

Registered number: 02809284

CROWN BUCKLEY LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 SEPTEMBER 2019**

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CROWN BUCKLEY LIMITED

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CROWN BUCKLEY LIMITED

COMPANY INFORMATION

Directors	P Jones J Bridge A Winning
Company secretary	N Trebilcock
Registered number	02809284
Registered office	Dragon Brewery Pacific Road Cardiff CF24 5HJ
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors One Kingsway Cardiff CF10 3PW

CROWN BUCKLEY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 28 SEPTEMBER 2019

The directors present their annual report and the audited financial statements of Crown Buckley Limited (the "Company") for the year ended 28 September 2019.

Directors

The directors who served during the year and up to the date of signing the financial statement, unless otherwise stated, were:

J S Waddington (resigned 26 October 2018)
M S Reed (resigned 28 June 2019)
P Jones
C N Brain (resigned 5 February 2021)
A W Darby (appointed 26 October 2018, resigned 5 February 2021)
J Bridge (appointed 28 June 2019)
H P Heath (appointed 1 July 2020, resigned 5 February 2021)
A Winning (appointed 5 February 2021)

Advisory committee

The following persons were members of the Advisory Committee, authorised to represent the holders of 'A' preference shares, at 28 September 2019:

R E Thomas (Chairman of Advisory Committee)
P Jones
B Lansley
P Barry*

* CIU representative

Going concern

In considering the going concern position of the Company, the Directors are mindful of the impact that COVID-19 has had on the Company, the Parent Company (S.A. Brain & Company, Limited) and the consolidated S.A. Brain & Company, Limited financial statements (the "Group") as a whole, subsequent to the balance sheet date. The directors, some of whom are also directors of the Parent Company, have considered the Group going concern assessment for the purpose of these financial statements and reflected any Company specific additional assumptions to the extent necessary in their going concern assessment, recognising that any future developments of the Company will be dependent on parental decisions.

The Parent Company directors recognised that the Government imposed COVID-19 trading restrictions would result in a need for more working capital funding than that available under the £67m existing facilities entered into on 30 September 2019. As a result, the directors engaged Evercore as its financial advisers and entered into an extensive search to find alternative sources of financing that would be needed to mitigate any shortfall in working capital and, where necessary, to seek additional funds from external sources or through other actions such as the selling of freehold pubs.

CROWN BUCKLEY LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 28 SEPTEMBER 2019

Going concern (continued)

The directors have continued to review the strategic objectives of the Group alongside its ongoing financial obligations and has continued to positively engage with the banks over the last eighteen months. This included receiving covenant waivers for the periods March 2020, June 2020, September 2020, December 2020, March 2021 and June 2021. On 23rd December 2020 an amendment to the existing facilities was signed, providing a further £4m to the Group which was drawn down on 15th January 2021. The increase in facilities was provided to meet all ongoing working capital and liquidity requirements of the Group in January 2021 and to facilitate completion of the Marston's Plc transaction.

On 23rd December 2020 S.A.Brain & Company, Limited announced that contracts had been exchanged with Marston's Plc (Marston's) to operate its portfolio of 145 pubs in Wales, on a combination of leased and management contract arrangements. Marston's will operate the 135 freehold pubs on a leasehold basis (majority being long leasehold agreements of 25 years), with effect from February 2021, with annual rent chargeable from April 2021 in advance of £5.42m. In addition, Marston's will operate the 10 short-leasehold sites on a management contract basis for a period of two years. The agreement with Marston's enabled S.A.Brain & Company, Limited to safeguard the jobs of c1,300 employees who transferred to Marston's under TUPE regulations. Regrettably, the Group was required to make the decision to rationalize and downsize the support function of the business which culminated in a redundancy process which was concluded on the 5th February 2021, this has resulted in significant cost savings within the overheads of the Group and the directors believe the remaining team is right sized for the future of the company. The Parent Company continues to brew and supply its customers from the Dragon Brewery site in Cardiff.

The directors are pleased to announce that on 28 May 2021, it has concluded a revised financing arrangement with its banking partners. Heads of Terms have been signed for a £76.4m term loan, with a repayment period of 2.5 years and a margin of 3.55% subject to debt reduction. The financial covenants include a minimum liquidity test and a Loan to Value covenant on the property estate. The Loan to Value covenant will not be agreed until an updated valuation is undertaken by advisors who are to be appointed with Lender approval. The directors acknowledge that whilst the formal legal paperwork is yet to be finalised, including the Loan to Value covenant, they are confident that the positive and collaborative spirit in which the banks and the Group have been working in will be continued and full legal documentation will be signed in the coming weeks. If the full legal documentation is not signed in the forthcoming weeks, the directors would need to commence seeking alternative financing.

The Board has prepared its anticipated performance against the May 2021 facility requirements and known covenants through detailed board approved forecasts, including a monthly cash flow forecast until at least November 2022. In preparing these forecasts, the directors have modelled a range of scenarios which look at the realisation of funds through the sale of assets in order to repay the bank facility and other liabilities as and when they fall due. The scenarios reflect a range of differing asset disposal programmes which could be executed. The directors have reviewed each scenario and even in the sensitised worst case scenario the directors have confidence that despite a longer time period in which the asset values are realised the Group is able to meet its ongoing financial obligations and will have sufficient funds available to meet its liabilities as they fall due for the next twelve months from the date of approval of the financial statements.

The future strategic outlook for the Group is to firstly maximize the realization of cash from the sales of assets in order to repay the bank debt and other financial obligations. The directors have sought external advice on the approach and are moving into a process which will see an experienced advisor being appointed to execute the sale of the core 99 group pubs. Significant interest to date has been generated with a number of off-market offers being received for a number of 'packages' of assets and single asset sales, a number of which have been moved to Heads of Terms, giving the directors confidence in the ability to fulfil this initial strategic goal.

CROWN BUCKLEY LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 28 SEPTEMBER 2019

Going concern (continued)

The directors have considered the risk of further Covid-19 Government restrictions and the impact this may have on asset values for the forthcoming sales programmes. Wales has made significant progress with its vaccination programme which is positive. It is felt that the likelihood of a further lockdown is small, however, the scenario analysis reviewed by the directors does look at a range of assumptions for the main sales programme commencing from July 2021 to as late as Dec 2021. If further restrictions were imposed with a potential impact on market values of the assets, the directors, along with its advisors, will review the timeline of the sales programme accordingly to ensure maximum asset value is achieved.

The Directors have every expectation that the Group will continue as a going concern. However, there are uncertainties in making that assessment, specifically around the finalisation of the legal paperwork for the new term facility, including the agreement of the Loan to Value covenant, and if a further lockdown or Covid-19 related event were to significantly delay the realisation of assets beyond December 2021. The Directors recognise that these circumstances do give rise to material uncertainty, which may cast significant doubt on the Group and consequently the Company's ability to continue as a going concern.

For these reasons, while the directors have a reasonable expectation that the Company has adequate resources to continue operating for the foreseeable future, they have concluded that material uncertainties exist, as explained above, which may cast significant doubt on the Company's ability to continue as a going concern. However, the directors continue to adopt the going concern basis in preparing the financial statements and the financial statements do not include any of the adjustments required if the Company was unable to continue as a going concern.

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" Section 1A, and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 Section 1A, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

CROWN BUCKLEY LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 28 SEPTEMBER 2019**

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors

Under section 487(2) of the Companies Act 2006, PricewaterhouseCoopers LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the financial statements with the registrar, whichever is earlier.

Small companies exemption

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

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



A Winning
Director

Date: 8 June 2021

CROWN BUCKLEY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CROWN BUCKLEY LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, Crown Buckley Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 28 September 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" Section 1A, and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 28 September 2019; the Statement of Income and Retained Earnings for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 2.2 to the financial statements concerning the Company's ability to continue as a going concern. The on-going activity of the Company is ultimately dependent on the performance of its Parent Company, S.A. Brain & Company, Limited (the "Parent Company") and the consolidated group (the "Group"). The impact of the COVID-19 pandemic has required the Parent Company to seek covenant waivers and additional funding from its financial institutions subsequent to the balance sheet date. On 28 May 2021, new Heads of Terms have been entered into for a revised financing package for £76.4m for the Parent Company. The Parent Company directors have applied a number of downside scenarios to the revised finance package and believe that, even under the worst case scenario, the obligations of the revised finance package will be met. However, the revised finance package is not presently a legally binding commitment and a Loan to Value covenant for the property estate is still to be agreed. If the finance package (including agreement of the Loan to Value covenant) is not subsequently legally committed to by all parties, the Group will need to obtain alternative financing which they have currently not explored. The directors also recognise that their assumptions on the ongoing impact of COVID-19 reflect their best estimate of the scenario, however the outcome remains uncertain. Accordingly, for the reasons outlined above there can be no certainty that the funds required by the Parent Company will be made available. These conditions, along with the other matters explained in note 2.2 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Parent Company and Group, and therefore the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company were unable to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

CROWN BUCKLEY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CROWN BUCKLEY LIMITED (CONTINUED)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the period ended 28 September 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

CROWN BUCKLEY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CROWN BUCKLEY LIMITED
(CONTINUED)

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: prepare financial statements in accordance with the small companies regime; take advantage of the small companies exemption in preparing the Directors' Report; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Stuart Couch

Stuart Couch (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cardiff
Date: 8 June 2021

CROWN BUCKLEY LIMITED

**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 28 SEPTEMBER 2019**

	2019 £000	2018 £000
Administrative expenses	(1)	(1)
Operating loss	(1)	(1)
Interest receivable and similar income	218	165
Interest payable and similar expenses	(107)	(107)
Profit before taxation	110	57
Tax on profit	54	(31)
Profit for the financial year	164	26
Retained earnings:		
Retained earnings at the beginning of the financial year	652	626
Profit for the financial year	164	26
Retained earnings at the end of the financial year	816	652

The notes on pages 11 to 17 form part of these financial statements.

CROWN BUCKLEY LIMITED
REGISTERED NUMBER: 02809284

BALANCE SHEET
AS AT 28 SEPTEMBER 2019

		28 September 2019 £000	29 September 2018 £000
	Note		
Fixed assets			
Investments	5	-	-
Current assets			
Debtors	6	7,587	7,422
Cash at bank and in hand		18	66
		<u>7,605</u>	<u>7,488</u>
Creditors: amounts falling due within one year	7	<u>(3,954)</u>	<u>(4,001)</u>
Net current assets		<u>3,651</u>	<u>3,487</u>
Total assets less current liabilities		<u>3,651</u>	<u>3,487</u>
Creditors: amounts falling due after more than one year	8	(712)	(712)
Net assets		<u><u>2,939</u></u>	<u><u>2,775</u></u>
Capital and reserves			
Called up share capital		3	3
Share premium account		1,737	1,737
Capital redemption reserve		383	383
Retained earnings		816	652
Total shareholders' funds		<u><u>2,939</u></u>	<u><u>2,775</u></u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

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



A Winning
Director

Date: 8 June 2021

The notes on pages 11 to 17 form part of these financial statements.

CROWN BUCKLEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 SEPTEMBER 2019

1. General information

Crown Buckley Limited (the "Company") is a private company limited by shares and is incorporated in Wales. The address of its registered office is Dragon Brewery, Pacific Road, Cardiff, CF24 5HJ.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis, under the historical cost convention and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied consistently throughout the year:

2.2 Going concern

In considering the going concern position of the Company, the Directors are mindful of the impact that COVID-19 has had on the Company, the Parent Company (S.A.Brain & Company, Limited) and the consolidated S.A.Brain & Company, Limited financial statements (the "Group") as a whole, subsequent to the balance sheet date. The directors, some of whom are also directors of the Parent Company, have considered the Group going concern assessment for the purpose of these financial statements and reflected any Company specific additional assumptions to the extent necessary in their going concern assessment, recognising that any future developments of the Company will be dependent on parental decisions.

The Parent Company directors recognised that the Government imposed COVID-19 trading restrictions would result in a need for more working capital funding than that available under the £67m existing facilities entered into on 30 September 2019. As a result, the directors engaged Evercore as its financial advisers and entered into an extensive search to find alternative sources of financing that would be needed to mitigate any shortfall in working capital and, where necessary, to seek additional funds from external sources or through other actions such as the selling of freehold pubs.

The directors have continued to review the strategic objectives of the Group alongside its ongoing financial obligations and has continued to positively engage with the banks over the last eighteen months. This included receiving covenant waivers for the periods March 2020, June 2020, September 2020, December 2020, March 2021 and June 2021. On 23rd December 2020 an amendment to the existing facilities was signed, providing a further £4m to the Group which was drawn down on 15th January 2021. The increase in facilities was provided to meet all ongoing working capital and liquidity requirements of the Group in January 2021 and to facilitate completion of the Marston's Plc transaction.

CROWN BUCKLEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 SEPTEMBER 2019

2. Accounting policies (continued)

2.2 Going concern (continued)

On 23rd December 2020 S.A.Brain & Company, Limited announced that contracts had been exchanged with Marston's Plc (Marston's) to operate its portfolio of 145 pubs in Wales, on a combination of leased and management contract arrangements. Marston's will operate the 135 freehold pubs on a leasehold basis (majority being long leasehold agreements of 25 years), with effect from February 2021, with annual rent chargeable from April 2021 in advance of £5.42m. In addition, Marston's will operate the 10 short-leasehold sites on a management contract basis for a period of two years. The agreement with Marston's enabled S.A.Brain & Company, Limited to safeguard the jobs of c1,300 employees who transferred to Marston's under TUPE regulations. Regrettably, the Group was required to make the decision to rationalize and downsize the support function of the business which culminated in a redundancy process which was concluded on the 5th February 2021, this has resulted in significant cost savings within the overheads of the Group and the directors believe the remaining team is right sized for the future of the company. The Parent Company continues to brew and supply it's customers from the Dragon Brewery site in Cardiff.

The directors are pleased to announce that on 28 May 2021, it has concluded a revised financing arrangement with its banking partners. Heads of Terms have been signed for a £76.4m term loan, with a repayment period of 2.5 years and a margin of 3.55% subject to debt reduction. The financial covenants include a minimum liquidity test and a Loan to Value covenant on the property estate. The Loan to Value covenant will not be agreed until an updated valuation is undertaken by advisors who are to be appointed with Lender approval. The directors acknowledge that whilst the formal legal paperwork is yet to be finalised, including the Loan to Value covenant, they are confident that the positive and collaborative spirit in which the banks and the Group have been working in will be continued and full legal documentation will be signed in the coming weeks. If the full legal documentation is not signed in the forthcoming weeks, the directors would need to commence seeking alternative financing.

The Board has prepared its anticipated performance against the May 2021 facility requirements and known covenants through detailed board approved forecasts, including a monthly cash flow forecast until at least November 2022. In preparing these forecasts, the directors have modelled a range of scenarios which look at the realisation of funds through the sale of assets in order to repay the bank facility and other liabilities as and when they fall due. The scenarios reflect a range of differing asset disposal programmes which could be executed. The directors have reviewed each scenario and even in the sensitised worst case scenario the directors have confidence that despite a longer time period in which the asset values are realised the Group is able to meet its ongoing financial obligations and will have sufficient funds available to meet its liabilities as they fall due for the next twelve months from the date of approval of the financial statements.

The future strategic outlook for the Group is to firstly maximize the realization of cash from the sales of assets in order to repay the bank debt and other financial obligations. The directors have sought external advice on the approach and are moving into a process which will see an experienced advisor being appointed to execute the sale of the core 99 group pubs. Significant interest to date has been generated with a number of off-market offers being received for a number of 'packages' of assets and single asset sales, a number of which have been moved to Heads of Terms, giving the directors confidence in the ability to fulfil this initial strategic goal.

The directors have considered the risk of further Covid-19 Government restrictions and the impact this may have on asset values for the forthcoming sales programmes. Wales has made significant progress with its vaccination programme which is positive. It is felt that the likelihood of a further lockdown is small, however, the scenario analysis reviewed by the directors does look at a range of assumptions for the main sales programme commencing from July 2021 to as late as Dec 2021. If further restrictions were imposed with a potential impact on market values of the assets, the directors, along with its advisors, will review the timeline of the sales programme accordingly to ensure maximum asset value is achieved.

CROWN BUCKLEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 SEPTEMBER 2019

2. Accounting policies (continued)

2.3 Going concern (continued)

The Directors have every expectation that the Group will continue as a going concern. However, there are uncertainties in making that assessment, specifically around the finalisation of the legal paperwork for the new term facility, including the agreement of the Loan to Value covenant, and if a further lockdown or Covid-19 related event were to significantly delay the realisation of assets beyond December 2021. The Directors recognise that these circumstances do give rise to material uncertainty, which may cast significant doubt on the Group and consequently the Company's ability to continue as a going concern.

For these reasons, while the directors have a reasonable expectation that the Company has adequate resources to continue operating for the foreseeable future, they have concluded that material uncertainties exist, as explained above, which may cast significant doubt on the Company's ability to continue as a going concern. However, the directors continue to adopt the going concern basis in preparing the financial statements and the financial statements do not include any of the adjustments required if the Company was unable to continue as a going concern.

2.4 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.5 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.6 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

CROWN BUCKLEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 SEPTEMBER 2019

2. Accounting policies (continued)

2.7 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

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

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.8 Creditors

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

2.9 Finance costs

Finance costs are charged to the Statement of Income and Retained Earnings over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.10 Interest income

Interest income is recognised in the Statement of Income and Retained Earnings using the effective interest method.

2.11 Dividends

Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

CROWN BUCKLEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 SEPTEMBER 2019

2. Accounting policies (continued)

2.12 Current and deferred taxation

Tax is recognised in the Statement of Income and Retained Earnings, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date in the countries where the Company operates and generates income.

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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

3. Auditors' remuneration

All auditors' remuneration was borne by the Company's ultimate parent company, S.A.Brain & Company, Limited, and no recharge has been made. Details of auditors' remuneration can be found in the financial statements of S.A.Brain & Company, Limited.

4. Employees

The Company does not have any employees, with all administration performed by the ultimate parent company. All contracts of employment are with the Company's ultimate parent company.

CROWN BUCKLEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 SEPTEMBER 2019

5. Investments

The subsidiary companies are all currently held at £Nil (2018: £Nil) cost as they are dormant.

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Filbuk 313 Limited	Dragon Brewery, Pacific Road, Cardiff, CF24 5HJ	Dormant	Ordinary	100%
Crown Brewery Plc	Dragon Brewery, Pacific Road, Cardiff, CF24 5HJ	Dormant	Ordinary	100%
Crown Buckley Taverns Limited*	Dragon Brewery, Pacific Road, Cardiff, CF24 5HJ	Dormant	Ordinary	100%

*Indirectly owned - Share capital held by Crown Brewery Plc

6. Debtors

	28 September 2019 £000	29 September 2018 £000
Amounts owed by group undertakings	7,587	7,422

Amounts owed by group undertakings are unsecured, repayable on demand and are interest bearing. Interest is charged at a rate of LIBOR plus a variable margin.

7. Creditors: amounts falling due within one year

	28 September 2019 £000	29 September 2018 £000
Amounts owed to group undertakings	3,800	3,756
Corporation tax	-	98
Other creditors	132	125
2,200,000 (2018: 2,200,000) 8% 'B' preference shares	22	22
	3,954	4,001

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

CROWN BUCKLEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 SEPTEMBER 2019

8. Creditors: amounts falling due after more than one year

	28 September 2019 £000	29 September 2018 £000
712,310 (2018: 712,310) 15% 'A' preference shares	<u>712</u>	<u>712</u>

9. Ultimate parent undertaking and controlling party

The immediate and ultimate parent company is S.A.Brain & Company,Limited, which is incorporated and registered in England and Wales.

S.A.Brain & Company,Limited is the parent of both the smallest and the largest group in respect of which group financial statements are prepared. Copies of the Group financial statements are held at Dragon Brewery, Pacific Road, Cardiff, United Kingdom, CF24 5HJ.

There is no ultimate controlling party of S.A.Brain & Company,Limited, in the opinion of directors.

10. Post balance sheet events

Since the end of the year ended for which these financial statements have been drawn, the COVID-19 global pandemic has impacted the business. The impact of COVID-19 on the financial requirements of the Company have been further outlined in note 2.2. The impact of COVID-19 gives rise to a non-adjusting post Balance Sheet event.