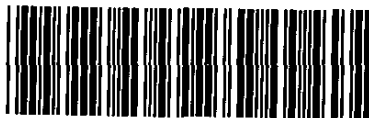


Company registration number 10714056 (England and Wales)

**LANCASTER BREWERY HOLDINGS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JANUARY 2023**

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COMPANIES HOUSE

# 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 United Kingdom LA1 3LA
<b>Auditor</b>	Azets Audit Services Fleet House New Road Lancaster United Kingdom 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 2023**

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The directors present the strategic report for the year ended 31 January 2023.

### **Group overview**

Lancaster Brewery Holdings is the parent company of C2 Investment Limited which 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 our 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.

The business has traded well in 2022 and this has continued into 2023, although rapid raw material and wage cost increases put pressure on margins throughout the period.

### **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.

The Brewery and Tap performed well in 2022 with impressive growth in turnover and profit, despite the many economic headwinds. The Tap continued its good performance from the previous year. Demand for the Brewery products also remained strong throughout the year.

### **Lancaster Brewery Inns 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 had a strong year. A shortage of quality hotel accommodation has meant it has been exceptionally busy and it continues to provide quality food, drink and accommodation. Food and drink sales were strong throughout the Covid period and have continued on a similar footing into 2023. Profit has been improved through careful control of costs and a focus on maintaining standards/turnover.

#### **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 has been the slowest part of the business to recover fully from the pandemic. Working from home remained a common feature for the major local industries and this had a knock-on effect on the Duke.

# LANCASTER BREWERY HOLDINGS LIMITED

## STRATEGIC REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 JANUARY 2023**

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### **The Mill at Ulverston**

Based in central Ulverston, the Mill provides an offering which appeals to both the local and tourist markets. Again, it was affected by the slower return to onsite working in Cumbria. Towards the latter end of 2022 we noted a slow return to normal hospitality activity in the region, promising a much better 2023.

### **Tite & Locke**

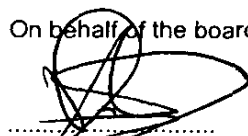
The Tite and Locke is a new bar on Lancaster Station which opened in April 2022. It has proved to be very popular both with locals and travellers. Carefully designed and laid out in sympathy with its environment it has been extremely well received by both the local and travelling customers.

### **Lancaster Distillery**

Over the last 18 months a Distillery has been installed on the Brewery site to manufacture gin, vodka and whisky. Whilst it is early days and the market is competitive, there is considerable growth potential in this area and the Directors aim is to develop the Distillery steadily over the next few years.

Overall, the Directors are satisfied with the performance of the business after a challenging few years. Whilst there are many uncertainties, both economic and geopolitical, at the present time the Directors feel the business is as well positioned as any in the market to manage the future.

On behalf of the board



Mr P Simpson  
Director

Date: 27.10.23

# LANCASTER BREWERY HOLDINGS LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 JANUARY 2023

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The directors present their annual report and financial statements for the year ended 31 January 2023.

#### **Principal activities**

The principal activity of the company and group continued to be that of a brewery and hospitality group.

#### **Results and dividends**

The results for the year are set out on page 9.

Ordinary dividends were paid amounting to £217,757. The directors do not recommend payment of a further dividend.

#### **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

#### **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 fixed rate borrowings and cash flow interest rate risk on floating rate deposits, bank overdrafts and loans. The group uses interest rate derivatives to manage the mix of fixed and variable rate debt so as to reduce 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.

#### **Future developments**

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

#### **Auditor**

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

# LANCASTER BREWERY HOLDINGS LIMITED

## DIRECTORS' REPORT (CONTINUED)


FOR THE YEAR ENDED 31 JANUARY 2023

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### 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: 25.10.23

# **LANCASTER BREWERY HOLDINGS LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 31 JANUARY 2023***

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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.

# 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 2023 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 significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 January 2023 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 group and parent 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

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

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

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

#### Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### 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.

# **LANCASTER BREWERY HOLDINGS LIMITED**

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

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

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#### **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 their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

- adequate accounting records have not been kept 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 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 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 is available on the Financial Reporting Council's website at: <https://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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#### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the entity through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

#### **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*

Susanna Cassey (Senior Statutory Auditor)  
For and on behalf of Azets Audit Services

Date: 30 Oct 23

Chartered Accountants  
Statutory Auditor

Fleet House  
New Road  
Lancaster  
United Kingdom  
LA1 1EZ

# LANCASTER BREWERY HOLDINGS LIMITED

## GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 JANUARY 2023

	Notes	2023 £	2022 £
Turnover	3	6,783,515	5,844,990
Cost of sales		(2,618,590)	(2,304,041)
<b>Gross profit</b>		<b>4,164,925</b>	<b>3,540,949</b>
Administrative expenses		(3,829,854)	(3,532,948)
Other operating income		22,540	497,805
<b>Operating profit</b>	<b>4</b>	<b>357,611</b>	<b>505,806</b>
Interest receivable and similar income		21,019	21,613
Interest payable and similar expenses	8	(92,755)	(59,498)
<b>Profit before taxation</b>		<b>285,875</b>	<b>467,921</b>
Tax on profit	9	(45,948)	(227,319)
<b>Profit for the financial year</b>	<b>24</b>	<b>239,927</b>	<b>240,602</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 2023

	Notes	2023		2022	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	12		6,693,573		6,628,184
Investment property	13		331,002		331,002
			<u>7,024,575</u>		<u>6,959,186</u>
<b>Current assets</b>					
Stocks	16	288,852		215,557	
Debtors	17	365,857		314,581	
Cash at bank and in hand		97,124		586,683	
		<u>751,833</u>		<u>1,116,821</u>	
<b>Creditors: amounts falling due within one year</b>	18	(1,689,663)		(1,779,194)	
<b>Net current liabilities</b>			<u>(937,830)</u>		<u>(662,373)</u>
<b>Total assets less current liabilities</b>			6,086,745		6,296,813
<b>Creditors: amounts falling due after more than one year</b>	19		(1,868,736)		(2,107,761)
<b>Provisions for liabilities</b>					
Deferred tax liability	21	671,417		674,630	
		<u>(671,417)</u>		<u>(674,630)</u>	
<b>Net assets</b>			<u>3,546,592</u>		<u>3,514,422</u>
<b>Capital and reserves</b>					
Called up share capital	23		100		100
Share premium account	24		29,996		29,996
Revaluation reserve	24		2,147,251		2,191,675
Profit and loss reserves	24		1,369,245		1,302,651
			<u>3,546,592</u>		<u>3,524,422</u>
<b>Equity attributable to owners of the parent company</b>			3,546,592		3,524,422
<b>Non-controlling interests</b>			-		(10,000)
			<u>3,546,592</u>		<u>3,514,422</u>

The financial statements were approved by the board of directors and authorised for issue on 25.10.23 and are signed on its behalf by:

  
Mr P Simpson  
Director

Company registration number 10714056 (England and Wales)

# LANCASTER BREWERY HOLDINGS LIMITED

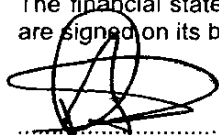
## COMPANY BALANCE SHEET

AS AT 31 JANUARY 2023

	Notes	2023 £	£	2022 £	£
<b>Fixed assets</b>					
Investments	14		100		100
<b>Current assets</b>					
Debtors	17	27,579		331	
<b>Creditors: amounts falling due within one year</b>	18	<u>(27,579)</u>		<u>(331)</u>	
<b>Net current assets</b>			-		-
<b>Net assets</b>			<u>100</u>		<u>100</u>
<b>Capital and reserves</b>					
Called up share capital	23		<u>100</u>		<u>100</u>

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 £217,757 (2022 - £279,130 profit).

The financial statements were approved by the board of directors and authorised for issue on 25.10.23 and are signed on its behalf by:



Mr P Simpson  
Director

Company registration number 10714056 (England and Wales)

# LANCASTER BREWERY HOLDINGS LIMITED

## GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 JANUARY 2023

	Notes	Share capital £	Share premium account £	Revaluation reserve £	Profit and loss reserves £	Total controlling interest £	Non-controlling interest £	Total £
Balance at 1 February 2021		100	29,996	2,227,556	1,305,298	3,562,950	(10,000)	3,552,950
Year ended 31 January 2022:								
Profit and total comprehensive income		-	-	-	240,602	240,602	-	240,602
Dividends	10	-	-	-	(279,130)	(279,130)	-	(279,130)
Transfers		-	-	(35,881)	35,881	-	-	-
Balance at 31 January 2022		100	29,996	2,191,675	1,302,651	3,524,422	(10,000)	3,514,422
Year ended 31 January 2023:								
Profit and total comprehensive income		-	-	-	239,927	239,927	-	239,927
Dividends	10	-	-	-	(217,757)	(217,757)	-	(217,757)
Transfers		-	-	(44,424)	44,424	-	-	-
Disposal of subsidiary		-	-	-	-	-	10,000	10,000
Balance at 31 January 2023		100	29,996	2,147,251	1,369,245	3,546,592	-	3,546,592

# LANCASTER BREWERY HOLDINGS LIMITED

## COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 JANUARY 2023

	Notes	Share capital £	Profit and loss reserves £	Total £
<b>Balance at 1 February 2021</b>		100	-	100
<b>Year ended 31 January 2022:</b>				
Profit and total comprehensive income for the year		-	279,130	279,130
Dividends	10	-	(279,130)	(279,130)
<b>Balance at 31 January 2022</b>		100	-	100
<b>Year ended 31 January 2023:</b>				
Profit and total comprehensive income		-	217,757	217,757
Dividends	10	-	(217,757)	(217,757)
<b>Balance at 31 January 2023</b>		100	-	100

# LANCASTER BREWERY HOLDINGS LIMITED

## GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 JANUARY 2023

	Notes	2023 £	£	2022 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	30	475,011		1,170,362	
Interest paid		(92,755)		(59,498)	
Income taxes paid		(101,319)		(68,687)	
<b>Net cash inflow from operating activities</b>		<u>280,937</u>		<u>1,042,177</u>	
<b>Investing activities</b>					
Purchase of tangible fixed assets		(391,595)		(301,169)	
Proceeds from disposal of tangible fixed assets		5,754		27,056	
Interest received		21,019		21,613	
<b>Net cash used in investing activities</b>		<u>(364,822)</u>		<u>(252,500)</u>	
<b>Financing activities</b>					
Repayment of bank loans		(239,024)		(119,512)	
Dividends paid to equity shareholders		(217,757)		(279,130)	
<b>Net cash used in financing activities</b>		<u>(456,781)</u>		<u>(398,642)</u>	
<b>Net (decrease)/increase in cash and cash equivalents</b>		<u>(540,666)</u>		<u>391,035</u>	
Cash and cash equivalents at beginning of year		586,683		195,648	
<b>Cash and cash equivalents at end of year</b>		<u><u>46,017</u></u>		<u><u>586,683</u></u>	
<b>Relating to:</b>					
Cash at bank and in hand		97,124		586,683	
Bank overdrafts included in creditors payable within one year		<u>(51,107)</u>		<u>-</u>	

# LANCASTER BREWERY HOLDINGS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 JANUARY 2023

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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, United Kingdom, 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  
The Tite and Locke, Lancaster railway station, Meeting House Lane, Lancaster LA1 5NW

#### 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 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 financial instruments not measured at fair value; 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 2023, 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 2022. The companies claiming this exemption are as follows: Lancaster Brewery Company Limited (company number: 05337316), Lancaster Brewery Inns Ltd (company number: 04970929) and Lancaster Distillery & Spirits Company Ltd (company number: 06959462).

# LANCASTER BREWERY HOLDINGS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 JANUARY 2023

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#### 1 Accounting policies

(Continued)

##### 1.2 Business combinations

###### **Merger method of accounting**

Where the relative rights of shareholders are preserved in a group 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.

On 15 August 2017, Lancaster Brewery Holdings Limited acquired 100% of the share capital of C2 Investment Limited as part of a group restructure, this acquisition was accounted for using the merger method of accounting. Lancaster Brewery Holdings Limited acts as a holding company for the group.

###### **Purchase method of accounting**

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

All other subsidiaries are accounted for using the purchase method of accounting.

##### 1.3 Basis of consolidation

The consolidated group financial statements consist of the financial statements of the parent company Lancaster Brewery Holdings Limited together with all entities controlled by the parent company (its subsidiaries).

All financial statements are made up to 31 January 2023. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

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.

Subsidiaries are consolidated in the group's financial statements from the date that control commences until the date that control ceases.

# LANCASTER BREWERY HOLDINGS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2023

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### 1 Accounting policies

(Continued)

#### 1.4 Going concern

At the time of approving the financial statements and notwithstanding the net current liabilities of £838,064, 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.

#### 1.5 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.

Revenue from contracts for the provision of services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

#### 1.6 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

#### 1.7 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

#### 1.8 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.

# LANCASTER BREWERY HOLDINGS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 JANUARY 2023

#### 1 Accounting policies

(Continued)

For all assets except for land and buildings a usage basis is applied. 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
Fixtures and fittings	5%, 25% and 33% straight line
Computers	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.

#### 1.9 Investment property

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.

#### 1.10 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.

#### 1.11 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.

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.

# LANCASTER BREWERY HOLDINGS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2023

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### 1 Accounting policies

(Continued)

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.

#### 1.12 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 cost and replacement 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.

#### 1.13 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.

#### 1.14 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.

##### **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.

# LANCASTER BREWERY HOLDINGS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 JANUARY 2023

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#### 1 Accounting policies

(Continued)

##### ***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.

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

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

#### 1.15 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.

#### 1.16 Taxation

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

# LANCASTER BREWERY HOLDINGS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2023

### 1 Accounting policies

(Continued)

#### **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.

#### **1.17 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.

#### **1.18 Retirement benefits**

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

#### **1.19 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 leased asset are consumed.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

#### **1.20 Government grants**

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

# LANCASTER BREWERY HOLDINGS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 JANUARY 2023

#### 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.

##### Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

##### Investment Property Valuation

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 July 2020 by Fleurets, 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 not taking into account the impact of Covid-19. At 31 January 2023, the directors are of the opinion that the fair value of investment property is not materially different to the valuation plus the cost of any additions since the date of valuation.

#### 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 and spirits.

All turnover arose within the United Kingdom.

	2023	2022
	£	£
<b>Other revenue</b>		
Interest income	21,019	21,613
Grants received	22,540	497,805

#### 4 Operating profit

	2023	2022
	£	£
Operating profit for the year is stated after charging/(crediting):		
Research and development costs	74,405	7,000
Government grants	(22,540)	(497,805)
Depreciation of owned tangible fixed assets	321,952	271,509
(Profit)/loss on disposal of tangible fixed assets	(1,500)	8,458
Operating lease charges	45,534	57,366

Government grants relate to the Coronavirus Job Retention Scheme.

# LANCASTER BREWERY HOLDINGS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2023

### 5 Auditor's remuneration

	2023 £	2022 £
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the group and company	11,250	9,000
Audit of the financial statements of the company's subsidiaries	23,670	17,450
	<u>34,920</u>	<u>26,450</u>

### 6 Employees

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

	Group 2023 Number	2022 Number	Company 2023 Number	2022 Number
Directors	2	2	-	2
Bar, hotel and kitchen	93	86	-	-
Administrative	14	14	-	-
Management	2	1	-	-
Maintenance	2	2	-	-
Production	8	7	-	-
Total	<u>121</u>	<u>112</u>	<u>-</u>	<u>2</u>

Their aggregate remuneration comprised:

	Group 2023 £	2022 £	Company 2023 £	2022 £
Wages and salaries	2,037,653	2,131,811	-	-
Social security costs	150,471	132,043	-	-
Pension costs	37,842	34,321	-	-
	<u>2,225,966</u>	<u>2,298,175</u>	<u>-</u>	<u>-</u>

### 7 Directors' remuneration

	2023 £	2022 £
Remuneration for qualifying services	25,934	61,420
Company pension contributions to defined contribution schemes	345	731
	<u>26,279</u>	<u>62,151</u>

# LANCASTER BREWERY HOLDINGS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2023

### 7 Directors' remuneration

(Continued)

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2022 - 2).

### 8 Interest payable and similar expenses

	2023	2022
	£	£
Interest on bank overdrafts and loans	90,523	59,455
Other interest	2,232	43
	<u>92,755</u>	<u>59,498</u>

### 9 Taxation

	2023	2022
	£	£
<b>Current tax</b>		
UK corporation tax on profits for the current period	53,374	96,114
Adjustments in respect of prior periods	(4,213)	(18,387)
	<u>49,161</u>	<u>77,727</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(3,213)	149,592
	<u>45,948</u>	<u>227,319</u>

# LANCASTER BREWERY HOLDINGS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 JANUARY 2023

#### 9 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:

	2023 £	2022 £
Profit before taxation	285,875	467,921
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2022: 19.00%)	54,316	88,905
Tax effect of expenses that are not deductible in determining taxable profit	18,476	13,557
Tax effect of income not taxable in determining taxable profit	-	(3,924)
Change in unrecognised deferred tax assets	(25,380)	25,380
Effect of change in corporation tax rate	12,067	56,012
Depreciation on assets not qualifying for tax allowances	14,966	69,878
Effect of revaluations of investments	-	3,974
Under/(over) provided in prior years	(19,205)	(18,387)
Deferred tax adjustments in respect of prior years	1,532	1
Effect of superdeduction	(10,824)	(8,077)
Taxation charge	45,948	227,319

#### 10 Dividends

	2023 £	2022 £
Recognised as distributions to equity holders:		
Final paid	217,757	279,130

# LANCASTER BREWERY HOLDINGS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2023

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### 11 Intangible fixed assets

Group	Goodwill £
<b>Cost</b>	
At 1 February 2022 and 31 January 2023	88,587
<b>Amortisation and impairment</b>	
At 1 February 2022 and 31 January 2023	88,587
<b>Carrying amount</b>	
At 31 January 2023	-
At 31 January 2022	-

The company had no intangible fixed assets at 31 January 2023 or 31 January 2022.

# LANCASTER BREWERY HOLDINGS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2023

### 12 Tangible fixed assets

Group	Freehold land and buildings	Leasehold land and buildings	Plant, fixtures and equipment	Fixtures and fittings	Computers	Motor vehicles	Total
Cost	£	£	£	£	£	£	£
At 1 February 2022	6,754,529	406,026	571,905	1,372,597	157,127	93,026	9,355,210
Additions	49,363	186,344	78,585	52,666	14,637	10,000	391,595
Disposals	-	(33,374)	-	-	-	-	(33,374)
At 31 January 2023	6,803,892	558,996	650,490	1,425,263	171,764	103,026	9,713,431
<b>Depreciation and impairment</b>							
At 1 February 2022	920,205	361,294	275,726	992,939	113,124	63,738	2,727,026
Depreciation charged in the year	135,536	30,124	49,083	71,923	20,536	14,750	321,952
Eliminated in respect of disposals	-	(29,120)	-	-	-	-	(29,120)
At 31 January 2023	1,055,741	362,298	324,809	1,064,862	133,660	78,488	3,019,858
<b>Carrying amount</b>							
At 31 January 2023	5,748,151	196,698	325,681	360,401	36,104	24,538	6,693,573
At 31 January 2022	5,834,324	44,732	296,179	379,658	42,003	29,288	6,628,184

The company had no tangible fixed assets at 31 January 2023 or 31 January 2022.

# LANCASTER BREWERY HOLDINGS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 JANUARY 2023

#### 12 Tangible fixed assets

(Continued)

Freehold land and buildings with a carrying amount of £5,748,151 (2022 - £5,834,324) 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.

#### 13 Investment property

	Group 2023 £	Company 2023 £
<b>Fair value</b>		
At 1 February 2022 and 31 January 2023	331,002	-

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 July 2020 by Fleurets, 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 not taking into account the impact of Covid-19. At 31 January 2023, the directors are of the opinion that the fair value of investment property is not materially different to the valuation plus the cost of any additions since the date of valuation.

The investment property held by the company is security against bank loans held by the group.

#### 14 Fixed asset investments

	Notes	Group 2023 £	2022 £	Company 2023 £	2022 £
Investments in subsidiaries	15	-	-	100	100

#### 15 Subsidiaries

Details of the company's subsidiaries at 31 January 2023 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	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	Distillery	Ordinary	-	100.00

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

# LANCASTER BREWERY HOLDINGS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2023

### 16 Stocks

	Group 2023 £	2022 £	Company 2023 £	2022 £
Raw materials and consumables	17,562	21,681	-	-
Finished goods and goods for resale	271,290	193,876	-	-
	<u>288,852</u>	<u>215,557</u>	<u>-</u>	<u>-</u>

### 17 Debtors

	Group 2023 £	2022 £	Company 2023 £	2022 £
<b>Amounts falling due within one year:</b>				
Trade debtors	177,234	165,439	-	-
Corporation tax recoverable	7,963	-	-	-
Amounts owed by group undertakings	-	-	-	331
Other debtors	126,557	94,633	27,579	-
Prepayments and accrued income	54,103	54,509	-	-
	<u>365,857</u>	<u>314,581</u>	<u>27,579</u>	<u>331</u>

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

	Notes	Group 2023 £	2022 £	Company 2023 £	2022 £
Bank loans and overdrafts	20	273,835	222,727	-	-
Other borrowings	20	2,870	2,870	-	-
Trade creditors		463,441	482,183	-	-
Amounts owed to group undertakings		-	-	27,074	-
Corporation tax payable		108,862	153,057	-	-
Other taxation and social security		393,845	516,345	-	-
Other creditors		165,116	184,782	505	331
Accruals and deferred income		281,694	217,230	-	-
		<u>1,689,663</u>	<u>1,779,194</u>	<u>27,579</u>	<u>331</u>

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

	Notes	Group 2023 £	2022 £	Company 2023 £	2022 £
Bank loans and overdrafts	20	<u>1,868,736</u>	<u>2,107,761</u>	<u>-</u>	<u>-</u>

# LANCASTER BREWERY HOLDINGS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2023

### 20 Loans and overdrafts

	Group 2023 £	2022 £	Company 2023 £	2022 £
Bank loans	2,091,464	2,330,488	-	-
Bank overdrafts	51,107	-	-	-
Other loans	2,870	2,870	-	-
	<u>2,145,441</u>	<u>2,333,358</u>	<u>-</u>	<u>-</u>
Payable within one year	276,705	225,597	-	-
Payable after one year	<u>1,868,736</u>	<u>2,107,761</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 Palatine, 1 Crescent Road, Morecambe, Lancashire, The Duke of Edinburgh, Abbey Road, Barrow-in-Furness, 104 Abbey Road, Barrow, Furness, Cumbria, and The Mill, Mill Street, Ulverston. In addition there is a composite cross guarantee between Lancaster Brewery Holdings Limited, C2 Investment Limited, Barrow Pub Company Limited, Lancaster Brewery Inns Limited, Lancaster Distillery & Spirits Company Ltd 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.

Bank loans are repayable in 9 quarterly instalments of £55,682. The repayment of the remaining balance will occur on 31 July 2025. Interest on bank loans and overdrafts is payable at 2.35% plus the bank of England base rate.

### 21 Deferred taxation

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

Group	Liabilities 2023 £	Liabilities 2022 £
Accelerated capital allowances	476,753	505,883
Tax losses	(21,525)	-
Revaluations	217,103	179,406
Investment property	-	(8,201)
Short term timing differences	(914)	(2,458)
	<u>671,417</u>	<u>674,630</u>

The company has no deferred tax assets or liabilities.

# LANCASTER BREWERY HOLDINGS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2023

### 21 Deferred taxation (Continued)

	Group 2023 £	Company 2023 £
<b>Movements in the year:</b>		
Liability at 1 February 2022	674,630	-
Credit to profit or loss	(3,213)	-
Liability at 31 January 2023	<u>671,417</u>	<u>-</u>

### 22 Retirement benefit schemes

	2023 £	2022 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	<u>37,842</u>	<u>34,321</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.

### 23 Share capital

Group and company	2023 Number	2022 Number	2023 £	2022 £
<b>Ordinary share capital</b>				
<b>Issued and fully paid</b>				
Ordinary A Shares of £1 each	41	41	41	41
Ordinary B Shares of £1 each	30	30	30	30
Ordinary C Shares of £1 each	10	10	10	10
Ordinary D shares of £1 each	19	19	19	19
	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

### 24 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 £56,171 (2022: £56,171) included within profit and loss reserves.

# LANCASTER BREWERY HOLDINGS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2023

### 25 Disposals

On 1 November 2022 the group disposed of its 75% holding in Mollys Lancaster Ltd for consideration of £Nil. Included in these financial statements are profits of £Nil arising from the company's interests in Mollys Lancaster Ltd up to the date of its disposal.

### 26 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 2023 £	2022 £	Company 2023 £	2022 £
Within one year	44,500	46,449	-	-
Between two and five years	178,000	178,000	-	-
In over five years	163,167	207,667	-	-
	<u>385,667</u>	<u>432,116</u>	<u>-</u>	<u>-</u>

### 27 Capital commitments

Amounts contracted for but not provided in the financial statements:

	Group 2023 £	2022 £	Company 2023 £	2022 £
Acquisition of tangible fixed assets	-	50,000	-	-
	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>-</u>

### 28 Related party transactions

#### Transactions with related parties

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

	Royalties charged	
	2023 £	2022 £
Group		
Other related parties	<u>9,885</u>	<u>9,125</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.

# LANCASTER BREWERY HOLDINGS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2023

### 28 Related party transactions

(Continued)

The following amounts were outstanding at the reporting end date:

Amounts due to related parties	2023 £	2022 £
<b>Group</b>		
Key management personnel	505	331
	<u>505</u>	<u>331</u>
<b>Company</b>		
Entities over which the company has control, joint control or significant influence	27,074	-
Key management personnel	505	331
	<u>27,579</u>	<u>331</u>

The following amounts were outstanding at the reporting end date:

Amounts due from related parties	2023 Balance £	2022 Balance £
<b>Group</b>		
Key management personnel	27,579	-
	<u>27,579</u>	<u>-</u>
<b>Company</b>		
Entities over which the company has control, joint control or significant influence	-	331
Key management personnel	27,579	-
	<u>27,579</u>	<u>331</u>

### 29 Controlling party

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

# LANCASTER BREWERY HOLDINGS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2023

### 30 Cash generated from group operations

	2023 £	2022 £
Profit for the year after tax	239,927	240,602
<b>Adjustments for:</b>		
Taxation charged	45,948	227,319
Finance costs	92,755	59,498
Investment income	(21,019)	(21,613)
(Gain)/loss on disposal of tangible fixed assets	(1,500)	8,458
Depreciation and impairment of tangible fixed assets	321,952	271,509
<b>Movements in working capital:</b>		
Increase in stocks	(73,295)	(2,257)
Increase in debtors	(43,313)	(25,363)
(Decrease)/increase in creditors	(86,444)	412,209
<b>Cash generated from operations</b>	<b>475,011</b>	<b>1,170,362</b>

### 31 Analysis of changes in net debt - group

	1 February 2022 £	Cash flows £	31 January 2023 £
Cash at bank and in hand	586,683	(489,559)	97,124
Bank overdrafts	-	(51,107)	(51,107)
	586,683	(540,666)	46,017
Borrowings excluding overdrafts	(2,333,358)	239,024	(2,094,334)
	(1,746,675)	(301,642)	(2,048,317)