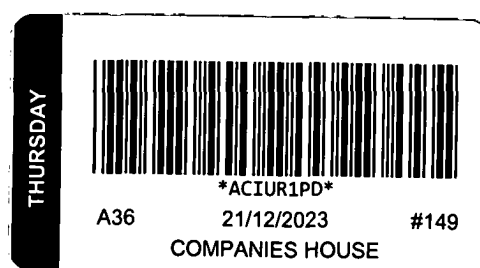


COMPANY REGISTRATION NUMBER: 09359735

THE PIONEER (CITY) PUB COMPANY LIMITED
FILLETED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
26 MARCH 2023



THE SOVEREIGN (CITY) PUB COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

PERIOD FROM 28 MARCH 2022 TO 26 MARCH 2023

10. Events after the end of the reporting period

Subsequent to the period end, the company was acquired by The City Pub Group PLC.

11. Summary audit opinion

The auditor's report for the year was unqualified.

The senior statutory auditor was Luke Richardson BSc FCA, for and on behalf of BSG Valentine (UK) LLP.

12. Related party transactions

At the period end the company owed £35,039 (2022: £3,237) to a company under common control and with directors in common. These balances are unsecured, short term and non-interest bearing.

At the period end the company was owed £322,070 (2022: £313,738) by a company under common control and with directors in common. The balance is unsecured, short term and non-interest bearing.

THE PIONEER (CITY) PUB COMPANY LIMITED
FINANCIAL STATEMENTS
PERIOD FROM 28 MARCH 2022 TO 26 MARCH 2023

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THE PIONEER (CITY) PUB COMPANY LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

Mr A Bruce (Resigned 26 June 2023)
Mr J Watson (Resigned 26 June 2023)
Mr P McDonald (Resigned 26 June 2023)
Mr R Prickett (Resigned 26 June 2023)
Mr R Clark (Appointed 26 June 2023)
Mr J Dudgeon (Appointed 26 June 2023)
Ms H Elliott (Appointed 26 June 2023)

Registered office

27 Britton Street
London
United Kingdom
EC1M 5UD

Auditor

TC Group
Statutory Auditor
Lynton House
7-12 Tavistock Square
London
WC1H 9BQ

THE PIONEER (CITY) PUB COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

26 MARCH 2023


	Note	26 Mar 23 £	£	27 Mar 22 £	£
FIXED ASSETS					
Tangible assets	6		1,455,439		2,203,162
CURRENT ASSETS					
Stocks		47,550		63,087	
Debtors	7	1,766,912		1,305,507	
Cash at bank and in hand		214,595		1,062,742	
		<u>2,029,057</u>		<u>2,431,336</u>	
CREDITORS: amounts falling due within one year	8	<u>(1,583,675)</u>		<u>(2,092,728)</u>	
NET CURRENT ASSETS			<u>445,382</u>		<u>338,608</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			1,900,821		2,541,770
CREDITORS: amounts falling due after more than one year	9		<u>—</u>		<u>(575,419)</u>
NET ASSETS			<u>1,900,821</u>		<u>1,966,351</u>
CAPITAL AND RESERVES					
Called up share capital			72,948		72,948
Share premium account			5,417,585		5,417,585
Profit and loss account			<u>(3,589,712)</u>		<u>(3,524,182)</u>
SHAREHOLDERS' FUNDS			<u>1,900,821</u>		<u>1,966,351</u>

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with Section 1A of FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In accordance with section 444 of the Companies Act 2006, the statement of comprehensive income has not been delivered.

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

These financial statements were approved by the board of directors and authorised for issue on 14 December 2023, and are signed on behalf of the board by:


Ms H D Elliott
Director

Company registration number: 09359735

The notes on pages 3 to 10 form part of these financial statements.

THE PIONEER (CITY) PUB COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 28 MARCH 2022 TO 26 MARCH 2023

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is 27 Britton Street, London, EC1M 5UD, United Kingdom.

2. Statement of compliance

These financial statements have been prepared in compliance with Section 1A of FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis.

The financial statements are prepared in sterling, which is the functional currency of the entity.

The financial period represents the 52 weeks to 26 March 2023 (prior period 52 weeks ended 27 March 2022).

Going concern

The company made an operating loss for the period to 26 March 2023, and as at the period end has accumulated losses of £3,589,712 (2022: £3,524,182) as the balance of its profit and loss account.

At the period end the company has net current assets of £445,382 (2022: £338,608) and has total shareholders' funds of £1,900,821 (2022: £1,966,351).

Following the return to normality post covid-19, the outlook for the medium term continues to be uncertain with a number of potential headwinds for the industry. These headwinds include the wider macro-economic environment, the cost of living impact on consumers, increases to the cost of wet and dry goods, and increasing energy costs. However, the directors are confident in the company's ability to weather these challenges. The directors have prepared a cashflow forecast to 31 December 2024, and a trading forecast for the year to 31 March 2024. The cashflow forecast shows the company having sufficient cash to meet its obligations as they fall due. Additionally, the company has significant freehold and long leasehold assets which can either be realised or used to raise finance if required. Post period end, the company has repaid its bank borrowing through borrowing from its group.

Furthermore, the company's new owners have confirmed in writing that they will provide support to the company, to ensure that it can meet its liabilities as they fall due, for a period of at least 12 months from the approval of these financial statements.

Accordingly, the directors are therefore of the opinion that it is appropriate to prepare the financial statements on a going concern basis.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

THE PIONEER (CITY) PUB COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
PERIOD FROM 28 MARCH 2022 TO 26 MARCH 2023

3. Accounting policies *(continued)*

Judgements and key sources of estimation uncertainty *(continued)*

Significant judgements

The judgements (apart from those involving estimations) that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows:

- *Going concern* - as detailed in the accounting policy above, the directors judge that the company is a going concern;
- *Goodwill* - any goodwill arising on a site acquisition reflects the judgements that management have made on acquisition in respect of assessing the fair values of the acquired land and buildings along with any goodwill;
- *Impairment review of fixed assets* - at each reporting date the directors perform an impairment review of the company's assets, treating each pub site along with any related goodwill as an income generating unit. In performing this impairment review the directors have estimated the value of each site by applying a profit multiple to their estimate of the sustainable profit of the site. Additionally, they have considered, where available, market based evidence. Where the estimated value of the site is less than the carrying value, an impairment has been recognised. Impairments are allocated firstly to any goodwill allocated to the income generating unit, and then to the other assets of the income generating unit. The directors have made judgements in both the selection of the appropriate profit multiple and in estimating the sustainable profit. The estimate of sustainable profit incorporates a number of judgements, including changes to the company's cost base, consumer behaviours, and the wider macro-economic environment, all of which are inherently uncertain. Ultimately, the directors judge that, the carrying value of the company's pub assets will be recovered. For the current period the directors have considered the post year end acquisition of the business as supporting the book value of the company's assets at the period end;
- *Deferred tax asset* - no deferred tax asset has been recognised in respect of trading losses. This is due to the uncertainties over the existence and timing of future taxable profits. Should the availability of future taxable profits become more certain and a reliable estimate possible, then an asset may be recognised;
- *Rent concessions* - the directors judge that rent concessions granted to the company during the previous period are intended to compensate the company for Covid-19 disruption during the period. They also judge that these concessions meet the criteria detailed in the accounting policy below, allowing recognition of the concessions over the period for which they are intended to compensate the company; and
- *Depreciation of land* - the land forming part of the company's trading sites is depreciated along with the buildings upon it. This is on the basis that the directors judge this approach to be normal industry practice.

Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are as follows:

- *Tangible fixed assets* - tangible fixed assets are initially recorded at cost and are then depreciated over their estimated useful economic lives, as detailed in the below accounting policy;

THE PIONEER (CITY) PUB COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
PERIOD FROM 28 MARCH 2022 TO 26 MARCH 2023

3. Accounting policies *(continued)*

Judgements and key sources of estimation uncertainty *(continued)*

- *Site depreciation* - freehold sites are depreciated over their estimated useful economic life. It is not deemed practical to come up with a reliable estimate of the land values within the price paid for the freehold, consequently the land intrinsic to the site is depreciated along with the buildings;
- *Lease obligations* - in determining if lease obligations are onerous, management estimate the future economic benefits that the company will receive from the site, based upon current and anticipated performance;
- *Accruals* - accruals have been calculated by management based upon their estimate of expenses incurred by the company up to the period end, which have not been invoiced or paid. Their estimate is based upon past billing history and estimated usage over the period; and
- *Supplier discounts* - retrospective discounts from suppliers are accounted for when notified by the supplier, or where the company deems a retro to be due or probable and where a reliable estimate can be made.

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods supplied and services rendered, stated net of discounts and of Value Added Tax.

Turnover is derived from pub operations, including food and beverage sales and the hosting of private function events. Turnover in relation to food and beverage sales is recognised at the point of sale, turnover in relation to private function events is recognised when the event is held.

Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

THE PIONEER (CITY) PUB COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
PERIOD FROM 28 MARCH 2022 TO 26 MARCH 2023

3. Accounting policies *(continued)*

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Temporary rent concessions received as a direct consequence of the Covid-19 pandemic, that meet the following conditions, are recognised on a systematic basis over the periods that the change in lease payments is intended to compensate. Conditions:

- the change in lease payments results in revised consideration for the lease that is less than the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2022; and
- there is no significant change to other terms and conditions of the lease.

Goodwill

Goodwill arises on business acquisitions and represents the excess of the cost of the acquisition over the company's interest in the net amount of the identifiable assets, liabilities and contingent liabilities of the acquired business.

Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. It is amortised on a straight-line basis over its useful life. Where a reliable estimate of the useful life of goodwill or intangible assets cannot be made, the life is presumed not to exceed ten years.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Goodwill	- Over 8 years
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If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

THE PIONEER (CITY) PUB COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
PERIOD FROM 28 MARCH 2022 TO 26 MARCH 2023

3. Accounting policies *(continued)*

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Freehold property	- 2% straight line
Long leasehold property	- 2% straight line
Short leasehold property	- Over the lease term
Fixtures and fittings	- 12% straight line
Equipment	- 50% straight line

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

Government grants

Government grants are recognised at the fair value of the asset received or receivable. Grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised using the accrual model.

Under the accrual model, government grants relating to revenue are recognised on a systematic basis over the periods in which the company recognises the related costs for which the grant is intended to compensate. Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in income in the period in which it becomes receivable.

Government grants are recognised in the income statement as other operating income.

THE PIONEER (CITY) PUB COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
PERIOD FROM 28 MARCH 2022 TO 26 MARCH 2023

3. Accounting policies *(continued)*

Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

Loans and borrowings

Borrowings are initially recorded at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, borrowings are subsequently measured at amortised cost using the effective interest rate method.

Exceptional items

Exceptional items are disclosed separately in the financial statements in order to provide further understanding of the financial performance of the entity. They are material items of income or expense that have been shown separately because of their nature or amount.

4. Employee numbers

The average number of persons employed by the company during the period amounted to 48 (2022: 61).

5. Intangible assets

	Goodwill £
Cost	
At 28 March 2022 and 26 March 2023	<u>100,000</u>
Amortisation	
At 28 March 2022 and 26 March 2023	<u>100,000</u>
Carrying amount	
At 26 March 2023	<u>—</u>
At 27 March 2022	<u>—</u>

THE PIONEER (CITY) PUB COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
PERIOD FROM 28 MARCH 2022 TO 26 MARCH 2023

6. Tangible assets

	Freehold property £	Long leasehold property £	Short leasehold property £	Fixtures and fittings £	Equipment £	Total £
Cost						
At 28 Mar 2022	786,055	1,562,362	471,659	3,682,758	43,585	6,546,419
Additions	2,086	1,800	–	198,566	2,923	205,375
Disposals	(788,141)	–	–	(805,747)	(762)	(1,594,650)
At 26 Mar 2023	–	1,564,162	471,659	3,075,577	45,746	5,157,144
Depreciation						
At 28 Mar 2022	290,646	641,082	253,998	3,114,571	42,960	4,343,257
Charge for the period	10,778	31,186	16,271	290,819	671	349,725
Disposals	(302,048)	–	–	(689,288)	(565)	(991,901)
Other movements	624	–	–	–	–	624
At 26 Mar 2023	–	672,268	270,269	2,716,102	43,066	3,701,705
Carrying amount						
At 26 Mar 2023	–	891,894	201,390	359,475	2,680	1,455,439
At 27 Mar 2022	495,409	921,280	217,661	568,187	625	2,203,162

7. Debtors

	26 Mar 23 £	27 Mar 22 £
Other debtors	<u>1,766,912</u>	<u>1,305,507</u>

The debtors above include the following amounts falling due after more than one year:

	26 Mar 23 £	27 Mar 22 £
Other debtors	<u>18,722</u>	<u>18,722</u>

8. Creditors: amounts falling due within one year

	26 Mar 23 £	27 Mar 22 £
Bank loans and overdrafts	591,924	762,154
Trade creditors	115,077	129,098
Social security and other taxes	59,466	150,843
Other creditors	817,208	1,050,633
	<u>1,583,675</u>	<u>2,092,728</u>

See note 9 for details of secured liabilities.

THE PIONEER (CITY) PUB COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
PERIOD FROM 28 MARCH 2022 TO 26 MARCH 2023

9. Creditors: amounts falling due after more than one year

	26 Mar 23	27 Mar 22
	£	£
Bank loans and overdrafts	—	575,419
	<u>—</u>	<u>575,419</u>

The bank loan is secured upon the properties of the company and by a fixed and floating charge over the assets of the company. The bank loan security contains a negative pledge.

10. Government grants

The amounts recognised in the financial statements for government grants are as follows:

	26 Mar 23	27 Mar 22
	£	£
Recognised in other operating income:		
Government grants recognised directly in income	—	103,024
	<u>—</u>	<u>103,024</u>

Government grants comprise amounts received under the Coronavirus Job Retention Scheme, along with various local authority grants which were provided in response to Coronavirus.

11. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	26 Mar 23	27 Mar 22
	£	£
Not later than 1 year	61,250	61,250
Later than 1 year and not later than 5 years	245,000	245,000
Later than 5 years	1,625,313	1,686,563
	<u>1,931,563</u>	<u>1,992,813</u>

12. Events after the end of the reporting period

Subsequent to the period end, the company was acquired by The City Pub Group PLC.

13. Summary audit opinion

The auditor's report for the year was unqualified.

The senior statutory auditor was Luke Richardson BSc FCA, for and on behalf of TC Group.

14. Related party transactions

At the period end the company was owed £1,039,813 (2022: £555,284) by companies under common control and with directors in common. These balances are unsecured, short term and non-interest bearing.

At the period end the company owed £113,060 (2022: £nil) to a company under common control with directors in common. This balance is unsecured, short term and non-interest bearing.