

MCMANUS PUB CO. LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2021

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MCMANUS PUB CO. LIMITED

COMPANY INFORMATION

Directors	G McManus P McManus C Wright
Company secretary	C Wright
Registered number	04204006
Registered office	Barratts Club Kingsthorpe Road Northampton Northamptonshire NN2 6HT
Independent auditor	MHA MacIntyre Hudson Chartered Accountants & Statutory Auditors Peterbridge House The Lakes Northampton NN4 7HB
Bankers	HSBC 19 Midsummer Place Milton Keynes Buckinghamshire MK9 3GB

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 JULY 2021**

Business review

The principal activity of the Company in the year under review was that of the operation of licensed managed public houses. There have not been any significant changes in the Company's principal activities in the year under review.

The accounts have been drawn up for the 53 week period to 31 July 2021.

The Company currently owns nine licensed public houses, including four freehold and five leasehold premises. Due to COVID restrictions the public houses were closed for a minimum 18 weeks during the financial period.

The Company's trading profit for the year, after taxation, amounted to £250,994 (2020 - £8,847).

Following a £1,500,000 dividend payment during the year the Company net assets have decreased by £1,249,006 to £1,362,157.

Principal risks and uncertainties

Cash flow management is a key focus area for the Company, cash flow forecasts are prepared, monitored and continually updated to ensure that liabilities can be paid when due.

Price risk, credit risk, liquidity risk and cash flow risk:

The Company's principal financial instruments comprise bank balances, bank overdrafts, trade creditors and loans to the business. The main purpose of these instruments is to finance the Company's operations.

In respect of bank loans, the liquidity risk is managed by maintaining a balance between continuity of funding and flexibility through the use of overdrafts. All of the Company's cash balances are held in such a way that achieves a competitive rate of interest.

Trade creditors' liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

Loan balances comprise loans from financial institutions and related parties. The interest rate and monthly repayments on the loans from the financial institutions are fixed. The Company manages the liquidity risk by ensuring that there are sufficient funds to meet payments.

The financial statements have been prepared on a going concern basis. The Directors have considered relevant information, including the annual budget, forecast future cash flows and the impact of subsequent events in making their assessment.

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2021

The COVID pandemic and the ensuing economic shutdowns have had a significant impact on the company's operations. In response to the COVID pandemic, the Directors have performed a robust analysis of forecast future cash flows taking into account the potential impact on the business of possible future scenarios arising from the impact of COVID. This analysis also considers the effectiveness of available measures to assist in mitigating the impact.

In making these assessments the key scenarios and assumptions are as follows:

- In the forthcoming year the company's business is expected to operate ahead of pre COVID close down capacity. Over the next twelve months it is forecast to trade at 121% of the pre COVID capacity on like for like basis.
- The company has received the following available reliefs put forward by HM Government:
 - o Deferred £284,713 Group VAT payment due 7th April 2020 until 31 March 2021, since then the VAT has been fully repaid by monthly instalments.
 - o Since 22 March 2020, all pub staff were furloughed during all three shut downs, and flexible furlough has been used up to 30 June 2021.
 - o In June 2020 the Group secured £1,000,000 of additional funding through government CBILS guaranteed business loan and claimed £49,000 Business Interruption Payment against interest due. A further £250,000 from an existing HSBC revolving credit facility was over drawn.
 - o Under the Retail, hospitality, leisure grant funding during the three shut downs the company has received £326,404 of grant funds. Additionally, as public houses all pubs have received full property rates relief till 30 June 2021 and 66% relief until 31 March 2022.

The Directors have concluded that they can continue to adopt the going concern basis in preparing the annual report and accounts.

The financial statements do not include any adjustment that may arise in the event that the entity is unable to realise its assets and discharge its liabilities in the normal course of business.

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2021

Financial key performance indicators

As shown in the Company's Statement of Comprehensive Income, the Company's sales revenue has decreased £124,249, 4.0%, to £2,980,375. Under COVID restrictions the pub estate was closed twice during the period for a minimum 18 weeks and there was a phased reopen during April and May 2021. All pubs were reopened by year end.

The Company's other key performance indicators are gross operating margins, labour cost and operating profit conversion. For 2021, due to stock losses on Covid lock down the gross sales margin marginally reduced to 72.4% (2020– 72.5%) .

Pub operating labour costs increased £114,893 to £898,229, increasing labour cost as percentage of turnover up from 25.2% to 30.1%. Furlough grant receipts £200,222 received during the lock down have been recognised within Other Operating Income.

Operating profit increased £323,569 to £363,791 increasing operating profit conversion from 1.3% to 12.2%. Operating profit significantly impacted by the COVID lock down and the subsequent receipt of government financial support in the form of £200,222 furlough and £312,477 Retail, hospitality, leisure grant funding.

The Company's Balance Sheet shows the Company's financial position at the year end. The net assets position has decreased by £1,249,006 to £1,362,157 following a £1,500,000 dividend paid to its intermediate parent company.

During the year the Company invested £172,318 into its existing pub estate including refurbishment development undertaken at Barratts Club. Additionally, investment undertaken pre pub reopenings to ensure they were COVID compliant and outdoor trading opportunities was maximised.

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

C Wright
Director

Date: 29 April 2022

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 JULY 2021**

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

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

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

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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. They 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.

Results and dividends

The profit for the year, after taxation, amounted to £250,994 (2020 - £8,847).

During the year dividends of £1,500,000 (2020 - £nil) were paid.

Directors

The directors who served during the year were:

G McManus
P McManus
C Wright

Future developments

Trading conditions are expected to remain competitive but the Company continues to focus on improving its gross margin and cost control to improve net operating margin.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2021**

Disclosure of information to auditor

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 auditor is 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 auditor is aware of that information.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditor

The auditor, MHA MacIntyre Hudson, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

C Wright

Director

Date: 29 April 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MCMANUS PUB CO. LIMITED

Opinion

We have audited the financial statements of McManus Pub Co. Limited (the 'Company') for the year ended 31 July 2021, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 July 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MCMANUS PUB CO. LIMITED (CONTINUED)

Other information

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

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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MCMANUS PUB CO. LIMITED (CONTINUED)

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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.

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Enquiry of management around actual and potential litigation and claims;
- Performing audit work over the risk of management override of controls, including testing of journals entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
- Enquiry of entity staff in compliance functions to identify any instances of non-compliance with laws and regulations;

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MCMANUS PUB CO. LIMITED (CONTINUED)

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Martin Herron BA (Hons) ACA (Senior Statutory Auditor)

for and on behalf of

MHA MacIntyre Hudson

Chartered Accountants

Statutory Auditors

Northampton

29 April 2022

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JULY 2021**

	Note	2021 £	2020 £
Turnover	4	2,980,375	3,104,624
Cost of sales		(822,504)	(853,227)
Gross profit		2,157,871	2,251,397
Administrative expenses		(2,320,706)	(2,371,175)
Other operating income	5	526,626	160,000
Operating profit	6	363,791	40,222
Interest payable and similar expenses	9	(487)	(3,096)
Profit before tax		363,304	37,126
Tax on profit	10	(112,310)	(28,279)
Profit for the financial year		250,994	8,847

There were no recognised gains and losses for 2021 or 2020 other than those included in the statement of comprehensive income.

The notes on pages 15 to 29 form part of these financial statements.

BALANCE SHEET
AS AT 31 JULY 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	12	37,567	42,467
Tangible assets	13	4,047,844	4,017,678
		<u>4,085,411</u>	<u>4,060,145</u>
Current assets			
Stocks	14	122,893	109,593
Debtors: amounts falling due within one year	15	7,398,203	6,767,524
Cash at bank and in hand	16	16,909	46,900
		<u>7,538,005</u>	<u>6,924,017</u>
Creditors: amounts falling due within one year	17	(10,051,614)	(8,212,695)
Net current liabilities		<u>(2,513,609)</u>	<u>(1,288,678)</u>
Total assets less current liabilities		<u>1,571,802</u>	<u>2,771,467</u>
Provisions for liabilities			
Deferred tax	18	(209,645)	(160,304)
		<u>(209,645)</u>	<u>(160,304)</u>
Net assets		<u><u>1,362,157</u></u>	<u><u>2,611,163</u></u>

BALANCE SHEET (CONTINUED)
AS AT 31 JULY 2021

	Note	2021 £	2020 £
Capital and reserves			
Called up share capital	19	100	100
Non-distributable reserve	20	566,374	569,790
Profit and loss account	20	795,683	2,041,273
		<u>1,362,157</u>	<u>2,611,163</u>

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

C Wright
Director

Date: 29 April 2022

The notes on pages 15 to 29 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JULY 2021**

	Called up share capital £	on-distributable reserve £	Profit and loss account £	Total equity £
At 28 July 2019	100	573,206	2,029,010	2,602,316
Profit for the period	-	-	8,847	8,847
Transfer to profit and loss account	-	(3,416)	3,416	-
At 26 July 2020	100	569,790	2,041,273	2,611,163
Profit for the year	-	-	250,994	250,994
Dividends paid	-	-	(1,500,000)	(1,500,000)
Transfer to profit and loss account	-	(3,416)	3,416	-
At 31 July 2021	100	566,374	795,683	1,362,157

The notes on pages 15 to 29 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021**

1. General information

McManus Pub Co. Limited is a private company limited by shares, registered in England and Wales, registered number 04204006. The registered office is Barratts Club, Kingsthorpe Road, Northampton, Northamptonshire, NN2 6HT.

The Company's head office is the same as it's registered but it also has various trade locations in Northampton.

The principal activity of the Company is the operation of licensed public houses throughout the country.

The financial statements are presented in Pound sterling which is also the functional currency of the Company, rounded to the nearest £1.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

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

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of McManus Pub Group Limited as at 31 July 2021 and these financial statements may be obtained from Companies House.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021

2. Accounting policies (continued)

2.3 Going concern

The financial statements have been prepared on a going concern basis. The Directors have considered relevant information, including the annual budget, forecast future cash flows and the impact of subsequent events in making their assessment.

The COVID pandemic and the ensuing economic shutdowns have had a significant impact on the company's operations. In response to the COVID pandemic, the Directors have performed a robust analysis of forecast future cash flows taking into account the potential impact on the business of possible future scenarios arising from the impact of COVID. This analysis also considers the effectiveness of available measures to assist in mitigating the impact.

In making these assessments the key scenarios and assumptions are as follows:

- In the forthcoming year the company's business is expected to operate ahead of pre COVID close down capacity. Over the next twelve months its forecast to trade at 121% of the pre COVID capacity on like for like basis.
- The company has received the following available reliefs put forward by HM Government:
 - o Deferred £284,713 Group VAT payment due 7th April 2020 until 31 March 2021, since then the VAT is been fully repaid by monthly instalments.
 - o Since 22 March 2020, all pub staff were furloughed during all three shut downs, and flexible furlough has been used up to 30 June 2021.
 - o In June 2020 the Group secured £1,000,000 of additional funding through government CBILS guaranteed business loan and claimed £49,000 Business Interruption Payment against interest due. A further £250,000 from an existing HSBC revolving credit facility was over drawn.
 - o Under the Retail, hospitality, leisure grant funding during the three shut downs the company has received £514,177 of grant funds. Additionally, as public houses all pubs have received full property rates relief till 30 June 2021 and 66% relief until 31 March 2022.

The Directors have concluded that they can continue to adopt the going concern basis in preparing the annual report and accounts.

The financial statements do not include any adjustment that may arise in the event that the entity is unable to realise its assets and discharge its liabilities in the normal course of business.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021**

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.5 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of comprehensive income over its useful economic life.

2.6 Tangible fixed assets

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

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

Depreciation is provided on the following basis:

Freehold property	- 2% on cost
Long-term leasehold property	- 4% on cost
Motor vehicles	- 25% on cost
Fixtures and fittings	- 16.67% on cost

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021**

2. Accounting policies (continued)

2.7 Non-distributable reserve

Individual freehold and leasehold properties are carried at deemed cost, having taken the exemption on transition to FRS 102 to use a previous GAAP revaluation as deemed cost.

2.8 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.9 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.

2.10 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.

2.11 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 ordinary shares.

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

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.

2.12 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021**

2. Accounting policies (continued)

2.13 Finance costs

Finance costs are charged to profit or loss 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.

2.14 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of comprehensive income in the same period as the related expenditure.

2.15 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.16 Leased assets: the Company as lessee

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to profit or loss so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.17 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.18 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021**

2. Accounting policies (continued)

2.19 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss 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.

2.20 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

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

In the application of the Company's accounting policies, which are described in note 2, management is required to make judgments, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

There are no key judgments. The key estimates are depreciation and residual value.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021

4. Turnover

The whole of the turnover is attributable to the operation of licensed public houses.

All turnover arose within the United Kingdom.

5. Other operating income

	2021 £	2020 £
Furlough grants	200,222	-
Government grants	312,477	160,000
Eat out to help out grants	13,927	-
	<u>526,626</u>	<u>160,000</u>

6. Operating profit

The operating profit is stated after charging:

	2021 £	2020 £
Depreciation	142,152	112,672
Other operating lease rentals	<u>244,279</u>	<u>271,276</u>

7. Auditor's remuneration

	2021 £	2020 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>7,700</u>	<u>7,700</u>

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021**

8. Employees

Staff costs were as follows:

	2021 £	2020 £
Wages and salaries	848,817	745,012
Social security costs	40,134	31,106
Cost of defined contribution scheme	9,278	7,218
	<u>898,229</u>	<u>783,336</u>

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

	2021 No.	2020 No.
Staff	<u>76</u>	<u>53</u>

9. Interest payable and similar expenses

	2021 £	2020 £
Other interest payable	<u>487</u>	<u>3,096</u>

10. Taxation

	2021 £	2020 £
Corporation tax		
Current tax on profits for the year	62,969	(55,523)
Total current tax	<u>62,969</u>	<u>(55,523)</u>
Deferred tax		
Origination and reversal of timing differences	49,341	83,802
Total deferred tax	<u>49,341</u>	<u>83,802</u>
Taxation on profit on ordinary activities	<u>112,310</u>	<u>28,279</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021

10. Taxation (continued)**Factors affecting tax charge for the year/period**

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

	2021 £	2020 £
Profit on ordinary activities before tax	<u>363,304</u>	<u>37,126</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	69,028	7,054
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	931	931
Capital allowances for year/period in excess of depreciation	(6,117)	(62,567)
Non-taxable income	(873)	(941)
Deferred taxation	49,341	83,802
Total tax charge for the year/period	<u><u>112,310</u></u>	<u><u>28,279</u></u>

Factors that may affect future tax charges

On 1 April 2023 the main rate of corporation tax in the UK will increase to 25%.

11. Dividends

	2021 £	2020 £
Dividends paid	<u><u>1,500,000</u></u>	<u><u>-</u></u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021

12. Intangible assets

	Goodwill £
Cost	
At 26 July 2020	49,000
At 31 July 2021	49,000
Amortisation	
At 26 July 2020	6,533
Charge for the year on owned assets	4,900
At 31 July 2021	11,433
Net book value	
At 31 July 2021	37,567
<i>At 25 July 2020</i>	42,467

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021

13. Tangible fixed assets

	Freehold property £	Fixtures and fittings £	Motor vehicles £	Long-term leasehold property £	Total £
Cost					
At 26 July 2020	3,157,952	2,355,676	30,253	1,046,612	6,590,493
Additions	1,820	127,020	-	43,478	172,318
At 31 July 2021	<u>3,159,772</u>	<u>2,482,696</u>	<u>30,253</u>	<u>1,090,090</u>	<u>6,762,811</u>
Depreciation					
At 26 July 2020	105,088	1,878,317	30,253	559,157	2,572,815
Charge for the year on owned assets	19,189	118,956	-	4,007	142,152
At 31 July 2021	<u>124,277</u>	<u>1,997,273</u>	<u>30,253</u>	<u>563,164</u>	<u>2,714,967</u>
Net book value					
At 31 July 2021	<u>3,035,495</u>	<u>485,423</u>	<u>-</u>	<u>526,926</u>	<u>4,047,844</u>
At 25 July 2020	<u>3,052,864</u>	<u>477,359</u>	<u>-</u>	<u>487,455</u>	<u>4,017,678</u>

Included within freehold property is land at a valuation of £1,027,631 (2020 - £1,027,631) which is not depreciated.

14. Stocks

	2021 £	2020 £
Goods for resale	<u>122,893</u>	<u>109,593</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021

15. Debtors

	2021 £	2020 £
Trade debtors	84,974	44,016
Amounts owed by group undertakings	5,876,307	5,221,770
Other debtors	1,313,208	1,414,246
Prepayments and accrued income	123,714	87,492
	<u>7,398,203</u>	<u>6,767,524</u>

16. Cash and cash equivalents

	2021 £	2020 £
Cash at bank and in hand	16,909	46,900
Less: bank overdrafts	(78,692)	-
	<u>(61,783)</u>	<u>46,900</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021

17. Creditors: Amounts falling due within one year

	2021 £	2020 £
Bank overdrafts	78,692	-
Trade creditors	343,961	315,218
Amounts owed to group undertakings	6,741,769	4,993,460
Corporation tax	7,446	-
Other taxation and social security	54,504	71,901
Other creditors	2,660,125	2,716,870
Accruals and deferred income	165,117	115,246
	<u>10,051,614</u>	<u>8,212,695</u>

A cross guarantee exists on the assets of McManus Pub Group Limited, McManus Holdings Limited, McManus Pub Co. Limited and McManus Managed Pub Co. Limited. The total liability outstanding as at 31 July 2021 was £5,617,088 (2020 - £7,537,459).

The bank overdraft is secured by fixed and floating charges over all freehold and leasehold property included within fixed asset of all group companies.

18. Deferred taxation

	2021 £	2020 £
At beginning of year	160,304	76,502
Charged to profit or loss	49,341	83,802
At end of year	<u>209,645</u>	<u>160,304</u>

The provision for deferred taxation is made up as follows:

	2021 £	2020 £
Accelerated capital allowances	<u>209,645</u>	<u>160,304</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021

19. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
100 (2020 - 100) Ordinary shares of £1.00 each	<u>100</u>	<u>100</u>

20. Reserves

Profit and loss account

The profit and loss account includes all current and prior period retained profits and losses.

Non-distributable reserve

The non-distributable reserve relates to the upward revaluation of tangible fixed assets included in Freehold property from the year ended 26 July 2014, less transfers from the profit and loss accounts for additional depreciation charged in subsequent years and realisation of gains or losses. This is not shown as a revaluation reserve as the Freehold property is included in the financial accounts at deemed cost.

21. Commitments under operating leases

At 31 July 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £	2020 £
Not later than 1 year	316,182	246,585
Later than 1 year and not later than 5 years	1,063,472	1,076,268
Later than 5 years	1,711,020	1,828,458
	<u>3,090,674</u>	<u>3,151,311</u>

22. Directors' benefits: advances, credit and guarantees

Included within other debtors is an amount owed by G McManus, a director, of £22,065 (2020 - £553 owed to). No interest is charged on this balance and it is repayable on demand.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021**

23. Related party transactions

Entities over which the entity has control, joint control or significant influence

During the year the Company has been charged from entities over which it has significant influence rentals of £149,146 (2020 - £149,873).

During the year sales to entities over which the Company has significant influence totalled £6,164 (2020 - £nil).

As at the year end the Company was owed £1,281,926 (2020 - £1,317,883) from entities over which it has significant influence. The balance is included within other debtors.

As at the year end the Company owed £2,633,529 (2020 - £2,710,350) from entities over which it has significant influence. The balance is included within other creditors.

Monies due to or from entities over which the Company has significant influence are unsecured, to be settled in cash, due on demand and incur no interest charges.

Director balances

Included within other creditors is an amount owed to P McManus, a director, of £4,381 (2020 - £282). No interest is charged on this balance and it is repayable on demand.

24. Controlling party

The immediate controlling company is McManus Holdings Limited, by virtue of its 100% shareholding in the Company. The ultimate controlling company is McManus Pub Group Limited by virtue of its 100% shareholding in McManus Holdings Limited. McManus Pub Group Limited is both the smallest and largest group of undertakings for which group accounts are drawn up. The ultimate controlling party is G McManus, by virtue of his 65% shareholding in McManus Pub Group Limited.

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