

COMPANY REGISTRATION NUMBER: 09359989

THE LIBERTY (CITY) PUB COMPANY LIMITED
FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
28 MARCH 2021



THE LIBERTY (CITY) PUB COMPANY LIMITED
FINANCIAL STATEMENTS
PERIOD FROM 30 MARCH 2020 TO 28 MARCH 2021

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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

First Floor
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 30 MARCH 2020 TO 28 MARCH 2021

The directors present their strategic report of the company for the period ended 28 March 2021.

Principal activity

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

Fair review of the business

For the period ending 28 March 2021, the company has six sites under its management.

The key financial highlights are as follows:

	Period ended 28/03/21	Period ended 29/03/20
Turnover	£1.6m	£3.6m
Turnover (fall)/growth	(55.3%)	92.4%
Gross profit margin	71.8%	69.7%
Loss before tax	(£600k)	(£4,895k)
EBITDA (1)	(£2k)	(£4,250k)
EBITDA before exceptional items (2)	(£2k)	(£610k)
Current ratio	0.37	0.48

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

(2) = EBITDA calculated as operating profit with depreciation and exceptional items (see note 14) added back

Turnover during the period under review was very significantly impacted by the closures and restrictions brought about by the Covid-19 pandemic, our sites were only permitted to open for 105 days during the 364 day period. When our sites were able to open however, trade was robust. Despite trading for less than 30% of the period, company turnover was 45% of the previous period, and The Oystercatcher in particular traded above expectations, assisted by good outside trading space. Gross margin improved from 69.7% to 71.8%, a 2.1% improvement. Costs were minimised and the company took advantage of five separate governmental assistances: Eat Out To Help Out, local government grants, zero rate business rates, lower VAT rates and the Job Retention Scheme. Additionally a six-figure insurance sum relating to the pandemic was received in the period. This all led to very little change in the cash position and trading since the period end has been very strong, meaning the company remains financially stable, with a relatively low 'cash-burn' and strong asset backing. At the time of writing there is more disruption from the pandemic, however management expect 2022 to be another strong year of trading.

THE LIBERTY (CITY) PUB COMPANY LIMITED

STRATEGIC REPORT *(continued)*

PERIOD FROM 30 MARCH 2020 TO 28 MARCH 2021

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 employs reputable 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.

Covid 19

At the time of writing, the Omicron variant of the Covid 19 coronavirus is ongoing, and the government is again encouraging working from home as part of its so called 'Plan B'. Pubs and bars are continuing to trade in the English locations our company operates in at the time of writing, however we must accept the possibility that there will be more restrictions and possibly a repeat of the closures seen earlier this year. However, it is hoped that this particular variant is less serious than previous iterations, and the directors are optimistic regarding consumer behaviours and the resilience of our customer-base, with their strong desire to continue to visit all forms of public places and events, including public houses.

The directors continue to keep a tight grip on company finances to ensure good liquidity is maintained and will look to continue to take advantage of future Government help if provided, with VAT and rates reductions still in place until the end of March 2022. Conversations are also resuming with our few landlords, and staff are showing good flexibility to cover colleagues or take time off if affected by Omicron. Pay reductions will be considered if necessary. However, we are still trading, and profitably, and with previous experience of pent-up demand following restricted or closed periods, we are confident even if we are made to close that we have very good headroom to deal with this and that strong trade will emerge again at the latest by Spring.

This report was approved by the board of directors on 22nd December 2021 and signed on behalf of the board by:



Mr J Watson
Director

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

THE LIBERTY (CITY) PUB COMPANY LIMITED

DIRECTORS' REPORT

PERIOD FROM 30 MARCH 2020 TO 28 MARCH 2021

The directors present their report and the financial statements of the company for the period ended 28 March 2021.

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.

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.

THE LIBERTY (CITY) PUB COMPANY LIMITED

DIRECTORS' REPORT *(continued)*

PERIOD FROM 30 MARCH 2020 TO 28 MARCH 2021

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 *22nd December 2021* and signed on behalf of the board by:



Mr J Watson
Director

Registered office:
First Floor
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 30 MARCH 2020 TO 28 MARCH 2021

Opinion

We have audited the financial statements of The Liberty (City) Pub Company Limited (the 'company') for the period ended 28 March 2021 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 28 March 2021 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

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 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.

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 30 MARCH 2020 TO 28 MARCH 2021

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 30 MARCH 2020 TO 28 MARCH 2021

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.

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:

Based on our understanding and accumulated knowledge of the company and the sector in which it operates we identified and assessed the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations. Relevant laws and regulations, together with potential fraud risks, were communicated to the audit engagement team at the planning stage to ensure they remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit. Our audit procedures included, but were not limited to:

- Agreement of the financial statement disclosures to underlying supporting documentation;
- Inquiry of management and performing analytical review procedures to identify any unusual relationships that may indicate a material misstatement;
- Considering and challenging assumptions and judgements made by management in their significant accounting estimates and judgements;
- Performing appropriate testing in respect of the risk of fraud in turnover recognition by selecting an appropriate sample of sales transactions for directional testing, through review of margins, and by ensuring correct sales cut off;
- Performing appropriate testing in respect of amounts claimed in government support;
- Performing appropriate testing in respect of government grants claimed;
- Review of any minutes of Board meetings throughout the period;
- Confirmation that there are no significant issues with regard the company's premises licensing;
- Testing the appropriateness of journals to address the risk of fraud through management override of controls; and
- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulation or fraud.

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.

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

PERIOD FROM 30 MARCH 2020 TO 28 MARCH 2021

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

23 December 2021.

THE LIBERTY (CITY) PUB COMPANY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
PERIOD FROM 30 MARCH 2020 TO 28 MARCH 2021

	Note	Period from 30 Mar 20 to 28 Mar 21 £	Period from 1 Apr 19 to 29 Mar 20 £
TURNOVER	4	1,612,615	3,610,017
Cost of sales		(455,153)	(1,093,113)
GROSS PROFIT		1,157,462	2,516,904
Administrative expenses		(2,819,063)	(3,779,800)
Other operating income	5	1,155,027	42,631
Impairment of tangible assets		—	(3,639,720)
OPERATING LOSS	6	(506,574)	(4,859,985)
Other interest receivable and similar income	11	—	544
Interest payable and similar expenses	12	(93,154)	(36,374)
LOSS BEFORE TAXATION		(599,728)	(4,895,815)
Tax on loss	13	—	—
LOSS FOR THE FINANCIAL PERIOD AND TOTAL COMPREHENSIVE INCOME		(599,728)	(4,895,815)

All the activities of the company are from continuing operations.

The notes on pages 14 to 24 form part of these financial statements.

THE LIBERTY (CITY) PUB COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

28 MARCH 2021

	Note	28 Mar 21 £	£	29 Mar 20 £	£
FIXED ASSETS					
Tangible assets	15		6,697,367		7,153,409
CURRENT ASSETS					
Stocks	16	62,397		100,550	
Debtors	17	413,352		520,498	
Cash at bank and in hand		170,646		198,159	
		<u>646,395</u>		<u>819,207</u>	
CREDITORS: amounts falling due within one year	18	<u>(1,750,043)</u>		<u>(1,718,200)</u>	
NET CURRENT LIABILITIES			<u>(1,103,648)</u>		<u>(898,993)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			5,593,719		6,254,416
CREDITORS: amounts falling due after more than one year	19		<u>(2,814,468)</u>		<u>(2,879,120)</u>
NET ASSETS			<u>2,779,251</u>		<u>3,375,296</u>
CAPITAL AND RESERVES					
Called up share capital	22		100,360		96,677
Share premium account	23		9,274,312		9,274,312
Profit and loss account	23		<u>(6,595,421)</u>		<u>(5,995,693)</u>
SHAREHOLDERS' FUNDS			<u>2,779,251</u>		<u>3,375,296</u>

These financial statements were approved by the board of directors and authorised for issue on 22nd December 2021, and are signed on behalf of the board by:



Mr J Watson
Director

Company registration number: 09359989

The notes on pages 14 to 24 form part of these financial statements.

THE LIBERTY (CITY) PUB COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY
PERIOD FROM 30 MARCH 2020 TO 28 MARCH 2021

	Called up share capital £	Share premium account £	Profit and loss account £	Total £
AT 1 APRIL 2019 (AS PREVIOUSLY REPORTED)	96,677	9,274,312	(1,199,878)	8,171,111
Prior period adjustments	—	—	100,000	100,000
AT 1 APRIL 2019 (RESTATED)	<u>96,677</u>	<u>9,274,312</u>	<u>(1,099,878)</u>	<u>8,271,111</u>
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
Loss for the period	—	—	(599,728)	(599,728)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	—	—	(599,728)	(599,728)
Issue of shares	<u>3,683</u>	—	—	<u>3,683</u>
TOTAL INVESTMENTS BY AND DISTRIBUTIONS TO OWNERS	3,683	—	—	3,683
AT 28 MARCH 2021	<u>100,360</u>	<u>9,274,312</u>	<u>(6,595,421)</u>	<u>2,779,251</u>

The notes on pages 14 to 24 form part of these financial statements.

THE LIBERTY (CITY) PUB COMPANY LIMITED

STATEMENT OF CASH FLOWS

PERIOD FROM 30 MARCH 2020 TO 28 MARCH 2021

	28 Mar 21 £	29 Mar 20 £
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the financial period	(599,728)	(4,895,815)
<i>Adjustments for:</i>		
Depreciation of tangible assets	504,958	610,055
Impairment of tangible assets	—	3,639,720
Other interest receivable and similar income	—	(544)
Interest payable and similar expenses	93,154	36,374
Accrued expenses	88,043	258,952
<i>Changes in:</i>		
Stocks	38,153	(69,529)
Trade and other debtors	107,146	80,455
Trade and other creditors	(73,825)	1,054,410
Cash generated from operations	<u>157,901</u>	<u>714,078</u>
Interest received	—	544
Net cash from operating activities	<u>157,901</u>	<u>714,622</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of tangible assets	(58,276)	(4,005,633)
Proceeds from sale of tangible assets	9,360	—
Net cash used in investing activities	<u>(48,916)</u>	<u>(4,005,633)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of ordinary shares	3,683	—
Proceeds from borrowings	—	2,750,000
Repayments of borrowings	(47,027)	—
Interest paid	(93,154)	(36,374)
Net cash (used in)/from financing activities	<u>(136,498)</u>	<u>2,713,626</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>(27,513)</u>	<u>(577,385)</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>198,159</u>	<u>775,544</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>170,646</u>	<u>198,159</u>

The notes on pages 14 to 24 form part of these financial statements.

THE LIBERTY (CITY) PUB COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 30 MARCH 2020 TO 28 MARCH 2021

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is First Floor, 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 28 March 2021 (prior period 52 weeks ended 29 March 2020).

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 period end the company has net current liabilities of £1,103,648 (2020: £898,993) and for the period then ended the company has reported an operating loss of £506,574 (2020: £4,859,985) with accumulated losses of £6,595,421 (2020: £5,995,693), the directors continue to prepare the financial statements on a going concern basis.

Since the declaration of the Covid-19 pandemic during March 2020, the activities of the company have been severely disrupted by government mandated lockdowns and social distancing restrictions. For approximately five months during the year ended March 2021, hospitality businesses, including public houses were unable to trade. In addition, when trading was permitted, the industry was impacted by social distancing restrictions limiting patrons, and the fall in the footfall in town and city centres. During the year, 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.

The company has total shareholders' funds of £2,779,251 (2020: £3,375,296). 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. Additionally, should it be required, a related undertaking will provide funding such to ensure that the company can meet its liabilities as the fall due for the foreseeable future. This support has been confirmed in writing by the related undertaking.

THE LIBERTY (CITY) PUB COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
PERIOD FROM 30 MARCH 2020 TO 28 MARCH 2021

3. Accounting policies *(continued)*

The outlook for the medium term continues to be uncertain with a number of potential headwinds for the industry. These headwinds being: the potential for further lockdowns and or social distancing, changes to public behaviours and working patterns, and the impact of any wider economic downturn. At the time of writing the government has introduced measures, which whilst not directly affecting the industry, could see a fall in demand due to reduced footfall.

The directors have prepared a cashflow forecast to 31 December 2022, and a trading forecast for the year to 31 March 2023, both incorporating the anticipated impact of Covid-19. The cashflow forecast shows the company having sufficient cash to meet its obligations as they fall due. The forecast assumes that the company will be able to continue to trade throughout the forecast period. The forecast also assumes that the related undertaking referred to above, will provide funding to the company. Forecasting in the current climate is inherently uncertain, however headroom is expected to be comfortable throughout. Due to the impact as yet being unknown and not possible to quantify, the directors have not prepared revised forecasts incorporating the impact of the recently emerged Omicron variant and 'Plan B' being instigated in England.

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. Despite the emergence of the Omicron variant, this assessment is unchanged. Due to the reasons mentioned above, the directors consider that the company has sufficient resources to weather any additional disruption to its trade.

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:

- Y Going concern - as detailed in the accounting policy above, the directors judge that the company is a going concern;
- Y Impairment review of fixed assets - the directors have performed an impairment review on 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 once trade resumes (the company's public houses, as mandated at the time, were closed at the reporting date, reopening May 2021). 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 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, having seen consumers return post year end, the carrying value of the company's assets will be recovered;

THE LIBERTY (CITY) PUB COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
PERIOD FROM 30 MARCH 2020 TO 28 MARCH 2021

3. Accounting policies *(continued)*

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

- Y Rent concessions - the directors judge that rent concessions granted to the company during the year 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
- Y 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:

- Y 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;
- Y 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; and
- Y 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.

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.

THE LIBERTY (CITY) PUB COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
PERIOD FROM 30 MARCH 2020 TO 28 MARCH 2021

3. Accounting policies *(continued)*

Income tax *(continued)*

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.

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 2021; and
- ✓ there is no significant change to other terms and conditions of the lease.

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.

THE LIBERTY (CITY) PUB COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
PERIOD FROM 30 MARCH 2020 TO 28 MARCH 2021

3. Accounting policies *(continued)*

Impairment of fixed assets *(continued)*

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.

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.

THE LIBERTY (CITY) PUB COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
PERIOD FROM 30 MARCH 2020 TO 28 MARCH 2021

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 30 Mar 20 to 28 Mar 21 £	Period from 1 Apr 19 to 29 Mar 20 £
Sale of goods	<u>1,612,615</u>	<u>3,610,017</u>

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

5. Other operating income

	Period from 30 Mar 20 to 28 Mar 21 £	Period from 1 Apr 19 to 29 Mar 20 £
Government grant income	988,256	42,631
Other operating income	<u>166,771</u>	<u>—</u>
	<u>1,155,027</u>	<u>42,631</u>

Other operating income relates to an insurance claim for business interruption.

6. Operating loss

Operating loss is stated after charging:

	Period from 30 Mar 20 to 28 Mar 21 £	Period from 1 Apr 19 to 29 Mar 20 £
Depreciation of tangible assets	504,958	610,055
Operating lease rentals	<u>408,758</u>	<u>361,683</u>

7. Rent concessions

During the period, the company recognised rent concessions received to compensate the company for Covid-19 related disruption, to the value of £81,250 (2020: £nil).

THE LIBERTY (CITY) PUB COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
PERIOD FROM 30 MARCH 2020 TO 28 MARCH 2021

8. Auditor's remuneration

	Period from 30 Mar 20 to 28 Mar 21	Period from 1 Apr 19 to 29 Mar 20
	£	£
Fees payable for the audit of the financial statements	<u>6,750</u>	<u>5,780</u>

9. Staff costs

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

	28 Mar 21 No.	29 Mar 20 No.
Administrative & management staff	17	14
Pub staff	<u>65</u>	<u>96</u>
	<u>82</u>	<u>110</u>

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

	Period from 30 Mar 20 to 28 Mar 21	Period from 1 Apr 19 to 29 Mar 20
	£	£
Wages and salaries	1,310,508	1,687,078
Social security costs	81,503	103,018
Other pension costs	<u>22,130</u>	<u>25,616</u>
	<u>1,414,141</u>	<u>1,815,712</u>

10. Directors' remuneration

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

	Period from 30 Mar 20 to 28 Mar 21	Period from 1 Apr 19 to 29 Mar 20
	£	£
Remuneration	<u>49,955</u>	<u>98,899</u>

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

	28 Mar 21 No.	29 Mar 20 No.
Defined contribution plans	<u>2</u>	<u>2</u>

11. Other interest receivable and similar income

	Period from 30 Mar 20 to 28 Mar 21	Period from 1 Apr 19 to 29 Mar 20
	£	£
Interest on cash and cash equivalents	<u>—</u>	<u>544</u>

THE LIBERTY (CITY) PUB COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
PERIOD FROM 30 MARCH 2020 TO 28 MARCH 2021

12. Interest payable and similar expenses

	Period from 30 Mar 20 to 28 Mar 21 £	Period from 1 Apr 19 to 29 Mar 20 £
Interest on banks loans and overdrafts	<u>93,154</u>	<u>36,374</u>

13. Tax on loss

Reconciliation of tax income

The tax assessed on the loss on ordinary activities for the period is higher than (2020: higher than) the standard rate of corporation tax in the UK of 19% (2020: 19%).

	Period from 30 Mar 20 to 28 Mar 21 £	Period from 1 Apr 19 to 29 Mar 20 £
Loss on ordinary activities before taxation	(599,728)	(4,895,815)
Loss on ordinary activities by rate of tax	(113,948)	(930,205)
Effect of expenses not deductible for tax purposes	–	691,547
Effect of capital allowances and depreciation	25,078	(63,642)
Unused tax losses	119,347	314,829
Other tax adjustments	(30,477)	(12,529)
Tax on loss	<u>–</u>	<u>–</u>

Factors that may affect future tax income

The company has estimated tax losses of £3,614,294 (2020: £2,986,000) available to be carried forward and offset against future taxable profits.

The UK enacted corporation tax rate has been revised from 19% to 25%, with the change taking effect from April 2023.

14. Exceptional items

During the previous period, following a review by the directors, tangible fixed assets were impaired by £3,639,720. In order to give this item sufficient prominence, it has been shown as separate line item in the statement of comprehensive income.

THE LIBERTY (CITY) PUB COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
PERIOD FROM 30 MARCH 2020 TO 28 MARCH 2021

15. Tangible assets

	Freehold property £	Long leasehold property £	Short leasehold property £	Fixtures and fittings £	Equipment £	Total £
Cost						
At 30 Mar 2020	3,722,553	2,097,877	2,310,024	3,556,131	45,006	11,731,591
Additions	—	—	2,500	55,776	—	58,276
Disposals	—	—	(9,360)	—	—	(9,360)
At 28 Mar 2021	3,722,553	2,097,877	2,303,164	3,611,907	45,006	11,780,507
Depreciation						
At 30 Mar 2020	1,377,917	74,283	1,526,688	1,554,288	45,006	4,578,182
Charge for the period	50,603	41,209	108,377	304,769	—	504,958
At 28 Mar 2021	1,428,520	115,492	1,635,065	1,859,057	45,006	5,083,140
Carrying amount						
At 28 Mar 2021	2,294,033	1,982,385	668,099	1,752,850	—	6,697,367
At 29 Mar 2020	2,344,636	2,023,594	783,336	2,001,843	—	7,153,409

16. Stocks

	28 Mar 21 £	29 Mar 20 £
Finished goods and goods for resale	62,397	100,550

17. Debtors

	28 Mar 21 £	29 Mar 20 £
Prepayments and accrued income	174,863	164,904
Other debtors	238,489	355,594
	<u>413,352</u>	<u>520,498</u>

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

	28 Mar 21 £	29 Mar 20 £
Other debtors	115,437	337,034

18. Creditors: amounts falling due within one year

	28 Mar 21 £	29 Mar 20 £
Bank loans and overdrafts	145,172	47,547
Trade creditors	485,948	344,259
Accruals and deferred income	197,979	189,936
Social security and other taxes	40,677	95,218
Other creditors	880,267	1,041,240
	<u>1,750,043</u>	<u>1,718,200</u>

THE LIBERTY (CITY) PUB COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
PERIOD FROM 30 MARCH 2020 TO 28 MARCH 2021

18. Creditors: amounts falling due within one year *(continued)*

See note 19 for detail of secured liabilities.

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

	28 Mar 21	29 Mar 20
	£	£
Bank loans and overdrafts	2,557,801	2,702,453
Accruals and deferred income	256,667	176,667
	<u>2,814,468</u>	<u>2,879,120</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.

20. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £21,276 (2020: £24,449). At the balance sheet date, included within creditors, are unpaid employer contributions of £859 (2020: £1,028) in respect of defined contribution schemes.

21. Government grants

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

	28 Mar 21	29 Mar 20
	£	£
Recognised in other operating income:		
Government grants recognised directly in income	<u>988,256</u>	<u>42,631</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.

22. Called up share capital

Issued, called up and fully paid

	28 Mar 21		29 Mar 20	
	No.	£	No.	£
Ordinary shares of £0.01 each	9,667,654	96,677	9,667,654	96,677
G Ordinary shares of £0.01 each	368,333	3,683	—	—
	<u>10,035,987</u>	<u>100,360</u>	<u>9,667,654</u>	<u>96,677</u>

THE LIBERTY (CITY) PUB COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
PERIOD FROM 30 MARCH 2020 TO 28 MARCH 2021

22. Called up share capital *(continued)*

During the period, the company issued shares as follows:

Y On 02 March 2021, 368,333 G Ordinary shares of £0.01 were issued at par.

The Ordinary shares and the G Ordinary shares rank pari passu in all respects other than the following:

The holders of G Ordinary shares do not have rights to attend or vote at general meetings of the company. The shares have differing rights on a return of capital. The G Ordinary shares may be converted into Deferred shares if certain conditions are met.

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 30 Mar 2020 £	Cash flows £	Other changes £	At 28 Mar 2021 £
Cash at bank and in hand	198,159	(27,513)	–	170,646
Debt due within one year	(47,547)	47,027	(144,652)	(145,172)
Debt due after one year	(2,702,453)	–	144,652	(2,557,801)
	<u>(2,551,841)</u>	<u>19,514</u>	<u>–</u>	<u>(2,532,327)</u>

25. Operating leases

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

	28 Mar 21 £	29 Mar 20 £
Not later than 1 year	346,250	365,000
Later than 1 year and not later than 5 years	1,850,000	1,560,000
Later than 5 years	3,625,500	4,150,500
	<u>5,821,750</u>	<u>6,075,500</u>

26. Related party transactions

At the period end the company owed £756,586 (2020: £1,006,748) 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 £625 (2020: £6,522) 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 £53,179 (2020: £103,481).

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