

**Group Strategic Report,
Report of the Directors and
Consolidated Financial Statements
for the Year Ended 29 February 2020
for
Stange & Co. Limited**

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for the year ended 29 February 2020**

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Stange & Co. Limited
Company Information
for the year ended 29 February 2020

DIRECTORS: W T Rowlands
N L Rowlands
D McLennan

SECRETARY: D McLennan

REGISTERED OFFICE: 19 Trinity Square
Llandudno
North Wales
LL30 2RD

REGISTERED NUMBER: 00639690 (England and Wales)

AUDITORS: Bennett Brooks & Co Ltd
Chartered Accountants
& Statutory Auditors
19 Trinity Square
Llandudno
CONWY
LL30 2RD

**Group Strategic Report
for the year ended 29 February 2020**

The directors present their strategic report of the company and the group for the year ended 29 February 2020.

REVIEW OF BUSINESS

Stange & Co ended the financial year in a strong position, we had completed the refurbishment of the Queen's Head in early December with trade up 30-40% on previous year's trading, ahead of our forecasts. We completed the conversion and refurbishment of the Former Baptist Chapel in Conwy, into an annexe for the Erskine with eleven high quality 4-5* grade guest rooms, which traded incredibly strongly when permitted during this rather challenging year. The Snowdon which came back on stream in March 2019 after a major refurbishment, has been a huge success and traded at 73% up on the previous year.

In January 2020 we completed on the acquisition of the Ring O'Bells in West Kirby from Greene King, which after a comprehensive overhaul, which will take many months, has all the attributes to become one of our busiest pubs.

The Fox continues to trade strongly after its significant investment, with trading still over 100% up on levels prior to the refurb, with profit conversion improving strongly too.

The other sites also remain ahead of previous years, with the exception of the Ship, where a change in local management is planned, in conjunction with significant investment, the Ship being the last of our original sites not to have had a 'major' overhaul. We have been successful in obtaining planning permission for those improvements in September, which will greatly increase our capacity at the Ship, both inside and out, improving both turnover and profitability in a number of ways. We hope to start works in the Autumn.

PRINCIPAL RISKS AND UNCERTAINTIES

Clearly the main risk presented this year is the coronavirus pandemic, which forced all of businesses to close for many months, and when they have traded that has been very much impeded by restrictions placed upon us. Over the 12 months to end of February 2021 we have been 60% down on the previous year. Government support has been forthcoming in terms of rate relief, reduced VAT, Eat Out to Help Out scheme, furlough and grants. However, this hasn't been quite enough to maintain a positive cashflow and with the significant capital expenditure outlined above having taken place just prior to the crisis, this has meant our cash reserves have been under significant strain. We have taken out a CBILS loan for £700k and are in the process of applying for another for £200k. Our cashflow forecast for this year does not predict any problems in us meeting our liabilities. With recent announcements made by both UK and Welsh governments we are hopeful to be back to normal levels of trade by August.

However there remains some small uncertainty as to trade levels over the whole year, the macroeconomic picture for the UK economy is not looking as positive as it might, with significant unemployment and hints of inflation coming through, and the short term effects of Brexit being felt. Also, our older customers may still be nervous about socialising due to the fact that vaccines are not 100% effective. However we are reassured by the demand seen from our customers in the pubs when we have been permitted to trade. Hence being hopeful that trade should return to pre-crisis levels within a matter of a couple of months when restrictions are lifted.

In view of the above, we have prepared cashflow forecasts for the period to May 2022 that take into account the latest guidance around the lifting of restrictions and the CBILS and overdraft funding available from our bankers. These forecasts show that taking into account reasonably possible changes in trading that the group will be able to meet its liabilities as they fall due for a period of at least 12 months. In the event that the application for further CBILS funding is rejected we are very confident that alternative sources of financing would be secured. After making enquiries, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for 12 months from the date of signature of these financial statements. Accordingly, the group continues to adopt the going concern basis in preparing the financial statements.

Brexit - Besides the overall squeeze that Brexit might put on the economy, the group sees Brexit as a potential risk in terms of recruitment, with significant numbers in the hospitality sector coming from the EU, meaning greater competition for skilled staff, however the current unemployment rate should counteract this. There is also a risk of disruption and increase in costs to our supply chain which we are working with our suppliers to minimise.

Competitive risk - The group operates unique buildings in locations that have limited prospects for entry by competitors. The group manages risk from existing competitors by keeping standards very high, and regularly reviewing our offer. The group ensures its offer differentiates sufficiently from local independents and national chains, we do this by keeping our menus seasonal and changing them regularly, with the sites having significant autonomy to reflect local requirements and tastes.

Inflation/Interest rate risk - During the purchase of the Ring O'Bells the group restructured our debt into a single fixed rate loan with 12 months assuring we are protected from any movements in interest rates for the next 10 years. We are well placed to be able to pass on cost price inflation to our customers with the quality of our offer. We also enjoy healthy margins for the industry meaning we are in a strong position to absorb some cost increases should we feel that is necessary.

**Group Strategic Report
for the year ended 29 February 2020**

KEY PERFORMANCE INDICATORS

Sales - Increased from £10.9m to £11.8m in the year, the uplift largely reflecting the improved trading at the Fox & Hounds & Snowdon. The group also improved gross margin by 0.5%, reflecting our improvements in efficiency in purchasing and dish design.

EBITDA increased from £738k to £986k, the rise attributable increased revenue and greater efficiencies delivered by refurbished sites, improving conversion of turnover to net profit.

ON BEHALF OF THE BOARD:

D McLennan - Director

26 February 2021

**Report of the Directors
for the year ended 29 February 2020**

The directors present their report with the financial statements of the company and the group for the year ended 29 February 2020.

PRINCIPAL ACTIVITY

The principal activity of the group in the year under review was that of owning and running public houses.

DIVIDENDS

No dividends will be distributed for the year ended 29 February 2020.

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 March 2019 to the date of this report.

W T Rowlands

N L Rowlands

D McLennan

ENGAGEMENT WITH EMPLOYEES

Disabled employees

The company is committed to employment policies which follow best practice, based on equal opportunities for all employees regardless of race, sex, colour, disability or marital status. The company gives full and fair consideration to applications for employment from disabled persons, having regard to their aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled employees. If members of staff become disabled the company continues employment, either in the same or an alternative role, with provides appropriate retraining if necessary.

Employee involvement

The company provides employees with information on matters of concern to them so that their views can be taken into account when making decisions that are likely to affect their interests. Employee involvement in the company is encouraged via regular meetings to update employees on performance and developments.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Group Strategic Report, the Report of the Directors 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 company and the group 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

**Report of the Directors
for the year ended 29 February 2020**

AUDITORS

The auditors, Bennett Brooks & Co Ltd, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

D McLennan - Director

26 February 2021

Report of the Independent Auditors to the Members of Stange & Co. Limited

Opinion

We have audited the financial statements of Stange & Co. Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 29 February 2020 which comprise the Consolidated Income Statement, Consolidated Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Consolidated Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company affairs as at 29 February 2020 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Report of the Directors.

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

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

Report of the Independent Auditors to the Members of Stange & Co. Limited

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page four, 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 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 group's and 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 a Report of the Auditors 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.

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors 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.

Jason Leach FCA (Senior Statutory Auditor)
for and on behalf of Bennett Brooks & Co Ltd
Chartered Accountants
& Statutory Auditors
19 Trinity Square
Llandudno
CONWY
LL30 2RD

26 February 2021

**Consolidated Income Statement
for the year ended 29 February 2020**

	Notes	29.2.20 £	28.2.19 £
TURNOVER		11,804,014	10,944,220
Cost of sales		<u>(3,511,836)</u>	<u>(3,308,339)</u>
GROSS PROFIT		8,292,178	7,635,881
Administrative expenses		<u>(7,487,092)</u>	<u>(7,122,282)</u>
		805,086	513,599
Other operating income		<u>17,630</u>	<u>39,222</u>
OPERATING PROFIT	4	<u>822,716</u>	<u>552,821</u>
Interest receivable and similar income		<u>-</u>	<u>5</u>
		822,716	552,826
Interest payable and similar expenses	6	<u>(129,716)</u>	<u>(73,494)</u>
PROFIT BEFORE TAXATION		693,000	479,332
Tax on profit	7	<u>(164,233)</u>	<u>(98,365)</u>
PROFIT FOR THE FINANCIAL YEAR		<u>528,767</u>	<u>380,967</u>
Profit attributable to: Owners of the parent		<u>528,767</u>	<u>380,967</u>

**Consolidated Other Comprehensive Income
for the year ended 29 February 2020**

	29.2.20	28.2.19
Notes	£	£
PROFIT FOR THE YEAR	528,767	380,967
OTHER COMPREHENSIVE INCOME	-	-
TOTAL COMPREHENSIVE INCOME	-	-
FOR	528,767	380,967
THE YEAR	<u>528,767</u>	<u>380,967</u>
Total comprehensive income attributable to: Owners of the parent	<u>528,767</u>	<u>380,967</u>

Consolidated Balance Sheet
29 February 2020

	Notes	29.2.20 £	28.2.19 £
FIXED ASSETS			
Intangible assets	10	412,113	463,626
Tangible assets	11	9,604,576	6,768,890
Investments	12	-	-
		<u>10,016,689</u>	<u>7,232,516</u>
CURRENT ASSETS			
Stocks	13	142,825	120,876
Debtors	14	91,294	98,539
Cash at bank and in hand		<u>97,980</u>	<u>214,463</u>
		332,099	433,878
CREDITORS			
Amounts falling due within one year	15	<u>(2,034,930)</u>	<u>(1,867,117)</u>
NET CURRENT LIABILITIES		<u>(1,702,831)</u>	<u>(1,433,239)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		8,313,858	5,799,277
CREDITORS			
Amounts falling due after more than one year	16	(4,349,365)	(2,502,842)
PROVISIONS FOR LIABILITIES	20	<u>(297,759)</u>	<u>(158,468)</u>
NET ASSETS		<u>3,666,734</u>	<u>3,137,967</u>
CAPITAL AND RESERVES			
Called up share capital	21	219,250	219,250
Revaluation reserve	22	153,833	153,833
Retained earnings	22	<u>3,293,651</u>	<u>2,764,884</u>
SHAREHOLDERS' FUNDS		<u>3,666,734</u>	<u>3,137,967</u>

The financial statements were approved by the Board of Directors and authorised for issue on 26 February 2021 and were signed on its behalf by:

D McLennan - Director

Company Balance Sheet
29 February 2020

	Notes	29.2.20 £	28.2.19 £
FIXED ASSETS			
Intangible assets	10	412,113	463,626
Tangible assets	11	9,604,576	6,768,890
Investments	12	<u>155,751</u>	<u>155,751</u>
		<u>10,172,440</u>	<u>7,388,267</u>
CURRENT ASSETS			
Stocks	13	142,825	120,876
Debtors	14	91,294	98,539
Cash at bank and in hand		<u>97,980</u>	<u>213,985</u>
		332,099	433,400
CREDITORS			
Amounts falling due within one year	15	<u>(2,484,536)</u>	<u>(2,568,399)</u>
NET CURRENT LIABILITIES		<u>(2,152,437)</u>	<u>(2,134,999)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		8,020,003	5,253,268
CREDITORS			
Amounts falling due after more than one year	16	(4,349,365)	(2,250,688)
PROVISIONS FOR LIABILITIES	20	<u>(297,759)</u>	<u>(158,468)</u>
NET ASSETS		<u>3,372,879</u>	<u>2,844,112</u>
CAPITAL AND RESERVES			
Called up share capital	21	219,250	219,250
Revaluation reserve	22	153,833	153,833
Retained earnings	22	<u>2,999,796</u>	<u>2,471,029</u>
SHAREHOLDERS' FUNDS		<u>3,372,879</u>	<u>2,844,112</u>
Company's profit for the financial year		<u>528,767</u>	<u>380,967</u>

The financial statements were approved by the Board of Directors and authorised for issue on 26 February 2021 and were signed on its behalf by:

D McLennan - Director

**Consolidated Statement of Changes in Equity
for the year ended 29 February 2020**

	Called up share capital £	Retained earnings £	Revaluation reserve £	Total equity £
Balance at 1 March 2018	219,250	2,603,078	153,833	2,976,161
Changes in equity				
Total comprehensive income	-	380,967	-	380,967
Dividends	-	(219,161)	-	(219,161)
Total transactions with owners, recognised directly in equity	-	(219,161)	-	(219,161)
Balance at 28 February 2019	<u>219,250</u>	<u>2,764,884</u>	<u>153,833</u>	<u>3,137,967</u>
Changes in equity				
Total comprehensive income	-	528,767	-	528,767
Total transactions with owners, recognised directly in equity	-	-	-	-
Balance at 29 February 2020	<u><u>219,250</u></u>	<u><u>3,293,651</u></u>	<u><u>153,833</u></u>	<u><u>3,666,734</u></u>

**Company Statement of Changes in Equity
for the year ended 29 February 2020**

	Called up share capital £	Retained earnings £	Revaluation reserve £	Total equity £
Balance at 1 March 2018	219,250	2,309,223	153,833	2,682,306
Changes in equity				
Total comprehensive income	-	380,967	-	380,967
Dividends	-	(219,161)	-	(219,161)
Total transactions with owners, recognised directly in equity	-	(219,161)	-	(219,161)
Balance at 28 February 2019	<u>219,250</u>	<u>2,471,029</u>	<u>153,833</u>	<u>2,844,112</u>
Changes in equity				
Total comprehensive income	-	528,767	-	528,767
Total transactions with owners, recognised directly in equity	-	-	-	-
Balance at 29 February 2020	<u><u>219,250</u></u>	<u><u>2,999,796</u></u>	<u><u>153,833</u></u>	<u><u>3,372,879</u></u>

**Consolidated Cash Flow Statement
for the year ended 29 February 2020**

	29.2.20	28.2.19
	£	£
	Notes	
Cash flows from operating activities		
Cash generated from operations	1,039,372	1,475,350
Interest paid	(122,816)	(62,529)
Interest element of finance lease payments paid	(6,900)	(10,965)
Tax paid	-	(83,645)
Net cash from operating activities	<u>909,656</u>	<u>1,318,211</u>
Cash flows from investing activities		
Purchase of tangible fixed assets	(1,617,218)	(1,870,451)
Sale of tangible fixed assets	3,680	-
Purchase of business	(1,388,446)	(635,236)
Grants received	-	70,000
Interest received	-	5
Net cash from investing activities	<u>(3,001,984)</u>	<u>(2,435,682)</u>
Cash flows from financing activities		
New loans in year	4,400,000	1,416,000
Loan repayments in year	(2,701,053)	(170,766)
Capital repayments in year	(47,602)	(42,260)
Amount introduced by directors	334,500	1,081
Amount withdrawn by directors	(10,000)	-
Equity dividends paid	-	(219,161)
Net cash from financing activities	<u>1,975,845</u>	<u>984,894</u>
Decrease in cash and cash equivalents	<u>(116,483)</u>	<u>(132,577)</u>
Cash and cash equivalents at beginning of year	214,463	347,040
Cash and cash equivalents at end of year	<u><u>97,980</u></u>	<u><u>214,463</u></u>

Notes to the Consolidated Cash Flow Statement
for the year ended 29 February 2020

1. **RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	29.2.20	28.2.19
	£	£
Profit before taxation	693,000	479,332
Depreciation charges	292,773	259,077
Profit on disposal of fixed assets	(3,680)	-
Finance costs	129,716	73,494
Finance income	-	(5)
	<u>1,111,809</u>	<u>811,898</u>
(Increase)/decrease in stocks	(13,675)	39,175
(Increase)/decrease in trade and other debtors	(5,257)	8,626
(Decrease)/increase in trade and other creditors	<u>(53,505)</u>	<u>615,651</u>
Cash generated from operations	<u><u>1,039,372</u></u>	<u><u>1,475,350</u></u>

2. **CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 29 February 2020

	29.2.20	1.3.19
	£	£
Cash and cash equivalents	<u>97,980</u>	<u>214,463</u>

Year ended 28 February 2019

	28.2.19	1.3.18
	£	£
Cash and cash equivalents	<u>214,463</u>	<u>347,040</u>

3. **ANALYSIS OF CHANGES IN NET DEBT**

	At 1.3.19	Cash flow	At 29.2.20
	£	£	£
Net cash			
Cash at bank and in hand	<u>214,463</u>	<u>(116,483)</u>	<u>97,980</u>
	<u>214,463</u>	<u>(116,483)</u>	<u>97,980</u>
Debt			
Finance leases	(48,482)	(31,955)	(80,437)
Debts falling due within 1 year	(236,879)	108,679	(128,200)
Debts falling due after 1 year	<u>(2,497,774)</u>	<u>(1,807,626)</u>	<u>(4,305,400)</u>
	<u>(2,783,135)</u>	<u>(1,730,902)</u>	<u>(4,514,037)</u>
Total	<u><u>(2,568,672)</u></u>	<u><u>(1,847,385)</u></u>	<u><u>(4,416,057)</u></u>

**Notes to the Consolidated Financial Statements
for the year ended 29 February 2020**

1. STATUTORY INFORMATION

Stange & Co. Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

Basis of consolidation

The consolidated financial statements include the financial statements of the Parent Company and its subsidiary undertakings made up to the year ended 29 February 2020. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated income statement from the date of acquisition or up to the date of disposal. A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

In the Parent Company's financial statements, investments in subsidiary undertakings and joint venture companies are stated at cost, less provision for impairment.

Going concern

The Group has been materially and adversely affected by the effects of the Covid-19 pandemic. The pubs were closed from the start of the lockdown period and relevant staff were placed on furlough. During this period, staffing levels and overhead expenses were kept to the minimum required in order for the pubs to be maintained appropriately during the close period and appropriate payment deferrals were agreed with HMRC. Following the end of the first national lockdown in June 2020 the pubs have also been subject to increased levels of restrictions in order to comply with the social distancing requirements, and have therefore been operating at a much lower level than would be expected. There has also been further lockdown periods in England and Wales during the post balance sheet date periods.

The Group is mainly funded through bank borrowings which are secured on the Group's assets. The Group have also secured Coronavirus Business Interruption Loans of £700,000 post year end which was drawn down in April 2020 and are in the progress of a second application for £200,000.

In view of the above, the directors have prepared cashflow forecasts for the period to May 2022 that take into account the latest guidance around the lifting of restrictions and the Coronavirus Business Interruption Loans and overdraft funding available from their bankers. These forecasts show that taking into account reasonably possible changes in trading that the group will be able to meet its liabilities as they fall due for a period of at least 12 months. In the event that the application for further Coronavirus Business Interruption Loan funding is rejected they are very confident that alternative sources of financing would be secured. After making enquiries, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for 12 months from the date of signature of these financial statements. Accordingly, the group continues to adopt the going concern basis in preparing the financial statements.

Turnover

Turnover represents sales (excluding taxes) of goods and services net of discounts. Turnover principally consists of sales of food, drink and accommodation which are recognised at the point at which goods and services are provided.

Goodwill

Goodwill, being the amount paid in connection with acquisitions, is initially measured at cost. After initial recognition goodwill is measured at cost less any accumulated amortisation and any accumulated impairment losses. Goodwill is being amortised evenly over its estimated useful life of 10 years.

Notes to the Consolidated Financial Statements - continued
for the year ended 29 February 2020

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

Freehold property are stated at cost (or frozen at deemed cost held at valuation at the date of transition to FRS 102) less accumulated depreciation.

Freehold properties owned by the company and long leaseholds have not been depreciated because, in the opinion of the directors, the programme of the refurbishment and repair maintains the properties to a standard whereby the total residual value will be maintained. Consequently, the amount of any depreciation would not be material.

Other fixed assets are stated at cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

Fixtures and fittings	15% reducing balance
Motor vehicles	25% reducing balance

Stocks

Stock is valued at the lower of cost and net realisable value. Cost includes the purchase cost of the item. Provision is made for slow moving items.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to profit or loss in the period to which they relate.

Management charge

The management charge represents costs chargeable directly to the company's subsidiary company in respect of the costs incurred by the company on behalf of the subsidiary.

Subsidiary investment

The subsidiary investment is stated in the parent company's balance sheet at cost less any provisions for impairment.

Notes to the Consolidated Financial Statements - continued
for the year ended 29 February 2020

2. ACCOUNTING POLICIES - continued

Share capital

Ordinary shares are classed as equity.

Short term debtors and creditors

Short term debtors and creditors with no stated interest rate are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account.

Distributions to equity holders

Dividends are recognised as a liability in the financial statements in the period in which the dividends are approved by the company's shareholders. These amounts are recognised in the statement of changes in equity.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, cash held with banks and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Loans and borrowings

Loans and borrowings are initially recognised at the transaction price including transaction costs. Subsequently, they are measure at amortised cost using the effective interest rate method, less impairment.

Operating leases

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

3. EMPLOYEES AND DIRECTORS

	2020	2019
£ £		
Wages and salaries	4,620,651	4,279,814
Social security costs	311,272	297,025
Pension costs	<u>83,311</u>	<u>67,257</u>
	<u>5,015,234</u>	<u>4,644,096</u>

The average number of employees during the year was as follows:

	2020	2019
Directors	2	2
Administration	3	3
Management	50	49
Service staff	<u>248</u>	<u>183</u>
	<u>303</u>	<u>237</u>

	29.2.20	28.2.19
	£	£
Directors' remuneration	128,000	93,463
Directors' pension contributions to money purchase schemes	<u>2,700</u>	<u>8,127</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>1</u>	<u>1</u>
------------------------	----------	----------

Notes to the Consolidated Financial Statements - continued
for the year ended 29 February 2020

4. OPERATING PROFIT

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

	29.2.20	28.2.19
	£	£
Hire of plant & machinery	2,661	8,142
Depreciation - owned assets	214,971	187,056
Depreciation - assets on finance leases	26,288	20,507
Profit on disposal of fixed assets	(3,680)	-
Goodwill amortisation	<u>51,514</u>	<u>51,514</u>

5. AUDITORS' REMUNERATION

	29.2.20	28.2.19
	£	£
Fees payable to the company's auditors for the audit of the company's financial statements	18,000	18,000
	<u>18,000</u>	<u>18,000</u>

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	29.2.20	28.2.19
	£	£
Bank interest	8,230	12,034
Bank loan interest	113,499	49,927
HMRC interest	1,087	568
HP finance interest	6,900	10,965
	<u>129,716</u>	<u>73,494</u>

7. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	29.2.20	28.2.19
	£	£
Current tax:		
UK corporation tax	24,942	49,664
Deferred tax	<u>139,291</u>	<u>48,701</u>
Tax on profit	<u>164,233</u>	<u>98,365</u>

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	29.2.20	28.2.19
	£	£
Profit before tax	<u>693,000</u>	<u>479,332</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	131,670	91,073
Effects of:		
Expenses not deductible for tax purposes	4,132	3,235
Prior year deferred tax and rate changes	<u>28,431</u>	<u>4,057</u>
Total tax charge	<u>164,233</u>	<u>98,365</u>

Notes to the Consolidated Financial Statements - continued
for the year ended 29 February 2020

7. **TAXATION - continued**

In the Spring Budget 2020, the Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2020. As the proposal to keep the rate at 19% had not been substantively enacted at the balance sheet date, its effect are not included in the financial statements.

8. **INDIVIDUAL INCOME STATEMENT**

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

9. **DIVIDENDS**

	29.2.20	28.2.19
	£	£
Interim	<u>-</u>	<u>219,161</u>

10. **INTANGIBLE FIXED ASSETS**

Group

Goodwill
£

COST

At 1 March 2019	515,140
Assets acquired	<u>1</u>
At 29 February 2020	<u>515,141</u>

AMORTISATION

At 1 March 2019	51,514
Amortisation for year	<u>51,514</u>
At 29 February 2020	<u>103,028</u>

NET BOOK VALUE

At 29 February 2020	<u>412,113</u>
At 28 February 2019	<u>463,626</u>

The goodwill relates to the previous acquisition of The Queen's Head in 2019 and the acquisition of Ring O Bells in the current year, detailed in note 27.

Company

Goodwill
£

COST

At 1 March 2019	515,140
Assets acquired	<u>1</u>
At 29 February 2020	<u>515,141</u>

AMORTISATION

At 1 March 2019	51,514
Amortisation for year	<u>51,514</u>
At 29 February 2020	<u>103,028</u>

NET BOOK VALUE

At 29 February 2020	<u>412,113</u>
At 28 February 2019	<u>463,626</u>

Notes to the Consolidated Financial Statements - continued
for the year ended 29 February 2020

10. INTANGIBLE FIXED ASSETS - continued

Company

The goodwill relates to the previous acquisition of The Queen's Head in 2019 and the acquisition of Ring O Bells in the current year, detailed in note 26.

11. TANGIBLE FIXED ASSETS

Group

	Freehold property £	Long leasehold £	Fixtures and fittings £	Motor vehicles £	Totals £
COST					
At 1 March 2019	5,531,536	61,165	1,898,538	-	7,491,239
Additions	804,024	527,607	361,543	3,600	1,696,774
Assets acquired	1,309,507	-	70,664	-	1,380,171
At 29 February 2020	<u>7,645,067</u>	<u>588,772</u>	<u>2,330,745</u>	<u>3,600</u>	<u>10,568,184</u>
DEPRECIATION					
At 1 March 2019	-	-	722,349	-	722,349
Charge for year	-	-	241,259	-	241,259
At 29 February 2020	-	-	<u>963,608</u>	-	<u>963,608</u>
NET BOOK VALUE					
At 29 February 2020	<u>7,645,067</u>	<u>588,772</u>	<u>1,367,137</u>	<u>3,600</u>	<u>9,604,576</u>
At 28 February 2019	<u>5,531,536</u>	<u>61,165</u>	<u>1,176,189</u>	-	<u>6,768,890</u>

Following the transition to FRS 102, the freehold property is held at deemed cost.

Fixed assets, included in the above, which are held under finance leases are as follows:

	Fixtures and fittings £
COST	
At 1 March 2019	136,714
Additions	<u>79,557</u>
At 29 February 2020	<u>216,271</u>
DEPRECIATION	
At 1 March 2019	41,014
Charge for year	<u>26,288</u>
At 29 February 2020	<u>67,302</u>
NET BOOK VALUE	
At 29 February 2020	<u>148,969</u>
At 28 February 2019	<u>95,700</u>

Notes to the Consolidated Financial Statements - continued
for the year ended 29 February 2020

11. TANGIBLE FIXED ASSETS - continued

Company

	Freehold property £	Long leasehold £	Fixtures and fittings £	Motor vehicles £	Totals £
COST					
At 1 March 2019	5,531,536	61,165	1,898,538	-	7,491,239
Additions	804,024	527,607	361,543	3,600	1,696,774
Assets acquired	1,309,507	-	70,664	-	1,380,171
At 29 February 2020	<u>7,645,067</u>	<u>588,772</u>	<u>2,330,745</u>	<u>3,600</u>	<u>10,568,184</u>
DEPRECIATION					
At 1 March 2019	-	-	722,349	-	722,349
Charge for year	-	-	241,259	-	241,259
At 29 February 2020	-	-	<u>963,608</u>	-	<u>963,608</u>
NET BOOK VALUE					
At 29 February 2020	<u>7,645,067</u>	<u>588,772</u>	<u>1,367,137</u>	<u>3,600</u>	<u>9,604,576</u>
At 28 February 2019	<u>5,531,536</u>	<u>61,165</u>	<u>1,176,189</u>	-	<u>6,768,890</u>

Following the transition to FRS 102, the freehold property is held at deemed cost.

Fixed assets, included in the above, which are held under finance leases are as follows:

	Fixtures and fittings £
COST	
At 1 March 2019	136,714
Additions	79,557
At 29 February 2020	<u>216,271</u>
DEPRECIATION	
At 1 March 2019	41,014
Charge for year	26,288
At 29 February 2020	<u>67,302</u>
NET BOOK VALUE	
At 29 February 2020	<u>148,969</u>
At 28 February 2019	<u>95,700</u>

Notes to the Consolidated Financial Statements - continued
for the year ended 29 February 2020

12. **FIXED ASSET INVESTMENTS**

Company

	Unlisted investments £
COST	
At 1 March 2019 and 29 February 2020	<u>155,751</u>
NET BOOK VALUE	
At 29 February 2020	<u>155,751</u>
At 28 February 2019	<u>155,751</u>

The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

Subsidiary

Stange Inn & Co Limited

Registered office: 19 Trinity Square, Llandudno, Gwynedd, LL30 2RD

Nature of business: Owning & running public houses

	%
Class of shares:	holding
Ordinary	100.00

13. **STOCKS**

	Group		Company	
	29.2.20	28.2.19	29.2.20	28.2.19
	£	£	£	£
Trading stock	<u>142,825</u>	<u>120,876</u>	<u>142,825</u>	<u>120,876</u>

14. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	Group		Company	
	29.2.20	28.2.19	29.2.20	28.2.19
	£	£	£	£
Trade debtors	7,350	7,535	7,350	7,535
Other debtors	10,213	5,000	10,213	5,000
Directors' current accounts	-	12,503	-	12,503
Prepayments	73,731	73,501	73,731	73,501
	<u>91,294</u>	<u>98,539</u>	<u>91,294</u>	<u>98,539</u>

Notes to the Consolidated Financial Statements - continued
for the year ended 29 February 2020

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	29.2.20	28.2.19	29.2.20	28.2.19
	£	£	£	£
Bank loans and overdrafts (see note 17)	119,800	228,479	119,800	208,124
Other loans (see note 17)	8,400	8,400	8,400	8,400
Finance leases (see note 18)	36,472	43,414	36,472	43,414
Trade creditors	671,744	775,118	671,744	775,119
Amounts owed to group undertakings	-	-	449,606	721,636
Corporation tax	74,604	49,661	74,604	49,661
Social security & other taxes	95,631	208,570	95,631	208,570
VAT	504,340	288,385	504,340	288,385
Other creditors	34,611	28,397	34,611	28,397
Directors' current accounts	312,110	113	312,110	113
Government grant	70,000	70,000	70,000	70,000
Accrued expenses	107,218	166,580	107,218	166,580
	<u>2,034,930</u>	<u>1,867,117</u>	<u>2,484,536</u>	<u>2,568,399</u>

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	29.2.20	28.2.19	29.2.20	28.2.19
	£	£	£	£
Bank loans (see note 17)	4,280,200	2,464,174	4,280,200	2,212,020
Other loans (see note 17)	25,200	33,600	25,200	33,600
Finance leases (see note 18)	43,965	5,068	43,965	5,068
	<u>4,349,365</u>	<u>2,502,842</u>	<u>4,349,365</u>	<u>2,250,688</u>

17. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	29.2.20	28.2.19	29.2.20	28.2.19
	£	£	£	£
Amounts falling due within one year or on demand:				
Bank loans	119,800	228,479	119,800	208,124
Other loans	8,400	8,400	8,400	8,400
	<u>128,200</u>	<u>236,879</u>	<u>128,200</u>	<u>216,524</u>
Amounts falling due between one and two years:				
Bank loans - 1-2 years	242,946	235,599	242,946	214,361
Other loans - 1-2 years	25,200	8,400	25,200	8,400
	<u>268,146</u>	<u>243,999</u>	<u>268,146</u>	<u>222,761</u>
Amounts falling due between two and five years:				
Bank loans - 2-5 years	791,452	752,470	791,452	683,074
Other loans - 2-5 years	-	25,200	-	25,200
	<u>791,452</u>	<u>777,670</u>	<u>791,452</u>	<u>708,274</u>
Amounts falling due in more than five years:				
Repayable by instalments				
Nat West loan	3,245,802	1,476,105	3,245,802	1,314,585
	<u>3,245,802</u>	<u>1,476,105</u>	<u>3,245,802</u>	<u>1,314,585</u>

Notes to the Consolidated Financial Statements - continued
for the year ended 29 February 2020

17. **LOANS - continued**

Loans of more than five years are repayable by monthly instalments. Under swap arrangements, interest is chargeable at a fixed rate of 7.18% on part of the loans, with the balance being charged at 2% over base.

18. **LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

Group

	Finance leases	
	29.2.20	28.2.19
	£	£
Net obligations repayable:		
Within one year	36,472	43,414
Between one and five years	<u>43,965</u>	<u>5,068</u>
	<u>80,437</u>	<u>48,482</u>

Company

	Finance leases	
	29.2.20	28.2.19
	£	£
Net obligations repayable:		
Within one year	36,472	43,414
Between one and five years	<u>43,965</u>	<u>5,068</u>
	<u>80,437</u>	<u>48,482</u>

19. **SECURED DEBTS**

The following secured debts are included within creditors:

	Group		Company	
	29.2.20	28.2.19	29.2.20	28.2.19
	£	£	£	£
Bank loans	4,400,000	2,692,653	4,400,000	2,420,144
Other loans	<u>33,600</u>	<u>42,000</u>	<u>33,600</u>	<u>42,000</u>
	<u>4,433,600</u>	<u>2,734,653</u>	<u>4,433,600</u>	<u>2,462,144</u>

Bank loans are secured by first legal mortgages over the company's freehold property and by a fixed and floating charge over all current and future assets of the company.

20. **PROVISIONS FOR LIABILITIES**

	Group		Company	
	29.2.20	28.2.19	29.2.20	28.2.19
	£	£	£	£
Deferred tax	<u>297,759</u>	<u>158,468</u>	<u>297,759</u>	<u>158,468</u>

Group

	Deferred tax
	£
Balance at 1 March 2019	158,468
Provided during year	<u>139,291</u>
Balance at 29 February 2020	<u>297,759</u>

Notes to the Consolidated Financial Statements - continued
for the year ended 29 February 2020

20. **PROVISIONS FOR LIABILITIES - continued**

Company

	Deferred tax
	£
Balance at 1 March 2019	158,468
Provided during year	<u>139,291</u>
Balance at 29 February 2020	<u><u>297,759</u></u>

The deferred tax charge/(credit) relates to accelerated capital allowances.

21. **CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	29.2.20	28.2.19
			£	£
219,250	Ordinary	£1	<u>219,250</u>	<u>219,250</u>

22. **RESERVES**

Group

	Retained earnings	Revaluation reserve	Totals
	£	£	£
At 1 March 2019	2,764,884	153,833	2,918,717
Profit for the year	<u>528,767</u>		<u>528,767</u>
At 29 February 2020	<u><u>3,293,651</u></u>	<u><u>153,833</u></u>	<u><u>3,447,484</u></u>

Company

	Retained earnings	Revaluation reserve	Totals
	£	£	£
At 1 March 2019	2,471,029	153,833	2,624,862
Profit for the year	<u>528,767</u>		<u>528,767</u>
At 29 February 2020	<u><u>2,999,796</u></u>	<u><u>153,833</u></u>	<u><u>3,153,629</u></u>

23. **PENSION COMMITMENTS**

Stange & Co. Limited provides a defined contribution scheme to its employees. The amount recognised as an expense for the defined contribution scheme was £83,311 (2019: £67,257).

24. **RELATED PARTY DISCLOSURES**

Key management personnel are considered to be the Board of Directors whose emoluments are disclosed in note 3.

Notes to the Consolidated Financial Statements - continued
for the year ended 29 February 2020

25. **POST BALANCE SHEET EVENTS**

The Group has been materially and adversely affected by the effects of the Covid-19 pandemic. The pubs were closed from the start of the lockdown period and relevant staff were placed on furlough. During this period, staffing levels and overhead expenses were kept to the minimum required in order for the pubs to be maintained appropriately during the close period and appropriate payment deferrals were agreed with HMRC. Following the end of the first national lockdown in June 2020 the pubs have also been subject to increased levels of restrictions in order to comply with the social distancing requirements, and have therefore been operating at a much lower level than would be expected. There has also been further lockdown periods in England and Wales during the post balance sheet date periods.

Depending on the duration of the Covid-19 crisis and continued negative impact on economic activity, the Group might experience further adverse results and have to adhere to additional restrictions put in place by the government. The exact impact on our activities in the upcoming months and thereafter cannot be predicted. We also refer to note 2 Going concern.

26. **ULTIMATE CONTROLLING PARTY**

Mr N Rowlands, Mr W T Rowlands, Mr D McLennan and Mrs H M McLennan are considered to be the ultimate controlling parties who together hold 100% of the issued share capital.

27. **ACQUISITION**

On the 14 January 2020, the Group acquired the trade and business assets of The Ring O Bells, West Kirby for consideration of £1,388,446. The net amounts acquired were:

	£
Freehold property	1,309,507
Fixtures & fittings	70,664
Goodwill	1
Food and bar purchases	<u>8,274</u>
Consideration paid in cash	<u><u>1,388,446</u></u>