to limit the cash outflow as a result of cancellation. Whilst event numbers remain below par, payments from trade debtors are naturally reduced. An emphasis on securing future trade is necessary to mitigate this risk, and the requirement from guarantees from the ultimate parent undertaking are necessary to protect working capital.

Max Steinberg

M Steinberg
Chairman

Date: 17/12/2021

The ACC Liverpool Group Ltd
Registered number:05204033

Directors' Report

For the year ended 31 March 2021

The directors present their report and the financial statements for the year ended 31 March 2021.

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.

Results and dividends

The loss for the year, after taxation, amounted to £2,402,378 (2020 Loss - £5,340,199).

The directors have not recommended a dividend in either year.

Directors

The directors who served during the year were:

J Anderson (resigned 3rd March 2021)
F L Dyer
R J Pratley (resigned 24th March 2021)
A R Reeves (resigned 23rd June 2021)
W Simon (resigned 3rd March 2021)
M Steinberg CBE (Chairman)

The ACC Liverpool Group Ltd
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Directors' Report (continued)

For the year ended 31 March 2021

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

The Directors have undertaken scenario planning on the expected duration and strength of recovery in each key market segment. As set out in note 2.2 to these financial statements, in light of financial support available and secured future cost savings, the Directors believe the adoption of the going concern assumptions remains appropriate.

Post balance sheet events

The Covid-19 pandemic continues to severely impact many local economies around the globe. The impact on the group arising from the pandemic continues to be considered by the directors. There are not adjusting or non-adjusting events which have come to light at this current time.

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 been 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.

Max Steinberg

M Steinberg CBE
Chairman

Date: 17/12/2021

The ACC Liverpool Group Ltd
Registered number:05204033

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 2021, 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 2021 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.

The ACC Liverpool Group Ltd
Registered number:05204033

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.

The ACC Liverpool Group Ltd
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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:

The ACC Liverpool Group Ltd
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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.

No matters relating to non-compliance with laws and regulations or relating to fraud were identified in relation to the above-mentioned laws and regulations that were identified by us as most significant.

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.

Gareth Hitchmough
Senior statutory auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Liverpool
Date: 20/12/2021

Paul Thornton UK LLP

The ACC Liverpool Group Ltd
Registered number:05204033

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2021

	Note	2021 Continuing Operations £	2020 Continuing Operations £	2020 Discontinued Operations £	Total £
Turnover	4	4,840,720	24,512,279	1,214,449	25,726,728
Cost of sales		(2,550,767)	(8,037,176)	(632,649)	(8,669,826)
Gross Profit		2,289,953	16,475,103	581,800	17,056,902
Administrative Expenses		(10,806,615)	(19,737,007)	(590,288)	(20,327,295)
Exceptional Costs	12	0	(2,469,890)	(522,869)	(2,992,759)
Other Income	12	5,985,881	336,507	0	336,507
Operating Loss	5	(2,530,780)	(5,395,288)	(531,357)	(5,926,645)
Interest receivable and similar income	9	65,651	105,649	0	105,649
Net finance expense in respect of defined benefit pension scheme	10	(235,000)	(256,000)	0	(256,000)
Loss on ordinary activities before taxation		(2,700,129)	(5,545,639)	(531,357)	(6,076,996)
Tax on loss on ordinary activities	11	297,751	736,797	0	736,797
Loss for the financial year		(2,402,378)	(4,808,842)	(531,357)	(5,340,199)
Actuarial (losses)/gain on defined benefit pension scheme	25	(2,269,000)	1,410,000	0	1,410,000
Deferred tax attributable to pension scheme	20	431,000	319,600	0	319,600
Other comprehensive income for the year		(1,838,000)	1,729,600	0	1,729,600
Total comprehensive loss for the year		(4,240,378)	(3,079,242)	(531,357)	(3,610,599)

The notes on pages 20 to 39 form part of these financial statements.

The ACC Liverpool Group Ltd
Registered number:05204033

Consolidated Statement of Financial Position

As at 31 March 2021

		2021	2020
	Note	£	£
Tangible Assets	13	<u>1,517,182</u>	<u>1,154,840</u>
		1,517,182	1,154,840
Current Assets			
Stocks	15	41,183	52,331
Debtors: amounts due within one year	16	3,334,825	5,368,263
Debtors: amounts due after more than one year	16	2,663,100	2,020,100
Cash at bank and in hand	17	<u>16,967,375</u>	<u>16,216,415</u>
		23,006,484	23,657,110
Creditors: amounts falling due within one year	18	<u>(21,333,785)</u>	<u>(20,680,636)</u>
Net current assets		<u>1,672,699</u>	<u>2,976,473</u>
Total assets less current liabilities		3,189,881	4,131,313
Creditors: amounts falling due after more than one year	19	(808,259)	(1,084,122)
Provisions for liabilities			
Other provisions	22	<u>(1,811,648)</u>	<u>(1,620,839)</u>
		(1,811,648)	(1,620,839)
Net assets excluding pension liability		569,974	1,426,352
Pension liability	25	(14,015,606)	(10,631,606)
Net liabilities		<u>(13,445,632)</u>	<u>(9,205,254)</u>
Capital and reserves			
Called up share capital	23	1	1
Profit and loss account	24	<u>(13,445,633)</u>	<u>(9,205,255)</u>
Shareholders' deficit		<u>(13,445,632)</u>	<u>(9,205,254)</u>

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 20/12/2021

The notes on pages 20 to 39 form part of these financial statements.

The ACC Liverpool Group Ltd
Registered number:05204033

Company Statement of Financial Position

As at 31 March 2021

	Note	2021 £	2020 £
Fixed Assets			
Tangible Assets	13	1,517,182	1,154,840
Investments	14	1	1
		<u>1,517,183</u>	<u>1,154,841</u>
Current Assets			
Stocks	15	20,562	20,562
Debtors: amounts falling due within one year	16	3,254,005	4,943,895
Debtors: amounts falling due after more than one year	16	2,663,100	2,020,100
Cash at bank and in hand	17	16,607,902	15,865,560
		<u>22,545,569</u>	<u>22,850,117</u>
Creditors: amounts falling due within one year	18	(19,187,909)	(18,454,689)
Net current assets		<u>3,357,660</u>	<u>4,395,428</u>
Total assets less current liabilities		<u>4,874,843</u>	<u>5,550,269</u>
Creditors: amounts falling due after more than one year	19	(808,259)	(1,084,122)
Provisions for liabilities			
Other provisions	22	(1,127,612)	(1,005,719)
		<u>(1,127,612)</u>	<u>(1,005,719)</u>
Net assets excluding pension liability		<u>2,938,972</u>	<u>3,460,428</u>
Pension liability	25	(14,015,606)	(10,631,606)
Net liabilities		<u>(11,076,634)</u>	<u>(7,171,178)</u>
Capital and reserves			
Called up share capital	23	1	1
Profit and loss account	24	(11,076,635)	(7,171,179)
Shareholders' deficit		<u>(11,076,634)</u>	<u>(7,171,178)</u>

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 £2,067,455 (2020: Loss - £ 4,745,603).

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: 20/12/2021

The notes on pages 20 to 39 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 2021

	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	(2,402,378)	(2,402,378)
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	(13,445,633)	(13,445,632)

Consolidated Statement of Changes in Equity

For the year ended 31 March 2020

	Called up share capital	Profit and loss account	Total Equity
	£	£	£
At 1 April 2019	1	(5,594,656)	(5,594,655)
Comprehensive income for the year			
Loss for the year	0	(5,340,199)	(5,340,199)
Actuarial gain on pension scheme	0	1,410,000	1,410,000
Deferred tax movements attributable to pension scheme	0	319,600	319,600
At 31 March 2020	1	(9,205,255)	(9,205,254)

The notes on pages 20 to 39 form part of these financial statements.

The ACC Liverpool Group Ltd
Registered number:05204033

Company Statement of Changes in Equity

For the year ended 31 March 2021

	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)

Company Statement of Changes in Equity

For the year ended 31 March 2020

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2019	1	(4,155,176)	(4,155,175)
Comprehensive income for the year			
Loss for the year	0	(4,745,603)	(4,745,603)
Actuarial gain on pension scheme	0	1,410,000	1,410,000
Deferred tax movements attributable to pension scheme	0	319,600	319,600
At 31 March 2020	1	(7,171,179)	(7,171,178)

The notes on pages 20 to 39 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 2021

	2021	2020
	£	Restated £
Cash flows from operating activities		
Loss for the financial year	(2,402,378)	(5,340,199)
Adjustments for:		
Depreciation of tangible assets	142,478	78,462
Increase/(decrease) in stocks	11,148	(4,861)
Interest received	(65,651)	(105,649)
Decrease in debtors	2,119,188	5,113,014
Increase/(decrease) in creditors	268,725	(11,073,496)
Increase in provisions	190,809	114,674
Increase in net pension liability	1,115,000	2,039,000
Tax on loss on ordinary activities	(297,751)	736,797
Net cash generated from operating activities	1,081,568	(8,442,258)
Cash flows from investing activities		
Government grants received	108,561	0
Purchase of Property, Plant & Equipment	(504,820)	(1,068,247)
Increase in cash deposits	(49,191)	0
Interest received	65,651	105,649
Net cash from investing activities	(379,799)	(962,598)
Net increase/(decrease) in cash and cash equivalents	701,769	(9,404,856)
Cash and cash equivalents at beginning of year	11,688,644	21,093,501
Cash and cash equivalents at the end of year	12,390,413	11,688,644
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	16,967,375	16,216,415
Less: Bank deposits of greater than 3 months duration	(4,576,962)	(4,527,771)
	12,390,413	11,688,644

In the prior year and in previous years, the group had included cash held in deposit accounts, as shown in note 17, within cash and cash equivalents in the Consolidated Statement of Cash Flows. Cash held in deposit accounts have now been excluded from cash and cash equivalents, resulting in a restatement of the prior year opening and closing cash and cash equivalents balances.

The notes on pages 20 to 39 form part of these financial statements.

The ACC Liverpool Group Ltd
Registered number:05204033

Notes to the Financial Statements

For the year ended 31 March 2021

1. Company Information

The ACC Liverpool Group Ltd is a company incorporated in the United Kingdom under the Companies Act 2006 and its registered office is Kings Dock, Liverpool, L3 4FP.

The company's principal activity during the year was that of hosting and managing events held at ACC Liverpool, home to the Convention Centre, M & S Bank Arena and Exhibition Centre Liverpool.

The subsidiary company, ACC Liverpool Hotel Limited's principal activity was the management and operation of a hotel.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 and the Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

The company has taken advantage of the exemption allowed under section 408 of the Companies House 2006 Act and has not presented its own Statement of Comprehensive Income in these financial statements.

The company has also taken advantage of the exemption allowed from preparing a statement of cash flows on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the company's cash flows.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the company's accounting policies (see note 3).

The financial statements are presented in Sterling (£), which is also the functional currency.

The group financial statements consolidate the financial statements of The ACC Liverpool Group Ltd and its subsidiary undertakings drawn up to 31 March 2021. Intercompany transactions and balances between group companies are eliminated in full.

The following principal accounting policies have been consistently applied:

2.2 Going Concern

Notwithstanding the loss incurred and deficit in reserves, and the on-going material impact of COVID 19 on 2021-22 trading results and possibly beyond, following a review of the forecasts for the next three years (under scenario planning) and facilities in place, the Group and company financial statements have been prepared on a going concern basis. The directors believe the strong cash position and confirmation of support from the parent undertaking to be sufficient for this basis to be used.

The support from the parent undertaking, Liverpool City Council, is committed under the terms of the management agreement between the company and Liverpool City Council. The management agreement states that Liverpool City Council shall pay the company (when properly required by the company) such sums as are necessary to meet expenditure properly incurred in accordance with the relevant budget approved by the Council, in excess of revenue received by the company from its own account.

The ACC Liverpool Group Ltd
Registered number:05204033

Notes to the Financial Statements

For the year ended 31 March 2021

2. Accounting policies (continued)

2.2 Going Concern (continued)

Notwithstanding this however, further formal confirmation of support has been received from the parent undertaking in respect of the forecast needs of both the company and the Group in relation to the impact of COVID 19, to ensure the company and its subsidiary can continue to meet future obligations as they fall due.

2.3 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.

2.4 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.

2.5 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.

The ACC Liverpool Group Ltd
Registered number:05204033

Notes to the Financial Statements

For the year ended 31 March 2021

2. Accounting policies (continued)

2.5 Tangible fixed assets (continued)

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.

2.6 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.

2.7 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.

2.8 Exceptional Items

Costs incurred and insurance sums received in respect of an insurance claim and a bad debt charge in relation to sums due from the parent company, each of which have been recognised through the Statement of Comprehensive Income during the previous year.

2.9 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.10 Stocks

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

2.11 Debtors

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

The ACC Liverpool Group Ltd
Registered number:05204033

Notes to the Financial Statements

For the year ended 31 March 2021

2. Accounting policies (continued)

2.12 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.13 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.

2.14 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.

2.15 Pensions

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 ACC Liverpool Group Ltd
Registered number:05204033

Notes to the Financial Statements

For the year ended 31 March 2021

2. Accounting policies (continued)

2.15 Pensions (Continued)

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 (SOCl) 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 Hotel operates a defined contribution plan for its employees. 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. The assets of the plan are held separately from the company in independently administered funds.

2.16 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties. In accordance with the terms of its franchise agreement and operating leases, the Group provides for future committed refurbishment and maintenance costs as a result of past utilisation of the facilities as an expense to the Statement of comprehensive income.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

2.17 Current and deferred 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 ACC Liverpool Group Ltd
Registered number:05204033

Notes to the Financial Statements

For the year ended 31 March 2021

2. Accounting policies (continued)

2.17 Current and deferred taxation (continued)

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.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.18 Discontinued Operations

During the previous year, it was agreed that with effect from 1 April 2020, the car parking would no longer be managed by The ACC Liverpool Group and was subsequently transferred to the council. As a result, this meets the definition of a discontinued operation.

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
- doubtful debt provision
- maintenance provision
- classification of cash equivalents

3.1 Defined benefit pension scheme liability

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

Management have reviewed the deferred tax asset position of the group and its recoverability in light of the expected future performance of the group and based on the uncertainty of when the trading losses

The ACC Liverpool Group Ltd
Registered number:05204033

Notes to the Financial Statements

For the year ended 31 March 2021

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

3.2 Deferred tax (continued)

can be utilised in the future, no deferred tax asset has been recognised in the financial statements with regards to the trading losses generated. A deferred tax asset has been recognised however in respect of the defined benefit pension scheme deficit as future contributions are expected to attract current tax relief. See note 20 for details.

3.3 Doubtful debt provision

Management will review and assess the recoverability of debtors at each financial year end 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 financial year end.

3.4 Cash and cash equivalents

Management will review and assess the classification of cash and cash equivalents at each financial year and ensure that cash held in deposit accounts is appropriately disclosed as such within note 17 and the Consolidated Statement of Cash Flows.

3.5 Maintenance provision

Management will ensure a fair estimate of the cost of maintaining the premises for the wear and tear incurred to date in accordance with the group's management, franchise and operating leases agreements for the premises is calculated annually and provided for. The provision will be used against future costs incurred in relation to this. Management have calculated the provision required based on current cost prices as they believe that future cost inflation will not be materially different to the discount rate applicable to the provision.

4. Turnover

The whole of the turnover is attributable to the services rendered as explained in the principal activities of the group.

All turnover arose within the United Kingdom.

5. Operating Loss

The operating Loss is stated after charging

	2021	2020
	£	£
Depreciation of tangible fixed assets - owned by the group	142,478	78,462
Exchange differences	(291)	223
Operating leases - land and buildings	0	3,472,313
Operating leases - motor vehicles	16,227	20,419
Exceptional (credit)/cost in respect of previous admin costs incurred (note 12)	0	2,408,582

The ACC Liverpool Group Ltd
Registered number:05204033

Notes to the Financial Statements

For the year ended 31 March 2021

6. Auditors' remuneration

	2021	2020
	£	£
Fees payable to the group's auditors in respect of:		
The auditing of accounts of the Group pursuant to legislation	26,250	24,750
The auditing of accounts of the Subsidiaries to legislation	11,550	10,900
	<u>37,800</u>	<u>35,650</u>

7. Employees

Group

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

	2021	2020
	£	£
Wages and salaries	5,896,802	7,341,503
Social security costs	542,759	646,742
Pension costs	645,895	580,883
Termination costs	619,985	0
	<u>7,705,441</u>	<u>8,569,128</u>

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

	2021	2020
	No.	No.
Management and administrative staff	209	220
Sales staff	14	17
	<u>223</u>	<u>237</u>

Company

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

	£	£
Wages and salaries	4,739,094	5,476,696
Social security costs	463,744	536,899
Pension costs	623,914	554,501
Termination costs	615,805	0
	<u>6,442,557</u>	<u>6,568,096</u>

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

	2021	2020
	No.	No.
Management and administrative staff	143	160
Sales staff	14	17
	<u>157</u>	<u>177</u>

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For the year ended 31 March 2021

8. Directors' remuneration

	2021	2020
	£	£
Directors' emoluments	413,450	357,934
	<u>413,450</u>	<u>357,934</u>

During the year retirement benefits were accruing to 2 directors (2020 – 3) in respect of defined benefit pension schemes.

The highest paid director received remuneration of £283,363 (2020 - £206,640). Included within this figure is £87,136 in respect of compensation for loss of office (2020 – Nil)

The value of the company's contributions paid to a defined benefit pension scheme in respect of the highest paid director amounted to £24,954 (2020 - £27,438).

The value of the company's contributions paid to a defined benefit pension scheme in respect of all directors amounted to £38,673 (2020 - £47,541).

9. Interest receivable

	2021	2020
	£	£
Bank interest receivable	65,651	105,649
	<u>65,651</u>	<u>105,649</u>

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

	2021	2020
	£	£
Expected return on pension scheme assets	387,000	413,000
Interest on pension scheme liabilities	(622,000)	(669,000)
	<u>(235,000)</u>	<u>(256,000)</u>

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For the year ended 31 March 2021

11. Taxation

	2021 £	2020 £
Total current tax	(85,751)	(136,797)
Deferred tax		
Origination and reversal of timing differences	(212,000)	0
Total deferred tax	(212,000)	0
Taxation on loss on ordinary activities	(297,751)	(136,797)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2020 – higher than) the standard rate of corporation tax in the UK of 19% (2020 – 19%). The differences are explained below:

	2021 £	2020 £
Loss on ordinary activities before tax	(2,700,129)	(6,076,996)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	(513,024)	(1,154,629)
Effects of:		
Expenses not deductible for tax purposes	212,558	334,214
Losses carried back	(85,773)	(136,797)
Deferred tax adjustments	(212,000)	0
Deferred tax not recognised	300,489	820,415
Total tax (credit)/charge of the year	(297,750)	(136,797)

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 will result in an additional deferred tax credit of £841,000 being recognised next year. The group has tax losses carried forward of £2,524,828 (2020: £1,311,129) 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

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12. Exceptional costs/Other Income

The previous year's figures represent costs incurred and insurance sums received in the year from insurance claims along with a £2.4m charge in relation to an irrecoverable aged debt due from the parent company.

The current year's Other Income relates to £2.3m of furlough grant claimed during the year, a non-repayable grant of £2.5m from the Arts Council England as part of its Culture Recovery Fund, £1.1m of financial support provided by the parent undertaking to cover unavoidable fixed premises costs for the Group and £0.1m of other local government grants received.

13. Tangible fixed assets

Group and company	Plant and equipment	Fixtures and fittings	Assets under construction	Total
	£	£	£	£
Cost				
At 1 April 2020	314,317	1,013,095	141,333	1,468,745
Additions	54,388	58,246	523,389	636,023
Disposals	0	0	(131,203)	(131,203)
At 31 March 2021	<u>368,705</u>	<u>1,071,341</u>	<u>533,519</u>	<u>1,973,565</u>
Depreciation				
At 1 April 2020	216,099	97,806	0	313,905
Charge for the year	23,253	119,225	0	142,478
Released on Disposal	0	0	0	0
At 31 March 2021	<u>239,352</u>	<u>217,031</u>	<u>0</u>	<u>456,383</u>
Net book value				
At 31 March 2021	<u>129,353</u>	<u>854,310</u>	<u>533,519</u>	<u>1,517,182</u>
At 31 March 2020	<u>98,218</u>	<u>915,289</u>	<u>141,333</u>	<u>1,154,840</u>

14. Fixed asset investments

Company	Investment in subsidiary companies	Total
	£	£
Cost and net book value		
At 1 April 2020 and 31 March 2021	<u>1</u>	<u>1</u>

Subsidiary undertakings

ACC Liverpool Hotel Limited, the subsidiary company, is a company incorporated in the United Kingdom and its principal activity is that of a hotelier.

The ACC Liverpool Group Limited owns 100% of the ordinary share capital of the company.

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Notes to the Financial Statements

For the year ended 31 March 2021

15. Stocks

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Consumables	<u>41,183</u>	<u>52,331</u>	<u>20,562</u>	<u>20,562</u>

An impairment loss of £Nil (2020: Nil) was recognised in cost of sales against stock during the year.

16. Debtors

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Debtors: Amounts due within one year				
Trade debtors	846,137	1,398,783	755,025	1,256,803
Amounts owed by group undertakings	883,780	2,517,751	1,058,469	2,548,249
Other debtors	136,182	204,607	0	0
Prepayments and accrued income	641,245	510,605	613,031	402,606
Corporation tax	827,481	736,517	827,481	736,237
	<u>3,334,825</u>	<u>5,368,263</u>	<u>3,254,005</u>	<u>4,943,895</u>

Debtors: Amounts due after more than one year

Deferred taxation (note 20)	2,663,100	2,020,100	2,663,100	2,020,100
	<u>5,997,925</u>	<u>7,388,363</u>	<u>5,917,105</u>	<u>6,963,995</u>

An impairment loss has been recognised against trade debtors of the Group and company during the year of £258,043 (2020: £58,074).

17. Cash and cash equivalents

	2021 £	2020 £	2021 £	2020 £
Cash at bank and in hand	12,390,413	11,688,644	12,030,940	11,337,789
Cash held in deposit accounts	4,576,962	4,527,771	4,576,962	4,527,771
	<u>16,967,375</u>	<u>16,216,415</u>	<u>16,607,902</u>	<u>15,865,560</u>

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For the year ended 31 March 2021

18. Creditors: Amounts falling due within one year

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Trade creditors	825,072	715,984	718,437	549,204
Amounts owed to group undertakings	6,602,323	7,949,915	5,073,808	6,297,584
Taxation and social security	958,890	1,015,182	787,930	844,874
Other creditors	8,234,568	6,467,996	8,224,617	6,458,282
Accruals and deferred income	4,712,933	4,531,559	4,383,117	4,304,744
	<u>21,333,786</u>	<u>20,680,636</u>	<u>19,187,909</u>	<u>18,454,689</u>

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

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Accruals and deferred income	645,169	1,029,593	645,169	1,029,593
Deferred Capital Grant	163,090	54,529	163,090	54,529
	<u>808,259</u>	<u>1,084,122</u>	<u>808,259</u>	<u>1,084,122</u>

20. Deferred taxation

	Deferred tax £			
At 1 April 2020				2,020,100
Charged to other comprehensive income				431,000
Charged to income statement				212,000
At 31 March 2021				<u>2,663,100</u>
	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Defined benefit pension scheme	2,663,100	2,020,100	2,663,100	2,020,100
	<u>2,663,100</u>	<u>2,020,100</u>	<u>2,663,100</u>	<u>2,020,100</u>

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For the year ended 31 March 2021

21. Financial instruments

	Group 2021	Group 2020	Company 2021	Company 2020
	£	£	£	£
Financial assets measured at amortised cost	<u>18,898,889</u>	<u>20,524,026</u>	<u>18,486,810</u>	<u>19,857,082</u>
Financial liabilities measured at amortised cost	<u>16,883,893</u>	<u>16,046,762</u>	<u>14,908,975</u>	<u>13,991,123</u>

Financial assets measured at amortised cost comprise trade and other debtors, amounts owed by group undertakings, cash and cash equivalents.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors, amounts owed to group undertakings and accruals.

22. Provisions**Group**

	Maintenance Provision £
At 1st April 2020	1,620,839
Charged to the statement of comprehensive income	222,409
Utilised in year	(31,600)
At 31 March 2021	<u><u>1,811,648</u></u>

Maintenance Provision

The maintenance provision is based on the estimated cost of maintaining the Arena, Convention Centre, Exhibition Centre and the Hotel for the wear and tear incurred to date in accordance with the group's operating lease agreements and franchise agreement. The provision will be used against future costs incurred in relation to this.

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Notes to the Financial Statements

For the year ended 31 March 2021

22. Provisions (continued)

Company

**Maintenance
Provision**

£

At 1st April 2020

1,005,719

Charged to the statement of comprehensive income

121,893

Utilised in year

0

At 31 March 2021

1,127,612

Maintenance Provision

The maintenance provision is based on the estimated cost of maintaining the Arena, Convention Centre and Exhibition Centre for the wear and tear incurred to date in accordance with the company's operating lease agreement for the premises. The provision will be used against future costs incurred in relation to this.

23. Share Capital

2021

2020

£

£

Allotted, called up and paid

1 Ordinary share of £1

1

1

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

24. Reserves

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

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For the year ended 31 March 2021

25. Pension commitments

Group and Company

The parent entity of the company, Liverpool City Council, operates a defined benefit pension scheme, Merseyside Pension fund, 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 2021 by a qualified independent actuary. The deficit recognised in the statement of financial position amounts to £14,016,606 (2020: £10,631,606).

The directors consider the best estimate of contributions to the defined benefit pension scheme for the year ended 31 March 2022 will be £639,000 (2021: £811,000).

Reconciliation of present value of plan liabilities

	2021	2020
	£	£
At the beginning of the year	26,926,531	26,018,531
Current service cost	1,351,000	1,790,000
Past service cost	0	671,000
Interest cost on scheme liabilities	622,000	669,000
Curtailments	454,000	0
Actuarial loss/(gain)	4,897,000	(2,425,000)
Contributions by scheme participants	342,000	454,000
Benefits paid	(196,000)	(251,000)
At the end of the year	<u>34,396,531</u>	<u>26,926,531</u>

Reconciliation of present value of plan assets

	2021	2020
	£	£
At the beginning of the year	16,294,925	16,015,925
Expected return on scheme assets	387,000	413,000
Actuarial gain/(loss)	2,628,000	(1,015,000)
Contributions by scheme participants	342,000	454,000
Benefits paid	(196,000)	(251,000)
Contributions by employer	948,000	707,000
Administration expenses	(23,000)	(29,000)
At the end of the year	<u>20,380,925</u>	<u>16,294,925</u>

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For the year ended 31 March 2021

25. Pension commitments (continued)

	2021	2020
	£	£
Equities	10,414,000	8,439,000
Government bonds	265,000	1,369,000
Other bonds	2,344,000	847,000
Property	1,834,000	1,532,000
Cash/liquidity	448,000	310,000
Other	5,075,925	3,797,925
Total plan assets	20,380,925	16,294,925

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

	2021	2020
	£	£
Fair value of plan assets	20,380,925	16,294,925
Present value of plan liabilities	(34,396,531)	(26,926,531)
Net pension scheme liability	(14,015,606)	(10,631,606)

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

	2021	2020
	£	£
Current service costs	(1,351,000)	(1,790,000)
Past Service costs	0	(671,000)
Interest on pension scheme liabilities	(622,000)	(669,000)
Return on scheme assets	387,000	413,000
Curtailments	(454,000)	0
Contributions by employer	948,000	707,000
Total	(1,092,000)	(2,010,000)

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Notes to the Financial Statements

For the year ended 31 March 2021

25. Pension commitments (continued)

The amount of actuarial gains and losses recognised in the Consolidated Statement of Comprehensive Income was £2,269,000 loss (2020 - £1,410,000 gain).

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

	2021	2020
	%	%
Discount rate	2.2	2.3
Future salary increases	4.2	3.6
Future pension increases	2.8	2.2
Inflation	2.7	2.1
Life expectancies		
- current pensioners aged 65 - males	21	20.9
- future pensioners aged 65 - males	22.6	22.5
- current pensioners aged 65 - females	24.1	24
- future pensioners aged 65 - females	26	25.9

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

Defined benefit pension schemes

	2021	2020	2019	2018
	£	£	£	£
Defined Benefit Obligation	(34,396,531)	(26,926,531)	(26,018,531)	(21,431,258)
Scheme Assets	20,380,925	16,294,925	16,015,925	14,030,652
	<u>(14,015,606)</u>	<u>(10,631,606)</u>	<u>(10,002,606)</u>	<u>(7,400,606)</u>
Experience adjustments on scheme liabilities	(4,897,000)	2,425,000	(2,019,000)	795,000
Experience adjustments on scheme assets	2,628,000	(1,015,000)	522,000	(13,000)
	<u>(2,269,000)</u>	<u>1,410,000</u>	<u>(1,497,000)</u>	<u>782,000</u>

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26. Commitments under operating leases

At 31 March 2021 the Group and the company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Not later than 1 year	2,403,868	3,015,987	1,303,868	1,308,507
Later than 1 year and not later than 5 years	9,577,597	9,568,154	5,177,597	5,168,154
Later than 5 years	16,132,500	18,478,302	8,707,500	9,973,644
Total	28,113,965	31,062,443	15,188,965	16,450,305
	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Motor vehicles				
Not later than 1 year	13,868	13,784	13,868	13,784
Later than 1 year and not later than 5 years	17,597	8,154	17,597	8,154
Total	31,465	21,938	31,465	21,938
	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Other				
Not later than 1 year	0	4,723	0	4,723
Later than 1 year and not later than 5 years	0	0	0	0
Total	0	4,723	0	4,723

27. Related party transactions

The company has taken advantage of the exemption in FRS102 (section 33) "Related Party Disclosure" and has not disclosed transactions with group undertakings where the company is a 100% subsidiary.

£1,462,618 was paid to key management personnel of the Group during the year (2020: £1,773,725). This sum includes amounts paid to Directors in note 8.

28. Contingent liabilities

The group or company had no contingent liabilities at 31 March 2021 or 31 March 2020.

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29. Analysis of net funds

	At 1 April 2020	Cashflows	at 31 March 2021
	£	£	£
Cash at bank and in hand	11,688,644	701,769	12,390,413

30. Capital commitments

The group and company had no capital commitments at the 31 March 2021 or 31 March 2020

31. Controlling Party

The parent and controlling undertaking of this company is Liverpool City Council, an entity based in England and Wales. Consolidated financial statements are prepared by Liverpool City Council which include this group and can be obtained from www.liverpool.gov.uk