

COMPANY REGISTRATION NUMBER: 09359989

THE LIBERTY (CITY) PUB COMPANY LIMITED
FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
29 MARCH 2020



THE LIBERTY (CITY) PUB COMPANY LIMITED
FINANCIAL STATEMENTS
PERIOD FROM 1 APRIL 2019 TO 29 MARCH 2020

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THE LIBERTY (CITY) PUB COMPANY LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

Mr A Bruce
Mr A Nares
Mr J Watson
Mr P McDonald

Registered office

2 Wardrobe Place
London
United Kingdom
EC4V 5AH

Auditor

BSG Valentine (UK) LLP
Chartered Accountants & Statutory Auditor
Lynton House
7 - 12 Tavistock Square
London
WC1H 9BQ

THE LIBERTY (CITY) PUB COMPANY LIMITED

STRATEGIC REPORT

PERIOD FROM 1 APRIL 2019 TO 29 MARCH 2020

Principal activity

The principal activity of the company continued to be the development and management of public houses.

Fair review of the business

During the period, the company acquired one further site, The Sterling in EC3, while two of the sites were extensively refurbished.

The key financial highlights are as follows:

	52 week period ended 29 March 2020	53 week period ended 31 March 2019
Turnover	£3.6m	£1.9m
Turnover growth	92.4%	71.8%
Gross profit margin	69.7%	69.0%
Loss before tax	(£4,895k)	(£506k)
EBITDA (1)	(£4,250k)	(£352k)
EBITDA before exceptional items (2)	(£610k)	(£352k)
Current ratio	0.48	2.64

(1) = EBITDA calculated as operating profit with depreciation added back.

(2) = EBITDA calculated as operating profit with depreciation and exceptional items (see note 13) added back.

Turnover in the company accelerated in this period with The Oystercatcher in Greenwich opening in April 2019 and The Admiral Hardy, also in Greenwich, opening in July 2019. The company also acquired The Sterling in the City in November 2019 which commenced trading well. Against this the growing impact of Covid 19 affected us towards the end of the period. Margins improved and cost control tightened up during the period. After the government made it mandatory to close from 21 March the directors decided to include an estate revaluation leading to a £3.6m impairment which is included in the above highlights; it is hoped however that value can gradually be restored over the next two years. Following the period end we have had a year characterised by closure and restricted openings, however the company traded well when allowed to. The company remains on a stable financial footing with a relatively low 'cash-burn' and strong asset backing. The company looks forward to re-opening fully in May 2021 with a real opportunity to take advantage of pent-up demand, and an expectation of strong trading coupled with a permanently lower cost base.

Principal risks and uncertainties

The company continually looks to mitigate and minimise potential risks and uncertainties, which we recognise, amongst others, to be: loss of key suppliers; loss of trade; loss of key personnel; theft; health and safety compliance; cyber breaches; loss of liquidity; regulatory and other changes in the macro-economic environment.

In mitigation of the above: the company has very good connections with numerous large and bespoke suppliers and an excellent credit history. It has access to a large pool of operational and managerial personnel to ensure business continuity. It has well-located sites in attractive and busy locations and continually assesses the quality and type of offer to ensure attractiveness. Theft is mitigated by robust systems and the low level of cash purchases now made, these same systems are GDPR-approved and contain encryption and other techniques to prevent cyber-crime. The company enjoys a strong relationship with its bank and is well connected in this area, and employs consultants to ensure health standards are vigorously upheld in its sites. Regarding the macro environment there is always risk of unfavourable legislation or higher interest rates or beer duty, however the company maintains significant levels of reserves, and good freehold backing to ensure there is very good buffering in the event of a general downturn.

THE LIBERTY (CITY) PUB COMPANY LIMITED

STRATEGIC REPORT *(continued)*

PERIOD FROM 1 APRIL 2019 TO 29 MARCH 2020

Covid 19

At the time of writing, the worldwide Covid 19 pandemic is ongoing, and the United Kingdom is emerging from its third lockdown with government restrictions being lifted. The lockdowns, the first of which commenced during the reporting period on 20 March 2020 and are currently ongoing, have seen the hospitality business including public houses severely impacted with mandatory closures. Consequently, the operations of the company have effectively been suspended for significant periods of the post year end period ended 28 March 2021, and have not yet resumed. Based on the information currently available, it is the intention of the directors, to the extent to which it is permitted, to reopen and resume trading during May 2021 as mentioned above. However, upon reopening of the company's public houses and the resumption of trade, it is anticipated that social distancing restrictions will continue for some time. That said, the directors are optimistic regarding consumer behaviours and the continuing demand of the public for a return to normality, including frequenting public houses.

In mitigation of the impact of Covid 19, the directors have controlled the company's cashflows, and have taken advantage of government support schemes, including local government grants, the business rates waiver, the Coronavirus Job Retention Scheme, the VAT reduction on soft drinks and food to 5%, the VAT deferral and the Eat Out To Help Out scheme in August which was very popular.

The directors are hopeful that the short term reduction in VAT on food sales will see customers returning and help recover revenues.

This report was approved by the board of directors on 25 March 2021 and signed on behalf of the board by:



Mr J Watson
Director

Registered office:
2 Wardrobe Place
London
United Kingdom
EC4V 5AH

THE LIBERTY (CITY) PUB COMPANY LIMITED

DIRECTORS' REPORT

PERIOD FROM 1 APRIL 2019 TO 29 MARCH 2020

The directors present their report and the financial statements of the company for the period ended 29 March 2020.

Directors

The directors who served the company during the period were as follows:

Mr A Bruce
Mr A Nares
Mr J Watson
Mr P McDonald

Dividends

The directors do not recommend the payment of a dividend.

Future developments

The company will continue in its principal activity.

The directors continue to review the marketplace with a view to growing the business, identifying opportunities and manage the risks facing the business.

Financial instruments

The directors do not consider that a detailed description of the use of financial instruments is necessary for an assessment of the company's financial position and result for the period.

Events after the end of the reporting period

Particulars of events after the reporting date are detailed in note 26 to the financial statements.

THE LIBERTY (CITY) PUB COMPANY LIMITED

DIRECTORS' REPORT *(continued)*

PERIOD FROM 1 APRIL 2019 TO 29 MARCH 2020

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies 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 company 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board of directors on 25 March 2021 and signed on behalf of the board by:



Mr J Watson
Director

Registered office:
2 Wardrobe Place
London
United Kingdom
EC4V 5AH

THE LIBERTY (CITY) PUB COMPANY LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE LIBERTY (CITY) PUB
COMPANY LIMITED

PERIOD FROM 1 APRIL 2019 TO 29 MARCH 2020

Opinion

We have audited the financial statements of The Liberty (City) Pub Company Limited (the 'company') for the period ended 29 March 2020 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and the related notes, 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 FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 29 March 2020 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Emphasis of matter

We draw attention to note 3 of the financial statements, which under significant judgements, describes assumptions made in the directors' review of the company's assets for impairment. Our opinion is not modified in respect of this matter.

THE LIBERTY (CITY) PUB COMPANY LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE LIBERTY (CITY) PUB
COMPANY LIMITED *(continued)*

PERIOD FROM 1 APRIL 2019 TO 29 MARCH 2020

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 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 company or to cease operations, or have no realistic alternative but to do so.

THE LIBERTY (CITY) PUB COMPANY LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE LIBERTY (CITY) PUB
COMPANY LIMITED *(continued)*

PERIOD FROM 1 APRIL 2019 TO 29 MARCH 2020

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located 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 company's members, as a body, in accordance with chapter 3 of part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

BSG Valentine UK LLP

Luke Richardson BSc FCA (Senior Statutory Auditor)

For and on behalf of
BSG Valentine (UK) LLP
Chartered Accountants & Statutory Auditor
Lynton House
7 - 12 Tavistock Square
London
WC1H 9BQ

25 March 2021.

THE LIBERTY (CITY) PUB COMPANY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
PERIOD FROM 1 APRIL 2019 TO 29 MARCH 2020

		Period from 1 Apr 19 to 29 Mar 20	Period from 26 Mar 18 to 31 Mar 19 (restated)
	Note	£	£
TURNOVER	4	3,610,017	1,876,050
Cost of sales		(1,093,113)	(582,350)
GROSS PROFIT		2,516,904	1,293,700
Administrative expenses		(3,779,800)	(1,814,387)
Other operating income	5	42,631	–
Impairment of tangible assets		(3,639,720)	–
OPERATING LOSS	6	(4,859,985)	(520,687)
Other interest receivable and similar income	10	544	15,041
Interest payable and similar expenses	11	(36,374)	–
LOSS BEFORE TAXATION		(4,895,815)	(505,646)
Tax on loss	12	–	–
LOSS FOR THE FINANCIAL PERIOD AND TOTAL COMPREHENSIVE INCOME		<u>(4,895,815)</u>	<u>(505,646)</u>

All the activities of the company are from continuing operations.

The notes on pages 13 to 24 form part of these financial statements.

THE LIBERTY (CITY) PUB COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

29 MARCH 2020

	Note	29 Mar 20		31 Mar 19 (restated)	
		£	£	£	£
FIXED ASSETS					
Tangible assets	14		7,153,409		7,397,550
CURRENT ASSETS					
Stocks	15	100,550		31,021	
Debtors	16	520,498		600,953	
Cash at bank and in hand		<u>198,159</u>		<u>775,544</u>	
		819,207		1,407,518	
CREDITORS: Amounts falling due within one year	17	<u>(1,718,200)</u>		<u>(533,957)</u>	
NET CURRENT (LIABILITIES)/ASSETS			<u>(898,993)</u>		<u>873,561</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			6,254,416		8,271,111
CREDITORS: Amounts falling due after more than one year	18	<u>(2,879,120)</u>		<u>-</u>	
NET ASSETS			<u>3,375,296</u>		<u>8,271,111</u>
CAPITAL AND RESERVES					
Called up share capital	22		96,677		96,677
Share premium account	23		9,274,312		9,274,312
Profit and loss account	23		<u>(5,995,693)</u>		<u>(1,099,878)</u>
SHAREHOLDERS' FUNDS			<u>3,375,296</u>		<u>8,271,111</u>

These financial statements were approved by the board of directors and authorised for issue on 25 March 2021, and are signed on behalf of the board by:



Mr J Watson
Director

Company registration number: 09359989

The notes on pages 13 to 24 form part of these financial statements.

THE LIBERTY (CITY) PUB COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY

PERIOD FROM 1 APRIL 2019 TO 29 MARCH 2020

	Note	Called up share capital £	Share premium account £	Profit and loss account £	Total £
AT 26 MARCH 2018		96,677	9,275,862	(594,232)	8,778,307
Loss for the period				(505,646)	(505,646)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		-	-	(505,646)	(505,646)
Transaction costs		-	(1,550)	-	(1,550)
TOTAL INVESTMENTS BY AND DISTRIBUTIONS TO OWNERS		-	(1,550)	-	(1,550)
AT 31 MARCH 2019 (AS PREVIOUSLY REPORTED)		96,677	9,274,312	(1,199,878)	8,171,111
Prior period adjustments	21	-	-	100,000	100,000
AT 31 MARCH 2019 (RESTATED)		96,677	9,274,312	(1,099,878)	8,271,111
Loss for the period				(4,895,815)	(4,895,815)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		-	-	(4,895,815)	(4,895,815)
AT 29 MARCH 2020		96,677	9,274,312	(5,995,693)	3,375,296

The notes on pages 13 to 24 form part of these financial statements.

THE LIBERTY (CITY) PUB COMPANY LIMITED

STATEMENT OF CASH FLOWS

PERIOD FROM 1 APRIL 2019 TO 29 MARCH 2020

	29 Mar 20	31 Mar 19 <i>(restated)</i>
	£	£
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the financial period	(4,895,815)	(505,646)
<i>Adjustments for:</i>		
Depreciation of tangible assets	610,055	169,015
Impairment of tangible assets	3,639,720	–
Other interest receivable and similar income	(544)	(15,041)
Interest payable and similar expenses	36,374	–
Accrued expenses	258,952	35,841
<i>Changes in:</i>		
Stocks	(69,529)	3,147
Trade and other debtors	80,455	(459,431)
Trade and other creditors	1,054,410	280,793
Cash generated from operations	714,078	(491,322)
Interest paid	(36,374)	–
Interest received	544	15,041
Net cash from/(used in) operating activities	<u>678,248</u>	<u>(476,281)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of tangible assets	(4,005,633)	(2,965,600)
Net cash used in investing activities	<u>(4,005,633)</u>	<u>(2,965,600)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of share issue costs	–	(1,550)
Proceeds from borrowings	2,750,000	–
Net cash from/(used in) financing activities	<u>2,750,000</u>	<u>(1,550)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(577,385)	(3,443,431)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>775,544</u>	<u>4,218,975</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>198,159</u>	<u>775,544</u>

The notes on pages 13 to 24 form part of these financial statements.

THE LIBERTY (CITY) PUB COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 APRIL 2019 TO 29 MARCH 2020

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is 2 Wardrobe Place, London, EC4V 5AH, United Kingdom.

2. Statement of compliance

These financial statements have been prepared in compliance with 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 29 March 2020 (prior period 53 weeks ended 31 March 2019).

Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' Report and the Strategic Report.

Notwithstanding that, as at the year end the company has net current liabilities of £898,993 (2019: net current assets of £873,561) and for the period then ended the company has reported an operating loss of £4,859,985 (2019: £520,687), the directors continue to prepare the financial statements on a going concern basis.

In addition, at the time of writing, the worldwide Covid 19 pandemic is ongoing, and having been through two national lockdowns during 2020, the United Kingdom is currently in its third national lockdown. The lockdowns, the impact of which is primarily after the reporting period, have seen the hospitality business, including public houses, severely impacted with mandatory closures and trading restrictions. The company's public houses, as mandated by the current UK lockdown are currently mandatorily closed. Furthermore, the outlook for the medium term continues to be uncertain with a number of potential headwinds for the industry. These headwinds being: the anticipated period of mandatory social distancing, changes to public behaviours, the impact of the wider economic downturn, and the potential for further Covid 19 lockdowns.

The company has total shareholders' funds of £3,375,296 (2019: £8,171,111). Furthermore the company has significant freehold and long leasehold assets which can either be realised or used to raise finance if required. The company continues to have the support of its investors, and the directors believe that should it be necessary, the company could also raise further finance from the issue of shares.

Whilst in lockdown, the directors have taken steps to manage cash flow by renegotiating supplier deals, negotiating rent reductions, offering suppliers discounted settlements, reducing wages, and the use of the Coronavirus Job Retention Scheme. The company has also benefited from the VAT reduction to 5% on soft drinks and food, VAT deferral, business rates waiver, local government grants and the Eat Out To Help Out scheme in August.

THE LIBERTY (CITY) PUB COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
PERIOD FROM 1 APRIL 2019 TO 29 MARCH 2020

3. Accounting policies *(continued)*

The directors have prepared a forecast for the year to 31 March 2022 incorporating the impact of Covid 19. The forecast shows the company having sufficient cash to meet its obligations. The forecast assumes that the company will be able to resume trading in May, and that social distancing will continue until June. Forecasting in the current climate is inherently uncertain, however sufficient headroom is expected to be maintained throughout.

The directors are satisfied that the company has adequate resources to enable it to meet its liabilities as they fall due for the foreseeable future.

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.

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.
- Impairment review of tangible fixed assets - the directors have performed an impairment review on the company's assets, treating each pub site 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 once trade resumes. Where the estimated value of the site is less than the carrying value, an impairment has been recognised. The directors have made judgements in both the selection of the profit multiple to be applied and in estimating the sustainable profit. The assessment of sustainable profit includes a number of judgements regarding the resumption of trade, including the wider macro-economic environment, future trading restrictions, and consumer behaviours, all of which are uncertain. Ultimately, the directors judge that consumers will return when permitted, and that the carrying value of the company's assets will be recovered.
- 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.

THE LIBERTY (CITY) PUB COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
PERIOD FROM 1 APRIL 2019 TO 29 MARCH 2020

3. Accounting policies *(continued)*

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

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 year 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.
- **Deferred tax** - deferred tax assets are recognised based upon the estimated timing and level of future taxable profits. Where there are uncertainties over the timing and availability of future taxable profits, no asset is recognised, and should the availability of future taxable profits become more certain, then an asset may be recognised.

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 primarily 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.

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.

THE LIBERTY (CITY) PUB COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
PERIOD FROM 1 APRIL 2019 TO 29 MARCH 2020

3. Accounting policies *(continued)*

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.

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 terms of the lease
Fixtures and fittings	-	12% straight line
Equipment	-	20% 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.

THE LIBERTY (CITY) PUB COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
PERIOD FROM 1 APRIL 2019 TO 29 MARCH 2020

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. Turnover

Turnover arises from:

	Period from 1 Apr 19 to 29 Mar 20 £	Period from 26 Mar 18 to 31 Mar 19 £
Sale of goods	<u>3,610,017</u>	<u>1,876,050</u>

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

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5. Other operating income

	Period from 1 Apr 19 to 29 Mar 20 £	Period from 26 Mar 18 to 31 Mar 19 £
Government grant income	<u>42,631</u>	<u>-</u>

6. Operating profit

Operating profit or loss is stated after charging:

	Period from 1 Apr 19 to 29 Mar 20 £	Period from 26 Mar 18 to 31 Mar 19 (restated) £
Depreciation of tangible assets	<u>610,055</u>	<u>169,016</u>

7. Auditor's remuneration

	Period from 1 Apr 19 to 29 Mar 20 £	Period from 26 Mar 18 to 31 Mar 19 £
Fees payable for the audit of the financial statements	<u>5,780</u>	<u>5,325</u>

8. Staff costs

The average number of persons employed by the company during the period, including the directors, amounted to:

	29 Mar 20 No.	31 Mar 19 No.
Administrative staff	<u>110</u>	<u>60</u>

The aggregate payroll costs incurred during the period, relating to the above, were:

	Period from 1 Apr 19 to 29 Mar 20 £	Period from 26 Mar 18 to 31 Mar 19 £
Wages and salaries	1,687,078	921,509
Social security costs	103,018	48,152
Other pension costs	25,616	7,830
	<u>1,815,712</u>	<u>977,491</u>

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9. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	Period from 1 Apr 19 to 29 Mar 20 £	Period from 26 Mar 18 to 31 Mar 19 £
Remuneration	<u>98,899</u>	<u>87,100</u>

The number of directors who accrued benefits under company pension plans was as follows:

	29 Mar 20 No.	31 Mar 19 No.
Defined contribution plans	<u>2</u>	<u>2</u>

10. Other interest receivable and similar income

	Period from 1 Apr 19 to 29 Mar 20 £	Period from 26 Mar 18 to 31 Mar 19 £
Interest on cash and cash equivalents	<u>544</u>	<u>15,041</u>

11. Interest payable and similar expenses

	Period from 1 Apr 19 to 29 Mar 20 £	Period from 26 Mar 18 to 31 Mar 19 £
Interest on banks loans and overdrafts	<u>36,374</u>	<u>-</u>

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12. Tax on loss

Reconciliation of tax income

The tax assessed on the loss on ordinary activities for the period is higher than (2019: higher than) the standard rate of corporation tax in the UK of 19% (2019: 19%).

	Period from 1 Apr 19 to 29 Mar 20	Period from 26 Mar 18 to 31 Mar 19 <i>(restated)</i>
	£	£
Loss on ordinary activities before taxation	(4,895,815)	(505,646)
Loss on ordinary activities by rate of tax	(930,205)	(96,073)
Effect of expenses not deductible for tax purposes	691,547	–
Effect of capital allowances and depreciation	(63,642)	(27,764)
Unused tax losses	314,829	124,933
Other tax adjustment to increase/(decrease) tax liability	(12,529)	(1,096)
Tax on loss	–	–

Factors that may affect future tax income

The company has estimated tax losses of £2,986,000 (2019: £1,329,000) available to be carried forward and offset against future taxable profits.

13. Exceptional items

During the period, following a review by the directors, tangible fixed assets were impaired by £3,639,720 (2019: £nil).

In order to give this item sufficient prominence, it has been shown as separate line item in the income statement.

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PERIOD FROM 1 APRIL 2019 TO 29 MARCH 2020

14. Tangible assets

	Freehold property £	Long leasehold property £	Short leasehold property £	Fixtures and fittings £	Equipment £	Total £
Cost						
At 1 Apr 2019 (as restated)	3,836,824	2,085,988	183,625	1,616,895	2,625	7,725,957
Additions	–	11,889	2,012,127	1,939,236	42,381	4,005,633
Transfers	(114,271)	–	114,272	–	–	1
At 29 Mar 2020	<u>3,722,553</u>	<u>2,097,877</u>	<u>2,310,024</u>	<u>3,556,131</u>	<u>45,006</u>	<u>11,731,591</u>
Depreciation						
At 1 Apr 2019	129,815	6,423	24,447	167,722	–	328,407
Charge for the period	74,247	41,800	112,113	366,608	15,287	610,055
Transfers	(4,321)	–	4,321	–	–	–
Impairment losses	1,178,176	26,060	1,385,807	1,019,958	29,719	3,639,720
At 29 Mar 2020	<u>1,377,917</u>	<u>74,283</u>	<u>1,526,688</u>	<u>1,554,288</u>	<u>45,006</u>	<u>4,578,182</u>
Carrying amount						
At 29 Mar 2020	<u>2,344,636</u>	<u>2,023,594</u>	<u>783,336</u>	<u>2,001,843</u>	<u>–</u>	<u>7,153,409</u>
At 31 Mar 2019	<u>3,707,009</u>	<u>2,079,565</u>	<u>159,178</u>	<u>1,449,173</u>	<u>2,625</u>	<u>7,397,550</u>

Following a review of the carrying values of the company's pub assets, which was performed by the directors as detailed in note 3 under judgements, a total impairment of £3,629,720 (2019: £nil) has been recognised in the income statement.

Accumulated depreciation on short leasehold property includes an adjustment made to depreciation brought forward, as explained in note 21.

15. Stocks

	29 Mar 20 £	31 Mar 19 £
Finished goods and goods for resale	<u>100,550</u>	<u>31,021</u>

16. Debtors

	29 Mar 20 £	31 Mar 19 £
Prepayments and accrued income	164,904	22,591
Other debtors	<u>355,594</u>	<u>578,362</u>
	<u>520,498</u>	<u>600,953</u>

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

	29 Mar 20 £	31 Mar 19 £
Other debtors	<u>337,034</u>	<u>69,000</u>

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17. Creditors: Amounts falling due within one year

	29 Mar 20	31 Mar 19
	£	£
Bank loans and overdrafts	47,547	–
Trade creditors	344,259	375,115
Accruals and deferred income	189,936	107,651
Social security and other taxes	95,218	14,807
Other creditors	1,041,240	36,384
	<u>1,718,200</u>	<u>533,957</u>

See note 18 for detail of secured liabilities.

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

	29 Mar 20	31 Mar 19
	£	£
Bank loans and overdrafts	2,702,453	–
Accruals and deferred income	176,667	–
	<u>2,879,120</u>	<u>–</u>

The bank loans are fully repayable within 5 years of the balance sheet date.

The bank loans are 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.

19. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £24,449 (2019: £7,262).

20. Government grants

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

	29 Mar 20	31 Mar 19
	£	£
Recognised in other operating income:		
Government grants recognised directly in income	<u>42,631</u>	<u>–</u>

21. Prior period restatement

The previous period has been restated to correct depreciation charge in the prior year. As a consequence of this restatement, the book value of tangible fixed assets as at 31 March 2019 have increased by £100,000 as has the shareholders funds at the same date. The loss for the period ended 31 March 2019 has been reduced by £100,000.

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22. Called up share capital

Issued, called up and fully paid

	29 Mar 20		31 Mar 19	
	No.	£	No.	£
Ordinary shares of £0.01 each	<u>4,688,085</u>	<u>46,881</u>	<u>4,688,085</u>	<u>46,881</u>

23. Reserves

Share premium account - This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Profit and loss account - This reserve records retained earnings and accumulated losses.

24. Analysis of changes in net debt

	At 1 Apr 2019	Cash flows	At 29 Mar 2020
	£	£	£
Cash at bank and in hand	775,544	(577,385)	198,159
Debt due within one year	–	(47,547)	(47,547)
Debt due after one year	–	(2,702,453)	(2,702,453)
	<u>775,544</u>	<u>(3,327,385)</u>	<u>(2,551,841)</u>

25. Operating leases

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

	29 Mar 20	31 Mar 19
	£	£
Not later than 1 year	365,000	250,000
Later than 1 year and not later than 5 years	1,560,000	615,833
Later than 5 years	<u>4,150,500</u>	<u>3,330,000</u>
	<u>6,075,500</u>	<u>4,195,833</u>

26. Events after the end of the reporting period

The company is in the process of making an insurance claim for business interruption that has resulted from Covid 19. This primarily relates to business to business interruption that occurred during the subsequent period.

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27. Related party transactions

At the period end the company owed £1,006,748 (2019: £23,870) to 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 was owed £6,522 (2019: £nil) by companies under common control and with directors in common. These balances are unsecured, short term and non-interest bearing.

Key management compensation for the period, including directors was £103,481 (2019: £91,185).

In the opinion of the directors, the company is not under the control of any one party.