

Parent for:  
5337316

Company Registration No. 10714056 (England and Wales)

**LANCASTER BREWERY HOLDINGS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JANUARY 2020**



# LANCASTER BREWERY HOLDINGS LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Mr P Simpson Mr M Jackson
<b>Company number</b>	10714056
<b>Registered office</b>	Lancaster Leisure Park Wyresdale Road Lancaster Lancashire LA1 3LA
<b>Auditor</b>	Azets Audit Services Fleet House New Road Lancaster LA1 1EZ

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# LANCASTER BREWERY HOLDINGS LIMITED

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# LANCASTER BREWERY HOLDINGS LIMITED

## STRATEGIC REPORT

**FOR THE YEAR ENDED 31 JANUARY 2020**

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The directors present the strategic report for the year ended 31 January 2020.

### **Group overview**

C2 Investment Limited acts as a holding company for the trading subsidiaries, comprising mainly the property used within the group and group financing.

C2 Investment Limited owns the entire share capital of three companies. These are Lancaster Brewery Inns Limited (previously called The Sun Limited) which operates individual freehold public houses and hotels, and Barrow Pub Company Limited and Lancaster Distillery & Spirits Company Ltd (formerly The Mill at Ulvertson Limited) which are both dormant. The company also owns 84.5% of Lancaster Brewery Company Limited and has retained the freehold of The Palatine in Morecambe. The total shares of C2 Investment Limited are owned by Lancaster Brewery Holdings Limited which prepares consolidated accounts for the group.

All three freehold venues offer exceptional levels of choice, quality of product and first class service. Our typical customer is focused on attaining a quality and unique experience, whilst being generally less concerned about price. As a result, we can attain excellent margins and enviable levels of trade by offering an unusually high quality environment for eating and drinking plus exceptional hotel accommodation.

### **Covid-19**

All parts of the business have been significantly affected by the Covid 19 pandemic in 2020. In all venues sales were reduced by local and national restrictions at various times in the year. However the business benefitted from Government support in terms of grant aid and the furlough scheme. A re-finance also took place in 2020 on improved terms and with further support in the form of capital repayment holidays for at least 12 months. The Duke of Edinburgh largely stayed open throughout providing Covid safe accommodation for key workers. The Brewery adjusted its business model to a home delivery/click and collect model where possible to continue to trade safely. In spite of the exceptional circumstances the survival of the business has never been under threat at any point.

### **Lancaster Brewery Company Limited**

Lancaster Brewery is a small regional cask ale producer and leisure venue. The branding for both the venue and beer products is contemporary and design-led, appealing to a much broader demographic than more traditional breweries.

Lancaster Brewery has not reached the profit levels of previous years in 2019 as competitive pressures have affected both sales volume and margin to some extent.

The Tap venue also continues to develop its reputation as a primary function venue in the area.

The experienced and capable management of the business remains an asset and the directors remain positive about the long term future of the business.

# LANCASTER BREWERY HOLDINGS LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2020

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### Lancaster Brewery Inns Limited (formerly The Sun Inn Limited)

#### The Sun Hotel

The Sun Hotel is a nationally renowned hotel and public house which has attained seven UK and local awards. The venue has three income streams: bar sales, food sales and hotel accommodation. The Sun has performed well in 2019-20 and remains a market leader within a competitive local market.

The Sun maintains a steady trading position by focusing on constantly improving the quality of its offering, continuing to develop the wet, dry and accommodation margins whilst ensuring consistently robust back-office management controls.

The local Lancaster market has flattened over 2019 in line with the macro economic situation. However, although competition has increased, the Sun has maintained its reputation locally and continues to provide a quality product and service with few peers in the area. Furthermore, the development of the Heysham bypass, the influence of the University and the local industrial base mean that demand for a good quality hospitality should remain high. The directors plan to continue to improve both the offering and value on which the business has built its reputation.

#### The Duke of Edinburgh

The Duke of Edinburgh hotel is a stable and profitable part of the business that enjoys a superb local reputation in South Cumbria.

The Duke's position in the centre of Barrow, opposite the train station, puts it in an unbeatable position to attract both tourist and business visitors. Following the approval of the next phase of Trident, this project has started to gather momentum. The project will attract significant numbers of specialist sub-contractors into the area for the next decade. The hotel continues to enjoy acceptable occupancy rates notwithstanding the increase in room numbers.

The Duke of Edinburgh Hotel enjoyed a solid 2019-2020. Local industry remains healthy and active and the directors anticipate that the Duke will remain at the forefront of Barrow's offering for the foreseeable future.

#### The Mill at Ulverston

The Mill had a steady year. Local competition has remained strong but the Mill's offering has stood up well.

#### Molly's

During the year C2 Investment Limited acquired a 75% shareholding in Molly's Lancaster Limited. This is the new company now trading in the property that C2 Investment Limited previously sublet to Chrosami Limited for Molinari's restaurant which closed earlier in the year. The principle activity of the company is that of operating a restaurant.

On behalf of the board



Mr P Simpson

Director

24/1/21

# LANCASTER BREWERY HOLDINGS LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 JANUARY 2020

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The directors present their annual report and financial statements for the year ended 31 January 2020.

#### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr P Simpson

Mr M Jackson

#### **Results and dividends**

The results for the year are set out on page 8.

Ordinary dividends were paid amounting to £252,770. The directors do not recommend payment of a further dividend.

#### **Financial instruments**

The group holds or issues financial instruments in order to achieve three main objectives, being:

- (a) to finance its operations;
- (b) to manage its exposure to interest risks arising from its operations and from its sources of finance; and
- (c) for trading purposes.

In addition, the group has various other financial assets and liabilities such as trade debtors and trade creditors arising directly from the group's operations.

Transactions in financial instruments result in the group assuming or transferring to another party one or more of the financial risks described below.

#### **Liquidity risk**

The group manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the group has sufficient liquid resources to meet the operating needs of the business.

#### **Interest rate risk**

The group is exposed to fair value interest rate risk on its borrowings and cash flow interest rate risk on bank overdrafts and loans. The group has entered into both fixed and variable interest rate agreements on its loans so as to minimise its exposure to changes in interest rates.

#### **Credit risk**

Investments of cash surpluses and borrowings are made through banks and companies which must fulfil credit rating criteria approved by the board. All customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors are reviewed on a regular basis and provision is made for doubtful debts whenever considered necessary.

#### **Post reporting date events**

The impact of the covid-19 pandemic and related restrictions can be considered a significant post year end event.

#### **Future developments**

The directors are not expecting to make any significant changes in the nature of the business in the near future.

# LANCASTER BREWERY HOLDINGS LIMITED

## DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2020

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### Auditor

The auditor, Azets Audit Services, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

### Statement of directors' responsibilities

The directors are responsible for preparing the Annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:


- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board



Mr P Simpson  
Director

Date: 14/01/21

# LANCASTER BREWERY HOLDINGS LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF LANCASTER BREWERY HOLDINGS LIMITED

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#### Opinion

We have audited the financial statements of Lancaster Brewery Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 January 2020 which comprise the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 January 2020 and of the group's 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 UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.



# **LANCASTER BREWERY HOLDINGS LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF LANCASTER BREWERY HOLDINGS LIMITED**

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#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of our 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 group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

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

#### **Responsibilities of directors**

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

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

#### **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.

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

# LANCASTER BREWERY HOLDINGS LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF LANCASTER BREWERY HOLDINGS LIMITED

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#### 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.

*Azets Audit Services*

**Ryan Wear (Senior Statutory Auditor)**  
**for and on behalf of Azets Audit Services**  
**Chartered Accountants**  
**Statutory Auditor**

*15/01/21*  
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Fleet House  
New Road  
Lancaster  
LA1 1EZ

# LANCASTER BREWERY HOLDINGS LIMITED

## GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 JANUARY 2020

	Notes	2020 £	2019 £
Turnover	3	6,362,619	5,983,921
Cost of sales		(2,330,387)	(2,083,966)
<b>Gross profit</b>		<b>4,032,232</b>	<b>3,899,955</b>
Administrative expenses		(3,568,221)	(3,353,231)
Other operating income		1,000	913
<b>Operating profit</b>	<b>5</b>	<b>465,011</b>	<b>547,637</b>
Interest receivable and similar income		21,522	26,287
Interest payable and similar expenses	9	(82,923)	(88,872)
Amounts written off investments	10	(78,492)	-
<b>Profit before taxation</b>		<b>325,118</b>	<b>485,052</b>
Tax on profit	11	(103,887)	(114,554)
<b>Profit for the financial year</b>	<b>28</b>	<b>221,231</b>	<b>370,498</b>

Profit for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

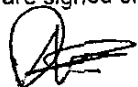
# LANCASTER BREWERY HOLDINGS LIMITED

## GROUP BALANCE SHEET

AS AT 31 JANUARY 2020

	Notes	2020 £	£	2019 £	£
<b>Fixed assets</b>					
Tangible assets	13	6,571,893		6,667,325	
Investment properties	14	297,732		297,013	
		<u>6,869,625</u>		<u>6,964,338</u>	
<b>Current assets</b>					
Stocks	18	176,243		142,103	
Debtors	19	311,849		240,616	
Cash at bank and in hand		444,741		834,708	
		<u>932,833</u>		<u>1,217,427</u>	
<b>Creditors: amounts falling due within one year</b>	21	<u>(1,518,719)</u>		<u>(1,645,763)</u>	
<b>Net current liabilities</b>			<u>(585,886)</u>		<u>(428,336)</u>
<b>Total assets less current liabilities</b>		<u>6,283,739</u>		<u>6,536,002</u>	
<b>Creditors: amounts falling due after more than one year</b>	22	<u>(2,231,384)</u>		<u>(2,456,450)</u>	
<b>Provisions for liabilities</b>	24	<u>(483,349)</u>		<u>(479,007)</u>	
<b>Net assets</b>		<u>3,569,006</u>		<u>3,600,545</u>	
<b>Capital and reserves</b>					
Called up share capital	27	100		100	
Share premium account	28	29,996		29,996	
Revaluation reserve	28	2,249,768		2,294,192	
Profit and loss reserves	28	1,289,142		1,276,257	
<b>Total equity</b>		<u>3,569,006</u>		<u>3,600,545</u>	

The financial statements were approved by the board of directors and authorised for issue on 14/01/21 and are signed on its behalf by:



Mr P Simpson  
Director

# LANCASTER BREWERY HOLDINGS LIMITED

## COMPANY BALANCE SHEET

AS AT 31 JANUARY 2020

	Notes	2020 £	£	2019 £	£
<b>Fixed assets</b>					
Investments	15		100		100
<b>Current assets</b>					
Debtors	19	658		253	
<b>Creditors: amounts falling due within one year</b>	21	(658)		(253)	
<b>Net current assets</b>			-		-
<b>Total assets less current liabilities</b>			100		100
<b>Capital and reserves</b>					
Called up share capital	27		100		100

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £252,770 (2019 - £263,251 profit).

The financial statements were approved by the board of directors and authorised for issue on 14/01/21 and are signed on its behalf by:

  
Mr P Simpson  
Director

Company Registration No. 10714056

# LANCASTER BREWERY HOLDINGS LIMITED

## GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 JANUARY 2020

	Notes	Share capital £	Share premium account £	Revaluation reserve £	Profit and loss reserves £	Total £
<b>Balance at 1 February 2018</b>		100	29,996	2,335,894	1,127,308	3,493,298
<b>Year ended 31 January 2019:</b>						
Profit and total comprehensive income for the year		-	-	-	370,498	370,498
Dividends	12	-	-	-	(263,251)	(263,251)
Transfers (from)/to profit and loss account		-	-	(45,278)	45,278	-
Transfer of deferred tax on revalued properties		-	-	3,576	(3,576)	-
<b>Balance at 31 January 2019</b>		100	29,996	2,294,192	1,276,257	3,600,545
<b>Year ended 31 January 2020:</b>						
Profit and total comprehensive income for the year		-	-	-	221,231	221,231
Dividends	12	-	-	-	(252,770)	(252,770)
Transfers (from)/to profit and loss account		-	-	(44,424)	44,424	-
<b>Balance at 31 January 2020</b>		100	29,996	2,249,768	1,289,142	3,569,006

# LANCASTER BREWERY HOLDINGS LIMITED

## COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 JANUARY 2020

	Notes	Share capital £	Profit and loss reserves £	Total £
<b>Balance at 1 February 2018</b>		100	-	100
<b>Year ended 31 January 2019:</b>				
Profit and total comprehensive income for the year		-	263,251	263,251
Dividends	12	-	(263,251)	(263,251)
<b>Balance at 31 January 2019</b>		100	-	100
<b>Year ended 31 January 2020:</b>				
Profit and total comprehensive income for the year		-	252,770	252,770
Dividends	12	-	(252,770)	(252,770)
<b>Balance at 31 January 2020</b>		100	-	100

# LANCASTER BREWERY HOLDINGS LIMITED

## GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 JANUARY 2020

	Notes	2020 £	£	2019 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	33	510,877		1,132,827	
Interest paid		(82,923)		(88,872)	
Income taxes paid		(93,874)		(104,017)	
<b>Net cash inflow from operating activities</b>		<b>334,080</b>		<b>939,938</b>	
<b>Investing activities</b>					
Purchase of tangible fixed assets		(188,873)		(214,314)	
Proceeds on disposal of tangible fixed assets		-		2,050	
Purchase of investment property		(719)		-	
Amounts written off investments		(78,492)		-	
Interest received		21,522		26,287	
<b>Net cash used in investing activities</b>		<b>(246,562)</b>		<b>(185,977)</b>	
<b>Financing activities</b>					
Repayment of borrowings		(331)		(2,000)	
Repayment of bank loans		(224,384)		(223,997)	
Payment of finance leases obligations		-		(2,270)	
Dividends paid to equity shareholders		(252,770)		(263,251)	
<b>Net cash used in financing activities</b>		<b>(477,485)</b>		<b>(491,518)</b>	
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(389,967)</b>		<b>262,443</b>	
Cash and cash equivalents at beginning of year		834,708		572,265	
<b>Cash and cash equivalents at end of year</b>		<b>444,741</b>		<b>834,708</b>	



# LANCASTER BREWERY HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2020

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### 1 Accounting policies

#### Company information

Lancaster Brewery Holdings Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Lancaster Leisure Park, Wyresdale Road, Lancaster, Lancashire, LA1 3LA.

The group consists of Lancaster Brewery Holdings Limited and all of its subsidiaries.

The principal trading addresses of the group are:

Lancaster Brewery, Lancaster Leisure Park, Wyresdale Road, Lancaster, Lancashire, LA1 3LA;  
The Sun Inn, 63-65 Church Street, Lancaster, LA1 1ET;  
The Mill at Ulverston, Town Mill, Mill Street, Ulverston, LA12 7EB;  
The Duke of Edinburgh, Abbey Road, Barrow-in-Furness, Cumbria, LA14 5QR; and  
Molly's, 46-48 Church Street, Lancaster LA1 1LH

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 4 'Statement of Financial Position': Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

For the year ended 31 January 2020, the group subsidiaries are exempt from the requirement of an audit, by virtue of s479A of the Companies Act 2006, for their individual accounts as Lancaster Brewery Holdings Limited, the parent undertaking, has provided a guarantee to the relevant subsidiary under s479C in respect of the year ended 31 January 2020.

# LANCASTER BREWERY HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 JANUARY 2020

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#### 1 Accounting policies

(Continued)

##### 1.2 Basis of consolidation

On 15 August 2017, Lancaster Brewery Holdings Limited acquired 100% of the share capital of C2 Investment Limited as part of a group restructure. Lancaster Brewery Holdings Limited acts as a holding company for the group.

As the relative rights of shareholders are preserved in the restructure, it is appropriate to use merger accounting to present consolidated information for the group as if the new legal structure had always existed. This is necessary to ensure that the shareholders receive useful information about their investment on an ongoing basis, recognising that there has been no change in the substance of their investment.

The new shares issued as consideration for the merger, and therefore the parent's investment in the acquired company, are recorded at their nominal amount in the books of the acquiring company. The net assets of the combining companies are combined using existing book values, with adjustments made as necessary to ensure that the same accounting policies are applied to the calculation of the net assets of the companies. No amount is recognised as consideration for goodwill or negative goodwill. The consolidated profit and loss account includes the profits of each company for the entire period, regardless of the date of the merger, and the comparative amounts in the consolidated accounts are the aggregate of the amounts recorded by the combining companies. Again, adjustments are made as necessary to ensure that the profits of the combining companies have been calculated using consistent accounting policies.

The consolidated financial statements incorporate those of Lancaster Brewery Holdings Limited and all its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies to obtain economic benefits). All financial statements are made up to 31 January 2020.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

##### 1.3 Going concern

At the time of approving the financial statements and notwithstanding the net current liabilities of £585,886, and the impact of the coronavirus pandemic, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. For further discussion on post year end performance please refer to the strategic report. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

##### 1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

# LANCASTER BREWERY HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 JANUARY 2020

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#### 1 Accounting policies

(Continued)

##### 1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	2% straight line
Leasehold land and buildings	over the term of the lease
Plant, fixtures and equipment	5%, 25% and 33% straight line
Motor vehicles	33% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

##### 1.6 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. Changes in fair value are recognised in profit or loss. Where fair value cannot be achieved without undue cost or effort, investment property is accounted for as tangible fixed assets.

##### 1.7 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

##### 1.8 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

# LANCASTER BREWERY HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 JANUARY 2020

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#### 1 Accounting policies

(Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.9 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

#### 1.10 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.11 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally 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.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

# LANCASTER BREWERY HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2020

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### 1 Accounting policies

(Continued)

#### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

#### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

#### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

#### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

#### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

# LANCASTER BREWERY HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 JANUARY 2020

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#### 1 Accounting policies

(Continued)

##### **Other financial liabilities**

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

##### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

#### 1.12 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

#### 1.13 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

##### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

# LANCASTER BREWERY HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 JANUARY 2020

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#### 1 Accounting policies

(Continued)

##### 1.14 Provisions

Provisions are recognised when the group has a legal or constructive present obligation as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

##### 1.15 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

##### 1.16 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

##### 1.17 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

#### 2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

# LANCASTER BREWERY HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 JANUARY 2020

#### 3 Turnover and other revenue

The group turnover is attributable to income from trading as public houses and hotels and the production and sale of beer.

All turnover arose within the United Kingdom.

#### 5 EBITDA

	2020	2019
Operating profit	465,011	547,637
Adjusted for:		
Depreciation of tangible fixed assets	284,305	301,873
Amortisation of intangible fixed assets	-	283
Profit on disposal of fixed assets	-	(2,050)
Royalties paid	9,096	8,050
	<u>758,412</u>	<u>855,793</u>

EBITDA is operating profit excluding depreciation, amortisation, profits/(losses) on the disposal of fixed assets, impairment losses and other operating income and expenses. Lancaster Brewery Holdings Limited use EBITDA, in conjunction with other GAAP and non-GAAP financial measures such as adjusted operating profit, operating profit and net profit, to assess operating performance. We believe it is both useful and necessary to report EBITDA as a performance measure as it enhances the comparability of profit across timeframes.

#### 5 Operating profit

	2020 £	2019 £
Operating profit for the year is stated after charging/(crediting):		
Depreciation of owned tangible fixed assets	284,305	290,113
Depreciation of tangible fixed assets held under finance leases	-	11,760
Profit on disposal of tangible fixed assets	-	(2,050)
Amortisation of intangible assets	-	283
Operating lease charges	<u>75,969</u>	<u>71,385</u>

#### 6 Auditor's remuneration

	2020 £	2019 £
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the group and company	9,000	9,000
Audit of the financial statements of the company's subsidiaries	<u>15,450</u>	<u>15,450</u>
	<u>24,450</u>	<u>24,450</u>



# LANCASTER BREWERY HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2020

### 7 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	Group 2020 Number	2019 Number	Company 2020 Number	2019 Number
Directors	2	2	2	2
Bar, hotel and kitchen	108	92	-	-
Administrative	14	15	-	-
Management	3	3	-	-
Maintenance	1	2	-	-
Production	4	3	-	-
Total	132	117	2	2

Their aggregate remuneration comprised:

	Group 2020 £	2019 £	Company 2020 £	2019 £
Wages and salaries	1,993,369	1,730,355	-	-
Social security costs	116,566	112,324	-	-
Pension costs	30,303	18,705	-	-
	2,140,238	1,861,384	-	-

### 8 Directors' remuneration

	2020 £	2019 £
Remuneration for qualifying services	26,002	27,119
Company pension contributions to defined contribution schemes	575	1,839
	26,577	28,958

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2019 - 2).

# LANCASTER BREWERY HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2020

### 9 Interest payable and similar expenses

	2020	2019
	£	£
Interest on bank overdrafts and loans	82,838	87,516
Other loan interest	85	500
Interest on finance leases and hire purchase contracts	-	856
Total finance costs	<u>82,923</u>	<u>88,872</u>

### 10 Amounts written off investments

	2020	2019
	£	£
Amounts written off investments	<u>(78,492)</u>	<u>-</u>

### 11 Taxation

	2020	2019
	£	£
<b>Current tax</b>		
UK corporation tax on profits for the current period	99,797	94,157
Adjustments in respect of prior periods	(252)	-
Total current tax	<u>99,545</u>	<u>94,157</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	1,990	23,443
Changes in tax rates	-	522
Adjustment in respect of prior periods	2,352	(3,568)
Total deferred tax	<u>4,342</u>	<u>20,397</u>
Total tax charge	<u>103,887</u>	<u>114,554</u>

# LANCASTER BREWERY HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 JANUARY 2020

#### 11 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2020 £	2019 £
Profit before taxation	325,118	485,052
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	61,772	92,160
Tax effect of expenses that are not deductible in determining taxable profit	3,107	3,774
Tax effect of utilisation of tax losses not previously recognised	-	(1,910)
Unutilised tax losses carried forward	-	1,709
Permanent capital allowances in excess of depreciation	25,793	24,112
Depreciation on assets not qualifying for tax allowances	5,458	6,954
Research and development tax credit	-	(9,209)
Other non-reversing timing differences	5,800	532
Other permanent differences	(143)	-
Under/(over) provided in prior years	(252)	-
Deferred tax adjustments in respect of prior years	2,352	(3,568)
Taxation charge	103,887	114,554

#### 12 Dividends

	2020 £	2019 £
Final paid	252,770	263,251

# LANCASTER BREWERY HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2020

### 13 Tangible fixed assets

Group	Freehold land and buildings	Leasehold land and buildings	Plant, fixtures and equipment	Motor vehicles	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 February 2019	6,556,302	357,650	1,740,110	56,235	8,710,297
Additions	80,355	3,684	104,834	-	188,873
At 31 January 2020	6,636,657	361,334	1,844,944	56,235	8,899,170
<b>Depreciation and impairment</b>					
At 1 February 2019	577,055	286,711	1,126,547	52,659	2,042,972
Depreciation charged in the year	137,617	35,876	108,084	2,728	284,305
At 31 January 2020	714,672	322,587	1,234,631	55,387	2,327,277
<b>Carrying amount</b>					
At 31 January 2020	5,921,985	38,747	610,313	848	6,571,893
At 31 January 2019	5,979,247	70,939	613,563	3,576	6,667,325

The company had no tangible fixed assets at 31 January 2020 or 31 January 2019.

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	Group 2020 £	2019 £	Company 2020 £	2019 £
Fixtures and fittings	-	3,464	-	-

Freehold land and buildings with a carrying amount of £5,921,985 (2019 - £5,979,247) have been pledged to secure borrowings of the group. The group is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

### 14 Investment property

	Group 2020 £	Company 2020 £
<b>Fair value</b>		
At 1 February 2019 and 31 January 2020	297,013	-
Additions through external acquisition	719	-
At 31 January 2020	297,732	-

# LANCASTER BREWERY HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 JANUARY 2020

#### 14 Investment property

(Continued)

Investment property comprises land and buildings. The land and buildings were revalued by valuers with a recognised and relevant professional qualification and recent experience in the location and category of the investment property being valued. The fair value of the investment property has been arrived at on the basis of a valuation carried out in June 2014 by Christies, who are not connected with the company. The valuation was made on an open market value basis by reference to market evidence of transaction prices for similar properties. At 31 January 2020 the directors are of the opinion that the fair value of investment property is not materially different to the valuation of £297,732.

The investment property held by the group and company is security against bank loans held by the group and company as detailed in note 24 to the financial statements.

#### 15 Fixed asset investments

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Investments in subsidiaries	16	-	-	100	100

#### Movements in fixed asset investments

Company	Shares in group undertakings £
<b>Cost or valuation</b>	
At 1 February 2019 and 31 January 2020	100
<b>Carrying amount</b>	
At 31 January 2020	100
At 31 January 2019	100

#### 16 Subsidiaries

Details of the company's subsidiaries at 31 January 2020 are as follows:

Name of undertaking	Nature of business	Class of shares held	% Held	
			Direct	Indirect
C2 Investment Limited	Investment holding	Ordinary	100.00	-
Lancaster Brewery Inns Limited (formerly The Sun Inn Limited)	Hotel and public house	Ordinary	-	100.00
Lancaster Brewery Company Limited	Brewing	Ordinary	-	84.50
Barrow Pub Company Limited	Dormant	Ordinary	-	100.00
Lancaster Distillery & Spirits Company Ltd (formerly The Mill at Ulverston Limited)	Dormant	Ordinary	-	100.00
Mollys Lancaster Limited	Restaurant	Ordinary	-	75.00

# LANCASTER BREWERY HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2020

### 16 Subsidiaries

(Continued)

The registered office of all the above subsidiaries is Lancaster Brewery, Lancaster Leisure Park, Wyresdale Road, Lancaster, Lancashire, LA1 3LA.

### 17 Financial instruments

	Group 2020 £	2019 £	Company 2020 £	2019 £
<b>Carrying amount of financial assets</b>				
Debt instruments measured at amortised cost	220,427	140,912	n/a	n/a
<b>Carrying amount of financial liabilities</b>				
Measured at amortised cost	3,227,052	3,431,161	n/a	n/a

As permitted by the reduced disclosure framework within FRS 102, the company has taken advantage of the exemption from disclosing the carrying amount of certain classes of financial instruments, denoted by 'n/a' above.

### 18 Stocks

	Group 2020 £	2019 £	Company 2020 £	2019 £
Raw materials and consumables	23,614	26,801	-	-
Finished goods and goods for resale	152,629	115,302	-	-
	176,243	142,103	-	-

### 19 Debtors

	Group 2020 £	2019 £	Company 2020 £	2019 £
<b>Amounts falling due within one year:</b>				
Trade debtors	171,681	100,690	-	-
Amounts owed by group undertakings	-	-	521	253
Other debtors	48,746	40,222	137	-
Prepayments and accrued income	91,422	99,704	-	-
	311,849	240,616	658	253

# LANCASTER BREWERY HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2020

### 20 Cash and cash equivalents

	Group 2020 £	2019 £	Company 2020 £	2019 £
Cash in hand and at bank	368,389	671,398	-	-
Cash equivalents	76,352	163,310	-	-
	<u>444,741</u>	<u>834,708</u>	<u>-</u>	<u>-</u>

### 21 Creditors: amounts falling due within one year

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Bank loans	23	225,149	224,467	-	-
Other borrowings	23	2,870	3,201	-	-
Trade creditors		457,542	405,120	-	-
Corporation tax payable		99,828	94,157	-	-
Other taxation and social security		225,696	288,835	-	-
Other creditors		310,107	341,923	658	253
Accruals and deferred income		197,527	288,060	-	-
		<u>1,518,719</u>	<u>1,645,763</u>	<u>658</u>	<u>253</u>

### 22 Creditors: amounts falling due after more than one year

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Bank loans and overdrafts	23	<u>2,231,384</u>	<u>2,456,450</u>	<u>-</u>	<u>-</u>

The bank loans repayable by instalments in more than five years are repayable over 15 years with interest charged at a rate of 2.4% above the Bank of England base rate.

Amounts included above which fall due after five years are as follows:

Payable by instalments	<u>1,330,787</u>	<u>1,558,583</u>	<u>-</u>	<u>-</u>
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# LANCASTER BREWERY HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2020

### 23 Loans and overdrafts

	Group 2020 £	2019 £	Company 2020 £	2019 £
Bank loans	2,456,533	2,680,917	-	-
Other loans	2,870	3,201	-	-
	<u>2,459,403</u>	<u>2,684,118</u>	<u>-</u>	<u>-</u>
Payable within one year	228,019	227,668	-	-
Payable after one year	<u>2,231,384</u>	<u>2,456,450</u>	<u>-</u>	<u>-</u>

Bank loans and overdrafts are secured by a mortgage debenture incorporating a fixed and floating charge over all the current and future assets of the company and first legal mortgages over the freehold property known as the Sun Hotel, 63-65 Church Street, Lancaster, The Duke of Edinburgh, Abbey Road, Barrow-in-Furness and The Mill, Mill Street, Ulverston. In addition there is a composite cross guarantee between C2 Investment Limited, Barrow Pub Company Limited, Lancaster Brewery Inns Limited (formerly The Sun Inn Limited), Lancaster Distillery & Spirits Company Ltd (formerly The Mild at Ulverston Limited) and Lancaster Brewery Company Limited.

Other loans are secured by a legal charge on the freehold of the Palatine Hotel, The Crescent, Morecambe and a fixed and floating charge on the assets of the company.

### 24 Provisions for liabilities

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Provision against duty rate increase		35,000	35,000	-	-
Deferred tax liabilities	25	<u>448,349</u>	<u>444,007</u>	<u>-</u>	<u>-</u>
		<u>483,349</u>	<u>479,007</u>	<u>-</u>	<u>-</u>



# LANCASTER BREWERY HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2020

### 25 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

	<b>Liabilities 2020 £</b>	<b>Liabilities 2019 £</b>
<b>Group</b>		
Accelerated capital allowances	301,557	296,020
Revaluations	147,631	147,631
Short term timing differences	(839)	356
	<u>448,349</u>	<u>444,007</u>

The company has no deferred tax assets or liabilities.

	<b>Group 2020 £</b>	<b>Company 2020 £</b>
<b>Movements in the year:</b>		
Liability at 1 February 2019	444,007	-
Credit to profit or loss	(496)	-
Other	4,838	-
	<u>448,349</u>	<u>-</u>
Liability at 31 January 2020	<u>448,349</u>	<u>-</u>

### 26 Retirement benefit schemes

	<b>2020 £</b>	<b>2019 £</b>
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	<u>30,303</u>	<u>18,705</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

### 27 Share capital

	<b>Group and company 2020 £</b>	<b>2019 £</b>
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
100 Ordinary of £1 each	<u>100</u>	<u>100</u>

# LANCASTER BREWERY HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2020

### 28 Reserves

#### Share premium

Share premium account represents any premiums received on the issue of share capital. Any transactions costs associated with the issuing of shares are deducted from share premium.

#### Revaluation reserve

The revaluation reserve represents the accumulated revaluation gains on assets held by the group.

#### Profit and loss reserves

Profit and loss account represents accumulated comprehensive income for the year and prior periods net of equity dividends paid. Non-distributable profit and loss account represents the accumulated fair value gains on investment properties held by the group. At the balance sheet date the group had non-distributable profit and loss reserves of £31,734 (2019: £31,734) included within profit and loss reserves.

### 29 Operating lease commitments

#### Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2020 £	2019 £	Company 2020 £	2019 £
Within one year	51,435	46,830	-	-
Between two and five years	49,633	75,173	-	-
	<u>101,068</u>	<u>122,003</u>	<u>-</u>	<u>-</u>

### 30 Events after the reporting date

For the reasons already outlined in the strategic report and going concern accounting policy, the worldwide coronavirus pandemic in 2020 is considered to be a non-adjusting event.

### 31 Related party transactions

#### Transactions with related parties

During the year the group entered into the following transactions with related parties:

	Management charges		Equipment hire	
	2020 £	2019 £	2020 £	2019 £
Group				
Entities over which the group has control, joint control or significant influence	<u>37,867</u>	<u>42,133</u>	<u>11,912</u>	<u>9,591</u>

# LANCASTER BREWERY HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2020

### 31 Related party transactions

(Continued)

	Royalties charged		Rent paymntns	
	2020	2019	2020	2019
	£	£	£	£
<b>Group</b>				
Entities over which the entity has control, joint control or significant influence	-	-	17,984	-
Other related parties	9,096	8,050	-	-
	<u>9,096</u>	<u>8,050</u>	<u>-</u>	<u>-</u>

The company has taken advantage of the exemption obtained in Financial Reporting Standard 102 and has therefore not disclosed transactions with wholly owned entities which form part of the group.

The following amounts were outstanding at the reporting end date:

Amounts due to related parties	2020	2019
	£	£
<b>Group</b>		
Key management personnel	658	253
	<u>658</u>	<u>253</u>
<b>Company</b>		
Key management personnel	658	253
	<u>658</u>	<u>253</u>

The following amounts were outstanding at the reporting end date:

Amounts due from related parties	2020
	Balance
	£
<b>Group</b>	
Key management personnel	137
	<u>137</u>
<b>Company</b>	
Key management personnel	137
	<u>137</u>

### 32 Controlling party

The ultimate controlling party in the current and preceding year is Mr P A Simpson.

# LANCASTER BREWERY HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2020

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### 33 Cash generated from group operations

	2020 £	2019 £
Profit for the year after tax	221,231	370,498
<b>Adjustments for:</b>		
Taxation charged	103,887	114,554
Finance costs	82,923	88,872
Investment income	(21,522)	(26,287)
Gain on disposal of tangible fixed assets	-	(2,050)
Amortisation and impairment of intangible assets	-	283
Depreciation and impairment of tangible fixed assets	284,305	301,873
Amounts written off investments	78,492	-
<b>Movements in working capital:</b>		
(Increase)/decrease in stocks	(34,140)	64,067
(Increase)/decrease in debtors	(71,233)	90,349
(Decrease)/increase in creditors	(133,066)	130,668
<b>Cash generated from operations</b>	<u>510,877</u>	<u>1,132,827</u>