Company Registration No. 07769260 (England and Wales)

Brewhouse & Kitchen Limited

Annual report and group financial statements for the period ended 30 September 2023

Company information

Directors	Kristian Gumbrell	
	Simon Bunn	
	Paul Adams	
	David Maxwell Scott	
	Jean Visser	(Appointed 4 October 2022)
	Gurinder Birah	(Appointed 3 November 2023)
Secretary	Kin Company Secretarial Limited	
Company number	07769260	
Registered office	Office Above the Brewpub 2a Corsica Street London N5 1JJ	
Independent auditor	Saffery LLP 71 Queen Victoria Street London EC4V 4BE	

Brewhouse & Kitchen Limited

Contents

The directors present the strategic report for the period ended 30 September 2023.

Fair review of the business

The full financial results for Brewhouse and Kitchen Limited for the period ending 30 September 2023 are shown in the Comprehensive Statement of Income on page 11 of the accounts.

The year under review ended some nine months ago. Progress in that year was mixed, but overall the company continued to improve against its pre-Covid position. Sales on a like for like basis were up 2.3% against 2019.

The start of the year (October and November) was a challenging period. Consumer confidence experienced significant disruption after the Liz Truss mini-budget which had occurred in September. However, Christmas 2022 saw a much stronger performance with a year-on-year sales growth of 7.5% followed by a continued good trading momentum into January with further growth of 3%. Unfortunately, the second and third quarters saw sales ease but overall were still ahead of pre-Covid performance. June gave us great weather with 5.7% like-for-like growth (+13.3% on 2019). But then the heavens opened. Consequently, trading during July and August was dampened and averaged a decline of 5% year-on-year. During the course of the whole year intermittent rail strikes, particularly in London, plus the overall downturn in spending and consumer confidence saw trading become continuously disrupted. The result was an overall annual decline, year-on-year, of 0.9%.

Our Academy Experience and own brewed beer sales remained strong, but food sales were constrained by consumers tightening their belts. This demonstrated that even when the consumer was under significant pressure, due to the cost of living crisis, special occasions and the gifting of unique experiences remained a critically important part of our offer.

Our new brewpub in Chelmsford continues to perform well and is now settled to be in line with management expectations. It has added significant value to our overall estate.

With the background of a stagnant economy and a lacklustre trading landscape the management team took a number of pragmatic and innovative decisions in order to lower head office costs. This was largely achieved by reducing a number of roles within the business. These included, the removal of the operations' director role, the reduction of operational managers (and their geographic areas) from three to two, the outsourcing of operational administration to an off-shore service provider, the reduction of the people team by one, the complete removal of the sales and reservations team, and the reduction of two business support team members in the brewing and marketing teams. The impact of these changes has been alleviated by intensifying the focus on training and the upskilling of the management teams, coupled with a better use of technology and more delegation of decision making to brewpub level. Furthermore, our Highbury head office space has been reduced with the main office area now sublet to a media company paying a rent of £30k per annum.

In terms of energy, our broker Logical Utilities, working closely with Ian Lishman, our commercial director, has made good progress. We have been buying gas and electricity on the trading markets. This has kept us below the normal market rates that are being paid within the sector. As well as being diligent in our procurement, the team has worked hard to ensure a reduction in actual energy consumption. Our gas consumption for the year reduced by 26.9% against the previous year. Likewise, our electricity consumption reduced by 8.8%. Nevertheless, energy costs remain substantially higher than they were before the start of the Ukraine War. Although we are seeing a longer periods of stability in the marketplace, the continuing geopolitical tensions in Russia/Ukraine, the Middle East, and Asia will constitute an ongoing risk factor to the cost of our energy.

Since the summer of 2021, food inflation has remained stubbornly high across the hospitality sector. During the reporting period it was seldom less than double digit growth. We have been working with our procurement company, Prestige Purchasing, to complete a full market review of our food and beverage buying requirements. Since going live with Prestige, and based on a tracked £7.5m spend, and when comparing published inflation prices for food with those that we have paid, we have so far accumulated a savings of 9.1%. This has allowed us to impose only marginal increases in food pricing to our customers. Thankfully the outcome of this is that food inflation has had a minimal impact on our business.

Financial performance

1. Total Gross profit margin is 77%
2. Group turnover is up by 2% to £16.7m (2022: £16.4m)
3. The Group reported an Operating Loss of £0.7m (2022: £2.1m)
4. Shareholders equity has decreased year on year to £13.9m (2022: £15.1m)

Principal risks and uncertainties

- COVID: a new variant of the pandemic
- Further disruptions emanating from the war in Ukraine and the Middle East
- A significant and adverse change in consumer behaviour: we continue to monitor trends as they emerge.
- Economic: the strength of the regional economy is a principal determinant of our success, and reduced consumer spending could adversely affect our performance. However, we mitigate this by proactively responding to changes in all sites. We are also exposed to swings in foreign exchange as we purchase raw materials for the breweries in US$, and also capital items for the breweries from China.
- Food Inflation has been incredibly challenging. Because of the extra regulation resulting from Brexit, imported food items are taking longer to enter the UK market. This has driven up cost and reduced shelf life.
- Regulation and tax: the drinks industry is heavily regulated and taxed through Excise Duty. There is a risk that future increases could affect the market and our profitability.
- Operational brands and reputation: the Company has an increasing range of brands and an excellent reputation; this could be adversely affected by unexpected events/incidents.
- Financial: The Company has loans of £6.9m.
- Energy: The utility market remains very volatile in terms of pricing. Whilst there has been improvement, it remains much higher compared to Pre-War & Pandemic pricing.

Key performance indicators

The core areas that are normally measured in each monthly set of management accounts are:

- Year on year sales growth.
- Liquor gross margin.
- Brewery and food gross margins.
- Individual unit wages expressed as a % of total sales.
- EBITDA % improvement per site year on year.
- Return on capital employed per site %.

Corporate social responsibility

In March 2023 the company was named the UK's Best Brewing Pub Company at the industry's annual Publican Awards. In terms of brewing specifically, the business achieved over 20 national and international brewing awards; most notably 2 Gold Medals at the European Beer Challenge, 2 Golds at the World Craft Beer Awards and a Gold Medal at the SIBA UK National Awards.

Food has remained a major driver for our business. Last year we won a series of awards including Best Children's Menu at the Menu Innovation and Development Awards 2023, and also Operator of the Year Innovative Kitchen Design at the Foodservice Equipment Journal Awards 2023.

The business had another outstanding year in terms of reputation and recognition. Our reputation scores across Tripadvisor, Google and Facebook are now tracking at 4.5 out of 5. This is outstanding for a managed pub group of any size and demonstrates our commitment to great service, beer and food.

Our people are critical for our success. We have continued to support our teams' physical, financial, and mental wellbeing through various support initiatives. One of our greatest achievements in the past year has been the introduction of a free hot meal for all members of the team on every shift, irrespective of the number of hours worked. Our team turnover is now at a record low and vacancy rates are averaging 7% versus a sector average of 11%. This year we launched a new development programme called Future Leaders Academy. Its aim is to develop our own stars who can progress their careers to become general managers at B&K brewpubs. These training programmes have been instrumental in retaining our low vacancy rates.

Through our participation of the Peddling for Pubs Rides in Sri-Lanka, Yorkshire, Keyna, Devon Peddling for Pubs has raised over £1m for the Licensed Trade Charity and Only a Pavement Away. B&K through these endeavours has raised £16,696 for charity.

Brewhouse and Kitchen have made progress towards being carbon neutral. As a group we have identified areas to mitigate our carbon footprint.

In the reporting Period October 2022 to September 2023 we contributed to the following projects, peatland restoration and conservation in Indonesia, turning local organic waste into electricity in India, a solar power project in Morocco, distributing cleaner cookstoves in Kenya, avoiding methane emissions from landfill in Brazil, tree planning in Madagascar and UK – all of which have collectively avoided 1,491 Tonnes of Co2e being released into the environment.

Our waste management company has continued to work with our general managers to refine and continue to maintain their recycling rates. During the reporting period the company averaged 72% of our waste being recycled. This will exclude any brewery waste where it goes directly to farmers and local allotments.

Our key food and drink suppliers have been working with us to reduce the amount of secondary packaging.

We are currently recycling 2/3rds of our used oil into bio-diesel.

Our planting strategy has been updated where we can, using more evergreen plantings which are more sustainable (less water consumption) along with combining faux planting when it is not sustainable to maintain and grow real planting.

Recent performance and future outlook

With the market remaining subdued and the ongoing, and well documented, trading pressures on hospitality, we are focusing on improving efficiency and productivity whilst continuously fighting to protect margins and profitability. The pressure on food margins, energy costs, wages and employment costs, as well as the loss of business rate relief have all conspired to create a perfect storm of operational and financial challenges. The guest can only deal with so many price increases. We are doing all we can to minimise those increases … without reducing our margins.

For the reasons outlined above, 2024 is a year that continues to be challenging. However, we are optimistic because we are a premium, mainly freehold brewpub business that is well established, has an extraordinarily skilled and loyal team, and is ready to take an opportunity to expand.

Craft beer is a category that is still growing, and we remain the market leader as the UK's largest brewpub business as well as being the second largest in Europe.

The market for high quality managed houses is beginning to show signs of activity. The Company is currently engaged in a strategic review to establish the best way forward with a particular focus on identifying the optimum way to create liquidity for our investors.

Going Concern

The company has a strong management team, a high-quality estate that is being continually enhanced, and a strong balance sheet. During the reporting period (March 2023), the company successfully opened a new freehold brewpub in Chelmsford.

The bank has been very supportive in agreeing to extend a term loan due in September 2023 initially through to September 2024. At the same time, negotiations are being held to extend this facility by a further period whilst also looking to increase the size of the loan as part of a wider refinancing package. Should this not proceed, the directors have other vehicles for releasing cash and are therefore confident, in this scenario, that the company would be able to continue as a going concern.

Post year end, the company completed a Rights Issue to raise funds for its next stage of growth.

Given the willingness and support entrusted in the company from the bank and loan note provider the directors therefore have a reasonable expectation that the company is a going concern for at least 12 months from the date of signing the accounts.

On behalf of the board

Kris Gumbrell

....

Kris Gumbrell (Jul 15, 2024, 6:51am)

Kristian Gumbrell

Director

15 Jul 2024

Date:……………………

The directors present their annual report and financial statements for the period ended 30 September 2023.

Principal activities
The principal activity of the company continued to be that of building and operating a chain of branded brewpubs.

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

Kristian Gumbrell	
Simon Bunn	
Paul Adams	
David Maxwell Scott	
Jean Visser	(Appointed 4 October 2022)
Gurinder Birah	(Appointed 3 November 2023)

Results and dividends
The results for the period are set out on page 11.

No ordinary dividends were paid.

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

Employee involvement
The group's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

There is no employee share scheme at present, but the directors are considering the introduction of such a scheme as a means of further encouraging the involvement of employees in the company's performance.

Auditor
Saffery LLP have expressed their willingness to continue in office.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

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

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

Strategic report

The group has chosen in accordance with Companies Act 2006, s.414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of its fair review of the business, details of the group's risks and uncertainties and also its future developments.

Statement of disclosure to auditor

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

On behalf of the board

Kris Gumbrell
....
Kris Gumbrell (Jul 15, 2024, 6:51am)
Kristian Gumbrell
Director
15 Jul 2024
Date: ....

Independent auditor's report
To the members of Brewhouse & Kitchen Limited

Opinion
We have audited the financial statements of Brewhouse & Kitchen Limited (the 'parent company') and its subsidiaries (the 'group') for the period ended 30 September 2023 which comprise the group statement of comprehensive income, the group statement of financial position, the company statement of financial position, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows, the company statement of cash flows 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 FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:
- give a true and fair view of the state of the group and of the parent company's affairs as at 30 September 2023 and of the group's 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.

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

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

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

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

Other information
The 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.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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 specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud are detailed below.

Identifying and assessing risks related to irregularities:
We assessed the susceptibility of the group and parent company's financial statements to material misstatement and how fraud might occur, including through discussions with the directors, discussions within our audit team planning meeting, updating our record of internal controls and ensuring these controls operated as intended. We evaluated possible incentives and opportunities for fraudulent manipulation of the financial statements. We identified laws and regulations that are of significance in the context of the group and parent company by discussions with directors and by updating our understanding of the sector in which the group and parent company operates.

Laws and regulations of direct significance in the context of the group and parent company include The Companies Act 2006 and UK Tax legislation.

Audit response to risks identified
We considered the extent of compliance with these laws and regulations as part of our audit procedures on the related financial statement items including a review of group and parent company financial statement disclosures. We reviewed the parent company's records of breaches of laws and regulations, minutes of meetings and correspondence with relevant authorities to identify potential material misstatements arising. We discussed the parent company's policies and procedures for compliance with laws and regulations with members of management responsible for compliance.

During the planning meeting with the audit team, the engagement partner drew attention to the key areas which might involve non-compliance with laws and regulations or fraud. We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or knowledge of any actual, suspected or alleged fraud. We addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and identifying any significant transactions that were unusual or outside the normal course of business. We assessed whether judgements made in making accounting estimates gave rise to a possible indication of management bias. At the completion stage of the audit, the engagement partner's review included ensuring that the team had approached their work with appropriate professional scepticism and thus the capacity to identify non-compliance with laws and regulations and fraud.

As group auditors, our assessment of matters relating to non-compliance with laws or regulations and fraud differed at group and component level according to their particular circumstances. Our communications included a request to identify instances of non-compliance with laws and regulations and fraud that could give rise to a material misstatement of the group financial statements in addition to our risk assessment.

There are inherent limitations in the audit procedures described above 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 would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of our report

This report is made solely to the parent 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 parent company's members those matters we are required to state to them in an auditors 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 parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Lucy Brennan (Senior Statutory Auditor)
For and on behalf of Saffery LLP

Date: 15 July 2024

Chartered Accountants
Statutory Auditors

71 Queen Victoria Street
London
EC4V 4BE

Group statement of comprehensive income
For the period ended 30 September 2023

	Notes	Period ended 30 September 2023 £	Period ended 24 September 2022 £
Turnover	3	16,686,966	16,400,034
Cost of sales		(3,915,388)	(3,833,331)
Gross profit		12,771,578	12,566,703
Administrative expenses		(13,512,427)	(14,724,339)
Other operating income		343,624	99,517
Exceptional item	4	(277,563)	-
Operating loss	5	(674,788)	(2,058,119)
Interest receivable and similar income	9	72,700	11,054
Interest payable and similar expenses	10	(570,832)	(276,372)
Loss before taxation		(1,172,920)	(2,323,437)
Tax on loss	11	-	-
Loss for the financial period		(1,172,920)	(2,323,437)

Loss for the financial period is all attributable to the owners of the parent company.
Total comprehensive income for the period is all attributable to the owners of the parent company.

Brewhouse & Kitchen Limited

Group statement of financial position
As at 30 September 2023

	Notes	2023 £	2023 £	2022 £	2022 £
Fixed assets					
Tangible assets	**13**		21,546,574		20,838,336
Current assets					
Stocks	**16**	327,871		300,048	
Debtors	**17**	1,140,948		927,010	
Cash at bank and in hand		1,293,381		2,862,311	
		2,762,200		4,089,369	
Creditors: amounts falling due within one year	**18**	(10,345,317)		(9,823,725)	
Net current liabilities			(7,583,117)		(5,734,356)
Total assets less current liabilities			13,963,457		15,103,980
Provisions for liabilities	**20**		(22,673)		(22,673)
Net assets			13,940,784		15,081,307
Capital and reserves					
Called up share capital	**23**		11,111,800		11,111,800
Share premium account			14,142,384		14,142,384
Other reserves			102,753		70,356
Profit and loss reserves			(11,416,153)		(10,243,233)
Total equity			13,940,784		15,081,307

The financial statements were approved by the board of directors and authorised for issue on 15 Jul 2024 and are signed on its behalf by:

Kris Gumbrell
....
Kris Gumbrell (Jul 15, 2024, 6:51am)
Kristian Gumbrell
Director
Company Registration No. 07769260

Brewhouse & Kitchen Limited

Company statement of financial position
As at 30 September 2023

		30 September 2023		24 September 2022	
	Notes	**£**	**£**	**£**	**£**
Fixed assets					
Tangible assets	**13**		21,546,574		20,838,336
Investments	**14**		1		1
			21,546,575		20,838,337
Current assets					
Stocks	**16**	327,871		300,048	
Debtors	**17**	1,140,948		927,010	
Cash at bank and in hand		1,293,381		2,862,311	
		2,762,200		4,089,369	
Creditors: amounts falling due within one year	**18**	(10,345,136)		(9,823,544)	
Net current liabilities			(7,582,936)		(5,734,175)
Total assets less current liabilities			13,963,639		15,104,162
Provisions for liabilities					
Deferred tax liability	**20**	22,673		22,673	
			(22,673)		(22,673)
Net assets			13,940,966		15,081,489
Capital and reserves					
Called up share capital	**23**		11,111,800		11,111,800
Share premium account			14,142,384		14,142,384
Other reserves			102,753		70,356
Profit and loss reserves			(11,415,971)		(10,243,051)
Total equity			13,940,966		15,081,489

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's loss for the year was £1,172,920 (2022 - £2,323,437 loss).

The financial statements were approved by the board of directors and authorised for issue on 15 Jul 2024 and are signed on its behalf by:

Kris Gumbrell

....
Kris Gumbrell (Jul 15, 2024, 6:51am)

Kristian Gumbrell
Director

Company Registration No. 07769260 (England and Wales)

Brewhouse & Kitchen Limited

Group statement of changes in equity
For the period ended 30 September 2023

	Notes	Share capital	Share premium account	Equity share based payments	Profit and loss reserves	Total
		£	£	£	£	£
Balance at 26 September 2021		11,068,300	14,098,884	70,356	(7,919,796)	17,317,744
Period ended 24 September 2022:						
Loss and total comprehensive income		-	-	-	(2,323,437)	(2,323,437)
Issue of share capital	**23**	43,500	43,500	-	-	87,000
Balance at 24 September 2022		11,111,800	14,142,384	70,356	(10,243,233)	15,081,307
Period ended 30 September 2023:						
Loss and total comprehensive income		-	-	-	(1,172,920)	(1,172,920)
Credit to equity for share based payments		-	-	32,397	-	32,397
Balance at 30 September 2023		11,111,800	14,142,384	102,753	(11,416,153)	13,940,784

Brewhouse & Kitchen Limited

Company statement of changes in equity
For the period ended 30 September 2023

	Notes	Share capital £	Share premium account £	Equity share based payments £	Profit and loss reserves £	Total £
Balance at 26 September 2021		11,068,300	14,098,884	70,356	(7,919,614)	17,317,926
Period ended 24 September 2022:						
Loss and total comprehensive income for the period		-	-	-	(2,323,437)	(2,323,437)
Issue of share capital	**23**	43,500	43,500	-	-	87,000
Balance at 24 September 2022		11,111,800	14,142,384	70,356	(10,243,051)	15,081,489
Period ended 30 September 2023:						
Profit and total comprehensive income		-	-	-	(1,172,920)	(1,172,920)
Credit to equity for share based payments		-	-	32,397	-	32,397
Balance at 30 September 2023		11,111,800	14,142,384	102,753	(11,415,971)	13,940,966

Group statement of cash flows
For the period ended 30 September 2023

	Notes	£	2023 £	£	2022 £
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	**28**		(174,462)		1,010,068
Interest paid			(446,849)		(276,372)
Net cash (outflow)/inflow from operating activities			(621,311)		733,696
Investing activities					
Purchase of tangible fixed assets		(2,437,789)		(518,326)	
Proceeds on disposal of tangible fixed assets		-		2,653	
Interest received		72,700		11,054	
Net cash used in investing activities			(2,365,089)		(504,619)
Financing activities					
Proceeds from issue of shares		-		87,000	
Proceeds from / (repayment of) loan notes		1,800,000		(540,610)	
Repayment of bank loans		(382,530)		(286,862)	
Net cash generated from/(used in) financing activities			1,417,470		(740,472)
Net decrease in cash and cash equivalents			(1,568,930)		(511,395)
Cash and cash equivalents at beginning of period			2,862,311		3,373,706
Cash and cash equivalents at end of period			1,293,381		2,862,311

Company statement of cash flows
For the period ended 30 September 2023

	Notes	£	2023 £	£	2022 £
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	**30**		(174,462)		1,010,068
Interest paid			(446,849)		(276,372)
Net cash (outflow)/inflow from operating activities			(621,311)		733,696
Investing activities					
Purchase of tangible fixed assets		(2,437,789)		(518,326)	
Proceeds on disposal of tangible fixed assets		-		2,653	
Interest received		72,700		11,054	
Net cash used in investing activities			(2,365,089)		(504,619)
Financing activities					
Proceeds from issue of shares		-		87,000	
Proceeds from / (repayment of) loan notes		1,800,000		(540,610)	
Repayment of bank loans		(382,530)		(286,862)	
Net cash generated from/(used in) financing activities			1,417,470		(740,472)
Net decrease in cash and cash equivalents			(1,568,930)		(511,395)
Cash and cash equivalents at beginning of period			2,862,311		3,373,706
Cash and cash equivalents at end of period			1,293,381		2,862,311

1 Accounting policies

Company information

Brewhouse & Kitchen Limited ("the company") is a private company limited by shares incorporated in England and Wales. The registered office is Office Above the Brewpub, 2a Corsica Street, London, N5 1JJ.

The group consists of Brewhouse & Kitchen Limited and its dormant subsidiary.

1.1 Accounting convention

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

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £1.

The financial statements have been prepared under the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Basis of consolidation

In the consolidated company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination.

The group financial statements incorporate those of Tafarnau Cymru Cyf. In 2019 the trade and assets of Tafarnau Cymru Cyf were hived up to Brewhouse & Kitchen Limited and the subsidiary has remained dormant since that point.

All financial statements are made up to 30 September 2023.

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

1.3 Going concern

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

The strategic report covers this in greater detail.

1.4 Turnover

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

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

1 Accounting policies (continued)

1.5 Tangible fixed assets

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

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

Freehold land and buildings	2% straight line
Leasehold land and buildings	over the term of the lease
Plant and equipment	10% straight line
Fixtures and fittings	10% straight line
Computers	33% straight line
Motor vehicles	33% straight line

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

1.6 Fixed asset investments

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

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

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.7 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

1.8 Stocks

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

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

1 Accounting policies (continued)

1.9 Cash and cash equivalents

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

1.10 Financial instruments

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

Financial instruments are recognised in the group's statement of financial position when the group becomes party to the contractual provisions of the instrument.

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

Basic financial assets

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

Classification of financial liabilities

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

Basic financial liabilities

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

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

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

1.11 Equity instruments

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

1 Accounting policies (continued)

1.12 Taxation

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

Current tax

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

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.13 Employee benefits

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

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

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

1.14 Retirement benefits

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

1 Accounting policies (continued)

1.15 Share-based payments

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using the Black Scholes model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

1.16 Leases

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

1.17 Government grants

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

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

2 Critical accounting judgements and key sources of estimation uncertainty

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

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

Areas of judgement and estimation include the depreciation of fixed assets and assumptions used for share based payments.

Judgement is used to identify and determine whether an item should be classified as Exceptional so to separately disclose and not affect the underlying performance. This involves the nature of the item as well as size and frequency.

Estimation is required to determine whether any impairment is required for Property, plant and equipment. These are based on value in use and fair values which are derived from external valuations and market conditions.

The share based payment cost requires an estimation using an appropriate valuation model. The Black-Scholes model being used involves volatility of shares and life of granted options. This determines the cost required for the period.

3 Turnover and other revenue

	2023	2022
	£	£
Turnover analysed by class of business		
Liquor	10,336,208	9,873,674
Food	5,407,272	5,515,450
Other	943,486	1,010,910
	16,686,966	16,400,034

	2023	2022
	£	£
Turnover analysed by geographical market		
UK	16,686,966	16,400,034

	2023	2022
	£	£
Other revenue		
Interest income	72,700	11,054
Grants received	-	66,000

4 Exceptional costs

	2023	2022
	£	£
Exceptional costs	277,563	-

Exceptional costs in the year relate head office restructuring, loan note extension fees, property valuation fees, and project craft costs.

5 Operating loss

	2023	2022
	£	£
Operating loss for the period is stated after charging/(crediting):		
Government grants	-	(66,000)
Depreciation of owned tangible fixed assets	1,363,872	1,260,035
Impairment of owned tangible fixed assets	365,679	1,845,085
Share-based payments	32,397	-
Operating lease charges	314,666	295,682

6 Auditor's remuneration

	2023	2022
Fees payable to the company's auditor and associates:	£	£
For audit services		
Audit of the financial statements of the group and company	34,860	31,000
For other services		
Taxation compliance services	5,500	5,500

7 Employees

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

	Group 2023	2022	Company 2023	2022
	Number	Number	Number	Number
Head office	30	30	30	30
Manager	34	40	34	40
Brewer	16	14	16	14
Back of house	90	101	90	101
Front of house	204	208	204	208
	374	393	374	393

7 Employees (continued)

Their aggregate remuneration comprised:

	Group 2023	2022	Company 2023	2022
	£	£	£	£
Wages and salaries	6,810,337	6,808,600	6,810,337	6,808,600
Social security costs	478,106	500,524	478,106	500,524
Pension costs	137,237	98,187	137,237	98,187
	7,425,680	7,407,311	7,425,680	7,407,311

8 Directors' remuneration

	2023	2022
	£	£
Remuneration for qualifying services	23,098	12,272

9 Interest receivable and similar income

	2023	2022
	£	£
Interest income		
Interest on bank deposits	72,700	11,054

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	72,700	11,054

10 Interest payable and similar expenses

	2023	2022
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	570,832	276,372

11 Taxation

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

	2023	2022
	£	£
Loss before taxation	(1,172,920)	(2,323,437)
Expected tax credit based on the standard rate of corporation tax in the UK of 21.96% (2022: 19.00%)	(257,573)	(441,453)
Tax effect of expenses that are not deductible in determining taxable profit	61,248	3,586
Change in unrecognised deferred tax assets	96,886	243,871
Effect of change in corporation tax rate	(16,428)	25,607
Permanent capital allowances in excess of depreciation	115,867	168,389
Taxation charge	-	-

12 Impairments

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in profit or loss:

	Notes	2023	2022
		£	£
In respect of:			
Property, plant and equipment	13	365,679	1,845,085
Recognised in:			
Administrative expenses		365,679	1,845,085

A third party valuation was carried out in the year and impairments have been recognised in respect of two freehold sites owned by the entity and group.

13 Tangible fixed assets

Group	Freehold land and buildings	Leasehold land and buildings	Plant and equipment	Fixtures and fittings	Computers	Motor vehicles	Total
	£	£	£	£	£	£	£
Cost							
At 25 September 2022	20,068,127	1,197,828	772,675	7,213,586	396,238	13,697	29,662,151
Additions	1,772,831	650	-	645,147	19,161	-	2,437,789
Disposals	-	-	(17,751)	(423,310)	(21,494)	-	(462,555)
At 30 September 2023	21,840,958	1,198,478	754,924	7,435,423	393,905	13,697	31,637,385
Depreciation and impairment							
At 25 September 2022	4,074,320	470,861	335,898	3,570,967	359,761	12,008	8,823,815
Depreciation charged in the period	382,155	63,369	59,235	823,955	35,158	-	1,363,872
Impairment losses	365,679	-	-	-	-	-	365,679
Eliminated in respect of disposals	-	-	(17,751)	(423,310)	(21,494)	-	(462,555)
At 30 September 2023	4,822,154	534,230	377,382	3,971,612	373,425	12,008	10,090,811
Carrying amount							
At 30 September 2023	17,018,804	664,248	377,542	3,463,811	20,480	1,689	21,546,574
At 24 September 2022	15,993,807	726,967	436,777	3,642,619	36,477	1,689	20,838,336

13 Tangible fixed assets (continued)

Company	Freehold land and buildings	Leasehold land and buildings	Plant and equipment	Fixtures and fittings	Computers	Motor vehicles	Total
	£	£	£	£	£	£	£
Cost							
At 25 September 2022	20,068,127	1,197,828	772,675	7,213,586	396,238	13,697	29,662,151
Additions	1,772,831	650	-	645,147	19,161	-	2,437,789
Disposals	-	-	(17,751)	(423,310)	(21,494)	-	(462,555)
At 30 September 2023	21,840,958	1,198,478	754,924	7,435,423	393,905	13,697	31,637,385
Depreciation and impairment							
At 25 September 2022	4,074,320	470,861	335,898	3,570,967	359,761	12,008	8,823,815
Depreciation charged in the period	382,155	63,369	59,235	823,955	35,158	-	1,363,872
Impairment losses	365,679	-	-	-	-	-	365,679
Eliminated in respect of disposals	-	-	(17,751)	(423,310)	(21,494)	-	(462,555)
At 30 September 2023	4,822,154	534,230	377,382	3,971,612	373,425	12,008	10,090,811
Carrying amount							
At 30 September 2023	17,018,804	664,248	377,542	3,463,811	20,480	1,689	21,546,574
At 24 September 2022	15,993,807	726,967	436,777	3,642,619	36,477	1,689	20,838,336

13 Tangible fixed assets (continued)

More information on impairment movements in the period is given in note 12.

14 Fixed asset investments

	Notes	Group 2023 £	2022 £	Company 2023 £	2022 £
Investments in subsidiaries	15	-	-	1	1

Movements in fixed asset investments
Company

	Shares in subsidiaries £
Cost or valuation	
At 25 September 2022 and 30 September 2023	1
Carrying amount	
At 30 September 2023	1
At 24 September 2022	1

15 Subsidiaries

Details of the company's subsidiaries at 30 September 2023 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
Tafarnau Cymru Cyf	England and Wales	Dormant	Ordinary	100

Registered office address of the subsidiary is office above the Brewpub, 2a Corsica Street, London, N5 1JJ.

16 Stocks

	Group 2023 £	2022 £	Company 2023 £	2022 £
Finished goods and goods for resale	327,871	300,048	327,871	300,048

17 Debtors

	Group 2023	2022	Company 2023	2022
Amounts falling due within one year:	**£**	**£**	**£**	**£**
Trade debtors	461,944	37,816	461,944	37,816
Other debtors	335,996	369,758	335,996	369,758
Prepayments and accrued income	343,008	519,436	343,008	519,436
	1,140,948	927,010	1,140,948	927,010

Included within other debtors is an amount of £71,250 (2022: £71,250) relating to property deposits which fall due after more than one year.

18 Creditors: amounts falling due within one year

	Notes	Group 2023 £	2022 £	Company 2023 £	2022 £
Bank loans	19	2,991,293	3,373,823	2,991,293	3,373,823
Other borrowings	19	3,928,130	2,004,147	3,928,130	2,004,147
Trade creditors		1,017,636	1,258,564	1,017,636	1,258,564
Other taxation and social security		524,801	456,649	524,801	456,649
Other creditors		464,409	852,155	464,228	851,974
Accruals and deferred income		1,419,048	1,878,387	1,419,048	1,878,387
		10,345,317	9,823,725	10,345,136	9,823,544

The bank loan and the loan note facility is due to mature in September 2024 and March 2025.

19 Loans and overdrafts

	Group 2023 £	2022 £	Company 2023 £	2022 £
Bank loans	2,991,293	3,373,823	2,991,293	3,373,823
Other loans	3,928,130	2,004,147	3,928,130	2,004,147
	6,919,423	5,377,970	6,919,423	5,377,970
Payable within one year	6,919,423	5,377,970	6,919,423	5,377,970

19 Loans and overdrafts (continued)

The bank loan is secured on the freehold and leasehold properties of the company. Interest is payable on the loan at the Bank of England base rate plus 2.5% on the principal amount.

In the period the company entered into new loan facilities which have been secured by a fixed charge over a number of the freehold properties held by the company. Interest is payable on the loan facilities at 7.5% + SONIA on the outstanding commitment.

20 Deferred taxation

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

Group	Liabilities 2023 £	Liabilities 2022 £
Accelerated capital allowances	710,540	799,072
Tax losses	(687,867)	(776,399)
	22,673	22,673

Company	Liabilities 2023 £	Liabilities 2022 £
Accelerated capital allowances	710,540	799,072
Tax losses	(687,867)	(776,399)
	22,673	22,673

There were no deferred tax movements in the period.

Total tax losses carried forward are £7,789,738 (2022: £7,330,142). Recognition of an asset on these losses has been restricted to the extent that they offset the capital allowances.

21 Retirement benefit schemes

Defined contribution schemes	2023 £	2022 £
Charge to profit or loss in respect of defined contribution schemes	137,237	98,187

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

22 Share-based payment transactions

The company has a share based option scheme for certain employees.

Options are exercisable at a price equal to the estimated fair value of the company's shares on the date of grant. The vesting period is three years and the options can be exercised for a period of seven years once vested, subject to certain performance criteria. Options are forfeited if the employee leaves the company before the options vest.

The fair value of the share options at the grant date was calculated using the Black Scholes model, which is considered to be the most appropriate generally accepted valuation method of measuring fair value.

Details of the share options outstanding at the period end are as follows:

Group and company	Number of share options		Weighted average exercise price	
	2023	2022	2023	2022
	Number	Number	£	£
Outstanding at 25 September 2022	1,562,914	1,813,265	-	-
Granted	-	330,000	-	-
Forfeited	(258,640)	(580,351)	-	-
Outstanding at 30 September 2023	1,304,274	1,562,914	1.00	1.00
Exercisable at 30 September 2023	-	-	1.00	1.00

The options outstanding at 30 September 2023 had an exercise price of £1.00, and a remaining contractual life of 1 year.

During the period, the Group & Company recognised total share-based payment expenses of £32,397 (2022: £nil) which related to equity settled share based payment transactions.

23 Share capital

	Group and company	
	2023	2022
Ordinary share capital	£	£
Issued and fully paid		
16,513,312 Ordinary shares of 50p each	8,256,656	8,256,656
10,000 Ordinary A shares of 50p each	5,000	5,000
1,633,816 Deferred shares of 50p each	816,908	816,908
4,066,472 Ordinary C shares of 50p each	2,033,236	2,033,236
	11,111,800	11,111,800

23 Share capital (continued)

All share classes rank pari passu in respect of distributions to shareholders. B Ordinary shares do not carry any entitlement for the holder to attend or vote at Annual General Meetings, whilst Ordinary and A Ordinary shares rank pari passu in respect of voting rights.

Distributions to the respective share classes on an exit event or winding up of the company vary dependent upon the nature of the exit event.

24 Operating lease commitments

Lessee

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

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Within one year	293,050	293,050	293,050	293,050
Between two and five years	1,172,200	1,172,200	1,172,200	1,172,200
In over five years	3,831,325	4,124,375	3,831,325	4,124,375
	5,296,575	5,589,625	5,296,575	5,589,625

25 Events after the reporting date

After the end of the reporting period, the company undertook a rights issue. The company issued 1,109,380 Ordinary £0.50 shares and received a total consideration of £1,109,380.

In addition, the company received an offer from a trade buyer for the Brewpub located in Bedford. As the site was no longer viewed as a strategic fit for the operational model going forward, the sales was agreed with disposal taking place in May 2024.

26 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2023	2022
	£	£
Aggregate compensation	237,483	87,272

26 Related party transactions (continued)

Other information

During the period, the company was invoiced £90,000 (2022: £90,000) for management services by Comportamento Limited, a company related by virtue of common directorship of Simon Bunn. At 30 September 2023 a total of £15,395 (2022: £15,395) was owed by the company to Comportamento Limited.

During the period the company was invoiced £80,000 (2022: £95,000) for management services by Ardour Consulting Limited, a company related by virtue of common directorship of Kristian Gumbrell. At 30 September 2023 a total of £11,427 (2022: £23,933) was owed by Ardour Consulting Limited to the company.

During the period the company received franchise fees of £195,000 (2022: £195,000) under franchise arrangements with Hot Copper Pub Company Limited, a company with common directorship of Kristian Gumbrell and Simon Bunn. A further £26,686 (2022: £24,306) was recharged from Brewhouse & Kitchen Limited in respect of other intercompany recharges. At 30 September 2023 the company was owed a total of £65,971 (2022: £59,161) by Hot Copper Pub Company Limited.

During the period the company recognised franchise income of £39,000 (2022: £74,750) in respect of the operation of sites for and on behalf of Warm Hearth Limited, a related company by virtue of Ian Lishman who qualifies as key management personnel for both companies. A further £5,563 (2022: £9,722) was recharged to Warm Hearth Limited in respect of other intercompany recharges. At 30 September 2023 the company owed a total of £42,728 (2022: £19,500 owed by) to Warm Hearth Limited.

During the period the company recognised franchise income of £78,000 (2022: £78,000) in respect of the operation of sites for and on behalf of Knott End Pub Company Limited, a related company by virtue of Kristian Gumbrell who qualifies as key management personnel for both companies. A further £10,363 (2022: £9,722) was recharged to Knott End Pub Company in respect of other intercompany recharges. At 30 September 2023 the company was owed a total of £43,025 (2022: £24,325) by Knott End Pub Company Limited

The connected company debtors are unsecured and repayable on demand.

27 Controlling party

By virtue of the shareholdings the directors do not believe that there is an ultimate controlling party.

28 Cash (absorbed by)/generated from group operations

	2023 £	2022 £
Loss for the period after tax	(1,172,920)	(2,323,437)
Adjustments for:		
Finance costs	570,832	276,372
Investment income	(72,700)	(11,054)
Depreciation and impairment of tangible fixed assets	1,729,551	3,105,120
Equity settled share based payment expense	32,397	-
Movements in working capital:		
Increase in stocks	(27,823)	(23,839)
Increase in debtors	(213,938)	(273,655)
(Decrease)/increase in creditors	(1,019,861)	260,561
Cash (absorbed by)/generated from operations	(174,462)	1,010,068

29 Analysis of changes in net debt - group

	25 September 2022 £	Cash flows £	Market value movements £	30 September 2023 £
Cash at bank and in hand	2,862,311	(1,568,930)	-	1,293,381
Borrowings excluding overdrafts	(5,377,970)	(1,665,436)	123,983	(6,919,423)
	(2,515,659)	(3,234,366)	123,983	(5,626,042)

30 Cash (absorbed by)/generated from operations - company

	2023 £	2022 £
Loss for the period after tax	(1,172,920)	(2,323,437)
Adjustments for:		
Finance costs	570,832	276,372
Investment income	(72,700)	(11,054)
Depreciation and impairment of tangible fixed assets	1,729,551	3,105,120
Equity settled share based payment expense	32,397	-
Movements in working capital:		
Increase in stocks	(27,823)	(23,839)
Increase in debtors	(213,938)	(273,655)
(Decrease)/increase in creditors	(1,019,861)	260,561
Cash (absorbed by)/generated from operations	(174,462)	1,010,068

31 Analysis of changes in net debt - company

	25 September 2022	Cash flows	Market value movements	30 September 2023
	£	£	£	£
Cash at bank and in hand	2,862,311	(1,568,930)	-	1,293,381
Borrowings excluding overdrafts	(5,377,970)	(1,665,436)	123,983	(6,919,423)
	(2,515,659)	(3,234,366)	123,983	(5,626,042)