

**Registered number: 07401382**

## **Hawthorn Leisure Public Houses Limited**

**Annual report and financial statements**

**For the Period Ended 28 May 2023**



## **Hawthorn Leisure Public Houses Limited**

### **Company Information**

<b>Directors</b>	A Clifford C Jowsey N Gray
<b>Company secretary</b>	A G Secretarial Limited
<b>Registered number</b>	07401382
<b>Registered office</b>	Milton Gate 60 Chiswell Street London EC1Y 4AG
<b>Independent auditor</b>	BDO LLP 55 Baker Street London W1U 7EU
<b>Solicitors</b>	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 28 May 2023**

#### **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.

During the period ended 28 May 2023 the Company generated turnover of £75k (2022 - £96k), an operating loss of £75k (2022 - profit £26k) and underlying operating loss (excluding exceptional items) of £21k (2022 - profit £26k). The pub count at the end of the period was 1 (2022 - 1). The average number of pubs during the period was 1 (2022 - 1). Underlying operating loss per pub was £21k (2022 - profit £26k).

#### **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 PSSF Brady Holdco (UK) Limited.

This report was approved by the board on **27 February 2024** and signed on its behalf.



**N Gray**  
Director

## **Hawthorn Leisure Public Houses Limited**

### **Directors' report For the Period Ended 28 May 2023**

The directors present their report and the financial statements for the period ended 28 May 2023.

#### **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 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; 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 loss for the period, after taxation, amounted to £76,000 (2022 - profit £26,000).

The directors do not recommend a final dividend (2022 - £nil).

#### **Directors**

The directors who served during the period were:

A Clifford  
C Jowsey  
N Gray

#### **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.

## **Hawthorn Leisure Public Houses Limited**

### **Directors' report (continued) For the Period Ended 28 May 2023**

#### **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 PSSF Brady Holdco (UK) Limited as referred to in note 17. 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 16 February 2024, the Group had £19.7m of free cash having made a £25m voluntary partial prepayment of the ICG debt facility on 6th October 2023. 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 28 May 2023**

**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 27 February 2024 and signed on its behalf.



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 28 May 2023 and of its loss 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 52 week period ended 28 May 2023 which comprise Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, and notes to the financial statements, 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 UK, including the FRC'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 Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. 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.

### **Other Companies Act 2006 reporting**

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.

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;
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report

### **Responsibilities of Directors**

As explained more fully 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 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.

#### *Extent to which the audit was capable of detecting irregularities, including fraud*

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

#### *Non-compliance with laws and regulations*

Based on:

- Our understanding of the Company and the industry in which it operates;
- Discussion with management and those charged with governance;
- Obtaining and understanding of the Company's policies and procedures regarding compliance with laws and regulations.

We considered the significant laws and regulations to be the applicable accounting framework, UK tax legislation and the Companies Act 2006.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

#### *Fraud*

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Company's policies and procedures relating to:
- Detecting and responding to the risks of fraud.
- Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these.

Based on our risk assessment, we considered the areas most susceptible to fraud to be Management override of controls and Manual journal postings to revenue.

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

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- Testing a sample of journal entries posted to revenue for any unusual journals or unusual user postings;
- Assessing significant estimates made by management for bias by challenging the assumptions and judgements made by management in their significant accounting estimates and judgements including, impairment testing, measurement of provisions and going concern.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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 non-compliance 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](http://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

Date: 28 February 2024

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 28 May 2023

		Period ended 28 May 2023 £000	Period ended 29 May 2022 £000
	Note		
Turnover	4	75	96
Cost of sales		(29)	(37)
<b>Gross profit</b>		<b>46</b>	<b>59</b>
Administrative expenses		(67)	(33)
Exceptional administrative expenses	10	(55)	-
<b>Operating (loss)/profit</b>	5	<b>(76)</b>	<b>26</b>
Tax on (loss)/profit	9	-	-
<b>(Loss)/profit for the financial period</b>		<b>(76)</b>	<b>26</b>

There were no recognised gains and losses for 2023 or 2022 other than those included in the profit and loss account.

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

## Hawthorn Leisure Public Houses Limited

### Statement of comprehensive income For the Period Ended 28 May 2023

	Period ended 28 May 2023 £000	Period ended 29 May 2022 £000
Note		
(Loss)/profit for the financial period	(76)	26
<b>Other comprehensive income</b>		
Unrealised deficit on revaluation of tangible fixed assets	(55)	-
<b>Other comprehensive income for the period</b>	<b>(55)</b>	<b>-</b>
<b>Total comprehensive income for the period</b>	<b>(131)</b>	<b>26</b>

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

**Hawthorn Leisure Public Houses Limited**  
**Registered number: 07401382**

**Balance sheet**  
**As at 28 May 2023**

	Note	28 May 2023 £000	29 May 2022 £000
<b>Fixed assets</b>			
Tangible assets	11	391	495
		<u>391</u>	<u>495</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	12	212	265
		<u>212</u>	<u>265</u>
Creditors: amounts falling due within one year	13	(29)	(59)
		<u>(29)</u>	<u>(59)</u>
<b>Net current assets</b>		183	206
		<u>183</u>	<u>206</u>
<b>Total assets less current liabilities</b>		574	701
		<u>574</u>	<u>701</u>
<b>Net assets</b>		574	701
		<u>574</u>	<u>701</u>
<b>Capital and reserves</b>			
Called up share capital	15	668	668
Revaluation reserve		-	51
Profit and loss account		(94)	(18)
		<u>574</u>	<u>701</u>
		<u>574</u>	<u>701</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 February 2024.

  
**N Gray**  
 Director

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

## Hawthorn Leisure Public Houses Limited

### Statement of changes in equity For the Period Ended 28 May 2023

	Called up share capital £000	Revaluation reserve £000	Profit and loss account £000	Total equity £000
<b>At 28 March 2021</b>	668	51	(44)	675
<b>Comprehensive income for the period</b>				
Profit for the period	-	-	26	26
<b>At 29 May 2022</b>	668	51	(18)	701
<b>Comprehensive income for the period</b>				
Loss for the period	-	-	(76)	(76)
<b>Contributions by and distributions to owners</b>				
(Deficit) on revaluation of property	-	(51)	-	(51)
<b>At 28 May 2023</b>	668	-	(94)	574

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

## **Hawthorn Leisure Public Houses Limited**

### **Notes to the financial statements For the Period Ended 28 May 2023**

#### **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 judgement 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 PSSF Brady Holdco (UK) Limited as referred to in note 17. 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 16 February 2024, the Group had £19.7m of free cash having made a £25m voluntary partial prepayment of the ICG debt facility on 6th October 2023. 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 28 May 2023**

**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 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.

**2.7 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 28 May 2023**

**2. Accounting policies (continued)**

**2.8 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.

**2.9 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.

**2.10 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.

**2.11 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.

**Notes to the financial statements  
For the Period Ended 28 May 2023**

**2. Accounting policies (continued)**

**2.12 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.

**2.13 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. Judgements 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 11.

## Hawthorn Leisure Public Houses Limited

### Notes to the financial statements For the Period Ended 28 May 2023

#### 4. Turnover

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

	Period ended 28 May 2023 £000	Period ended 29 May 2022 £000
Alcoholic and non-alcoholic drink revenue	56	71
Rental income	6	13
Gaming and other income	13	12
	<u>75</u>	<u>96</u>

All turnover arose within the United Kingdom.

#### 5. Operating (loss)/profit

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

	Period ended 28 May 2023 £000	Period ended 29 May 2022 £000
Depreciation of tangible fixed assets	11	3
Exceptional and non-underlying items	10	55
	<u>21</u>	<u>58</u>

#### 6. Auditor's remuneration

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

	Period ended 28 May 2023 £000	Period ended 29 May 2022 £000
The auditing of accounts of the Company	<u>5</u>	<u>5</u>

The total audit fee for the Admiral Taverns group of companies of £476,000 (2022 - £449,000) 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 28 May 2023**

#### **7. Employees**

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

#### **8. Directors' remuneration**

The directors were paid in respect of their services to the group as a whole by a fellow group company, Admiral Taverns (Chester) Limited, £1,508,000 (2022 - £1,819,000).

## Hawthorn Leisure Public Houses Limited

### Notes to the financial statements For the Period Ended 28 May 2023

#### 9. Taxation

	Period ended 28 May 2023 £000	Period ended 29 May 2022 £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 28 May 2023

9. Taxation (continued)

Factors affecting tax credit for the period

The tax assessed for the period is lower than (2022 - lower than) the standard rate of corporation tax in the UK of 20% (2022 - 19%). The differences are explained below:

	Period ended 28 May 2023 £000	Period ended 29 May 2022 £000
(Loss)/profit on ordinary activities before tax	(76)	26
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2022 - 19%)	(15)	5
Effects of:		
Expenses not deductible for tax purposes	11	-
Group relief	4	(4)
Exempt profit adjustment	-	(1)
<b>Total tax credit for the period</b>	<b>-</b>	<b>-</b>

Factors that may affect future tax charges

The standard rate of Corporation Tax in the UK is currently 25% (2022 - 19%). Accordingly, the company's profits for this accounting period are taxed at an effective rate of 20% (2022 - 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 28 May 2023 has been calculated at 25%; being the substantively enacted rate at which the deferred tax is expected to reverse.

10. Exceptional items

	Period ended 28 May 2023 £000	Period ended 29 May 2022 £000
Movement in valuation reflected through profit and loss	55	-
	<b>55</b>	<b>-</b>

## Hawthorn Leisure Public Houses Limited

### Notes to the financial statements For the Period Ended 28 May 2023

#### 11. Tangible fixed assets

	Freehold property £000	Fixtures and fittings £000	Total £000
<b>Cost or valuation</b>			
At 29 May 2022	489	6	495
Additions	5	1	6
Disposals	(2)	-	(2)
Revaluation (deficit)/surplus to profit and loss	(55)	-	(55)
Revaluation (deficit)/surplus to reserves	(51)	-	(51)
	<hr/>	<hr/>	<hr/>
At 28 May 2023	386	7	393
	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>			
Charge for the period on owned assets	1	2	3
Revaluation (surplus)/deficit to profit and loss	(1)	-	(1)
	<hr/>	<hr/>	<hr/>
At 28 May 2023	-	2	2
	<hr/>	<hr/>	<hr/>
<b>Net book value</b>			
At 28 May 2023	386	5	391
	<hr/>	<hr/>	<hr/>
At 29 May 2022	489	6	495
	<hr/>	<hr/>	<hr/>

**Notes to the financial statements  
For the Period Ended 28 May 2023**

**11. 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	386	-	386
Other assets at depreciated cost	-	5	5
	<u>386</u>	<u>5</u>	<u>391</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 28 May 2023 of the estate of public houses included at valuation is as follows:

	Freehold property £000	Total £000
Public houses	<u>386</u>	<u>386</u>

**12. Debtors**

	28 May 2023 £000	29 May 2022 £000
Trade debtors	-	5
Amounts owed by group undertakings	212	259
Prepayments and accrued income	-	1
	<u>212</u>	<u>265</u>

## Hawthorn Leisure Public Houses Limited

### Notes to the financial statements For the Period Ended 28 May 2023

#### 13. Creditors: Amounts falling due within one year

	28 May 2023 £000	29 May 2022 £000
Amounts owed to group undertakings	-	48
Other taxation and social security	-	6
Other creditors	6	1
Accruals and deferred income	23	4
	<u>29</u>	<u>59</u>

#### 14. Financial instruments

	28 May 2023 £000	29 May 2022 £000
<b>Financial assets</b>		
Financial assets that are debt instruments measured at amortised cost	<u>212</u>	<u>264</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<u>(29)</u>	<u>(53)</u>

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.

#### 15. Share capital

	28 May 2023 £000	29 May 2022 £000
<b>Allotted, called up and fully paid</b>		
668,482 (2022 - 668,482) Ordinary shares of £1.00 each	<u>668</u>	<u>668</u>

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.

**Notes to the financial statements  
For the Period Ended 28 May 2023**

**16. Related party transactions**

The company has taken advantage of the exemption not to disclose transactions with other wholly owned members of the PSSF Brady Holdco (UK) Limited group.

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

**17. 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 PSSF Brady Holdco (UK) 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.

The group financial statements of the PSSF Brady Holdco (UK) Limited group, incorporated in the United Kingdom, being the largest consolidated financial statements including the results of the Company, will be available to the public and may be obtained from the registered office of PSSF Brady Holdco (UK) Limited at 65 Grosvenor Street, London, England, W1K 3JH.