

Lovett Enterprises Limited

Annual Report and Financial Statements

Period Ended

2 January 2022

Company Number 08267356

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Lovett Enterprises Limited

Company Information

Directors	B W D Lovett D C Lovett G C Lovett
Registered number	08267356
Registered office	49 Southwark Street London SE1 1RU
Independent auditor	BDO LLP 55 Baker Street London W1U 7EU

Lovett Enterprises Limited

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Lovett Enterprises Limited

Group Strategic Report for the Period Ended 2 January 2022

Introduction

The directors present their strategic report together with the audited financial statements for the period ended 2 January 2022.

Business review

Lovett Enterprises Limited is the ultimate parent company and controlling shareholder for the multi-national entertainment & hospitality operator, tvh hospitality. Founded by the directors, tvh hospitality has developed the revered "third-space" concepts Flat Iron Square and Goods Way in London which incorporate next generation music venues Omeara and Lafayette respectively. It also more recently includes operations in the U.S., with the group's first venue, the Orion Amphitheater, opening in May 2022 in Huntsville, Alabama.

In 2021, Venue Group LLC (a subsidiary of Lovett Enterprises Limited) completed an equity fundraise, raising \$47.75m in total consideration, which included \$36.6m of cash, \$3.4m loans receivable and \$7.75m in exchange for existing debt and non-controlling equity interests. The shareholding of Venue Group LLC held by Lovett Enterprises Limited reduced to 42.66%, however, Lovett Enterprises Limited retains control of Venue Group LLC due to some of the shares issued to management having no voting rights.

Like much of the hospitality sector, the COVID-19 pandemic has continued to dominate the financial performance of the Group in 2021, with restrictions on trading in place until July 2021. Despite this, trading was strong throughout the second half of the year with revenues of £7.5m generated from UK operations as sites reopened. £1.7m of government grant funding was also able to partially mitigate the impact of lost UK revenues. In addition, £2.2m of revenues were generated through the Group's US operations through consulting contracts and local government funding to cover pre-opening expenditure on the Group's first venue, the Orion Amphitheater.

The operating loss for the year was £7.2m, primarily attributable to lost revenues from the pandemic, whilst administrative expenditure increased through an increase in the number of sites under operation and headcount as the Group readies itself for future growth. A share-based payment charge of £1.7m has had a significant impact on the operating loss figure.

The Group closed the year with net assets of £21.7m, up from £5.6m of net liabilities in the previous year following the equity fundraise made by Venue Group LLC.

Lovett Enterprises Limited

Group Strategic Report (continued) for the Period Ended 2 January 2022

Principal risks

Alongside the opportunities, the directors face a number of risks and uncertainties which the directors actively identify and monitor.

Rising costs and inflation

Through 2022, inflation has increased with the CPI index rising 9.9% in the UK and 8.3% in the US in the 12 months to August 2022. This gives rise to a number of challenges for tvq hospitality, including rising operating costs, pressures on the Group to raise its own prices and consequently a potential slow down in consumer demand for hospitality, which could negatively impact the operating margins for the Group.

Brexit impact on staffing and pricing in the UK

Following the withdrawal of the United Kingdom from the European Union, uncertainties still remain as to the Group's ability to recruit new employees in the UK, particularly during the opening of a new venue where a large recruitment drive is required. Challenges around the ability for EU residents to live and work in the UK still remain and the long term impact of this is still unclear. The Group's success is dependent on being able to attract and retain good quality employees. If recruitment competition increases in the sector, either the Group could be adversely affected in sales if the quality of staff decreases or the Group will have to spend more to maintain a high quality workforce. Both have adverse impacts on the operating profit of the Group.

There are also long term uncertainties around pricing as a result of Brexit. Many of the Group's suppliers to the UK operations, particularly beverages, have products that originate overseas, including the EU. If these suppliers are adversely affected by additional taxes, duties and other costs when importing to the UK, the costs may be passed on to tvq hospitality. tvq hospitality can either absorb this increased cost, negatively impacting its margin, or increase prices to customers which could reduce demand.

Continued impact of the COVID-19 pandemic

Whilst the outlook of the COVID-19 pandemic has improved, with a successful vaccination rollout and the easing of restrictions in 2021, the risk to Venue Group from a further rise in cases and new variants of the virus is still apparent, particularly during the winter months. This would impact sales for the Group if there are further enforced closures and restrictions by authorities, or consumers are deterred from attending social gatherings at the Group's venues against the backdrop of COVID-19 as reported by the media.

Financial key performance indicators

	Period ended 2 January 2022 £	Year ended 31 December 2020 £
Turnover	9,725,361	3,563,276
Adjusted EBITDA	(3,879,245)	(1,797,506)


Adjusted EBITDA comprises EBITDA excluding share based payment charges.

The Directors consider the KPIs to be in line with expectations, with turnover increasing significantly due to UK venues opening up in 2021 following the pandemic, and EBITDA losses increasing slightly as the Group prepares to open its first US venue in 2022.

Lovett Enterprises Limited

Group Strategic Report (continued) for the Period Ended 2 January 2022

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

DocuSigned by:

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G C Lovett
Director

Date: 12-23-2022

Lovett Enterprises Limited

Directors' Report for the Period Ended 2 January 2022

The directors present their report and the financial statements for the period ended 2 January 2022.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group 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 for the group's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

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

Results and dividends

The loss for the period, after taxation, amounted to £7,805,885 (2020 - loss of £4,087,737).

No dividends were paid during the financial year (2020 - £NIL).

The directors have prepared the financial statements on a going concern basis. Further details can be found in note 2.3 to the financial statements.

Directors

The directors who served during the period were:

B W D Lovett
D C Lovett
G C Lovett

Matters covered in strategic report

Certain requirements for the directors' report have been included within the strategic report on page 1.

Lovett Enterprises Limited

Directors' Report (continued) for the Period Ended 2 January 2022

Disclosure of information to auditor

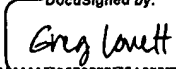
Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

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

Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

DocuSigned by:

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G C Lovett
Director

Date: 12-23-2022

Lovett Enterprises Limited

Independent Auditor's Report to the Members of Lovett Enterprises Limited

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 2 January 2022 and of the group's loss for the period then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Lovett Enterprises Limited ("the parent company") and its subsidiaries ("the group") for the 52 week period ended 2 January 2022 which comprise Consolidated Statement of Comprehensive Income, the Consolidated and Company statement of Financial Position, the Consolidated and Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows, the Consolidated Analysis of Net Debt and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion on the financial statements

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the group and the 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.

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 or 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.

Lovett Enterprises Limited

Independent Auditor's Report to the Members of Lovett Enterprises Limited (continued)

Other information

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

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.

Other Companies Act 2006 reporting

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

- the information given in the Strategic report and the Directors' report for the financial period 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.

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report 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 group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Lovett Enterprises Limited

Independent Auditor's Report to the Members of Lovett Enterprises Limited (continued)

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.

Extent to which the audit was 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, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- obtaining an understanding of the legal and regulatory frameworks that are applicable to the group and parent company; focussing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. These include, but are not limited to, compliance with the Companies Act, United Kingdom Accounting Standards, tax legislation and local government grant legislation.
making enquiries of management and the Board of the Company relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- communicating the relevant identified laws and regulations and potential fraud risks to all engagement team members, and remaining alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.
- assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur in the financial statements and any potential indicators of fraud. We identified potential for fraud in the following areas and performed the following procedures:
- management override: we evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls). Audit procedures performed included:
 - challenging assumptions made by management in their significant accounting estimates for indications of bias or management override;
 - identifying and testing manual journal entries, in particular any journal entries containing characteristics of audit interest such as manual journals to revenue; and for journals which are inconsistent with the usual transactions of the Company.
- management override in relation to revenue recognition: we evaluated the control environment pertaining to sales; specifically looking at cash collection, correlation between the Electronic Point of Sale system and accounting system, and sampled revenue recognised in relation to venue hire, sponsorship income and consultancy income and agreed these back to contractual arrangements along with considering conformity to the groups stated policies and UK accounting standards.
- government grant claims: we obtained an understanding of the regulatory frameworks in place, such as Coronavirus Job Retention Scheme, and performed substantive procedures to ensure that claims were reasonable and in compliance with such regulations.

Lovett Enterprises Limited

Independent Auditor's Report to the Members of Lovett Enterprises Limited (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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.

Use of our report

This report is made solely to the parent 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 parent 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 parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

Ed Green-Wilkinson

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Ed Green-Wilkinson (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London
United Kingdom
24 December 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Lovett Enterprises Limited

Consolidated Statement of Comprehensive Income for the Period Ended 2 January 2022

	Note	Period ended 2 January 2022 £	Year ended 31 December 2020 £
Turnover	4	9,725,361	3,563,276
Cost of sales		(4,386,523)	(1,260,875)
Gross profit		5,338,838	2,302,401
Administrative expenses		(14,254,039)	(7,870,658)
Other operating income	5	1,759,429	2,331,397
Operating loss	6	(7,155,772)	(3,236,860)
Amounts written off investments		-	(28,750)
Interest receivable and similar income	10	25,511	12,739
Interest payable and similar expenses	11	(674,064)	(908,954)
Loss before taxation		(7,804,325)	(4,161,825)
Tax on loss	12	(1,560)	74,088
Loss for the financial period		(7,805,885)	(4,087,737)
Currency translation differences		(53,060)	(1,237)
Other comprehensive loss for the period		(53,060)	(1,237)
Total comprehensive loss for the period		(7,858,945)	(4,088,974)
Loss for the period attributable to:			
Non-controlling interests		(2,184,963)	(619,790)
Owners of the parent company		(5,620,922)	(3,467,947)
		(7,805,885)	(4,087,737)
Total comprehensive loss for the period attributable to:			
Non-controlling interests		(2,196,336)	(619,790)
Owners of the parent company		(5,662,609)	(3,469,184)
		(7,858,945)	(4,088,974)

The notes on pages 21 to 50 form part of these financial statements.

Lovett Enterprises Limited

Registered number:08267356

**Consolidated Statement of Financial Position
as at 2 January 2022**

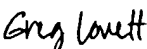
		2 January 2022 £	31 December 2020 £
Fixed assets	Note		
Intangible assets	13	4,487,491	5,112,013
Tangible assets	14	9,444,545	8,390,134
Investments	15	110,073	-
		<u>14,042,109</u>	<u>13,502,147</u>
Current assets			
Stocks	16	124,212	76,629
Debtors: amounts falling due after more than one year	17	274,549	-
Debtors: amounts falling due within one year	17	4,787,798	1,129,209
Cash at bank and in hand	18	19,508,434	1,622,309
		<u>24,694,993</u>	<u>2,828,147</u>
Creditors: amounts falling due within one year	19	(9,263,816)	(7,129,314)
Net current assets/(liabilities)		<u>15,431,177</u>	<u>(4,301,167)</u>
Total assets less current liabilities		<u>29,473,286</u>	<u>9,200,980</u>
Creditors: amounts falling due after more than one year	20	(7,761,927)	(14,836,675)
Net assets/(liabilities)		<u>21,711,359</u>	<u>(5,635,695)</u>
Capital and reserves			
Called up share capital	23	240	240
Share based payment reserve	24	7,431	-
Other reserves	24	1,918,114	1,918,114
Profit and loss account	24	7,303,212	(6,808,879)
Equity attributable to owners of the parent company		<u>9,228,997</u>	<u>(4,890,525)</u>
Non-controlling interests		12,482,362	(745,170)
		<u>21,711,359</u>	<u>(5,635,695)</u>

Lovett Enterprises Limited

Registered number:08267356

Consolidated Statement of Financial Position (continued) as at 2 January 2022

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

DocuSigned by:

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G C Lovett
Director

Date: 12-23-2022

The notes on pages 21 to 50 form part of these financial statements.

Lovett Enterprises Limited

Registered number:08267356


**Company Statement of Financial Position
as at 2 January 2022**

	Note	2 January 2022 £	31 December 2020 £
Fixed assets			
Tangible assets	14	73,123	94,411
Investments	15	708,570	8,737,263
		<u>781,693</u>	<u>8,831,674</u>
Current assets			
Debtors: amounts falling due after more than one year	17	87,000	-
Debtors: amounts falling due within one year	17	3,418,003	2,193,390
Cash at bank and in hand	18	5,137,212	67,521
		<u>8,642,215</u>	<u>2,260,911</u>
Creditors: amounts falling due within one year	19	(2,212,069)	(3,194,875)
Net current assets/(liabilities)		<u>6,430,146</u>	<u>(933,964)</u>
Total assets less current liabilities		<u>7,211,839</u>	<u>7,897,710</u>
Creditors: amounts falling due after more than one year	20	(4,097,698)	(6,971,604)
Net assets		<u><u>3,114,141</u></u>	<u><u>926,106</u></u>
Capital and reserves			
Called up share capital	23	240	240
Other reserves	24	1,918,114	1,918,114
Profit and loss account brought forward		(992,248)	(379,931)
Profit/(loss) for the period		2,188,035	(612,317)
Profit and loss account carried forward		<u>1,195,787</u>	<u>(992,248)</u>
		<u><u>3,114,141</u></u>	<u><u>926,106</u></u>

Lovett Enterprises Limited
Registered number:08267356

Company Statement of Financial Position (continued)
as at 2 January 2022

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

DocuSigned by:

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G C Lovett
Director

Date: 12-23-2022

The notes on pages 21 to 50 form part of these financial statements.

Lovett Enterprises Limited

Consolidated Statement of Changes in Equity for the Period Ended 2 January 2022

	Called up share capital	Share based payment reserve	Other reserves	Profit and loss account	Equity attributable to owners of parent company	Non- controlling interests	Total equity
	£	£	£	£	£	£	£
At 1 January 2021	240	-	1,918,114	(6,808,879)	(4,890,525)	(745,170)	(5,635,695)
Comprehensive loss for the period							
Loss for the period	-	-	-	(5,620,922)	(5,620,922)	(2,184,963)	(7,805,885)
Currency translation differences	-	249	-	(41,935)	(41,686)	(11,374)	(53,060)
Total comprehensive loss for the period	-	249	-	(5,662,857)	(5,662,608)	(2,196,337)	(7,858,945)
Share-based payment charge	-	7,182	-	-	7,182	9,653	16,835
Cash contribution from non-controlling interest	-	-	-	19,774,948	19,774,948	15,414,216	35,189,164
Total transactions with owners	-	7,182	-	19,774,948	19,782,130	15,423,869	35,205,999
At 2 January 2022	240	7,431	1,918,114	7,303,212	9,228,997	12,482,362	21,711,359

The notes on pages 21 to 50 form part of these financial statements.

Lovett Enterprises Limited

Consolidated Statement of Changes in Equity for the Period Ended 31 December 2020

	Called up share capital	Other reserves	Profit and loss account	Equity attributable to owners of parent company	Non- controlling interests	Total equity
	£	£	£	£	£	£
At 1 January 2020	240	1,526,141	(3,339,695)	(1,813,314)	(125,380)	(1,938,694)
Comprehensive loss for the year						
Loss for the year	-	-	(3,467,947)	(3,467,947)	(619,790)	(4,087,737)
Currency translation differences	-	-	(1,237)	(1,237)	-	(1,237)
Other comprehensive loss for the year						
	-	-	(1,237)	(1,237)	-	(1,237)
Total comprehensive loss for the year						
	-	-	(3,469,184)	(3,469,184)	(619,790)	(4,088,974)
Capital contribution	-	391,973	-	391,973	-	391,973
Total transactions with owners						
	-	391,973	-	391,973	-	391,973
At 31 December 2020	240	1,918,114	(6,808,879)	(4,890,525)	(745,170)	(5,635,695)

The notes on pages 21 to 50 form part of these financial statements.

Lovett Enterprises Limited

Company Statement of Changes in Equity for the Period Ended 2 January 2022

	Called up share capital	Other reserves	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2021	240	1,918,114	(992,248)	926,106
Comprehensive income for the year				
Profit for the period	-	-	2,188,035	2,188,035
At 2 January 2022	240	1,918,114	1,195,787	3,114,141

Company Statement of Changes in Equity for the Period Ended 31 December 2020

	Called up share capital	Other reserves	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2020	240	1,526,141	(379,931)	1,146,450
Comprehensive loss for the year				
Loss for the year	-	-	(612,317)	(612,317)
Contributions by and distributions to owners				
Capital contribution	-	391,973	-	391,973
At 31 December 2020	240	1,918,114	(992,248)	926,106

The notes on pages 21 to 50 form part of these financial statements.

Lovett Enterprises Limited

Consolidated Statement of Cash Flows for the Period Ended 2 January 2022

	Period ended 2 January 2022 £	Year ended 31 December 2020 £
Cash flows from operating activities		
Loss for the financial period	(7,805,885)	(4,087,737)
Adjustments for:		
Amortisation of intangible assets	624,522	626,625
Depreciation of tangible assets	992,834	812,730
Interest charged to income statement	674,064	908,954
Interest credited to income statement	(25,511)	(12,739)
Taxation charged/(credited) to income statement	1,560	(74,088)
(Increase)/decrease in stocks	(47,583)	34,092
(Increase)/decrease in debtors	(264,633)	873,947
Increase in creditors	2,056,129	2,542,525
Corporation tax paid	(1,560)	(102,960)
Foreign exchange	-	(1,237)
Loss on disposal of investment	-	28,750
Fair value adjustment on loan payable to unrelated third party	(25,000)	-
Share-based payment charge	1,659,171	-
Net cash (used in)/generated from operating activities	(2,161,892)	1,548,862
Cash flows from investing activities		
Purchase of tangible fixed assets	(2,030,988)	(4,092,847)
Purchase of unlisted and other investments (net of cash acquired)	(110,073)	(2,445,283)
Interest received	20,302	12,577
Net cash used in investing activities	(2,120,759)	(6,525,553)

Lovett Enterprises Limited

Consolidated Statement of Cash Flows (continued) for the Period Ended 2 January 2022

	2 January 2022 £	31 December 2020 £
Cash flows from financing activities		
New secured loans	-	3,200,000
Repayment of secured loans	(3,200,000)	-
Other new loans	-	1,875,000
Repayment of other loans	(492,438)	-
Repayment of finance leases	(48,406)	(39,470)
Interest paid	(444,437)	(247,845)
Cash injection from non-controlling interest	26,160,163	-
Net cash generated from financing activities	21,974,882	4,787,685
Net increase/(decrease) in cash and cash equivalents	17,692,231	(189,006)
Cash and cash equivalents at beginning of period	1,622,295	1,811,301
Foreign exchange gains and losses	193,788	-
Cash and cash equivalents at the end of period	19,508,314	1,622,295
Cash and cash equivalents at the end of period comprise:		
Cash at bank and in hand	19,508,434	1,622,309
Bank overdrafts	(120)	(14)
	19,508,314	1,622,295

The notes on pages 21 to 50 form part of these financial statements.

Lovett Enterprises Limited

Consolidated Analysis of Net Debt for the Period Ended 2 January 2022

	At 1 January 2021 £	Cash flows £	Other non- cash changes £	At 2 January 2022 £
Cash at bank and in hand	1,622,309	17,692,337	193,788	19,508,434
Bank overdrafts	(14)	(106)	-	(120)
Debt due after 1 year	(13,337,999)	3,148,333	3,803,550	(6,386,116)
Debt due within 1 year	(2,616,811)	544,105	(108,274)	(2,180,980)
Finance leases	(252,234)	48,406	-	(203,828)
	<u>(14,584,749)</u>	<u>21,433,075</u>	<u>3,889,064</u>	<u>10,737,390</u>

Other non-cash changes in net debt arise from interest charges, foreign exchange movements, debt amounts being exchanged for equity in the group and reclassification related to the ageing of debt balances.

Lovett Enterprises Limited

Notes to the Financial Statements for the Period Ended 2 January 2022

1. General information

Lovett Enterprises Limited ('the company') and its subsidiaries (together 'the group') are involved in the operation of entertainment & hospitality venues.

Lovett Enterprises Limited is a private company limited by shares incorporated in England and Wales. The registered office is 49 Southwark Street, London, SE1 1RU.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements.

Parent company disclosure exemptions

In these financial statements, advantage has been taken of the following disclosure exemptions available in FRS 102 with regard to the parent company:

- No financial instruments disclosures have been presented for the parent company;
- No statement of cash flows has been presented for the parent company; and
- No disclosures have been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the company and its own subsidiaries ("the group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

Lovett Enterprises Limited

Notes to the Financial Statements for the Period Ended 2 January 2022

2. Accounting policies (continued)

2.3 Going concern

The directors considered possible impacts to consumer demand and rising operating costs, and forecasted how this might negatively impact the business going forward, through both forced closures and reduced demand. The directors also noted the significant funds raised in 2021 and held as cash reserves. The forecasts produced demonstrate that the group has sufficient cash reserves and headroom to enable the group to meet its obligations as they fall due for a period of at least 12 months from the date of signing of these financial statements. There are also no ongoing financial covenants existing that could be impacted by COVID-19 uncertainty. As such, the directors are satisfied that the group has adequate resources to continue to operate for the foreseeable future. For this reason they continue to adopt the going concern basis for preparing these financial statements.

2.4 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

Lovett Enterprises Limited

Notes to the Financial Statements for the Period Ended 2 January 2022

2. Accounting policies (continued)

2.5 Revenue

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

Sale of food and beverage

These revenues are recorded net of discounts and tips from customers, and are recognised as the products are delivered to customers.

Venue hire

Venue hire for events is recognised at the time the event takes place. Deposits are recognised as deferred income until this time.

Sponsorship revenue

Sponsorship revenues, where income is received from partners for on-site branding and marketing, is recognised when the sponsorship period occurs. Cash received in advance is recognised as deferred income.

Consultancy income

Income received from consultancy contracts arises from services performed by an indeterminate number of acts over a specified period of time, and the revenue is recognised as the consultancy service is delivered over the specified period within the contract.

2.6 Operating leases: the group as lessor

Rental income from operating leases is credited to profit or loss on a straight line basis over the lease term.

Amounts paid and payable as an incentive to sign an operating lease are recognised as a reduction to income over the lease term on a straight line basis, unless another systematic basis is representative of the time pattern over which the lessor's benefit from the leased asset is diminished.

2.7 Operating leases: the group as lessee

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

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

Lovett Enterprises Limited

Notes to the Financial Statements for the Period Ended 2 January 2022

2. Accounting policies (continued)

2.8 Leased assets: the group as lessee

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

2.9 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants of a revenue nature are recognised in the consolidated statement of comprehensive income in the same period as the related expenditure and shown as other operating income. The deferred element of grants is included in creditors as deferred income.

2.10 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.11 Finance costs

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

2.12 Pensions

Defined contribution pension plan

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

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

2.13 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Lovett Enterprises Limited

Notes to the Financial Statements for the Period Ended 2 January 2022

2. Accounting policies (continued)

2.14 Current and deferred taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company and the group operate and generate income.

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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

Lovett Enterprises Limited

Notes to the Financial Statements for the Period Ended 2 January 2022

2. Accounting policies (continued)

2.15 Intangible assets

Goodwill

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

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Goodwill	-	10	years
Computer software	-	3	years

2.16 Tangible fixed assets

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

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Lovett Enterprises Limited

Notes to the Financial Statements for the Period Ended 2 January 2022

2. Accounting policies (continued)

2.16 Tangible fixed assets (continued)

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

Depreciation is provided on the following basis:

Long-term leasehold property	- Over the life on the lease
Plant and machinery	- 3 Years
Fixtures and fittings	- 3 Years
Computer equipment	- 3 Years

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

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

2.17 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted group shares, whose market value can be reliably determined, are remeasured to market value at each reporting date. Gains and losses on remeasurement are recognised in the consolidated statement of comprehensive income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

2.18 Stocks

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

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

2.19 Debtors

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

2.20 Cash and cash equivalents

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

In the consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the group's cash management.

Lovett Enterprises Limited

Notes to the Financial Statements for the Period Ended 2 January 2022

2. Accounting policies (continued)

2.21 Creditors

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

2.22 Financial instruments

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

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

Investments in non-derivative instruments that are equity to the issuer are measured:

- at fair value with changes recognised in the consolidated statement of comprehensive income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

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

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Lovett Enterprises Limited

Notes to the Financial Statements for the Period Ended 2 January 2022

2. Accounting policies (continued)

2.22 Financial instruments (continued)

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the group would receive for the asset if it were to be sold at the reporting date.

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

2.23 Financial liabilities

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

The group determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

Subsequently, the measurement of financial liabilities depends on their classification as follows:

Interest bearing loans and borrowings

Obligations for loans and borrowings are recognised when the group becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance revenue and finance cost.

Derecognition of financial liabilities

A liability is derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such as an exchange or modification, this is treated as a derecognition of the original liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in profit or loss.

Lovett Enterprises Limited

Notes to the Financial Statements for the Period Ended 2 January 2022

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

In preparing these financial statements, the Directors have had to make the following judgments and estimates:

Determine whether there are indicators of impairment of the group's tangible and intangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on the number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

One CGU with assets totalling £5.3m was assessed as having indicators of impairment due to challenges emerging from the impact of COVID-19 restrictions, and as such, an impairment review was performed. The value in use was obtained by estimating the present value of future cash flows expected to be derived from the CGU. In doing so, the Group prepared detailed forecasts for 2022 – 2024, applied a long term growth rate of 3% for subsequent years and a discount rate of 9%, whilst also performing sensitivity analysis on these assumptions. No impairment was considered necessary as a result of this review.

Lovett Enterprises Limited

Notes to the Financial Statements for the Period Ended 2 January 2022

4. Turnover

An analysis of turnover by class of business is as follows:

	Period ended 2 January 2022 £	Year ended 31 December 2020 £
Operation of venues	8,631,792	1,845,734
Property rental income	329,094	271,984
Consulting & other revenues	764,475	1,445,557
	<u>9,725,361</u>	<u>3,563,275</u>

Analysis of turnover by country of destination:

	Period ended 2 January 2022 £	Year ended 31 December 2020 £
United Kingdom	7,551,132	2,609,338
United States of America	2,174,229	953,938
	<u>9,725,361</u>	<u>3,563,276</u>

Lovett Enterprises Limited

Notes to the Financial Statements for the Period Ended 2 January 2022

5. Other operating income

	Period ended 2 January 2022 £	Year ended 31 December 2020 £
Other operating income	13,229	-
Government grants receivable	1,746,200	2,331,397
	<u>1,759,429</u>	<u>2,331,397</u>

Government grants receivable in 2021 comprises of UK Government Grants received under the COVID-19 Job Retention Scheme of £474,647 (2020 - £1,391,948), the Cultural Recovery Fund Grant Programme of £1,271,553 (2020 - £838,116) and the Coronavirus Business Interruption Loan Scheme of £NIL (2020 - £101,333).

Debtors at 2 January 2022 include £NIL (2020 - £98,213) of Grants to be received under the COVID-19 Job Retention Scheme. Deferred income at 31 December 2020 includes £NIL (2020 - £341,335) of Grant funding received but deferred under the Cultural Recovery Fund Grant Programme.

6. Operating loss

The operating loss is stated after charging:

	Period ended 2 January 2022 £	Year ended 31 December 2020 £
Amortisation of intangible fixed assets	624,522	626,625
Depreciation of tangible fixed assets	992,834	812,730
Exchange differences	230,384	15,657
Operating lease rentals (see note 25)	1,146,635	1,047,761
Share based payments	1,659,171	-
	<u>1,659,171</u>	<u>-</u>

Lovett Enterprises Limited

Notes to the Financial Statements for the Period Ended 2 January 2022

7. Auditor's remuneration

	Period ended 2 January 2022 £	Year ended 31 December 2020 £
Fees payable to the group's auditor and its associates for the audit of the group's annual financial statements	<u>109,000</u>	<u>82,000</u>
Fees payable to the group's auditor and its associates in respect of:		
Taxation compliance services	67,376	12,500
Other services relating to taxation	7,500	-
All other services	37,095	-
	<u><u>111,971</u></u>	<u><u>12,500</u></u>

Lovett Enterprises Limited

Notes to the Financial Statements for the Period Ended 2 January 2022

8. Employees

Staff costs were as follows:

	Group	Group	Company	Company
	Period ended 2 January 2022	Year ended 31 December 2020	Period ended 2 January 2022	Year ended 31 December 2020
	£	£	£	£
Wages and salaries	5,550,580	1,902,504	-	80,832
Social security costs	475,359	215,419	-	-
Cost of defined contribution scheme	116,618	73,759	-	-
	<u>6,142,557</u>	<u>2,191,682</u>	<u>-</u>	<u>80,832</u>

All staff costs are shown gross of amounts received under the UK Government Job Retention Scheme.

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

	Period ended 2 January 2022	Year ended 31 December 2020
	No.	No.
Employees	<u>200</u>	<u>162</u>

The company has no employees other than the directors, one of which received remuneration from the company of £NIL (2020 - £80,832).

9. Directors' remuneration

	Group	Group
	Period ended 2 January 2022	Year ended 31 December 2020
	£	£
Directors' emoluments	<u>710,798</u>	<u>277,405</u>

In addition £55,499 was paid in social security costs for directors during the period ended 2 January 2022 (year ended 31 December 2020 - £16,867).

Directors' emoluments include £353,049 paid to the highest paid director during the period ended 2 January 2022 (year ended 31 December 2020 - £195,714).

Lovett Enterprises Limited

Notes to the Financial Statements for the Period Ended 2 January 2022

10. Interest receivable

	Period ended 2 January 2022 £	Year ended 31 December 2020 £
Other interest receivable	25,511	12,739

11. Interest payable and similar expenses

	Period ended 2 January 2022 £	Year ended 31 December 2020 £
Loan note interest payable	674,064	908,954

Lovett Enterprises Limited

Notes to the Financial Statements for the Period Ended 2 January 2022

12. Taxation

	Period ended 2 January 2022 £	Year ended 31 December 2020 £
Corporation tax		
Adjustments in respect of previous periods	-	(90,557)
	<u>-</u>	<u>(90,557)</u>
Foreign tax		
Foreign tax on income for the year	1,560	-
	<u>1,560</u>	<u>-</u>
Total current tax	<u>1,560</u>	<u>(90,557)</u>
Deferred tax		
Origination and reversal of timing differences	-	(47,404)
Changes to tax rates	-	63,873
	<u>-</u>	<u>16,469</u>
Total deferred tax	<u>-</u>	<u>16,469</u>
Taxation on loss on ordinary activities	<u>1,560</u>	<u>(74,088)</u>

Lovett Enterprises Limited

Notes to the Financial Statements for the Period Ended 2 January 2022

12. Taxation (continued)

Factors affecting tax charge for the period/year

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

	Period ended 2 January 2022 £	Year ended 31 December 2020 £
Loss on ordinary activities before tax	(7,804,325)	(4,161,825)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	(1,482,822)	(790,747)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	946,353	158,327
Higher rate taxes on overseas earnings	-	3,404
Adjustments to tax charge in respect of prior periods	-	(90,557)
Adjustments to tax charge in respect of prior periods (deferred tax)	-	63,873
Deferred tax not recognised	934,118	581,612
Income not taxable for tax purposes	(481,721)	-
Other tax adjustments, reliefs and transfers	118,659	-
Foreign tax - other	(33,027)	-
Total tax charge for the period/year	1,560	(74,088)

Factors that may affect future tax charges

Following the UK Budget announcement on 3 March 2021, the corporation tax rate will change on 1 April 2023. The main rate will rise to 25%, applicable to companies earning £250,000 or greater in profit. A small profits rate (SPR) will also be introduced for companies with profits of £50,000 or less so that they will continue to pay Corporation Tax at 19%. Companies with profits between £50,000 and £250,000 will pay tax at the main rate reduced by a marginal relief providing a gradual increase in the effective Corporation Tax rate.

Lovett Enterprises Limited

Notes to the Financial Statements for the Period Ended 2 January 2022

13. Intangible assets

Group and Company

	Computer software £	Goodwill £	Total £
Cost			
At 1 January 2021	26,645	6,245,218	6,271,863
Disposals	(26,645)	-	(26,645)
At 2 January 2022	-	6,245,218	6,245,218
Amortisation			
At 1 January 2021	26,645	1,133,205	1,159,850
Charge for the period	-	624,522	624,522
On disposals	(26,645)	-	(26,645)
At 2 January 2022	-	1,757,727	1,757,727
Net book value			
At 2 January 2022	-	4,487,491	4,487,491
At 31 December 2020	-	5,112,013	5,112,013

Lovett Enterprises Limited

Notes to the Financial Statements for the Period Ended 2 January 2022

14. Tangible fixed assets

Group

	Long-term leasehold property £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation					
At 1 January 2021	8,329,412	522,545	915,011	364,337	10,131,305
Additions	1,280,966	13,367	624,165	112,490	2,030,988
Disposals	-	-	(297,671)	-	(297,671)
Exchange adjustments	10,407	-	5,584	297	16,288
At 2 January 2022	9,620,785	535,912	1,247,089	477,124	11,880,910
Depreciation					
At 1 January 2021	765,145	236,395	623,494	116,137	1,741,171
Charge for the period	502,862	151,725	204,092	134,155	992,834
Disposals	-	-	(297,671)	-	(297,671)
Exchange adjustments	-	-	8	23	31
At 2 January 2022	1,268,007	388,120	529,923	250,315	2,436,365
Net book value					
At 2 January 2022	8,352,778	147,792	717,166	226,809	9,444,545
At 31 December 2020	7,564,267	286,150	291,517	248,200	8,390,134

The net carrying amount of assets held under finance leases included in plant and machinery is £127,053 (2020 - £219,161).

Lovett Enterprises Limited

Notes to the Financial Statements for the Period Ended 2 January 2022

14. Tangible fixed assets (continued)

Company

	Long-term leasehold property £	Fixtures and fittings £	Total £
Cost or valuation			
At 1 January 2021	97,436	12,445	109,881
At 2 January 2022	97,436	12,445	109,881
Depreciation			
At 1 January 2021	9,744	5,726	15,470
Charge for the period on owned assets	10,644	10,644	21,288
At 2 January 2022	20,388	16,370	36,758
Net book value			
At 2 January 2022	77,048	(3,925)	73,123
At 31 December 2020	87,692	6,719	94,411

Lovett Enterprises Limited

Notes to the Financial Statements for the Period Ended 2 January 2022

15. Fixed asset investments

Group

	Unlisted investments £
Cost or valuation	
Additions	110,073
At 2 January 2022	<u>110,073</u>

Company

	Investments in subsidiary companies £
Cost	
At 1 January 2021	8,737,263
Additions	708,570
Transfers intra group	(8,737,263)
At 2 January 2022	<u>708,570</u>

Lovett Enterprises Limited

Notes to the Financial Statements for the Period Ended 2 January 2022

15. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Country of incorporation	Class of shares	Holding
TVG Topco Limited*	United Kingdom	A	43%
Flat Iron Square Limited*	United Kingdom	A	43%
Omeara Limited*	United Kingdom	A	43%
London Venue Group Limited*	United Kingdom	A	43%
Southwark Joint Venture Limited*	United Kingdom	A	43%
Goods Way Limited*	United Kingdom	A	38%
Somers Town Limited*	United Kingdom	A	38%
Lovett Ventures LLC	USA		95%
Venue Group LLC*	USA		43%
Venue Group Properties LLC*	USA		43%
Venue Group US LLC*	USA		43%
Third Space Hospitality LLC*	USA		43%
Huntsville Venue Group LLC*	USA		43%
Huntsville Venue Group Ampitheater LLC*	USA		43%
Huntsville Venue Group Lumberyard LLC*	USA		43%
Huntsville Venue Group F&B LLC*	USA		43%
DC Venue Group APFT LLC*	USA		43%
Austin Venue Group LLC*	USA		43%
Los Angeles Venue Group LLC*	USA		43%
Los Angeles Venue Group De Ville LLC*	USA		43%
Nashville Venue Group LLC*	USA		43%

*Indirectly held

All subsidiaries incorporated in the United Kingdom have the registered office address of 49 Southwark Street, London, UK.

All subsidiaries incorporate in the USA have the registered office address of The Corporation Trust, 1209 Orange Street, Wilmington (New Castle County), Delaware 19801.

All disclosed subsidiary undertakings are considered subsidiaries as Lovett Enterprises Limited has control, despite owning less than 50% of total shares, due to no voting rights attached to the shares owned by other parties.

Lovett Enterprises Limited

**Notes to the Financial Statements
for the Period Ended 2 January 2022**

16. Stocks

	Group	Group
	2 January	31
	2022	December
	£	2020
	£	£
Finished goods and goods for resale	124,212	76,629

The difference between purchase price or production cost of stocks and their replacement cost is not material.

Lovett Enterprises Limited

Notes to the Financial Statements for the Period Ended 2 January 2022

17. Debtors

	Group	Group	Company	Company
	2 January 2022 £	31 December 2020 £	2 January 2022 £	31 December 2020 £
Due after more than one year				
Other debtors	274,549	-	87,000	-
	<u>274,549</u>	<u>-</u>	<u>87,000</u>	<u>-</u>

	Group	Group	Company	Company
	2 January 2022 £	31 December 2020 £	2 January 2022 £	31 December 2020 £
Due within one year				
Trade debtors	659,868	291,491	14,400	-
Amounts owed by group undertakings	-	-	110,073	1,844,921
Other debtors	3,831,461	555,759	3,260,099	315,038
Prepayments and accrued income	296,469	183,746	33,431	33,431
Grants receivable	-	98,213	-	-
	<u>4,787,798</u>	<u>1,129,209</u>	<u>3,418,003</u>	<u>2,193,390</u>

18. Cash and cash equivalents

	Group	Group	Company	Company
	2 January 2022 £	31 December 2020 £	2 January 2022 £	31 December 2020 £
Cash at bank and in hand	19,508,434	1,622,309	5,137,212	67,521
Less: bank overdrafts	(120)	(14)	-	-
	<u>19,508,314</u>	<u>1,622,295</u>	<u>5,137,212</u>	<u>67,521</u>

Lovett Enterprises Limited

Notes to the Financial Statements for the Period Ended 2 January 2022

19. Creditors: Amounts falling due within one year

	Group	Group	Company	Company
	2 January 2022	31 December 2020	2 January 2022	31 December 2020
	£	£	£	£
Bank overdrafts	120	14	-	-
Bank loans	-	426,667	-	426,667
Other loans	2,180,980	2,190,144	1,327,845	1,444,861
Trade creditors	1,075,338	512,695	4,955	30,838
Amounts owed to group undertakings	-	-	-	689,629
Other taxation and social security	440,470	547,980	4,550	-
Obligations under finance lease and hire purchase contracts	53,633	71,523	-	-
Other creditors	2,579,252	1,106,868	766,641	593,880
Accruals and deferred income	2,934,023	2,273,423	108,078	9,000
	<u>9,263,816</u>	<u>7,129,314</u>	<u>2,212,069</u>	<u>3,194,875</u>

20. Creditors: Amounts falling due after more than one year

	Group	Group	Company	Company
	2 January 2022	31 December 2020	2 January 2022	31 December 2020
	£	£	£	£
Bank loans	-	2,773,333	-	2,773,333
Other loans	6,386,116	10,564,666	4,068,698	4,169,271
Net obligations under finance leases and hire purchase contracts	150,195	180,711	-	-
Other creditors	1,225,616	1,317,965	29,000	29,000
	<u>7,761,927</u>	<u>14,836,675</u>	<u>4,097,698</u>	<u>6,971,604</u>

Lovett Enterprises Limited

Notes to the Financial Statements for the Period Ended 2 January 2022

21. Loans

	Group	Group	Company	Company
	2 January 2022 £	31 December 2020 £	2 January 2022 £	31 December 2020 £
Amounts falling due within one year				
Bank loans	-	426,667	-	426,667
Other loans	2,180,980	2,190,144	1,327,845	1,444,861
	<u>2,180,980</u>	<u>2,616,811</u>	<u>1,327,845</u>	<u>1,871,528</u>
Amounts falling due 1-2 years				
Bank loans	-	640,000	-	640,000
Other loans	2,461,542	1,182,178	1,650,000	125,000
	<u>2,461,542</u>	<u>1,822,178</u>	<u>1,650,000</u>	<u>765,000</u>
Amounts falling due 2-5 years				
Bank loans	-	1,920,000	-	1,920,000
Other loans	2,385,294	5,677,532	1,058,829	1,800,000
	<u>2,385,294</u>	<u>7,597,532</u>	<u>1,058,829</u>	<u>3,720,000</u>
Amounts falling due after more than 5 years				
Bank loans	-	213,333	-	213,333
Other loans	1,539,280	3,704,956	1,359,869	2,244,271
	<u>1,539,280</u>	<u>3,918,289</u>	<u>1,359,869</u>	<u>2,457,604</u>
	<u><u>8,567,096</u></u>	<u><u>15,954,810</u></u>	<u><u>5,396,543</u></u>	<u><u>8,814,132</u></u>

Lovett Enterprises Limited

Notes to the Financial Statements for the Period Ended 2 January 2022

21. Loans (continued)

£6.8m of loans from shareholders of the Company were in place as at 2 January 2022. Those present include £1.4m repayable currently due, £1.35m repayable in October 2023 plus interest at 5% per annum, £2.65m repayable in January 2029 with no interest due, £1m repayable in November 2026 plus interest at 5% per annum and £0.4m repayable in November 2026 with no interest due.

£1.8m of loan notes, taken out during 2019, are due to be repaid quarterly in equal instalments from September 2022 until June 2027, £1.1m of which are secured and attract interest at 5% per annum and £0.7m are unsecured and attract interest at 9% per annum.

£0.3m of loan notes from third parties are due to be repaid in September 2023 and attract interest at 5% per annum.

£0.25m of loan notes from third parties is due to be repaid in November 2022 (£0.125m) and November 2023 (£0.125m) attracting interest at 4% per annum.

Deferred consideration, classified as other loans, on the acquisition of Flat Iron Square Limited remains outstanding at £0.25m, payable in September 2025, attracting quarterly interest to the date of settlement at Bank of England base rate + 5% per annum to September 2023, then Bank of England base rate + 8% per annum to September 2025. Contingent consideration from this acquisition was outstanding at £876,446 on the Balance Sheet date and is repayable on the basis of continued occupation of certain leases.

During 2022, the Group entered into a new loan agreement of \$15m in PIK (Payment-In-Kind) notes, attracting compounding interest at 7.9% + the 90-day Secured Overnight Financing Rate (SOFR), which expires in February 2032 when all interest accrued and the loan value falls due. The Group also obtained a rolling cash facility of \$4.95m, attracting interest at 0.25% + the Prime Rate (as published by the Wall Street Journal) due monthly, expiring in May 2027.

Lovett Enterprises Limited

Notes to the Financial Statements for the Period Ended 2 January 2022

22. Financial instruments

	Group	Group
	2 January 2022	31 December 2020
	£	£
Financial assets		
Financial assets carried at fair value through profit and loss	110,073	-
Financial assets carried at amortised cost	24,137,599	2,504,700
	<u>24,027,526</u>	<u>2,504,700</u>
Financial liabilities		
Financial liabilities carried at amortised cost	<u>(13,962,749)</u>	<u>(15,229,109)</u>

Financial assets carried at fair value through profit or loss comprise of unlisted investments.

Financial assets carried at amortised cost comprise of trade and other debtors, accrued income and cash and cash equivalents.

Financial liabilities carried at amortised cost comprise of bank overdrafts, bank loans, other loans, finance lease liabilities, trade and other creditors and accruals.

23. Share capital

	2 January 2022	31 December 2020
	£	£
Allotted, called up and fully paid		
240 (2020 - 240) ordinary shares of £1.00 each	<u>240</u>	<u>240</u>

24. Reserves

Other reserves

Other reserves of £1,918,114 (2020 - £1,918,114) arise as the result of capital contributions from the entity shareholders, by way of loans attracting interest below the market rate.

Profit and loss account

The profit and loss account represents cumulative profit or losses, net of dividends paid and other adjustments.

Lovett Enterprises Limited

Notes to the Financial Statements for the Period Ended 2 January 2022

25. Share based payments

An employee share scheme was created in the subsidiary, Venue Group LLC, on 31 December 2020. The scheme grants equity in Venue Group LLC to participating employees, of which 50% vests after 3 years of continuous employment and 50% after 4 years of continuous employment.

	Weighted average exercise price (dollars) Period ended 2 January 2022	Number Period ended 2 January 2022	Weighted average exercise price (dollars) Year ended 31 December 2020	Number Year ended 31 December 2020
Outstanding at the beginning of the period	-	162,000	-	-
Granted during the period	61.11	9,091	-	162,000
Outstanding at the end of the year	61	171,091	-	162,000

The fair value of the shares was calculated using the valuation at a recent share transaction that took place in April 2021.

The total expense recognised within administrative expenses in the consolidated statement of comprehensive income in respect of the share based payment is £16,835 (year ended 31 December 2020 - £NIL) and the carrying value of the share based payment liability at 2 January 2022 is £17,084 (31 December 2020 - £NIL).

Other share-based payments

During the period \$2.25m (£1.6m) of shares were issued in payment for commercial interests in operating a new venue in the US. These have been recognised within administrative expenses as a share based payment in the period.

26. Pension commitments

The group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in independently administered funds. The pension cost charge represents contributions payable by the group to the funds and amounted to £116,618 (2020 - £73,759). Contributions totalling £1,627 (2020 - £13,023) were payable to the fund at the balance sheet date and are included in creditors.

Lovett Enterprises Limited

Notes to the Financial Statements for the Period Ended 2 January 2022

27. Commitments under operating leases

At 2 January 2022 the group and the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group	Group	Company	Company
	2 January 2022	31 December 2020	2 January 2022	31 December 2020
	£	£	£	£
Not later than 1 year	1,520,314	1,384,067	145,000	145,000
Later than 1 year and not later than 5 years	4,243,453	3,356,700	145,000	253,750
Later than 5 years	13,296,448	9,006,250	-	-
	<u>19,060,215</u>	<u>13,747,017</u>	<u>290,000</u>	<u>398,750</u>

28. Related party transactions

During the year, the group entered into transactions with a related party, whereby a person who has control over Lovett Enterprises Limited has significant influence over the related party. The value of transactions amounted to sales of £61,228 (2020 - £15,150) and purchases of £145,678 (2020 - £159,127).

The group also holds a number of loans from related parties who are considered to have control or significant influence over Lovett Enterprises Limited. The balance owed by the group to these parties amounted to £4,322,153 at 2 January 2022 (2020 - £8,744,056).

29. Post balance sheet events

During 2022, the Group entered into a new loan agreement of \$15m in PIK (Payment-In-Kind) notes, attracting compounding interest at 7.9% + the 90-day Secured Overnight Financing Rate (SOFR), which expires in February 2032 when all interest accrued and the loan value falls due. The Group also obtained a rolling cash facility of \$4.95m, attracting interest at 0.25% + the Prime Rate (as published by the Wall Street Journal) due monthly, expiring in May 2027.