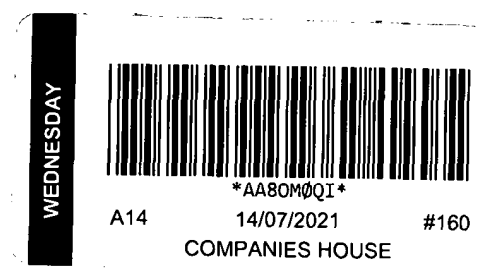


Report of the Directors and
Unaudited Financial Statements for the Period 1 April 2019 to 27 September 2020
for
Bar Fever (Cheltenham) Limited



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for the Period 1 April 2019 to 27 September 2020

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Bar Fever (Cheltenham) Limited

Company Information
for the Period 1 April 2019 to 27 September 2020

DIRECTORS:

S D Longbottom
D A Ross

SECRETARY:

Mazars Company Secretaries Limited

REGISTERED OFFICE:

3 Monkspath Hall Road
Shirley
Solihull
B90 4SJ

REGISTERED NUMBER:

06401298

Bar Fever (Cheltenham) Limited

Report of the Directors
for the Period 1 April 2019 to 27 September 2020

The directors present their report with the financial statements of the company for the period 1 April 2019 to 27 September 2020.

PRINCIPAL ACTIVITY

The Company's principal activity during the period was that of operating licensed bars.

Subsequent to the period end the directors took the decision to cease trading following the transfer to Stonegate Pub Company Limited of the Company's only property. As they do not intend to acquire a replacement trade, the directors have not prepared the financial statements on a going concern basis. The effect of this is explained in note 1.

REVIEW OF BUSINESS

The profit after tax was £152,000 (2019: £236,000). The trading of the business during the period was severely impacted by the Covid-19 pandemic and the government imposed restrictions..

EVENTS SINCE THE END OF THE PERIOD

Information relating to events since the end of the period is given in the notes to the financial statements.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2019 to the date of this report.

S D Longbottom
D A Ross

POLITICAL DONATIONS AND EXPENDITURE

The Company made no disclosable political donations or incurred any disclosable political expenditure during the period (2019: £Nil).

EMPLOYEES

The Company places great importance on the involvement of its employees. They are kept informed of developments through regular meetings. All employees are encouraged to participate in internal or external training schemes to enhance their career prospects.

The Company gives full consideration to applications for employment from disabled persons where the requirement of the job can be adequately fulfilled by a disabled or handicapped person. Where existing employees become disabled, it is the Company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

OWNERSHIP

The immediate parent entity is Bar Fever Limited. Bar Fever Limited is a subsidiary of Stonegate Pub Company Limited, a company that is owned by TDR Capital Stonegate L.P., an investment fund managed by TDR Capital LLP, a private equity management firm registered in the UK. TDR Capital LLP takes an active role in the operations of the Company, working in partnership with management to harness opportunities together through board representation and professional support.

Bar Fever (Cheltenham) Limited

Report of the Directors
for the Period 1 April 2019 to 27 September 2020

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

ON BEHALF OF THE BOARD:



.....
D A Ross - Director

Date: 16/6/21

Bar Fever (Cheltenham) Limited

Profit and Loss Account
for the Period 1 April 2019 to 27 September 2020

	Notes	Period 1.4.19 to 27.9.20 £'000	Year Ended 31.3.19 £'000
TURNOVER	3	2,207	2,307
Cost of sales		<u>(2,015)</u>	<u>(1,024)</u>
GROSS PROFIT		192	1,283
Distribution costs		(62)	-
Administrative expenses		<u>(64)</u>	<u>(1,049)</u>
		66	234
Other operating income	4	<u>125</u>	<u>-</u>
OPERATING PROFIT		191	234
Interest payable and similar expenses	6	<u>(44)</u>	<u>-</u>
PROFIT BEFORE TAXATION	7	147	234
Tax on profit	8	<u>5</u>	<u>2</u>
PROFIT FOR THE FINANCIAL PERIOD		152	236
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>152</u>	<u>236</u>

The notes form part of these financial statements

Balance Sheet
27 September 2020

	Notes	27.9.20 £'000	31.3.19 £'000
FIXED ASSETS			
Tangible assets	10	1,020	35
CURRENT ASSETS			
Stocks		45	26
Debtors	11	3,272	758
Cash at bank		-	224
		3,317	1,008
CREDITORS			
Amounts falling due within one year	12	(2,850)	(469)
NET CURRENT ASSETS		467	539
TOTAL ASSETS LESS CURRENT LIABILITIES		1,487	574
CREDITORS			
Amounts falling due after more than one year	13	(766)	-
PROVISIONS FOR LIABILITIES	16	-	(5)
NET ASSETS		721	569
CAPITAL AND RESERVES			
Called up share capital	17	-	-
Retained earnings		721	569
SHAREHOLDERS' FUNDS		721	569

The company is entitled to exemption from audit under Section 479A of the Companies Act 2006 relating to subsidiary companies for the period ended 27 September 2020.

The members have not required the company to obtain an audit of its financial statements for the period ended 27 September 2020 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

- ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and
- preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

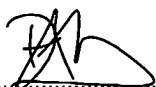
The notes form part of these financial statements

Bar Fever (Cheltenham) Limited (Registered number: 06401298)

Balance Sheet - continued
27 September 2020

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the Board of Directors and authorised for issue on16/1/21..... and were signed on its behalf by:



.....
D A Ross - Director

The notes form part of these financial statements

Bar Fever (Cheltenham) Limited

Statement of Changes in Equity
for the Period 1 April 2019 to 27 September 2020

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 April 2018	-	333	333
Profit for the year	-	236	236
	<hr/>	<hr/>	<hr/>
Total comprehensive income	-	236	236
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2019	-	569	569
	<hr/>	<hr/>	<hr/>
Profit for the period	-	152	152
	<hr/>	<hr/>	<hr/>
Total comprehensive income	-	152	152
	<hr/>	<hr/>	<hr/>
Balance at 27 September 2020	-	721	721
	<hr/>	<hr/>	<hr/>

The notes form part of these financial statements

1. STATUTORY INFORMATION

Bar Fever (Cheltenham) Limited Limited (the "Company") is a company incorporated by shares and domiciled in England and Wales.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The amendments to FRS 101 (2013/14 Cycle) issued in July 2014 and effective immediately have been applied.

The presentation currency of these financial statements is sterling.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The results of the Company is included in the consolidated financial statements of Stonegate Pub Company Pikco Holdings Limited. The consolidated financial statements of Stonegate Pub Company Pikco Holdings Limited are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from 3 Monkspath Hall Road, Shirley, Solihull, B90 4SJ.

Subsequent to the period end the directors took the decision to cease trading following the transfer to Stonegate Pub Company Limited of the Company's only property. As they do not intend to acquire a replacement trade, the directors have not prepared the financial statements on a going concern basis. No adjustments were necessary to the amounts at which the remaining net liabilities are included in these financial statements.

2. ACCOUNTING POLICIES

Measurement convention

The financial statements are prepared on the historical cost basis. Non-current assets and disposal Groups held for sale are stated at the lower of previous carrying amount and fair value less costs to sell.

Transition to FRS 101

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements and in preparing an opening IFRS balance sheet at 1 April 2018, the transition date, for the purposes of the transition to FRS 101.

FRS 101 Reduced Disclosure Exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 101 "Reduced Disclosure Framework":

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases;
- the requirements of paragraph 58 of IFRS 16;
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers;
- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1; and
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D and 111 of IAS 1 Presentation of Financial Statements;
- the requirements of paragraphs 134 to 136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group;
- the requirements of paragraphs 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairments of Assets.

2. ACCOUNTING POLICIES - continued

Significant accounting estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions in the application of accounting policies that affect reported amounts of assets, liabilities, revenues and expenses during the period.

Management periodically evaluates its estimates and judgements and bases them on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgements about the carrying values of assets and liabilities that are not readily available from other sources. Actual results may differ from these estimates.

Key accounting judgements

The following are the key judgements, apart from those involving estimations, dealt with separately below, that management have made in the process of applying the Company's accounting policies and which have the most significant effect on the amounts recognised in the financial statements.

Exceptional items

During the period certain items are identified and separately disclosed as exceptional. Judgement is applied as to whether the item meets the necessary criteria as per the accounting policy disclosed. This assessment covers the nature of the item, cause of occurrence and the scale of impact of that item on reported performance. Note 9 provides information on all of the items disclosed as exceptional in the current and previous period.

Key areas of estimation

The following are the key areas of estimation uncertainty that may have the most significant effect on the amounts recognised in the financial statements.

Impairment of property, plant, equipment

Property, plant and equipment are reviewed for impairment if there are any indicators to suggest that the carrying amount may not be recoverable. Recoverable amounts are determined based on value-in-use calculations and estimated sales proceeds. These calculations require assumptions to be made regarding projected cash flows and the choice of a suitable discount rate in order to calculate the present value of those cash flows. Actual outcomes may vary from these estimates. These are disclosed in note 10.

2. ACCOUNTING POLICIES - continued

Leases

As a lessee

The Company leases properties.

At the inception of a contract the Company assesses whether that contract is or contains a lease. This is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company has taken the practical expedient in paragraph C3 of IFRS 16 'Leases' not to reassess whether an existing contract is or contains a lease at the date of initial application and as such the IFRS 16 definition of a lease has only been applied to contracts which were entered into or amended on or after 31 March 2019.

The Company has elected not to apply the lessee requirements of IFRS 16 to short-term leases and leases for which the underlying asset is of low value. The lease payments for such leases are recognised as an expense on a straight-line basis over the lease term.

For all other leases where it is the lessee the Company recognises a lease liability and a right-of-use asset at the commencement date of the lease.

The lease liability is initially measured at the present value of the remaining lease payments at commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The carrying amount of the lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made.

The lease liability is re-measured when there is a change in future lease payments arising from a change in an index rate or, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

For rent concessions in leases the Company assesses whether there is a lease modification. The lease liability is then re-measured at the present value of the revised lease payments at the modification date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the 's Company's incremental borrowing rate. The change in the present value of the lease liability is accounted for as an increase to the right-of-use asset where it relates to a future change, with any element relating to a past payment dated before the modification date accounted for in the income statement.

The right-of-use asset is recognised at an amount equal to the total of the lease liability, any lease payments made at or before the commencement date, any initial direct costs and the estimated future dismantling, removal and site restoration costs. The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment', the same line item as it presents underlying assets of the same nature that it owns.

Right-of-use assets included in property, plant and equipment are initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for any re-measurements or modifications of the lease liability. Where the right-of-use asset is in relation to an investment property it is initially measured at cost, and subsequently measured at fair value, in accordance with the Company's accounting policies. Where a property held on lease transfers from PPE to investment property the right of use asset is revalued to fair value before transfer.

2. ACCOUNTING POLICIES - continued

In the prior period under IAS 17 Leases, rental costs under operating leases, including lease incentives, were charged to the profit and loss account on a straight-line basis over the term of the lease. Similarly, income receivable under operating leases was credited to the profit and loss account on a straight-line basis over the term of the lease.

As a lessor

Lessor accounting remains similar to IAS 17, whereby the lessor continues to classify leases as finance or operating leases, however, the standard prescribes that the sub-lease of an asset held on a lease is categorised as a finance lease or an operating lease with reference to the right of use asset arising from the head lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

Where a property that is leased is re-leased to a third party and that sub-lease is categorised as a finance lease the right of use asset is derecognised and it is replaced by a financial asset being the net investment in that sublease. The net investment in the sub-lease is calculated as the net present value of the future rent payments receivable at the interest rate implicit in the sub-lease or, if that cannot be readily determined, at the discount rate used for the head lease.

The Company applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Company further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Company recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of revenue.

Lease acquired in a business combination

For leases acquired in a business combination, the Company measures the acquired lease liability at the present value of the remaining lease payments, as if the acquired lease were a new lease at the acquisition date. The right-of-use asset is measured at acquisition at the same amount as the lease liability, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Changes in significant accounting policies - IFRS 16 Leases

The Company has initially adopted IFRS 16 Leases from 1 April 2019. IFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Company, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. Lessor accounting remains similar to previous accounting policies.

The Company has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 April 2019. Accordingly, the comparative information presented for 2019 has not been restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations.

See note 15 for the impact of IFRS 16 on transition at 1 April 2019 and on the period ending 27 September 2020.

2. ACCOUNTING POLICIES - continued

Turnover

Turnover is measured at the fair value of the consideration received or receivable and is mainly derived from the sale of food and drinks to third parties, after deducting discounts and VAT. It also includes certain services such as provision of entertainment. Turnover is recognised at the point of sale. Amusement machine royalties are recognised in the accounting period to which the income relates.

All turnover is derived from one principal activity of the business, based solely within the United Kingdom.

Government grant

Money received in the form of a government grant is treated as revenue grant. Therefore, grant income is recorded within other income in the profit and loss account on a systematic basis in the same periods as the related expenses incurred.

Supplier incentives

Supplier incentives and rebates are recognised within other income as they are earned. The accrued value at the reporting date is included in trade debtors.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

- o leasehold properties are depreciated over the shortest of 50 years, their estimated useful lives and their remaining lease periods;
- o retail, administration and short-life furniture, fixtures, fittings and equipment are depreciated over 3 to 15 years; and
- o right-of-use assets are depreciated over their lease lives.

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

Financial instruments

Non-derivative financial instruments comprise trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Stocks

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

2. ACCOUNTING POLICIES - continued

Taxation

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the balance sheet date.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Employee benefit costs

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

2. **ACCOUNTING POLICIES - continued**

Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)

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

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

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than investment property, stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

The Company considers each of its individual pubs as a cash generating unit. Each CGU is reviewed annually for indicators of impairment. When indicators of impairment are identified the carrying value of the individual pub is compared to its recoverable amount. The recoverable amount is determined as being the greater of its value in use and its fair value less costs to sell.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

Notes to the Financial Statements - continued
for the Period 1 April 2019 to 27 September 2020

3. **TURNOVER**

Turnover of £2,207,000 (2019: £2,307,000) disclosed in the profit and loss account consists of the sale of beverages, admissions and machine income.

4. **OTHER OPERATING INCOME**

	Period 1.4.19 to 27.9.20 £'000	Year Ended 31.3.19 £'000
Other income	<u>125</u>	<u>-</u>

During the period £125,000 was recognised within other operating income recognised in relation to the Coronavirus Job Retention Scheme.

5. **EMPLOYEES AND DIRECTORS**

	Period 1.4.19 to 27.9.20 £'000	Year Ended 31.3.19 £'000
Wages and salaries	582	241
Social security costs	22	7
Other pension costs	<u>7</u>	<u>2</u>
	<u>611</u>	<u>250</u>

The average number of employees during the period was as follows:

	Period 1.4.19 to 27.9.20	Year Ended 31.3.19
Retail	<u>44</u>	<u>43</u>

	Period 1.4.19 to 27.9.20 £	Year Ended 31.3.19 £
Directors' remuneration	<u>-</u>	<u>-</u>

Directors remuneration is borne by fellow group Companies and are not recharged to the Company in both the current and previous period.

Notes to the Financial Statements - continued
for the Period 1 April 2019 to 27 September 2020

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	Period 1.4.19 to 27.9.20 £'000	Year Ended 31.3.19 £'000
Discounting of lease liabilities	<u>44</u>	<u>-</u>
	<u>44</u>	<u>-</u>

7. PROFIT BEFORE TAXATION

The profit before taxation is stated after charging:

	Period 1.4.19 to 27.9.20 £'000	Year Ended 31.3.19 £'000
Depreciation - owned assets	144	11
Exceptional operating items (note 9)	<u>15</u>	<u>-</u>

8. TAXATION

Analysis of tax income

	Period 1.4.19 to 27.9.20 £'000	Year Ended 31.3.19 £'000
Deferred tax	<u>(5)</u>	<u>(2)</u>
Total tax income in profit and loss account	<u>(5)</u>	<u>(2)</u>

Notes to the Financial Statements - continued
for the Period 1 April 2019 to 27 September 2020

8. **TAXATION - continued**

Factors affecting the tax expense

The tax assessed for the period is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	Period 1.4.19 to 27.9.20 £'000	Year Ended 31.3.19 £'000
Profit before income tax	<u>147</u>	<u>234</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	28	44
Effects of:		
Group relief not paid for	(41)	(46)
Deferred tax not recognised	<u>8</u>	<u>-</u>
Tax income	<u>(5)</u>	<u>(2)</u>

The company has unrecognised deferred tax assets at 27 September 2020 of £8,000 (2019: £Nil).

A UK corporation rate of 19% (effective 1 April 2020) was substantively enacted on 17 March 2020, reversing the previously enacted reduction in the rate from 19% to 17%. This will increase the company's future current tax charge accordingly. The deferred tax asset at 27 September 2020 has been calculated at 19%.

In the 3 March 2021 Budget it was announced that the UK tax rate will increase to 25% from 1 April 2023. This will have a consequential effect on the company's future tax charge. If this rate change had been substantively enacted at the current balance sheet date the deferred tax asset would have increased by £3,000.

9. **EXCEPTIONAL ITEMS**

	30.9.19 to 27.9.20 £'000	1.10.18 to 29.9.19 £'000
Operating exceptional items		
Restructuring costs	14	-
Covid-19 costs	<u>1</u>	<u>-</u>
Total exceptional items	<u>15</u>	<u>-</u>

Restructuring costs: During the current period the Company incurred costs relating to process and efficiency improvement.

Covid-19 costs: During the period the Company incurred one off cleaning and personal protective equipment costs related to Covid-19.

10. TANGIBLE FIXED ASSETS

	Right-of-use assets £'000	Land and buildings £'000	Fixtures and fittings £'000	Totals £'000
COST				
At 1 April 2019	-	-	281	281
Additions	-	118	136	254
Adoption of IFRS 16	<u>875</u>	<u>-</u>	<u>-</u>	<u>875</u>
At 27 September 2020	<u>875</u>	<u>118</u>	<u>417</u>	<u>1,410</u>
DEPRECIATION				
At 1 April 2019	-	-	246	246
Charge for period	<u>74</u>	<u>12</u>	<u>58</u>	<u>144</u>
At 27 September 2020	<u>74</u>	<u>12</u>	<u>304</u>	<u>390</u>
NET BOOK VALUE				
At 27 September 2020	<u>801</u>	<u>106</u>	<u>113</u>	<u>1,020</u>
At 31 March 2019	<u>-</u>	<u>-</u>	<u>35</u>	<u>35</u>

The Company has applied IFRS 16 at 1 April 2019, using the modified retrospective approach. Under this approach the Company recognised a right-of-use asset of £875,000 (after adjustments for lease prepayments and accrued lease expenses at 1 April 2019).

10. **TANGIBLE FIXED ASSETS - continued**

Impairment losses

The Company considers each of its individual pubs as a cash-generating unit (CGU). Each CGU is reviewed annually for indicators of impairment, and impairment reversals for previously impaired CGUs. When indicators of impairment are identified the carrying value of the individual pub is compared to its recoverable amount. The recoverable amount is determined as being the higher of the value in use and fair value less costs to sell.

On 20 March 2020, all pubs and restaurants were mandatorily closed under government instruction due to the Covid-19 pandemic. This closure is considered to be a significant indicator of impairment of property, plant and equipment. As a result a full impairment review of all of the Company's property, plant and equipment has been performed by comparing recoverable amount to its carrying values. Any resulting impairment relates to sites with poor trading performance, where the output of the calculation is insufficient to justify their current net book value.

Value in use calculations use forecast trading performance cash flows, which are discounted by applying a pre-tax discount rate of 9.58% (2019: 8.15%). Management has applied a CGU specific risk premium to the discount rate used for goodwill impairment testing. The discount rate used is based on the Company weighted average cost of capital (WACC) which has been risk adjusted to reflect current market factors which have not already been captured within the cash flows. In making this adjustment to the Company WACC management have risk adjusted the cost of debt and the cost of equity by using an average of market risk premiums and Company betas at the period end date. The cost of equity has been further inflated by using a theoretical share price derived from peer group data.

At 27 September 2020, the value in use calculations include an estimate of the impact of expected closure period and subsequent build up in trade post reopening, as a direct result of the Covid-19 pandemic. The site forecast cash flows used in the value in use calculations take into account the response by the UK government to the Covid-19 pandemic and therefore include a longer turnaround of profit back to pre-Covid-19 levels.

No indicators of impairment were found in each of the periods ended 27 September 2020 and 31 March 2019.

11. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	27.9.20	31.3.19
	£'000	£'000
Trade debtors	63	-
Amounts owed by group undertakings	3,101	716
Other debtors	15	-
Corporation tax debtor	19	-
Prepayments and accrued income	74	42
	<u>3,272</u>	<u>758</u>

Amounts due from group undertakings arise as a result of transactions with other subsidiaries which form part of the larger group, are payable on demand and have no associated financing costs.

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	27.9.20	31.3.19
	£'000	£'000
Lease liabilities (see note 14)	148	-
Trade creditors	184	129
Amounts owed to group undertakings	2,380	288
Social security and other taxes	14	36
Other creditors	83	-
Accruals and deferred income	<u>41</u>	<u>16</u>
	<u>2,850</u>	<u>469</u>

Amounts due to group undertakings arise as a result of transactions with other subsidiaries which form part of the larger group, are payable on demand and have no associated financing costs.

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

	27.9.20	31.3.19
	£'000	£'000
Lease liabilities (see note 14)	<u>766</u>	<u>-</u>

14. FINANCIAL LIABILITIES - BORROWINGS

	27.9.20	31.3.19
	£'000	£'000
Current:		
Lease liabilities (see note 15)	<u>148</u>	<u>-</u>
Non-current:		
Lease liabilities (see note 15)	<u>766</u>	<u>-</u>

Terms and debt repayment schedule

	1 year or less	1-2 years	2-5 years	More than 5 years	Totals
	£'000	£'000	£'000	£'000	£'000
Lease liabilities	<u>148</u>	<u>144</u>	<u>432</u>	<u>190</u>	<u>914</u>

15. **LEASING**

Lease liabilities

Minimum lease payments fall due as follows:

	27.9.20 £'000	31.3.19 £'000
Gross obligations repayable:		
Within one year	152	-
Between one and five years	592	-
In more than five years	214	-
	<u>958</u>	<u>-</u>
Finance charges repayable:		
Within one year	4	-
Between one and five years	16	-
In more than five years	24	-
	<u>44</u>	<u>-</u>
Net obligations repayable:		
Within one year	148	-
Between one and five years	576	-
In more than five years	190	-
	<u>914</u>	<u>-</u>

15. LEASING - continued

Leases as a lessee

Impacts on transition

The Company has initially adopted IFRS 16 Leases from 1 April 2019. IFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Company, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. For further information on the Company's leases accounting policy see page 11.

On transition to IFRS 16, the Company recognised additional right-of-use assets and additional lease liabilities, recognising the difference in retained earnings. The impact of transition is summarised below.

	1.4.19
	£'000
Right-of-use assets presented in property, plant and equipment	875
Trade and other debtors	(25)
Trade and other creditors	15
Lease liabilities	(865)

Reconciliation between operating lease commitments and lease liability

The following table explains the difference between the operating lease commitments disclosed applying IAS 17 at 31 March 2019 and the lease liabilities recognised on adoption of IFRS 16 at 1 April 2019.

	1.4.19
	£'000
Operating lease commitment at 31 March 2019 as disclosed in the Company's financial statements	1,169
Impact of discounting using the incremental rate at 1 April 2019	(294)
Change in assessment of lease term under IFRS 16	(10)
Lease liabilities recognised at 1 April 2019	865

Impacts for the period

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment', the same line item as it presents underlying assets of the same nature that it owns. The following table sets out the movement in the Company's right-of-use assets during the period and the carrying value at 27 September 2020:

	Property
	£'000
Balance at 1 April 2019	875
Depreciation charge for the year	(74)
Balance at 27 September 2020	801

Notes to the Financial Statements - continued
for the Period 1 April 2019 to 27 September 2020

15. **LEASING - continued**

The following amounts have been recognised in profit or loss for which the Company is a lessee:

	27.9.20
	£'000
<u>Leases under IFRS 16</u>	
Interest expense on lease liabilities	45
Depreciation expense on right-of-use assets	74
	<u>119</u>
	31.3.19
	£'000
<u>Operating leases under IAS 17</u>	
Lease expense	<u>84</u>

In relation to those leases under IFRS 16, for the 52 weeks ending 27 September 2020, the Company's operating profit metric improved by £10,000 as the new depreciation expense is lower than the IAS 17 operating lease charge; however net finance costs are higher than this, at £45,000, such that net profit after tax is lower compared to the previous IAS 17 reporting basis. Operating profit before depreciation, amortisation, impairment and loss on sale of fixed assets is higher compared to the previous IAS 17 reporting basis.

16. **PROVISIONS FOR LIABILITIES**

	27.9.20	31.3.19
	£'000	£'000
Deferred tax	<u>-</u>	<u>5</u>
		Deferred tax
		£'000
Balance at 1 April 2019		5
Credit to Profit and Loss Account during period		<u>(5)</u>
Balance at 27 September 2020		<u>-</u>

17. **CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:			
Number:	Class:	Nominal value:	
		27.9.20	31.3.19
		£	£
2	Ordinary	<u>2</u>	<u>2</u>

18. **RELATED PARTY DISCLOSURES**

The company has taken advantage of the exemption under FRS 101 and has therefore not disclosed transactions or balances with entities which are members of the group headed by Stonegate Pub Company Limited.

19. EVENTS AFTER THE REPORTING PERIOD

Post period end the Company transferred its only property to Stonegate Pub Company Limited, a member of the wider group.

Post period end in response to the Coronavirus pandemic all of the wider group pubs, from which the Company receives financial support, in England were closed on 5 November 2020 for a period of 4 weeks and again on 5 January 2021. Since this date, management has taken actions to mitigate the consequential and significant impact on both profit and cash flow of these closures. These actions include reducing the Company's cash outflows in non-essential areas, accessing government's support packages in order to safeguard employment and strengthening both short-term and long-term financing.

On 22 February 2021 the Government announced its 'roadmap' out of the national lockdown. The Company expects to be able to open a majority of its estate, those that have outside trading space, from 12 April 2021, and more of its estate from 17 May 2021 in line with this announcement. The Company's current expectation is that the entire estate will be open once restrictions are lifted on 19 July 2021.

20. ULTIMATE PARENT COMPANY

The ultimate parent company is Stonegate Pub Company Topco Sarl, a company incorporated in Luxembourg. The ultimate controlling party is TDR Capital Stonegate L.P., an investment fund managed by TDR Capital LLP, a private equity management firm.

21. MANAGEMENT INCENTIVE PLAN

During the prior period; the Stonegate Pub Company Limited Group, which this entity is a part of, established a management incentive plan to reward certain employees, including directors and managers, for their future service. Under the plan those employees will realise a gain only if there is a growth in the equity value of the business (subject to certain 'ratchets') and only if an exit event occurs while they are still employed by that Group. The award has been classified as equity-settled. An exit event would occur either upon an initial public offering of the Stonegate group ('IPO') or some other form of sale (e.g. to a trade buyer). There is inherent uncertainty in determining a suitable vesting period given that an exit event, whilst within the control of the Group's ultimate owners, may not happen for many years if at all. However, for the purposes of considering the impact of IFRS 2, the directors consider it reasonable to use a minimum vesting period of 5 years.

The scheme is operated by the Group's ultimate owners and is established through subscription to shares in the Stonegate Pub Company Limited Group's immediate parent company. A total of 1.5 million shares have been issued at an aggregate price of £16.3 million (£10.93 per share). The scheme was established on 28 February 2019. There have been no leavers, no forfeits, no expiries, no exercises and no further grants since this point. Information on the fair value at the date of grant has been obtained through the transaction price relating to the acquisition of the Stonegate Group by a new private equity fund (TDR Capital Stonegate L.P.) at fair value from the previous private equity fund (TDR Capital II). The return available to the participating employees increases at a greater rate depending on the extent of growth in the equity value. No dividends will accrue under this award.

The Group is a member of a group share-based payment plan, and it recognises and measures its share-based payment expense on the basis of a reasonable allocation of the expense recognised for the group. The basis for reasonable allocation is based on the services provided by the employees to each of the Group's operating sites. There are no other share based payment schemes.

22. EXPLANATION OF TRANSITION TO FRS 101

As stated in note 2, these are the Company's first financial statements prepared in accordance with FRS 101.

The accounting policies set out in note 2 have been applied in preparing the financial statements for the period ended 27 September 2020 and the comparative presented in these financial statements for the period ended 31 March 2019.

In preparing its FRS 101 balance sheet there are no adjusted amounts that have a material affect on the financial statements.