

Company Registration No. 05337316 (England and Wales)

**LANCASTER BREWERY COMPANY LIMITED**  
**UNAUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JANUARY 2020**  
**PAGES FOR FILING WITH REGISTRAR**



# LANCASTER BREWERY COMPANY LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Mr M S Jackson Mr P A Simpson
<b>Company number</b>	05337316
<b>Registered office</b>	Lancaster Leisure Park Wyresdale Road Lancaster Lancashire LA1 3LA
<b>Accountants</b>	Azets Fleet House New Road Lancaster LA1 1EZ

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# LANCASTER BREWERY COMPANY LIMITED

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# LANCASTER BREWERY COMPANY LIMITED

## ACCOUNTANTS' REPORT TO THE BOARD OF DIRECTORS ON THE PREPARATION OF THE UNAUDITED STATUTORY FINANCIAL STATEMENTS OF LANCASTER BREWERY COMPANY LIMITED FOR THE YEAR ENDED 31 JANUARY 2020

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In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of Lancaster Brewery Company Limited for the year ended 31 January 2020 which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes from the company's accounting records and from information and explanations you have given us.

This report is made solely to the Board of Directors of Lancaster Brewery Company Limited, as a body, in accordance with the terms of our engagement letter dated 13 January 2021. Our work has been undertaken solely to prepare for your approval the financial statements of Lancaster Brewery Company Limited and state those matters that we have agreed to state to the Board of Directors of Lancaster Brewery Company Limited, as a body, in this report. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Lancaster Brewery Company Limited and its Board of Directors as a body, for our work or for this report.

It is your duty to ensure that Lancaster Brewery Company Limited has kept adequate accounting records and to prepare statutory financial statements that give a true and fair view of the assets, liabilities, financial position and profit of Lancaster Brewery Company Limited. You consider that Lancaster Brewery Company Limited is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or a review of the financial statements of Lancaster Brewery Company Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory financial statements.

Azets

Azets

15/01/21

Fleet House  
New Road  
Lancaster  
LA1 1EZ

# LANCASTER BREWERY COMPANY LIMITED

## BALANCE SHEET

AS AT 31 JANUARY 2020

	Notes	2020 £	£	2019 £	£
<b>Fixed assets</b>					
Tangible assets	4		243,353		236,280
<b>Current assets</b>					
Stocks		128,800		93,301	
Debtors	5	1,415,917		1,249,169	
Cash at bank and in hand		93,591		127,713	
		<u>1,638,308</u>		<u>1,470,183</u>	
<b>Creditors: amounts falling due within one year</b>	6	<u>(1,987,165)</u>		<u>(1,833,173)</u>	
<b>Net current liabilities</b>			(348,857)		(362,990)
<b>Total assets less current liabilities</b>			(105,504)		(126,710)
<b>Provisions for liabilities</b>	7		(70,161)		(67,675)
<b>Net liabilities</b>			<u>(175,665)</u>		<u>(194,385)</u>
<b>Capital and reserves</b>					
Called up share capital	8		200		200
Share premium account			29,996		29,996
Profit and loss reserves			(205,861)		(224,581)
<b>Total equity</b>			<u>(175,665)</u>		<u>(194,385)</u>

The directors of the company have elected not to include a copy of the profit and loss account and directors' report within the financial statements.

For the financial year ended 31 January 2020 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

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

# LANCASTER BREWERY COMPANY LIMITED

## BALANCE SHEET (CONTINUED)

AS AT 31 JANUARY 2020

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 A Simpson  
Director

Company Registration No. 05337316

# LANCASTER BREWERY COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 JANUARY 2020

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#### 1 Accounting policies

##### Company information

Lancaster Brewery Company Limited is a private company limited by shares incorporated in England and Wales. The registered office is Lancaster Leisure Park, Wyresdale Road, Lancaster, Lancashire, LA1 3LA.

#### 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 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

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. The principal accounting policies adopted are set out below.

#### 1.2 Going concern

At the time of approving the financial statements and notwithstanding the net liabilities of £175,665 and the impact of the coronavirus pandemic, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### 1.3 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.

#### 1.4 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:

Equipment	10% - 25% straight line
Fixtures and fittings	25% straight line
Computer equipment	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 credited or charged to profit or loss.

# LANCASTER BREWERY COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2020

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### 1 Accounting policies

(Continued)

#### 1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible 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.

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.

#### 1.6 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.

#### 1.7 Cash at bank and in hand

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.

#### 1.8 Financial instruments

The company 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 company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with 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.



# LANCASTER BREWERY COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2020

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### 1 Accounting policies

(Continued)

#### **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.

#### **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 company 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.

### 1.9 Equity instruments

Equity instruments issued by the company 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 company.

### 1.10 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 company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

# LANCASTER BREWERY COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 JANUARY 2020

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#### 1 Accounting policies

(Continued)

##### **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 when the company has 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.

##### **1.11 Provisions**

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company 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.

##### **1.12 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.

##### **1.13 Retirement benefits**

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

##### **1.14 Leases**

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 leases asset are consumed.

##### **1.15 Finance costs**

Finance costs are charged to the Profit and loss account 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.

# LANCASTER BREWERY COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 JANUARY 2020

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

In the application of the company'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.

#### 3 Employees

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

	2020 Number	2019 Number
Total	22	23

#### 4 Tangible fixed assets

	Equipment £	Fixtures and fittings £	Computer equipment £	Motor vehicles £	Total £
<b>Cost</b>					
At 1 February 2019	412,261	53,179	25,014	32,235	522,689
Additions	45,481	673	300	-	46,454
At 31 January 2020	457,742	53,852	25,314	32,235	569,143
<b>Depreciation and impairment</b>					
At 1 February 2019	191,002	46,930	19,818	28,659	286,409
Depreciation charged in the year	31,243	3,015	2,395	2,728	39,381
At 31 January 2020	222,245	49,945	22,213	31,387	325,790
<b>Carrying amount</b>					
At 31 January 2020	235,497	3,907	3,101	848	243,353
At 31 January 2019	221,259	6,249	5,196	3,576	236,280

# LANCASTER BREWERY COMPANY LIMITED

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

### 5 Debtors

	2020	2019
	£	£
Amounts falling due within one year:		
Trade debtors	160,087	98,563
Amounts owed by group undertakings	1,224,418	1,121,964
Other debtors	3,279	1,593
Prepayments and accrued income	28,133	27,049
	<u>1,415,917</u>	<u>1,249,169</u>

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

	2020	2019
	£	£
Trade creditors	143,931	112,901
Amounts owed to group undertakings	1,657,378	1,504,947
Corporation tax	11,665	-
Other taxation and social security	46,071	88,892
Other creditors	55,236	48,464
Accruals and deferred income	72,884	77,969
	<u>1,987,165</u>	<u>1,833,173</u>

### 7 Provisions for liabilities

	2020	2019
	£	£
Excise duty	35,000	35,000
Deferred tax liabilities	35,161	32,675
	<u>70,161</u>	<u>67,675</u>

### 8 Called up share capital

	2020	2019
	£	£
Ordinary share capital Issued and fully paid		
200 Ordinary 'A' shares of £1 each	200	200
	<u>200</u>	<u>200</u>

### 9 Financial commitments, guarantees and contingent liabilities

Bank loans and overdrafts within C2 Investment Limited, the parent company, are secured by an unlimited inter-company composite guarantee between Lancaster Brewery Holdings Limited, C2 Investment Limited, Lancaster Brewery Company Limited, Lancaster Brewery Inns Limited, Barrow Pub Company Limited and Lancaster Distillery & Spirits Company Ltd (formerly The Mill at Ulverston Limited). At the year end the potential liability under this guarantee amounted to £2,010,770 (2019: £1,846,207).

# LANCASTER BREWERY COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2020

### 10 Operating lease commitments

#### Lessee

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

2020	2019
£	£
78,579	106,680

### 11 Events after the reporting date

After the year end the business has been significantly affected by the Covid-19 pandemic. The pandemic affected trade from the start of the new financial year onwards. Although much of the business was affected by the lockdowns between March and June and again in November, the company was able to alter its business model to a home delivery and click and collect operation which allowed it to continue operating. This, combined with Government support in the form of the Furlough scheme and Eat Out to Help Out has ensured that the business has performed satisfactorily to date during the 2020-2021 financial year. As such it is determined that Covid-19 is a non-adjusting event.

### 12 Related party transactions

#### Transactions with related parties

During the year the company was invoiced management charges of £37,867 (2019: £42,133) and equipment rental charges of £11,912 (2019: £9,591) from C2 Investment Limited.

The following amounts were outstanding at the reporting end date:

	2020	2019
	£	£
<b>Amounts due to related parties</b>		
Entities with control, joint control or significant influence over the company	1,657,378	1,504,947

The following amounts were outstanding at the reporting end date:

	2020	2019
	£	£
<b>Amounts due from related parties</b>		
Other related parties	1,224,418	1,121,694

### 13 Parent company

The ultimate parent company is Lancaster Brewery Holdings Limited.

The smallest and largest group for which consolidated financial statements are prepared, which include the results of this company, is that headed by Lancaster Brewery Holdings Limited, whose registered office is Lancaster Brewery, Lancaster Leisure Park, Wyresdale Road, Lancaster, Lancashire, LA1 3LA.