Dirty Liquor Limited

Report and Accounts

For the 52 weeks ended 25 September 2022

Registered Company Number: 10375833

Dirty Liquor Limited

COMPANY INFORMATION
Registered No: 10375833

DIRECTORS
D Wilkinson
M Cooper
E Turner

AUDITOR
KPMG LLP
One Snowhill
Snowhill Queensway
Birmingham
B4 6GH

REGISTERED OFFICE
3 Monkspath Hall Road
Solihull
West Midlands
B90 4SJ

DIRECTORS' REPORT
Registered No: 10375833

The directors present their report and accounts for Dirty Liquor Limited ("the Company") for the 52 weeks ended 25 September 2022 (2021: 52 weeks ended 26 September 2021).

The directors' report has been prepared in accordance with the special provisions of section 415A of the Companies Act 2006 relating to small entities. In accordance with section 414B of the Companies Act the Company is exempt from preparing a strategic report.

PRINCIPAL ACTIVITIES
At the period end date, 75% of the share capital was owned by Enterprise Managed Investments Limited (EMIL), a wholly owned subsidiary within the group headed by the ultimate parent company Stonegate Pub Company Topco Sarl ("the Group") Please refer to note 20 for further details.

The remaining 25% of the share capital was owned by C L Jones and H O'Boyle who both own 12,500 B Ordinary shares each in the Company.

Subsequent to the period end, on 31 March 2023, EMIL acquired the remaining 25% of the share capital and the Company became a wholly owned subsidiary of the Group.

The principal activity of the Company was operating pubs. At 25 September 2022, the Company operated nine pubs (2021: nine pubs). After the period end, all of the leases for these public houses were surrendered to other group companies and the sites are therefore no longer trading under the Company (please see Post Balance Sheet Events section).

RESULTS AND DIVIDENDS
The Company reported revenue of £4,725,000 in the 52 weeks ended 25 September 2022 (2021: £2,934,000) and an operating loss before depreciation and amortisation for the 52 weeks ended 25 September 2022 of £404,000 (2021: operating loss before depreciation and amortisation of £148,000). The loss before taxation for the 52 weeks ended 25 September 2022 amounted to £680,000 (2021: £316,000).

During the period sales have continued to recover well since reopening last year, despite the impact from Covid-19 on the Christmas trading period. The current cost of living crisis, exacerbated by the war in the Ukraine which has driven up energy and food prices in particular, has continued pressure on consumers and the trading environment. Additional costs are being offset as much as possible by price rises, menu engineering and operational productivity.

The Company did not pay a dividend during the 52 weeks ended 25 September 2022 (2021: £nil) and the directors do not recommend the payment of a final dividend (2021: £nil).

DIRECTORS
The directors of the Company during the 52 weeks ended 25 September 2022 and since the period end were as follows:

C L Jones (resigned 31 March 2023)
H O'Boyle (resigned 31 March 2023)
D Wilkinson
O Sweetman (resigned 5 May 2022)
M Cooper
E Turner (appointed 5 May 2022)

AUDITOR
Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

DIRECTORS' REPORT
Registered No: 10375833

STATEMENT OF DISCLOSURE TO AUDITOR

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

POST BALANCE SHEET EVENTS

Subsequent to the period end, on 31 March 2023, EMIL acquired the remaining 25% of the shares in the Company and therefore the Company became a wholly owned subsidiary within the Group. Furthermore, the Company surrendered the leases of all of the nine public houses to other companies within the group and therefore these public houses are no longer trading within the Company and the operations have discontinued.

GOING CONCERN

Following the period end, the directors took the decision to cease trading following the surrender of the public house leases. Accordingly the financial statements are now not prepared on the going concern basis, with all balances disclosed as current, and no further resulting effect on the financial statements.

POLITICAL CONTRIBUTIONS

The Company made no political donations or incurred any political expenditure during the period (2021: £nil).

On behalf of the Board

M Cooper
Director
21 June 2023

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing 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 period. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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 and then apply them consistently;
- make judgments and 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so (as explained in note 2, the directors do not believe that it is appropriate to prepare these financial statements on a going concern basis).

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DIRTY LIQUOR LIMITED
For the 52 weeks ended 25 September 2022

Opinion

We have audited the financial statements of Dirty Liquor Limited ("the Company") for the 52-week period ended 25 September 2022 which comprise the Income Statement, the Balance Sheet, the Statement of Changes in Equity and related notes, including the accounting policies in note 1-2.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 25 September 2022 and of its loss for the 52-week period then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework* 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Emphasis of matter – non-going concern basis of preparation

We draw attention to the disclosure made in note 2 to the financial statements which explains that the financial statements are now not prepared on the going concern basis for the reasons set out in that note.

Our opinion is not modified in respect of this matter.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and members of the Operational Board as to the company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board meeting minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because of the existence of limited incentives and opportunities to make inappropriate accounting entries in relation to revenue.

We did not identify any additional fraud risks.

We also performed procedures including identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, data protection, employment law, and certain aspects of company legislation recognising the nature of the Company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

John Hughes (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH
23 June 2023

INCOME STATEMENT
For the 52 weeks ended 25 September 2022

	Note	52 weeks ended 25 September 2022 £000	52 weeks ended 26 September 2021 £000
Revenue	3	4,725	2,934
Other income	4	42	708
Operating costs	5	(5,171)	(3,790)
OPERATING LOSS BEFORE DEPRECIATION AND AMORTISATION		**(404)**	(148)
Impairment	5	(129)	-
Depreciation and amortisation	5	(147)	(168)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		**(680)**	(316)
Taxation	9	184	110
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		**(496)**	(206)

Following the period end, all of the operations of the Company have been discontinued.

There are no amounts of other comprehensive income or losses, therefore no separate statement of other comprehensive income is presented.

Total comprehensive losses equate to the loss on ordinary activities after taxation.

The accompanying notes form part of the financial statements.

Dirty Liquor Limited

BALANCE SHEET
At 25 September 2022

	Note	25 September 2022 £000	26 September 2021 £000
Non-current assets			
Intangible assets	10	-	1
Property, plant and equipment	11	-	844
Deferred tax asset	16	-	107
		-	952
Current assets			
Intangible assets	10	1	-
Property, plant and equipment	11	599	-
Deferred tax asset	16	158	-
Inventories	12	99	75
Trade and other receivables	13	128	147
Cash		277	651
		1,262	873
TOTAL ASSETS		1,262	1,825
Current liabilities			
Trade and other payables	14	(940)	(1,177)
Financial liabilities	15	(2,382)	(2,212)
		(3,322)	(3,389)
TOTAL LIABILITIES		(3,322)	(3,389)
NET LIABILITIES		(2,060)	(1,564)
Capital and reserves			
Called up share capital	18	50	50
Share premium	18	50	50
Profit and loss account		(2,160)	(1,664)
SHAREHOLDERS' DEFICIT		(2,060)	(1,564)

The accompanying notes form part of the financial statements.

The financial statements were approved by the Board and signed on its behalf by:

M Cooper
Director
21 June 2023

STATEMENT OF CHANGES IN EQUITY
At 25 September 2022

	Share capital £000	Share premium £000	Profit and Loss Account £000	Total £000
At 27 September 2020	50	50	(1,458)	(1,358)
Loss for the period	-	-	(206)	(206)
At 26 September 2021	**50**	**50**	**(1,664)**	**(1,564)**
Loss for the period	-	-	**(496)**	**(496)**
At 25 September 2022	**50**	**50**	**(2,160)**	**(2,060)**

The accompanying notes form part of the financial statements.

1. AUTHORISATION OF FINANCIAL STATEMENTS AND STATEMENT OF COMPLIANCE WITH FRS 101

The financial statements were approved by the Board for issue on 21 June 2023.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of UK-adopted international accounting standards ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken. The financial statements are prepared under the historical cost convention.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the 52 weeks ended 25 September 2022. The financial statements are prepared in Sterling and are rounded to the nearest thousand pounds (£000s).

2. ACCOUNTING POLICIES

Basis of preparation

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- The requirements of IFRS 7 Financial Instruments: Disclosure;
- The requirements of paragraph 52 and paragraph 58 of IFRS 16 Leases;
- The requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment; and
  - paragraph 118(e) of IAS 38 Intangible Assets
- The requirements of paragraph 134-136 of IAS 1 Presentation of Financial Statements to disclose information about capital and how it is managed;
- The requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to provide information about the impact of IFRS's that have been issued but are not yet effective;
- The requirements of paragraphs 10(d), 16, 38A, 38B-D and 111 of IAS 1 and the requirements of IAS 7 Statement of Cash Flows;
- The requirements of IAS 24 Related Party Transactions to disclose transactions entered into between two parties wholly owned within the same group;
- The requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures;
- The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers; and
- The requirements of paragraph 16 of IAS 1 to make an explicit and unreserved statement of compliance with IFRS

The directors consider that the accounting policies set out below are suitable, have been consistently applied unless otherwise stated and are supported by reasonable and prudent judgements and estimates.

The Company is a private company limited by shares, incorporated in England and registered at 3 Monkspath Hall Road, Solihull, United Kingdom, B90 4SJ. It is a subsidiary of Stonegate Pub Company Topco Sarl, a company registered in Luxembourg. These financial statements present information about the Company as an individual undertaking. The top UK company which the Company is consolidated into is Stonegate Pub Company PIKCO Holdings Limited, registered at the same Solihull address as above.

2. ACCOUNTING POLICIES (CONTINUED)

Basis of preparation (continued)
The directors consider that the accounting policies set out below are suitable, have been consistently applied unless otherwise stated and are supported by reasonable judgements and estimates.

Going concern
In previous periods, the financial statements have been prepared on a going concern basis. Following the period end, the directors took the decision to cease trading following the surrender of the leases. Accordingly the financial statements are now not prepared on the going concern basis, with all balances disclosed as current. A review of the carrying value of assets held at the period end has resulted in fixtures, fittings and equipment being impaired by £127,000 to bring its carrying value down to the value it has been realised for following the period end. There has been no further resulting effect on the financial statements and no further material adjustments arose as a result of the Company ceasing to apply the going concern basis.

Current assets and liabilities
The Company shall classify an asset as current when it expects to realise the asset within twelve months after the reporting period. The Company shall classify a liability as current when the liability is due to be settled within twelve months after the reporting period.

Use of accounting estimates and judgements
The Company makes estimations and assumptions during the preparation of the financial statements. Actual results may differ from these estimates under different assumptions and conditions. There are no significant judgements or estimates to be disclosed in the current period.

Revenue
Revenue is the fair value of consideration received or receivable for goods and services provided in the normal course of business, net of discounts and taxes. Revenue principally consists of drink and food sales, which are recognised at the point at which goods are provided.

Government grants
Money received in the form of a government grant is treated as revenue. Therefore, grant income is recorded within other income in the Income Statement on a systemic basis in the same periods as the related expenses incurred.

Taxation
The tax expense or credit comprises of the tax payable or receivable based on taxable profits or losses for the period, payment or receipt for tax losses claimed or surrendered from/to other Group companies, and deferred tax. Deferred tax is provided using the balance sheet liability method in respect of temporary differences between the carrying value of assets and liabilities for accounting and tax purposes.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. No deferred tax is recognised if the taxable temporary difference arises from goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Current tax assets and liabilities are offset where there is a legally enforceable right to set off the recognised amounts and the intention is to either settle on a net basis or realise the asset and liability simultaneously. Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and the assets and liabilities relate to taxes levied by the same tax authority which are intended to be settled net or simultaneously.

2. ACCOUNTING POLICIES (CONTINUED)

Taxation (continued)

Tax is charged or credited to Other Comprehensive Income if it relates to items that are charged or credited to Other Comprehensive Income. Similarly, tax is charged or credited directly to equity if it relates to items charged or credited directly to equity. Otherwise tax is charged in the Income Statement. Tax is calculated using tax rates enacted or substantively enacted at the Balance Sheet date.

Intangible assets

Intangible assets are recognised at cost, net of amortisation and any provision for impairment.

Amortisation is provided on cost at rates calculated to write off the cost of intangible assets over their expected useful lives on the following basis:

Website development costs	Straight line over a maximum of five years

Property, plant and equipment

Property, plant and equipment is stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on cost at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following basis:

Right-of-use assets	Straight line over the length of the lease
Leasehold property improvements	Straight line over a period of between five years and the length of the lease
Fixtures, fittings and office equipment	Straight line over six years

Impairment

Each pub operated by the Company is a separate cash generating unit (CGU) given each pub represents the smallest identifiable group of assets that generate cash inflows largely independent of cash flows from other groups of assets. Where there are indicators of impairment an estimate of the recoverable amount is identified through a fair value less costs to sell assessment, which is compared to the carrying amount. The fair value less costs to sell assessment is calculated by reference to the estimated EBITDA based on current trading of the pub and applying a suitable multiple. Where the recoverable amount is less than the carrying value of the CGU the impairment loss is allocated to the assets in the CGU on a pro rata basis.

Inventories

Inventories which comprise products held for resale are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business. For resale stock, cost is calculated using the first in, first out method.

Financial instruments

a) Cash and cash equivalents

Cash comprises cash at bank and in hand.

b) Intercompany

Financial instruments include intercompany loans payable which are measured at amortised cost.

2. ACCOUNTING POLICIES (CONTINUED)

Leases

As a lessee

The Company leases properties.

At the inception of a contract the Company assesses whether that contract is or contains a lease. This is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company has elected not to apply the lessee requirements of IFRS 16 to short-term leases and leases for which the underlying asset is of low value. The lease payments for such leases are recognised as an expense on a straight-line basis over the lease term.

All leases held by the Company incur rental charges based on a percentage of turnover. The rental charges are recognised in the income statement in the period to which they relate.

The Company recognises direct costs incurred in acquiring the rights to occupy a property as a right-of-use asset in property, plant and equipment.

Right-of-use assets are initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses.

In the prior period, the Company applied the practical relief for lessees in accounting for eligible rent concessions that were a direct consequence of Covid-19 which resulted in the Company not having to give consideration to concessions provided by Ei Group Limited being a lease modification and therefore they were recognised as variable rent through the income statement.

3. REVENUE

Revenue is predominantly derived from food and drink sales and accommodation income. All revenue arises in the United Kingdom.

4. OTHER INCOME

	52 weeks ended 25 September 2022 £000	52 weeks ended 26 September 2021 £000
Government grants	42	708
	42	708

During the period £nil (52 weeks ended 26 September 2021: £480,000) was recognised within other income in relation to the Coronavirus Job Retention Scheme; and £42,000 (52 weeks ended 26 September 2021: £228,000) was recognised in relation to local authority government grants.

5. OPERATING LOSS

This is stated after charging:

	52 weeks ended 25 September 2022 £000	52 weeks ended 26 September 2021 £000
Cost of goods sold	**1,355**	821
Operating lease rentals – contingent lease rent	**128**	83
Rental charges under agreements cancellable at any time	**342**	247
Employment costs	**1,758**	1,599
Impairment	**128**	-
Depreciation and amortisation	**147**	168

6. AUDITOR'S REMUNERATION

The audit fees of the Company for the period ended 25 September 2022 are £25,000 (2021: £24,000).

7. DIRECTORS' EMOLUMENTS

During the period ended 25 September 2022, the total emoluments payable to directors were £nil (2021: £nil).

For those directors who are employees of Stonegate Pub Company Limited, their roles within the Company are deemed to be incidental to their wider roles within the Group and therefore the Company bears no cost in relation to these directors.

No directors received any pension contributions from the Company (2021: £nil).

8. STAFF NUMBERS AND COSTS

Staff costs consist of:

	52 weeks ended 25 September 2022 £000	52 weeks ended 26 September 2021 £000
Wages and salaries	**1,607**	1,471
Social security costs	**130**	106
Pension costs	**21**	22
	1,758	1,599

The average number of employees during the 52 weeks ended 25 September 2022 was 93, all engaged in retail operations (2021: 92 employees, all engaged in retail operations).

9. TAXATION

a) Analysis of total tax credit recognised in the Income Statement

	52 weeks ended 25 September 2022 £000	52 weeks ended 26 September 2021 £000
Current tax		
UK corporation tax	**(158)**	(93)
Adjustments in respect of prior periods	**25**	26
Total current tax	**(133)**	(67)
Deferred tax		
Origination and reversal of temporary differences	**(8)**	8
Change in tax rates	**-**	(25)
Amounts over provided in prior years	**(43)**	(26)
Total deferred tax	**(51)**	(43)
Taxation	**(184)**	(110)

b) Tax credit reconciliation

The tax assessed for the year is lower than (2021: lower than) the standard rate of corporation tax in the UK. The difference is explained below.

	52 weeks ended 25 September 2022 £000	52 weeks ended 26 September 2021 £000
Loss before tax	**(680)**	(316)
Loss before tax at 19.0% (2021: 19.0%)	**(129)**	(60)
Effects of:		
Expenses not deductible for tax purposes	**(7)**	6
Transfer pricing adjustments	**(31)**	(31)
Tax over provided in prior years	**(17)**	-
Effect of rate change	**-**	(25)
Taxation	**(184)**	(110)

10. INTANGIBLE ASSETS

	Website development costs £000
Cost	
At 26 September 2021	16
At 25 September 2022	**16**
Amortisation	
At 26 September 2021	15
Charge for the period	-
At 25 September 2022	**15**
Net book value	
At 25 September 2022	**1**
At 26 September 2021	1

The intangible assets are classified as current as, since the period end, the Company expects to realise the assets within twelve months of the Balance Sheet date.

11. PROPERTY, PLANT AND EQUIPMENT

	Right-of-use asset £000	Leasehold improvements £000	Fixtures, fittings and equipment £000	Total £000
Cost				
At 26 September 2021	297	706	1,087	2,090
Additions	-	-	31	31
At 25 September 2022	**297**	**706**	**1,118**	**2,121**
Depreciation and impairment				
At 26 September 2021	48	412	786	1,246
Charge for the period	30	38	79	147
Impairment	-	-	129	129
At 25 September 2022	**78**	**450**	**994**	**1,522**
Net book value				
At 25 September 2022	**219**	**256**	**124**	**599**
At 26 September 2021	249	294	301	844

The right of use assets are classified as current as, since the period end, the leases have been surrendered back to a group company and therefore the right of use assets have been disposed of within twelve months of the balance sheet date. Furthermore, the right of use asset, leasehold improvements and fixtures, fittings and equipment, are classified as current as, since the period end, the Company expects to realise the assets within twelve months of the Balance Sheet date.

12. INVENTORIES

	25 September 2022 £000	26 September 2021 £000
Goods held for resale	99	75
	99	75

The Company consumed £1,198,000 of inventories during the 52 weeks ended 25 September 2022 (2021: £709,000) and charged £nil to the income statement for the write-down of inventories during the period, as a result of Covid-19 (2021: £25,000). The Company charged £nil to the income statement for the write off of equipment inventories during the period (2021: £47,000).

13. TRADE AND OTHER RECEIVABLES

	25 September 2022 £000	26 September 2021 £000
Other debtors	56	93
Prepayments	72	54
	128	147

14. TRADE AND OTHER PAYABLES

	25 September 2022 £000	26 September 2021 £000
Trade payables	177	107
Other creditors	74	86
Accruals and deferred income	295	283
Amounts due to group undertakings	283	501
Social security and other taxes	111	200
	940	1,177

15. FINANCIAL LIABILITIES

	25 September 2022 £000	26 September 2021 £000
Loan from group undertakings	2,352	2,212
Other loans	30	-
	2,382	2,212

The above loans from Ei Group Limited to fund the capital expenditure and working capital requirements in the Company are non-interest bearing and repayable on demand but are expected to be repaid from free cash flow generated by Dirty Liquor Limited. The loans are classified as a current liability as they are deemed to be repayable on demand. Ei Group Limited has a fixed and floating charge over the Company's assets in respect of these loans.

The Other loans relate to working capital loans from C L Jones and H O'Boyle. They are non-interest bearing and repayable on demand but are expected to be repaid from free cash flow generated by Dirty Liquor Limited. The loans are classified as a current liability as they are deemed to be repayable on demand.

Subsequent to the period end the £30,000 other loan due to C L Jones and H O'Boyle has been repaid by the Company.

16. DEFERRED TAX

The movement in deferred taxation in the period comprises:

	52 weeks ended 25 September 2022 £000	52 weeks ended 26 September 2021 £000
Opening	(107)	(64)
Movement recognised in the income statement	(51)	(43)
At the period end	(158)	(107)

The amounts of deferred taxation provided in the accounts are as follows:

	25 September 2022 £000	26 September 2021 £000
Decelerated capital allowances	(157)	(107)
Other temporary differences	(1)	-
At the period end	(158)	(107)

An increase in the UK corporation tax rate from 19% to 25% (effective from 1 April 2023) was substantively enacted on 24 May 2021, and the UK deferred tax liability as at 25 September 2022 has been calculated at this rate. This will have a consequential effect on the Company's future tax charge.

The deferred tax asset is classified as current as the balance is expected to unwind within twelve months of the Balance Sheet date.

17. LEASES

The Company as a lessee

The following amounts have been recognised in the Income Statement for which the Company is a lessee:

Leases under IFRS 16	**52 weeks ended 25 September 2022 £000**	52 weeks ended 26 September 2021 £000
Depreciation of right of use assets	**30**	29
Expense relating to variable lease payments not included in the measurement of lease liabilities	**128**	83
Rental charges under agreements cancellable at any time	**342**	247
	500	359

18. SHARE CAPITAL

	2022		2021	
	No.	**£000**	No.	£000
Authorised				
A Ordinary shares of 50 pence each	**75,000**	**38**	75,000	38
B Ordinary shares of 50 pence each	**25,000**	**12**	25,000	12
	100,000	**50**	100,000	50
Called up and fully paid				
A Ordinary shares of 50 pence each	**75,000**	**38**	75,000	38
B Ordinary shares of 50 pence each	**25,000**	**12**	25,000	12
	100,000	**50**	100,000	50

Particulars of the rights of each class of shares are as follows:

Dividends: any dividends paid shall belong to and be paid to the shareholders (pari passu) in proportion to the number of shares held by them.

Capital: on a winding up of the Company or on a reduction or return of capital, the assets of the Company remaining after the settlement of its debts and costs of winding up or return of capital shall be applied in the following manner and order of priority; in distributing the balance amongst the ordinary shareholders, in proportion to the number of equity shares held by them and as if they were all holders of shares of the same class.

Voting: shares rank pari passu

18. SHARE CAPITAL (CONTINUED)

The shareholder agreement entered into between the Company, Enterprise Managed Investments Limited (EMIL) and the managers (C L Jones and H O'Boyle) contains various clauses that give EMIL the option to buy the shares held by the managers or for the managers to buy the shares held by EMIL on the occurrence of certain events. Since the period end date the entire share capital is now owned by EMIL and the options referred to above are therefore no longer available.

Share premium
This reserve represents the amount of proceeds received for shares in excess of their nominal value of 50 pence per share.

19. RELATED PARTIES

During the period, the following material related party transactions occurred:

Ei Group Limited – an intermediate parent company at the period end

Dirty Liquor Limited made trading purchases of £1,014,000 (2021: £563,000) from Ei Group Limited in relation to rent, drink products and various other recharges including insurance.

The Company drew down £nil (2021: £22,000) of a capital expenditure loan facility. In addition, a working capital loan of £140,000 was advanced to the Company from Ei Group Limited (2021: £nil). The terms of these loans are described in note 15. In the prior period, the Company agreed with Ei Group Limited not to repay a portion of the capital expenditure loan facility following sale of an asset due to the continued funding requirements of the Company.

The Company recharged Ei Group Limited and other group companies £133,000 (2021: £67,000) for tax group relief surrendered during the period.

Stonegate Pub Company Limited – an intermediate parent company at the period end

The Company was recharged £93,000 (2021: £17,000) from Stonegate Pub Company Limited in relation to various trading recharges. The total balance outstanding at the period end was £69,000 (2021: £17,000).

This resulted in the following balances owed to the Group, predominantly Ei Group Limited:

	25 September 2022 £000	26 September 2021 £000
Intercompany balances payable	**283**	501
Intercompany loans	**2,352**	2,212

Dirty Liquor Alpha Limited – a company with the same ultimate parent undertaking and controlling parties at the period end. Dirty Liquor Alpha Limited has been dissolved after the period end on 7 March 2023.

A recharge of £nil (2021: £2,000) was made between Dirty Liquor Alpha Limited and Dirty Liquor Limited which resulted in a balance owed from Dirty Liquor Alpha Limited of £nil (2021: £2,000 owed to Dirty Liquor Limited) at the period end.

Bourbon & Ginger Limited - a company in which C L Jones and H O'Boyle are also directors.

Bourbon & Ginger Limited provide management services to the pubs. Dirty Liquor Limited made purchases of £391,000 (2021: £405,000) from Bourbon & Ginger Limited in respect of management fees and various other recharges. The total balance outstanding at 25 September 2022 to Bourbon & Ginger Limited from the Company was £3,000 (2021: £40,000).

NOTES TO THE ACCOUNTS
At 25 September 2022

19. RELATED PARTIES (CONTINUED)

C L Jones and H O'Boyle – directors in the Company

A working capital loan of £15,000 was advanced to the Company from C L Jones (2021: £nil) leaving a balance outstanding at the period end of £15,000. A working capital loan of £15,000 was advanced to the Company from H O'Boyle (2021: £nil) leaving a balance outstanding at the period end of £15,000. The terms of these loans are described in note 15.

20. PARENT UNDERTAKING AND CONTROLLING PARTY

The Company's immediate parent undertaking is Enterprise Managed Investments Limited, a company incorporated in the United Kingdom and registered in England and Wales. The Company's ultimate parent undertaking is Stonegate Pub Company Topco Sarl, a company incorporated in Luxembourg.

The top UK company which the Company is consolidated into is Stonegate Pub Company PIKCO Holdings Limited. The ultimate controlling parties are various investment funds managed by TDR Capital LLP, a private equity management firm. The business address of TDR Capital LLP is 20 Bentinck Street, London, W1U 2EU.

21. POST BALANCE SHEET EVENTS

Subsequent to the period end, on 31 March 2023, EMIL acquired the remaining 25% of the shares in the Company and therefore the Company became a wholly owned subsidiary within the Group. Furthermore, the Company surrendered the leases of all of the nine public houses and therefore these public houses are no longer trading within the Company and the operations have discontinued.