

REGISTERED NUMBER: 08292714

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

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for the Period 1 April 2019 to 27 September 2020

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Bar Fever (Aylesbury) Ltd

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  
Solihull  
B90 4SJ

**REGISTERED NUMBER:**

08292714

## Bar Fever (Aylesbury) Ltd

### 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 principal activity of the company is the provision of bar and nightclub facilities.

#### REVIEW OF BUSINESS

The loss after tax was £28,000 (period ended 31 March 2019: £33,000). The trading of the business during the period was severely impacted by the Covid-19 pandemic and the government imposed restrictions.

The directors do not recommend the payment of a dividend (period ended 31 March 2019: £Nil).

#### 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 Röss

#### 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 (Aylesbury) Ltd

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 (Aylesbury) Ltd

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
<b>TURNOVER</b>	3	729	643
Cost of sales		<u>(712)</u>	<u>(294)</u>
<b>GROSS PROFIT</b>		17	349
Distribution costs		(21)	-
Administrative expenses		<u>(40)</u>	<u>(384)</u>
		(44)	(35)
Other operating income	4	<u>25</u>	<u>-</u>
<b>OPERATING LOSS</b>		(19)	(35)
Interest payable and similar expenses	6	<u>(14)</u>	<u>-</u>
<b>LOSS BEFORE TAXATION</b>	7	(33)	(35)
Tax on loss	8	<u>5</u>	<u>2</u>
<b>LOSS FOR THE FINANCIAL PERIOD</b>		(28)	(33)
<b>OTHER COMPREHENSIVE INCOME</b>		<u>-</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<u><u>(28)</u></u>	<u><u>(33)</u></u>

The notes form part of these financial statements

Balance Sheet  
27 September 2020

	Notes	27.9.20 £'000	31.3.19 £'000
<b>FIXED ASSETS</b>			
Tangible assets	10	371	31
<b>CURRENT ASSETS</b>			
Stocks	11	9	7
Debtors	12	636	24
Cash at bank		-	87
		645	118
<b>CREDITORS</b>			
Amounts falling due within one year	13	(1,023)	(370)
<b>NET CURRENT LIABILITIES</b>		<u>(378)</u>	<u>(252)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		(7)	(221)
<b>CREDITORS</b>			
Amounts falling due after more than one year	14	(247)	-
<b>PROVISIONS FOR LIABILITIES</b>	17	-	(5)
<b>NET LIABILITIES</b>		<u>(254)</u>	<u>(226)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	18	-	-
Retained earnings		(254)	(226)
<b>SHAREHOLDERS' FUNDS</b>		<u>(254)</u>	<u>(226)</u>

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.

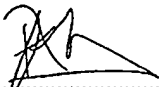
Bar Fever (Aylesbury) Ltd (Registered number: 08292714)

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 on 16/6/21 and were signed on its behalf by:



.....  
D A Ross - Director

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The notes form part of these financial statements



Bar Fever (Aylesbury) Ltd

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	-	(193)	(193)
Deficit for the year	-	(33)	(33)
Total comprehensive income	-	(33)	(33)
Balance at 31 March 2019	-	(226)	(226)
Deficit for the period	-	(28)	(28)
Total comprehensive income	-	(28)	(28)
Balance at 27 September 2020	-	(254)	(254)

The notes form part of these financial statements

**1. STATUTORY INFORMATION**

Bar Fever (Aylesbury) 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.

**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.

**Going concern**

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

The Company's principal activities, together with the principal risks and uncertainties factors likely to affect its future development, performance and position are set out in the Directors' Report on page 2. The financial position of the Company is set out in the Balance Sheet on page 5 which shows net liabilities of £254,000 (2019: £226,000).

The Company met its day-to-day working capital requirements through its standard trading cycle of cash sales and loans from other group companies. Customers pay by cash resulting in minimal credit risk for the company and the Company takes advantage of suppliers' normal credit terms. Therefore the Company typically operates with net liabilities (current period net current liabilities of £378,000; 2019 net current liabilities of £252,000).

Those operations of the company are dependent on Stonegate Pub Company providing additional financial support during that period when required. Stonegate Pub Company Limited has indicated its intention to continue to make available such funds as are needed by the Company. As with any company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

The Stonegate Pub Company Limited ('Stonegate Group') consolidated financial statements for the period ending 27 September 2020 indicate that a material uncertainty exists over its ability to continue as a going concern as the uncertain future effect on trading as a result of the Covid-19 pandemic and in particular uncertainty regarding the substantial achievement of base case forecasts and, in downside scenarios, the continued availability of existing facilities and the availability of such additional funding as may be needed. The following basis of preparation wording has been included in the group accounts:

The Group met its day-to-day working capital requirements through its standard trading cycle of cash generation and its £250 million combined overdraft and revolving credit facility. The Directors consider that this is a normal feature of trading in this industry. In the managed business, customers pay by cash or card at the point of sale, resulting in minimal credit risk, whilst in the leased and tenanted business, the Group has a dedicated credit control function, who are able to manage the credit risk exposure. The Group typically operates with net current liabilities (current period net current liabilities of £68 million; 2019: net current liabilities of £83 million). At the period end the Group had drawn down £175 million of its revolving credit facility (2019: £3 million).

At the balance sheet date, the Group was financed by external debt totalling £2,976 million (2019: £745 million), details of which are set out in note 20. As a result of the acquisition on 3 March 2020:

- o Stonegate Pub Company Financing 2019 plc received the net proceeds from the issue of senior secured fixed rate notes of £950 million; privately placed fixed rate notes of £500 million; and floating rate notes of £300 million.

- o Stonegate Pub Company Bidco Limited received the net proceeds from the issue of a £179 million Senior Term Loan as well as a £400 million Second Lien Facility; and

- o The Group repaid its Secured Fixed and Floating Notes of £745 million and Ei Group Limited external debt of £1,209 million.

During the period the Group also received a cash injection from TDR Capital LLP, the ultimate controlling party, of £50 million and subsequent to the year end in December 2020 has raised a further £120 million in the debt markets as disclosed in note 31.

The COVID-19 pandemic has had a significant impact on the liquidity of the Group during the year and will continue to do so during the going concern period. Since the initial closure of the estate on 20 March 2020, the Group has implemented appropriate measures to reduce the impact on the business, including cost reduction, accessing benefits from the Government support schemes including the Coronavirus Job Retention Scheme, business rates relief and HMRC deferment of indirect tax, postponement of refurbishments and other capital expenditure projects.

The base case forecasts are for a period until July 2022 and are based on an expected lockdown period then a forecast recovery rate upwards from that assumption back to 'normalised' trade. The assumption for January to March 2021 is that pubs must remain closed and can then reopen with restrictions from April 2021. Management assume that trade grows from April, with normalised trading levels (being similar to the trade in the year ended 30 September 2019) returning from July 2021 and continuing throughout the rest of the going concern period.

The directors believe that although forecasting is difficult, the phasing in the base case model represents an appropriate approach as the vaccination programme is rolled out, restrictions are expected to be relaxed and people's confidence to visit a venue grows. The forecasts include controllable actions such as a delay in all non-committed capital expenditure and leasehold rent payments (as allowed under the rent moratorium), a reduction in variable costs, and taking advantage of the 12-month business rates holiday announced for the hospitality sector.

As well as the base case forecasts indicating that there is sufficient liquidity in the Group, the forecasts also indicate that there are no breaches to covenants within either the Group's revolving credit facility nor the Unique securitisation. However if sales levels were not to rise in line with base case forecasts, there is a risk that these could be breached.

The Board has also considered a severe downside scenario where there is a further two-month lockdown in the winter of 2021/22. Should this be the case, the Group would have insufficient liquidity in January 2022. The directors believe that sufficient mitigating actions are available to them to give them confidence that such a lockdown would not compromise the going concern of the business. Such mitigating actions could include the sale of assets, the raising of new debt or equity and/or amending the timing of payments due to third parties.

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In addition, should there be a delay in the reopening of pubs by two months until the start of June, the DSCR covenant in the Unique securitisation would breach in the June 2021 quarter, without further mitigation. If the Group was unable to comply with the DSCR covenant, there is a risk that the lenders would require immediate repayment of the bonds. Furthermore, if EBITDA was 35% below Management's forecasts, the RCF covenant could breach in the first quarter of the next financial year. Whilst the Group does not intend to negotiate any further amendments or waivers with the Unique bondholders and the RCF lenders, both groups have been supportive already and Management are confident they would be supportive again if required.

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Based on the above, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. However, the future uncertain effect on trading arising as a result of the Covid-19 pandemic and in particular the substantial achievement of base case forecasts and, in downside scenarios, the continued availability of existing facilities and the availability of such additional funding as may be needed, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. The financial statements do not contain the adjustments that would result if the Company was unable to continue as a going concern.

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2. ACCOUNTING POLICIES - continued

**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 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.

**Going concern**

The directors exercise judgement when concluding on going concern as the basis of preparation of the financial statements. For further details see Going Concern on page 9.

**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 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 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 16 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.

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

**Non-derivative 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

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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

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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**

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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**

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

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

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

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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.

**Impairment excluding stocks and deferred tax assets**

Financial assets (including trade and other debtors)

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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.

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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.

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2. ACCOUNTING POLICIES - continued

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.

3. TURNOVER

Turnover of £729,000 (31 March 2019: £643,000) 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	Year Ended
	to	31.3.19
	27.9.20	£'000
	£'000	£'000
Other income	25	-

During the period £25,000 was recognised within other operating income in relation to the Coronavirus Job Retention Scheme.

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

5. EMPLOYEES AND DIRECTORS

	Period 1.4.19 to 27.9.20 £'000	Year Ended 31.3.19 £'000
Wages and salaries	194	78
Social security costs	6	2
Other pension costs	2	1
	<u>202</u>	<u>81</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>22</u>	<u>22</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.

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>14</u>	<u>-</u>
	<u>14</u>	<u>-</u>

7. LOSS BEFORE TAXATION

The loss before taxation is stated after charging:

	Period 1.4.19 to 27.9.20 £'000	Year Ended 31.3.19 £'000
Depreciation - owned assets	70	11
Exceptional operating items (note 9)	<u>8</u>	<u>-</u>

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

8. TAXATION

Analysis of tax income

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

Factors affecting the tax expense

The tax assessed for the period is higher 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
Loss before income tax	<u>(33)</u>	<u>(35)</u>
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	(6)	(7)
Effects of:		
Group relief not paid for	(2)	5
Deferred tax asset not recognised	<u>3</u>	<u>-</u>
Tax income	<u>(5)</u>	<u>(2)</u>

The company has an unrecognised deferred tax asset at 27 September 2020 of £3,000.

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.

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.

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

## 9. EXCEPTIONAL ITEMS

	30.9.19 to 27.9.20 £'000	1.10.18 to 29.9.19 £'000
<b>Operating exceptional items</b>		
Restructuring costs	7	-
Covid-19 costs	1	-
<b>Total exceptional items</b>	<u>8</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
<b>COST</b>				
At 1 April 2019	-	-	110	110
Additions	-	55	68	123
Adoption of IFRS 16	<u>287</u>	<u>-</u>	<u>-</u>	<u>287</u>
At 27 September 2020	<u>287</u>	<u>55</u>	<u>178</u>	<u>520</u>
<b>DEPRECIATION</b>				
At 1 April 2019	-	-	79	79
Charge for period	<u>24</u>	<u>1</u>	<u>45</u>	<u>70</u>
At 27 September 2020	<u>24</u>	<u>1</u>	<u>124</u>	<u>149</u>
<b>NET BOOK VALUE</b>				
At 27 September 2020	<u>263</u>	<u>54</u>	<u>54</u>	<u>371</u>
At 31 March 2019	<u>-</u>	<u>-</u>	<u>31</u>	<u>31</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 £287,000 (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.

There remains a risk that following the period end, restrictions on trading and additional national lockdowns may lead to further impairments being recognised in the period to 26 September 2021.

**11. STOCKS**

	27.9.20	31.3.19
	£'000	£'000
Stocks	<u>9</u>	<u>7</u>

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

	27.9.20	31.3.19
	£'000	£'000
Trade debtors	63	-
Amounts owed by group undertakings	<u>499</u>	<u>11</u>
Other debtors	29	-
VAT	25	-
Prepayments and accrued income	<u>20</u>	<u>13</u>
	<u>636</u>	<u>24</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.

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

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	27.9.20	31.3.19
	£'000	£'000
Lease liabilities (see note 15)	47	-
Trade creditors	160	56
Amounts owed to group undertakings	674	298
Social security and other taxes	7	10
Other creditors	78	-
Accruals and deferred income	57	6
	<u>1,023</u>	<u>370</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.

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

	27.9.20	31.3.19
	£'000	£'000
Lease liabilities (see note 15)	<u>247</u>	<u>-</u>

15. FINANCIAL LIABILITIES - BORROWINGS

	27.9.20	31.3.19
	£'000	£'000
Current:		
Lease liabilities (see note 16)	<u>47</u>	<u>-</u>
Non-current:		
Lease liabilities (see note 16)	<u>247</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>47</u>	<u>46</u>	<u>138</u>	<u>63</u>	<u>294</u>



16. LEASING

Lease liabilities

Minimum lease payments fall due as follows:

	27.9.20 £'000	31.3.19 £'000
Gross obligations repayable:		
Within one year	48	-
Between one and five years	188	-
In more than five years	71	-
	<u>307</u>	<u>-</u>
Finance charges repayable:		
Within one year	1	-
Between one and five years	4	-
In more than five years	8	-
	<u>13</u>	<u>-</u>
Net obligations repayable:		
Within one year	47	-
Between one and five years	184	-
In more than five years	63	-
	<u>294</u>	<u>-</u>

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

16. 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 13.

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	287
Trade and other debtors	(8)
Lease liabilities	(279)

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	380
Impact of discounting using the incremental rate at 1 April 2019	(93)
Change in assessment of lease term under IFRS 16	(8)

Lease liabilities recognised at 1 April 2019	<u>279</u>
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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	287
Depreciation charge for the year	(24)
Balance at 27 September 2020	<u>263</u>

## 16. 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	14
Depreciation expense on right-of-use assets	24
	<u>38</u>
	31.3.19
	£'000
<u>Operating leases under IAS 17</u>	
Lease expense	<u>33</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 £9,000 as the new depreciation expense is lower than the IAS 17 operating lease charge; however net finance costs are higher than this, at £14,000, 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.

## 17. 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>

## 18. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			
Number:	Class:	Nominal value:	
		27.9.20	31.3.19
		£	£
2	Ordinary	<u>£1 2</u>	<u>2</u>

## 19. 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.

**20. 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.

**21. EVENTS AFTER THE REPORTING PERIOD**

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 Group'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 Group's current expectation is that the entire estate will be open once restrictions are lifted on 19 July 2021.

**22. 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.

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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.

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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.

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**23. 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.

