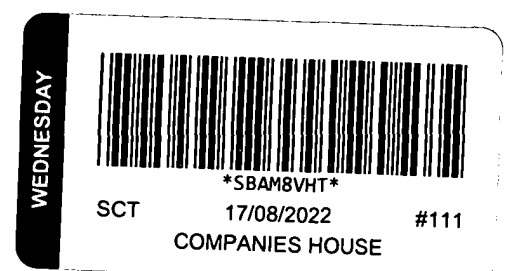


GRANITE CITY HOSPITALITY LTD
No. SC140973

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021



GRANITE CITY HOSPITALITY LTD

COMPANY INFORMATION

Directors	Allan Henderson Alan Aitken Derren McRae Jamie Gilbert Kirsten Gilbert
Secretary	Raeburn Christie Clark & Wallace LLP
Company number	SC140973
Registered office	12 - 16 Albyn Place Aberdeen AB10 1PS
Business addresses	No. 10 Bar & Restaurant 10 Queens Terrace Aberdeen AB10 1XL Ferryhill House Hotel 169 Bon Accord Street Aberdeen AB11 6UA The Silver Darling Pocra Quay North Pier Aberdeen AB11 5DQ Mac's Pizzeria & The Esslemont Bar & Restaurant 38 Union Street Aberdeen AB10 1BD Under The Hammer 11 North Silver Street Aberdeen AB10 1RJ
Auditor	Hall Morrice LLP 6 & 7 Queens Terrace Aberdeen AB10 1XL
Bankers	Royal Bank of Scotland Queens Cross 40 Albyn Place Aberdeen AB10 1YN

GRANITE CITY HOSPITALITY LTD

COMPANY INFORMATION

Solicitors

Raeburn Christie Clark & Wallace LLP
12 - 16 Albyn Place
Aberdeen
AB10 1PS

GRANITE CITY HOSPITALITY LTD

CONTENTS

	Page
Strategic report	1 - 2
Directors' report	3 - 4
Independent auditor's report	5 - 7
Group statement of comprehensive income	8
Group balance sheet	9
Company balance sheet	10
Group statement of changes in equity	11
Company statement of changes in equity	12
Group statement of cash flows	13
Notes to the financial statements	14 - 32

GRANITE CITY HOSPITALITY LTD

STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2021

The directors present the strategic report for the year ended 30 September 2021.

Principal activities

The principal activity of the group continued to be the operation of licensed premises.

Fair review of the business

The consolidated statement of comprehensive income for the year shows a 14.2% increase in Group turnover to £5.49m (2020 - £4.81m). The gross profit % has also increased from 68.3% to 70.8% in 2021 as the directors maintain a close control of costs. This is also reflected in the operating profit achieved during the year. The profit before tax for the year of £530k (2020 - loss of £83k) has increased in comparison to last year.

Overhead and interest costs have increased by 5.3% from £4.19m to £4.41m. This % increase is an acceptable level given the above increase in trading.

The balance sheet shows that the group's net assets at the year end have increased from £820k to £1.2m. This is due to a better year of trading in 2021 which has resulted in a healthier bank balance for the group. At the year end, total bank borrowings have decreased from £3.4m to £3.2m mainly due to the repayments made during the year.

Principal risks and uncertainties

Some of the principal risks and uncertainties facing the Group are:

Business risk

The principal risks to the revenues of the company are local competitive prices and demand, the robustness of the local oil and gas industry and poor economic conditions as seen in the recent events surrounding Covid-19. Cost associated with the running of the company are exposed to rising wage expectations of the local workforce due to competing employers and the lack of labour in the market – place.

The company continues to manage these business risks within its various areas of operation by way of a focused management approach on customer relationships alongside proactive management of the operating cost base.

Financial Risk

The company's financial position comprises borrowings, cash and short - term deposits, and various items such as trade debtors and trade creditors that arise directly from its operations. The purpose of these financial instruments is to fund the company's operations as well as to manage its working capital. The principal risks to these instruments comprise liquidity risk and interest risk on borrowings.

Liquidity risk is managed through maintaining a mixture of long-term and short-term debt finance that is designed to ensure the company has sufficient available funds for operation and planned developments. In addition, interest rate risk is managed through focus on the level of debt finance utilised and the related financial cost, both current and expected. The company does not use derivative financial instruments to manage financial cost or for any other purpose.

The company has maintained a prudent approach to dividend distribution.

Covid risk

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for at least twelve months from the date of signing the financial statements. In arriving at this conclusion, the directors have given due consideration to the possible impact of the Covid-19 pandemic on future operations. Thus the directors have continued to adopt the going concern basis of accounting in preparing the financial statements.

GRANITE CITY HOSPITALITY LTD

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2021

Development and performance

The Group has seen an increase in revenue and profits in the year and the directors are confident that they will be able to continue to provide a high standard of service and product to satisfy their customers.

The directors have always ensured that the Group uses a high standard of ingredient and that they are prepared in such a manor that they more than satisfy the health and safety standards required by the hospitality industry. The directors take compliance with health and safety regulations very seriously. The Group is subject to checks of its health and safety by various bodies. This has ensured the continuous provision of a high quality service and product.

Key performance indicators

Annual budgets incorporating strong seasonal trends are set to assess the level of financial performance against actual. A key performance indicator of financial success for the business is the monthly gross margin achievement for each operating department, staff retention rates and environmental impacts.

On behalf of the board



Allan Henderson

Director

10 August 2022

GRANITE CITY HOSPITALITY LTD

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2021

The directors present their report and audited financial statements for the year ended 30 September 2021.

Directors

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

Allan Henderson
Alan Aitken
Derren McRae
Jamie Gilbert
Kirsten Gilbert

Results and dividends

The results for the year are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

Future developments

Information on future developments is included within the Strategic report on page 1.

Auditor

Hall Morrice LLP were appointed as auditor to the group and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of directors' responsibilities

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

GRANITE CITY HOSPITALITY LTD

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2021

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company and group is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company and group is aware of that information.

On behalf of the board



Allan Henderson

Director

10 August 2022

GRANITE CITY HOSPITALITY LTD

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GRANITE CITY HOSPITALITY LTD

Opinion

We have audited the financial statements of Granite City Hospitality Ltd (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 September 2021 which comprise the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 September 2021 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Comparative figures

The comparative figures for the period from 1 October 2019 to 30 September 2020 are unaudited.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information 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 our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

GRANITE CITY HOSPITALITY LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF GRANITE CITY HOSPITALITY LTD

Opinions on other matters prescribed by the Companies Act 2006

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

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

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 and the Directors' report.

We have nothing to report in respect of the following matters where 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, as set out in the Directors' report, 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 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 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

- Enquiry of management, those charged with governance and the entity's solicitors around actual and potential litigation and claims.
- Enquiry of entity staff in tax and compliance functions to identify any instances of non-compliance with laws and regulations.
- Reviewing minutes of meetings of those charged with governance.
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business.

GRANITE CITY HOSPITALITY LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF GRANITE CITY HOSPITALITY LTD

A further description of our responsibilities is available 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 group'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 group'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 group and the group's members as a body, for our audit work, for this report, or for the opinions we have formed.

Robert J C Bain MA CA CTA

Senior Statutory Auditor

For and on behalf of Hall Morrice LLP

Statutory Auditor

Aberdeen

10 August 2022

GRANITE CITY HOSPITALITY LTD

GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Notes	2021 £	Unaudited 2020 £
Turnover	3	5,494,980	4,811,688
Cost of sales		(1,604,543)	(1,525,782)
Gross profit		3,890,437	3,285,906
Administrative expenses		(4,364,511)	(4,124,356)
Other operating income		1,064,700	815,037
Operating profit/(loss)	4	590,626	(23,413)
Interest receivable and similar income		103	1,013
Interest payable and similar expenses	8	(61,037)	(60,910)
Profit/(loss) before taxation		529,692	(83,310)
Tax on profit/(loss)	9	(153,295)	(13,892)
Profit/(loss) for the financial year	23	376,397	(97,202)
Profit/(loss) for the financial year is attributable to:			
- Owners of the parent company		357,242	(94,880)
- Non-controlling interests		19,155	(2,322)
		376,397	(97,202)
Total comprehensive income for the year is attributable to:			
- Owners of the parent company		357,242	(94,880)
- Non-controlling interests		19,155	(2,322)
		376,397	(97,202)

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

GRANITE CITY HOSPITALITY LTD

GROUP BALANCE SHEET AS AT 30 SEPTEMBER 2021

	Notes	£	2021 £	£	Unaudited 2020 £
Fixed assets					
Goodwill	10		65,921		67,931
Tangible assets	11		5,608,759		5,311,567
			<u>5,674,680</u>		<u>5,379,498</u>
Current assets					
Stocks	14	124,474		101,851	
Debtors	15	82,909		122,119	
Cash at bank and in hand		1,191,312		686,031	
			<u>1,398,695</u>	<u>910,001</u>	
Creditors: amounts falling due within one year	16	(2,723,591)		(2,013,231)	
Net current liabilities			<u>(1,324,896)</u>		<u>(1,103,230)</u>
Total assets less current liabilities			<u>4,349,784</u>		<u>4,276,268</u>
Creditors: amounts falling due after more than one year	17		(2,868,827)		(3,286,955)
Provisions for liabilities			<u>(284,115)</u>		<u>(168,868)</u>
Net assets			<u>1,196,842</u>		<u>820,445</u>
Capital and reserves					
Called up share capital	22		2		2
Profit and loss reserves	23		1,169,819		812,577
Equity attributable to owners of the parent company			<u>1,169,821</u>		<u>812,579</u>
Non-controlling interests			<u>27,021</u>		<u>7,866</u>
Total equity			<u>1,196,842</u>		<u>820,445</u>

The financial statements were approved by the board of directors and authorised for issue on 10 August 2022 and are signed on its behalf by:


Allan Henderson
Director

GRANITE CITY HOSPITALITY LTD

COMPANY BALANCE SHEET AS AT 30 SEPTEMBER 2021

	Notes	£	2021 £	£	Unaudited 2020 £
Fixed assets					
Goodwill	10		70,283		70,283
Tangible assets	11		4,540,139		4,342,413
Investments	12		40,000		40,000
			<u>4,650,422</u>		<u>4,452,696</u>
Current assets					
Stocks	14	111,694		90,296	
Debtors	15	382,893		419,321	
Cash at bank and in hand		1,066,145		620,787	
			<u>1,560,732</u>	<u>1,130,404</u>	
Creditors: amounts falling due within one year	16	(2,484,643)		(1,889,082)	
Net current liabilities			<u>(923,911)</u>		<u>(758,678)</u>
Total assets less current liabilities			<u>3,726,511</u>		<u>3,694,018</u>
Creditors: amounts falling due after more than one year	17		(2,361,806)		(2,706,149)
Provisions for liabilities			<u>(263,609)</u>		<u>(164,402)</u>
Net assets			<u>1,101,096</u>		<u>823,467</u>
Capital and reserves					
Called up share capital	22		2		2
Profit and loss reserves	23		1,101,094		823,465
Total equity			<u>1,101,096</u>		<u>823,467</u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £277,629 (2020 - £85,236 loss).

The financial statements were approved by the board of directors and authorised for issue on 10 August 2022 and are signed on its behalf by:


Allan Henderson
Director

Company Registration No. SC140973

GRANITE CITY HOSPITALITY LTD

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Share capital £	Profit and loss reserves £	Total controlling interest £	Non- controlling interest £	Total £
Balance at 1 October 2019	2	907,457	907,459	10,188	917,647
Year ended 30 September 2020:					
Loss and total comprehensive income for the year	-	(94,880)	(94,880)	(2,322)	(97,202)
Balance at 30 September 2020	2	812,577	812,579	7,866	820,445
Year ended 30 September 2021:					
Profit and total comprehensive income for the year	-	357,242	357,242	19,155	376,397
Balance at 30 September 2021	2	1,169,819	1,169,821	27,021	1,196,842

GRANITE CITY HOSPITALITY LTD

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Share capital £	Profit and loss reserves £	Total £
Balance at 1 October 2019	2	908,700	908,702
Year ended 30 September 2020:			
Loss and total comprehensive income for the year	-	(85,235)	(85,235)
Balance at 30 September 2020	2	823,465	823,467
Year ended 30 September 2021:			
Profit and total comprehensive income for the year	-	277,629	277,629
Balance at 30 September 2021	2	1,101,094	1,101,096

GRANITE CITY HOSPITALITY LTD

GROUP STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Notes	£	2021 £	£	2020 £
Cash flows from operating activities					
Cash generated from operations	27		1,012,890		102,076
Interest paid			(61,037)		(60,910)
Income taxes refunded/(paid)			23,505		(23,505)
Net cash inflow from operating activities			975,358		17,661
Investing activities					
Purchase of tangible fixed assets		(297,192)		(219,004)	
Interest received		103		1,013	
Net cash used in investing activities			(297,089)		(217,991)
Financing activities					
Proceeds from borrowings		-		150,000	
Proceeds of new bank loans		-		800,000	
Repayment of bank loans		(172,988)		(89,745)	
Net cash (used in)/generated from financing activities			(172,988)		860,255
Net increase in cash and cash equivalents			505,281		659,925
Cash and cash equivalents at beginning of year			686,031		26,106
Cash and cash equivalents at end of year			1,191,312		686,031

GRANITE CITY HOSPITALITY LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

1 Accounting policies

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

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 £.

The company is a qualifying entity for the purposes of FRS 102, being the parent of a group that prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income.

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

The consolidated group financial statements consist of the financial statements of the parent company Granite City Hospitality Ltd 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 subsidiary, Fourmile House (Aberdeen) Ltd's, year end is 31 October 2021 which is not aligned to the parent company. However, per FRS 102 as the subsidiary's year end falls within three months of the parent company's year end, we have taken in the subsidiary's accounts as if they fell due at the same year end date as the parent company.

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.

GRANITE CITY HOSPITALITY LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2021

1 Accounting policies (continued)

1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for at least twelve months from the date of signing the financial statements. In arriving at this conclusion, the directors have given due consideration to the possible impact of the Covid-19 pandemic on future operations. Thus the directors have continued to adopt the going concern basis of accounting in preparing the financial statements.

1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.5 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

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.

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation 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:

Freehold land and buildings	Nil
Leasehold land and buildings	1% Straight line
Leasehold improvements	20% Straight line and 10% Straight line
Fixtures and fittings	20% Straight line and 33 1/3% Straight line
Motor vehicles	25% Straight line

GRANITE CITY HOSPITALITY LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2021

1 Accounting policies (continued)

For large periods of time since March 2020, and due to the Coronavirus pandemic, the group was either legally precluded from operating altogether or operating under considerable restrictions. Accordingly, the directors have paused the accounting policy for depreciating Leasehold property, Property improvements and Fixtures, fittings & equipment until such time as the group is able to recommence its trade in a fully operational manner. For this reason alone, the depreciation charged in the accounts represents a departure from the group's depreciation policy in place and generally accepted accounting principles.

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 profit and loss account.

Land and buildings are included at valuation and no depreciation has been provided for as the directors are of the opinion that the building concerned is maintained at a high standard through a programme of refurbishment and maintenance. As a consequence the life of the building its residual value is such that any depreciation charge would be immaterial.

1.7 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.8 Impairment of fixed assets

At each reporting period 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 company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

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.

GRANITE CITY HOSPITALITY LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2021

1 Accounting policies (continued)

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. 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.

1.9 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.10 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.11 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

GRANITE CITY HOSPITALITY LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2021

1 Accounting policies (continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

GRANITE CITY HOSPITALITY LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2021

1 Accounting policies (continued)

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.12 Equity instruments

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

1.13 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 year. Taxable profit differs from net profit as reported in the profit and loss account 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 liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing 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 profit and loss account, 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 if, and only if, there is 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.

1.14 Provisions

Provisions are recognised when the group has a legal or constructive present obligation as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

GRANITE CITY HOSPITALITY LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2021

1 Accounting policies (continued)

1.15 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 stock or fixed 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 company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.16 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.17 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

1.18 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, 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.

GRANITE CITY HOSPITALITY LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2021

2 Judgements and key sources of estimation uncertainty (continued)

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual value of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 11 for the carrying amount of each asset and note 1.6 for the useful economic lives for each class of assets.

Goodwill

The group establishes a reliable estimate of the useful life of goodwill arising on business combinations. This estimate is based on a variety of factors such as the expected use of the acquired business, the expected usual life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses. See note 10 for the carrying amount of the goodwill and note 1.5 for its useful economic life.

3 Turnover and other revenue

	2021 £	2020 £
Turnover analysed by class of business		
Restaurant and bar takings	5,494,980	4,811,688
	<u> </u>	<u> </u>
	2021 £	2020 £
Other significant revenue		
Interest income	103	1,013
Grants received	1,057,233	808,537
	<u> </u>	<u> </u>
	2021 £	2020 £
Turnover analysed by geographical market		
United Kingdom	5,494,980	4,811,688
	<u> </u>	<u> </u>

4 Operating profit/(loss)

	2021 £	2020 £
Operating profit/(loss) for the year is stated after charging/(crediting):		
Government grants	(1,057,233)	(808,537)
Depreciation of owned tangible fixed assets	-	166,627
Amortisation of intangible assets	2,010	3,523
Operating lease charges	99,205	113,049
	<u> </u>	<u> </u>

GRANITE CITY HOSPITALITY LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2021

5 Auditor's remuneration

	2021 £	2020 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	6,500	-
Audit of the financial statements of the company's subsidiaries	3,000	-
	<u>9,500</u>	<u>-</u>
For other services		
Taxation compliance services	1,315	925
All other non-audit services	10,717	7,450
	<u>12,032</u>	<u>8,375</u>

6 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	Group 2021 Number	2020 Number	Company 2021 Number	2020 Number
Directors	5	5	5	5
Restaurant and bar staff	170	191	145	162
Administrative	2	2	2	2
Total	<u>177</u>	<u>198</u>	<u>152</u>	<u>169</u>

Their aggregate remuneration comprised:

	Group 2021 £	2020 £	Company 2021 £	2020 £
Wages and salaries	2,718,275	2,464,260	2,261,654	2,101,004
Social security costs	138,675	134,671	138,675	134,671
Pension costs	131,139	109,661	114,884	94,742
	<u>2,988,089</u>	<u>2,708,592</u>	<u>2,515,213</u>	<u>2,330,417</u>

GRANITE CITY HOSPITALITY LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2021

7 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	244,608	136,435
Company pension contributions to defined contribution schemes	18,000	13,500
	<u>262,608</u>	<u>149,935</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2020 - 1).

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

	2021 £	2020 £
Remuneration for qualifying services	153,000	63,000
Company pension contributions to defined contribution schemes	18,000	13,500
	<u>171,000</u>	<u>76,500</u>

8 Interest payable and similar expenses

	2021 £	2020 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	61,037	60,062
Other interest on financial liabilities	-	848
	<u>61,037</u>	<u>60,910</u>

9 Taxation

	2021 £	2020 £
Current tax		
UK corporation tax on profits for the current period	38,048	-
Adjustments in respect of prior periods	-	(25,920)
Total current tax	<u>38,048</u>	<u>(25,920)</u>
Deferred tax		
Origination and reversal of timing differences	<u>115,247</u>	<u>39,812</u>
Total tax charge	<u>153,295</u>	<u>13,892</u>

GRANITE CITY HOSPITALITY LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2021

9 Taxation (continued)

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 6 September 2016). These changes included a reduction in the main rate to 17% from April 2020. In March 2020, the UK Government substantively enacted by a resolution under the Provisional Collection of Taxes Act 1968 to cancel the reduction in corporate tax rate, from 1 April 2020, and maintain the rate at 19%. Deferred taxes at the balance sheet date, in relation to UK companies, continue to be measured using tax rates enacted as at the balance sheet date (19%).

The actual charge for the year can be reconciled to the expected charge/(credit) for the year based on the profit or loss and the standard rate of tax as follows:

	2021 £	2020 £
Profit/(loss) before taxation	529,692	(83,310)
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19% (2020: 19%)	100,641	(15,829)
Tax effect of expenses that are not deductible in determining taxable profit	1,909	2,176
Unutilised tax losses carried forward	2,630	2,324
Permanent capital allowances in excess of depreciation	(66,977)	(14,849)
Deferred tax adjustments in respect of prior years	115,247	39,812
Pension provision movement	(155)	210
Unutilised qualified charitable donations	-	48
Taxation charge	153,295	13,892

10 Intangible fixed assets

Group	Goodwill £
Cost	
At 1 October 2020 and 30 September 2021	931,269
Amortisation and impairment	
At 1 October 2020	863,338
Amortisation charged for the year	2,010
At 30 September 2021	865,348
Carrying amount	
At 30 September 2021	65,921
At 30 September 2020	67,931

GRANITE CITY HOSPITALITY LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2021

10 Intangible fixed assets (continued)

Company	Goodwill £
Cost	
At 1 October 2020 and 30 September 2021	209,744
Amortisation and impairment	
At 1 October 2020 and 30 September 2021	139,461
Carrying amount	
At 30 September 2021	70,283
At 30 September 2020	70,283

11 Tangible fixed assets

Group	Freehold land and buildings £	Leasehold land and buildings £	Leasehold improvements £	Fixtures and fittings £	Motor vehicles £	Total £
Cost						
At 1 October 2020	2,953,373	571,280	1,696,699	516,824	4,500	5,742,676
Additions	61,851	-	152,073	83,268	-	297,192
At 30 September 2021	3,015,224	571,280	1,848,772	600,092	4,500	6,039,868
Depreciation and impairment						
At 1 October 2020 and 30 September 2021	16,857	6,188	345,172	58,767	4,125	431,109
Carrying amount						
At 30 September 2021	2,998,367	565,092	1,503,600	541,325	375	5,608,759
At 30 September 2020	2,936,516	565,092	1,351,527	458,057	375	5,311,567

GRANITE CITY HOSPITALITY LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2021

11 Tangible fixed assets (continued)

Company	Freehold land and buildings £	Leasehold land and buildings £	Leasehold improvements £	Fixtures and fittings £	Total £
Cost					
At 1 October 2020	2,013,460	571,280	1,696,699	733,353	5,014,792
Additions	-	-	152,073	45,653	197,726
At 30 September 2021	2,013,460	571,280	1,848,772	779,006	5,212,518
Depreciation and impairment					
At 1 October 2020 and 30 September 2021	-	6,188	345,172	321,019	672,379
Carrying amount					
At 30 September 2021	2,013,460	565,092	1,503,600	457,987	4,540,139
At 30 September 2020	2,013,460	565,092	1,351,527	412,334	4,342,413

12 Fixed asset investments

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Investments in subsidiaries	13	-	-	40,000	40,000

Movements in fixed asset investments

Company	Shares in subsidiaries £
Cost or valuation	
At 1 October 2020 and 30 September 2021	40,000
Carrying amount	
At 30 September 2021	40,000
At 30 September 2020	40,000

13 Subsidiaries

Details of the company's subsidiaries at 30 September 2021 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
Fourmile House (Aberdeen) Ltd	United Kingdom	Operation of licensed premises	Ordinary	80.00

GRANITE CITY HOSPITALITY LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2021

14 Stocks

	Group 2021 £	2020 £	Company 2021 £	2020 £
Finished goods and goods for resale	124,474	101,851	111,694	90,296

15 Debtors

	Group 2021 £	2020 £	Company 2021 £	2020 £
Amounts falling due within one year:				
Trade debtors	24,072	12,786	12,193	4,703
Corporation tax recoverable	2,415	25,920	2,415	25,920
Amounts owed by group undertakings	-	-	313,689	313,689
Other debtors	23,505	59,234	23,505	51,009
Prepayments and accrued income	32,917	24,179	31,091	24,000
	82,909	122,119	382,893	419,321

16 Creditors: amounts falling due within one year

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Bank loans	18	360,263	171,931	286,393	131,255
Trade creditors		658,505	392,100	583,772	355,821
Corporation tax payable		38,048	-	38,048	-
Other taxation and social security		186,339	200,253	158,854	169,777
Deferred income	20	24,676	24,676	24,676	24,676
Other creditors		897,998	890,000	897,998	890,000
Accruals		557,762	334,271	494,902	317,553
		2,723,591	2,013,231	2,484,643	1,889,082

17 Creditors: amounts falling due after more than one year

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Bank loans	18	2,868,827	3,230,147	2,361,806	2,649,341
Other taxation and social security		-	56,808	-	56,808
		2,868,827	3,286,955	2,361,806	2,706,149

GRANITE CITY HOSPITALITY LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2021

18 Loans and overdrafts

	Group 2021 £	2020 £	Company 2021 £	2020 £
Bank loans	3,229,090	3,402,078	2,648,199	2,780,596
Payable within one year	360,263	171,931	286,393	131,255
Payable after one year	2,868,827	3,230,147	2,361,806	2,649,341

The bank loans are secured by a bond and floating charge over all the assets of the company, standard security over the properties at Ferryhill House Hotel and at Pocra Quay and a intercompany guarantee of £300,000 provided by one of the company's shareholders.

The various bank loans are repayable over 5 years and interest is charged at between 2.25% to 3.5% per annum over the Bank of England base rate.

The two bounce back bank loans are repayable over 6 years and interest is charged at 3.25% per annum over the Bank of England base rate.

19 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

Group	Liabilities 2021 £	Liabilities 2020 £
Accelerated capital allowances	294,260	176,538
Tax losses	(10,019)	(7,389)
Retirement benefit obligations	(126)	(281)
	<u>284,115</u>	<u>168,868</u>
Company	Liabilities 2021 £	Liabilities 2020 £
Accelerated capital allowances	<u>263,609</u>	<u>164,402</u>

GRANITE CITY HOSPITALITY LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2021

19 Deferred taxation (continued)

	Group 2021 £	Company 2021 £
Movements in the year:		
Liability at 1 October 2020	168,868	164,402
Charge to profit or loss	115,247	99,207
Liability at 30 September 2021	<u>284,115</u>	<u>263,609</u>

20 Deferred income

	Group 2021 £	2020 £	Company 2021 £	2020 £
Other deferred income	<u>24,676</u>	<u>24,676</u>	<u>24,676</u>	<u>24,676</u>

21 Retirement benefit schemes

	2021 £	2020 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>131,139</u>	<u>109,661</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

22 Share capital

	2021 Number	2020 Number	2021 £	2020 £
Ordinary share capital				
Issued and fully paid				
Ordinary shares of £1 each	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

23 Reserves

Profit and loss reserves

This reserve records the accumulated distributable profits made by the company net of distributions to shareholders.

GRANITE CITY HOSPITALITY LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2021

24 Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2021 £	2020 £	Company 2021 £	2020 £
Within one year	52,357	40,714	52,357	40,714
Between two and five years	223,000	161,071	223,000	161,071
In over five years	350,000	200,000	350,000	200,000
	<u>625,357</u>	<u>401,785</u>	<u>625,357</u>	<u>401,785</u>

25 Related party transactions

Transactions with related parties

During the year the group entered into the following transactions with related parties:

	Interest received		Recharged income	
	2021 £	2020 £	2021 £	2020 £
Group				
Entities over which the group has control, joint control or significant influence	12,540	12,048	430	733
Other related parties	7,000	6,500	400	15,813
	<u>19,540</u>	<u>18,548</u>	<u>830</u>	<u>16,546</u>
Company				
Entities over which the company has control, joint control or significant influence	12,540	12,048	430	733
Other related parties	-	-	400	15,433
	<u>12,540</u>	<u>12,048</u>	<u>830</u>	<u>16,166</u>
	Expenses recharged		Management charges	
	2021 £	2020 £	2021 £	2020 £
Group				
Entities over which the entity has control, joint control or significant influence	1,651	-	-	-
Other related parties	41,821	78,972	314,277	156,714
	<u>43,472</u>	<u>78,972</u>	<u>314,277</u>	<u>156,714</u>
Company				
Entities over which the entity has control, joint control or significant influence	1,651	-	-	-
Other related parties	41,821	78,031	311,375	156,714
	<u>43,472</u>	<u>78,031</u>	<u>311,375</u>	<u>156,714</u>

GRANITE CITY HOSPITALITY LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2021

25 Related party transactions (continued)

The following amounts were outstanding at the reporting end date:

Amounts due to related parties	2021 £	2020 £
Group		
Other related parties	188,560	564,078
	<u>188,560</u>	<u>564,078</u>
Company		
Other related parties	188,560	564,078
	<u>188,560</u>	<u>564,078</u>

The following amounts were outstanding at the reporting end date:

Amounts due from related parties	2021 Balance £	2020 Balance £
Group		
Entities with control, joint control or significant influence over the group	400,000	400,000
Entities over which the group has control, joint control or significant influence	316,897	315,234
Key management personnel	490,000	490,000
Other related parties	3,270	3,682
	<u>400,000</u>	<u>400,000</u>
Company		
Entities with control, joint control or significant influence over the company	400,000	400,000
Entities over which the company has control, joint control or significant influence	316,897	315,234
Key management personnel	490,000	490,000
	<u>400,000</u>	<u>400,000</u>

26 Controlling party

The immediate parent company is McGinty's (Aberdeen) limited.

The largest group in which the financial results of the company are consolidated is that headed by Granite City Hospitality Ltd. No other financial statements include the results of the company. The consolidated accounts for Granite City Hospitality Ltd are available to the public and a copy may be obtained at Companies House.

GRANITE CITY HOSPITALITY LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2021

27 Cash generated from group operations

	2021 £	2020 £
Profit/(loss) for the year after tax	376,397	(97,202)
Adjustments for:		
Taxation charged	153,295	13,892
Finance costs	61,037	60,910
Investment income	(103)	(1,013)
Amortisation and impairment of intangible assets	2,010	3,523
Depreciation and impairment of tangible fixed assets	-	166,627
Movements in working capital:		
(Increase)/decrease in stocks	(22,623)	7,198
Decrease in debtors	15,705	32,303
Increase/(decrease) in creditors	427,172	(108,838)
Increase in deferred income	-	24,676
Cash generated from operations	1,012,890	102,076

28 Analysis of changes in net debt - group

	1 October 2020 £	Cash flows £	30 September 2021 £
Cash at bank and in hand	686,031	505,281	1,191,312
Borrowings excluding overdrafts	(3,402,078)	172,988	(3,229,090)
	<u>(2,716,047)</u>	<u>678,269</u>	<u>(2,037,778)</u>

29 Company information

Granite City Hospitality Ltd ("the company") is a private limited company domiciled and incorporated in Scotland. The registered office is 12 - 16 Albyn Place, Aberdeen, AB10 1PS.

The group consists of Granite City Hospitality Ltd and its subsidiary, Fourmile House (Aberdeen) Ltd.