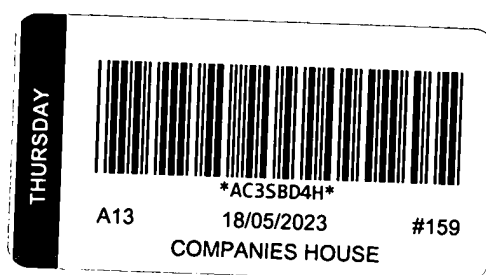


Registered number: 07401382

Hawthorn Leisure Public Houses Limited

Annual report and financial statements

For the Period Ended 29 May 2022



Hawthorn Leisure Public Houses Limited

Company Information

Directors	A Clifford C Jowsey N Gray
Company secretary	A G Secretarial Limited
Registered number	07401382
Registered office	Milton Gate 60 Chiswell Street London EC1Y 4AG
Independent auditor	BDO LLP 55 Baker Street London W1U 7EU
Solicitors	Addleshaw Goddard Milton Gate 60 Chiswell Street London EC1Y 4AG

Hawthorn Leisure Public Houses Limited

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Hawthorn Leisure Public Houses Limited

Strategic report For the Period Ended 29 May 2022

Business review

Hawthorn Leisure Public Houses Limited is a subsidiary of the Admiral Group. The immediate parent undertaking is Hawthorn Leisure Topco Limited, a company incorporated in the United Kingdom. The Company's ultimate parent undertaking and controlling party is PSSF Brady (Cayman) Limited, an entity incorporated in the Cayman Islands.

On 20 August 2021, the Admiral Taverns Group acquired the Hawthorn Pub Group, which this Company is apart of, for total consideration of £224,909,000 being cash consideration of £223,549,000 and directly attributable costs of £1,360,000.

The period has been extended by 2 months to match the Admiral Group. The prior year was also impacted by Covid-19.

During the period ended 29 May 2021 the Company generated turnover of £96k (2021 - £45k), an operating profit of £26k (2021 - loss £17k) and underlying operating profit (excluding exceptional items) of £25k (2020 - loss £8k). The pub count at the end of the period was 1 (2021 - 1). The average number of pubs during the period was 1 (2021 - 2). Underlying operating profit per pub was £26k (2021 - loss £4.0k). However, the reduction in the prior year is principally due to Covid-19.

Key performance indicators and principal risks and uncertainties

A comprehensive review of the state of affairs of the Group into which the Company is consolidated, including key performance indicators and key risks and uncertainties is contained in the report and financial statements of AT Brady Holdings Limited.

This report was approved by the board on 10 May 2023 and signed on its behalf.



N Gray
Director

Hawthorn Leisure Public Houses Limited

Directors' report For the Period Ended 29 May 2022

The directors present their report and the financial statements for the period ended 29 May 2022.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Principal activity

The Company's principal activities are the sale of alcoholic beverages and the collection of rents from its estate of licensed premises ("pubs").

Results and dividends

The profit for the period, after taxation, amounted to £26,000 (2021 - loss £110,000).

The directors do not recommend a final dividend (2021 - £nil).

Directors

The directors who served during the period were:

A Clifford (appointed 20 August 2021)
C Jowsey (appointed 20 August 2021)
N Gray (appointed 20 August 2021)
M Davies (resigned 20 August 2021)
A Lockhart (resigned 20 August 2021)
E Monfries (resigned 20 August 2021)
M Ward (resigned 31 January 2022)

Hawthorn Leisure Public Houses Limited

Directors' report (continued) For the Period Ended 29 May 2022

Qualifying third party indemnity provisions

The directors have the benefit of an indemnity which is a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force during the financial period and is currently in force at the date of the approval of the financial statements. The Group also purchased and maintained throughout the year financial year Directors' and Officers' liability insurance in respect of itself and directors.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed 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 ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Going concern

The Company is a member of the Admiral Taverns group of companies (the Group). A full list of the Group can be found in the accounts of AT Brady Holdings Limited as referred to in note 20. The Company has a cross guarantee arrangement in relation to the Group's financing and therefore the Group position is relevant.

In assessing Going Concern the Directors have considered the limiting factors that may prevent them from supporting a going concern assumption for the Group. These are:

- insufficient cash resources to pay creditors as and when they become due; and
- an inability to meet certain financial covenants (the Leverage Test) in the Group's amended loan facilities agreement with ICG, which could lead to an event of default which would trigger a demand for repayment of the Facility.

Cash Resources

As of 28 April 2023, the Group had £45.8m of free cash. The pub estates continue to trade well meeting management's expectations and generating cash. Pub disposals remain on track and Management have yet to see any impact on pub values as a result of the UK's Financial Crisis. The Group has hedged its own utility costs and over half its interest rate exposure under its debt facilities. The robust cash position is also supported by the large freehold asset base.

Leverage Test

The Leverage Test (a quarterly covenant test of the ratio of net debt to EBITDA over the preceding 12-month period) was reset in August 2021 as part of the extension of the existing facilities to fund the Hawthorn Acquisition. This included raised levels of covenant headroom and the addition of certain Pandemic Protection clauses, suspending the leverage test in the event of further large scale, Government mandated closures of pubs and replacing it with a minimum liquidity requirement or maintaining at least £5m of liquid cash resources during the impacted period.

Conclusion

The Directors have concluded that sufficient resources exist for the Group to meet its liabilities as they fall due for the twelve months from the date of approval of the accounts. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

Hawthorn Leisure Public Houses Limited

**Directors' report (continued)
For the Period Ended 29 May 2022**

Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 10 May 2023 and signed on its behalf.

A handwritten signature in black ink, appearing to be 'N. Gray', with a stylized flourish at the end.

N Gray
Director

Independent auditor's report to the members of Hawthorn Leisure Public Houses Limited

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 29 May 2022 and of its profit for the period 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.

We have audited the financial statements of Hawthorn Leisure Public Houses Limited (the 'Company') for the period ended 29 May 2022, which comprise the Profit and loss account, the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

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

Independent auditor's report to the members of Hawthorn Leisure Public Houses Limited (continued)

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.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

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

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

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Independent auditor's report to the members of Hawthorn Leisure Public Houses Limited (continued)

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.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- enquiring of management and the directors, including obtaining and reviewing supporting documentation concerning the Company's policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established by the Company to mitigate risks related to fraud or non-compliance with laws and regulations;
- discussing among the engagement team on how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, we identified elevated risk areas for potential fraud in the following areas:
 - Management override of controls
 - Improper Revenue recognition
- obtaining an understanding of the legal and regulatory frameworks that the Company operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Company. The key laws and regulations we considered in this context included the UK Companies Act, UK Generally Accepted Accounting Principles, and relevant tax and employment legislation.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations noted above;
- enquiring of management, the directors and legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing correspondence with HMRC;
- testing and challenging the key estimates and judgements made by management in preparing the financial statements for indications of bias or management override when presenting the results and financial position of the Company;
- addressing the risk of fraud through management override of controls by testing the appropriateness of journal entries including journal entries posted to revenue and other adjustments and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business;
- addressing the risk of fraud in revenue recognition by testing a sample of product sales transactions throughout the year to confirm these were accurately recorded in line with the Company's accounting policy and represented the delivery of product to a customer in line with contractual terms; and

Independent auditor's report to the members of Hawthorn Leisure Public Houses Limited (continued)

- addressing the risk of fraud in revenue recognition in tenant rental receipts by testing a sample of sales transactions throughout the year to confirm these were accurately recorded in line with the Company's accounting policy and represented the amended contractual terms as a result of the pandemic.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that 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, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed noncompliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

Mark RA Edwards

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Mark RA Edwards (Senior Statutory Auditor)

for and on behalf of

BDO LLP (Statutory Auditor)

55 Baker Street

London

W1U 7EU

14 May 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Hawthorn Leisure Public Houses Limited

Profit and loss account For the Period Ended 29 May 2022

		Period ended 29 May 2022 £000	<i>As restated</i> Period ended 28 March 2021 £000
	Note		
Turnover	4	96	45
Cost of sales		(37)	(17)
		<u>59</u>	<u>28</u>
Gross profit			
Administrative expenses		(33)	(36)
Exceptional administrative expenses	11	-	(9)
		<u>26</u>	<u>(17)</u>
Operating profit/(loss)	5		
Net loss on sale of tangible fixed assets	11	-	(80)
		<u>26</u>	<u>(97)</u>
Profit/(loss) on ordinary activities before interest			
Interest payable and similar expenses	9	-	(13)
		<u>26</u>	<u>(110)</u>
Profit/(loss) before tax			
Tax on profit/(loss)	10	-	-
		<u>26</u>	<u>(110)</u>
Profit/(loss) for the financial period		<u>26</u>	<u>(110)</u>

There were no recognised gains and losses for 2022 or 2021 other than those included in the profit and loss account.

The notes on pages 12 to 22 form part of these financial statements.

Hawthorn Leisure Public Houses Limited
Registered number: 07401382

Balance sheet
As at 29 May 2022

	Note	29 May 2022 £000	As restated 28 March 2021 £000
Fixed assets			
Tangible assets	12	495	490
		<u>495</u>	<u>490</u>
Current assets			
Debtors: amounts falling due within one year	13	265	2
Cash at bank and in hand	14	-	204
		<u>265</u>	<u>206</u>
Creditors: amounts falling due within one year	15	(59)	(21)
Net current assets		<u>206</u>	<u>185</u>
Total assets less current liabilities		<u>701</u>	<u>675</u>
Net assets		<u><u>701</u></u>	<u><u>675</u></u>
Capital and reserves			
Called up share capital	17	668	668
Revaluation reserve		51	51
Profit and loss account		(18)	(44)
		<u>701</u>	<u>675</u>
		<u><u>701</u></u>	<u><u>675</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 10 May 2023.



N Gray
Director

The notes on pages 12 to 22 form part of these financial statements.

Hawthorn Leisure Public Houses Limited

Statement of changes in equity For the Period Ended 29 May 2022

	Called up share capital £000	Revaluation reserve £000	Profit and loss account £000	Total equity £000
At 30 March 2020 - as restated	-	51	66	117
Comprehensive (loss)/income for the period				
Loss for the period	-	-	(110)	(110)
Shares issued during the period	668	-	-	668
At 28 March 2021 - as restated	668	51	(44)	675
Comprehensive income for the period				
Profit for the period	-	-	26	26
At 29 May 2022	668	51	(18)	701

The notes on pages 12 to 22 form part of these financial statements.

Hawthorn Leisure Public Houses Limited

Notes to the financial statements For the Period Ended 29 May 2022

1. General information

Hawthorn Leisure Public Houses Limited is a limited liability company incorporated in England. The Registered Office is Milton Gate, 60 Chiswell Street, London, EC1Y 4AG.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

The Company is a member of the Admiral Taverns group of companies (the Group). A full list of the Group can be found in the consolidated accounts of AT Brady Holdings Limited as referred to in note 20. The Company has a cross guarantee arrangement in relation to the Group's financing and therefore the Group position is relevant.

In assessing Going Concern the Directors have considered the limiting factors that may prevent them from supporting a going concern assumption for the Group. These are:

- insufficient cash resources to pay creditors as and when they become due; and
- an inability to meet certain financial covenants (the Leverage Test) in the Group's amended loan facilities agreement with ICG, which could lead to an event of default which could trigger a demand for repayment of the Facility.

Cash Resources

As of 28 April 2023, the Group had £45.8m of free cash. The pub estates continue to trade well meeting management's expectations and generating cash. Pub disposals remain on track and Management have yet to see any impact on pub values as a result of the UK's Financial Crisis. The Group has hedged its own utility costs and over half its interest rate exposure under its debt facilities. The robust cash position is also supported by the large freehold asset base.

Leverage Test

The Leverage Test (a quarterly covenant test of the ratio of net debt to EBITDA over the preceding 12-month period) was reset in August 2021 as part of the extension of the existing facilities to fund the Hawthorn Acquisition. This included raised levels of covenant headroom and the addition of certain Pandemic Protection clauses, suspending the leverage test in the event of further large scale, Government mandated closures of pubs and replacing it with a minimum liquidity requirement or maintaining at least £5m of liquid cash resources during the impacted period.

Conclusion

The Directors have concluded that sufficient resources exist for the Group to meet its liabilities as they fall due for the twelve months from the date of approval of the accounts. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

**Notes to the financial statements
For the Period Ended 29 May 2022**

2. Accounting policies (continued)

2.3 Cash flow

The Company, being a qualifying entity which has been included in the Group's consolidated financial statements that are publicly available, is exempt from the requirement to draw up a cash flow statement under FRS102.

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.5 Operating leases: the Company as lessor

Rental income from operating leases is credited to profit or loss on a straight line basis over the lease term.

2.6 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.7 Exceptional and non-underlying items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

Operating profit is stated after all expenses except for profit or loss on disposal of property, plant and equipment which is considered to be outside the operating cycle of the business.

2.8 Intangible fixed assets

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities.

Positive goodwill is amortised to the profit and loss account over its estimated economic life, which is deemed to be 20 years.

**Notes to the financial statements
For the Period Ended 29 May 2022**

2. Accounting policies (continued)

2.9 Tangible fixed assets

All fixed assets are initially recorded at cost or fair value if acquired through a business combination. Thereafter, property fixed assets are recorded at valuation, all other assets are recorded at depreciated cost. All assets are subject to depreciation and, in the event that indications of impairment exist, impairment review.

Property assets are revalued annually by the directors. Valuation movements arising as a result of the annual revaluation above depreciated historic cost are reflected through the Other Comprehensive Income, whereas valuation movements below depreciated historic cost are reflected through the Profit and Loss Account in arriving at operating profit.

The carrying value of properties held under lease agreements is derived after taking into account the cost of the head lease. In the event that the cost of the head lease exceeds the gross value of the leased asset, the corresponding net credit balance is recorded within provisions.

Expenditure on additions and improvements to the licensed estate is capitalised at cost as the expenditure is incurred. Such expenditure is then subject to depreciation over an expected average useful life of 7 years.

Short leasehold properties, being properties with 50 years or less of the lease remaining unexpired, are depreciated on a straight line basis over the unexpired term of the lease. Freehold land is not depreciated. Freehold buildings are only depreciated in the event that residual value at the end of their useful economic life is assessed as being materially below book value.

Fixtures, fittings and equipment which are to be retained by the Group are depreciated on a straight line basis over 3 years. Fixtures, fittings and equipment which the Group aims to sell to licensee are depreciated on a straight line basis over 4 years.

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable. Where a property is earmarked for disposal at the balance sheet date, and the carrying value exceeds the anticipated net proceeds on disposal, a provision for the anticipated loss on disposal is recorded.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the profit and loss account.

2.10 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.11 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.12 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**Notes to the financial statements
For the Period Ended 29 May 2022**

2. Accounting policies (continued)

2.13 Onerous leases

Where the unavoidable costs of a lease exceed the economic benefit expected to be received from it, a provision is made for the present value of the obligations under the lease.

2.14 Dilapidations provision

The Company has made Dilapidations provision in anticipation of the cost of future repairs and renovations that will need to be made in line with the lease obligations.

2.15 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements and key sources of estimation uncertainty in the financial statements:

Taxation

The Company establishes provisions based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience with previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in note .

Fixed assets

The valuation was prepared using the open market value on an existing use basis. Pubs on the market or with a deal progressing are valued at the appropriate sales price. Most other pubs are valued on an income multiple basis. Income multiples take into account the geographical location of the pub and the tenure. Further details are contained in note 12.

Hawthorn Leisure Public Houses Limited

Notes to the financial statements For the Period Ended 29 May 2022

4. Turnover

An analysis of turnover by class of business is as follows:

	Period ended 29 May 2022 £000	<i>As restated</i> Period ended 28 March 2021 £000
Alcoholic and non-alcoholic drink revenue	71	32
Rental income	13	8
Gaming and other income	12	5
	<u>96</u>	<u>45</u>

All turnover arose within the United Kingdom.

5. Operating profit/(loss)

The operating profit/(loss) is stated after charging:

	Period ended 29 May 2022 £000	Period ended 28 March 2021 £000
Depreciation of tangible fixed assets	12	1
Exceptional and non-underlying items	11	-
	<u>23</u>	<u>1</u>

6. Auditor's remuneration

During the period, the Company obtained the following services from the Company's auditor and its associates:

	Period ended 29 May 2022 £000	Period ended 28 March 2021 £000
The auditing of accounts of the Company	5	12

The total audit fee for the Admiral Taverns group of companies of £449,000 (2021 - £177,000) has been charged to and paid by Admiral Taverns (Chester) Limited and Hawthorn Leisure Management Limited, fellow group companies.

Hawthorn Leisure Public Houses Limited

Notes to the financial statements For the Period Ended 29 May 2022

7. Employees

All staff are employed and remunerated by Admiral Taverns (Chester) Limited and Hawthorn Leisure Management Limited, fellow group companies.

8. Directors' remuneration

Post acquisition by the Admiral Group the directors were paid in respect of their services to the Group as a whole by fellow group companies, Admiral Taverns (Chester) Limited or Hawthorn Leisure Management Limited, depending who employed them, £1,819,000 (2021 - £449,000). Pre-acquisition, NewRiver REIT Plc also paid the emoluments to M Davies and E Monfries who were also directors of that Group. It is not possible to split the remuneration between services provided to each individual company.

9. Interest payable and similar expenses

	Period ended 29 May 2022 £000	Period ended 28 March 2021 £000
Interest payable to group undertakings	-	13
	<u>-</u>	<u>13</u>

10. Taxation

	Period ended 29 May 2022 £000	Period ended 28 March 2021 £000
Total current tax	-	-
Deferred tax		
Total deferred tax	-	-
Taxation on profit/(loss) on ordinary activities	-	-

**Notes to the financial statements
For the Period Ended 29 May 2022**

10. Taxation (continued)

Factors affecting tax credit for the period

The tax assessed for the period is lower than (*2021 - higher than*) the standard rate of corporation tax in the UK of 19% (*2021 - 19%*). The differences are explained below:

	Period ended 29 May 2022 £000	Period ended 28 March 2021 £000
Profit/(loss) on ordinary activities before tax	26	(110)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (<i>2021 - 19%</i>)	5	(21)
Effects of:		
Group relief	(4)	3
Exempt profit adjustment	(1)	18
Total tax credit for the period	-	-

Factors that may affect future tax charges

The standard rate of Corporation Tax in the UK has not changed since 1 April 2017 and is currently 19%. Accordingly, the company's profits for this accounting period are taxed at an effective rate of 19%. The increase of the main rate of corporation tax from 19% to 25% from 1 April 2023 was announced in the Finance Bill 2021, which was substantively enacted on 24 May 2021.

Any future profits will be taxed at the appropriate rate. Deferred tax as at 29 May 2022 has been calculated at 19%; being the substantively enacted rate at which the deferred tax is expected to reverse.

Hawthorn Leisure Public Houses Limited

Notes to the financial statements For the Period Ended 29 May 2022

11. Exceptional and non-underlying items

		Period ended 29 May 2022 £000	Period ended 28 March 2021 £000
Exceptional administrative expenses			
Movement in valuation reflected through profit and loss	12	-	9
		<u>-</u>	<u>9</u>
Other exceptional items below operating profit			
Profit on disposal of tangible fixed assets		-	80
		<u>-</u>	<u>80</u>
		<u>-</u>	<u>89</u>

Property assets are revalued annually by the directors. Valuation movements below depreciated historic cost are reflected through the Profit and Loss Account. In the period this movement was a debit of £nil (2021 - debit £9,000).

12. Tangible fixed assets

	Freehold property £000	Fixtures and fittings £000	Total £000
Cost or valuation			
At 29 March 2021 - as restated	490	-	490
Additions	-	6	6
Revaluations	(1)	-	(1)
	<u>489</u>	<u>6</u>	<u>495</u>
At 29 May 2022	489	6	495
Depreciation			
At 29 March 2021 - as restated	-	-	-
Charge for the period	1	-	1
Revaluations	(1)	-	(1)
	<u>-</u>	<u>-</u>	<u>-</u>
At 29 May 2022	-	-	-
Net book value			
At 29 May 2022	<u>489</u>	<u>6</u>	<u>495</u>
At 28 March 2021 - as restated	<u>490</u>	<u>-</u>	<u>490</u>

Notes to the financial statements
For the Period Ended 29 May 2022

12. Tangible fixed assets (continued)

The net book value of tangible fixed assets comprise:

	Freehold property £000	Fixtures & Fittings £000	Total £000
Public houses at valuation	488	-	488
Other assets at depreciated cost	-	7	7
	<u>488</u>	<u>7</u>	<u>495</u>

As at the year end the Group is trading the majority of its pub with results exceeding expectations. This has removed any material uncertainty over the near-term trading of the Group which had existed at the prior year end. Accordingly the Directors believe the multiples based approach continues to be the best valuation method.

The Directors considered the impact of sensitivities to the key assumption of Income Multiples as follows.

- A 5% reduction in the multiples used, reflecting a long term impairment to pub values due to the Pandemic, results in no reduction in valuation.
- A 5% increase in the multiples used, reflecting a long term impairment to pub values due to the Pandemic, results in no increase in valuation.

The historical cost at 29 May 2022 of the estate of public houses included at valuation is as follows:

	Freehold property £000	Total £000
Public houses	<u>437</u>	<u>437</u>

13. Debtors

	29 May 2022 £000	28 March 2021 £000
Trade debtors	5	1
Amounts owed by group undertakings	259	-
Prepayments and accrued income	1	1
	<u>265</u>	<u>2</u>

Hawthorn Leisure Public Houses Limited

Notes to the financial statements For the Period Ended 29 May 2022

14. Cash and cash equivalents

	29 May 2022 £000	28 March 2021 £000
Cash at bank and in hand	-	204
	<u>-</u>	<u>204</u>

15. Creditors: Amounts falling due within one year

	29 May 2022 £000	28 March 2021 £000
Trade creditors	-	5
Amounts owed to group undertakings	48	9
Other taxation and social security	6	-
Other creditors	1	-
Accruals and deferred income	4	7
	<u>59</u>	<u>21</u>

16. Financial instruments

	29 May 2022 £000	28 March 2021 £000
Financial assets		
Financial assets measured at fair value through profit or loss	-	204
Financial assets that are debt instruments measured at amortised cost	264	1
	<u>264</u>	<u>205</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(53)</u>	<u>(20)</u>

Financial assets measured at fair value through profit or loss comprise cash at bank and in hand.

Financial assets measured at amortised cost comprise trade debtors, intercompany debtors and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, intercompany creditors, other creditors and accruals.

Hawthorn Leisure Public Houses Limited

Notes to the financial statements For the Period Ended 29 May 2022

17. Share capital

	29 May 2022 £000	28 March 2021 £000
Allotted, called up and fully paid		
668,482 (2021 - 668,482) Ordinary shares of £1.00 each	668	668

The shares have attached to them full voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption.

18. Prior year adjustment

The financial statements include 2 adjustments to the prior year reported numbers as a result of accounting errors.

Investment properties

In the prior year certain properties which were held for the use of the group in line with group accounting policies were classified as investment properties rather than property, plant and equipment in error. The effect of this change is to restate the opening cost values of property, plant and equipment by £490,000 and to remove the investment properties balance. There is no change in the net book value of these properties nor, therefore, in the net assets of the company, however there was a credit to the revaluation reserve of £51,000 representing the increased value of the property over costs.

Agent vs principal accounting

In the prior year the accounting treatment of contracts with suppliers and tenants of the group were accounted for as if the Company was an agent. This has been deemed an error and management have determined that the Company is principal in these transactions. As a result of this, revenue and cost of sales have been restated to the value of £17,000 to gross up the value of these transactions.

19. Related party transactions

The company has taken advantage of the exemption not to disclose transactions with other wholly owned members of the AT Brady Holdings Limited group.

There are no other related party transactions requiring disclosure in the financial statements.

20. Ultimate parent undertaking and controlling party

The immediate parent undertaking is Hawthorn Leisure Topco Limited, a company incorporated in the United Kingdom.

The Company's ultimate parent undertaking and controlling party is PSSF Brady (Cayman) Limited, an entity incorporated in the Cayman Islands.

The group financial statements of the AT Brady Holdings Limited group incorporated in the United Kingdom, being the smallest consolidated financial statements including the results of the Company, will be available to the public and may be obtained from the registered office of AT Brady Holdings Limited at Milton Gate, 60 Chiswell Street, London EC1Y 4AG.