Company registration number 10409029 (England and Wales)

Trafalgar Entertainment Group Limited

Annual Report And Financial Statements

For The 15 Month Period Ended 1 April 2023

TRAFALGAR ENTERTAINMENT GROUP LIMITED

COMPANY INFORMATION

Directors	Mr M S Baumstein Mr S I Mathieson (Appointed 7 December 2022) Mr S Smith Dame R A Squire Sir H H Panter
Secretary	Mrs H J Enright
Company number	10409029
Registered office	Ashcombe Court Woolsack Way Godalming Surrey United Kingdom GU7 1LQ
Auditor	Ernst & Young LLP 1 More London Place London United Kingdom SE1 2AF

TRAFALGAR ENTERTAINMENT GROUP LIMITED

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TRAFALGAR ENTERTAINMENT GROUP LIMITED

STRATEGIC REPORT

FOR THE 15 MONTH PERIOD ENDED 1 APRIL 2023

The directors present the strategic report for the period ended 1 April 2023.

Overview of significant events

Trafalgar Entertainment Group Limited ("the Group" or "TE") is now in its 6th year of trading, having been incorporated in 2016. These financial statements represent a 15-month period following a change in year end to 1 April 2023 ("FY23"). The year-end change was determined to be desirable in order to enable more meaningful year-on-year trading results comparisons since each financial year will now incorporate a full UK Regional Venues' pantomime season. Pantomime season trading is a major contributor to UK Regional Venues which, under the previous financial year calendar, straddled the balance sheet date. The comparatives used in these financial statements refer to the financial year ended 25 December 2021 ("FY21"). The Directors note that this is a 12-month comparative, and considered whether an alternative comparative is more appropriate. In particular, the Directors considered whether to report against a pro-forma 15-months period ended 25 December 2021. However, trading in 2020 and 2021 was severely disrupted by the Covid pandemic, and reporting against a longer pro-forma period would not result in meaningful comparisons. The Directors have therefore concluded that FY21 is an appropriate comparative for financial reporting.

The Group is majority owned by Barings Asset-Based Income Fund (US), LP. The principal activity of the Group is to acquire and manage companies involved in live entertainment and theatre-related activity. The Group currently owns 22 (FY21: 19) UK or Channel Island-based and one Australian-based trading subsidiaries and its strategy is to continue to acquire and expand businesses in the field of live entertainment.

The key activities of the Group's trading subsidiaries include venue operations, ticketing, live theatre productions, the digital distribution of live entertainment and performing arts education. The Group's results for FY23 reflect a successful return to trading following multiple lockdowns and shutdowns of venues due to the Covid-19 pandemic during 2020 and 2021. Strategically, the Group identified the pandemic as an opportune time to execute some growth-promoting acquisitions including the HQ Theatre and Hospitality Holdings Group Limited (now rebranded to Trafalgar UK Theatres) and complementary performing arts education business Helen O'Grady (CI) Limited, supported by restructuring, centralisation and expansion initiatives. FY23 results showcase all the Group's accomplishments during an unprecedented and unpredictable period globally.

Throughout FY23 the Group retained a healthy cash position through the support of its primary shareholder, which enabled it to deal with trading volatility and to respond swiftly to investment opportunities.

The Group made the following notable strategic acquisitions during the year (see note 34 for more information):

On 11 August 2022 the Group acquired the remaining 49% share capital in London Theatre Direct, a ticketing agency business in the West End.

On 17 November 2022 the Group acquired 100% of the share capital of Stagedoor Theatre App UK Limited (Stagedoor). Stagedoor develops and operates a mobile app which sells tickets for theatre performances in the West End.

Additionally, at the start of FY23 the Group separated out the primary ticketing business from the venue operations business. Ticket sales are now transacted through Trafalgar Tickets, providing the Group an opportunity to grow the brand and capitalise on synergies with its other ticketing operations.

Business review
Overview

The Directors present the key financial performance indicators for the current 15 month financial period as well as the comparative 12 month financial year. Revenue for the period was £152.9 million (FY21: £42.1 million). The Group recorded an operating profit of £4.5 million (2021: loss of £19.2 million). FY23 trading includes a full year of trading in the regional venues (FY21 includes nine months of trading under Group ownership) and from August 2022 reflects 100% shareholding in London Theatre Direct. The directors also consider a range of non-financial KPIs to assess the performance of the business. These are specific to the business activity and we discuss those key performance indicators alongside the business performance overview by activity in this Report.

Business review
Financial position

The position of the Group as at the balance sheet date is set out in the consolidated statement of financial position on pages 18 and 19 and in the related notes on pages 24 to 87.

At year end the Group had cash and cash equivalents of £20.8 million (2021: £21.2 million).

Core activities and future developments

Key strategies for the Group are producing high quality content for presenting at both the Group's and third-party venues, acquiring further venues in the UK and internationally, securing high quality content for digital distribution, securing ticketing inventory and expanding its network for the provision of high-quality performing arts education in the UK and internationally. Operationally, performance is monitored at business activity level, namely Venues, Ticketing, Content and Distribution and Education.

Venues

During the year **HQ Theatre and Hospitality Holdings Group Limited (HQ)** underwent a rebranding exercise and its venues now trade under **Trafalgar UK Theatres Holdings Limited (TTH).**

The Group's regional venues presented 4,212 (FY21: 1,169) performances welcoming more than 2.3m (FY21: 593k) patrons. Standout shows included *9 to 5 The Musical*, *Chicago* and *Joseph and the Amazing Technicolor Dreamcoat* in Southend, Alan Carr and Romesh Ranganathan in Guildford, *Jersey Boys* and *Six: The Musical* in Dartford, *Hairspray*, *Waitress* and *The Rocky Horror Show* in Bromley and Derren Brown and Sarah Millican in High Wycombe. Additionally, the 2022-2023 Pantomime season saw a return to form following two years of pandemic related hiatus. Headline Panto casting included Vernon Kay (making his award-winning pantomime debut) in High Wycombe, dance troupe Diversity in Southend, Strictly Come Dancing judge Anton du Beke in Bromley and Steps favourite Ian H Watkins in Cardiff.

In other developments, TTH completed a reorganisation and centralisation of its marketing operations, created a new campaign management structure and refined its content/social and CRM. This new approach aims to deliver better, more-aligned digital and campaign services for visiting producers and improved ticket sales outcomes whilst giving greater visibility of expenditure. A Group-wide review of Food and Beverage ("F&B"), Pre-Show Dining and Events was also undertaken; leading to a focussed pre-show dining offer in selected venues, the development of fixed-price dining packages and the creation of a central event-support team with the aim of driving greater profitability from large-scale events across its spaces.

In Cardiff, refurbishment of bars and toilets and replacement of the chiller-plant was completed as part of overall efforts to drive spend-per-head through an improved customer experience. Similar venue improvements in Bromley included front-of-house refurbishment and a significant refresh to the back-of-house rehearsal spaces to encourage more high-profile shows to launch from the venue. A first phase LED stage lighting replacement project was completed in Guildford and Southend and a plant-room decarbonisation scheme was completed in Dartford with the aim of reducing the Group's carbon footprint and improving control over rising utilities costs. The group focussed its energy purchasing strategy on a combination of fixed and variable rate tariffs with rates now locked in for the 2023 calendar year to mitigate exposure to market fluctuations.

Looking ahead to FY24, TTH continues to identify growth opportunities in the regional venues space. On 2 April 2023, TTH acquired 100% of the share capital in Glasgow Pavilion Theatre Limited. Across the Group's regional venues, the programme for FY24 is mostly confirmed, with a continued focus to provide a mix of content that is attractive to the Group's regional audiences. During June 2023, the Group also secured the rights to operate another regional venue scheduled to open during late FY24 / early FY25.

In the West End in London, TE's theatre Trafalgar Theatre continues to present the award-winning production of *Jersey Boys* which extended its run to January 2024.

In December 2021, Theatre Royal Sydney opened its doors following a full refurbishment with the musical *Jagged Little Pill*, and Sydney became the first City outside Broadway to present the musical featuring the music of Alanis Morissette. The Theatre Royal Sydney has traded continously and provided Australian audiences a wide variety of first-class international productions including *Come from Away*, *Six: the Musical*, *The Girl from the North Country* and *The Rocky Horror Show*.

Venues (continued)

FY24 continues to build on strong content with *Tina: The Tina Turner Musical*, currently on sale to December 2023.

TE also operates The Chiswick Cinema in Chiswick, West London, which had its first full year of trading this period. Notable screenings included *Top Gun Maverick, Elvis, Belfast, Sing 2* and *The Banshees of Inisherin*. The cinema also provides the opportunity to promote content from the Group's Digital Distribution business.

The cinema has screened 71 live or as live events in the period, including concerts from Korean pop superstars BTS, Coldplay, Billie Eilish and Louis Tomlinson; theatre from the National Theatre; musicals such as *Anything Goes*, and ballet and opera from the Royal Opera House and Metropolitan Opera, New York. The Directors have reviewed the carrying value of the Chiswick Cinema asset in light of the current trading conditions in the cinema sector, which has been slower to recover from the pandemic than live theatre and have concluded to register an impairment of £6.4m.

Ticketing

In April 2022, TE split out and centralised its ticketing operations from its Regional Venues, now trading under **Trafalgar Tickets Limited (TTX)**. Performance from primary ticket sales has been bolstered through streamlined sales strategies and cost savings initiatives. **London Theatre Direct (LTD)** continues to lead the Group's agency ticketing operations and has steadily performed ahead of market. For the period ended 1 April 2023, over 2,459k tickets (FY21: 850k) were sold, with a variety of LTD campaigns run during the year. LTD achieved its highest-ever Black Friday campaign in November 2022, selling over 137,000 tickets over the course of the Black Friday campaign. Its "See it in Style" campaign promotes shows at premium pricing, and the Directors believe that LTD has established itself as one of the leading West End theatre agents that can drive sales without focusing on discounted ticket prices. During the period, the Group acquired Stagedoor App UK Limited (Stagedoor), a West End focused ticketing app, which had been working closely with LTD prior to the acquisition. This strategic investment is intended to grow the Group's market share and leverage synergies from multiple sales channels. In August 2022, the Group acquired the remaining 49% interest in LTD and from then LTD became a 100% consolidated subsidiary of the Group (see Note 15).

Trafalgar Ticketing (collectively LTD, TTX and Stagedoor) became an integrated business unit dedicated to serve the Group's venue portfolio during FY23, as well as a central hub to grow market share of agency ticketing in the West End through a combination of investment in technology, extension of B2B partner network reach and a focus on data and insight in coming year and beyond.

Content & Distribution

Productions

The period to March 2023 for **Trafalgar Theatre Productions Limited (TTP)** included the first full year of trading since the start of the Covid-19 pandemic. TTP continued to invest in a wide variety of productions targeting a broad customer base with 14 new production investments in the period (2021: nine investments) with the notable success of the UK tour of *The Rocky Horror Show* continuing to sell very well.

A new Australian tour of the show opened towards the end of the period with a highly successful limited run at the Theatre Royal in Sydney. A remount of *The King and I* commenced its UK tour in February 2023 to strong sales nationwide. A regional tour of *The Best Exotic Marigold Hotel* has earned profits for the Group, as did a limited run of *Good* starring David Tennant which sold out its run and was well received by audiences highlighting the support the industry has received from the public to return to pre-pandemic trading. Other notable productions in the year included *Anything Goes, Death Drop: Back in the Habit* and *Steel Magnolias*, some of which suffered from adverse trading environment post omicron at the beginning of FY23. TTP has recently announced a summer run at London's Barbican of the critically acclaimed show *A Strange Loop*, which won the Best New Musical award on Broadway, also the Pulitzer Prize.

Like TTP, **Jonathan Church Theatre Production Limited (JCTP)** has had a successful return to business-as-usual following emergence from pandemic restrictions. A tour of *The Lion, The Witch and The Wardrobe* which opened in November 2021 closed with strong ticket sales, and was followed by a separate London production of the show which ran for 26 weeks.

Productions (continued)

The production of *Singin' in the Rain* which opened in July 2021 including runs in Sadlers Wells Theatre, London, Japan and Canada and a regional UK tour was a critical and commercial success. Other notable productions included *South Pacific* and *Private Peaceful*. Highlights for 2023 include a major production of *42nd Street* and a regional tour of *Quiz* starring Rory Bremner.

Digital Distribution

Trafalgar Releasing Limited (TRL) returned to business as usual successfully with the record-breaking event cinema in partnership with BTS, the internationally known K-Pop band, releasing two events in the financial period.

BTS: Yet to Come set a record for the highest ever gross box office for an Event Cinema release, achieving $53m gross box office from a footprint of 5,817 cinemas across 128 countries/territories. Other highlights in the year include Billie Eilish *Live at the O2*, Louis Tomlinson's *All of Those Voices* and *Music of the Spheres – Coldplay Live at River Plate from Buenos Aires*, which was captured by TRL and live-streamed across the globe. TRL released 77 events in FY23 (2021: 33 events). Partnerships with The Metropolitan Opera and The Royal Opera House continue to provide a consistent flow of content that is popular with viewers. LuF Kino Gmbh ("LuF Kino"), of which the Group has a 74.9% shareholding in, continues to partner with TRL to distribute content within Germany, Austria and Switzerland.

Education

The Group's Education business continues to move from strength to strength enrolling over 55,000 students with the worldwide Franchise network reaching 60,196 (FY21: 50,000) enrolled students at its peak in FY23.

During this period, Franchisees opened 159 new schools, highlighting their continued focus to expand the network. Looking ahead to FY24, the Group strategies include a rebrand of Helen O'Grady Drama Academy to drive future growth.

Section 172 Reporting
General Matters

The executive team is comprised of two full-time UK Directors and other senior leaders who bring a diverse range of key experience and skillsets, in addition to the skills and leadership offered by the non-executive Board members. The Directors consider the combined team's breadth of experience and knowledge to be strong enough to be able to discharge collective obligations thoroughly.

The Group retains a strong focus on the longer-term impact of its actions. It is focused on investing in technology to drive a competitive position in the ticketing market. TE's mission / vision / values is set out below:

- Our Mission is to connect people through creative, innovative experiences by providing inspiring entertainment for everyone for life
- Our Vision is to grow our entertainment business into a global industry leader that makes us proud; *embracing innovative ideas and partnerships, seeking out new markets and cultures*
- Our Values pillars are Creativity, Collaboration, Excellence and Respect. We continue to challenge ourselves to identify what our audiences and customers are looking for in a leading entertainment service provider and strive to meet the high standards we set to enhance our customer experience.

Both employee-directors are heavily involved in the regular management of the business, and the executive team holds its own regular meetings, as well as meeting regularly with Business Activity commercial and finance leaders and the wider management team. Any operational and strategic decisions are debated in this environment on a democratic basis to ensure management have input in the best way to execute on strategy. The directors believe that this process spreads the risk and ensures that decisions made are fair and balanced in the context of all business and stakeholder priorities. Any decisions taken in accordance with the Companies Act 2006 are voted on in accordance with the Group's Memorandum and Articles of Association.

The Directors do not consider there to have been any key decisions taken during FY23 that may materially impact the stakeholders of the business, other than the acquisitions mentioned previously.

Employee matters

The Group considers financial reward and benefits as just one element of the needs of staff and continues to focus on security, welfare and training of its staff, particularly following the pandemic. Study support is provided to individuals in conjunction with training to further their career and better place them to develop professionally and earn promotions. The Group has an online Learning Management System with e-learnings available to all staff and a dedicated Training and Development Manager to help prepare, deliver and facilitate training needs across the Group.

The group's policy is to consult and discuss with employees, through unions, engagement surveys and regular meetings, matters likely to affect employees' interests. Information of matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

The Group aims to employ the best individuals to help differentiate the Group from its competitors. Employees provide a large intrinsic value to the business through their knowledge and expertise.

The directors ensure that there is a clear "open-door" policy in place, for all levels of staff. All line managers are expected to act with the best interests of employees in mind. The Group communicates regularly through employee newsletters, department brainstorms and business unit meetings to ensure colleagues that work closely together are on the same page. This also allows employees to have the opportunity to talk, ask questions of seniors and get a direct response or flag concerns.

TE strives to be an equal opportunities employer. The Group continues to identify and monitor Diversity and Inclusion and endeavours to develop and implement measurable KPIs going forward.

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the company's continues and that the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Suppliers

The Group recognises the value in building and maintaining good relationships with suppliers over the longer term. Strong relationships with suppliers ensure we are able to provide high quality content and service to our customers and therefore contributes to the success of the Group.

The group's current policy concerning the payment of trade creditors is to follow the CBI's Prompt Payers Code (copies are available from the CBI, Centre Point, 103 New Oxford Street, London WC1A 1DU). The group's current policy concerning the payment of trade creditors is to:

- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the company's contractual and other legal obligations.

Customers

Customers interact with the Group in varying ways, depending on the business activity. The Group aims to build strong strategic partnerships with its customers with the aim of being their entertainment provider of choice. The Group offers a wide range of products and services in the entertainment space to meet its customer's needs. The Group's Directors regularly engage with Trade Associations and networks within the industry to ensure that it can provide high quality entertainment that is relevant to the market.

Community Engagement

The Group recognises the importance of local community engagement and is proud of the wide impact it has due to its varied geographical locations and offerings within the Arts and Entertainment industry.

Community Engagement (continued)

The Group holds annual Summer Youth Projects at its regional venues during the summer holidays, hosts community events, and programmes content relevant to, and reflective of, the local demographic of its venues. In FY23, almost 200,000 customers attended community and Creative Learning events across our venues. Alongside that, 23,000 individuals participated in Creative Learning programmes including more than 500 students and young people who took part in Summer Youth Projects. The Group engages with its local communities on relevant current affairs including Pride Month, Black History Month, International Women's Day and more.

Code of Conduct and Corporate Sustainability

The Group maintains a code of conduct, and adherence to a principled and ethical approach to doing business is one of its key business aims. It seeks to incorporate the UN Global Compact's Ten Principles (encompassing Human Rights, Labour, Environment and Anti-Corruption) into its strategies, policies and procedures to set the stage for long-term sustainability.

Employee involvement and equal opportunities

The Group is committed to respecting its employees and to treating them fairly and honestly. It strives to maintain a safe, secure and healthy workplace, promoting equal opportunities in all aspects of employment. The Group follows all applicable employment laws and regulations.

The Group seeks to recruit, develop and employ suitably qualified, capable and experienced people, irrespective of sex, age, race, disability, religion or belief, marital or civil partnership status or sexual orientation. The Group gives full and fair consideration to all applications for employment made by people with disabilities, having regard to their particular aptitudes and abilities. Any candidate with a disability will not be excluded unless it is clear that the candidate is unable to perform a duty that is intrinsic to the role, having taken into account reasonable adjustments. Reasonable adjustments to the recruitment process will be made to ensure that no applicant is disadvantaged because of his or her disability. The Group's approach to training, career development and promotion do not disadvantage people with disabilities and those who have become disabled persons during the period when they were employed.

Environmental matters

The Group recognises that it has a responsibility to the environment beyond legal and regulatory requirements. It is committed to reducing its environmental impact and continually improving its environmental performance. It expects its suppliers and other stakeholders to do the same. Trafalgar Theatre, a Group company, received a Gold Recycling Standard for 2019 from First Mile for recycling 97% waste and eliminating single use plastic cups. Other companies within the Group have implemented new recycling procedures. The Group continues to assess each business activity to identify areas within the activity where it can reduce its environmental impact. Strategies adopted to date include a Living Wall at Chiswick, upgrading plant rooms and machinery in some of its Regional Venues and switching stage lighting to LED bulbs. The Group is in the process of implementing key performance indicators across the Group to drive reduced emissions and energy consumption, which it will report against in next year's financial statements.

Human Rights & Modern Slavery

The Group is committed to respecting human rights and complying with The Modern Slavery Act 2015. It has a zero tolerance to slavery and human trafficking and expect all of those in its supply chain to adhere to TE's values and policies surrounding this.

Anti-corruption and anti-bribery

The Group has a zero-tolerance approach to bribery and corruption. It is committed to acting professionally, fairly and with integrity in all its business dealings and relationships. It implements and enforces effective systems to counter bribery and corruption and has internal policies in place to educate its employees to recognise and deal with bribery and corruption. Following the Russian invasion of Ukraine on 24 February 2022, the Group has assessed its financial exposure to trading with Russia and its allies. Its main exposure was within the Trafalgar Releasing subsidiary which has screened work from the Bolshoi and Russian State Ballets, alongside the distribution of content in Russia, all of which has now ceased.

Anti-corruption and Anti-bribery (continued)

These events make up only a small part of the total Group and any impact on revenues and operating profits will not have a significant impact on the Group's overall trading position. The Group will continue to monitor the situation; however, the current assessment is that the Group is not overly exposed at present and given the small scale of these activities relative to the overall Group, the Directors do not consider this event to have any bearing on the Group's ability to continue as a going concern or the Group's longer- term viability. There were no other subsequent events of note following the year end.

Principal risks and uncertainties

The Group believes that unforeseen lockdowns due to the Covid pandemic are no longer a principal risk for its business. Whilst the current Cost of Living crisis is ongoing, the response the industry has had to the emergence from the pandemic has been positive and indicates strong customer support. The international tourist market is yet to achieve pre-pandemic sales volumes, but the Group anticipates this summer to return to normal levels of trading in that space.

The Group continues to seek opportunities to expand through the acquisition of further complementary live entertainment businesses, and therefore identifies the ability to integrate these acquisitions as a principal risk. While this strategy carries an element of risk, the Group's leadership team has significant experience both in structuring acquisitions and in successfully implementing post-acquisition integration. The Group has also taken steps to further mitigate integration risk by implementing systems conducive with business growth and has completed significant milestones in a process to centralise key functions. These steps help enable the swift and successful integration of new businesses into the Group.

The availability of suitable content for TE's Venues and Event Cinema operations continues to present a principal risk, which the Group mitigates through developing its own productions and through existing relationships with content providers.

Interest rate and foreign currency exposure are risks the Group looks to mitigate in FY24. This follows execution of a £10m Fixed Term Loan and £30m Revolving credit facility (both of which accrue interest on a floating interest rate) and the expansion of trading in Australia and German markets through the Group's venue and digital distribution businesses.

The Group continues to monitor its credit rate risk, although this is reduced following the emergence from the pandemic. The risk is further mitigated as TTL's and TTH's customers pay in advance of the relevant performance and the majority of TTL's tickets are sold via ATG Tickets which is a long-established organisation. The greatest potential credit risk lies within TRL in relation to collecting monies due from cinemas which TRL mitigates effectively. TRL incurred negligible bad debt expense in the year. Stagecoach, by virtue of its close relationship with its franchisee network, does not consider credit risk a significant exposure for its business. The Group's objectives when managing capital are to maximise shareholder value whilst safeguarding the Group's ability to continue as a going concern.

On behalf of the board

V.A. Squire

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Dame R A Squire
Director

Date: ....28.06.23..................................

The directors present their annual report and financial statements for the period from 26 December 2021 to 1 April 2023. The comparative period comprised the period from 27 December 2020 to 25 December 2021.

Principal activities

The principal activity of the group continued to be that of entertainment (mainly theatre) and includes venue operations; ticketing; live theatre productions and the digital distribution of live entertainment; and performing arts education.

Results and dividends

The results for the period are set out on pages 16 to 17. No ordinary dividends were paid. The directors do not recommend payment of a dividend.

Directors

The directors who held office during the 15 month period and up to the date of signature of the financial statements were as follows:

Mr M S Baumstein	
Mr S I Mathieson	(Appointed 7 December 2022)
Mr S Smith	
Ms J A Niedzwiecki	(Resigned 4 November 2022)
Dame R A Squire	
Sir H H Panter	

Corporate governance

The Group has not formally adopted a Code for the period reported in these financial statements. Whilst the Group has not formally adopted a Corporate Governance Code, it does apply principles of good corporate governance during its day-to-day management and practice. The Group holds quarterly formal board meetings during a financial year, and the Board meet informally on a two-week cycle. The Board represents a diverse mix of individuals and a balance of power between executive and non-executive power (with two executives and three non-executives). Whistle blowing hotlines are available to all employees, as is confidential support. The Group continues to identify areas of internal control and implements processes to successfully facilitate internal control for both operating and financial effectiveness.

Energy and carbon report

The directors recognise the importance of sustainability and the environment and present the following information:

Trafalgar Entertainment Group Limited and its subsidiaries are committed to reducing its carbon footprint and have begun to identify areas of focus across its business activities where strategies may be implemented to reduce CO2 emissions. During the year, the Group completed the first phase of converting its stage lighting to LED in two venues to reduce their energy consumption, with plans to continue the conversion across the Group's venue portfolio. In one venue, the Group completed a plant-room decarbonisation project and Chiswick Cinema features a Living Wall, both of which contribute to reducing the Group's carbon footprint. The Group recognises the responsibility it has to minimise our impact on the environment and endeavours to continue to identify and implement strategies to contribute towards the betterment of the planet. The Group has made available an electric car scheme to its employees and encourages low emissions travel where possible.

The energy and carbon report presented below covers the period from January 2022 to March 2023 for Trafalgar Entertainment Group Limited. The Group has elected to take the exemption per 20E(2)(C) of The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 and has not included data from its subsidiaries.

Energy and carbon report (continued)

As this is the first period that the Group has presented this information, it has elected not to prepare comparative information. The Group is fully committed to reducing its carbon footprint and intends to engage in information gathering activities in the 2024 financial year to reduce emissions across all business activities and to provide informed reporting in future years.

	2023
Energy consumption	**mWh**
Electricity purchased	65

	2023
Emissions of CO2 equivalent	**metric tonnes**
Scope 1 - direct emissions	-
Scope 2 - indirect emissions	
- Electricity purchased	13.00
Scope 3 - other indirect emissions	
- Fuel consumed for transport not owned by the	N/A
Total gross emissions	13.00
Intensity ratio	
Tonnes CO2e per employee	0.1824

Quantification and reporting methodology
All conversion factors used in this disclosure have been taken from the 2021 "UK Government Greenhouse Gas Conversion Factors for Company Reporting" published by the Department for Business, Energy & Industrial Strategy (BEIS) and the Department for Environment, Food & Rural Affairs (DEFRA). All greenhouse gas emissions have been expressed in terms of their carbon dioxide equivalence.

Further calculation details are included below:

- Utilities - Electricity consumption expressed in kilowatt-hours has been taken from supplier meter readings. Conversion factors for the average UK generation mix have been used to calculate greenhouse gas emissions.

Intensity measurement
The chosen intensity measurement ratio is total gross emissions in metric tonnes CO2e per employee hour worked, the recommended ratio for the sector.

Scope 3 has been excluded from reporting above, due to the impractical nature of obtaining the relevant information. The Group is pursuing ways to obtain the relevant information in order to reliably report Scope 3 emissions going forward.

Statement of disclosure to auditor

Each director in office at the date of approval of this annual report confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Going Concern

The consolidated financial statements have been prepared on the going concern basis.

The Group has net assets of £76.2 million (2021: £103.1million) and net current liabilities of £42.5 million (2021: £20.9 million) as at the period end date, with a cash balance of £17.3 million at the end of May 2023.

The directors are required to consider the application of the going concern concept when signing financial statements. In making this assessment the Directors have prepared a detailed cash flow forecast based on the Board approved budget and forecast for the 21-month period to the end of December 2024. There are two elements that this analysis focuses on, generating and maintaining sufficient cash to meet liabilities as they fall due and comply with the covenants on the £10m term loan and £30m revolving credit facility. This analysis shows the Group to be cash generative and meet its banking covenants through the going assessment period ending with a cash balance of £28.8m.

To assess the level of sensitivity of the going concern assessment management has prepared certain downside scenarios including a reasonable downside and reverse stress test. The reasonable downside scenario assumes a decline in revenues and associated adverse advance sales and working capital movements of 10% below budget. In this scenario the Group continues to meet its covenants and generate sufficient cash to enable it to meet its liabilities as they fall due without the need for mitigating actions or further shareholder funding. Management has then prepared a further downside scenario to understand the point at which it breaches its covenants and runs out of liquidity. This scenario assumes that revenues decline by 25% vs budget (which represents a 15% reduction against pro-forma FY23 revenues unadjusted for the acquisition of the Glasgow Pavilion and the Stagedoor App), a level not seen outside the pandemic. In this scenario the Group would need to rely on mitigating actions and a capital injection from its majority shareholder to prevent a breach its covenants. The majority shareholder has confirmed in writing to the Group its commitment to continue to provide cash flow funding, if required, to assist the Company in meeting its liabilities as they fall due, to the extent not already invested up to a total funding cap of $200 million, for the period to the end of December 2024. Even in this downside case scenario, having received further capital injections the Group would have sufficient liquidity to meet their liabilities as they fall due and comply with the banking covenants through the period to the end of December 2024.

Having considered the detailed forecasts, including downside scenarios, the historic performance and the current performance the Directors are satisfied that the likelihood of the further downside scenario occurring is remote. The Directors have also satisfied themselves that the level of funding committed and available at the balance sheet date from their majority shareholder is sufficient to enable them to continue in operational existence for the foreseeable future. They therefore continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

On behalf of the board

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Dame R A Squire
Director

Date: .....28.06.23...............................

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE 15 MONTH PERIOD ENDED 1 APRIL 2023

The directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the Group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework"), and applicable law.

Under company law, 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 Group and Company and of the profit or loss of the Group for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Group's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group 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 Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TRAFALGAR ENTERTAINMENT GROUP LIMITED

Opinion

We have audited the financial statements of Trafalgar Entertainment Group Limited ('the parent company') and its subsidiaries (the 'group') for the year ended 1 April 2023, which comprise of the Group Statement of Total Comprehensive Income, the Group and Parent Statement of Financial Position, the Group and Parent Company Statement of Changes in Equity, the Statement of Cash Flows and the related notes 1 to 48, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework"(United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the group's and of the parent company's affairs as at 1 April 2023 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

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 group 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 group and parent company's ability to continue as a going concern for a period of 18 months to 31 December 2024.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

Other information
The other information comprises the information included in the annual report set out on page 1 - 12, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the 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 year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and 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 group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors
As explained more fully in the directors' responsibilities statement page 12, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the form and content of the financial statements, such as the UK-adopted international accounting standards and the relevant tax compliance regulations in the jurisdictions in which the group operates in. In addition, we concluded that there are certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements and those laws and regulations relating to health and safety, employee matters and bribery and corruption practices.
- We understood how Trafalgar Entertainment Group Limited is complying with those frameworks by making enquiries of management as well as considering the results of our audit procedures and attendance at the meetings of the Finance Committee. There was no contrary evidence noted in our review of this evidence.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by performing a fraud risk assessment over each of the group's revenue streams. We considered the risk of fraud through management override, and in response, we incorporated data analytics across manual journal entries into our audit approach. We performed data analytics over each material revenue stream in the group and where instances of risk behaviour patterns were identified performed additional audit procedures over each risk. These procedures included testing of transactions back to underlying source information.

Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved journal entry testing.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the 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.

Ernst & Young LLP

James Lovegrove (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor

Date: 29/6/23

1 More London Place
London
SE1 2AF

TRAFALGAR ENTERTAINMENT GROUP LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE 15 MONTH PERIOD ENDED 1 APRIL 2023

	Notes	15 Month Period ended 1 April 2023 £'000	12 Month Period ended 25 December 2021 £'000
Revenue	4	152,914	42,108
Cost of sales		(100,384)	(25,588)
Gross profit		52,530	16,520
Administrative expenses		(48,334)	(34,926)
Share of profit/(loss) from associates		297	(784)
Operating profit/(loss)	5	4,493	(19,190)
Impairment of Chiswick cinema	14	(6,400)	-
Investment revenues	9	41	3
Finance costs	10	(1,740)	(1,017)
Loss before taxation		(3,606)	(20,204)
Income tax expense	11	(496)	(97)
Loss for the 15 month period		(4,102)	(20,301)
Other comprehensive income/(expense):			
Items that will not be reclassified to profit or loss			
Currency translation differences		161	(426)
Total items that will not be reclassified to profit or loss		161	(426)
Total other comprehensive income/(expense) for the 15 month period		161	(426)
Total comprehensive expense for the 15 month period		(3,941)	(20,727)
Profit for the financial 15 month period is attributable to:			
- Owners of the parent company		(4,214)	(20,379)
- Non-controlling interests		112	78
		(4,102)	(20,301)

TRAFALGAR ENTERTAINMENT GROUP LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

FOR THE 15 MONTH PERIOD ENDED 1 APRIL 2023

	Notes	1 April 2023 £'000	25 December 2021 £'000
Total comprehensive expense for the 15 month period is attributable to:			
- Owners of the parent company		(4,053)	(20,805)
- Non-controlling interests		112	78
		(3,941)	(20,727)

TRAFALGAR ENTERTAINMENT GROUP LIMITED

GROUP STATEMENT OF FINANCIAL POSITION

AS AT 1 APRIL 2023

	Notes	1 April 2023 £'000	25 December 2021 £'000
Non current assets			
Goodwill	13	52,626	50,320
Intangible assets	13	38,825	42,470
Property, plant and equipment	14	54,713	59,224
Investments	15	808	1,442
Derivative financial instruments	24	-	2,594
		146,972	156,050
Current assets			
Inventories	19	527	598
Investments	15	1,052	552
Trade and other receivables	20	24,352	14,406
Current tax recoverable		-	31
Cash and cash equivalents		20,842	21,178
		46,773	36,765
Current liabilities			
Trade and other payables	26	63,414	47,729
Current tax liabilities		677	39
Borrowings	23	9,603	571
Lease liabilities	27	469	3,900
Deferred revenue	29	15,066	5,456
		89,229	57,695
Net current liabilities		(42,456)	(20,930)
Non-current liabilities			
Borrowings	23	9,059	7,675
Lease liabilities	27	14,168	13,112
Other non-current financial liabilities	26	-	6,534
Deferred tax liabilities	28	5,128	4,675
		28,355	31,990
Net assets		76,161	103,124

GROUP STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 1 APRIL 2023

	Notes	1 April 2023 £'000	25 December 2021 £'000
Equity			
Called up share capital	**31**	94,384	94,383
Share premium account	**32**	40,858	40,858
Foreign currency translation		(336)	(497)
Retained losses		(59,553)	(37,820)
Equity attributable to owners of the parent company		75,353	96,924
Non-controlling interests		808	6,200
Total equity		76,161	103,124

The financial statements were approved by the board of directors and authorised for issue on ..28.06.23................ and are signed on its behalf by:

....
Dame R A Squire
Director

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE 15 MONTH PERIOD ENDED 1 APRIL 2023

	Notes	Share capital £'000	Share premium account £'000	Foreign currency translation £'000	Retained losses £'000	Total £'000	Non-controlling interest £'000	Total £'000
Balance at 27 December 2020		53,720	15,663	-	(17,512)	51,871	5,973	57,844
Period ended 25 December 2021:								
Loss for the period		-	-	-	(20,379)	(20,379)	78	(20,301)
Other comprehensive income:								
Currency translation differences		-	-	(426)	-	(426)	-	(426)
Total comprehensive income for the period		-	-	(426)	(20,379)	(20,805)	78	(20,727)
Transactions with owners in their capacity as owners:								
Issue of share capital	31	40,663	25,195	-	-	65,858	-	65,858
Non-controlling interest arising on business combination		-	-	-	-	-	149	149
Translation reserve transfer		-	-	(71)	71	-	-	-
Balance at 25 December 2021		94,383	40,858	(497)	(37,820)	93,924	6,200	103,124

TRAFALGAR ENTERTAINMENT GROUP LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY (CONTINUED)

FOR THE 15 MONTH PERIOD ENDED 1 APRIL 2023

	Notes	Share capital £'000	Share premium account £'000	Foreign currency translation £'000	Retained losses £'000	Total £'000	Non-controlling interest £'000	Total £'000
Period ended 1 April 2023:								
Loss for the period		-	-	-	(4,214)	(4,214)	112	(4,102)
Other comprehensive income:								
Currency translation differences		-	-	161	-	161	-	161
Total comprehensive income for the period		-	-	161	(4,214)	(4,053)	112	(3,941)
Transactions with owners in their capacity as owners:								
Issue of share capital	**31**	1	-	-	-	1	-	1
Dividends	**12**	-	-	-	(359)	(359)	-	(359)
LTD MI buy out		-	-	-	(17,166)	(17,166)	(6,834)	(24,000)
Stagecoach North America Dissolution		-	-	-	6	6	-	6
Proceeds from disposals in production subsidiaries		-	-	-	-	-	1,330	1,330
Balance at 1 April 2023		94,384	40,858	(336)	(59,553)	75,353	808	76,161

TRAFALGAR ENTERTAINMENT GROUP LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE 15 MONTH PERIOD ENDED 1 APRIL 2023

	Notes	2023 £'000	2023 £'000	2021 £'000	2021 £'000
Cash flows from operating activities					
Loss for the period			(4,102)		(20,301)
Adjustments for:					
Finance costs	**10**	1,740		1,017	
Finance income	**9**	(41)		(3)	
Payment of interest portion of lease liabilities	**27**	(854)		(668)	
Fair value movement on investments in shows	**18**	3,085		180	
Share of (profit)/loss of equity accounted investees		(169)		70	
Income tax charge	**11**	495		97	
Fair value movement on options		(2,456)		6,328	
Fair value movement on deferred consideration		(242)		75	
Write off of deferred consideration		-		(96)	
Fair value movement on forward contracts		-		334	
Impairment of investments in associates		66		754	
Depreciation, amortisation and impairment	**5**	16,965		6,118	
Loss/(profit) on disposal of property plant and equipment		5		(6)	
			14,492		(6,101)
Working capital adjustments:					
Decrease/(increase) in inventories	**19**	71		(431)	
Increase in trade and other receivables	**20**	(9,896)		(9,759)	
Increase in trade and other payables and deferred income		12,340		20,980	
Cash generated from operations			17,007		4,689
Income taxes received/(paid)			326		(331)
Net cash flow from operating activities			17,333		4,358
Investing activities					
Purchase of intangible assets		(1,985)		(290)	
Purchase of property, plant and equipment		(3,676)		(4,827)	
Proceeds on disposal of property, plant and equipment		9		10	
Purchase of subsidiaries net of cash acquired	**34**	(3,328)		(27,710)	
Payment of other consideration		-		(200)	
Payment of deferred consideration		(4,275)		(25)	
Investment in short-term productions		(4,346)		(631)	
Acquisition of investments in joint ventures and associates	**15**	(349)		(2,221)	
Interest received	**9**	41		3	
Distributions received from associates		1,086		610	
Distributions received from productions		761		75	
Net cash used in investing activities			(16,062)		(35,206)

TRAFALGAR ENTERTAINMENT GROUP LIMITED

GROUP STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE 15 MONTH PERIOD ENDED 1 APRIL 2023

	Notes	2023 £'000	2023 £'000	2021 £'000	2021 £'000
Financing activities					
Proceeds from issue of shares		2		65,858	
Repayment of other borrowings		(88)		-	
Payment of interest on other current liabilities		(17)		(12)	
Proceeds from bank borrowing drawdowns		18,600		514	
Repayment of interest on bank overdrafts and loans		(880)		(205)	
Repayment of bank loans		(8,067)		(267)	
Payment of the principal portion of lease liabilities	**27**	(4,194)		(13,359)	
Payment of other lease costs		-		(5,129)	
Proceeds from increase in NCI		-		150	
Disposal of NCI		(6,671)		-	
Dividends paid to equity shareholders		(359)		-	
Net cash (used in)/generated from financing activities			(1,674)		47,550
Net (decrease)/increase in cash and cash equivalents			(403)		16,702
Cash and cash equivalents at beginning of period			21,178		5,129
Effect of foreign exchange rates			67		(653)
Cash and cash equivalents at end of period			20,842		21,178

1 Accounting policies

Company information

Trafalgar Entertainment Group Limited is a private company limited by shares incorporated in England and Wales. The registered office is Ashcombe Court, Woolsack Way, Godalming, United Kingdom, GU7 1LQ. The company's principal activities and nature of its operations are disclosed in the directors' report.

The group consists of Trafalgar Entertainment Group Limited and all of its subsidiaries.

1.1 Reporting period

These financial statements have been prepared for the period from 26 December 2021 to 1 April 2023. The comparative period was from 27 December 2020 to 25 December 2021 and therefore the two periods are not entirely comparable.

1.2 Accounting convention

The financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 for the Group and FRS101 for the Company and are in compliance with these requirements.

The financial statements are prepared in sterling, which is the functional currency of the group. Monetary amounts in these financial statements are rounded to the nearest £'000.

The financial statements have been prepared under the historical cost convention except for short-term investments and deferred consideration, which are recognised at their fair value. The principal accounting policies adopted are set out below.

The Company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Statement of Comprehensive Income, Statement of Cashflows and related notes. The following exemptions from the requirements of IFRS have been applied in the preparation of the parent company financial statements, in accordance with FRS 101:

- IFRS7, Financial instrument: Disclosures'.
- Paragraphs 91 to 99 of IFRS13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- Paragraph 38 of IAS 1, 'Presentation of financial statements' – (requirement to present certain comparative information)
- The following paragraphs of IAS 1, 'Presentation of financial statements':
- 10(d) (statement of cash flows);
- 16 (statement of compliance with all IFRS);
- 38A (requirement for minimum of two primary statements, including cash flow statements);
- 38B-D (additional comparative information);
- 111 (cash flow statement information); and
- 134-136 (capital management disclosures)
- IAS7, 'Statement of cash flows'.
- Paragraphs 30 and 31 of IAS8, 'Accounting policies, changes in accounting estimates and error' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation).
- The requirements in IAS 24, 'Related party disclosures', to disclose related party transactions entered into between two or more members of a group.

The Company's loss for the 15 month period ended 1 April 2023 was £11,287,000 (2021: loss for the 12 month period of £12,351,000).

1 Accounting policies **(Continued)**

1.3 Business combinations

Acquisitions of subsidiaries are accounted for using the acquisition method unless the subsidiary is used to produce a show over which the Group does not have control. The consideration transferred in a business combination is measured at fair value. Acquisition-related and setup costs are recognised in profit or loss as incurred and included in administrative expenses.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fairvalue at the acquisition date, except that deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquired entity, and the fair value of the acquirer's previously held equity interest in the acquired entity (if applicable) over the net of the identifiable assets acquired as at the date of acquisition and the liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

1.4 Basis of consolidation

The consolidated group financial statements consist of the financial statements of the parent company Trafalgar Entertainment Group Limited together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

The financial statements for the current period are made up to 1 April 2023. In the prior period, the financial statements were for a 12 month period up to 25 December 2021. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are *eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of* an impairment of the asset transferred.

Subsidiaries are consolidated in the group's financial statements from the date that control commences until the date that control ceases.

Entities in which the group holds an interest and which are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures. Entities other than subsidiary undertakings or joint ventures, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence, are treated as associates.

Investments in joint ventures and associates are carried in the group statement of financial position at cost plus post-acquisition changes in the group's share of the net assets of the entity, less any impairment in value. The carrying values of investments in joint ventures and associates include acquired goodwill.

If the group's share of losses in a joint venture or associate equals or exceeds its investment in the joint venture or associate, the group does not recognise further losses unless it has incurred obligations to do so or has made payments on behalf of the joint venture or associate.

Unrealised gains arising from transactions with joint ventures and associates are eliminated to the extent of the group's interest in the entity.

Operating results

These financial statements cover a 66 week period from 26 December 2021 to 1 April 2023 (the last Saturday of the financial year). The comparative period comprised the 52 week period from 27 December 2020 to 25 December 2021.

1 Accounting policies **(Continued)**

1.5 Going concern

The consolidated financial statements have been prepared on the going concern basis.

The Group has net assets of £84.9 million (2021: £103.1million) and net current liabilities of £40.4 million (2021: £20.9 million) as at the period end date, with a cash balance of £17.3 million at the end of May 2023.

The directors are required to consider the application of the going concern concept when signing financial statements. In making this assessment the Directors have prepared a detailed cash flow forecast based on the Board approved budget and forecast for the 21-month period to the end of December 2024. There are two elements that this analysis focuses on, generating and maintaining sufficient cash to meet liabilities as they fall due and comply with the covenants on the £10m term loan and £30m revolving credit facility. This analysis shows the Group to be cash generative and meet its banking covenants through the going assessment period ending with a cash balance of £28.8m.

To assess the level of sensitivity of the going concern assessment management has prepared certain downside scenarios including a reasonable downside and reverse stress test. The reasonable downside scenario assumes a decline in revenues and associated adverse advance sales and working capital movements of 10% below budget. In this scenario the Group continues to meet its covenants and generate sufficient cash to enable it to meet its liabilities as they fall due without the need for mitigating actions or further shareholder funding. Management has then prepared a further downside scenario to understand the point at which it breaches its covenants and runs out of liquidity. This scenario assumes that revenues decline by 25% vs budget (which represents a 15% reduction against pro-forma FY23 revenues unadjusted for the acquisition of the Glasgow Pavilion and the Stagedoor App), a level not seen outside the pandemic. In this scenario the Group would need to rely on mitigating actions and a capital injection from its majority shareholder to prevent a breach its covenants. The majority shareholder has confirmed in writing to the Group its commitment to continue to provide cash flow funding, if required, to assist the Company in meeting its liabilities as they fall due, to the extent not already invested up to a total funding cap of $200 million, for the period to the end of December 2024. Even in this downside case scenario, having received further capital injections the Group would have sufficient liquidity to meet their liabilities as they fall due and comply with the banking covenants through the period to the end of December 2024.

Having considered the detailed forecasts, including downside scenarios, the historic performance and the current performance the Directors are satisfied that the likelihood of the further downside scenario occurring is remote. The Directors have also satisfied themselves that the level of funding committed and available at the balance sheet date from their majority shareholder is sufficient to enable them to continue in operational existence for the foreseeable future. They therefore continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

1 Accounting policies **(Continued)**

1.6 Revenue

Revenue comprises income from venue operation, ticketing operations, production related services (and fair value changes on investments in productions), broadcasting of live events and pre-recorded content and associated activities and performing arts education. All income is presented net of any returns. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and exclusing taxes or duty.

Venue Operation

Turnover primarily represents the Company's share of ticket revenue and income from providing theatre related services including venue bar use, bar and merchandise sales excluding value added tax, credit card commission and agent commission. Share of ticket revenue is recognised following the performance of the show to which tickets relate together with the associated theatre related revenue. Transaction and booking fee income are recognised at the time of sale.

Cinema Venue Income

Turnover represents the revenue received from cinema tickets, bar and restaurant sales. Income from ticket sales are recognised when the film is screened and bar and restaurant sales are recognised at the point of sale. Annual cinema membership fee income is recognised in line with members utilising the benefits attached to various membership schemes.

Ticketing Operation

Turnover is presented on an agency basis and represents the sale of tickets (exclusing value added tax), net of ticket purchase costs and venue commission payable (excluding value added tax). Revenue is recognised on the date on which the customer confirms their purchase or exchange. Transaction and booking fee income are recognised at the time of the sale.

For performances that were cancelled as a result of Covid-19, customers were provided with a choice of cash refunds, vouchers or a ticket exchange for a future performance date. Revenue is derecognised when performances are cancelled and the customer confirms a cash refund request. Vouchers are recognised as a liability initially and revenue is recognised on the date of redemption. Ticket exchanges retain original revenue recognition at the point of sale. As a result, London Theatre Direct provided for ticketing income received for shows scheduled in early 2022 that were cancelled due to Covid-19.

Production-related services

Revenue is measured at fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty (note 3).

Production profits are recognised only when it is probable that a post recoupment profit will be made and can be measured reliably.

Charges are made to the productions in respect of services provided (such as management and accounting fees), these are recognised net of sales taxes and as those services are provided.

Broadcasting of live events and pre-recorded content and associated activities

For live events at cinemas all revenue is net of VAT and is recognised in the month of screening either by way of invoices issued to cinemas or by way of income accrual bringing the total performance income to a forecast end result. The forecast is produced with reference to advance ticket sales and results received to date and revenue is updated as further results are received. Other turnover in relation to event cinema and associated activities represents amounts receivable from film, TV and DVD rights net of VAT recognised on invoicing for film income, on receipt for DVD rights and on signature of contract and delivery of materials for TV income.

1 Accounting policies **(Continued)**

Revenue (continued)

Marketing Operation

Turnover represents service of marketing campaigns including provision of campaign strategies, sales and marketing, content and engagement and performnance related bonuses and commission. Revenue for services provided is recognised evenly across the period the engagement relates to. Performance related bonuses and commission is recognised when targets are achieved.

Performing arts education

Revenue comprises mainly of franchising services, net of value added tax. Revenue is recognised as follows;

Education - Continuing franchise fees

Continuing franchise fees are earned as a percentage of the network fees earned by the franchisees at local schools and relate to the provision of ongoing services and support to the franchisees under the terms of the franchise agreements. Revenue is recognised as the services are provided to franchisees.

Education - Advertising, Marketing and Promotional Fees

Advertising, Marketing and Promotional Fees are earned as a percentage of the network fee earned by the franchisees at local schools and relate to the provision of marketing services and a local level alongside national marketing campaigns and brand development. Revenue is recognised evenly across the period the fee relates.

Education - Initial franchise fees

Revenue is recognised once the individual franchise agreement is signed and attendance on the franchisee training course for new franchisees has been completed, which is the date when the Group has performed all services and satisfied all conditions relating to setting up a new franchise agreement.

Education - Re-sale of territories fees

Revenue arises on the re-sale of territories by franchisees to new franchisees, by way of a "transfer fee" which is charged to the incumbent franchisee for the insurance of the legal paper work to allow the transfer of the franchise to take place. The incumbent franchisee is responisble for selling their territory to an approved and trained new franchisee and a fee is charged if training is required.

The work is performed and the revenue recognised in full at the point when the new franchisee has been trained and a sale and purchase agreement between the incumbent and new franchisee has been signed.

Education - Software Licence Fee

Revenue is recognised throughout the support year the services are provided to the franchisees

Other revenue

Events & Theatre Production Activity, Managed schools Activity and Other Income are recognised in line with performances when services are rendered.

Deferred Income

Deferred income represents the Group's share of ticketing sales for future dated performances. The amount of revenue recognised in the reporting period from amounts included in deferred income balance at the beginning of the period was £5,456,000 (2021: £444,000).

1 Accounting policies **(Continued)**

1.7 Goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less impairment losses.

The gain on a bargain purchase is recognised in profit or loss in the period of the acquisition.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not subsequently reversed.

1.8 Intangible assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Intangible assets - film distribution rights

Film distribution rights are finite lived intangible assets and are amortised across three years, with 50% amortised in the year of release and 25% amortised in each of the two subsequent years. Amortisation is included within administrative expenses in the Statement of Total Comprehensive Income. An impairment review is carried out at the end of each year to ascertain whether future revenues justify the carried balance. In the event that this is not the case then the minimum guarantee is impaired either fully or in part.

Intangible assets - goodwill

Goodwill is not amortised, but is assessed annually for impairment and stated at cost less any accumulated impairment.

Intangible assets - computer software and developed technology

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that it is estimated will generate economic benefits exceeding costs are recognised as intangible assets.

Computer software is a finite lived intangible asset and is stated at cost less amortisation and amortised on a straight line basis over its estimated useful life, not exceeding five years. Amortisation is included within administrative expenses in the Statement of Total Comprehensive Income.

Developed technologies, including the Stagedoor Appl acquired during the period, are initially recognised at fair value and are included in computer software. These are considered finite lived intangible assets and amortised on a straight line basis over their estimated useful life of ten years. Amortisation is included within administrative expenses in the Statement of Total Comprehensive Income.

1 Accounting policies **(Continued)**

Intangible assets - brand/ domain name
Brands acquired in business combinations are initially recognised at fair value. These are considered finite lived intangible assets and amortised on a straight line basis over the estimated useful life of each brand. Amortisation is included within administrative expenses in the Statement of Total Comprehensive Income.

Intangible assets - relationships
Customer and supplier relationship intangible assets acquired in business combinations are initially recognised at fair value. These are considered finite lived intangible assets and amortised on a straight line basis over their estimated useful life of 6 to 15 years. Amortisation is included within administrative expenses in the Statement of Total Comprehensive Income.

1.9 Property, plant and equipment
Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recorded within administrative expenses in the Statement of Total Comprehensive Income.

Depreciation is provided at rates calculated to write off the cost of fixed assets on a straight-line basis over their expected usedful life as follows:

Asset class - owned	*Depreciation method and rate*
Land and buildings	50 years straight line
Furniture, fittings and equipment	3 to 10 years, or straight line over the remaining period to the end of the lease if this is shorter

Asset class - right of use	*Depreciation method and rate*
Property	Over the remaining period of the lease, straight line
Office equipment	Over the remaining period of the lease, straight line
Motor vehicles	3 years, straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

1.10 Non-current investments
Investments in subsidiaries are valued at cost less any provision for impairment.

Short-term investments - Investments in shows and co-production agreements

Investments in shows are stated at fair value with gains and losses recognised in the statement of comprehensive income.

Depending on the nature of the entity and the extent to which the Group exerts control over it, for consolidation purposes a co-production may be classified as a subsidiary, a joint venture, an associate or an investment. In accordance with IFRS 10 this classification is determined by the extent to which control exists by reference to the individual co-production agreements and whether the relevant group company has authoritative veto over the other co-producers and other investors in the production.

1 Accounting policies **(Continued)**

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence, significant influence is the power to participate in the financial and operational policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exits only when decisions about relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method an investment in an associate or joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit and loss and other comprehensive income of the associate or joint venture. The carrying value of investments in associates and joint ventures is assessed for impairment annually and adjusted if necessary.

1.11 Impairment of tangible and intangible assets

At each reporting end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.12 Inventories

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

At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Statement of Total Comprehensive Income.

1 Accounting policies **(Continued)**

1.13 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

1.14 Financial instruments

Initial recognition

Financial assets and financial liabilities comprise all assets and liabilities reflected in the statement of financial position, excluding property, plant and equipment, right of use assets, intangible assets, deferred tax assets, prepayments and deferred tax liabilities.

The group recognises financial assets and financial liabilities in the statement of financial position when, and only when, the Group becomes party to the contractual provisions of the financial instrument.

Financial assets are initially recognised at fair value. Financial liabilities are initially recongised at fair value, representing the proceeds received net of premiums, discounts and transaction costs that are directly attributable to the financial liability.

All regular way purchases and sales of financial assets and financial liabilities classified as fair value through profit or loss ("FVTPL") are recognised on the trade date, i.e. the date on which the Group commits to purchase or sell the financial assets or financial liabilities. All regular way purchases and sales of other financial assets and fiancial liabilities are recognised on the settlement date, i.e. the date on which the asset or liability is received from or delivered to the counterparty. Regular way purchase or sales are purchases or sales of financial assets that require delivery within the time frame generally established by regulation or convention in the market place.

Subsequent to initial measurement, financial assets and financial liabilities are measured at either amortised cost or fair value.

Classification and measurement

Financial instruments are classified at inception into one of the following categories, which then determine the subsequent measurement methodology:-

Financial assets are classified into one of the following two categories:-
- financial assets at amortised cost;
- financial assets at fair value through the profit or loss (FVTPL).

Financial liabilities are classified into one of the following two categories:-
- financial liabilities at amortised cost
- financial liabilities at fair value through the profit or loss (FVTPL).

The classification and the basis for measurement are subject to the Group's business model for managing the financial assets and contractual cash flow characteristics of the financial assets, as detailed below:-

1 Accounting policies **(Continued)**

Financial instruments (continued)

Financial assets held at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

If either of the above two criteria is not met, the financial assets are classfied and measured at fair value through the profit or loss (FVTPL).

If a financial asset meet the amortised cost criteria, the Group may choose to designate the financial asset at FVTPL. Such an election is irrevocable and applicable only if the FVTPL classification significantly reduces a measurement or recognition inconsistency.

Financial assets at fair value through the profit or loss (FVTPL)
Financial assets not otherwise classified above are classified and measured at FVTPL.

Financial liabilitites at amortised cost
All financial liabilities, other than those classified as financial liabilities at FVTPL, are measured at amortised cost using the effective interest method.

Financial liabilities at fair value through the profit or loss (FVTPL)
Financial liabilities not measured at amortised cost are classified and measured at FVTPL. This classification includes derivative liabilities.

Derecognition
Financial assets
The Group derecognise a financial asset when:

- the contractual rights to the cash flows from the financial asset expire,
- it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risk and rewards of ownership of the financial asset are transferred; or
- the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset and the sume of the consideration received is recognised as a gain or loss in the Statement of Total Comprehensive Income.

Financial liabilities
The group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

1 Accounting policies **(Continued)**

Financial Instruments (continued)

Impairment of financial assets

Measurement of expected credit loss
The Group recognises loss allowances for expected credit losses (ECL) on financial instruments that are not measured at FVPTL, namely;

- Trade and other receivables

The group classifies its financial instruments into stage 1, stage 2 and stage 3, based on the applied impairment methodolgy, as described below:

Stage 1: for financial instruments where there has not been a significant increase in credit risk since inital recognition and that are not credit-impaired on origination, the Group recognises an allowance based on the 12-month ECL.

Stage 2: for financial instruments where there has been a significant increase in credit risk since inital recognition but they are not credit-impaired, the Group recognises an allowance for the lifetime ECL.

Stage 3: for credit-impaired financial instrumnets, the Group recognises the lifetime ECL

The Group measures loss allowances at an amount equal to the lifetime ECL. Provisions for credit-impairment are recognised in the statement of income and are reflected in accumulated provision balances against each relevant financial instruments balance.

Evidence that the financial asset is credit-impaired include the following;

- significant financial difficulties of the borrower or the issuer;
- a breach of contracts such as default or past due event
- the restructuring of the loan or advance by the Group on terms that the Group would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance If an active market for the security because of financial difficulties; or
- there is other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the Group, or economic conditions that correlate with defaults in the Group.

For trade receivables, the Group applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales for each company since joining the Group to 3 April 2023 and the corresponding historical credit losses experienced within this period. As more information becomes available, the Group will assess payment profiles of sales over a period of 36 months. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The group has identified the GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

1 Accounting policies **(Continued)**

Financial instruments (continued)

Derivative financial instruments
Derivative financial instruments are contracts, the value of which is derived from one or more underlying financial instruments or indices, and include futures, forwards, swaps and options in the interest rate, foreign exchange, equity and credit markets.

Derivative financial instruments are recognised in the statement of financial position at fair value. Fair values are derived from prevailing market prices, discounted cash flow models or option pricing models as appropriate.

In statement of financial position, derivative financial instruments with positive fair values (unrealised gains) are included as assets and derivative financial instruments with negative fair values (unrealised losses) are included as liabilities.

The changes in the fair values of derivative financial instruments entered into for trading purposes are included in trading income.

Accounting estimates and assumptions
The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of certain financial assets, liabilities, income and expenses.

Provisions for impairment
In determining impairment of financial assets, judgement is required in the estimation of the amount and timing of future cash flows as well as an assessment of whether the credit risk on the financial asset has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of ECL.

Fair value of financial assets and liabilities
The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

• Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
• Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
• Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

1 Accounting policies **(Continued)**

Financial instruments (continued)

External valuers are involved for valuation of significant assets, such as brands, developed technologies, relationships and call option, and significant liabilities, such as deferred consideration and put options.

Involvement of external valuers is determined annually. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

At each reporting date, the Group fair values assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above. Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarised in note24.

1.15 Equity instruments

Equity instruments issued by the parent company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer payable at the discretion of the company.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

1.16 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1 Accounting policies **(Continued)**

1.17 Provisions

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

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation,taking into account relevant risks and uncertainties.

When payments are made they are charged to the provision carried in the Statement of Financial Position.

1.18 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the group is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.19 Retirement benefits

Payments to defined contribution services are recognised as an expense in line with the employment during the period. Differences between contributions payable in the period and contributions actually paid are shown as accruals in the Consolidated Statement of Financial Position.

Multi-employer defined benefit pension schemes accounted for as defined contribution pension schemes

Due to the lack of availability of information to be able to carry out an IAS 19 valuation to understand our specific allocation of the assets and liabilities, the Group has opted to account for multi-employer defined benefit plans as if they were defined contribution plans.

1 Accounting policies **(Continued)**

1.20 Leases

Applying IFRS 16, for all leases (except as noted below), the Group:

- recognises right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of future lease payments;
- recognises depreciation of right-of-use assets and interest on lease liabilties in the consolidated statement of profit or loss; and
- seperates the total of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activitites) in the consolidated statement of cash flows.

Lease incentives (e.g. free rent period) are recognised as part of the measurement of right-of-use assets and lease liabilitites.

Right-of-use assets are tested for impairment in accordance with IAS 36 Impairment of Assets.

For short term leases (lease term of 12 months or less) and lease of low-value assets (such as personal computers and office furniture), the Group has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within other expenses in the consolidated Statement of Total Comprehensive Income.

Arrangements containing leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangment at the inception of the lease. The arragnement is, or contains, a lease if fulfilment of the arragnement is dependent on the use of a specific asset (or assets) and the arrangment converyys a right to use the asset (or assets), even if that asset is (or those assets are) not explicitly specififed in an arrangement. If an arrangment is determined to contain a lease, the lease is accounted for in line with the accounting policies above.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs and an estimate of the cost of obligations to dismantle, remove, refurbish or restore the underlying asset and the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of other property, plant and equipment. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the group's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments that depend on an index or a rate, amounts expected to be payable under a residual value guarantee, and the cost of any options that the group is reasonably certain to exercise, such as the exercise price under a purchase option, lease payments in an optional renewal period, or penalties for early termination of a lease.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in: future lease payments arising from a change in an index or rate; the group's estimate of the amount expected to be payable under a residual value guarantee; or the group's assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

1 Accounting policies **(Continued)**

1.21 Government grants

The Group receives income-related grants from the government for employment-related grants. A grant is recognised in the statement of comprehensive income when there is reasonable assurance that the Group will comply with its conditions and that the grant will be received. Grants are presented in the statement of comprehensive income as either other income or a deduction from the related expenses. In the period ended 1 April 2023, the Group received £nil (2021: £1.4m) in grants relating to the Coronavirus Job Retention Scheme, recognised as a deduction from salaries and wages. All deferred VAT and PAYE outstanding at 26 December 2021 was settled in 2023.

1.22 Foreign currency transactions and balances

The Group's consolidated financial statements are presented in pound sterling (£), which is also the parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

For event broadcast turnover invoiced in a foreign currency the invoiced amount is converted to pounds sterling based on the exchange rate as at the beginning of the relevant month. On settlement of each invoice any exchange rate difference is accounted for as an exchange gain or loss. Other transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

On consolidation, the assets and liabilities of foreign operations are translated into pound sterling at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in other comprehensive income (OCI).

1 Accounting policies **(Continued)**

1.23 *Subsidiary audit exemption guarantee*

During the period the Directors of the Company have given a parent company guarantee to all subsidiary companies for an exemption from being audited under section 479A of the Companies Act 2006 relating to subsidiary companies.

This guarantee has been given to the following subsidiary companies:

- Trafalgar Theatre Productions Limited - 05642477
- Trafalgar Theatre Limited - 10408631
- Trafalgar Releasing Limited - 07070980
- Trafalgar Cinemas Limited - 10866610
- Rainbow Education Limited - 11436506
- Stagecoach Theatre Arts Limited - 02924719
- Stagecoach Education Services Limited - 10110813
- Stagecoach Performing Arts Limited - 10266160
- RHUK18 Limited - 11483631
- London Theatre Direct Ltd - 03800560
- More2Screen Limited - 05971704
- Jonathan Church Theatre Productions Limited - 12207823
- Trafalgar (FH) Limited - 12423321
- Trafalgar HOG Limited - 12445020
- Trafalgar Theatres Bromley Limited *(Formerly HQ Theatres Bromley Limited)* - 09714367
- Trafalgar Theatres Cardiff Limited *(Formerly New Theatre Cardiff Limited)* - 12294193
- Trafalgar UK Theatres Cardiff Limited *(Formerly Lyceum Theatre Crewe Limited)* - 08415386
- Trafalgar UK Theatres Dartford Limited *(Formerly Orchard Theatre Dartford Limited)* - 06794025
- Trafalgar UK Theatres Guildford Limited *(Formerly HQ Theatres Guildford Limited)* - 07056670
- Trafalgar UK Theatres Hastings Limited *(Formerly White Rock Theatre Hastings Limited)* - 06757436
- Trafalgar UK Theatres Hayes Limited *(Formerly Beck Theatre Limited)* - 05766817
- HQ Hospitality Limited - 05649032
- Trafalgar UK Theatres Limited *(Formerly HQ Theatres Limited)* - 05637233
- Trafalgar UK Theatres Southend Limited *(Formerly Southend Theatres Limited)* - 05638196
- Trafalgar UK Theatres Swindon Limited *(Formerly Wyvern Theatre Limited)* - 05076446
- HQ Theatres & Hospitality Holdings Limited - 12219697
- Trafalgar UK Theatres Holdings Limited *(Formerly HQ Theatres & Hospitality Ltd)* - 08386064
- HQ Theatres Trust - 07739274
- Trafalgar UK Theatres High Wycombe Limited *(Formerly Wycombe Arts Management Limited)* - 02636107
- Curious Alice Film Ltd - 13464369
- Stagedoor App UK Limited - 10493438
- AG Tour Limited - 13768265
- KI Tour 2018 Limited - 11725919
- SM Play Tour Limited - 14344741
- Trafalgar Tickets Limited - 13603638

2 Adoption of new and revised standards and changes in accounting policies

Adoption of new and revised standards

None of the standards, interpretations and amendments effective for the first time from 26 December 2021 have had a material effect on the financial statements.

Standards issued but not yet effective

At the date of authorisation of these financial statements, the following standards and interpretations, which are relevant to Trafalgar Entertainment Group have not been applied in these financial statements, as although they have been issued they were not yet effective for the financial statements for the period ended 1 April 2023. The Company plans to adopt these based of the effective dates shown below and does not currently plan on early adoption. The impact of the adoption of the these standards is not expected to be material.

Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)	1 January 2024*
Amendments to IAS 1 Presentation of Financial Statements - Non-current Liabilities with Covenants	1 January 2024*
Amendments to IAS 1 Presentation of Financial Statements - Deferral of Effective Date Amendment (published 15 July 2020)	1 January 2024*
Amendments to IAS 1 Presentation of Financial Statements - Classification of Liabilities as Current or Non-Current (amendments to IAS 1) (published 23 January 2020)	1 January 2024*

*These standards, amendments and interpretations have not yet been endorsed by the UK and the dates shown are the expected dates.

The adoption of all the above standards is not expected to have any impact on the Group's financial statements.

3 Critical accounting estimates and judgements

In the application of the Group's accounting policies (which are described in note 1), the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Critical judgements

Control over special purpose production companies
There are five entities for which the entire share capital is owned by Trafalgar Theatre Productions Limited but the directors have assessed that the definition of control has not been met. Whilst the entire share capital is owned by the Group, the nature of these entities is that they are special purpose vehicles, set up to aid the co-production by the Group of shows alongside the controlling party/ parties. Each entity has a separate agreement with respect to the operation of the production. These have been accounted for in accordance with the Group's accounting policies for investments in shows and co-production agreements.

Joe Egg West End Limited, SS American 2021 Limited and SS American Film Limited are considered associates. KI Pal Limited and Admissions Play Limited are not considered to be entities over which any control or significant influence is exerted by the Group. Accordingly, the Group has equity accounted for Joe Egg West End Limited, SS American 2021 Limited and SS American Film Limited and has not included the results of the other special purpose vehicles within its consolidated results. Admissions Play Limited and Joe Egg West End Limited were dissolved in 2022.

For the shows produced through these companies, an investment has been made by Trafalgar Theatre Productions Limited into the show. However, the definition of control has not been met as Trafalgar Theatre Productions had little creative influence over the production and with minor investments did not have significant exposure to variable returns.

Conversely, there are entities where the entire or part of the share capital is not owned by a Group subsidiary, for which the Group has determined it has significant influence or control over. Factors considered when determining if the Group has control include contractual and operational factors, as well as the relevant activities of the entity.

In the period, the Group has determined it has significant influence over four companies and has equity accounted for these.

Recognition of deferred tax asset
Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

3 Critical accounting estimates and judgements (Continued)

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period, are discussed below.

Impairment of goodwill and intangible assets arising on acquisition

Goodwill is assessed for impairment on an annual basis using an estimation of the future cashflows with a suitable range of discount rates and the expectations of future performance. As noted in the principal risks and uncertainties section of the Strategic Report the potential impacts of novel coronavirus are uncertain. If these impacts were to significantly affect the future cashflows of the cash generating units to which the goodwill relates there is a risk that the goodwill could be impaired. Based on scenario analysis performed by the Group, on trading forecasts for five years from 2022 to 2026, the directors do not currently expect any such impairments to occur. Intangible assets arising on acquisition are assessed in the same manner as goodwill.

Valuation of assets and liabilities acquired through acquisitions

Assets and liabilities acquired through acquisitions have been included at fair value which is calculated based on assumptions about the future performance of the acquired business.

Valuation of options

The Group engaged an independent consultant to produce a valuation of put and call options on non-controlling interest acquired as part of the acquisition of London Theatre Direct. The options are fair valued at each reporting date until expiry using estimated future cashflows, risk free rate and annualised volatility.

Useful lives of computer software

Computer software acquired through business combinations and shown within intangible assets represent a forward facing customer relationship management solution. It is assumed to have a useful life of five years and the directors feel this is an appropriate method of amortisation (note 13).

Useful lives of property, plant and equipment

The Company was incorporated on 4th October 2016 and the tangible fixed assets acquired by the Group are all new or nearly new with the exception of the venues at Trafalgar Studios. Theatres are known to be structures that last for many years and prior to the acquisition of Trafalgar Studios the venues were externally valued and the building and plant's condition were assessed by industry professionals prior to the acquisition and are periodically reviewed. Most equipment held within the Group has been acquired since the date of incorporation and relates to information technology and is assumed to have a useful life of 3 years which the directors feel is appropriate.

Carrying values of investments in shows

The carrying value of investments in shows is assessed against a number of variables such as the amount and frequency of investments returned to date, critical and audience reception to the show, the weekly profitability of each show and where known the level and composition of advance ticket sales. In relation to certain productions, significant management judgement was required in determining probability of recouping its investment in these productions, with assessment of the above variables resulting in impairment of £0.8 million to the total investment carrying value on the consolidated statement of financial position at the period end.

Depreciation and Amortisation rates

Depreciation and amortisation rates are based on management's estimate of the useful economic lives for each asset and reviewed at least annually.

3 Critical accounting estimates and judgements **(Continued)**

Leases - estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency).

The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

4 Revenue

	2023 £'000	2021 £'000
Revenue analysed by class of business		
Theatre venue income	44,601	13,695
Cinema venue income	2,756	1,213
Ticketing income	37,483	9,989
Productions income	20,871	3,902
Event cinema income	38,428	6,558
Franchise support and provision of education services	10,188	4,816
Fair value movement on investment in productions	(1,578)	(167)
Other income	165	2,102
	152,914	42,108

All revenue generated in the current and prior period relates to operations in the United Kingdom.

There are no individual customers that amount to 10% or more of total revenue (2021: none).

5 Operating profit/(loss)

Operating profit/(loss) for the period is stated after charging/(crediting):	2023 £'000	2021 £'000
Fees payable to the company's auditor for the audit of the company's financial statements	394	350
Depreciation of property, plant and equipment	3,185	1,504
Impairment of property, plant and equipment (net of depreciation eliminated on impairment)	6,510	-
Loss/(profit) on disposal of property, plant and equipment	5	(6)
Amortisation of intangible assets (included within administrative expenses)	7,163	4,524
Impairment of intangible assets (net of amortisation eliminated on impairment)	107	-
Expenses relating to short-term leases	71	60
Low-value lease payments	20	6
Impact of fair value movement in administrative expenses	2,698	6,641

6 Auditor's remuneration

	2023	2021
Fees payable to the company's auditor and associates:	£'000	£'000
For audit services		
Audit of the financial statements of the group and company	394	350
For other services		
Financial statements preparation	-	100
Tax compliance services	86	63
Transaction advisory and non audit services	25	25
Total non-audit fees	111	188

7 Employees

The average monthly number of persons (including directors) employed by the group during the 15 month period was:

	2023 Number	2021 Number
Production	27	36
Management, administration and support	231	209
Other departments	1,103	826
Total	1,361	1,071

Their aggregate remuneration comprised:

	2023 £'000	2021 £'000
Wages and salaries	35,241	15,298
Social security costs	3,042	1,547
Pension costs, defined contribution scheme	1,412	553
Other short-term employee benefits	414	306
	40,109	17,704

8 Directors' remuneration

	2023 £'000	2021 £'000
Remuneration for qualifying services	1,033	681
Company pension contributions to defined contribution schemes	18	14
	1,051	695

8 Directors' remuneration **(Continued)**

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2021 - 1).

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2023 £'000	2021 £'000
Remuneration for qualifying services	542	383

During the period ended 1 April 2023 M S Baumstein, J Niedzwjecki and S Mathieson received no remuneration for their roles as directors of the Group (2021: nil).

9 Investment income

	2023 £'000	2021 £'000
Interest income		
Financial instruments measured at amortised cost:		
Bank deposits	41	3

10 Finance costs

	2023 £'000	2021 £'000
Interest on bank overdrafts and loans	880	205
Interest on lease liabilities	940	773
Other interest payable	17	12
Total interest expense	1,837	990
Exchange differences on financing transactions	(97)	27
	1,740	1,017

11 Income tax expense

	2023 £'000	2021 £'000
Current tax		
UK corporation tax (credit)/charge for the current period	(592)	14
Adjustments in respect of prior periods	(21)	(98)
Total UK current tax	(613)	(84)
Foreign taxes	1,065	185
	452	101

11 Income tax expense (Continued)

	2023 £'000	2021 £'000
Deferred tax		
Origination and reversal of temporary differences	171	(1,098)
Changes in tax rates	59	1,094
Adjustment in respect of prior periods	(186)	-
	44	(4)
Total tax charge	496	97

The charge for the 15 month period can be reconciled to the profit/(loss) per the income statement as follows:

	2023 £'000	2021 £'000
(Loss) before taxation	(3,606)	(20,204)
Expected tax credit based on a corporation tax rate of 19.00% (2021: 19.00%)	(685)	(3,839)
Effect of expenses not deductible in determining taxable profit	2,381	1,919
Income not taxable	(636)	(11)
Adjustment in respect of prior years	(208)	(98)
Depreciation on assets not qualifying for tax allowances	42	-
Effect of overseas tax rates	747	293
Deferred tax movement from unrecognised temporary difference from prior period	-	438
Deferred tax movement relating to changes in tax rates or laws	60	1,094
Decrease from theatre tax credits received	(1,288)	(46)
Other reconciling items	83	347
Taxation charge for the period	496	97

Factors that may affect the Group's future tax charges include the impact of corporate restructuring and/or refinancing, future planning activitites, corporate acquisitions and disposals, the use of brought forward tax losses and changes in legislation and tax rate

The UK corporation tax rate increased from 19% to 25% on 1 April 2023 for companies with profits in excess of £250,000. As a result, deferred tax balances have been recognised at 25%.

12 Dividends

In the current period, a dividend of £359,000 was paid to a third party from LTDUK London Theatre Direct Ltd.

Prior to the payment of the dividend, distributable reserves of London Theatre Direct Ltd were £1.107 million.

13 Intangible assets

	Goodwill	Software	Brand / Domain Value	Relationships	Film Distribution Rights	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 27 December 2020	23,971	4,362	18,662	8,545	946	56,486
Additions	26,530	181	-	-	109	26,820
Additions business combination	-	239	346	21,113	-	21,698
At 25 December 2021	50,501	4,782	19,008	29,658	1,055	105,004
Additions	-	495	52	-	1,437	1,984
Additions business combination	2,306	1,312	-	328	-	3,946
Impairment	-	(140)	-	-	-	(140)
At 1 April 2023	52,807	6,450	19,060	29,986	2,493	110,796
Amortisation and impairment						
At 27 December 2020	181	1,920	2,611	2,188	790	7,690
Charge for the period	-	822	1,196	2,295	142	4,455
Impairment loss	-	-	-	-	69	69
At 25 December 2021	181	2,742	3,807	4,483	1,001	12,214
Charge for the period	-	1,322	1,534	3,345	962	7,163
Eliminated on impairment	-	(33)	-	-	-	(33)
At 1 April 2023	181	4,031	5,341	7,829	1,963	19,345
Carrying amount						
At 1 April 2023	52,626	2,419	13,719	22,157	530	91,451
At 25 December 2021	50,320	2,040	15,201	25,175	54	92,790

The amortisation charges for the period on the Group's intangible film distribution rights are included within cost of sales. The amortisation charges on brands, relationships and computer software and developed technology are included within administrative expenses.

13 Intangible assets **(Continued)**

Impairment tests for cash generating units
The Group annually assesses the carrying value of goodwill for impairment in line with the accounting policies set out in note 1.

A detailed review of the components making up the carrying value of these balances has been undertaken whereby the carrying amount of the cash generating units (CGUs), including goodwill, has been compared to the value in use of the CGU to which each component has been allocated.

The components that make up the goodwill balances are as follows;

	2023 £'000	2021 £'000
Stagecoach CGU	3,231	3,233
Trafalgar Releasing CGU	3,004	3,004
Trafalgar Theatre Productions CGU	2,523	2,523
London Theatre Direct CGU	14,599	14,599
More2Screen CGU	434	431
Trafalgar UK Theatres CGU (Formerly HQ Theatres and Hospitality CGU)	26,253	26,417
Helen O'Grady CGU	273	273
Stagedoor CGU	2,309	-
	52,626	50,480

Value in use was determined by discounting the estimated future cash flows generated from that CGU and was based on the following key assumptions;

- cash flows were projected based on five year forecasts taking into account actual operating results for historic years;
- the fifth year forecast for CGU represents the stable long term position for the business;
- the cash flows were discounted to their Net Present Value using an adjusted weighted average cost of capital (WACC) for the Group of 10.8% (2021: 9%);
- sensitivity analysis was performed by applying a range of WACCs and growth for tax purposes.

No goodwill acquired through business combinations is expected to be deductible for tax purposes.

During the period, the Group has recognised an impairment charge of £nil (2021: £nil) against goodwill. The directors have considered whether any reasonably possible changes in assumption could lead to an impairment. The sensitivity analysis performed did not identify any reasonably possible changes that would require disclosure in accordance with IAS 36.

14 Property, plant and equipment

	Freehold property £'000	Leasehold property £'000	Plant and equipment £'000	Motor vehicles £'000	Total £'000
Cost					
At 27 December 2020	17,305	7,350	1,023	108	25,786
Additions	2,953	28,314	1,886	-	33,153
Business combinations	-	1,088	2,373	-	3,461
Disposals	-	(339)	(55)	(67)	(461)
At 25 December 2021	20,258	36,413	5,227	41	61,939
Additions	134	3,354	1,710	-	5,198
Disposals	-	-	(32)	-	(32)
Impairment	(5,256)	(787)	(485)	-	(6,528)
At 1 April 2023	15,136	38,980	6,420	41	60,577
Accumulated depreciation and impairment					
At 27 December 2020	284	968	261	55	1,568
Charge for the 15 month period	274	604	694	22	1,594
Eliminated on disposal	-	(337)	(48)	(62)	(447)
At 25 December 2021	558	1,235	907	15	2,715
Charge for the 15 month period	613	1,472	1,083	17	3,185
Eliminated on impairment	-	-	(18)	-	(18)
Eliminated on disposal	-	-	(18)	-	(18)
At 1 April 2023	1,171	2,707	1,954	32	5,864
Carrying amount					
At 1 April 2023	13,965	36,273	4,466	9	54,713
At 25 December 2021	19,700	35,178	4,320	26	59,224

14 Property, plant and equipment (Continued)

Property, plant and equipment includes right-of-use assets, as follows:

Right-of-use assets	**2023**	**2021**
	£'000	**£'000**
Net values at the 15 month period end		
Leasehold property	37,060	35,178
Plant and equipment	9	12
Motor vehicles	9	26
	37,078	35,216
Total additions in the 15 month period	3,354	28,326
Depreciation charge for the 15 month period		
Leasehold property	1,472	604
Plant and equipment	4	6
Motor vehicles	17	22
	1,493	632

Included within Land and buildings are properties with a carrying value of £2.813 million (2021: £2.813 million) which relate to assets leased to third parties under operating leases.

The impairment charge of £6,400,000 arose following the review of trading conditions in the cinema sector and was determined using a value-in-use calculation. If the budgeted net profit had been 5% lower, the Group would have had to recognise an impairment charge against the property, plant and equipment of £6,800,000. If the pre-tax discount rate applied to the cash flow projections of these fixed assets had been 1% higher than management's estimates (11.8% instead of 10.8%), the Group would have had to recognise an impairment against property, plant and equipment of £6,740,000.

15 Investments

	Note	**Current**		**Non-current**	
		2023	**2021**	**2023**	**2021**
		£'000	**£'000**	**£'000**	**£'000**
Investments held at amortised cost	**18**	1,052	552	-	-
Investments in associates	**17**	-	-	808	1,442
		1,052	552	808	1,442

15 Investments **(Continued)**

Fair value of financial assets carried at amortised cost
The directors believe that the investments are not worth less than their carrying amount.

On 17 November 2023, the Group acquired 100% of the issued share capital of Stagedoor App UK Limited ("Stagedoor"), obtaining control. The principal activity of Stagedoor is the ticket sales via a mobile app. Further information on the acquisition is in note 34.

Distributions from associates relates to the return of capital or profits from a production.

Movements in non-current investments

	Non-current investments £'000
Cost or valuation	
At 26 December 2021	1,442
Additions	349
Impairment	(66)
Group share of profit	169
Distribution from associate	(1,086)
At 1 April 2023	808
Carrying amount	
At 1 April 2023	808
At 25 December 2021	1,442

16 Subsidiaries

Details of the company's subsidiaries at 1 April 2023 are as follows:

Name of undertaking	Registered office	Principal activities	Class of shares held	% Held Direct
Trafalgar Theatre Productions Limited*	Ashcombe Court, Woolsack Way, Godalming, Surrey GU7 1LQ	Show production	Ordinary	100.00
Trafalgar Theatre Limited*	Ashcombe Court, Woolsack Way, Godalming, Surrey GU7 1LQ	Venue operations	Ordinary	100.00
Trafalgar Releasing Limited *	Ashcombe Court, Woolsack Way, Godalming, Surrey GU7 1LQ	Event broadcasting	Ordinary	100.00
Rainbow Education Limited*	Ashcombe Court, Woolsack Way, Godalming, Surrey GU7 1LQ	Holding company	Ordinary	100.00
Stagecoach Theatre Arts Limited	Ashcombe Court, Woolsack Way, Godalming, Surrey GU7 1LQ	Operation of Franchisee Network in relation to the provision of education to children	Ordinary	100.00
Stagecoach Education Services Limited	Ashcombe Court, Woolsack Way, Godalming, Surrey GU7 1LQ	Operation of Stagecoach franchise schools and the provision of educational holiday camps	Ordinary	100.00
Trafalgar Cinemas Limited*	Ashcombe Court, Woolsack Way, Godalming, Surrey GU7 1LQ	Venue operation	Ordinary	100.00

16 Subsidiaries **(Continued)**

Name of undertaking	Registered office	Principal activities	Class of shares held	% Held Direct
Trafalgar Entertainment Asia-Pacific Pty Limited*	Angel Place, Level 27, 123 Pitt Street, Sydney NSW 2000 Australia	Venue sourcing	Ordinary	100.00
Stagecoach Performing Arts Limited	Ashcombe Court, Woolsack Way, Godalming, Surrey GU7 1LQ	Dormant company	Ordinary	100.00
Stagecoach Theatre Arts School GmbH	Manizer Landstrabe, 50 F60325, Frankfurt, Germany	Operating and franchising pert-time performing arts schools for young people aged between 4 and 18	Ordinary	100.00
Stagecoach Theatre Arts (Canada) Limited	1100-1959 Upper Water Street, Halifax, Nova Scotia B3J 3N2, Canada	Operating and franchising part-time performing arts schools for young people aged between 4 and 18	Ordinary	100.00
RHUK 18 Limited	55 Strand, 8th Floor, London WC2N 5LR, UK	Theatrical production	Ordinary	44.30
London Theatre Direct Ltd*	55 Strand, 8th Floor, London WC2N 5LR, UK	Sale of theatre tickets	Ordinary	100.00
More2Screen Limited	Ashcombe Court, Woolsack Way, Godalming, Surrey GU7 1LQ	Intellectual property holding company	Ordinary	100.00
Jonathan Church Theatre Production Limited*	Ashcombe Court, Woolsack Way, Godalming, Surrey GU7 1LQ	Show production and management	Ordinary	100.00
Trafalgar (FH) Limited*	Ashcombe Court, Woolsack Way, Godalming, Surrey GU7 1LQ	Venue operations	Ordinary	100.00
Trafalgar HOG Limited*	Ashcombe Court, Woolsack Way, Godalming, Surrey GU7 1LQ	Dormant company	Ordinary	100.00
Trafalgar Adelaide Theatres Pty Limited*	HWL Ebsworth Lawyers, Level 14, 264-278 George Street, Sydney NSW 2000, Australia	Dormant company	Ordinary	100.00
LUF Kino Gmbh	LUF Kino GmbH, Elbberg 7, 22767 Hamburg, Germany	Event broadcasting	Ordinary	74.90
Helen O'Grady (C.I.) Limited	Crossways Centre, Braye Road Vale, GY3 5PH, Guernsey	Limited Operating and franchising part-time schools for young perople between 4 and 18	Ordinary	100.00
Trafalgar Theatres Cardiff Limited (Formerly New Theatre Cardiff Limited)	Ashcombe Court, Woolsack Way, Godalming, Surrey GU7 1LQ	Dormant company	Ordinary	100.00
Trafalgar Theatres Bromley Limited (Formerly HQ Theatres Bromley Limited)	Ashcombe Court, Woolsack Way, Godalming, Surrey GU7 1LQ	Theatre operation management	Ordinary	100.00
Trafalgar UK Theatres Cardiff Limited (Formerly Lyceum Theatre Crewe Limited)	Ashcombe Court, Woolsack Way, Godalming, Surrey GU7 1LQ	Theatre operation management	Ordinary	100.00
Trafalgar UK Theatres Dartford Limited (Formerly Orchard Theatre Dartford Limited)	Ashcombe Court, Woolsack Way, Godalming, Surrey GU7 1LQ	Theatre operation management	Ordinary	100.00
Trafalgar UK Theatres Guildford Limited (Formerly HQ Theatres Guildford Limited)	Ashcombe Court, Woolsack Way, Godalming, Surrey GU7 1LQ	Theatre operation management	Ordinary	100.00
Trafalgar UK Theatres Hastings Limited (Formerly White Rock Theatre Hastings Limited)	Ashcombe Court, Woolsack Way, Godalming, Surrey GU7 1LQ	Theatre operation management	Ordinary	100.00
Trafalgar UK Theatres Hayes Limited (Formerly Beck Theatre Limited)	Ashcombe Court, Woolsack Way, Godalming, Surrey GU7 1LQ	Theatre operation management	Ordinary	100.00

16 Subsidiaries

(Continued)

Name of undertaking	**Registered office**	**Principal activities**	**Class of shares held**	**% Held Direct**
HQ Hospitality Limited	Ashcombe Court, Woolsack Way, Godalming, Surrey GU7 1LQ	Catering services	Ordinary	100.00
Trafalgar UK Theatres Limited (Formerly HQ Theatres Limited)	Ashcombe Court, Woolsack Way, Godalming, Surrey GU7 1LQ	Theatre management	Ordinary	100.00
Trafalgar UK Theatres Southend Limited (Formerly Southend Theatres Limited)	Ashcombe Court, Woolsack Way, Godalming, Surrey GU7 1LQ	Theatre operation management	Ordinary	100.00
Trafalgar UK Theatres Swindon Limited (Formerly Wyvern Theatre Limited)	Ashcombe Court, Woolsack Way, Godalming, Surrey GU7 1LQ	Theatre operation management	Ordinary	100.00
HQ Theatres & Hospitality Holdings Limited*	Ashcombe Court, Woolsack Way, Godalming, Surrey GU7 1LQ	Holding company	Ordinary	100.00
Trafalgar UK Theatres Holdings Limited (Formerly HQ Theatres & Hospitality Ltd)	Ashcombe Court, Woolsack Way, Godalming, Surrey GU7 1LQ	Holding company	Ordinary	100.00
HQ Theatres Trust	Ashcombe Court, Woolsack Way, Godalming, Surrey GU7 1LQ	Charitable company	Ordinary	100.00
Trafalgar UK Theatres High Wycombe Limited (Formerly Wycombe Arts Management Limited)	Ashcombe Court, Woolsack Way, Godalming, Surrey GU7 1LQ	Theatre operation management	Ordinary	100.00
Curious Alice Film Limited	Ashcombe Court, Woolsack Way, Godalming, Surrey GU7 1LQ	Event film production	Ordinary	100.00
Stagecoach Theatre Arts School Limited	22 pth St, 1000 Cambell Mithun Tower, Minneapolis MN 554020000, USA	Operating and franchising part-time performing arts schools for young people aged *between 4 and 18.*	Ordinary	100.00
Stagedoor App UK Limited **	Ashcombe Court, Woolsack Way, Godalming, Surrey, GU7 1LQ	Ticket sales	Ordinary	100.00
Trafalgar Releasing, Inc	1313 N Market St, STE, 5100	Event cinema content acquisition and marketing services	Ordinary	100.00
Trafalgar Tickets Limited*	Ashcombe Court, Woolsack Way, Godalming, Surrey GU7 1LQ	Sale of theatre tickets	Ordinary	100.00

* Indicates direct investment of Trafalgar Entertainment Group Limited

** Stagedoor App UK Limited was acquired on 17 November 2022, full details of the acquisition are in note 34. Stagedoor App UK Limited is also a direct investment of Trafalgar Entertainment Group Limited.

17 Associates

Aggregated movement in carrying value

	2023 £'000
At 26 December 2021	1,442
Additions	349
Impairment	(66)
Group share of profit	169
Distributions from associate	(1,086)
At 1 April 2023	808

	2021 £'000
At 26 December 2020	655
Additions	2,221
Impairment	(754)
Group share of loss	(70)
Distributions from associate	(610)
At 25 December 2021	1,442

Details of the group's associates at 1 April 2023 are as follows:

Name of undertaking	Registered office	Principal activities	Class of shares held	% Held Direct
Rocky Horror Company Limited	Regina House, 124 Finchley Road, London NW3 5JS	Show production	Ordinary	33
Skyline Theatricals Pty Ltd	PO Box 20079, World Square, New South Wales, Australia, NSW 2002	Show production	Ordinary	15
TTP Productions Ltd*	Ashcombe Court, Woolsack Way, Godalming, Surrey GU7 1LQ	Show production	Ordinary	86
SS American 2021 Ltd	55 Strand, 8th Floor, London WC2N 5LR	Show production	Ordinary	23
Make Em Laugh Ltd	Noel Coward Theatre, 85-88 St Martin's Lane, London WC2N 4AU	Show Production	Ordinary	36
KMCB Productions Ltd	27 Mortimer Street, London W1T 3BL	Show production	Ordinary	23
SS American Film Limited	55 Strand, 8th Floor, London EC2N 5LR	Show production	Ordinary	50
SP Theatre Ltd	1 Gemini Court, 42a Throwley Way, Sutton SM1 4AF	Show production	Ordinary	3
JB London II Produ UK Ltd	Elsley Court, 20-22 Great Titchfield Street, London W1W 8BE	Show production	Ordinary	12

* Notwithstanding the ownership interest, TTP Productions Ltd's production agreements demonstrate that the Group do not have control over its shows, so the Directors have determined that control over TTP Productions Ltd does not exist.

Investments in associates' carrying value does not equate to the Group's share in equity as investment in shows are recorded within liabilities of the production entity, as opposed to share capital.

17 Associates **(Continued)**

The following narrative sets out the current assets, liabilities, equity and earnings of the Group's associates as well as details of their share of earnings/(losses) together with the carrying amount of the investment. The Group's material associates with assets liabilities, revenues or profit / loss amount to over £1m have been disclosed individually, with all remaining associates presented in aggregate.

Rocky Horror Company Limited	**2023 £'000**	**2021 £'000**
Current assets	1,351	250
Current liabilities	(1,349)	(248)
Equity	2	2
Group share of equity - 33%	-	-
Revenue	2,381	138
Movement in investment carrying value		
Opening carrying value	408	408
Group share of profit/(loss)	127	(8)
Less distributions from associate	(127)	8
Closing carrying value	408	408

Skyline Theatricals Pty Ltd	**2023 £'000**	**2021 £'000**
Current assets	1,411	-
Current liabilities	(1,411)	-
Equity	-	-
Group share of equity - 15%	-	-
Revenue	2,824	-
Movement in investment carrying value		
Opening carrying value	-	-
Additions	199	-
Group share of profit/(loss)	-	-
Less distributions from associate	-	-
Closing carrying value	199	-

17 Associates (Continued)

Aggregate table for all remaining associates	**2023** **£'000**
Current assets	136
Current liabilities	(136)
Equity	-
Group share of equity - see above list	39
Revenue	4,675
Movement in investment carrying value	
Opening carrying value	1,034
Additions	150
Impairment	(66)
Group share of profit/(loss)	42
Less distributions from associate	(958)
Closing carrying value	202

18 Short-term investments

Short-term investments represent the Group's investment and co-production agreements. The movements during the current and prior period were as follows:

	2023 **£000**
At 26 December 2021	552
Additions	4,346
Recoupments and revisions	(761)
Fair value movement	(3,085)
At 1 April 2023	1,052

	2021 **£000**
At 26 December 2020	176
Additions	631
Recoupments	(75)
Fair value movement	(180)
At 25 December 2021	552

19 Inventories

	2023 £'000	2021 £'000
Finished goods	527	598

Inventories represent food and beverages at theatres and the cinema as well as uniforms and other sundries in education businesses. Total inventories expensed during the period amounted to £4,425,000 (2021: £1,459,000).

20 Trade and other receivables

	Current 2023 £'000	Current 2021 £'000	Non-current 2023 £'000	Non-current 2021 £'000
Trade receivables *	12,208	4,107	-	-
Provision for bad and doubtful debts	(82)	(61)	-	-
	12,126	4,046	-	-
Other receivables **	4,952	6,381	-	-
Accrued income	4,949	2,639		
Prepayments	2,325	1,340	-	-
	24,352	14,406	-	-

*Trade receivables for the Group comprises of receivables from related parties arising from the ordinary course of business.

**Included in other receivables is cash in transit of £2,632,000 (2021: £1,681,000), £273,000 in producer agency tickets (2021: £786,000) and £314,000 (2021: £1,300,000) in amounts owed to regional venues from the local council.

21 Trade receivables - credit risk

Fair value of trade receivables

The directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

No significant receivable balances are impaired at the reporting end date.

Movement in the allowances for doubtful debts	2023 £'000	2021 £'000
Balance at 26 December 2021	61	88
Additional allowance recognised	61	48
Allowance reversed	(40)	(75)
Balance at 1 April 2023	82	61

22 Cash and cash equivalents

Included within cash at bank is £503,000 (2021: £51,000) held in a ring fenced account as a bond on behalf of a partner and £38,000 (2021: £36,000) restricted cash held in deposit accounts.

23 Borrowings

	Current		Non-current	
	2023	2021	2023	2021
	£'000	£'000	£'000	£'000
Borrowings held at amortised cost:				
Bank loans	9,565	533	8,670	7,200
Other loans	38	38	389	475
	9,603	571	9,059	7,675

Bank Borrowings

In the prior period, the Company entered into a debenture with HSBC through the Government's Coronavirus Large Business Interruption Loan Scheme (CLBILS). The debenture contained a fixed and floating charge over all assets of the material subsidiaries of the Company. This debenture was repaid in the current period through the new loan detailed below.

During the period, the Group entered into a new term loan of £10 million and a £30 million Revolving Credit Facility ("FCF"), of which £9 million was drawn down. Repayment of the term loan is due in quarterly installments of £166,666 with the final repayment due by the termination date of 3 November 2026. The loan carries an interest rate of 3.5% plus EURIBOR. The revolving credit facility has an interest rate of 3.75% plus EURIBOR. Security is provided over the loan by way of a fixed charge and a negative pledge.

The Group is required to report against three financial covenants under the loan facility agreement. These three covenants are Cashflow Cover, Interest Cover and Leverage. At the period end the Group was in compliance with all covenants.

During the current period arrangement fees of £100,000 were settled as part of the inception of the new term loan, which have been recognised within borrowings. Additionally, arrangement fees totalling £300,000 relating to the revolving credit facility have been recognsied within borrowings as the Group has assessed that it will utilise the full extent of the facility during its life.

All arrangement fees are amortised on an effective interest basis over the four years being the repayment period of the term loan and the duration which the Group has access to the RCF.

Other Borrowings

One of the subsidiaries acquired as a part of the HQ Theatres acquisiton holds a third party debt with a local council.

Loan terms

Interest rate: 3.00% per annum, compounded
Loan termination date: March 2029

The loan will be repaid in full by the termination date.

24 Financial Instruments

Financial Assets

This note presents the Group's financial assets excluding cash and cash equivalents.

Other financial assets at fair value through profit and loss
Derivatives held for trade

	Group		Company	
	2023	2021	2023	2021
	£000	£000	£000	£000
Call option	-	2,594	-	2,594
Investments in productions	1,052	552	-	-
Total other financial assets	1,052	3,146	-	2,594
Current	1,052	552	-	-
Non-current	-	2,594	-	2,594

As these financial assets are held at fair value through profit or loss, their carrying amount is equal to their fair value.

Receivables at amortised cost

	Carrying value	
	2023	2021
	£000	£000
Trade and other receivables	22,029	13,067

Management assessed that the fair values of trade and other receivables approximate their carrying amounts largely due to the short-term maturities of these instruments.

Financial Liabilities

Other financial liabilities at fair value through profit and loss
Derivatives held for trade

	Group		Company	
	2023	2021	2023	2021
	£000	£000	£000	£000
Deferred consideration	15,958	4,475	15,933	4,450
Put option	-	5,050	-	5,050
Total other financial liabilities	15,958	9,525	15,933	9,500
Current	15,958	2,991	-	2,991
Non-current	-	6,534	-	6,534

24 Financial Instruments **(Continued)**

As these financial liabilities are held at fair value through profit and loss, their carrying amount is equal to their fair value.

Valuation methods and assumptions

Deferred consideration:

During the period an updated agreement was reached enabling the Group to become controlling shareholders of London Theatre Direct Limited for cash consideration of £24,000,000, payable in three equal instalments. At the time of the purchase the fair value of deferred consideration was determined to be £15,472,000. It has been recognised as a financial liability through profit or loss. At the balance sheet date, the fair value of the deferred consideration was £15,749,000 reflecting the time value of money. The deferred consideration is discounted at a weight average cost of capital of 0.1% and 3% respectively. The first installment was settled in FY23, with the remaining installments falling due in FY24.

Put and call options:

In the prior period the group had written call and put options over the non-controlling interest in London Theatre Direct, which permits the holders to put or call the shares in the subsidiary back to the Group three years after acquisition date. The amount that may become payable under the options on exercise are initially recognised at the present value of the redemption amount within Other non-current financial assets and Other non-current financial liabilities. The fair value of the call and the put options at acquisition date were derived using the Black-Scholes model. The options were initially valued using a strike price of £22.1m and a risk-free interest rate of 0.8%, adjusted for a put/call parity. As a result of the new LTD minority interest agreement, the put and call options in place at the start of the financial period have been extinguished and this has resulted in a gain to the Statement of Comprehensive Income of £2,456k.

Financial liabilities at amortised cost

	Carrying value	
	2023	**2021**
	£000	**£000**
Trade and other payables	60,370	44,853
Bank borrowings	18,235	7,733
Lease liabilitites	14,637	17,012
Other borrowings	427	513
	93,669	70,111

Management assessed that the fair values of trade and other payables approximate their carrying amounts largely due to the short-term maturities of these instruments.

25 Financial risk management and impairment of financial assets

The Group's activities expose it to a variety of financial risks including market risk, credit risk, interest rate risk, liquidity risk and currency risk. The Group's overall risk management programme focusses on minimising potential adverse effects on the Group's financial performance.

The Group considers a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Market risk
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk for the Group comprises of interest rate risk. Financial instruments affected by market risk relates to loans and borrowings.

The sensitivity analyses relates to the position as at 1 April 2023.

The sensitivity analyses have been prepared on the basis that the amount of net debt and the ratios of fixed to floating interest rates of debt is constant.

With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowing, as follows:

2023	**Interest on debt**	**Effect on profit before tax £000**
Loans and borrowings	5.00%	(89)
	10.00%	519

Credit risk
Credit risk exists within Trafalgar Releasing Ltd and More2Screen Limited, however this risk is mitigated given that debtor balances are largely offset by corresponding creditor balances which are only payable in the event that the relevant debtor is collected. Within Trafalgar Theatre Limited tickets are purchased in advance of the performance taking place and so the credit risk within this entity is limited.

Credit risk also exists within Stagecoach Theatre Arts Ltd. The majority of the customers have been transacting with the company for several years, with losses rarely occurring and most customers paying by direct debit. The Company works closely with its franchisees and assesses receivables using the ECL model as prescribed by IFRS 9. All receivables which management consider to be irrecoverable are fully provided for and all other trade receivables are considered to be recoverable. Luke Shires Marketing Limited invoices in advance of work performed and risk is therefore limited to the period of work performed falling within credit payment terms, if any.

Credit risk exists within London Theatre Direct as a result of its significant trading volumes. London Theatre Direct has mitigated this risk by implementing a strict credit policy and by putting bonds in place with partners where deemed necessary.

Trade receivables in regional venues largely relates to subsidy agreements with local councils. Credit risk in the regional venues is therefore considered to be low.

25 Financial risk management and impairment of financial assets (Continued)

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

2023	Current £000	30-60 days £000	61-90 days £000	> 90 days £000	Total £000
Gross trade receivables	4,757	4,279	755	2,419	12,210
Expected credit loss	(58)	-	(2)	(22)	(82)
Total net of expected credit loss	4,699	4,279	753	2,397	12,128

2021	Current £000	30-60 days £000	61-90 days £000	> 90 days £000	Total £000
Gross trade receivables	1,679	2,191	223	14	4,107
Expected credit loss	(15)	(46)	-	-	(61)
Total net of expected credit loss	1,664	2,145	223	14	4,046

Liquidity risk

Maturity analysis for financial liabilities

The following table sets out the of the remaining undiscounted cash flow contractual maturities of the Group's financial liabilities by type.

2023	Carrying amount £000	Gross nominal flow £000	Less than 1 month £000	1-3 months £000	3 months - 1 year £000	1-5 years £000	More than 5 years £000
Trade and other payables	60,370	60,370	23,179	17,878	19,228	84	1
Lease liabilities	14,637	31,465	9	197	904	4,426	25,930
Bank borrowings	18,235	18,169	-	166	498	17,505	-
	93,242	110,004	23,188	18,241	20,630	22,015	25,931

2021	Carrying amount £000	Gross nominal flow £000	Less than 1 month £000	1-3 months £000	3 months - 1 year £000	1-5 years £000	More than 5 years £000
Trade and other payables	44,863	44,863	20,357	8,718	12,695	3,093	-
Lease liabilities	17,012	33,775	288	3,574	739	4,600	24,574
Bank borrowings	8,247	8,274	41	139	446	7,462	159
	70,122	86,912	20,686	12,431	13,880	15,155	24,733

25 Financial risk management and impairment of financial assets (Continued)

Capital risk management

Capital management

For the purpose of the Group's capital management, capital includes issued capital, share premium and all other equity reserves attributable to the equity holders of the parent company. The primary objective of the Group's capital management is to maximise shareholder value. When the parent company issues new capital it invites all equity holders to participate to avoid any dilution of shareholdings.

Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates to the Group's operating activities (when revenue or expense is denominated in a foreign currency) and investing activities (when capital expenditure is denominated in a foreign currency). Currency risk is present within Trafalgar Releasing Ltd with around 50% of screen revenues generated in the UK and the remainder overseas.

Overseas screenings are all invoiced in either Euros or USD and so currency risk is limited to those two currencies. Stagecoach Theatre Arts limited has operations in Germany and Canada, presenting Euro and CAD currency risk. Management consider these operations not significant to the Group and will continue to consider and evaluate options to mitigate currency risk as these businesses grow. In the 2023 financial period, the Group continued trading in Australia through the Theatre Royal Sydney. Tickets sold and costs incurred are all in Australian dollars. Operations in Australia deal exclusively with local suppliers to reduce foreign exchange risk. Content and distribution businesses operating globally invoice in GBP, USD and EUR to avoid significant currency fluctuations. Investments in productions are almost always in GBP other than in exceptional circumstances. Group managment continue to explore ways to further reduce foreign currency risk within the Group.

Interest rate risk

The Group's main interest rate risk arises from long-term borrowings linked to the Bank Rate, which exposes the Group to cash flow interest rate risk. The Group has taken out an interest rate cap to limit its exposure to interest rate risk and continues to monitor interest rate trends to determine if further mitigation actions should be taken.

Liquidity risk

Management monitors rolling forecasts of the Group's cash and cash equivalents on the basis of expected cash flows. This is generally carried out at local level in the operating companies of the Group, in accordance with Group policy. The Group takes into account the liquidity of the market in which the entity operates. In addition, the Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

26 Trade and other payables

	Current		Non-current	
	2023	2021	2023	2021
	£'000	£'000	£'000	£'000
Trade payables	10,246	5,810	-	-
Accruals	27,043	14,905	-	-
Deferred consideration	15,958	2,991	-	1,484
Social security and other taxation	3,044	2,866	-	-
Other payables	7,123	21,157	-	5,050
	63,414	47,729	-	6,534

The Group's trade and other payables are due on normal commercial terms.

The fair value of the trade and other payables classified as financial instruments are disclosed in the financial instruments note.

The Group's exposure to market and liquidity risks related to trade and other payables is disclosed in note 25.

* Included in other payables is £2,273,000 (2021: £6,800,000) of voucher and gift card liabilities.

27 Lease liabilities

	2023	2021
Maturity analysis	£'000	£'000
Within one year	1,110	4,876
In two to five years	4,426	6,050
In over five years	25,934	24,707
Total undiscounted liabilities	31,470	35,633
Future finance charges and other adjustments	(16,833)	(16,912)
Lease liabilities in the financial statements	14,637	18,721

Lease liabilities are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2023	2021
	£'000	£'000
Current liabilities	469	3,900
Non-current liabilities	14,168	13,112
	14,637	17,012

27 Lease liabilities **(Continued)**

	2023	2021
Amounts recognised in profit or loss include the following:	£'000	£'000
Interest on lease liabilities	940	773

Group as a lessor

During the 2020 financial year, the Group purchased a freehold that was leased out to a third party. The Group has chosen to remain in the lease. The following table reflects the rental income relating to the lease:

	2023	2021
	£'000	£'000
Within 1 year	108	108
From 1 to 2 years	108	108
From 2 to 3 years	81	108
From 3 to 4 years	-	81
	297	405

Included within other income is £138,000 (2021: £109,000) relating to lease income during the period.

The Group had total cash outflows for leases of £5,047,000 in 2023 (2021: £14,027,000).

28 Deferred taxation

	2023	2021
	£'000	£'000
Deferred tax liabilities	5,128	4,675
	5,128	4,675

The following are the major deferred tax liabilities and assets recognised by the group and movements thereon during the current and prior reporting period.

28 Deferred taxation **(Continued)**

	Tax losses	Accelerated tax depreciation	Provisions	Other items	Total
	£'000	£'000	£'000	£'000	£'000
Liability at 26 December 2020	-	(108)	-	(4,622)	(4,730)
Asset at 26 December 2020	3,941	-	(24)	-	3,965
Deferred tax movements in prior period					
(Charge)/credit to profit or loss	1,967	(243)	13	(1,733)	4
Recognised on business combinations	541	(357)	11	(4,109)	(3,914)
Reclassification	-	-	26	(26)	-
Liability at 26 December 2021	-	(708)	-	(10,490)	(11,198)
Asset at 26 December 2021	6,449	-	74	-	6,523
Deferred tax movements in current period					
(Charge)/credit to profit or loss	(1,650)	110	(149)	1,646	(43)
Recognised on business combinations	-	-	-	(410)	(410)
Liability at 1 April 2023	-	(598)	(75)	(9,254)	(9,927)
Asset at 1 April 2023	4,799	-	-	-	4,799

29 Deferred revenue

	2023	2021
	£'000	£'000
Arising from contracts with customers	15,066	5,456

All deferred revenues are expected to be settled within 12 months from the reporting date.

30 Retirement benefit schemes

Defined contribution schemes	**2023 £'000**	**2021 £'000**
Charge to profit or loss in respect of defined contribution schemes	1,412	553

Group
The Group operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the Group to the scheme and mounted to £1,397,000 (2021: £553,000).

Contributions totalling £167,000 (2021: £147,000) were payable to the scheme at the end of the peiod and are included in other payables in note 26.

Company
Contributions totalling £73,000 (2021: £37,000) were payable to the scheme at the end of the period and are included in note 26.

Defined benefit pension schemes accounted for as defined contribution pension schemes

The Company acquired the entire issued share capital in HQ Theatres & Hospitality Holdings Limited (HQTHH) on 27th March 2021. Four subsidiary companies of HQTHH (Trafalgar UK Theatres Southend Limited, Trafalgar UK Theatres Dartford Limited, Trafalgar UK Theatres Hastings Limited and Trafalgar UK Theatres Limited, which formed part of that acquisition) participate in four separate Local Government Pension Scheme (LGPS) funds through their status as admitted bodies. These four participating employers are responsible for paying contributions to meet the ongoing cost of benefits building up for active members.

Contributions for these four funds are reviewed every three years following an actuarial valuation, with the most recent valuations occurring during 2022. The outcome of the valuations showed a surplus for Dartford and Crewe, with immaterial deficits in Southend and Hastings in relation to each employer's share of the fund. For two of the four funds, no contributions are currently payable. There are no minimum contribution levels.

On 23rd August 2021, Trafalgar UK Theatres Cardiff Limited (a subsidiary of HQTHH and of the Company) (NTCL) completed an agreement with Cardiff City Council to operate the New Theatre in Cardiff, the effective date of the transfer of such operation being 16th August 2021. On 22nd September 2021, NTCL signed an agreement to become an admitted body to the Cardiff and Vale of Glamorgan Local Government Pension Scheme fund in relation to the members of that fund whose contracts of employment were assumed by NTCL as part of the agreement to operate that theatre, again effective from 16th August 2021. Contributions to this fund are also reviewed by cyclical actuarial valuation.

On admission to the relevant fund, an admitted body receives an allocation of liability in the fund reflecting the pension entitlements of the employees who transfer, and an asset pool of equivalent actuarial value to fund those liabilities. Following this transfer, the risk attached to this pool of assets and liabilities becomes the responsibility of the admitted body. While the wider performance of the relevant fund (based on the cyclical valuations) determines the level at which employer contributions should be set, the admitted body is responsible only for contributions required to meet the cost of benefits for its own employees who are members of the relevant scheme, and not for employees of the Council or other third party admitted bodies.

On the expiry or termination of an employer's underlying agreement to operate the relevant theatre, that employer becomes an "exiting employer" under the LGPS rules. The administering authority to the relevant fund is then required to obtain an actuarial assessment as at the exit date to determine the shortfall, if any, in the exiting employer's participation.

30 Retirement benefit schemes **(Continued)**

For all five of the pension funds to which members of the Company's group are admitted bodies:

i. the Company considers that the relevant funds are defined benefit schemes;

ii. it was not possible to obtain contemporaneous valuation information to measure any liability of a group company on a defined benefit basis at year end or at the point of the acquisition of HQTHH, or (in the case of Cardiff) NTCL's admission to the relevant fund, because such valuations are carried out cyclically and as part of a wider valuation of the entire fund;

iii. the ongoing contributions from the relevant employers within the group have continued at their previous rates following he conclusion of the revaluation effective from 31st March 2022;

iv. there is no information currently within the Company's knowledge about any deficit or surplus in any plan that may affect the amount of future contributions;

v. the Company does not have precise metrics for the level of each admitted body's participation in the relevant fund compared to other participating entities, but (as the participating employees in each case are employed at a single theatre in the relevant location, and are limited in number) its overall level of participation compared to the total membership of the relevant LGPS fund will be very low.

31 Share capital

	2023	2021	2023	2021
Ordinary share capital	**Number**	**Number**	**£000**	**£000**
Issued and fully paid				
Class A ordinary shares of £1 each	89,009,177	89,009,177	89,009	89,009
Class B ordinary shares of £1 each	5,178,968	5,178,968	5,179	5,179
Class C ordinary shares of £0.001 each	14,477,179	13,778,000	15	14
Deferred shares of £0.001 each	181,074,000	181,074,000	181	181
	289,739,324	289,040,145	94,384	94,383

31 Share capital **(Continued)**

New shares issued

During the period the Company made the following changes to its share capital:

- Issued 631,061 Ordinary C shares at £0.001 each in the period for total consideration of £631, giving rise to no share premium.

Rights, preferences and restrictions

A and B Ordinary Shares have the following rights, preferences and restrictions:

The A shares and B shares shall have the same rights and restrictions other than as set out in the articles of association which can be found at Companies House.

A summary of the restrictions are as follows:

Until such time as each holder of B shares has been paid back in full the total of its respective Subscription Amount, any profits available for distribution which the Company may decide to distribute shall be applied in distibuting such profits amongst the holders of B shares only.

Once each holder of B shares has been paid back in full the total of its respective Subscription Amount, any profits available which the Company may decide to dsitribute shall be applied in distributing such profits amongst all the shareholders(pari passu as if the A shares and B shares constituted one class of shares) pro rata to their respective shareholdings.

At a general meeting, on a show of hands every shareholder who is present in person or by proxy shall have one vote, unless the proxy himself is a shareholder entitled to vote; on a poll every shareholder present in person or by proxy shall have on vote for each share of which he is the holder; and on a vote on a written resolution every shareholder has one vote for each share of which he is the holder.

C Ordinary Shares have the following rights, preferences and restrictions:

C Ordinary Shares shall not confer on the holders thereof the right to receive notice of or to attend, speak or vote at general meetings of the Company nor to receive or vote on proposed written resolutions of the Company.The C Ordinary Shares shall not carry any right to receive dividends or other distributions.

C shares are management sweet equity, which are allocated according to the board's discretion. C shares only have value on a share or asset sale by the current majority shareholder, and then only to the extent that the IRR of the A & B share exceeds 10%, in which case the C shares receive 20% of any proceeds after the A & B shares have recouped 10%.

Deferred Shares have the following rights, preferences and restrictions:

The Deferred Shares shall not confer on the holders thereof the right to receive notice of or to attend, speak or vote at general meetings of the Company nor to receive or vote on proposed written resolutions of the Company.The Deferred Shares shall not carry any right to receive dividends or other distributions.

As part of its capital restrucruing in April 2018, the Company offered some of its existing shareholders the opportunity to roll over their existing shareholding through converting their old B shares partially into new B shares at an exchange ratio reflecting the uplift in value of the new B shares, and partially into Deferred Shares. Deferred Shares hold no voting or economic rights.

32 Share premium account

	2023 £'000	2021 £'000
At the beginning of the 15 month period	40,858	15,663
Issue of new shares	-	25,195
At the end of the 15 month period	40,858	40,858

The share premium account represents the excess of the issue price over the par value on shares issued, less transaction costs arising on issue.

33 Fair value measurement

The following table provides the fair value measurement hierachy of the Group's assets and liabilities.

Assets	**Valuation date**	**2023 Total**	**Quoted prices in active markets (Level 1) £000**	**Significant observable inputs (Level 2) £000**	**Significant unobservable inputs (Level 3) £000**
Investments in productions	1 April 2023	1,052	-	-	1,052

Assets	***Valuation date***	***2021 Total***	**Quoted prices in active markets *(Level 1)* £000**	**Significant observable inputs *(Level 2)* £000**	**Significant unobservable inputs *(Level 3)* £000**
Call option	25 December 2021	2,594	-	-	2,594
Investments in productions	25 December 2021	552	-	-	552

Liabilities	**Valuation date**	**2023 Total**	**Quoted prices in active markets (Level 1) £000**	**Significant observable inputs (Level 2) £000**	**Significant unobservable inputs (Level 3) £000**
Deferred consideration	1 April 2023	15,958	-	-	15,958

Liabilities	**Valuation date**	**2021 Total**	**Quoted prices in active markets (Level 1) £000**	**Significant observable inputs (Level 2) £000**	**Significant unobservable inputs (Level 3) £000**
Deferred consideration	25 December 2021	4,475	-	-	4,475
Put option	25 December 2021	5,050	-	-	5,050

There were no transfers between Level 1 and Level 2 during 2023 or 2021.

33 Fair value measurement **(Continued)**

Description of significant unobservable inputs to valuation:
The significant unobservable inputs used in the fair value measurements categorised within Level 3 of the fair value hierarchy, together with a quantitive sensitivity analysis as at 1 April 2023 are shown below:

Assets	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of the input to fair value
Call option	Black Scholes model	Probability adjusted EBITDA	2023: N/A (2021: £2.1m - £3.8m)	10% increase in the probability-adjusted EBITDA would reduce the fair value of the call option by N/A (2021: £445,000)
				10% decrease in the probability adjusted EBITDA would increase the fair value of the call option by N/AI (2021: £537,000)
		Volatility	2023: N/A (2021: 50%)	10% increase in the assumed volatility would increase the fair value by N/A (2021: £696,000)
				10% decrease in the assumed volatility would decrease the fair value by N/A (2021: £696,000)

Liabilities	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of the input to fair value
Deferred consideration	DCF method	Discount rate	2023: 4.2% (2021: 1.9%)	1% decrease in discount rate would result in an increase in fair value of the deferred consideration by £50,000 (2021: £20,000)
				1% increase in discount rate would result in a decrease in fair value of the deferred consideration by £58,000 (2021: £20,000)
Put option	Black Scholes model	Probability adjusted EBITDA	2023: N/A (2021: £2.1m - 3.8m)	10% increase in probability-adjusted EBITDA would increase the fair value of the put option by N/A (2021: £1,180,000)
				10% decrease in probability-adjusted EBITDA would decrease the fair value of the put option by N/A (2021: £1,089,000)

33 Fair value measurement **(Continued)**

Liabilities	Valuation technique	Significant unobservable inputs	Range (weighted average	Sensitivity of the input to fair value
Put option	Black Scholes model	Volatility	2023: N/A (2021: 50%)	10% increase in the assumed volatility would increase the fair value by N/A (2021: £696,000) 10% decrease in the assumed volatility would decrease the fair value by N/A (2021: £696,000)

Fair value movements have been recognised in the Statement of Comprehensive Income as follows:
- £nil (2021: £6,328,000) in respect of the put and call options.
- £nil (2021: £334,000) in respect of the forward contracts.
- £241,000 (2021: £75,000) in respect of the deferred consideration.

Reconcilliation of fair value measurement of derivative assets and liabilites categorised within Level 3 of the fair value hierarchy:

	Financial assets	Financial liabilites	
	Call option	Put option	Deferred consideration
As at 25 December 2021	2,594	(5,050)	(4,475)
Additions	-	-	(16,000)
Payments made	-	-	4,275
Remeasurement recognised in statement of total comprehensive income during the period	(2,594)	5,050	242
As at 1 April 2023	-	-	(15,958)

34 Acquisitions of a business

On 17 November 2022 the group acquired 100 percent of the issued capital of Stagedoor App UK Limited ("Stagedoor"), obtaining control. The principal activity of Stagedoor is ticket sales via a mobile app.

Net assets of business acquired	**Book Value £'000**	**Adjustments £'000**	**Fair Value £'000**
Financial assets	50	-	50
Intangible assets	273	(273)	-
Identifiable intangible assets	-	1,640	1,640
Financial liabilities	(261)	-	(261)
Deferred tax liability	-	(410)	(410)
Cash and cash equivalents	38	-	38
Total identifiable net assets	100	957	1,057
Non-controlling interests			-
Goodwill			2,309
Total consideration			3,366

The consideration was satisfied by:	**£'000**
Cash	3,366

Net cash outflow arising on acquisition	**£'000**
Cash consideration	3,366
Less: Cash and cash equivalents acquired	(38)
	3,328

Acquisition-related costs (included in administrative expenses) amount to £164,000. Goodwill arising from the acquisition represents workforce and economic goodwill.

A deferred tax liability of £410,000 was recognised on acquisition of the intangible assets.

Contribution by the acquired business for the reporting period included in the group statement of comprehensive income since acquisition:

	£'000
Revenue	581
Loss after tax	(122)

If the acquisition of the above company had been completed on the first day of the financial year, Group revenues for the period would have been £150,580k and the Group profit would have been £4,031k.

35 Events after the reporting date

In April 2023, the Group acquired 100% of the share capital in Glasgow Pavilion Theatre Limited and it's subsidiary, a regional UK theatre business, for consideration of £6.9 million. The acquisition was made in line with the Group's strategy to acquire and expand in the field of arts and entertainment. The Group are in the process of determining fair value of the net assets acquired.

During June 2023, the Group also secured the rights to operate another regional venue scheduled to open during late FY24/early FY25.

In Q1 FY24, an unrelated third party purchased the leasehold of two flats at Chiswick Cinema for consideration of £0.6 million.

36 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel, including directors, is set out below in aggregate for each of the categories specified in IAS 24 *Related Party Disclosures.*

	2023 £'000	2021 £'000
Salaries and other short-term employee benefits	4,087	2,928
Post-employment benefits	162	120
	4,249	3,048

During the period Trafalgar Theatre Productions Limited charged £165,000 (2021: £100,000) of management fees to and had income of £126,965 (shown as income from associates) (2021: £8,205 loss) from Rocky Horror Company Limited, and RHUK18 Limited paid £435,471 (2021: £117,679) of royalties and share of merchandise income to Rocky Horror Company Limited. Sir Howard H Panter is a director of Rocky Horror Company Limited.

During the period SS American 2021 Ltd paid Trafalgar Theatre Productions Limited £249,750 (2021: £257,998) in profits, royalties and other costs. SS American Film Limited paid Trafalgar Theatre Productions Limited £37,393 (2021: £25,000). SS American 2021 Limited and SS American Films Limited are associates of Trafalgar Theatre Productions Limited.

During the period Trafalgar Releasing Ltd paid KI PAL Ltd £6,810 (2021: £66,742) in producer share of event income. Trafalgar Releasing Ltd received £nil (2021: £55,271) in profits from KI PAL Ltd.

During the period Trafalgar Releasing Ltd paid SS American Film Limited £767,824 (2021: £nil) in producer share of event income.

During the period the Group received of £nil (2021: £1800) from Concord Theatricals Limited (CTL) for the license of a theatrical performance catalogue and broadcast royalties. The ultimate controlling party of CTL is Concord. Concord became a related party following Barings Asset-Based Income Fund (US), LP acquiring the controlling stake in the Group and shares mutual Directors.

Investment and recoupment transactions with associates are reflected in note 17. At 1 April 2023, the Group does not have any outstanding receivables or payables balances with the associates other than as disclosed in note 17.

37 Controlling party

Barings Asset-Based Income fund (US), LP is considered to be the ultimate controlling party by virtue of its 82.31% (2021: 80.14%) holding in the issued share capital of Trafalgar Entertainment Group Limited.

Trafalgar Entertainment Group Limited heads the smallest and largest Group into which these results are consolidated.

TRAFALGAR ENTERTAINMENT GROUP LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 1 APRIL 2023

	Notes	2023 £000	2021 £000
Non-current assets			
Intangible assets	39	338	308
Property, plant and equipment	40	3,027	1,574
Investments	41	104,528	77,161
Deferred tax asset	46	2,484	4,648
Derivative financial instruments		-	2,594
		110,377	86,285
Current assets			
Trade and other receivables	42	58,741	51,676
Cash and cash equivalents		7,904	2,534
		66,645	54,210
Current liabilities			
Trade and other payables	44	54,458	11,901
Borrowings	43	9,565	533
Lease liabilities	45	346	400
		64,369	12,834
Net current assets		2,276	41,376
Non-current liabilities			
Trade and other payables	44	-	6,509
Borrowings	43	8,670	7,200
Lease liabilities	45	2,626	1,309
		11,296	15,018
Net assets		101,357	112,643
Equity			
Called up share capital	47	94,384	94,383
Share premium account		40,858	40,858
Retained earnings		(33,885)	(22,598)
Total equity		101,357	112,643

As permitted by s408 Companies Act 2006, the company has not presented its own income statement and related notes. The company's loss for the period was £11.287 million (2021: £12.351 million).

COMPANY STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 1 APRIL 2023

The financial statements were approved by the board of directors and authorised for issue on ...28.06.23............... and are signed on its behalf by:

RA Squire

....

Dame R A Squire
Director

Company Registration No. 10409029

TRAFALGAR ENTERTAINMENT GROUP LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE 15 MONTH PERIOD ENDED 1 APRIL 2023

	Notes	Share capital £000	Share premium account £000	Retained earnings £000	Total £000
Balance at 27 December 2020		53,720	15,663	(10,247)	59,136
Period ended 25 December 2021:					
Loss and total comprehensive income for the period		-	-	(12,351)	(12,351)
Transactions with owners in their capacity as owners:					
Issue of share capital	**47**	40,663	25,195	-	65,858
Balance at 25 December 2021		94,383	40,858	(22,598)	112,643
Period ended 1 April 2023:					
Loss and total comprehensive income for the period		-	-	(11,287)	(11,287)
Transactions with owners in their capacity as owners:					
Issue of share capital	**47**	1	-	-	1
Balance at 1 April 2023		94,384	40,858	(33,885)	101,357

38 Accounting policies

Company information

Trafalgar Entertainment Group Limited is a private company limited by shares incorporated in England and Wales. The registered office is Ashcombe Court, Woolsack Way, Godalming, Surrey, United Kingdom, GU7 1LQ. The company's principal activities and nature of its operations are disclosed in the directors' report.

38.1 Accounting convention

The company financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101), the Companies Act 2006 and applicable accounting standards.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £'000.

The company applies accounting policies consistent with those applied by the group. To the extent that an accounting policy is relevant to both group and parent company financial statements, please refer to the group financial statements for disclosure of the relevant accounting policy.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

As permitted by FRS 101, the company has taken advantage of the following disclosure exemptions from the requirements of IFRS:

(a) the requirements of IFRS 7 'Financial Instruments: Disclosure';
(b) the requirements within IAS 1 relating to the presentation of certain comparative information;
(c) the requirements of IAS 7 'Statement of Cash Flows' to present a statement of cash flows;
(d) paragraphs 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective); and
(e) the requirements of IAS 24 'Related Party Disclosures' to disclose related party transactions and balances between two or more members of a group.

38.2 Going concern

The directors have at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

39 Intangible assets

	Software £000
Cost	
At 27 December 2020	363
Additions	81
At 25 December 2021	444
Additions	250
Impairment	(94)
At 1 April 2023	600
Amortisation and impairment	
At 27 December 2020	59
Charge for the period	77
At 25 December 2021	136
Charge for the period	139
Eliminated on impairment	(13)
At 1 April 2023	262
Carrying amount	
At 1 April 2023	338
At 25 December 2021	308

40 Property, plant and equipment

	Leasehold land and buildings	Plant and equipment	Total
	£000	£000	£000
Cost			
At 27 December 2020	1,867	377	2,244
Additions	-	81	81
At 25 December 2021	1,867	458	2,325
Additions	1,584	258	1,842
At 1 April 2023	3,451	716	4,167
Accumulated depreciation and impairment			
At 27 December 2020	383	109	492
Charge for the 15 month period	194	65	259
At 25 December 2021	577	174	751
Charge for the 15 month period	290	99	389
At 1 April 2023	867	273	1,140
Carrying amount			
At 1 April 2023	2,584	443	3,027
At 25 December 2021	1,290	284	1,574

Property, plant and equipment includes right-of-use assets, as follows:

Right-of-use assets	2023	2021
	£'000	£'000
Net values at the 15 month period end		
Property	2,584	1,290
Plant and equipment	9	13
	2,593	1,303
Total additions in the 15 month period	1,584	12
Depreciation charge for the 15 month period		
Property	290	196
Plant and equipment	4	5
	294	201

41 Investments

	Current		Non-current	
	2023	2021	2023	2021
	£000	£000	£000	£000
Investments in subsidiaries	-	-	104,528	77,161

Fair value of financial assets carried at amortised cost

Except as detailed below the directors believe that the carrying amounts of financial assets carried at amortised cost in the financial statements approximate to their fair values.

Investment in subsidiary undertakings

Details of the company's principal operating subsidiaries are included in note 16.

Movements in non-current investments

	Shares in subsidiaries £'000
Cost or valuation	
At 26 December 2021	77,161
Additions	27,367
At 1 April 2023	104,528
Carrying amount	
At 1 April 2023	104,528
At 25 December 2021	77,161

On 17 November 2023, the Group acquired Stagedoor App UK Limited for £3.366 million. The principal activity of Stagedoor is the ticket sales via a mobile app. During the period an updated agreement was reached enabling the Group to become controlling shareholders of London Theatre Direct Limited for consideration of £24 million.

42 Trade and other receivables

	2023	2021
	£000	£000
Trade receivables	4,165	492
Provision for bad and doubtful debts	-	(73)
	4,165	419
Amounts owed by fellow group undertakings	54,143	50,649
Other receivables	200	446
Prepayments	233	162
	58,741	51,676

42 *Trade and other receivables* *(Continued)*

Included within amounts owed by fellow group undertakings is a receivable of £24.0 million (2021: £24.0 million) from Trafalgar Entertainment Asia-Pacific Pty Ltd ("TEAP").

43 Borrowings

	Current		Non-current	
	2023	**2021**	**2023**	**2021**
	£000	**£000**	**£000**	**£000**
Borrowings held at amortised cost:				
Bank loans	9,565	533	8,670	7,200

Further information on the company's bank loans is detailed in note 23.

44 Trade and other payables

	Current		Non-current	
	2023	**2021**	**2023**	**2021**
	£000	**£000**	**£000**	**£000**
Trade payables	390	997	-	-
Amounts owed to subsidiary undertakings	-	6,817	-	-
Amounts owed to fellow group undertakings	36,504	-	-	-
Accruals	1,168	567	-	-
Deferred consideration	15,933	2,991	-	1,459
Social security and other taxation	376	298	-	-
Other payables	87	231	-	5,050
	54,458	11,901	-	6,509

45 Lease liabilities

	2023	2021
Maturity analysis	**£000**	**£000**
Within one year	499	275
In two to five years	1,841	1,450
In over five years	1,721	133
Total undiscounted liabilities	4,061	1,858
Future finance charges and other adjustments	(1,089)	(149)
Lease liabilities in the financial statements	2,972	1,709

45 Lease liabilities **(Continued)**

Lease liabilities are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2023 £000	2021 £000
Current liabilities	346	400
Non-current liabilities	2,626	1,309
	2,972	1,709

The fair value of the company's lease obligations is approximately equal to their carrying amount.

46 Deferred taxation

	2023 £000	2021 £000
Deferred tax assets	2,484	4,648
	2,484	4,648

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon during the current and prior reporting period.

	Tax losses £000	Accelerated tax depreciation £000	Other items £000	Total £000
Liability at 26 December 2020	-	(49)	-	(49)
Asset at 26 December 2020	3,093	-	22	3,115
Deferred tax movements in prior period				
(Charge)/credit to profit or loss	1,587	(19)	14	1,582
Liability at 26 December 2021	-	(68)	-	(68)
Asset at 26 December 2021	4,680	-	36	4,716
Deferred tax movements in current period				
(Charge)/credit to profit or loss	(2,174)	46	(36)	(2,164)
Liability at 1 April 2023	-	(22)	-	(22)
Asset at 1 April 2023	2,506	-	-	2,506

46 Deferred taxation **(Continued)**

In FY23, £2.2 million of deferred tax assets in respective of historic trading losses has been utilised. The deferred tax asset on losses remaining at 1 April 2023 is £2.5 million. In assessing the probability of recovery, the Directors have reviewed the Board approved budget and forecast that has been used for the going concern assessment and the goodwill and fixed asset impairment testing. This plan anticipates future taxable profits against which the deferred tax asset will be utilised over the next 3 years. At 1 April 2023, the Group has no unrecognised taxable losses (2021: £nil).

47 Share capital

Refer to note 31 of the group financial statements.

48 Controlling party

Barings Asset-Based Income fund (US), LP is considered to be the ultimate controlling party by virtue of its 82.31% (2021: 80.14%) holding in the issued share capital of Trafalgar Entertainment Group Limited.

Trafalgar Entertainment Group Limited heads the smallest and largest Group into which these results are consolidated.