Registered number: 08267356

LOVETT ENTERPRISES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

LOVETT ENTERPRISES LIMITED

COMPANY INFORMATION

Directors	Benjamin Walter David Lovett (appointed 24 October 2012) David Charles Lovett (appointed 16 February 2016) *Gregory Charles Lovett (appointed 10 June 2019)*
Registered number	08267356
Registered office	49 Southwark Street London SE1 1RU

LOVETT ENTERPRISES LIMITED

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GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

Introduction

The directors present their strategic report together with the audited financial statements for the year ended 31 December 2020.

Business review

Lovett Enterprises Limited is the ultimate parent company for the multi-national entertainment & hospitality operator, Venue Group. Founded by the directors, Venue Group 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 includes sister operations in the U.S., with Austin Venue Group and Huntsville Venue Group working with partners to develop new forthcoming venues.

After a strong start to 2020 and the launch of the Group's second trading venue, Goods Way, the financial performance of the Group's operations at UK venues was dominated by the COVID-19 pandemic, after all venues were ordered to close by the UK Government on 26 March 2020. Restricted capacity opening recommenced later in the year, but the pandemic ultimately caused UK revenues to fall from £7.7m in 2019 to £3.6m 2020. The Group was able to partially mitigate the impact of lost UK revenues through a variety of Government measures, including a £3.2m bank loan backed by CBILS (Coronavirus Business Interruption Loan Scheme) and grants through the Job Retention Scheme and the Cultural Recovery Fund.

Aside from this, the Group has been exploring new opportunities in both the US and UK for future development. In the UK, a new deal was agreed in the year for the Group to manage 'The Social' in London, whilst in the US, it was announced that Venue Group will partner with the City of Huntsville to operate the Huntsville Ampitheater once construction completes in 2022. Further projects in the UK, Austin and Washington DC are also on the horizon for the Group, giving optimism to the directors for future performance.

Adjusted EBITDA for the year was a loss of £1.8m (2019: profit of £0.4m), 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.

The Group closed the year with net liabilities of £5.6m (2019: £1.9m). In April 2021, Venue Group LLC, a 100% owned subsidiary of Lovett Enterprises Limited registered in the USA, offered for sale its own equity to 3rd party investors in exchange for cash or other consideration. As of the date of issue of these financial statements, Venue Group LLC has completed the fundraise, raising $47.75m in total consideration, which includes $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. £3.2m of bank loans were repaid in full during April 2021 from proceeds raised.

Principal risks and uncertainties

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

Continued impact of the COVID-19 pandemic

Whilst the outlook of the COVID-19 pandemic has improved in both the UK and US 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. 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. Furthermore, operating costs may be impacted through increased cleaning or processing vaccine passports.

Brexit impact on staffing and pricing

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 Venue Group. Venue Group can either absorb this increased cost, negatively impacting it's margin, or increase prices to customers which could reduce demand.

Financial key performance indicators

The Directors consider the most relevant KPIs to be turnover and adjusted EBITDA:

	2020	*2019*
	£	*£*
Turnover	**3,563,276**	*7,660,708*
Adjusted EBITDA	**(1,797,506)**	*431,502*
Adjusted EBITDA Margin (%)	**(50)**	*6*

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

Gregory Charles Lovett
Director

Date: December 23rd 2021

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

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

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 judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 year, after taxation and minority interests, amounted to £4,087,737 *(2019 - loss £990,889)*.

No dividends were paid during the financial year (2019: nil).

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

Directors

The directors who served during the year were:

Benjamin Walter David Lovett (appointed 24 October 2012)
David Charles Lovett (appointed 16 February 2016)
Gregory Charles Lovett (appointed 10 June 2019)

Matters covered in the strategic report

Certain requirements for the directors' report have been included within the strategic report on pages 1-2.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

Disclosure of information to auditors

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 auditors are 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 auditors are aware of that information.

Post balance sheet events

Post balance sheet events have been disclosed in the strategic report and Note 32.

Auditors

The auditors, BDO LLP, were appointed during the year and 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 by

Gregory Charles Lovett
Director

Date: December 23rd 2021

INDEPENDENT AUDITORS' 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 31 December 2020 and of the Group's loss for the year 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 year ended 31 December 2020 which comprise the consolidated statement of comprehensive income, the consolidated and company balance sheet, 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

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'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 matter

The comparative period figures for the year ended 31 December 2019 are unaudited.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LOVETT ENTERPRISES LIMITED

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 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.
- In the light of the knowledge and understanding of the Group and 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LOVETT ENTERPRISES LIMITED

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.

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: 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
Baker Street, London
W1U 7EU

Date: 24 December 2021

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £	*Unaudited* *2019* *£*
Turnover	4	**3,563,276**	*7,660,708*
Cost of sales		**(1,260,875)**	*(2,783,667)*
Gross profit		**2,302,401**	*4,877,041*
Administrative expenses		**(7,870,658)**	*(5,125,892)*
Other operating income	5	**2,331,397**	-
Operating loss	6	**(3,236,860)**	*(248,851)*
Amounts written off investments		**(28,750)**	-
Interest receivable and similar income	10	**12,739**	*587*
Interest payable and similar expenses	11	**(908,954)**	*(616,390)*
Loss before taxation		**(4,161,825)**	*(864,654)*
Tax on loss	12	**74,088**	*(126,235)*
Loss for the financial year		**(4,087,737)**	*(990,889)*
Currency translation differences		**(1,237)**	*7,994*
Other comprehensive (loss)/income for the year		**(1,237)**	*7,994*
Total comprehensive loss for the year		**(4,088,974)**	*(982,895)*
(Loss) for the year attributable to:			
Non-controlling interests		**(619,790)**	*(125,380)*
Owners of the parent Company		**(3,467,947)**	*(865,509)*
		(4,087,737)	*(990,889)*
Total comprehensive loss for the year attributable to:			
Non-controlling interest		**(619,790)**	*(125,380)*
Owners of the parent Company		**(3,469,184)**	*(857,515)*
		(4,088,974)	*(982,895)*

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2020

	Note		2020 £		*Unaudited* 2019 £
Fixed assets					
Intangible assets	13		**5,112,013**		*5,738,638*
Tangible assets	14		**8,390,134**		*4,942,892*
Investments	15		**-**		*28,750*
			13,502,147		*10,710,280*
Current assets					
Stocks	16	**76,629**		*110,722*	
Debtors: amounts falling due after more than one year	17	**-**		*70,945*	
Debtors: amounts falling due within one year	17	**1,129,209**		*1,755,505*	
Cash at bank and in hand	18	**1,622,309**		*1,811,423*	
		2,828,147		*3,748,595*	
Creditors: Amounts Falling Due Within One Year	19	**(7,129,314)**		*(2,948,593)*	
Net current (liabilities)/assets			**(4,301,167)**		*800,002*
Total assets less current liabilities			**9,200,980**		*11,510,282*
Creditors: amounts falling due after more than one year	20		**(14,836,675)**		*(13,448,976)*
Net liabilities			**(5,635,695)**		*(1,938,694)*
Capital and reserves					
Called up share capital	25		**240**		*240*
Other reserves	26		**1,918,114**		*1,526,141*
Profit and loss account	26		**(6,808,879)**		*(3,339,695)*
Equity attributable to owners of the parent Company			**(4,890,525)**		*(1,813,314)*
Non-controlling interests			**(745,170)**		*(125,380)*
			(5,635,695)		*(1,938,694)*

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

Gregory Charles Lovett
Director
Date: December 23rd 2021

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2020

	Note		2020 £		*Unaudited* 2019 £
Fixed assets					
Tangible assets	14		**94,411**		*1,176,795*
Investments	15		**8,737,263**		*7,689,392*
			8,831,674		*8,866,187*
Current assets					
Debtors: amounts falling due after more than one year	17	**-**		*70,944*	
Debtors: amounts falling due within one year	17	**2,193,390**		*2,164,126*	
Cash at bank and in hand	18	**67,521**		*5,115*	
		2,260,911		*2,240,185*	
Creditors: amounts falling due within one year	19	**(3,194,875)**		*(2,309,774)*	
Net current liabilities			**(933,964)**		*(69,589)*
Total assets less current liabilities			**7,897,710**		*8,796,598*
Creditors: amounts falling due after more than one year	20		**(6,971,604)**		*(7,650,148)*
Net assets			**926,106**		*1,146,450*
Capital and reserves					
Called up share capital	25		**240**		*240*
Other reserves	26		**1,918,114**		*1,526,141*
Profit and loss account brought forward		**(379,931)**		*(410,064)*	
(Loss)/profit for the year		**(612,317)**		*30,133*	
Profit and loss account carried forward			**(992,248)**		*(379,931)*
			926,106		*1,146,450*

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

Gregory Charles Lovett
Director

Date: December 23rd 2021

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR 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)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE YEAR ENDED 31 DECEMBER 2019

	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 2019	240	-	(2,482,180)	(2,481,940)	-	(2,481,940)
Comprehensive loss for the year						
Loss for the year	-	-	(865,509)	(865,509)	(125,380)	(990,889)
Currency translation differences	-	-	7,994	7,994	-	7,994
Other comprehensive income for the year	-	-	7,994	7,994	-	7,994
Total comprehensive loss for the year	-	-	(857,515)	(857,515)	(125,380)	(982,895)
Capital Contribution	-	1,526,141	-	1,526,141	-	1,526,141
Total transactions with owners	-	1,526,141	-	1,526,141	-	1,526,141
At 31 December 2019	240	1,526,141	(3,339,695)	(1,813,314)	(125,380)	(1,938,694)

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR 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
Total transactions with owners	-	391,973	-	391,973
At 31 December 2020	240	1,918,114	(992,248)	926,106

COMPANY STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up share capital	Other reserves	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2019	240	-	(410,064)	(409,824)
Comprehensive income for the year				
Profit for the year	-	-	30,133	30,133
Contributions by and distributions to owners				
Capital Contribution	-	1,526,141	-	1,526,141
Total transactions with owners	-	1,526,141	-	1,526,141
At 31 December 2019	240	1,526,141	(379,931)	1,146,450

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 £	*Unaudited* *2019* *£*
Cash flows from operating activities		
Loss for the financial year	**(4,087,737)**	*(990,889)*
Adjustments for:		
Amortisation of intangible assets	**626,625**	*508,683*
Depreciation of tangible assets	**812,730**	*284,901*
Interest payable	**908,954**	*616,390*
Interest receivable	**(12,739)**	*(587)*
Taxation charge	**(74,088)**	*126,235*
Decrease/(increase) in stocks	**34,092**	*(45,518)*
Decrease/(increase) in debtors	**873,947**	*(350,257)*
Increase in creditors	**2,542,525**	*213,156*
Corporation tax paid	**(102,960)**	-
Foreign exchange	**(1,237)**	*7,994*
Loss on disposal of investment	**28,750**	-
Net cash generated from operating activities	**1,548,862**	*370,108*

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 £	*2019* *£*
Cash flows from investing activities		
Purchase of tangible fixed assets	**(4,092,847)**	*(2,387,451)*
Purchase of unlisted and other investments (net of cash acquired)	**(2,445,283)**	*(3,046,433)*
Interest received	**12,577**	*-*
Net cash used in investing activities	**(6,525,553)**	*(5,433,884)*
Cash flows from financing activities		
Repayment of finance leases	**(39,470)**	*-*
Interest paid	**(247,845)**	*(218,380)*
New bank loans	**3,200,000**	*-*
Other new loans	**1,875,000**	*7,050,000*
Net cash generated from financing activities	**4,787,685**	*6,831,620*
Net (decrease)/increase in cash and cash equivalents	**(189,006)**	*1,767,844*
Cash and cash equivalents at beginning of year	**1,811,301**	*43,457*
Cash and cash equivalents at the end of year	**1,622,295**	*1,811,301*
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	**1,622,309**	*1,811,423*
Bank overdrafts	**(14)**	*(122)*
	1,622,295	*1,811,301*

CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 DECEMBER 2020

	At 1 January 2020	Cash flows	Acquisition of subsidiaries	Non-cash: New finance leases	Other non-cash changes	At 31 December 2020
	£	£	£	£	£	£
Cash at bank and in hand	1,811,423	(189,114)	-	-	-	1,622,309
Bank overdrafts	(122)	108	-	-	-	(14)
Debt due after 1 year	(12,678,081)	(4,548,333)	2,445,283	-	1,443,132	(13,337,999)
Debt due within 1 year	(590,144)	(526,667)	-	-	(1,500,000)	(2,616,811)
Finance leases	(77,942)	39,470	-	(197,371)	(16,391)	(252,234)
	(11,534,866)	(5,224,536)	2,445,283	(197,371)	(73,259)	(14,584,749)

Other non-cash changes in net debt arise from interest charges and reclassification related to the ageing of debt balances.

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 judgment 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.

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 Balance Sheet, 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.

2.3 Going concern

The directors considered the historic impact of the COVID-19 pandemic to trade, 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 rasied after the year end (see note 32) for continued expansion and operation of the business beyond the going concern period. 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 also 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. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The Company's and Group'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.

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.

2. Accounting policies (continued)

2.5 Revenue (continued)

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.

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. Accounting policies (continued)

2.12 Borrowing costs

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

2.13 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 Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

2.14 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 the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period..

2. Accounting policies (continued)

2.15 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company 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 Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- 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 balance sheet date.

2. Accounting policies (continued)

2.16 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

2.17 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.

2. Accounting policies (continued)

2.17 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.

2.18 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 balance sheet 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.

2.19 Stock

Stock is 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 balance sheet date, stock is 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.

2.20 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.

2.21 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.

2. Accounting policies (continued)

2.22 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.

2.23 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.24 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.

For financial assets measured at cost less impairment, the impairment loss is measured as the

2. Accounting policies (continued)

2.24 Financial instruments (continued)

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 balance sheet date.

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

2.25 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.

3. Judgments 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.

4. Turnover

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

	2020 £	*2019* *£*
Operation of venues	**1,845,734**	*5,945,311*
Property rental income	**271,984**	*448,232*
Consulting & other revenues	**1,445,558**	*1,267,165*
	3,563,276	*7,660,708*

Analysis of turnover by country of destination:

	2020 £	*2019* *£*
United Kingdom	**2,609,338**	*7,370,127*
United States of America	**953,938**	*290,581*
	3,563,276	*7,660,708*

5. Other operating income

	2020 £	*2019 £*
Government grants receivable	**2,331,397**	-
	2,331,397	-

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

Debtors at 31 December 2020 include £98,213 of Grants to be received under the COVID-19 Job Retention Scheme. Deferred income at 31 December 2020 includes £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:

	2020 £	*2019 £*
Amortisation of intangibles	**626,625**	*508,683*
Depreciation	**812,730**	*284,901*
Operating lease rentals	**1,047,761**	*721,639*
Exchange differences	**15,657**	*(4,339)*

7. Auditors' remuneration

	2020 £	*2019 £*
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	**82,000**	-

Fees payable to the Group's auditor and its associates in respect of:

	2020 £	*2019 £*
Taxation compliance services	**12,500**	-
	12,500	-

8. Employees

Staff costs, including directors' remuneration, were as follows:

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Wages and salaries	1,902,504	1,900,465	80,832	136,294
Social security costs	215,419	165,695	-	16,199
Cost of defined contribution scheme	73,759	19,511	-	1,626
	2,191,682	2,085,671	80,832	154,119

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 year was as follows:

	2020 No.	2019 No.
Employees	162	87

9. Directors' remuneration

	2020 £	2019 £
Directors' emoluments	277,405	146,667
	277,405	146,667

In addition, £16,867 was paid in social security costs for Directors during 2020 (2019: £20,125).

Directors' emoluments include £195,714 paid to the highest paid Director during 2020 (2019: £146,250).

10. Interest receivable

	2020 £	2019 £
Other interest receivable	12,739	587
	12,739	587

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

11. Interest payable and similar expenses

	2020 £	*2019 £*
Interest payable	908,954	*616,390*
	908,954	*616,390*

12. Taxation

	2020 £	*2019 £*
Current tax on profits for the year	-	*90,557*
Adjustments in respect of previous periods	(90,557)	*-*
	(90,557)	*90,557*
Total current tax	(90,557)	*90,557*
Deferred tax		
Origination and reversal of timing differences	(47,404)	*-*
Adjustments in respect of prior periods	63,873	*35,678*
Total deferred tax	16,469	*35,678*
Taxation on (loss)/profit on ordinary activities	(74,088)	*126,235*

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is the same as *(2019 - the same as)* the standard rate of corporation tax in the UK of 19% *(2019 - 19%)* as set out below:

	2020 £	*2019* *£*
Loss on ordinary activities before tax	**(4,161,825)**	*(864,654)*
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	**(790,747)**	*(164,284)*
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	**118,660**	*96,649*
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**39,667**	*50,039*
Capital allowances for year in excess of depreciation	**-**	*9,387*
Utilisation of tax losses	**-**	*(58,964)*
Higher rate taxes on overseas earnings	**3,404**	*-*
Adjustments to tax charge in respect of prior periods	**(90,557)**	*89,937*
Adjustments to tax charge in respect of prior periods (deferred tax)	**63,873**	*35,678*
Deferred tax not recognised	**581,612**	*67,793*
Total tax charge for the year	**(74,088)**	*126,235*

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.

13. Intangible assets

Group and Company

	Computer software £	Goodwill £	Total £
Cost			
At 1 January 2020	26,645	6,245,218	6,271,863
At 31 December 2020	26,645	6,245,218	6,271,863
Amortisation			
At 1 January 2020	24,542	508,683	533,225
Charge for the year	2,103	624,522	626,625
At 31 December 2020	26,645	1,133,205	1,159,850
Net book value			
At 31 December 2020	-	5,112,013	5,112,013
At 31 December 2019	*2,103*	*5,736,535*	*5,738,638*

The Group carried out an impairment review during the year to assess the recoverability of goodwill and other assets, by comparing the asset carrying values to the value in use for each cash-generating unit (CGU). 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 years 2021 to 2022, and applied long term growth rates in the range of 3-5% for subsequent years. A discount rate of 9% was used. The detailed forecasts, prepared as at 31 December 2020, were based on significantly reduced performance during 2021 as a result of the COVID-19 pandemic with a recovery to normal levels in 2022. No impairment was considered necessary as a result of this review.

Sensitivity analysis was performed. This included an adjustment of the discount rate to 16%, which resulted in a £0.4m impairment in one CGU, and a reduction in long term growth rates to 2%, which resulted in no impairment.

14. Tangible fixed assets

Group

	Long-term leasehold property £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation					
At 1 January 2020	4,766,698	321,933	699,296	83,406	5,871,333
Additions	3,562,714	200,612	215,715	280,931	4,259,972
At 31 December 2020	8,329,412	522,545	915,011	364,337	10,131,305
Depreciation					
At 1 January 2020	415,657	98,816	387,143	26,825	928,441
Charge for the year	349,488	137,579	236,351	89,312	812,730
At 31 December 2020	765,145	236,395	623,494	116,137	1,741,171
Net book value					
At 31 December 2020	7,564,267	286,150	291,517	248,200	8,390,134
At 31 December 2019	*4,351,041*	*223,117*	*312,153*	*56,581*	*4,942,892*

The net carrying amount of assets held under finance leases included in plant and machinery is £219,161 (2019: £133,308).

14. Tangible fixed assets (continued)

Company

	Long-term leasehold property £	Fixtures and fittings £	Total £
Cost or valuation			
At 1 January 2020	1,406,106	7,694	1,413,800
Additions	-	4,751	4,751
Transfers intra group	(1,308,670)	-	(1,308,670)
At 31 December 2020	97,436	12,445	109,881
Depreciation			
At 1 January 2020	235,296	1,710	237,006
Charge for the year	6,496	4,016	10,512
Transfers intra group	(232,048)	-	(232,048)
At 31 December 2020	9,744	5,726	15,470
Net book value			
At 31 December 2020	87,692	6,719	94,411
At 31 December 2019	*1,170,811*	*5,984*	*1,176,795*

15. Fixed asset investments

Group

	Unlisted investments £
At 1 January 2020	28,750
Disposals	(28,750)
At 31 December 2020	-

Company

	Investments in subsidiary companies £	Unlisted investments £	Total £
Cost or valuation			
At 1 January 2020	7,660,642	28,750	7,689,392
Additions	1,076,621	-	1,076,621
Disposals	-	(28,750)	(28,750)
At 31 December 2020	8,737,263	-	8,737,263

15. Fixed asset investments (continued)

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
TVG Topco Limited	49 Southwark Street, London, UK	A	100%
Flat Iron Square Limited	49 Southwark Street, London, UK	A	100%
Omeara Limited	49 Southwark Street, London, UK	A	100%
London Venue Group Limited	49 Southwark Street, London, UK	A	100%
Southwark Joint Venture Limited	49 Southwark Street, London, UK	A	100%
Goods Way Limited	49 Southwark Street, London, UK	A	50%
Somers Town Limited	49 Southwark Street, London, UK	A	50%
Venue Group LLC	The Corporation Trust, 1209 Orange Street,Wilmington (New Castle County), Delaware 19801		100%
Huntsville Venue Group LLC	The Corporation Trust, 1209 Orange Street,Wilmington (New Castle County), Delaware 19801		100%
Austin Venue Group LLC	The Corporation Trust, 1209 Orange Street,Wilmington (New Castle County), Delaware 19801		100%
Huntsville Venue Group Ampitheater LLC	The Corporation Trust, 1209 Orange Street,Wilmington (New Castle County), Delaware 19801		100%
DC Venue Group APFT LLC	The Corporation Trust, 1209 Orange Street,Wilmington (New Castle County), Delaware 19801		100%

The company has guaranteed the liabilities of all it's UK-based subsidiaries (as listed above) in order that they qualify for the exemption from audit under Section 479A of the Companies Act 2006 in respect of the year ended 31 December 2020.

16. Stocks

	Group 2020 £	*Group 2019 £*
Finished goods and goods for resale	**76,629**	*110,722*
	76,629	*110,722*

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

17. Debtors

	Group 2020 £	*Group 2019 £*	**Company 2020 £**	*Company 2019 £*
Due after more than one year				
Other debtors	-	*70,945*	-	*70,944*
	-	*70,945*	-	*70,944*

	Group 2020 £	*Group 2019 £*	**Company 2020 £**	*Company 2019 £*
Due within one year				
Trade debtors	**291,491**	*171,650*	-	-
Amounts owed by group undertakings	-	-	**1,844,921**	*1,916,818*
Other debtors	**555,759**	*865,245*	**315,038**	*203,463*
Prepayments and accrued income	**183,746**	*702,141*	**33,431**	*33,431*
Deferred taxation	-	*16,469*	-	*10,414*
Grants receivable	**98,213**	-	-	-
	1,129,209	*1,755,505*	**2,193,390**	*2,164,126*

18. Cash and cash equivalents

	Group 2020 £	*Group 2019 £*	**Company 2020 £**	*Company 2019 £*
Cash at bank and in hand	**1,622,309**	*1,811,423*	**67,521**	*5,115*
Less: bank overdrafts	**(14)**	*(122)*	-	-
	1,622,295	*1,811,301*	**67,521**	*5,115*

19. Creditors: Amounts falling due within one year

	Group 2020 £	*Group 2019 £*	Company 2020 £	*Company 2019 £*
Bank overdrafts	14	*122*	-	-
Bank loans	426,667	-	426,667	-
Other loans	2,190,144	*590,144*	1,444,861	*590,144*
Trade creditors	512,695	*557,185*	30,838	*104,845*
Amounts owed to group undertakings	-	-	689,629	*1,226,604*
Corporation tax	-	*193,177*	-	-
Other taxation and social security	547,980	*318,952*	-	-
Obligations under finance lease and hire purchase contracts	71,523	*15,615*	-	-
Other creditors	1,106,868	*455,757*	593,880	*110,177*
Accruals and deferred income	2,273,423	*817,641*	9,000	*278,004*
	7,129,314	*2,948,593*	3,194,875	*2,309,774*

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

	Group 2020 £	*Group 2019 £*	Company 2020 £	*Company 2019 £*
Bank loans	2,773,333	-	2,773,333	-
Other loans	10,564,666	*12,678,081*	4,169,271	*7,616,315*
Net obligations under finance leases and hire purchase contracts	180,711	*62,328*	-	-
Other creditors	1,317,965	*708,567*	29,000	*33,833*
	14,836,675	*13,448,976*	6,971,604	*7,650,148*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

21. Loans

	Group 2020 £	*Group 2019 £*	Company 2020 £	*Company 2019 £*
Amounts falling due within one year				
Bank loans	**426,667**	*-*	**426,667**	*-*
Other loans	**2,190,144**	*590,144*	**1,444,861**	*590,144*
	2,616,811	*590,144*	**1,871,528**	*590,144*
Amounts falling due 1-2 years				
Bank loans	**640,000**	*-*	**640,000**	*-*
Other loans	**1,182,178**	*4,416,012*	**125,000**	*3,916,012*
	1,822,178	*4,416,012*	**765,000**	*3,916,012*
Amounts falling due 2-5 years				
Bank loans	**1,920,000**	*-*	**1,920,000**	*-*
Other loans	**5,677,532**	*4,857,329*	**1,800,000**	*2,576,446*
	7,597,532	*4,857,329*	**3,720,000**	*2,576,446*
Amounts falling due after more than 5 years				
Bank loans	**213,333**	*-*	**213,333**	*-*
Other loans	**3,704,956**	*3,404,740*	**2,244,271**	*1,123,858*
	3,918,289	*3,404,740*	**2,457,604**	*1,123,858*
	15,954,810	*13,268,225*	**8,814,132**	*8,206,460*

21. Loans (continued)

Bank loans comprise of a £3.2m loan obtained under the Coronavirus Business Interruption Loan Scheme in May 2020, repayable in May 2026. Interest is charged at 4.65% over the base rate, of which the costs in the first year are met by the UK Government. The loan was repaid in full in April 2021.

£7.3m of loans from shareholders of the Company were in place as at 31 December 2020. Those present at 1 January 2020 include £0.5m repayable in August 2021 plus interest at 10%, £1.4m repayable in September 2021 plus interest at 9% per annum, £1.35m repayable in October 2023 plus interest at 5% per annum and £2.65m repayable in January 2029 with no interest due (presented in the accounts at present value of £1.2m). Loans taken out from shareholders during 2020 include £1m repayable in November 2026 plus interest at 5% per annum, £0.4m repayable in November 2026 with no interest due and £0.1m repayable on demand (total 2020 loans are presented in the accounts at total present value of £1.1m).

£4.4m of loan notes from third parties, taken out during 2019, are due to be repaid quarterly in equal instalments from September 2022 until June 2027, £1m of which are secured and attract interest at 5% per annum and £3.4m are unsecured and attract interest at 9% per annum. A further £0.45m of loan notes from third parties are due to be repaid in September 2023 and attract interest at 5% per annum. £2.7m of these loan notes have been repaid in 2021 as part of the equity fundraise (see note 32).

During 2020, the Group took out £0.25m of loan notes from third parties due to be repaid in November 2022 (£0.125m) and November 2023 (£0.125m) attracting interest at 4% per annum, and £0.125m of loan notes from third parties due to be repaid in February 2022 attracting interest at 7% per annum.

Deferred consideration, classified as other loans, on the acquisition of Flat Iron Square Limited remains outstanding at £0.5m, 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 remains outstanding at £921,729 and is repayable on the basis of continued occupation of certain leases.

22. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 2020 £	*Group 2019 £*
Within one year	**71,523**	*15,615*
Between 1-5 years	**180,711**	*62,328*
	252,234	*77,943*

23. Financial instruments

	Group 2020 £	*Group 2019 £*	Company 2020 £	*Company 2019 £*
Financial assets				
Financial assets measured at fair value through profit or loss	**1,622,309**	*1,811,423*	**67,521**	*5,115*

Financial assets measured at fair value through profit or loss comprise of cash balances.

24. Deferred taxation

Group

	2020 £
At beginning of year	**16,469**
Charged to profit or loss	**(16,469)**
At end of year	**-**

Company

	2020 £
At beginning of year	**10,414**
Charged to profit or loss	**(10,414)**
At end of year	**-**

The deferred tax asset is made up as follows:

	Group 2020 £	*Group 2019 £*	Company 2020 £	*Company 2019 £*
Accelerated capital allowances	-	*(76,868)*	-	*(36,162)*
Tax losses carried forward	-	*93,337*	-	*46,576*
	-	*16,469*	-	*10,414*

25. Share capital

	2020	*2019*
	£	*£*
Allotted, called up and fully paid		
240 *(2019 - 240)* Ordinary Shares shares of £1.00 each	**240**	*240*

26. Reserves

Other reserves

Other reserves of £1,918,114 (2019: £1,526,141) arise as the result of capital contributions from the entity shareholders, by way of loans attracting interest below the market rate. £391,973 of such contributions were made during 2020, as the result of shareholder loans.

27. 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.

On 31 December 2020, the scheme granted 162,000 nil cost shares in Venue Group LLC.

28. Business combinations

In the comparative period, on 8 March 2019, Lovett Enterprises Limited acquired a 100% shareholding of Flat Iron Square Limited. The purchase also included a 50% shareholding of London Venue Group Limited, increasing the Group's total shareholding to 100%.

Given these are the Group's first set of consolidated financial statements, further details have been set out below to explain the acquisition.

Acquisition of Flat Iron Square Limited and London Venue Group Limited

Recognised amounts of identifiable assets acquired and liabilities assumed

	Fair value £
Fixed Assets	
Tangible	1,501,613
	1,501,613
Current Assets	
Stocks	65,203
Debtors	826,731
Cash at bank and in hand	126,531
Total Assets	2,520,078
Creditors	
Total creditors	(1,754,592)
Total Identifiable net assets	765,486
Goodwill	6,245,218
Total purchase consideration	7,010,704

Consideration

	£
Cash	2,000,000
Deferred consideration	3,870,729
Contingent consideration	1,000,000
Directly attributable costs	139,975
Total purchase consideration	7,010,704

28. Business combinations (continued)

Cash outflow on acquisition

	£
Purchase consideration settled in cash, as above	**(2,000,000)**
Directly attributable costs	**(139,975)**
	(2,139,975)
Less: Cash and cash equivalents acquired	**126,531**
Net cash outflow on acquisition	**(2,013,444)**

29. Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £73,759 (2019 - £19,511) . Contributions totalling £13,023 (2019 - £13,114) were payable to the fund at the balance sheet date and are included in creditors.

30. Commitments under operating leases

At 31 December 2020 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2020 £	*Group 2019 £*	**Company 2020 £**	*Company 2019 £*
Not later than 1 year	**1,384,067**	*628,750*	**145,000**	*145,000*
Later than 1 year and not later than 5 years	**3,356,700**	*3,380,000*	**253,750**	*398,750*
Later than 5 years	**9,006,250**	*9,631,250*	**-**	-
	13,747,017	*13,640,000*	**398,750**	*543,750*

31. 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 £15,150 (2019: £12,490) and purchases of £159,127 (2019: £46,080).

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 £8,744,056 at 31 December 2020 (£7,478,539 at 31 December 2019).

Details of Director Remuneration is provided in Note 9.

32. Post balance sheet events

In April 2021, Venue Group LLC, a 100% owned subsidiary of Lovett Enterprises Limited registered in the USA, offered for sale its own equity to 3rd party investors in exchange for cash or other consideration.

As of the date of issue of these financial statements, Venue Group LLC has completed the fundraise, raising $47.75m in total consideration, which includes $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. £3.2m of bank loans were repaid in full during April 2021 from proceeds raised.