2020/2021

THE BRIGHTON PIER GROUP PLC

Annual Report and Accounts

For the period ended 27 June 2021

Directors, officers and advisers

Directors	**Luke Johnson** **Anne Ackord** **John Smith** **James (Jim) Fallon** **Paul Viner**	**Chairman** **Chief Executive Officer** **Chief Financial Officer** **Non-Executive Director** **Non-Executive Director**
Company Secretary	**John Smith**	
Registered Office	**36 Drury Lane** **London** **WC2B 5RR**	
Financial Adviser, Nominated Adviser and Broker	**Cenkos Securities plc** 678 Tokenhouse Yard London EC2R 7AS	
Auditor	**BDO LLP** 55 Baker Street London W1U 7EU	
Lawyers to the Group	**Browne Jacobson LLP** 6 Bevis Marks London EC3A 7BA	
Bankers	**Barclays Bank** 1 Churchill Place London E14 5HP	
Registrars	**EQ Limited** Aspect House Spencer Road Lancing West Sussex BN99 6DA	

Front Cover

View from the beach of Brighton Palace Pier at night fall.

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Chairman's statement

Fireworks over the lake at Lightwater Valley which was acquired by the Group in June 2021.

The 52 weeks ended 27 June 2021 was Brighton Pier Group's second financial year impacted by the COVID-19 pandemic. Mandatory trading restrictions have had a particularly devastating impact to the travel, hospitality, entertainment and leisure sectors during this period.

The Group rose to meet these challenges, highlighting its particular strengths:

- Firstly, the Group reaped the benefits of its diversified portfolio of businesses. Whilst the late-night bars were almost entirely closed throughout the whole 52-week financial period, the Pier and Golf divisions were able to reopen for trade during the key summer months of July to September 2020. The Pier benefitted from the Group's significant investment in its food and drink facilities during 2017. This £1.3m investment significantly increased outdoor seating capacity and enabled visitors to remain safely distanced. This summer trading period contributed approximately £2 million of earnings to the Group.
- Secondly, the Group's management team and staff reacted with speed to reduce the financial impact of the closures by working together with our suppliers, landlords and bank to reduce cash burn and to provide additional funding. We are grateful not just to our suppliers and landlords but also to our staff, who all took pay cuts while our venues were closed. The Group also benefitted from targeted government support with furlough (which enabled us to retain a large part of the workforce), rates relief, VAT reductions and the 'Eat Out to Help Out' scheme. With the backing of our bank and the Coronavirus Business Interruption Loan (CBIL) scheme, the Group raised £5 million of additional debt. This combination of strong and supportive management, staff, bank, suppliers, landlords and government help avoided any need for formal restructuring or new equity capital.
- Thirdly, with further support from our bank, we purchased Lightwater Valley which is one of the UK's premier theme parks. Located in North Yorkshire, it owns 175 acres of landscaped parkland, numerous attractions and hospitality offerings making it a popular day out for families. This acquisition is an excellent example of how the Group can create a growth enterprise, operating across a wide variety of leisure and entertainment assets in the UK. I believe there are more opportunities available to the Group in this sector and we continue to assess attractive acquisition opportunities in family leisure and the broader leisure sector.
- Lastly, the sensible decisions were taken before the pandemic to put in place the right business interruption insurance in the Bars and Golf divisions. These policies were able to respond to the pandemic, resulting in payments totalling £5.0 million. Whilst these payments do not in any way cover all the losses incurred since the start of the pandemic, this insurance has provided important financial protection to the Group.

With the easing of restrictions during summer 2021, the Group's diversified offering has been in prime position to capitalise on pent-up demand for leisure experiences. With the Pier and Golf divisions both open, the addition of Lightwater Valley for the full 13 weeks and the Bars finally open for 10 weeks, total sales for the 13-week period to the end of September 2021 were £15.9 million. This is 145% over the same period in 2020, and 44% ahead of the same (pre-Covid) period in 2019 (or 30% ahead of 2019 if the benefit from the temporary VAT concession is excluded). This strong summer 2021 trading performance, coupled with the benefits from VAT and rates relief, indicates that this year could be an exceptional opportunity for the Group to recover some of its lost earnings if it is able to continue trading without further restrictions.

I hope that the regained fundamental freedoms enjoyed by so many over the summer can continue without the reimposition of restrictions in future. It remains my belief that the economic, cultural and social disruption of these interventions can cause significant harm to large sections of society – particularly the young and the vulnerable.

In the longer term, I believe Lightwater Valley provides a long-term growth opportunity for the Group to develop and expand the park. We have a strong team at The Brighton Pier Group and I believe we are well placed to take advantage of growth opportunities when they arise.

Directorate

There have been no changes in the Board during this financial period.

Dividend

The Board does not propose to pay any dividend in respect of the 2021 financial year.

Luke Johnson

Chairman
1 November 2021

Our business model

The Brighton Pier Group PLC (the 'Group') owns and trades Brighton Palace Pier, as well as eight premium bars nationwide, eight indoor mini-golf sites and the Lightwater Valley theme park, acquired on 17 June 2021.

The Group operates as four separate divisions under the leadership of Anne Ackord, the Group's Chief Executive Officer.

Brighton Palace Pier offers a wide range of attractions including two arcades (with over 300 machines) and eighteen funfair rides, together with a variety of on-site hospitality and catering facilities. The attractions, product offering and layout of the Pier are focused on creating a family-friendly atmosphere that aims to draw a wide demographic of visitors. The Pier is free to enter, with revenue generated from the pay-as-you-go purchase of products from the fairground rides, arcades, hospitality facilities and retail catering kiosks. According to Visit Britain, it was the fifth most popular free attraction in the UK prior to the pandemic, with over 4.9 million visitors in 2019, making it the UK's most visited landmark outside of London.

The Golf division (which trades as Paradise Island Adventure Golf) operates eight indoor mini-golf sites at high footfall retail and leisure centres. The business capitalises on the increasing convergence between retail and leisure, offering an accessible and traditional activity for the whole family. The sites are located in various towns and cities across the UK, each one offering two unique 18-hole mini-golf courses.

The bars trade under a variety of concepts including Embargo República, Lola Lo, Le Fez, Lowlander and Coalition. The Group's Bars division targets a customer base of sophisticated students' midweek and stylish over-21s and professionals at the weekend. This division focuses on delivering added value to its customers through premium product ranges, high quality music and entertainment, as well as a commitment to exceptional service standards. The Bars estate is based in key university cities and towns that provide a vibrant night-time economy and the demographics to support premium bars.

Lightwater Valley Attractions Limited, acquired during the period, owns and operates the Lightwater Valley Theme Park, a leading North Yorkshire attraction, which is focused on family days out and is set in 175 acres of landscaped parkland. The Park offers a variety of attractions with rides, amusements, crazy golf, children's outdoor and indoor play, entertainment shows, together with numerous food, drink and retail outlets. The Park also provides popular seasonal events including Halloween (Frightwater Valley) and Christmas (Alice in Winterland).

The strategy of the Group is to capitalise on the skills of the four existing divisions, creating a growth company that operates across a diverse portfolio of leisure and entertainment assets in the UK. The Group will achieve this objective by way of organic revenue growth throughout the whole estate, together with the active pursuit of future potential strategic acquisitions of entertainment destinations, such as our recent acquisition of Lightwater Valley, thus enhancing the Group's portfolio and realising synergies by leveraging scale. It is the Board's longer-term strategy to position the Company as a consolidator within this sector.

Lunch on Brighton Palace Pier

Palm Court restaurant

Lightwater Valley - Jurassic adventure Golf

Entertainment is our Business

Our vision is to work together to build a thriving, growing business where our customers leave with wonderful memories that last a lifetime.

Supported by our values of:

Passion, Integrity, Knowledge, and Inclusivity.

Chief Executive Officer's report

Lightwater Valley Theme Park was acquired on the 17 June 2021 for £4.8 million.

The Park is a leading North Yorkshire attraction, which is set in 175 acres of landscaped parkland and is focused on days out for the family.

It offers a variety of attractions including rides, amusements, crazy golf, children's outdoor and indoor play, entertainment shows, together with numerous food, drink and retail outlets.

The Board believes that the extensive space at Lightwater Valley provides a long-term growth opportunity for the Group to develop and expand the park.

This acquisition executes the Group's stated strategy to create a growth enterprise, operating across a wide variety of leisure and entertainment assets in the UK.

Chief Executive Officer's report

This business review covers the trading results for the 52 weeks ended 27 June 2021 (2020: 52 weeks ended 28 June 2020). Both periods have, since spring 2020, been defined by the COVID-19 pandemic.

This trading period began during the first national lockdown, with nearly all of the Group's businesses closed. In July 2020, the restrictions of the first lockdown were eased such that the Group was able to partially reopen some of its businesses. The key challenge in terms of reopening was to resume usual business activities, having regard on the one hand for the newly imposed government restrictions to provide a safe environment for all staff and customers, whilst on the other hand continuing to entertain visitors in a way that would be as familiar and enjoyable as before the pandemic.

The Group was delighted when Brighton Palace Pier, six of the golf sites and two of the bars reopened on 4 July 2020, with the remaining two golf sites and soft play on the Pier reopening on 24 August 2020. This allowed the Group to trade for most of the summer period when footfall on the Pier is at its peak. This crucial earnings period benefited from the warm summer weather as well as additional support from the UK Government's 'Eat Out to Help Out' scheme, together with a reduction in VAT.

Whilst most of the late-night bars remained closed, trading for two open bars, the Pier and Golf divisions continued until the end of September 2020. Trading for open sites exceeded the Group's expectations at the time of reopening, with like-for-like sales at 81% of those during the same 13 weeks in 2019. Splitting this down by division, the Pier traded at 83%, the Golf division at 87% and the Bars division at 65% compared to the same weeks in the prior year.

This successful summer trading period contributed just under £2 million in EBITDA from the open businesses and was a reminder of the benefits the Group derived from its diversified acquisitions over the previous years.

By the end of September 2020, rising COVID-19 infections resulted in further restrictions, most notably a 10p.m. 'curfew', full table service only and mandatory mask wearing. This was then followed by the introduction of the regional 'Tier' system in October 2020, which resulted in the closure of both Scottish golf sites, together with sites in Manchester, Sheffield and Cheshire Oaks. The 10p.m. terminal hour ensured that the doors of all the Group's late-night bars remained firmly shut, with only Lowlander in the Bars division still able to trade. The second national lockdown was then imposed on 5 November for four weeks, with much-anticipated a brief reopening before Christmas but without the much-anticipated relaxation of restrictions during the Christmas period itself.

All three divisions remained closed for the next three months. Focus once again turned to the wellbeing of our staff during the lockdown period. Regular communication was essential and managers would make regular online calls to keep staff informed and react to those needing support. We also published regular newsletters with a wealth of important information on health, support resources, competitions and even activities for employees' children to occupy their time. For those staff not on furlough the focus was on conserving cash and preparing for reopening. Being ready to reopen was now the principal focus of activity.

On 12 April 2021 Coalition, the Group's beachfront bar and restaurant site in Brighton reopened its outside terrace restaurant, 'La Plage'. On the same date the Pier opened its rides and its significant outside space with table service food and drink.

The Golf businesses and Lowlander in Covent Garden then opened on 17 May and the Pier re-opened its arcades, Palm Court restaurant and Horatio's Bar.

Finally, on 19 July 2021 after 16 months of closure, all the Group's late-night bars were able to re-open as almost all inside restrictions were relaxed.

During the closure period the Bars division disposed of three marginal sites: Smash in Wimbledon and PoNaNa in Bath were both assigned to new tenants, and a third lease for Fez in Cambridge expiring in late December 2020 was not renewed.

Acquisition of Lightwater Valley

On 17 June 2021, the Group was pleased to announce its acquisition of the entire share capital of Lightwater Valley Attractions Limited ('Lightwater Valley'). The consideration payable is £3.6 million with a further £1.2 million paid to clear Lightwater Valley's outstanding bank debt on the date of acquisition. The total cash outflow in relation to this transaction is therefore £4.8 million. The acquisition was funded from a £2.0 million extension to the Group's revolving credit facility and existing cash resources. The transaction was expected to be immediately earnings accretive post completion.

The consideration was satisfied by an initial completion payment of £3.8 million in cash (adjusted for working capital and on a debt-free cash-free basis), deferred consideration of £0.5 million and contingent consideration of up to £0.5 million, subject to Lightwater Valley achieving certain trading targets over the summer months. Both the deferred and contingent consideration were settled in full at the end of October 2021.

The Board believes that the extensive space at Lightwater Valley provides a long-term growth opportunity for the Group to develop and expand the park. This acquisition executes the Group's stated strategy to create a growth enterprise, operating across a wide variety of leisure and entertainment assets in the UK.

Chief Executive Officer's report

Continued

Business interruption claims

September 2020 brought positive news with the High Court judgment that the Group's 'Marsh resilience' insurance policies in the Bars and Golf divisions could respond to COVID-19 business interruption claims. The Group's policies had a maximum indemnity period of 24 months and were capped at £5.0 million for any one claim, split equally between the Bars and Golf division.

The Supreme Court ruling in January 2021 brought further clarification on a number of areas but did not change the fundamental position that the Group's 'Marsh' resilience' insurance policies were still capable of responding to COVID-19 claims.

During the period, the Group recognised as other income £5.0 million in relation to these claims. As at the period end payments on account of £3.0 million were received. Further claims for losses were submitted for the period to the end of May 2021, which significantly exceeded the caps on the policies. Based on these claims a further £1.1 million was paid in August 2021 and a payment of £0.9 million received in early October 2021. These final payments were in full and final settlement of our Business Interruption claims.

Other significant events that have taken place since the year end

At the end of September 2021, the Bars division surrendered its lease of its Reading Coalition site, the last of the four marginal sites to be disposed of in the Bars division. This disposal resulted in gains of approximately £530,000 arising from the derecognition of lease liabilities and cash outflows of £12,000. There are no reversionary risks or guarantees outstanding on the four disposed leases.

Full-year results for the 52 weeks to 27 June 2021

Profit before tax was significantly up on the prior period at £4.2 million (2020: loss of £(10.2) million), benefitting from the income from business interruption insurance, summer trading (especially at the Pier and Golf sites), government support by way of furlough, grants, rates and VAT reductions, as well as the one-off extinguishment of lease liabilities from the disposal of the three Bars division sites. The associated right of use assets at these sites were fully impaired during the prior period.

Profit after tax was £4.3 million (2020: loss of £(9.5) million).

Revenue for the period was down at £13.5 million (2020: £22.6 million). This reflects the closure of most of the bars and the COVID-19 restrictions being much more widely spread across the period. The prior period also enjoyed the benefit of the full first half pre-COVID-19 trading.

Revenue split by division:

Pier division

2021	**£9.7m**
2020	£9.5m

Golf division

2021	**£2.4m**
2020	£4.3m

Bars division

2021	**£1.3m**
2020	£8.9m

Lightwater Valley*

2021	**£0.2m**
2020	£nil

* This represents only 10 days of ownership during the period.

Group gross margin for the period increased by 2% to 87% (2020: 85%).

Group EBITDA (see Note 3 and 26) for the period was £4.7 million (2020: £2.5 million). This includes £5.0 million of business interruption insurance income, £0.7 million of COVID-related local authority grant income and £2.2 million of furlough income which has offset staff costs (see Note 7).

EBITDA split by division:

Pier division

2021	**£1.0m**
2020	£0.2m

Golf division

2021	**£3.1m**
2020	£1.9m

Bars division

2021	**£1.8m**
2020	£1.1m

Lightwater Valley

2021	**£0.1m**
2020	£nil

Group overhead

2021	**£(0.9)m**
2020	£(0.8)m

Group EBITDA excluding highlighted items (see Note 26) for the period was £5.1 million (2020: £2.5 million). This also includes the business interruption insurance income and COVID-related local authority grant income described above.

Divisional trading commentary

Pier division

- **Revenue** – up 2% on the prior period at £9.7 million (2020: £9.5 million); this represents principally the success of the 13 weeks from July to September 2020 summer trading.
- **Like-for-like sales** – for the 13 weeks to the end of September 2020 at 83% of the same period last year.
- **Gross margin** – up 2% at 86% (2020: 84%) margin and spend per head were both up, benefiting from the reduction in VAT and the 'Eat Out to Help Out' scheme which went some way to mitigate the impact of COVID-19 (see Note 7).
- The Pier was fully open for only 19 weeks in the first half and 6 weeks in the second half of the period from mid-May to the end of June 2021.

Golf division

- **Revenue** – down 44% from the prior period at £2.4 million (2020: £4.3 million). Sales were bolstered by the new site at Plymouth Drake's Circus, which opened at the end of October 2019 in the prior period.
- **Gross margin** – in line with last year at 99% (2020: 99%) this will fall going forward as we further diversify into other retail offers such as the bar and food offerings in Plymouth.
- **Like-for-likes sales** – for open sites for the 13-week period to the end of the summer at 87% of the same period last year.
- The reduction in revenue was caused by different opening rules in Scotland, together with 'Tier' rules in the Midlands and Northwest, which resulted in many of the Golf sites being closed for extended periods (in total the Golf division was only fully open for five weeks in the first half and six weeks in the second half).
- **EBITDA** – includes £2.5 million of business interruption insurance income recognised during the period (2020: £nil).

Bars division

- **Revenue** – down 86% on the prior period at £1.3 million (2020: £8.9 million); with nearly all the Bars estate closed throughout the period, these sales came from the two food-led operations - Lowlander in Covent Garden and Coalition on the beach front in Brighton.
- **Lowlander** – this central London venue has been impacted by the closure of theatres and non-essential retail, together with the loss of foreign tourists and many office staff working from home. However, launch of a take-away offer and a new 'Supper Club' were well received, especially appealing to its regular clientele, missing the unique offer the venue provides.
- **La Plage** – July 2020 saw the launch of the new 'La Plage' restaurant on the beach terrace of Coalition in Brighton, which proved to be a great success through the 2020 summer period.
- **Gross margin** – down 9% at 72% (2020: 81%) due to the absence of the wet led late-night bars during the period resulted in a lower margin reflecting the food led operations that were open in this period.
- **EBITDA** – includes £2.5 million of business interruption insurance income recognised during the period (2020: £nil).

Lightwater Valley

- **Revenue** – £0.2 million, this represents only 10 days of ownership.

Highlighted items consist of net gains of £2.7 million (2020: £8.1 million of costs) which were recognised during the period. This amount includes £3.2 million of gains arising from the derecognition of lease liabilities as a result of site disposals in the Bars division (PoNaNa in Bath, Fez in Cambridge and Smash in Wimbledon) and renegotiated lease terms with the Group's landlords. The disposal of these marginal sites will, in the long run, reduce overhead costs and improve the profitability of the Bars division. These gains are offset by £0.3 million of acquisition costs and £0.2 million of restructuring and legal costs. Prior year costs related to impairments of goodwill, right-of-use-assets and property, plant and equipment (see Note 5 for further details).

Finance costs of £0.9 million (2020: £1.1 million) were incurred in the 52-week period, made up of:

Interest on borrowings

Interest on leases

The interest on leases relates predominantly to property leases in the Bars and Golf divisions and arises from the application of IFRS 16 (see Note 12 for further details).

Operating profit was £5.1 million (2020: loss of £(9.2) million); this reflects the large impairment write-downs in the prior period and the benefits in the current period from the extinguishment of lease liabilities from the disposals in the Bars division (see Note 5 for further details). Operating profit also includes £5.0 million of insurance income and receipt of government grants, as outlined above and in Note 7.

Taxation on ordinary activities a tax credit of £0.1 million (2020: tax credit £0.7 million); the Group has utilised losses from the prior year to offset all its taxable profits for the current period (see Note 8 for further details).

Chief Executive Officer's report

Continued

In summary, for the 52-week period ended 27 June 2021 (compared to the equivalent 52-week period ended 28 June 2020):

Revenue for the period

2021	**£13.5m**
2020	£22.6m

Profit/(loss) before tax

2021	**£4.2m**
2020	£(10.2)m

Profit/(loss) after tax

2021	**£4.3m**
2020	£(9.5)m

Basic and diluted earnings/(loss) per share*

2021	**11.5p**
2020	(25.5)p

(*see Note 9)

Group EBITDA excluding highlighted items

2021	**£5.1m**
2020	£2.5m

Group EBITDA including highlighted items

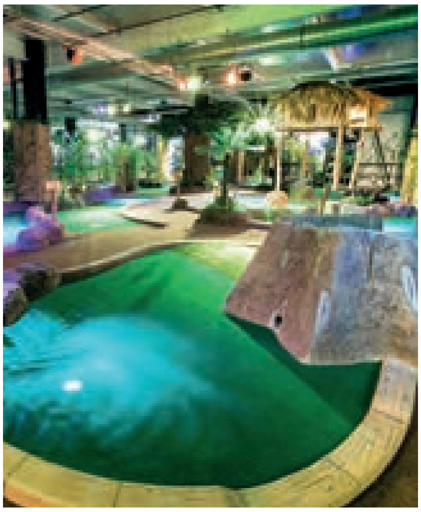
2021	**£4.7m**
2020	£2.5m

Adjusted earnings/(loss) per share (basic and diluted)*

2021	**5.7p**
2020	(5.3)p

Eclectic Bars - cocktails and mocktails

Paradise Adventure Island Golf



Weddings on Brighton Palace Pier

Putney Fez - The garden bar was upgraded during lock-down

Financial review

Cash flow and balance sheet for the 52 weeks to 27 June 2021

Cash flow generated from operations (after interest and tax payments) available for investment was £4.9 million (2020: £0.6 million). This increase was principally driven by the £5.0 million insurance income booked during the period.

Deferred and contingent consideration

The Group has recognised £1.0 million of additional consideration payable in relation to its acquisition of Lightwater Valley. This includes £0.5 million of contingent consideration, payable if the park achieves certain trading targets by the end of September 2021. As at the period end, it was management's best estimate that these targets would be met and that the full amount would become payable. A further non-contingent payment of £0.5 million is also payable. Both deferred and contingent considerations were paid in full at the end of October 2021.

Property, plant and equipment

The Group invested £0.3 million in capital expenditure during the period (2020: £1.6 million). This spend relates to minor capital projects across all the divisions.

Shareholders will be aware that each year we undertake an annual substructure survey on the Pier. We can report that no additional maintenance issues were identified other than the usual budgeted maintenance requirements for the coming financial year.

Bank debt and cash

At the period end the Group had total bank debt of £20.4 million (2020: £16.8 million), and net debt (total bank debt less cash and cash equivalents) of £13.1 million (2020: £14.2 million) broken down as follows:

- an outstanding principal term facility of £11.8 million (2020: £11.8 million)
  - £0.1 million debt repayment was made in the period (2020: 1.5 million), offset by the amortisation of loan fees
  - £0.4 million is due within the next twelve months to the end of June 2022 (2020: nil)
  - Two payments totalling £0.5 million thereafter to the end of the term in December 2022
- CBILS 1 facility of £1.8 million (2020: £1.8 million)
  - Quarterly repayments of £0.45 million resuming in September 2021
  - A total repayment of £1.8 million (2020: nil) is payable within the next twelve months
- CBILS 2 facility of £3.2 million (2020: 3.2 million)
  - Quarterly repayments of £0.46 million resuming in September 2021
  - A total repayment of £1.8 million (2020: nil) is payable within the next twelve months
  - The balance of £1.4 million to be repaid by the end of March 2023
- The RCF facility was increased by £2.0 million to £3.75 million to fund the Lightwater Valley acquisition
  - This facility then fell to £1.75 million at the end of October 2021
  - As at the period end £3.6 million was drawn under this facility (2020: £1.75 million facility undrawn) which was fully repaid by the end of October 2021
- Cash balances of £7.3 million (2020: £2.6 million)

During the 52-week period, the Group made net drawdowns of £3.5 million (2020: net repayments of 2.0 million), made up of:

- £3.6 million drawdown on the RCF (2020 : £nil);
- no repayments to the RCF (2020: £1.5 million);
- £0.1 million of repayment to the principal term facility (2020: £1.5 million), and
- no new funding from the CBILS 1 and 2 facilities (2020: £5.0 million).

In addition, on 17 June 2021, the Group assumed £1.2 million of bank debt owed by Lightwater Valley. This was fully repaid by the Group immediately after the acquisition as required by the share purchase agreement.

Key performance indicators ('KPIs')

The loss of revenue from COVID-19 closures and trading restrictions has impacted all divisions. Most of the Bars division has been closed throughout the 52-week period. The Pier has only been fully open for 25 weeks and the Golf division due to 'Tier' rules in the Midlands and Northwest, has only been open fully for 11 weeks. This loss of trading has had a major impact on the Group's performance against its KPIs.

The Group's KPIs remain focused on the continued growth of the Group to drive revenues, EBITDA and earnings growth. Despite the prolonged closures, bolstered by £5.0 million of business interruption insurance and the opportunity to trade the Pier and Golf divisions over the key summer trading period, the business has remained cash generative.

- Revenue for the period £13.5 million (2020: £22.6 million)

Financial review

Continued

- Profit/(loss) before tax £4.2 million (2020: £(10.2) million)
- Group EBITDA excluding highlighted items £5.1 million (2020: £2.5 million)
- Group EBITDA including highlighted items £4.7 million (2020: £2.5 million)

Once reopened, the Group benefitted from the investments made in the two new golf site openings at Rushden Lakes in March 2019 and Plymouth Drake's Circus in October 2019, as well as the refurbished Putney 'Le Fez' in the Bars division which opened in November 2018. The Pier will also continue to benefit from the redevelopment of the Palm Court Restaurant and Horatio's Bar, boosting conference and events bookings.

A significant highlight for the year has been the acquisition of Lightwater Valley. The Board believes that the extensive space at Lightwater Valley provides a long-term growth opportunity for the Group to develop and expand the park. This acquisition executes on the Company's stated strategy to create a growth group, operating across a wide variety of leisure and entertainment assets in the UK.

Strategy of the combined Group, current trading and outlook for the coming period

Short to medium-term strategy and outlook

In the short to medium-term, our key aim has been to reopen our businesses as soon as circumstances allowed, and to focus on returning them to their trading levels pre-closure.

The first 13 weeks of the new financial year demonstrate a strong start. Due to the warmer weather, school vacations and the August bank holiday weekend, the summer period has historically contributed a significant proportion of the Group's annual sales and earnings. This year's key trading period has been boosted by pent-up demand and disposable incomes that have built up during lockdown, significant increases in domestic holidays, a temporarily reduced rate of VAT and rates relief by way of Government support and the addition of the newly acquired Lightwater Valley theme park. Collectively, these factors have provided a unique opportunity for the business to maximise revenue and earnings and to complete the integration of Lightwater Valley into the Group.

With many of the indoor and outdoor restrictions lifted, Brighton Palace Pier, the Group's mini-golf sites and its food-led bars were able to re-open from 17 May 2021. Furthermore, the Group's acquisition of Lightwater Valley theme park completed on 17 June 2021, followed by the reopening of the Group's remaining late-night bars on 19 July 2021 for the first time in 16 months.

With all four divisions mostly opened throughout, the Group is pleased to report total net sales for the 13-week period to the end of September 2021 of £15.9 million. This is 145% over the same period in 2020, and 44% ahead of the same (pre-Covid) period in 2019 (or 30% ahead of 2019 if benefit from the temporary VAT concession is excluded).

Like-for-like sales at the Pier for the 13-week period to the end of September 2021 were up 47% on 2020 and up 14% on 2019; across the Golf sites they were up 119% on 2020 and 30% on 2019; and, in respect of the Bars (fully reopened from the last week in July for just ten weeks of the period) its sales were up 36% on 2019, with most venues closed in 2020. Combined with trading from the newly-acquired Lightwater Valley business, these results significantly exceeded the Group's expectations at the beginning of the year, as announced in the Group's trading update on 8 October 2021.

As a result of the strong summer trading performance, benefits from VAT and rates relief, as well as the impact of the acquisition of Lightwater Valley, the Board expects this financial year to be an exceptional opportunity for the Group. Looking forward to FY2023 we expect to see trading returning to more normalised levels with VAT and other government support withdrawn.

Longer-term: new acquisitions and developments

The longer-term strategy of the enlarged Group continues to be to capitalise on the skills of the Group to create a growth company operating across a diverse portfolio of leisure and entertainment assets in the UK. The Group will achieve this objective by way of organic revenue growth across the whole estate, together with the active pursuit of future potential strategic acquisitions of leisure and entertainment destinations (many of which have been significantly impacted by the pandemic) that could enhance the Group's portfolio, realising synergies by leveraging scale. It is the Board's longer-term strategy to position the Group as a consolidator within this sector.


BRIGHTON
PALACE PIER
THIS WAY TO THE
END OF THE PIER
WALK of FAME
FACE the FAME!
THIS WAY TO THE
END OF THE PIER

Principal risks and uncertainties

The principal risks and uncertainties facing the Group are broadly consistent with the prior period as a result of the extended closure of the business during FY2021.

Key risks	Risk description	Mitigating actions and achievements during the year
Business and resulting financial risk: Failure to acquire and/or develop new acquisitions and sites	The Group's ability to acquire new businesses, to operate these businesses on a profitable basis and to integrate these operations into the Group is a major part of the future success of the Group. Failure to acquire or develop new businesses would financially impact the future earnings growth of the Group.	Whilst revenue and earnings during the reporting period have been significantly impacted by mandatory closures due to COVID-19, the Group is encouraged by the strength of its acquisitions which has diversified its risk from that of just being a bars business when it listed in 2013. Despite the Bars being predominantly closed throughout the whole of FY 2021, the diversity from the Group's acquisitions in earlier years enabled the Pier and Golf divisions to trade uninterrupted from July through to September 2020, historically the Group's peak trading months. The Pier benefitted from the summer period when footfall is at its peak and Golf benefitted from the school holidays. The earnings from summer trading contributed to the ability of the Group to fund the acquisition of Lightwater Valley in June 2021. The 175-acre theme park will further diversify the Group and provide opportunities for growth in the coming years.
Business and resulting financial risk: Increased competition and changing consumer habits	The experiential leisure and entertainment market in the UK is vibrant, exciting and continuously changing. There is no certainty that the Group will continue to achieve the market penetration it seeks. There is no certainty that the Group will be able to respond to changes in consumer habits. Failure to respond to changing market conditions and consumer habits could impact the future earnings of the Group.	During the period, the Group's focus was to first protect its staff during the closures. Our workforce has been built up over many years and staff are essential to ensure we can respond to the needs of our customers every time they visit. The second focus was to ensure that our customers and everyone working on site could enjoy our businesses in a safe and secure environment when the opportunity arose to trade. The third focus was on readiness to re-open. This message was key to ensure that all our teams were ready to entertain our customers once again and 'build memories that last a lifetime'. During this financial year we implemented: • new ways to support staff on furlough with regular group calls, newsletters and, where necessary, other welfare support; • developing effective communication channels with our key stakeholders during the closures, and • training for our staff on how to operate safely in a socially distanced environment whilst also minimising the impact of regulation on our customers.

Key risks	Risk description	Mitigating actions and achievements during the year
Business and resulting financial risk: Failure to recruit the best management for our businesses Impact on the Group at a national level from staff shortages Impact on the Group of wage inflation arising from statutory increase in minimum wage pension auto-enrolment and rates	The market for the best people is fiercely competitive. Rising costs from statutory increases in pension, wages and rates are hard to mitigate.	The Group will continue to focus on its training programmes across all of its businesses, covering management development, stock administration, marketing and health & safety training, as well as the 'Pier Proud' and 'World Class' initiatives and other programmes. These are all examples of training being essential to the Group's campaign to attract and retain new staff. The Group offers competitive remuneration, which also includes profit sharing and share option schemes for staff. The Group works to mitigate increased statutory employment costs by efficient management of rotas and staffing levels across all areas of the business. The Group this year has introduced a new induction and training portal, new training videos to support learning, conducted its first online recruitment fair, moved to online interviewing, employed 12 individuals using the government's 'kick start' scheme, as well as training staff as mental health first aiders and offering training for managers to better understand the changing attitudes of the workforce. We are also in the process of creating a new 'Bar and Chef Academy' and about to launch a new initiative to attract more non-binary and transgender employees to work for the Group.
Regulatory risk: Failure to comply with the complex regulatory frameworks in place in the UK	The Group's operations are subject to laws and regulations that affect their operations, including those in relation to employment, minimum wages, premises and personal licenses, maintenance of the pleasure rides, gambling licenses, alcoholic drinks control, entertainment licences, competition, health & safety, sanitation and data protection.	The focus over the year continues to be the regular and ad-hoc visits across all of our businesses, as follows: • regular control visits, together with follow-ups to ensure training and compliance at a local level; • annual health & safety checks from outside agencies to ensure each venue we trade complies with current regulations, and • regular audits and training on fire and safety for all our staff, as well as an online reporting system to gather important information daily that relates to incidents or regulatory visits. During the period ended 27 June 2021, site visits were reduced whilst sites were closed to trade. The Group's focus on operational 'rituals and routines' helps to protect the business in this highly regulated marketplace.

Principal risks and uncertainties

Continued

Key risks	Risk description	Mitigating actions and achievements during the year
IT risk: Threat of cyber attack Loss of system and website availability	The threat of cyber-attack is ever present in the UK. Such an event could have a significant impact on the Group's systems and websites.	The Group has extensive preventative measures and controls in place to reduce this risk. These include: • a robust disaster recovery plan with servers located in third party off-site data centres. This includes regular back-up routines for the security of all our data, which is hosted by third party hosting specialists; • fully out-sourced IT management; • extensive planned improvements as a continuing activity to ensure all of the Group's hardware and operating systems are fully supported with regular operating updates as required; • implementing multi-factor authentication across all the Group's central servers and email accounts this year, and • undertaking a full review in the coming year of all the Group's IT infrastructure to ensure it is capable of safeguarding for current and potential future cyber security threats.
Brexit risk: Following the UK's exit from the European Union on 31 January 2020	The departure from the European Union is presenting supply and employment risks which could have impact on the Group.	The Group has over the period been developing new initiatives to improve the way it recruits (see the Business and financial risk section above). These initiatives have gone some way to mitigate some of the difficulties being experienced across the UK from staff shortages due to absence of seasonal European workers, which have historically formed a large part of the summer workforce on the Pier. Supply shortages have impacted parts of the Group's supply chain but plans for alternative supply routes were introduced when we started reopening towards the end of the financial year. To date these plans have enabled substitute products to be sourced.
Specific risks relating to the operations of Brighton Marine Palace & Pier Company: The Group's financial performance is dependent on a number of very specific risks relating to the Pier	The risk of: • catastrophic events (including those caused by climate change), and • structural integrity of the Pier.	The Group spends significant amounts of money each year to ensure that the structural integrity of the Pier is maintained to a high standard. A full survey of the substructure is performed annually and every five to six years there is a further survey using divers to inspect the areas below the water line. The last dive survey was completed in 2016, the next survey will be conducted in 2022. The annual survey of the Pier substructure for the current year has been completed and no significant issues have emerged to indicate anything other than normal levels of annual maintenance being required. In addition, recent years have seen significant investment in one-off projects to protect the Pier from catastrophic events, such as fire. Over £4.0 million had been spent upgrading a number of areas of the Pier's structure, including improvements to fire and safety (with the introduction of high-pressure pumps and deluge systems), as well as improved electric and water supplies. Cathodic protection has also been introduced to the steel piles under the main rides area of the Pier, to reduce the impact of seawater corrosion.

Key risks	Risk description	Mitigating actions and achievements during the year
Specific risk related to business disruption caused by pandemics	Business disruptions may occur where the Group is unable to open to the public or to trade at full capacity because of pandemics such as COVID-19. This could come in the form of reduced customer demand, disruption caused by closures and the wider impact to the economy as a whole from the pandemic. There is a risk that the extended closure or significant reduction in trade could result in the Group no longer being able to trade as a going concern.	Last year the Directors carried out a detailed assessment of the potential risks and ways in which outbreaks such as COVID-19 could impact the business. These risk assessments guided the Group's operating plans during the period. They have included social distancing measures, additional cleaning procedures, revised operating procedures, staff training at all levels and the provision of easy-to-understand public information to minimise risk to customers and staff alike. The Group's diversified portfolio of businesses has meant that the Golf and Pier divisions have been able to re-open to benefit from the second half of the summer and the school holidays. The Group has also benefited during the period from the various support schemes introduced by the government - these have included the Coronavirus Job Retention Scheme (CJRS), the rates relief scheme, the VAT payment deferral scheme and the Coronavirus Business Interruption Loan Scheme (CBILS). The Group maintained a 'Non-Damage Business Interruption' insurance policy which was written for the Golf and Bars divisions by our insurance brokers. These policies provide cover up to a maximum of £5.0 million. At the period end, payments on account of £3.0 million were received and provisions for further income of £2.0 million were provided for against losses to the end of FY 2021. In October 2021 these amounts were settled and paid by our insurers. Our current policies, which were renewed in April 2021, now specifically exclude COVID-19 claims. The Group has carried out an exercise to model a scenario in which infection rates increase over the early winter period into Christmas, resulting in a three-month lockdown for the period from January 2022 to March 2022. In such a scenario, the Group remains cash generative with no further bank funding or other support being required. The Directors are confident that the ongoing impact on the Group of the COVID-19 pandemic can be mitigated to ensure its ability to continue to trade as a going concern.

Section 172 statement

Under Section 172(1) of the Companies Act 2006, a Director of a Company must act in the way he or she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole and in doing so have regard (amongst other matters) to:

a) the likely consequence of any decision in the long-term,

b) the interests of the Company's employees,

c) the need to foster the Company's business relationships with suppliers, customers and other,

d) the impact of the Company's operations on the community and the environment,

e) the desirability of the Company maintaining a reputation for high standards of business conduct, and

f) the need to act fairly between members of the Company.

Key Stakeholders

The Board considers its key stakeholders to be its employees, its customers, its suppliers, the community and environment in which it operates and its shareholders. Engagement with some of these groups has been limited as a result of the extended closures of the business and the local and national restrictions put in place during FY2021 and FY2020.

Stakeholder Group	Why we engage	Decisions we make with stakeholders in mind
Employees	The Group's long-term future and success depends on the commitment of our people to the purpose and vision of the company. The Group is committed to engaging with our staff at every level of the business, to ensure that we are nurturing an environment within which each employee can grow, succeed, and prosper. Our workforce is our advantage through which we can meet the growing demands of the competitive sector within which we trade. We believe it is of critical importance to have an inclusive employment policy that does not discriminate. Diversity reflects the customers we work with every day.	In January 2020 we took the decision to bring together managers from all three divisions in Brighton for the first time. The purpose of the conference was to allow teams from all divisions to collaborate and contribute to the strategic vision of the Group, review the culture of the business and to create an action-orientated business plan for each division for the coming year. By sharing this important process with all of our managers we have all contributed to confirming the strategic vision and the action plans needed to make it a success. *The aim of our diverse businesses is to entertain our customers.* *Supported by our values of passion, integrity, knowledge, and inclusivity, our vision is to work together to build a thriving, growing business where our customers leave with wonderful memories that last a lifetime.* Our plan for FY2021 had been to introduce a new staff survey to measure how we engage with our staff, to discover what the Group does well and what areas we need to improve upon. This exercise was deferred due to the ongoing lockdowns, resulting in staff being furloughed during the period. Our plan is to hold our second Group conference in January 2022 to further build on the work done in January 2020. This period has seen the start of numerous initiatives for improvement including a new induction and training portal, new training videos to support learning, conducting our first online recruitment fair, moving to online interviewing, employing 12 individuals using the government's 'kick start' scheme, introduction of training for staff as mental health first aiders and training for managers to better understand the changing attitudes of the workforce. We are also in the process of creating a new 'Bar and Chef Academy' and about to launch a new initiative to attract more non-binary and transgender employees to work for the Group.

Stakeholder Group	Why we engage	Decisions we make with stakeholders in mind
Employees Continued		The Group has held several its regular meetings at Lightwater Valley since the acquisition. These meetings help to share best practice and importantly to introduce Lightwater Valley to the resources of the Group. As a result of the UK-wide lockdowns during FY2021, the Directors decided to place all non-essential staff on furlough once again. This decision was made to protect our staff and their livelihoods during the shutdown. Prior to this, with the Government's original Coronavirus Job Retention Scheme due to close at the end of October 2020, and with most of the late-night bars still closed, the Directors were forced to come to the difficult decision that the Bars division could no longer continue to keep large numbers of staff without the prospect of future work and support from the furlough grant. On 14 August 2020 therefore, the Group started a process to serve notice on all non-essential staff, with most of these redundancies completed by the end of September 2020.
Customers	The Group's engagement with its customers is fundamental to our success. We want every customer to leave with wonderful memories that last a lifetime. Satisfied customers are our best promoters for our businesses. During the pandemic it was imperative that customer safety was at the forefront of decision making.	Measuring our customers' satisfaction is an essential metric of how well we run our business. We continue to use www.reputation.com across all our divisions. This enables each individual venue to measure its interactions with our customers in the following ways: • enabling them to communicate better by ensuring we rank higher and accurately in all local searches, maps and directories; • monitoring all of our social media in order to help us understand our customers and how they rate us, as well as ensuring that if things go wrong, we can easily communicate and put things right; • improving our star rating across all the top sites; • building and analysing social engagement in our online communities; • gaining actionable insight and competitive analysis with meaningful scores to monitor and measure progress, and • numerous initiatives were undertaken in all of the Group's divisions to ensure customer safety during the pandemic such as introducing a one-way system on the Pier and installing various hand sanitising stations.

Section 172 statement

Continued

Stakeholder Group	Why we engage	Decisions we make with stakeholders in mind
Suppliers	The Groups depends on its suppliers to deliver the right products, at the right price and the best quality. We also depend on a variety of highly skilled outsourced services such as insurance, marketing, legal, property, investment and other advisory services. We believe in long-term trading relationships and are proud to have built up strong collaborations over many years with large numbers of our suppliers. We also aim to source locally wherever possible.	All key strategic supplier relationships are regularly reviewed and approved at Board level. The decision for appointing a new head of marketing and procurement was to ensure we can communicate with all our suppliers on a regular basis. This appointment also ensures we can analyse, choose, and market products that meet the ever-changing aspirations of our customers. The decision to use locally sourced beers and seafood suppliers to the Pier in Brighton helps to support the community in which we are situated. During the mandatory COVID-19 closures the supplier relationships were severely tested and we are extremely grateful to all our suppliers who supported us in so many ways. This support confirms why long-term supplier engagement is so essential. Agreements were reached with most suppliers to halt deliveries during the extended closure periods During the extended closure period, the Group agreed standstill agreements with suppliers to its Bars division in relation to making payments for unsold stock at closed venues.
Our communities and the environment within which we operate **Our commitment to a sustainable future**	The Brighton Palace Pier is an iconic structure that represents the heart and soul of Brighton attracting millions of visitors each year to the city. Our late-night venues are in communities across the United Kingdom. The impact of operating late at night requires careful consideration of the communities in which we operate. Our Golf venues are in shopping centres throughout the UK. All our venues need to comply with local and national regulation such as licensing, planning, health and safety and environmental laws.	Whilst the Group is not currently required to provide detailed disclosures related to Environmental, Social and Governance (ESG) matters or Streamlined Energy and Carbon Reporting (SECR) we believe that this is important for the Group to demonstrate its commitment to a sustainable future by setting out a plan to report on these matters in the coming years. Our strategy will deliver clear sustainability outcomes for the Group that are relevant, achievable and verifiable, including: • compliance with ESG laws, regulations and standards; • measures to mitigate the effects of severe climate events on the Group's operations; • a transition plan for the Group to meet the UK's target of achieving net zero carbon emissions by 2050; • excellence in the diversity, equity and inclusion practices for our workforce, and • transparent disclosure of data that underpin our commitments. The Board took the decision during the year to set up a new Risk and ESG Committee to advise the Board on these important considerations.

Stakeholder Group	Why we engage	Decisions we make with stakeholders in mind
Our communities and the environment within which we operate **Our commitment to a sustainable future** Continued		Significant focus in the previous year on the Pier has been activity to reduce its environmental impact. The Directors therefore made the decision to introduce biodegradable packaging wherever possible and to move its energy supply to Octopus energy a well respected renewable energy provider. Key decisions in relation to compliance with local health and safety, licensing, planning and similar regulations are reported directly to the Board at every meeting.
Shareholders	Our engagement with our shareholders sets out to obtain investor buy-in to our strategic objectives and to explain the work we do to further them. Our listing on AIM provides the Group with access to capital which is of vital importance to the longer-term objectives and success of the Group. Creating shareholder value by generating strong and sustainable earnings ensures we have investors that are interested in longer term investment in the Group.	The Board communicates with shareholders through its Annual Report and Accounts, full and half-yearly announcements, the AGM and one-to-one meetings with existing and potential new shareholders. Feedback from these meetings is communicated to the full Board. Furthermore, a large range of corporate information, including all Regulatory News Service announcements and presentations, are available to shareholders, investors and the public on the Brighton Pier Group's investor website at: www.brightonpiergroup.com. It is our aim for the coming year to return to in-person meetings, COVID-19 permitting, in time for the AGM in December 2021. For the first time this year this is to be held on Brighton Palace Pier. Further information will be sent out with the formal notice of our intention to hold an AGM. In order to create and maintain shareholder value, the Directors made the following key decisions during the period: • the decision to acquire Lightwater Valley. It is hoped that this will significantly enhance future earnings; • the decision to diversify the business has meant the Group was able to trade strongly over the summer months which significantly bolstered revenues and earnings in the business; • the decision to take advantage of government grants and support where appropriate, and • the decision to submit business interruption insurance claims to mitigate the loss of earnings to the business during the closure periods.

By order of the Board

J.A.Smith

Company Secretary and Director
1 November 2021

Governance

Enjoying the sunset on Brighton Palace Pier

Governance
The Board

The company is controlled by the Board of Directors and is constituted by the Chairman, two Executive and two Non-Executives Directors.

The Board is chaired by Chairman Luke Johnson who is responsible for the running of the Board and liaison with the Company's shareholders; the Chief Executive Anne Ackord has Executive responsibility for running the Group's business and implementing the strategy of the Group.

The Board meets at least ten times a year and has a formal schedule of matters reserved to it; this includes the strategy and direction of the Group, approval of annual and interim reporting, dividend policy and Board structure. The Board also sets the annual budgets for each of the four divisions and monitors the performance against those budgets together with approving capital expenditure. It also monitors the Groups exposure to the key business risks set out in detail in the annual published accounts.

Luke Johnson – Non-Executive Chairman

Luke joined The Brighton Pier Group PLC in June 2015 and has been involved in nightclub, bar and restaurant businesses since the age of 18. He was Chairman of Pizza Express Plc during the 1990s, co-founded the Strada restaurant chain and was Chairman of Giraffe for nine years until it was sold to Tesco for £50 million in 2013. He also served on the Board of My Kinda Town and currently chairs Bread Limited, the owner of the artisan bakery chain, Gail's.

Luke joined the Board as Chairman in June 2015; he is also Chairman of the Remuneration and Nominations Committee.

Anne Ackord – Chief Executive Officer

Anne was General Manager of The Brighton Marine Palace and Pier Company for over twelve years. Prior to this, she was Operations Director for Bourne Leisure Limited, a large group of holiday parks, where she was responsible for all park entertainment, coordinating the on-park activities with a team of over 1,000 entertainers. She also was Director in charge of retail across a 57-site estate. Anne was previously the first female Area Director at Welcome Break, a position she held for over four years, managing large motorway service areas, and coordinating national training initiatives during periods of the company's expansion. She was appointed to the Board of The Brighton Pier Group PLC in April 2016. Anne is an independent Governor at Brighton's GB MET FE College, where she is Chair of the Remuneration Committee and a member of the Risk and Audit Committee.

Anne was appointed to the Board as Chief Executive Officer of the Group in April 2017.

John Smith – Chief Financial Officer

Since qualifying as a Chartered Accountant (ACA) with Touche Ross & Co in 1985, John has held a variety of senior finance roles, including Head of Finance at International Currency Exchange plc after which he became Group Finance Director at Vision Express until it was sold to Grand Vision in 1997. After two years as Joint UK Managing Director of Vision Express, post the acquisition, John became Finance Director of First Leisure Corporation plc in 1999, before taking over as Chief Executive in 2003. He then took on the role of Chief Executive of The Nightclub Company, which was created through the purchase of 22 nightclubs from the receiver of First Leisure. John became Finance Director of Eclectic Bars Limited in June 2006.

John became Chief Financial Officer when the Group listed in November 2013.

Jim Fallon – Non-Executive Director

Since 1994 Jim has worked almost exclusively within the leisure sector as a lender, adviser, owner, operator and business consultant. Jim worked for Imperial Chemical Industries in electrical engineering for eight years, prior to joining Midland Bank in 1991. He was at HSBC until 2002, latterly leading the leisure team, before leaving to set up the consumer sector corporate finance advisory business, McQueen Limited. He was specifically responsible for the leisure sector within McQueen as well as much of the day-to-day running of the business. Jim has worked as a consultant to a variety of UK leisure businesses.

Jim has been a member of the Board since its listing in November 2013; he is also the Senior Independent Director, a member of the Remuneration and Nominations Committee, a member of the Audit Committee and chairs the Group's Risk / ESG Committee.

Paul Viner – Non-Executive Director

Paul is a Chartered Accountant, having worked predominantly in the leisure sector. He was previously Finance Director at Tottenham Hotspur Plc. Paul subsequently moved to Riva Gaming Group, where he was involved in both an MBI and later an MBO. He then spent several years in the property sector before being appointed CFO of Giraffe Concepts Limited in March 2009. Paul was a key part of the management team that sold Giraffe to Tesco Plc for £50 million. Paul left Giraffe in late 2014 to set up his own business, Intelligent Goat Limited, which, amongst other services, provides mentoring advice for Finance Directors and CEOs. He was also CEO of Feng Sushi, leaving in 2017 after its sale and is currently the global CFO of Xstrahl, a life sciences and medical systems business. Paul's experience as a Non-Executive Director extends to positions in the arts, culture and bingo sectors.

Paul became a member of the Board in July 2015; he is also an Independent Director in which capacity he chairs the Audit Committee.

Corporate governance statement

Chairman's introduction to governance

The Directors of the Brighton Pier Group PLC are strongly committed to upholding the values of good corporate governance and in our accountability to all of the Brighton Pier Group stakeholders including shareholders, staff, suppliers and customers.

At the time the Group was first admitted to AIM in November 2013, it took the decision to adopt the Quoted Companies Alliance's (QCA) Corporate Governance Code (the "QCA Code"). The AIM Rules for Companies require that all companies admitted to AIM apply a corporate code and set out how the company complies with that code.

"The QCA Code" is a pragmatic and practical corporate governance tool. It continues to adopt a proportionate, principles-based approach, enhancing the users' ability to explain their application of the principles and their corporate governance arrangements. The QCA Code is designed to be the means through which companies can earn and keep the confidence of shareholders and other stakeholders as they develop and mature" (extract from the QCA Governance Code published April 2018).

The Brighton Pier Group PLC continues to apply the QCA's Corporate Governance Code and will report, where appropriate, any departures from its guidance.

The Group can also confirm that it has continued to comply with the QCA code (except for instances of stated departure) throughout the period of COVID-19 shutdowns, adapting working practices where appropriate.

To see how the Brighton Pier Group applies the ten governance principles defined in the QCA Code please refer to the table below.

The Board understands that good corporate governance creates shareholder value by improving performance, whilst reducing or mitigating the risks that a company faces as it seeks to create sustainable growth over the medium to long-term.

Luke Johnson

Chairman

QCA Principles	Application	How the principle of the code is applied
DELIVER GROWTH		
1. Establish a strategy and business model which promote long-term value for shareholders	The Board must be able to express a shared view of the company's purpose, business model and strategy. It should go beyond the simple description of products and corporate structures and set out how the company intends to deliver shareholder value in the medium to long-term. It should demonstrate that the delivery of long-term growth is underpinned by a clear set of values aimed at protecting the company from unnecessary risk and securing its long-term future.	The Brighton Pier Group's strategy is explained fully within our strategic report on pages 2 to 25. The Group's strategy in the short to medium-term is currently focussed on the continued expansion of its four divisions, namely the Pier, Bars, Golf and Lightwater Valley to drive revenue, EBITDA and earnings growth. This will be complemented by the active pursuit of future strategic acquisitions in the leisure and entertainment sector as they arise. In the short term the UK economy and the Group has needed to adapt to the impact of COVID-19. The Board believes that new opportunities will arise for the Group as normality returns. In the medium to longer term the Group intends to continue to capitalise on the skills of the four existing divisions, creating a growth company that operates across a diverse portfolio of leisure and entertainment assets in the UK. It is the Board's longer-term strategy to position the Company as a consolidator within this sector. The key challenges to the business and how these are mitigated is detailed on pages 18 to 21.
2. Seek to understand and meet shareholder needs and expectations	Directors must develop a good understanding of the needs and expectations of all elements of the company's shareholder base. The Board must manage shareholders' expectations and should seek to understand the motivations behind shareholder voting decisions.	Members of the Board meet both institutional and private shareholders at least twice every year following the publication of the half-year and full-year results. The Board recognises that the AGM is also an important opportunity to meet shareholders. The AGM is led by the Chairman, Luke Johnson, and the Board attends in full so that its members can answer questions as part of the formal proceedings or listen to the views of shareholders informally immediately following the AGM. At the AGM in December 2020, the UK government measures in place to combat the COVID-19 pandemic meant that it was not possible to hold our AGM in the usual format. It is the Board's intention to return to an open meeting to be held at Brighton Palace Pier. Matters for consideration at AGMs have historically been passed with substantial majorities at previous AGMs. However, if voting decisions at the AGM were not in line with the Company's expectation, the Board would actively engage with shareholders on these matters. The Group website at: www.brightonpiergroup.com documents all historical Company reports, notices of AGMs, constitutional documents and share price information, together with all RNS announcements made since the Group was admitted to AIM in November 2013. Shareholder feedback is discussed at Board meetings. Any shareholder who needs to contact the Company can do so via the Company Secretary who is available to deal with any questions. The Company Secretary can also, if necessary and appropriate, put shareholders in touch with other relevant Board members. Please use the following email address to contact the Company Secretary: CoySec@BrightonPierGroup.com

Corporate governance statement

Continued

QCA Principles	Application	How the principle of the code is applied
3. Take into account wider stakeholder and social responsibilities and their implications for long-term success	Long-term success relies upon good relations with a range of different stakeholder groups both internal (workforce) and external (suppliers, customers, regulators, and others). The Board needs to identify the company's stakeholders and understand their needs, interests and expectations. Where matters that relate to the Group's impact on society, the communities within which it operates or the environment have the potential to affect the company's ability to deliver shareholder value over the medium to long-term, then those matters must be integrated into the company's strategy and business model. Feedback is an essential part of all control mechanisms. Systems need to be in place to solicit, consider and act on feedback from all stakeholder groups.	The Brighton Pier Group recognises that long-term success relies upon good relations being fostered with a range of stakeholders, both internally and externally. Feedback as to how we perform as a Group is important, and we strive to continue to improve and develop these relationships as the Group grows. The Group recognises the following stakeholders in the Group, namely: • shareholders, • employees, • customers, • suppliers, and • the local community within which we operate. The Board depends on a variety of reports, systems and controls to manage and further the interests of the Group's stakeholders. These include regular meetings and focus groups with customers and staff, a commitment to training at all levels of the business, licensing, control visits to venues to ensure compliance at local level, meetings and events with the local community, and regular engagement with suppliers. The Group conference in January 2020 provided an invaluable opportunity to get feedback from staff at all levels including general managers from all our venues, head office and executive directors. The action plan put together during the conference has formed an important part of the Group's planning post COVID-19. A significant focus in the previous year on the Pier has been activity to reduce its environmental impact, including the introduction of biodegradable packaging and a move to Octopus energy a well respected renewable energy provider. The Group established a new Risk and ESG Committee this year and its first meeting was held in October 2021. The Committee will meet quarterly under the leadership of the senior Independent Director. Meeting the challenge of climate change is going to be a very important part of the Committee's work over the coming twelve months. The Committee's plans for ESG are outlined on page 41. Many of the other considerations and actions we take are detailed in the Section 172 statement on pages 22 to 25.
4. Embed effective risk management, considering both opportunities and threats, throughout the organisation	The Board needs to ensure that the company's risk management framework identifies and addresses all relevant risks in order to execute and deliver strategy; companies need to consider their extended business, including the company's supply chain, from key suppliers to end-customer.	The Board and Senior Managers are responsible for reviewing and evaluating the risks in the business. These risks were originally published in the Admission document dated 20 November 2013 (pages 22 to 29) and again in the Admission document dated 8 April 2016 (pages 30 to 38). These risks are regularly reviewed by the Board of Directors and considered at Board meetings. Whilst risk management was previously the remit of the Audit Committee, this has now moved to the Risk and ESG Committee. As well as the senior Independent Director, the Committee will include the CEO, the CFO and will also bring

QCA Principles	Application	How the principle of the code is applied
4. Embed effective risk management, considering both opportunities and threats, throughout the organisation Continued	Setting strategy includes determining the extent of exposure to the identified risks that the company is able to bear and willing to take (risk tolerance and risk appetite).	to bear other expertise as needed over the coming months. The Committee will report on its work to the Board of Directors on a quarterly basis. Executive Directors have at least one meeting per month with their teams, with the objective of reviewing ongoing trading performance, discussing budgets, forecasts and any new risks associated with ongoing trading. The impact from COVID-19 has resulted in significant attention to both the current and potential future risks from pandemics. This remains a key focus of the business given the ever-changing regulatory environment. The other key identified risks to the business and how these are mitigated are detailed on pages 18 to 21.
MAINTAIN A DYNAMIC MANAGEMENT FRAMEWORK		
5. Maintain the Board as a well-functioning, balanced team led by the Chair	The Board members have a collective responsibility and legal obligation to promote the interests of the company and are collectively responsible for defining corporate governance arrangements. Ultimate responsibility for the quality of, and approach to, corporate governance lies with the Chair of the Board. The Board (and any committees) should be provided with high quality information in a timely manner to facilitate proper assessment of the matters requiring a decision or insight. The Board should have an appropriate balance between Executive and Non-Executive Directors and should have at least two independent Non-Executive Directors. Independence is a Board judgement. The Board should be supported by committees (e.g., audit, remuneration, nomination) that have the necessary skills and knowledge to discharge their duties and responsibilities effectively. Directors must commit the time necessary to fulfil their roles.	The Group is controlled by the Board of Directors. Luke Johnson, Non-Executive Chairman, is responsible for the running of the Board. Anne Ackord, the Group's Chief Executive, has Executive responsibility for running the Group's business and implementing Group strategy. Luke Johnson has a beneficial interested in 27% of the issued share capital of the Group, and therefore is not considered to be independent. The Board believes that his role as Chairman is in the interests of the Group, its shareholders and other stakeholders. The Chairman is responsible for ensuring that Directors receive accurate, sufficient and timely information. The Company Secretary compiles the Board and committee papers which are then circulated to the Directors in a timely manner ahead of meetings. The Company Secretary provides minutes of each meeting and each Director is aware of their right to have any concerns minuted. The Board comprises of the Chairman, two Executive Directors and two Non-Executive Directors. Non-Executive Directors communicate directly with Executive Directors and senior management between formal Board meetings. The Board met twelve times during the year. Directors are expected to attend all meetings of the Board, and of the Committees on which they sit, and to devote sufficient time to the Group's affairs to enable them to fulfil their duties as Directors. During the financial year ending on 27 June 2021 there was 100% attendance by serving Directors at all Board and Committee meetings. In the event that Directors are unable to attend a meeting, their comments on papers to be considered at the meeting will be discussed in advance with the Chairman, so that their contribution can be taken into consideration by the Board.

Corporate governance statement

Continued

QCA Principles	Application	How the principle of the code is applied
5. Maintain the Board as a well-functioning, balanced team led by the Chair Continued		The Board is supported by the Audit, Remuneration, Nomination and Risk/ESG Committees. All of the terms of reference of these Committees are in the section dealing with Principle 9. **The Audit Committee** Paul Viner is Chairman of the Audit Committee and its other member is Jim Fallon. Paul is a Chartered Accountant with experience as Finance Director in both multi-site retail operations and quoted companies. Jim has extensive experience from both his banking background and as Head of Leisure at Corporate Finance business, McQueen Limited. The experience and skills of both of these Non-Executive Directors are very relevant to the business conducted by the Audit Committee. Although both Directors have a financial interest in the Group, the Board is of the view that the size of these investments does not compromise their independence. **Remuneration and Nominations Committee** Luke Johnson is the Chairman of the Remuneration and Nominations Committee and its other member is Jim Fallon. The Remuneration and Nominations Committee advises and assists the Board in relation to new appointments. **Risk and ESG Committee** Jim Fallon is Chairman of the Risk and ESG Committee, its other members are the Chief Executive Officer and the Chief Finance Officer. It also draws on specialist external expertise where required. The Committee regularly reviews the Group's risk register and advises the Board on the Group's plans for Environmental, Social and Governance strategy.
6. Ensure that between them the Directors have the necessary up-to-date experience, skills, and capabilities	The Board must have an appropriate balance of sector, financial and public markets skills and experience, as well as an appropriate balance of personal qualities and capabilities. The Board should understand and challenge its own diversity, including gender balance, as part of its composition. The Board should not be dominated by one person or a group of people. Strong personal bonds can be important but can also divide a Board.	The Board is satisfied that, between the Directors, it has an effective and proportionate balance of skills and experience relating to the leisure and hospitality business. The blend of relevant experience, skills, personal qualities and capabilities enable the Board to successfully execute its strategy. Details of the Board's experience are set out on page 27. The current Board has significant sector, operational, financial and listed public company experience. Directors are expected to consider their skills in relation to the responsibilities and roles within the Board. It is important that they keep up to date with changing legislation and allocate the necessary time to undertake continuing and relevant professional development. The Chairman of the Board in his role as Chairman of the Remuneration and Nominations Committee oversees the process of new appointments. The Committee as a whole make recommendations to the Board on all new Board appointments.

QCA Principles	Application	How the principle of the code is applied
6. Ensure that between them the Directors have the necessary up-to-date experience, skills, and capabilities Continued	As companies evolve, the mix of skills and experience required on the Board will change, and Board composition will need to evolve to reflect this change.	Where new Board appointments are considered, the search for candidates is conducted, and appointments are made, on merit, against objective criteria and with due regard for the benefits of diversity on the Board, including gender. The Nomination Committee also considers succession planning.
7. Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement	The Board should regularly review the effectiveness of its performance as a unit, as well as that of its committees and the individual directors. The Board performance review may be carried out internally or, ideally, externally facilitated from time to time. The review should identify development or mentoring needs of individual directors or the wider senior management team. It is healthy for membership of the Board to be periodically refreshed. Succession planning is a vital task for Boards. No member of the Board should become indispensable.	Luke Johnson has been Chairman of Brighton Pier Group since June 2015. Individual assessments of all members of the Board of Brighton Pier Group are ongoing to ensure that: • they are committed to the progress and long-term success of the Group, • their contribution is meaningful and effective, • they are progressing within their role and benefiting the Group , • they maintain the high standards of ethics and compliance within the regulatory framework expected of a Board member in a quoted company, and • the independent Directors of the Group maintain their independence and challenge the Board where the situation demands it. The size and nature of the Board at The Brighton Pier Group means that assessment of each Director is done on an ongoing and ad-hoc basis. There is at present no formal process for identifying development or mentoring needs for individuals. Regular meetings do, however, take place between the Chairman and the members of the Board where training or other needs can be discussed and actioned. The Articles of Association of the Brighton Pier Group requires every new Director appointed in the period since the last AGM to resign and to be put up for re-election at the next AGM. The Articles of Association also require every Director in office at the previous two AGMs to resign at the third AGM and put themselves up for re-election by members.
8. Promote a corporate culture that is based on ethical values and behaviours	The Board should embody and promote a corporate culture that is based on sound ethical values and behaviours and use it as an asset and a source of competitive advantage. The policy set by the Board should be visible in the actions and decisions of the Chief Executive and the rest of the management team. Corporate values should guide the objectives and strategy of the Group.	The Board sets and approves its strategy annually. This includes decisions on potential acquisitions, future investment, major capital projects and other plans. The Board also agrees its common goals for each of the divisions within the Group. These plans are communicated by the Chief Executive Officer to the management teams in each division. As the Group consolidates its new acquisitions, work will be ongoing to further promote and communicate a common corporate culture into all aspects of life at each of the divisions. The Group held its first Group strategy and team building conference in January 2020. This was the first time that the managers from all the divisions were able to meet together

Corporate governance statement

Continued

QCA Principles	Application	How the principle of the code is applied
8. Promote a corporate culture that is based on ethical values and behaviours Continued	The culture should be visible in every aspect of the business, including recruitment, nominations, training, and engagement. The performance and reward system should endorse the desired ethical behaviours across all levels of the Group. The corporate culture should be recognisable throughout the disclosures in the Annual Report, website and any other statements issued by the Group.	alongside their head office teams. The purpose of the conference was to allow the teams from all the divisions to collaborate and contribute to the strategic vision of the Company, review the culture of the business, create an action orientated business plan for each division for the coming year and to celebrate the achievements of the last 18 months. One of the principal outcomes from the conference was the Group's mission statement: *Entertainment is our Business.* *Supported by our values of: Passion, Integrity, Knowledge, and Inclusivity, our vision is to work together to build a thriving, growing business where our customers leave with wonderful memories that last a lifetime.*
9. Maintain governance structures and processes that are fit for purpose and support good decision- making by the Board	The company should maintain governance structures and processes in line with its corporate culture and appropriate to its: • size and complexity; and • capacity, appetite and tolerance for risk. The governance structures should evolve over time in parallel with its objectives, strategy and business model to reflect the development of the company.	The Board provides strategic leadership for the Group and operates within the scope of its corporate governance framework. Its purpose is to ensure the delivery of long-term shareholder value, which involves guiding the culture, values and practices that operate throughout the business, and defining the strategic goals that the Group implements in its business plans. The Board provides direction for the Group through its regular meetings. During the last financial year to June 2021 there were twelve Board meetings. Prior to the start of each calendar year, a schedule of dates for Board meetings for the following twelve months is compiled, aligning with the Group's financial and trading calendars, whilst also ensuring an appropriate spread of meetings across the financial year. This schedule may be supplemented by additional meetings on an ad-hoc basis, as and when required. **Audit Committee** The Audit Committee meet at least three times a year and is responsible for ensuring that the financial performance of the Group is properly reported on and monitored, including reviews of the annual and interim accounts, results announcements, internal control systems and procedures and the accounting policies. The Committee makes recommendations to the Board on the appointment of the external auditor and oversees the external audit process. **Remuneration and Nominations committee** The Remuneration and Nominations Committee will meet at least once a year. The Remuneration and Nominations Committee has responsibility for determining, within agreed terms of reference, the Group's policy on the remuneration of Senior Executives (this includes specific remuneration packages for Executive Directors, including pension rights, compensation payments and bonus schemes), making recommendations for grants of options under the Group's Share Option Plan. The Committee furthermore evaluates and keeps under review the size, structure and composition of the Board, making recommendations on any proposed changes and considering the challenges and opportunities

QCA Principles	Application	How the principle of the code is applied
9. Maintain governance structures and processes that are fit for purpose and support good decision- making by the Board Continued		facing the Group, as well as the skills, knowledge and experience required. The remuneration of Non-Executive Directors is a matter for the Board. Directors are not permitted to be involved in any discussions as to their own remuneration. **Risk and ESG Committee** The Risk and Environmental, Social and Governance Committee meets at least four times a year. The Committee has responsibility for the regular review of the Groups Risk Register. It also advises the Board on the Group's plans for Environmental, Social and Governance strategy. The Committee advises the Board on the Group's: • Environmental policies, focusing on measuring the company's stewardship of scarce resources, environmental impact and its contribution to sustainability; • Social criteria which focus on the quality of relationships with employees, suppliers, customers and the communities where we operate, and • Governance framework which oversees the Group's leadership, succession planning, Executive pay, external audit, internal controls, licencing, health & safety, and shareholder rights. The Committee is also charged with implementing strong oversight of the Group's IT infrastructure to ensure security over data and compliance with GDPR. Finally, the Committee advises the Board on crisis management. **The Role of the Board, Chairman, Chief Executive Officer, Chief Financial Officer and the Company Secretary.** **The Board** is responsible for the long-term success of the Group. There is a formal schedule of matters reserved to the Board which includes overall Group strategy, approval of major investments, approval of annual and interim results, annual budgets, dividend policy and Board structure. The Board also monitors the exposure to key business risks and reviews the strategic direction of all trading subsidiaries, along with their annual budgets and performance. Additionally, it has overall responsibility for maintaining internal control systems to safeguard the investment of shareholders and the assets of the Group. **The Chairman** has overall responsibility for corporate governance and promoting high standards throughout the Group. Leading and chairing the Board is another key responsibility, through ensuring that the Committees are properly structured, quorate and have the appropriate information and resources with which to perform their functions. The Chairman is instrumental in developing strategy

QCA Principles	Application	How the principle of the code is applied
9. Maintain governance structures and processes that are fit for purpose and support good decision- making by the Board Continued		and setting objectives for the Group, as well as overseeing communication between the Group and its shareholders. **The Chief Executive Officer** provides leadership and management to the Group. The CEO pushes the development of objectives, strategies and performance standards whilst also overseeing and managing key risks that may be present. The CEO also keeps the Board updated on employee and other key stakeholder matters. Investor relations play a key role in ensuring that communications between the Group and its existing shareholders and financial institutions is maintained. **The Chief Financial Officer** is responsible for implementing and delivering strategy, together with the operational and financial decisions agreed by the Board, incorporating them as required into the day-to-day operation of the Group. **The Company Secretary** is responsible for providing a clear and timely information flow to the Board and its committees, as well as supporting the Board on matters of corporate governance and risk. The Board approved the adoption of the QCA Code as its governance framework in November 2013. It continues to monitor the suitability of this code on a regular basis and revise its governance framework whenever appropriate, as the Group and the code continue to evolve.
BUILD TRUST		
10. Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders	A healthy dialogue should exist between the Board and all of its stakeholders, including shareholders, to enable all interested parties to come to informed decisions about the company. In particular, appropriate communication and reporting structures should exist between the Board and all constituent parts of its shareholder base. This will assist: • the communication of shareholders' views to the Board; and • the shareholders' understanding of the unique circumstances and constraints faced by the company. It should be clear where these communication practices are described (Annual Report or website).	The Company communicates with shareholders through the Annual Report and Accounts, full and half yearly announcements, the AGM and one-to-one meetings with existing and potential new shareholders. Furthermore, a large range of corporate information, including all Regulatory News Service announcements and presentations, are available to shareholders, investors and the public on the Brighton Pier Group's investor website at: www.brightonpiergroup.com The company meets on a regular basis with the Company's brokers and other professional advisors who keep the management up to date with market information.

Audit Committee report

On behalf of the Board, I am pleased to present the Audit Committee Report for the 52-week period ended 27 June 2021.

Members of the Audit Committee

The Committee consists of two Non-Executive Directors and is chaired by me. Jim Fallon and I are considered to be Independent Directors. The Board is satisfied that I, as Chairman of the Committee, have recent and relevant financial experience. I am a chartered accountant with experience as Finance Director in both multi-site retail operations and quoted companies. Jim Fallon has extensive experience, both from his banking background and as Head of Leisure at corporate finance business McQueen Ltd.

The Committee held four scheduled meetings during the year and both members of the Committee attended all meetings. The Committee's terms of reference are available on the Group's website. Its principal responsibilities are monitoring the integrity of financial reporting, internal controls and the external audit process.

Duties

During the year the Audit Committee discharged its responsibilities in the following ways:

- approving the external auditor's plan for the audit of the Group's annual financial statements, including key audit matters, key risks, confirmation of auditor independence and terms of engagement, including audit fees;
- reviewing the Group's draft financial statements and interim results statements and reviewing the external auditor's detailed reports, including their analysis of key audit matters and risks;
- meeting the external auditor and their team four times during the year to review the audit plan, timetables, specific matters relating to the audit work and any issues arising;
- meeting the external auditor without management to discuss the performance of the CFO and the divisional finance teams;
- reviewing the performance of the external auditor;
- considering accounting standards and their implications for the Group; in particular this year's focus has been on the impact of landlord concessions and ensuring the correct accounting treatment under IFRS 16 is applied;
- considering the impact of the COVID-19 pandemic, including its impact on going concern, given the enforced closures during the period, impacting in particular the annual impairment review of goodwill and right-of-use assets, together with other fixed assets such as plant, property and equipment;
- reviewing the Group's risk management processes, key risk register and risk mitigations. The impact of the coronavirus outbreak has resulted in new and complex changes in the way the businesses operate. The COVID-19 risk and how we mitigate continues to be a significant issue for the Audit Committee;
- considering the treatment of business interruption insurance claims in relation to losses incurred up to the end of 27 June 2021;
- considering the accounting treatment of the purchase of Lightwater Valley in accordance with the requirements of IFRS 3, and
- considering management's response to correspondence received from the FRC.

Role of the external auditor

The Audit Committee monitors the relationship with the external auditor, BDO LLP, to ensure that the auditor's independence and objectivity are maintained. BDO LLP is not currently engaged to perform any non-audit services. A summary of remuneration paid to the external auditor is provided in Note 25 of the financial statements. Having reviewed the auditor's independence and performance, the Committee has concluded that these are effective and recommends that BDO LLP be reappointed as the Group's auditor at the next AGM.

The auditor prepares an audit plan for the review of the full-year financial statements. The audit plan sets out the scope of the audit, areas to be targeted and audit timetable. This plan is reviewed and agreed in advance by the Audit Committee. Following the audit, the auditor presented its audit findings to the Committee for discussion. The findings were discussed in some detail and no major areas of concern were highlighted by the auditor during the year. However, areas of significant risk and other matters of audit relevance are regularly communicated.

Internal control

The Board has responsibility for maintaining sound internal control procedures to safeguard the investment of shareholders and the assets of the group. The procedures and controls in place are reviewed by the Board. The Audit Committee provides advice to the Board on these procedures and controls as to their suitability to provide protection for the Group against material misstatement or loss.

The key features of the internal control systems are:

- group organisational structure with clear lines of responsibility from the divisional to Group level;
- comprehensive business planning process, including annual preparation of detailed budgets for the year ahead and projections for future years;
- comprehensive monthly financial reporting system, highlighting variances to budget and regularly updated

forecasts to monitor performance in the four divisions, thus enabling prompt reporting of matters of importance and enabling good decision making throughout the businesses;

- day to day control over cash and other assets of the Group, and
- targeted, risk focused internal reviews by the finance function.

Anti-bribery

The Group has in place an anti-bribery and anti-corruption policy which sets out its zero-tolerance position and provides information both to senior staff and guidance to those working on a day-to-day basis in our various locations. This information is to help our staff recognise and deal with bribery and corruption issues and to inform staff on the procedures to report any concerns they may have.

Whistleblowing

The Group has in place a whistleblowing policy which sets out the formal process by which an employee of the Group may, in confidence, raise concerns about possible improprieties within the Group in relation to financial, regulatory, workplace or other matters where behaviour has fallen short of the high standards expected of our staff.

FRC review letter

In May 2021, the Group received a letter from the Financial Reporting Council (FRC) in respect of the Annual Report and Accounts for the 52 weeks ended 28 June 2020. The enquiry principally requested further information in relation to management's conclusions around going concern and impairment. The enquiry was closed in July 2021 and this did not result in any changes to the recognition, measurements or judgements included in the financial statements. The company did undertake to make some additional disclosure in relation to certain areas including impairments. This additional information can be found in Note 13.

Scope and limitations of the FRC's review

The Group recognises that the FRC's review was based on a review of its Annual Report and Accounts for the period ended 28 June 2020 and did not benefit from detailed knowledge of the Group's business or an understanding of the underlying transactions entered into. The FRC's review provides no assurance that the Group's Annual Report and Accounts are correct in all material respects; the FRC's role is not to verify the information provided but to consider compliance with reporting requirements. Letters from the FRC are written on the basis that it (and its officers, employees and agents) accepts no liability for reliance on them by the Group or any third party, including but not limited to investors and shareholders.

Paul Viner

Chairman of the Audit Committee
1 November 2021

Remuneration and Nominations Committee report

On behalf of the Board, I am pleased to present this remuneration and nominations report, which sets out the remuneration policy and the remuneration paid to the Directors for the year.

This report also deals with information on Board changes during the year and considerations made in relation to appointments to the Board.

Members of the Remuneration and Nominations Committee

The Remuneration and Nominations Committee consists of the Senior Independent Non-Executive Director, Jim Fallon and is chaired by me.

Duties

The Committee is responsible for reviewing all senior Executive appointments and determining the Group's policy in respect of the terms of employment, including remuneration packages of Executive Directors.

The Remuneration and Nomination Committee has responsibility for determining, within agreed terms of reference, the Group's policy on the remuneration of senior Executives (this includes specific remuneration packages for Executive directors, including pension rights, compensation payments and bonus schemes), making recommendations for grants of options under the Group's Share Option Plan, and finally to evaluate and keep under review the size, structure and composition of the Board and make recommendations to the Board on any proposed changes, taking into account the challenges and opportunities facing the Group and the skills, knowledge and experience required.

The Committee held three meetings during the year.

Remuneration policy and Group strategy

It is recognised that the market for quality, senior Executives is competitive and therefore the remuneration policy of the Group is to offer a market-level base salary with benefits, alongside a discretionary bonus set against certain Group targets such as achieving budget turnover and EBITDA. An appropriate market level is determined by reviewing the skills and experience of the Executive against similar Executives elsewhere, aided by professional advice where necessary.

Non-Executive Directors

Non-Executive Directors have signed letters of appointment (renewable by agreement at the end of every three-year term) with the Group for the provision of Non-Executive Directors' services, which may be terminated by either party giving three months' written notice.

The remuneration of the Non-Executive Directors is determined by the Group Chairman and the Executive Directors.

Nominations

There have been no new appointments during this financial year.

Directors' remuneration and share options

The following tables summarise the total gross remuneration and share options of the Directors who served during the period ended 27 June 2021.

The remuneration of the Directors for the period ended 27 June 2021 is as follows:

Director's remuneration	Basic salary & fees £'000	Bonus £'000	Benefits £'000	2021 Total £'000	2020 Total £'000
John Smith	151	—	32	183	183
Anne Ackord	145	—	31	176	170
Paul Viner	33	—	—	33	32
Jim Fallon	33	—	—	33	32
Luke Johnson	2	—	—	2	—
Total	**364**	**—**	**63**	**427**	**417**

The above figures represent the due proportion of each Director's annual salary, reflecting the period for which each Director was a member of the Board.

Luke Johnson (Chairman) began receiving remuneration from the Group during June 2021.

Payments totalling £1,315 (2020: £1,315) were paid on behalf of Directors into the Group's auto-enrolment scheme with the 'People's Pension Scheme'.

Directors' interests in the share capital of the Company

As at 27 June 2021, the Directors held the following beneficial interests in the share capital of the Company.

Director	Percentage of share capital	Number of ordinary shares	Note
Luke Johnson	27.0%	10,062,466	
Anne Ackord	—	—	(i)
John Smith	3.4%	1,250,019	(ii)
Jim Fallon	1.3%	472,484	
Paul Viner	0.1%	54,000	(iii)

(i) Anne Ackord has 227,273 non-approved share options not included in the table.

(ii) John Smith has 1,175,331 shares held by his pension scheme and 40,625 share options in the Company Share Option Scheme not included in the table.

(iii) Paul Viner has 40,625 non-approved share options not included in the table.

Further information regarding share option schemes can be found in Note 19 to the consolidated financial statements.

Luke Johnson

Chairman of the Remuneration and Nominations Committee
1 November 2021

Risk and Environmental, Social and Governance (ESG) Committee report

On behalf of the Board, I am pleased to present this first report for the Risk and ESG committee.

As the Group has developed and grown in scale it was determined by the Board that now is the right time to separate out the responsibilities of the Risk and ESG Committee from the general Board meetings in order to allow a greater focus on this increasingly important area.

Members of the Risk and ESG committee

The Committee consists of the Senior Independent Non-Executive Director (Chair) and the two Executives Directors. Anne Ackord the Chief Executive Officer and John Smith the Chief Financial Officer. Other relevant members of the Group will join the Committee meetings as required to provide specific input and expertise. The make-up of the Committee reflects the importance attributed to this area.

The Committee was formed in September 2021 and has held one meeting to date.

The Committee will meet quarterly and will advise the Board based on the following terms of reference.

Duties associated with general risks

- maintain and regularly update the Group's risk register;
- ensure health and safety procedures are rigorously evaluated and that audit is in place to check compliance;
- ensure planning and training is in place to deal with major incidents;
- oversee IT operations including cyber security and data protection;
- ensure planning and training is in place for dealing with crisis situations;
- ensure regular review of the Group's Financial Position and Prospects Procedures (FPPP);
- to review succession planning for key roles in the Group;
- to ensure compliance with regulatory frameworks, and
- to monitor the resources and monitor liquidity.

Duties associated with ESG

Whilst The Brighton Pier Group is not currently required to provide detailed disclosures related to Environmental, Social and Governance matters or Streamlined Energy and Carbon Reporting (SECR) we believe that it is important for the Group to demonstrate its commitment to a sustainable future by setting out a plan to report on these matters in the coming years.

Our strategy will be to deliver clear sustainability outcomes for the Group that are relevant, achievable and verifiable, including:

- compliance with ESG laws, regulations and standards;
- measures to mitigate the effects of severe climate events on the Group's operations;
- a transition plan for the Group to meet the UK's target of achieving net zero carbon emissions by 2050;
- excellence in the diversity, equity and inclusion practices for our workforce, and
- transparent disclosure of data that underpin our commitments.

We will operationalise our sustainability strategy and achieve these outcomes via a process which includes senior level commitment, measurement and improvement of the key ESG areas we identify which will be communicated to our stakeholders on a regular basis.

Our internal commitment to a sustainable future will be guided by the following key principles:

- ESG is an important element of our business;
- The decisions we take must not undermine the business;
- ESG must enhance our business;
- We must think carefully and act swiftly;
- Decisions must be grounded in commerciality, and
- We are committed to the long term and this will remain work in progress.

The Risk and ESG Committee will report to the Board to ensure it is fully aware of all initiatives and any areas requiring further action.

Jim Fallon

Chairman of the Risk and ESG Committee
1 November 2021

Directors' report

The Directors present their report and the audited financial statements for the 52-week period ended 27 June 2021.

Principal activities, business review, principal risks and how we mitigate them and future developments

The principal activities of the business, a review of the business and its future developments, including principal risks and uncertainties, are presented within the strategic report on pages 2 to 25.

Dividends

The Directors do not propose to pay a dividend for the current period (2020: £nil).

Going concern

All divisions of the Group were able to fully reopen during summer 2021. The Pier division opened for trade on 12 April 2021, with much of the Golf division reopening on 17 May 2021. Lockdown restrictions were fully lifted on 19 July 2021, allowing all sites in the Bars division to reopen. As discussed in the strategic report, the Group enjoyed strong trading during the summer months across all divisions, including at the newly acquired Lightwater Valley theme park. In addition, the Group received its final payment of £2.0 million from its insurers in relation to its business interruption claims in the Bars and Golf divisions, bringing the total to the policies cap of £5.0 million.

As at the September 2021 period end, the Group held cash and cash equivalents of £12.9 million. The Directors believe that forecast trading, along with existing cash reserves, will continue to fund the Group's cash requirements through FY2022 and FY2023.

The Directors and management of the business have reviewed the Group's detailed forecast cash flows for the forthcoming twelve months from the date of the approval of the financial statements and consider that the Group will have sufficient cash resources available to meet its liabilities as they fall due. These cash flow forecasts and re-forecasts are prepared regularly as part of the business planning process. These have been subjected to scenario modelling and sensitivity analysis which the Directors consider to be sufficiently robust.

As part of this assessment, the Directors modelled a scenario in which infection rates increase over the early winter period into Christmas, resulting in a three-month lockdown for the period from January 2022 to March 2022.

This scenario assumes that:

- all the Bars division sites are closed from January 2022 to March 2022;
- all the Golf division sites are closed from January 2022 to March 2022;
- Lightwater Valley is closed as normal from January 2022 to March 2022;
- the Pier continues to trade during this traditionally quiet period but with a return of social distancing measures;
- the Group receives no government assistance by way of furlough, further rates relief or grants;
- the Group is unable to mitigate costs other than direct operating costs and hourly paid staff, and
- the Group makes repayments of £7.6 million in FY2022 to the revolving credit facility and term loans.

In this scenario, EBITDA (being a proxy for cash generated) would fall by £2.4 million, however the total cash available to the Group (being cash at bank and amounts available to draw down from its revolving credit facility) does not fall below £4.2 million. The Group also continues to comply with all banking covenants throughout the modelled period and continues to make all its scheduled repayments of bank debt. Furthermore, based on the Group's experience from previous lockdowns, the business is confident it would be able to significantly mitigate the financial impact of the lockdowns modelled in the above scenario, by further reducing operating costs, halting all capital spending projects and taking advantage of further government support, if available.

The Directors and management believe that the likelihood of any such further lockdowns occurring is remote. The success of the double vaccination programme, and the planned roll out of booster vaccinations for the over fifties should continue to protect the UK through the winter months. Furthermore, the government have made it clear that it currently has no wish to reintroduce a lock down strategy.

The Directors therefore expect the Group to continue to meet its day-to-day working capital requirements from the cash flows generated by its trading activities, loan facilities with its bank as well as cash resources available to it throughout the four divisions, should this be required. Accordingly, these financial statements have been prepared on a going concern basis.

The Group's principle five-year term loan, together with its revolving credit facility are due for renewal in December 2022. The Group's current intention is to renew the £11.0 million debt outstanding with a further five-year facility, with annual repayments expected to be similar to the original term loan of circa £1.5 million per annum. In addition, the Group aims to agree a further RCF facility of circa £2.0 million to provide supporting working capital funding for future investments.

The first of the Group's Coronavirus Business Interruption Loans (£1.8 million loan) is scheduled to be fully repaid by the end of June 2022. The second CBIL (£3.2 million) is scheduled to be fully repaid by the end of March 2023. The £3.6 million drawn on its revolving credit facility to fund the acquisition of Lightwater Valley was fully repaid in October 2021.

Based on trading through the busy summer period, including from the newly acquired Lightwater Valley, the £5.0 million proceeds from business interruption insurance, the Group has £12.9 million of cash and cash equivalents available to it at the end of September 2021.The Group is confident that it will continue to be able to pay back its scheduled repayments as they fall due.

Management believes that when the renewal of the Group's term loan and revolving credit facility arises in December 2022, the Group will continue to be an attractive proposition for most lenders, given the relatively low leverage of the Group, its strong earnings potential and the asset backed security that can be provided from the freehold value inherent in the Pier and long-term nature of the Lightwater Valley Lease (lease ends in January 2097).

Events after the reporting period

These are detailed in the strategic report on page 8.

Board of Directors

Non–Executive Directors

Luke Johnson (Chairman) – Chair of the Remuneration and Nominations Committee

James Fallon (Senior Independent Director) – Chair of the Risk and ESG Committee in addition a member of the Remuneration and Nominations Committee and Audit Committee.

Paul Viner (Independent Director) – Chair of the Audit Committee

Executive Directors

Anne Ackord (Chief Executive Officer)

John Smith (Chief Financial Officer)

Details of the Group's Directors, their roles and backgrounds can be found on page 27.

Directors and related party transactions

Internal controls are in place to ensure that any related party transactions involving Directors or other connected persons are carried out on an arm's length basis and are properly recorded by the Group.

No amounts were paid in relation to other services provided by Directors during the period ended 27 June 2021 (2020: £nil).

Financial instruments

The Group's financial risk management objectives and policies, together with details of the Group's exposure to price risk, credit risk, liquidity risk and cash flow risk, are outlined in Note 14.

Disabled employees

The Group gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion.

Where existing employees become disabled, it is the Group's policy to provide continuing employment, wherever practical, in the same or alternative position and to provide appropriate training to achieve this aim.

Employee engagement and involvement

The Directors are fully aware that the Group's long-term future and success depends on the commitment of our people to the purpose and vision of the Group. The Directors and senior management are committed to engaging with our staff at every level of the business to ensure that it provides a nurturing environment within which each employee can grow, succeed and prosper. In January 2019, just a few months before the COVID-19 pandemic struck, the Directors engaged with employees at the Group's first conference for managers across what was then three divisions. The purpose of this event was to provide a platform for collaboration to contribute as a team to the strategic vision of the Group, review the culture of the business and to create an action-orientated business plan for each division for the coming year. It is our plan to hold a further conference with managers from all four divisions in January 2022. For further details, please refer to the Section 172 statement on pages 22 to 25.

The Group operates a framework for employee information and consultation that complies with the requirements of the Information and Consultation of Employees Regulation 2005.

Information for all employees under a contract of service with the Group is available via the Group's intranet, employee handbook and through their direct Line Manager. Management meetings take place quarterly, at which information relevant to the Group's financial performance is communicated. Conferences are held on a regular basis, which celebrate the performance of outstanding individuals and help to showcase important developments in the Group.

Employees are encouraged to participate in a variety of schemes enabling them to benefit from the commercial success of the Group. At the date of listing in 2013, the

Group introduced a share option scheme in which long-serving managers were awarded with options over shares in the Group's parent Company. All management teams and head office staff participate in profit-sharing schemes, which reward performance in excess of budgets.

Relationships with suppliers, customers and other stakeholders

The Directors appreciate the importance to the Group of fostering and maintaining strong business relationships with suppliers, customers and other stakeholders. This has been brought into sharp focus during the COVID-19 pandemic, in which the Group has had to work constructively with all its stakeholders in order to safeguard its customers, its staff and its ability to continue to trade. Further details of how the Directors engaged with suppliers, customers and other stakeholders during the COVID-19 crisis, and the principal decisions taken by the Group as a result of that engagement can be found on pages 2 to 13 of the strategic report, as well as the Section 172 statement on pages 22 to 25.

Streamlined energy and carbon reporting (SECR)

The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 (the "2018 Regulations") implement the government's policy on Streamlined Energy and Carbon Reporting (SECR). The 2018 Regulations require large unquoted companies that have consumed (in the UK), more than 40,000 kilowatt-hours (kWh) of energy in the reporting period to include energy and carbon information within their directors' report, for any period beginning on or after 1 April 2019.

None of the Group's subsidiaries meet the definition of a large company. The Group's parent company is also a low energy user. This means that neither the parent company nor its subsidiaries are obliged to include energy and carbon information in the Director's Report.

The Directors have set up a new separate Risk and Environmental Social and Governance committee during the period and it is the Group's intention to report on these matters in the coming years. Further detailed information can be found in the Risk and ESG Committee report on page 41.

Directors' remuneration

Details of the remuneration of Directors and their interests in the Company can be found in the Remuneration and Nominations report on pages 39 and 40.

Directors' liabilities

The Group has not granted any indemnity to any of its Directors against liability in respect of proceedings by third parties. The Group has in place Directors' and Officers' liability insurance.

Political and charitable donations

The Group made no political or charitable donations during the periods (2020: £nil).

Share capital

The Group's issued ordinary share capital as at 27 June 2021 comprised a single class of £0.25 ordinary shares, of which 37,286,284 shares were in issue and listed on AIM (2020: 37,286,284 £0.25 ordinary shares).

Options over a further 833,682 ordinary shares (2020: 890,336 shares) exist within the Employee Share Option Scheme (see Note 19 to the financial statements). Of these, 267,898 non-approved options are held by members of the Board (2020: 267,898). There were 40,625 share options held by a member of the Board (2020: 40,625).

Of the issued share capital, no shares were held in treasury.

Details of movements in the issued share capital can be found in Note 18 to the financial statements.

Each share carries the right to one vote at general meetings of the Group.

Interests in voting rights

As at 27 June 2021, the Company was aware of the following significant holdings of voting rights (3% or more) in its shares:

Major shareholders	Percentage of share capital	Number of ordinary shares
HPB Pension Trust	29.1%	10,838,995
Luke Johnson (Chairman)	27.0%	10,062,466
SFM UK Management **	14.9%	5,568,374
John Smith (Director)	3.4%	1,250,019

** These shares are held as follows: 4,962,179 by Quantum Partners LP, 367,058 by Palindrome Master Fund LP, and 239,137 by Soros Capital LP.

Annual General Meeting

The notice convening the Annual General Meeting is contained in a circular sent to shareholders with this report and includes full details of the resolutions proposed.

Auditor

The Group's auditor, BDO LLP, has expressed its willingness to continue in office as auditor of the Group. Its reappointment will be put to shareholders at the AGM.

Disclosure of information to auditor

Having made the requisite enquiries, as far as the Directors are aware, there is no relevant audit information (as defined by Section 418(3) of the Companies Act 2006) of which the Group's auditor is unaware and each Director has taken all steps that ought to have been taken to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

Directors' responsibility statement

The Directors are responsible for preparing the strategic report, Directors' report, 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 group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the parent Company financial statements in accordance with FRS 101 Reduced disclosure framework. Under Company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and Company and of the profit or loss of the Group and Company for that period. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on AIM.

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 they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Website publication

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

By order of the Board

J.A.Smith

Company Secretary and Director
1 November 2021

Financial Statements

Independent auditor's report to the members of The Brighton Pier Group PLC

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 27 June 2021 and of the Group's profit for the period then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of The Brighton Pier Group PLC (the 'Parent Company') and its subsidiaries (the 'Group') for the period ended 27 June 2021 which comprise the Consolidated statement of comprehensive income, the Consolidated and Parent Company balance sheets, the Consolidated statement of cash flows, the Consolidated and the Parent Company statements of changes in equity and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 *Reduced Disclosure Framework* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Group and the 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 as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- Reviewing the forecasts prepared by management through to December 2022 including considering the achievability of managements forecast trading performance and the expected timing to begin to return to pre-Covid trading levels. We have also considered these against current levels of trading.
- Considering the appropriateness of the Group's downside scenario in respect of the impact of COVID-19 and potential Government restrictions and challenging management to confirm that they have suitably addressed the inputs, which are most susceptible to change, including those in respect of potential forced closures, revenue performance, and cost savings.
- Reviewing the internal forecasting process to confirm the projections are prepared by appropriate personnel with a knowledge of the entity's markets, strategy and customer base profile and that are aware of the detailed figures in the projections and the potential impact that COVID-19 might have on these projections.
- Obtaining an understanding of the financing facilities, including the nature of facilities, repayment terms and financial covenants; and reviewing the Group's financial covenant compliance calculations against the forecasts prepared through to December 2022 and relevant lender agreements. We also considered management's assessment in respect of the refinancing/repayment of facilities as they fall due over the next 18 months.

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 and the 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.

Overview

Coverage[1]	*98% (2020: 100%) of Group profit before tax* *98% (2020: 100%) of Group revenue* *98% (2020: 100%) of Group total assets*

Key audit matters

	2021	2020
Impairment of goodwill and other non-current assets	☐	☐
Revenue recognition	☐	☐
Lease modifications	☐	
Accounting for leases - implementation of new accounting standard		☐
Going concern		☐

Going concern is no longer considered to be a key audit matter as a result of increased current and forecast liquidity and covenant headroom and reduced uncertainty from COVID-19 restrictions on the group's forecasts.

Materiality	*Group financial statements as a whole:* £130,000 (2020: £110,000) based on 5.8% (2020: 5%) of the Group's three year absolute average profit or loss before tax.

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

The Group consists of the parent company, four trading companies and four holding companies. Although not all components were identified as significant components, full scope audits were performed by the group audit team on all components of the Group, other than acquired entity Lightwater Valley due to its size. Specific procedures were performed on the acquisition of Lightwater Valley as well as certain balance sheet items.

All work was undertaken by the group audit team.

[1] These are areas which have been subject to a full scope audit by the group engagement team

Independent auditor's report to the members of The Brighton Pier Group PLC

Continued

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter		How the scope of our audit addressed the key audit matter
Impairment of goodwill and other non-current assets *References:* ***Note 1:*** *Accounting policies - 'Impairment of non-financial assets'* ***Note 2:*** *Significant accounting estimates, judgements and assumptions - 'Impairment of non-financial assets'* ***Note 13:*** *Impairment review*	The Directors perform an annual impairment review of goodwill and other non-current assets, which includes the carrying value of other intangible assets and property plant and equipment. The annual impairment review relies on significant estimation and judgement in the selection of the key inputs which can have a significant impact of the calculated net present value for each Cash Generating Unit (CGU). No impairment has been recognised in the period (2020: £8,080,000). There is a risk that the estimates and judgements used in the impairment review for each CGU, which include inputs such as forecast cash flows, discount rates and growth rates are inappropriate and that an impairment charge may be required. The uncertainty as a result of COVID-19 increases the likelihood of the existence of impairment indicators as well as the level of judgement around future trading performance.	Our audit procedures included detailed testing of the Directors' impairment testing model for each CGU performed at the period end as follows: For each of the key inputs to the impairment model we reviewed management's assumptions with reference to Board approved budgets, current and historic trading and Government restrictions in place at the time of the impairment review. We challenged management on the inputs used in the forecasts, in particular those for the weighting applied to the multiple scenarios forecast and EBITDA, based on previous and expected performance at each site and current and expected Government restrictions. In conjunction with input from our internal valuations team, we assessed the discount rate applied, based on peer comparison. We evaluated the adequacy of the Group's disclosures in respect of the impairment testing, the inputs used and the sensitivity of the outcomes of the assessment to changes in key assumptions to validate that these adequately reflected the inherent risk and sensitivity of the impairments. We also challenged management's judgement in respect of impairment reversals against the future forecast profitability of the CGU's. **Key observations:** Based on the procedures performed we consider management's assumptions and the related disclosures in respect of impairments and associated sensitivities to be appropriate.

Key audit matter		How the scope of our audit addressed the key audit matter
Revenue recognition *Reference:* ***Note 1:** Accounting policies – 'Revenue recognition'*	As a result of the number of different streams of revenue, as well as the number of different systems and controls in place to account for revenue, there is a risk that revenue could be incorrectly recorded. In view of the mostly manual processes and controls in place regarding the capture and recording of revenue and the associated potential for error or for management override of controls we considered this to be an area for which there is a significant risk of material misstatement in the financial statements.	For the Bars and Golf divisions we obtained full annual reconciliations between the electronic point of sales (EPOS) systems and recorded revenue. For the Pier we tested a sample of weekly reconciliations. Our audit work in respect of this area included the verification of revenue per the reconciliation back to underlying EPOS systems reports and cash banked per the bank statement and the verification of reconciling items back to relevant supporting documentation, on a sample basis for each revenue stream. Additional procedures on completeness and cut off of revenue were performed by checking that a revenue journal had been recorded for each site for every week or month in the current financial period, taking into account known closures. A sample of revenue entries were vouched to underlying supporting documentation. **Key observations:** Based on the work we performed, we consider that revenue has been recorded appropriately.
Lease modifications *References:* ***Note 1:** Accounting policies – 'Leases'* ***Note 5:** Highlighted items* ***Note 12:** Leases*	During the period an amendment to IFRS 16: Leases was published relating to qualifying COVID-19 related rent concessions (referred to as the 'practical expedient'). The Group has negotiated a number of rent concessions with landlords during the period. For leases that do not fall within this amendment the Group has adopted the de-recognition criteria of IFRS 9: *Financial Instruments* resulting in a treatment consistent with that allowed if the IFRS 16 practical expedient is applied, with the liability reduced and the credit recognised through the income statement. Given the judgement involved and potential complexities, we consider this an audit risk.	We obtained management's lease liability workings reconciling the opening to closing liability for all leases. In respect of the movements caused by rent concessions and disposals we obtained the associated agreement to ensure the liability being de-recognised matched the terms stated and that the concession was agreed in the period. We considered the completeness of concessions through enquiries with management and reviewing ongoing correspondence with landlords for those sites where concessions had not yet been formalised. We assessed the Group's accounting policy and adequacy of disclosures in the financial statements against the requirements of the applicable accounting standard and our knowledge of the policy decisions made. **Key observations:** Based on the work performed, we consider the Group's accounting for lease modifications as appropriate.

Independent auditor's report to the members of The Brighton Pier Group PLC

Continued

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements		**Parent company financial statements**	
	2021 £'000	2020 £'000	**2021 £'000**	2020 £'000
Materiality	130	110	117	99
Basis for determining materiality	5.8% (2020: 5%) of the Group's three year absolute average profit or loss before tax after adding back certain highlighted items.		2% of assets capped at 90% of group materiality.	
Rationale for the benchmark applied	Profit before tax is a key performance indicator of the Group and considered to be an important metric to stakeholders of the business. A three year average has been used given the volatility in performance in the current and prior period as a result of the COVID-19 pandemic.		Total assets is considered the appropriate metric given the parent company is an asset-based holding company.	
Performance materiality	90	77	88	74
Basis for determining performance materiality	70% of materiality based on our assessment of a number of factors including the expected total value of known and likely misstatements (based on past experience), our knowledge of the group's internal controls and management's attitude towards proposed adjustments.		75% of materiality based on our assessment of a number of factors including the expected total value of known and likely misstatements (based on past experience), our knowledge of the Group's internal controls and management's attitude towards proposed adjustments.	

Component materiality

We set materiality for each component of the Group based on a percentage of between 2% (2020: 3%) and 90% (2020: 90%) of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from £2,000 to £117,000 (2020 – £3,000 to £99,000). In the audit of each component, we further applied performance materiality levels of 75% of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £4,000 (2020: £4,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report and Accounts other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

strategic report and Directors' report	In our opinion, based on the work undertaken in the course of the audit: • the information given in the strategic report and the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and • the strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.
Matters on which we are required to report by exception	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 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.

Auditor's responsibilities for the audit of the financial statements

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

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

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

- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur, by meeting with management to understand where they considered there was a susceptibility to fraud.
- We gained an understanding of the legal and regulatory framework applicable to the Group and the industry in which it operates, including Government support through the Coronavirus Job Retention Scheme, and considered the risk of acts by the Group that were contrary to applicable laws and regulations, including fraud. Our audit planning identified fraud risks in relation to management override and revenue recognition. We considered the processes and controls that the Group has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how management monitors that processes and controls.
- We designed our audit procedures to detect irregularities, including fraud. Our procedures included journal entry testing, with a focus on journals posted in respect of audit risks, including the Key Audit Matters above and those posted as part of the financial reporting close process, including any unusual transactions based on our knowledge of the business.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

Use of our report

This report is made solely to the 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the 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.

Dominic Stammers (Senior Statutory Auditor)

For and on behalf of BDO LLP,
Statutory Auditor
London
1 November 2021

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

Consolidated statement of comprehensive income

For the 52-week period ended 27 June 2021

	Notes	52 weeks ended 27 June 2021 £'000	52 weeks ended 28 June 2020 £'000
Revenue		**13,541**	22,621
Cost of sales		**(1,781)**	(3,329)
Gross profit		**11,760**	19,292
Operating expenses – excluding highlighted items	7	**(15,064)**	(20,329)
Highlighted items	5	**2,746**	(8,117)
Total operating expenses		**(12,318)**	(28,446)
Other income	7	**5,693**	—
Operating profit/(loss) - excluding highlighted items		**2,389**	(1,037)
Highlighted items	5	**2,746**	(8,117)
Operating profit/(loss)		**5,135**	(9,154)
Finance income	7	**24**	18
Finance cost	7	**(961)**	(1,071)
Profit/(loss) before tax and excluding highlighted items		**1,452**	(2,090)
Highlighted items	5	**2,746**	(8,117)
Profit/(loss) on ordinary activities before taxation		**4,198**	(10,207)
Taxation on ordinary activities	8	**81**	714
Profit/(loss) and total comprehensive income/(loss) for the period		**4,279**	(9,493)
Earnings/(loss) per share – basic* (pence)	9	**11.5**	(25.5)
Earnings/(loss) per share – diluted (pence)	9	**11.5**	(25.5)

* 2021 basic weighted average number of shares in issue is 37.29 million (2020: 37.29 million).

No other comprehensive income was earned during the period (2020: £nil).

Consolidated balance sheet

As at 27 June 2021

	Notes	As at 27 June 2021 £'000	As at 28 June 2020 £'000
Non-current assets			
Intangible assets	10	**10,457**	9,467
Property, plant and equipment	11	**29,008**	25,763
Right-of-use assets	12	**23,191**	17,283
Net investment in finance leases	12	**635**	689
Other receivables due in more than one year	16	**209**	367
		63,500	53,569
Current assets			
Inventories	15	**731**	562
Trade and other receivables	16	**4,002**	1,926
Income tax receivable		**5**	—
Cash and cash equivalents	17	**7,080**	2,649
		11,818	5,137
TOTAL ASSETS		**75,318**	58,706
EQUITY			
Issued share capital	18	**9,322**	9,322
Share premium	18	**15,993**	15,993
Merger reserve	18	**(1,111)**	(1,111)
Other reserve	18	**452**	452
Retained deficit		**(5,381)**	(9,660)
Equity attributable to equity shareholders of the Parent		**19,275**	14,996
TOTAL EQUITY		**19,275**	14,996
LIABILITIES			
Current liabilities			
Trade and other payables	21	**8,321**	3,945
Other financial liabilities	14	**5,913**	—
Lease liabilities	12	**2,090**	2,250
Income tax payable		**—**	35
		16,324	6,230
Non-current liabilities			
Other financial liabilities	14	**14,456**	16,797
Lease liabilities	12	**24,683**	20,683
Deferred tax liability	8	**265**	—
Other payables due in more than one year	21	**315**	—
		39,719	37,480
TOTAL LIABILITIES		**56,043**	43,710
TOTAL EQUITY AND LIABILITIES		**75,318**	58,706

These consolidated financial statements have been approved by the Board of Directors and signed on its behalf by:
J.A.Smith, Director

1 November 2021

Registered Company number: 08687172

Consolidated statement of cash flows

For the period ended 27 June 2021

	Notes	52 weeks to 27 June 2021 £'000	52 weeks to 28 June 2020 £'000
Operating activities			
Profit/(loss) before tax		**4,198**	(10,207)
Net finance costs	7	**937**	1,053
Amortisation of intangible assets	10	**80**	84
Impairment of goodwill	10	**—**	3,209
Depreciation of property, plant and equipment	11	**1,218**	1,528
Impairment of property, plant and equipment	11	**—**	1,408
Depreciation of right-of-use assets	12	**1,414**	1,860
Impairment of right-of-use assets	12	**—**	3,463
Impairment of net investment in finance lease	12	**47**	—
Gain on recognition of sub-leased property	12	**—**	(40)
Gain on derecognition of lease liabilities due to disposal	12	**(1,838)**	—
Gain on derecognition of lease liabilities due to waivers & concessions	12	**(1,334)**	—
Loss on disposal of property, plant and equipment	7	**—**	10
Share-based payment expense	19	**—**	45
Decrease in provisions and deferred tax	8	**(21)**	(54)
(Increase)/decrease in inventories		**(59)**	62
Increase in trade and other receivables		**(1,738)**	(819)
Increase in trade and other payables		**2,985**	58
Interest paid on borrowings		**(320)**	(398)
Interest paid on lease liabilities	12	**(641)**	(673)
Interest received		**6**	1
Income tax paid		**(52)**	(28)
Net cash flow from operating activities		**4,882**	562
Investing activities			
Purchase of property, plant and equipment and intangible assets	10,11	**(258)**	(1,585)
Acquisition of business, net of cash acquired	4	**(2,251)**	—
Proceeds from disposal of property, plant and equipment		**11**	—
Interest received on finance lease receivables		**—**	18
Capital element received on finance leases		**—**	50
Payment of deferred consideration to former Lethington Leisure Limited Shareholders		**—**	(354)
Net cash flows used in investing activities		**(2,498)**	(1,871)
Financing activities			
Proceeds from borrowings		**3,634**	6,750
Repayment of borrowings		**(1,291)**	(4,785)
Principal paid on lease liabilities	12	**(296)**	(732)
Net cash flows generated from financing activities		**2,047**	1,233
Net increase/(decrease) in cash and cash equivalents		**4,431**	(76)
Cash and cash equivalents at beginning of period		**2,649**	2,725
Cash and cash equivalents end of period	17	**7,080**	2,649

Consolidated statement of changes in equity

For the period ended 27 June 2021

	Notes	Issued share capital £'000	Share premium £'000	Merger reserve £'000	Other reserves £'000	Retained earnings/ (deficit) £'000	Total shareholders' equity £'000
At 1 July 2019		**9,322**	**15,993**	**(1,111)**	**407**	**(167)**	**24,444**
Profit and total comprehensive income for the period		—	—	—	—	(9,493)	(9,493)
Transactions with owners:							
Share-based payments charge	19	—	—	—	45	—	45
At 28 June 2020		**9,322**	**15,993**	**(1,111)**	**452**	**(9,660)**	**14,996**
Profit and total comprehensive income for the period		—	—	—	—	4,279	4,279
At 27 June 2021		**9,322**	**15,993**	**(1,111)**	**452**	**(5,381)**	**19,275**

Notes to the consolidated financial statements

For the period ended 27 June 2021

1. Accounting policies

The Brighton Pier Group PLC is a public limited company incorporated and domiciled in England and Wales. The Company's ordinary shares are traded on AIM. Its registered address is 36 Drury Lane, London, WC2B 5RR. Both the immediate and ultimate Parent of the Group is The Brighton Pier Group PLC. The Brighton Pier Group PLC owns and operates Brighton Pier, one of the leading tourist attractions in the UK. As at 27 June 2021, the Group also operated 8 premium bars (2020:12) and 8 (2020:8) indoor adventure golf facilities trading in major towns and cities across the UK.

Basis of preparation

The Group financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The UK's departure from the European Union at 11pm on 31 December 2020 requires the Group to apply frozen IFRS standards as at the balance sheet date, in accordance with The International Accounting Standards and European Public Limited-Liability Company (Amendment etc.) (EU Exit) Regulations 2019. The accounting policies which follow set out those policies which apply in preparing the financial statements for the period ended 27 June 2021. These accounting policies were consistently applied for all the periods presented.

The financial statements are presented in sterling under the historical cost convention. All values are rounded to the nearest thousand pounds (£'000) except when otherwise indicated.

The financial statements are prepared on a 52 or 53-week basis up to the last Sunday in June or the first Sunday in July each year (2021: 52-week period ended 27 June 2021; 2020: 52-week period ended 28 June 2020). The notes to the consolidated financial statements are on this basis.

Going concern

All divisions of the Group were able to fully reopen during summer 2021. The Pier division opened for trade on 12 April 2021, with much of the Golf division reopening on 17 May 2021. Lockdown restrictions were fully lifted on 19 July 2021, allowing all sites in the Bars division to reopen. As discussed in the strategic report, the Group enjoyed strong trading during the summer months across all divisions, including at the newly acquired Lightwater Valley theme park. In addition, the Group received its final payment of £2.0 million from its insurers in relation to its business interruption claims in the Bars and Golf divisions, bringing the total to the policies cap of £5.0 million.

As at the September 2021 period end, the Group held cash and cash equivalents of £12.9 million. The Directors believe that forecast trading, along with existing cash reserves, will continue to fund the Group's cash requirements through FY2022 and FY2023.

The Directors and management of the business have reviewed the Group's detailed forecast cash flows for the forthcoming twelve months from the date of the approval of the financial statements and consider that the Group will have sufficient cash resources available to meet its liabilities as they fall due. These cash flow forecasts and re-forecasts are prepared regularly as part of the business planning process. These have been subjected to scenario modelling and sensitivity analysis which the Directors consider to be sufficiently robust.

As part of this assessment, the Directors modelled a scenario in which infection rates increase over the early winter period into Christmas, resulting in a three-month lockdown for the period from January 2022 to March 2022.

This scenario assumes that:

- all the Bars division sites are closed from January 2022 to March 2022;
- all the Golf division sites are closed from January 2022 to March 2022;
- Lightwater Valley is closed as normal from January 2022 to March 2022;
- the Pier continues to trade during this traditionally quite period but with a return of social distancing measures;
- the Group receives no government assistance by way of furlough, further rates relief or grants;
- the Group is unable to mitigate costs other than direct operating costs and hourly paid staff, and
- the Group makes repayments of £7.6 million in FY2022 to the revolving credit facility and term loans.

In this scenario, EBITDA (being a proxy for cash generated) would fall by £2.4 million, however the total cash available to the Group (being cash at bank and amounts available to draw down from its revolving credit facility) does not fall below £4.2 million. The Group also continues to comply with all banking covenants throughout the modelled period and continues to make all its scheduled repayments of bank debt. Furthermore, based on the Group's experience from previous lockdowns, the business is confident it would be able to significantly mitigate the financial impact of the lockdowns modelled in the above scenario, by further reducing operating costs, halting all capital spending projects and taking advantage of further government support, if available.

The Directors and management believe that the likelihood of any such further lockdowns occurring is remote. The success of the double vaccination programme, and the planned roll out of booster vaccinations for the over fifties should continue to protect the UK through the winter months. Furthermore, the government have made it clear that it currently has no wish to reintroduce a lock down strategy.

1. Accounting policies (continued)

The Directors therefore expect the Group to continue to meet its day-to-day working capital requirements from the cash flows generated by its trading activities, loan facilities with its bank as well as cash resources available to it throughout the four divisions, should this be required. Accordingly, these financial statements have been prepared on a going concern basis.

The Group's principle five-year term loan, together with its revolving credit facility are due for renewal in December 2022. The Group's current intention is to renew the £11 million debt outstanding with a further five-year facility, with annual repayments expected to be similar to the original term loan of circa £1.5 million per annum. In addition, the Group aims to agree a further RCF facility of circa £2.0 million to provide supporting working capital funding for future investments.

The first of the Group's Coronavirus Business Interruption Loans (£1.8 million loan) is scheduled to be fully repaid by the end of June 2022. The second CBIL (£3.2 million) is scheduled to be fully repaid by the end of March 2023. The £3.6 million drawn on its revolving credit facility to fund the acquisition of Lightwater Valley was fully repaid in October 2021.

Based on trading through the busy summer period, including from the newly acquired Lightwater Valley, the £5.0 million proceeds from business interruption insurance, the Group has £12.9 million of cash and cash equivalents available to it at the end of September 2021. The Group is confident that it will continue to be able to pay back its scheduled repayments as they fall due.

Management believes that when the renewal of the Group's term loan and revolving credit facility arises in December 2022, the Group will continue to be an attractive proposition for most lenders, given the relatively low leverage of the Group, its strong earnings potential and the asset backed security that can be provided from the freehold value inherent in the Pier and long-term nature of the Lightwater Valley Lease (lease ends in January 2097).

Basis of consolidation

The consolidated financial statements include the financial statements of The Brighton Pier Group PLC and the entities it controls (its subsidiaries) for the periods reported.

For the purposes of preparing these consolidated financial statements, subsidiaries are those entities controlled by the Group. The Group (as investor) controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of subsidiaries, which are prepared for the same reporting period, are included in the consolidated financial statements from the date that control commences until the date control ceases. All intra-group balances, income, expenses and unrealised gains and losses resulting from the intra-group transactions are eliminated in full.

Subsidiary entity accounts are prepared in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP) using the FRS 101 Reduced Disclosure Framework.

Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment. Such cost includes the cost of replacing part of the property, plant and equipment when the cost is incurred, if the recognition criteria are met, in which case the carrying value of the replaced part is written off. All major repairs and maintenance costs are recognised in the statement of comprehensive income as incurred.

Depreciation is calculated on a straight-line basis over the useful life of the asset as follows:

Leasehold and freehold improvements	15–20 years or the term of the lease where this is shorter*
Fixtures, fittings & equipment	3–10 years
Computers	3 years
Motor vehicles	4–5 years

* Leasehold improvements - where the contractual term of the property lease is shorter than the allocated asset life in the fixed assets register; the asset is depreciated based on the number of years remaining on the lease.

No depreciation charge has been recorded in respect of the Pier as the amount of depreciation is immaterial. Readers should refer to the critical estimates and judgements note in respect of further detail in respect of this.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the year the asset is de-recognised.

The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end. The assets are reviewed for impairment if events or circumstances indicate the carrying value may not be recoverable and are written down immediately to their recoverable amount.

Borrowing costs

Borrowing costs are recognised as an expense when incurred.

Business combinations and goodwill

Business combinations are accounted for in accordance with IFRS 3 (revised) for acquisitions made after 1 July 2009.

For each business combination, management makes an assessment of whether any intangible assets have been acquired, and how much goodwill arose as a result of the acquisition. Goodwill is initially measured at cost being the excess of the cost of the business combination over the Group's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash generating unit retained.

The Group assesses whether there are any indicators that goodwill is impaired at each reporting date. Goodwill is tested for impairment annually and when circumstances indicate that the carrying amount may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of the cash generating units, to which goodwill relates. Where the recoverable amount of the cash generating units is less than the carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill are not reversed in future periods. The Group performs its annual impairment test of goodwill based on the final day of the financial period.

Impairment of non-financial assets

The Group assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. For further information, see Note 2.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of comprehensive income as a highlighted item in the period in which they are incurred.

Goodwill is tested for impairment annually at the period end date and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets

Intangible assets acquired separately from a business combination are initially capitalised at cost and subsequently measured at cost less accumulated amortisation and accumulated impairment losses. The initial cost recognised is the aggregate amount paid plus the fair value of any other consideration given to acquire the asset.

Amortisation is calculated to write-off the cost or fair value at acquisition (as the case may be) of each asset over their estimated useful lives shown below and is recorded in administrative costs in the statement of comprehensive income. Amortisation is calculated on a straight-line basis over the useful life of the asset as follows:

Computer software and websites	3–7 years

Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis and includes all cost incurred in bringing each product to its present location and condition.

Financial assets

Financial assets within the scope of IFRS 9 are classified as fair value through profit or loss, fair value through other comprehensive income or at amortised cost.

The Group currently holds no financial assets held at fair value through profit or loss or fair value through other comprehensive income.

The Group determines the classifications of its financial assets on initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year end.

1. Accounting policies (continued)

Amortised cost

These assets arise principally from the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within cost of sales in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

For other receivables, at each period-end, the Group assesses whether the credit risk on financial assets has increased significantly since initial recognition. If the credit risk on financial assets has not increased significantly since initial recognition, the Group measures the loss allowance for financial assets at an amount equal to the 12-month expected credit losses. If the credit risk on financial assets has increased significantly since initial recognition or for credit impaired financial assets, the Group measures the allowance account for the financial assets at an amount equal to the lifetime expected credit losses.

The Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position.

Cash and short-term deposits in the statement of financial position comprise cash at bank and short-term deposits with a maturity of three months or less. For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above. Cash excludes amounts that have been recognised as revenue but yet to be received into the Group's bank accounts as at the close of business on the period end date (for example undeposited revenue from credit card sales). Any amounts not yet received are included within trade receivables.

Financial liabilities

Financial liabilities within the scope of IFRS 9 are classified as fair value through profit or loss or amortised cost.

The Group's accounting policy for each category is as follows:

Amortised cost

Bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated statement of financial position. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Fair value through profit or loss

The Group has contingent consideration payable in respect of the purchase of Lightwater Valley Attractions Limited. The amount payable is recognised at fair value, being management's best estimate of the total amount that will become due. The contingent consideration is due to be settled within 12 months of the period end. Any difference between the fair value recognised and the amount actually paid will be recognised in the Statement of Comprehensive Income on the date of settlement.

De-recognition of liabilities

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Comprehensive Income.

Fair value measurement

Fair value disclosures for financial instruments are provided in Note 14 (other financial assets and liabilities - risk management objectives and policies).

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole.

Level 1 quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities based on the nature, characteristics and risks of the inputs into the valuations and the level of the fair value hierarchy as explained above.

Leases

The majority of the Group's accounting policies for leases are set out in Note 12.

As lessee:

Identifying Leases

The Group accounts for a contract, or a portion of a contract, as a lease when it conveys the right to use an asset for a period of time in exchange for consideration. Leases are those contracts that satisfy the following criteria:

(a) There is an identified asset;

(b) The Group obtains substantially all the economic benefits from use of the asset; and

(c) The Group has the right to direct use of the asset.

The Group considers whether the supplier has substantive substitution rights. If the supplier does have those rights, the contract is not identified as giving rise to a lease.

In determining whether the Group obtains substantially all the economic benefits from use of the asset, the Group considers only the economic benefits that arise from the use of the asset, not those incidental to legal ownership or other potential benefits.

In determining whether the Group has the right to direct use of the asset, the Group considers whether it directs how and for what purpose the asset is used throughout the period of use. If there are no significant decisions to be made because they are pre-determined due to the nature of the asset, the Group considers whether it was involved in the design of the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use. If the contract or portion of a contract does not satisfy these criteria, the Group applies other applicable IFRSs rather than IFRS 16.

As lessor:

Leases in which the Group is the lessor are classified as either operating or finance leases. Leases where a significant portion of the risks and rewards of ownership are retained by the Group are classified as operating leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the lessee.

Rent receivable is recognised over the lease term in based on a pattern that reflects a constant periodic rate of return on the net investment in the lease. Where an incentive (such as a rent-free period) is given to a tenant, the carrying value of the net investment in the finance lease excludes any amount reported as a separate asset as a result of recognising rental income on this basis.

The Group does not make any provisions in respect of property dilapidations on the basis that its lease agreements do not contain clauses that create a material obligation to meet the costs of repairing property dilapidations or the costs of restoring the properties to their initial condition.

Provisions

Provisions are recognised when the Group has a probable, present legal or constructive obligation to make a transfer of economic benefits as a result of past events where a reliable estimate is available. The amounts recognised represent the Group's best estimate of the transfer of benefits that will be required to settle the obligation as of the balance sheet date. Provisions are discounted if the effect of the time value of money is material using a pre-tax market rate adjusted for risks specific to the liability.

Highlighted items

Highlighted items are treated as such if the matters are material and fall within one of the categories below:

a) acquisition costs and pre-opening costs relating to new and refit sites, and

b) impairment, derecognition of lease liabilities, site closure and other legal costs.

Acquisition and pre-opening costs are highlighted because they are costs that are unique to each development. The Group only acquires new sites or businesses when appropriate opportunities arise. Therefore in any given period, acquisition costs can vary significantly depending on the number of new sites acquired and the level of investment required to bring the site into use, and so do not reflect the costs of the day-to-day operations of the business. These are therefore split out in order to aid comparability with prior periods. Similarly, pre-opening costs are incurred after the acquisition of a new site or the refurbishment of an existing site. For the reasons outlined above, these costs have also been highlighted in order to aid comparability with prior periods.

1. Accounting policies (continued)

Costs relating to impairments, site closures and other legal costs are highlighted to the extent that they relate to costs following any of the above activities. Impairments only occur in exceptional circumstances and are therefore highlighted. Similarly, the decision by management to close a site only occurs in exceptional circumstances; therefore, the costs associated with such an activity have also been highlighted.

Lease liabilities are derecognised due to the disposal of a site or due to the granting of rent waivers by the Group's landlords. Such events have occurred in the current period as a result of the COVID-19 pandemic, which management considers to be an exceptional event. These gains have therefore been highlighted as they are not expected to reoccur in future. Furthermore, gains recognised from the derecognition of lease liabilities on disposed would usually be offset by the derecognition of the corresponding right-of-use asset. In this instance, the right-of-use assets were fully impaired in the prior period. These impairments were presented as highlighted items. Management consider that presenting the current period gains in the same manner will therefore enhance comparability with the prior period.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts and Value Added Taxes.

Revenue from sale of goods (principally the sale of food and beverage) is recognised when control of the goods have passed to the buyer, usually on consumption. Revenue from services (principally use of our entertainment machines on the Pier and our indoor golf courses) is recognised on delivery of service apart from revenue arising from the sale of annual passes to Lightwater Valley theme park and concession income on the Pier which is recognised on an over time basis.

Government grants

During the periods ended 27 June 2021 and 28 June 2020, the Group received grants from the UK Government in relation to the Coronavirus Job Retention Scheme and from local authorities as a result of coronavirus restrictions imposed. Where possible, the income from these grants has been offset against the expense to which they relate (for example amounts received through the Coronavirus Job Retention Scheme have been offset against staff costs). If it is not possible to allocate the income to a specific expense it is included within Other income in the Statement of Comprehensive Income.

Insurance Income

During the period ended 27 June 2021, the Group received income in relation to business interruption insurance claims arising from the enforced closures of its Bars and Golf divisions during the COVID-19 pandemic. Insurance payments received and amounts receivable are recognised when it is virtually certain that its insurance policies cover a particular provision. The amount recognised is based on management's assessment of a range of possible recoverable amounts. Income not yet received is only recognised as an asset to the extent that management can make a reliable estimate of the amount receivable.

Amounts received in respect of insurance income is recognised as other income in the Statement of Comprehensive Income. Further details can be found in notes 2 and 7.

Share-based payments

Equity-settled transactions

The costs of equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date of grant and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award.

Fair value is determined using the Black-Scholes pricing model. In valuing equity-settled transactions, no account is taken of any service and performance (vesting) conditions, other than performance conditions linked to the price of the shares of the Company (market conditions). Any other conditions which are required to be met in order for the employee to become fully entitled to an award are considered non-vesting conditions. Like market performance conditions, non-vesting conditions are taken into account in determining the grant date fair value.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market vesting condition or a non-vesting condition, which are treated as vesting irrespective of whether or not the market vesting condition or non-vesting condition is satisfied, provided that all service and non-market vesting conditions are satisfied.

At each balance sheet date before vesting, the cumulative expense is calculated. This represents the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of service and non-market vesting conditions and of the number of equity instruments that will ultimately vest or, in the case of an instrument subject to a market condition or a non-vesting condition, be treated as vesting as described above. The movement in cumulative expense since the previous balance sheet date is recognised in the statement of comprehensive income, with a corresponding entry in equity.

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the terms of the original award continues to be recognised over the original vesting period.

In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of modification. No reduction is recognised if this difference is negative.

Where an equity-settled award is cancelled (including when a non-vesting condition within the control of the entity or employee is not met), it is treated as if it had vested on the date of cancellation, and any cost not yet recognised in the statement of comprehensive income for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over the fair value of the settled award being treated as an expense in the Statement of Comprehensive Income.

The Group does not currently award cash-settled share options to employees.

Post-employment defined contribution plans

The Group pays fixed contributions into independent entities in relation to several state plans and insurances for individual employees. The Group has no legal or constructive obligations to pay contributions in addition to its fixed contributions, which are recognised as an expense in the period that related employee services are received.

Taxes

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the statement of financial position date.

Current income tax relating to items recognised directly in equity or other comprehensive income is recognised in equity and not in the statement of comprehensive income.

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss, and
- in respect of taxable temporary difference associated with investments in subsidiaries, associates and interest in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss, and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred tax assets is reviewed at each statement of financial position 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 deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each statement of financial position date and are recognised to the extent that it has become probable that the future taxable profit will allow the deferred tax asset to be recovered.

New standards and interpretations effective for the period

The Group has applied the following standards and amendments for the first time for their annual reporting period ended 27 June 2021:

- Definition of Material – amendments to IAS 1 and IAS 8
- Definition of a Business – amendments to IFRS 3
- Interest Rate Benchmark Reform – amendments to IFRS 9, IAS 39 and IFRS 7
- Revised Conceptual Framework for Financial Reporting.

New standards impacting the Group that have been adopted in the annual financial statements for the period ended 28 June 2020, and which have given rise to changes in the Group's accounting policies are:

- IFRS 16 Leases (IFRS 16); and
- IFRIC 23 Uncertainty over Income Tax Treatments (IFRIC 23)

1. Accounting policies (continued)

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for the period ended 27 June 2021 and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2. Significant accounting estimates, judgements and assumptions

The preparation of the Group's financial statements requires management to make estimates, judgements and assumptions that affect the reported amount of assets and liabilities at the statement of financial position date, amounts reported for revenues and expenses during the year, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could create a significant risk of material adjustments to the carrying amounts of assets and liabilities within the next financial period.

In the process of applying the Group's accounting policies, management has made the following judgements and estimates, which have the most significant effect on the amounts recognised in the financial statements:

Estimates and assumptions

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on similar assets or observable market prices less incremental costs for disposing of the assets. The value in use calculation is based on a discounted cash flow model. The recoverable amount is most sensitive to changes in expected future cash flows. The cash flows are derived from the budget and projections for the next two years. These projections are influenced by factors which are inherently uncertain such as footfall and non-controllable costs such as rent, rates and license costs.

They do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is also sensitive to the discount rate used for the discounted cash flow model and the growth rate used for extrapolation purposes.

The Group has considered the risk of impairment further within Note 13.

Depreciation of Brighton Palace Pier

As noted in the Group's accounting policies, the amount of depreciation in respect of the Brighton Palace Pier (the structure which includes everything below the deck of the Pier) is considered to be immaterial. The Directors have assessed depreciation based on a useful economic life of approximately 20 years and a residual value that is not materially lower than the current carrying value of the Pier.

In estimating the useful economic life to the Group, which is shorter than the life of the asset, the Directors have considered that the most likely expected method of recovery will principally be through sale. Notwithstanding the Directors expectation around recovery method over the medium-long term, there is no intention or plan in place to sell the Pier in the foreseeable future.

In estimating the residual value of the Pier after the end of its useful economic life to the group, the Directors have taken into account their commitment to maintain the structure in the longer term and the increasing profitable nature of the Pier.

The residual value would need to have been assessed to be £2,000,000 lower than the current carrying value of £17,344,000 (assuming a useful economic life of 20 years) to have created a material depreciation charge in the current year.

Deferred tax arising on Brighton Palace Pier

IAS 12 'Income Taxes' requires that deferred tax is recognised where a difference between the tax base of an asset and its carrying value arises after initial recognition. The measurement of the deferred tax liability should reflect the tax consequences of the expected manner of recovering the carrying amount of the Pier. As the residual value of the Pier has been judged to be equivalent to the book value, the expected method of recovery will principally be through sale and no deferred tax liability arises when calculated on this basis.

Recognition of income from insurers arising from business interruption claims

Following the High Court Judgement on 15 September 2020 and the Supreme Court Ruling on 15 January 2021 the Group lodged successful business interruption claims with its insurers in respect of the enforced closure of its Bars and Golf divisions during the COVID-19 pandemic. The amount recognised as other income in the Statement of Comprehensive Income for the period ended 27 June 2021 was £5,000,000. Of this, £3,000,000 had been received in cash, with a further £2,000,000 estimated to be received in relation to the Group's claims. This estimate is made by management based on correspondence from its insurers and guidance from its independent advisors. In accordance with IAS 37 'Provisions, Contingent Liabilities and Contingent Assets', the Group has recognised the additional £2,000,000 as it is virtually certain to receive this amount.

Recognition of contingent consideration payable in respect of the purchase of Lightwater Valley Attractions Limited

The consideration payable to former shareholders of Lightwater Valley Attractions Limited (acquired by the Group on 17 June 2021) includes an element which is contingent on its achievement of certain performance targets being met by October 2021. The maximum consideration payable is £500,000. Based on management's forecasts, it is their best estimate that the performance targets will be met and that the full contingent consideration will become payable. This element of the consideration has therefore been included within Trade and other payables in the Consolidated Balance Sheet as deferred consideration.

Judgements

The determination of lease term for some lease contracts in which the Group is a lessee

Some of the Group's property leases (where the Group is a lessee) include options to extend the lease contract beyond the initial term. IFRS 16 'Leases' requires the Group to determine the term of a lease by assessing the likelihood of such extension options being exercised. The lease term has a direct impact on the value of the right-of-use asset and the lease liability recognised in the Balance Sheet.

Where relevant, the Directors have assessed the likelihood of such extension options being exercised with reference to the remaining useful economic life of property, plant and equipment held at each site. Where there is a material amount of assets at a site with useful lives in excess of the contractual lease term, the Directors have deemed that it would be reasonably certain to exercise an option to extend the lease. This is because the cost to exit the lease would not be insignificant, as a result of the required write-downs to property, plant and equipment.

In such cases, the lease term is extended to equal the expected new lease following extension. In all other cases, the lease term is assumed to be equal to the existing contractual length.

On adoption of IFRS 16 on 1 July 2019, this judgement resulted in an increase in non-current lease liabilities and right-of-use assets of £1,127,000. The lease to which this related was formally extended during the period ended 27 June 2021.

3. Segmental information

The following tables present revenue, profit and loss and certain asset and liability information regarding the Group's business segments for the period ended 27 June 2021.

IFRS 8: *Operating Segments* applies the so-called 'management approach' to segment reporting and requires the Group to report financial and descriptive information about its reportable segments. Such reportable segments are operating segments or aggregations of operating segments that meet specified criteria.

Operating segments are components of an entity which engage in business activities from which they may earn revenues and incur expenses about which discrete financial information is available that is regularly evaluated by the chief operating decision maker (CODM) in deciding how to allocate resources and in assessing performance. The Group is required to report separate financial information about each operating segment that:

- has been identified as described above or results from aggregating two or more of those segments if they exhibit similar long-term financial performance and have similar economic characteristics, and
- exceeds certain quantitative thresholds.

The Group identified the Board of Directors as its CODM and has defined the operating segments based on the information provided to the Board of Directors. The Board reviews discrete financial information for each site and uses this information to allocate resources. As these sites have similar economic characteristics and long-term financial performance (using, for example, operating profit margin, gross margin and comparable site sales development as quantitative benchmarks) it was concluded that all owned bar sites should be aggregated into the segment 'Bars' and all Paradise Island Adventure Golf sites should be aggregated into the segment 'Golf'. As Brighton Palace Pier exceeds the quantitative thresholds for aggregation, it has been presented as a separate operating segment. This meets the requirements of IFRS 8 and is consistent with the core principle of the standard.

3. Segmental information (continued)

The segmental information is split on the basis of information provided to the CODM. The CODM does not review discrete balance sheets for each operating segment and therefore no balance sheet information is provided on a segmental basis in the following table:

52-week period ended 27 June 2021	Brighton Palace Pier £'000	Golf £'000	Bars £'000	Lightwater Valley* £'000	Total segments £'000	Head office costs £'000	**2021 consolidated total £'000**
Revenue	9,673	2,385	1,277	206	13,541	—	**13,541**
Cost of sales	(1,381)	(28)	(353)	(19)	(1,781)	—	**(1,781)**
Gross profit	8,292	2,357	924	187	11,760	—	**11,760**
Gross profit %	86%	99%	72%	91%	87%	—	**87%**
Administrative expenses: Other administrative expenses (excluding depreciation and amortisation)	(7,313)	(2,003)	(2,023)	(79)	(11,418)	(934)	**(12,352)**
Other income: Insurance income	—	2,500	2,500	—	5,000	—	**5,000**
Local authority grant income	44	275	374	—	693	—	**693**
Divisional earnings/(loss)	1,023	3,129	1,775	108	6,035	(934)	**5,101**
Highlighted items						2,746	**2,746**
Depreciation and amortisation (excluding depreciation of right-of-use assets)						(1,298)	**(1,298)**
Depreciation of right-of-use assets						(1,414)	**(1,414)**
Net finance cost (excluding interest on lease liabilities)						(321)	**(321)**
Net finance costs arising on lease liabilities						(616)	**(616)**
Profit/(loss) before tax	1,023	3,129	1,775	108	6,035	(1,837)	**4,198**
Income tax	—	—	—	—	—	81	**81**
Profit/(loss) after tax	1,023	3,129	1,775	108	6,035	(1,756)	**4,279**
EBITDA (excluding highlighted items)	1,023	3,129	1,775	108	6,035	(934)	**5,101**
EBITDA (including highlighted items)	1,023	3,129	1,775	108	6,035	(1,360)	**4,675**

* Results for Lightwater Valley reflect the period from acquisition on 17 June 2021 to 27 June 2021.

Concession income from the Pier which is recognised over time and is included within Pier revenue and amounted to £56,000 for the period ended 27 June 2021 (2020: £136,000).

52-week period ended 28 June 2020	Brighton Palace Pier £'000	Golf £'000	Bars £'000	Total segments £'000	Head office costs £'000	**2020 consolidated total £'000**
Revenue	9,459	4,284	8,878	22,621	—	22,621
Cost of sales	(1,561)	(64)	(1,704)	(3,329)	—	(3,329)
Gross profit	7,898	4,220	7,174	19,292	—	19,292
Gross profit %	84%	99%	81%	85%	—	85%
Administrative expenses (excluding depreciation and amortisation)	(7,671)	(2,287)	(6,077)	(16,035)	(821)	(16,856)
Divisional earnings/(loss)	227	1,933	1,097	3,257	(821)	2,436
Highlighted items					(8,117)	(8,117)
Depreciation and amortisation (excluding depreciation of right-of-use assets)					(1,612)	(1,612)
Depreciation of right-of-use assets					(1,860)	(1,860)
Net finance cost (excluding interest on lease liabilities)					(398)	(398)
Net finance costs arising on lease liabilities					(656)	(656)
Profit/(loss) before tax	227	1,933	1,097	3,257	(13,464)	(10,207)
Income tax					—	—
Profit/(loss) after tax	227	1,933	1,097	3,257	(13,464)	(10,207)
EBITDA (excluding highlighted items)	227	1,933	1,097	3,257	(759)	2,498
EBITDA (including highlighted items)	227	1,933	1,097	3,257	(796)	2,461

All segment assets and liabilities are located within the United Kingdom and all revenues arose in the United Kingdom.

Segment revenues are generated from the sale of goods to external customers on a point in time basis, with the exception of concession income on the Pier as detailed above. There were no inter-segment sales in the years presented. No single customer contributed more than 10% of the Group's revenues.

The accounting policies of the reportable segments have been consistently applied. Overheads have been separated out to reflect how management reviews the discrete financial information and uses it to allocate resources.

4. Acquisition of Lightwater Valley Attractions Limited

On 17 June 2021 the Group acquired the entire issued share capital of Lightwater Valley Attractions Limited ("Lightwater Valley"), an unlisted company based in the UK, for a consideration of up to £3.6 million payable in cash, with a further £1.2 million paid to clear Lightwater Valley's outstanding bank debt on the date of acquisition. The total cash flow outflow in relation to this transaction is therefore £4.8 million.

The total consideration is being satisfied by an initial payment of £2.6 million in cash on the completion date (adjusted for working capital and on a cash free basis), deferred consideration of £0.5 million due at the end of October 2021 and contingent consideration of up to a further £0.5 million, subject to Lightwater Valley achieving certain trading targets over the current summer.

As at the period end, the Group's best estimate of the continent consideration payable was £0.5 million. This has been included within Trade and other payables in the Consolidated balance sheet (see Note 21).

Upon acquisition, the Group settled Lightwater Valley's outstanding loan payable of £1.2 million. The total cash outflow associated with this transaction, inclusive of deferred and contingent consideration and the settlement of outstanding borrowings is therefore anticipated to be £4.8 million (£4.5 million including cash acquired).

4. Acquisition of Lightwater Valley Attractions Limited (continued)

The Group acquired Lightwater Valley in order to expand and diversify its business. Due to the proximity of the acquisition to the period end, the amounts below are presented on a provisional basis.

Provisional fair value of assets acquired and liabilities assumed	Provisional fair value recognised at 17 June 2021 £000s
Assets	
Inventory	110
Tangible assets	4,216
Cash	349
Trade and other receivables	161
Liabilities	
Trade and other payables	(741)
Income tax payable	(73)
Borrowings	(1,206)
Deferred tax liability	(286)
Total provisional identifiable net assets at fair value	**2,530**
Provisional goodwill	1,070
Purchase consideration transferred	**3,600**
Purchase consideration	
Amount settled in cash	2,600
Contingent cash consideration at fair value	500
Deferred cash consideration at fair value	500
Total purchase consideration	**3,600**
Consideration transferred settled in cash	2,600
Repayment of borrowings immediately after acquisition	1,206
Cash and cash equivalents acquired	(349)
Net cash outflow on acquisition	**3,457**
Split between:	
Cash flows from financing activities	1,206
Cash flows from investing activities	2,251

Acquisition-related costs amounting to £254,000 are not included as part of consideration transferred and have been recognised as an expense in the Consolidated Statement of Comprehensive Income, as part of highlighted items (see Note 5).

Lightwater Valley contributed £206,000 to revenue and £108,000 to net profit during the period from acquisition on 17 June 2021 to the period end date. If the combination had taken place at the start of the year, the Consolidated Statement of Comprehensive Income for the period ended 27 June 2021 would show pro forma Group revenue of £18,346,000 and the profit after tax for the period would have been £4,910,000.

5. Highlighted items

	Period ended 27 June 2021 £'000	Period ended 28 June 2020 £'000
Acquisition and pre-opening costs		
Acquisition costs	**254**	—
Site pre-opening costs	**—**	37
Restructuring costs	**66**	—
	320	37
Impairment, closure and legal costs		
Gain on derecognition of lease liabilities for continuing sites using:		
- IFRS 9 derecognition criteria	**(590)**	—
- IFRS 16 practical expedient	**(744)**	—
Gain on derecognition of lease liabilities for disposed sites	**(1,838)**	—
Other closure costs & legal costs	**106**	—
Impairment of goodwill	**—**	3,209
Impairment of property, plant and equipment	**—**	1,408
Impairment of right-of-use assets	**—**	3,463
	(3,066)	8,080
Total	**(2,746)**	8,117

The above items have been highlighted in order to provide users of the financial statements visibility of non-comparable costs included in the Consolidated Statement of Comprehensive Income for this period. See Note 26 for further details.

Period ended 27 June 2021

Acquisition costs of £254,000 relate to the Group's acquisition of Lightwater Valley on 17 June 2021.

Restructuring costs of £66,000 incurred during the period ended 27 June 2021 relate to expenses incurred during a corporate simplification project regarding entities in the Group's Bars division.

Gains on derecognition of lease liabilities occurred in relation to continuing sites as result of renegotiated lease terms with landlords in the Bars and Golf divisions. Of the amounts derecognised, £744,000 was derecognised using the IFRS 16 COVID-19 practical expedient, with a further £590,000 derecognised as a result of applying the derecognition criteria laid out in IFRS 9: *Financial instruments*. See Note 12 for further details.

Gains on derecognition of lease liabilities for disposed sites of £1,838,000 and other closure and legal costs of £106,000 arise as a result of the disposal of leasehold sites in Bath, Wimbledon and Cambridge. The corresponding right-of-use assets for these leasehold sites were impaired to £nil during the prior year. See Note 12 and 13 for further details.

Period ended 28 June 2020

Site pre-opening costs of £37,000 incurred during the period ended 28 June 2020 relate to expenses incurred during the development of two new sites at Rushden Lakes and Plymouth.

Impairments to goodwill, property, plant and equipment and right-of-use assets totalling £8,080,000 relate to 8 sites in the Bars division and one site in the Golf division. Further details can be found in Note 13.

6. Employee costs

Employee benefits expense	Period ended 27 June 2021 £'000	Period ended 28 June 2020 £'000
Included in other operating costs		
Wages and salaries	**5,374**	7,180
Social security costs	**540**	509
Pensions – defined contribution plans	**69**	80
	5,983	7,769

Wages and salaries expense for the period ended 27 June 2021 is shown net of £2,184,000 (2020: £1,386,000) received from the UK Government in relation to the Coronavirus Job Retention Scheme.

Average number of people employed (including Executive Directors)	2021	2020
Number of employees	**374**	549
Split between:		
Operational	**327**	520
Administration	**47**	29
Total average headcount	**374**	549

Directors' remuneration	Period ended 27 June 2021 £'000	Period ended 28 June 2020 £'000
Aggregate remuneration in respect of qualifying services	**427**	417
Aggregate remuneration in respect of the highest paid Director	**183**	183

An analysis of Directors' remuneration is set out in the report of the Remuneration and Nominations Committee on page 40.

Payments totalling £1,315 (2020: £1,315) were made on behalf of one (2020: two) Director into the Group's auto-enrolment 'People's Pension Scheme'.

7. Other income and expenditure

Other income

	Period ended 27 June 2021 £'000	Period ended 28 June 2020 £'000
Insurance income	**5,000**	—
Local authority grant income	**693**	—
	5,693	—

The High Court Judgement on 15 September 2020 found that the Group's 'Marsh resilience' insurance policies in the Bars and Golf divisions were capable of responding to COVID-19 business interruption claims. Furthermore, the Group's advisers have indicated that the Supreme Court ruling on 15 January 2021 did not change the fundamental principle that these policies can respond to claims, subject to appropriate discussion and agreement over the quantum of the arising losses and any applicable policy caps.

As at the end of the period the Group has received from its insurers initial interim payments totalling £3.0 million in respect of these losses, with a further £2.0 million being virtually certain to be received shortly after the period end date. On this basis, the Group has recognised insurance income totalling £5.0 million as other income in the Statement of Comprehensive Income. The split of this income between the Bars and Golf divisions can be found in Note 3.

The Group's policies have a maximum indemnity period of 24 months and are capped at £5.0 million split equally between the Bars and Golf division for any one claim. Since the period end the Group has received the final tranche of payments from its insurers of £2.0 million in relation to its COVID-19 business interruption claims in the Group's Bars and Golf divisions. The Group is not expected to make any further insurance claims in relation to COVID-19.

During the period the Group received income of £693,000 from local authorities in the towns and cities where its trading sites are located. These grants were paid to assist business to meet their day to day running costs during the lockdown period during the 2021 calendar year.

The Group also received £2.2 million from the Government furlough scheme. This has been offset against staff costs within Operating expenses in the Statement of Comprehensive Income.

Other government assistance arising from the COVID-19 pandemic

During the period ended 27 June 2021 the Group benefitted from other government assistance via the following schemes:

Scheme	Period ended 27 June 2021 £'000	Period ended 28 June 2020 £'000
Interest payment relief on Coronavirus Business Interruption Loans (CBILs)	**88**	18
VAT reduction for hospitality businesses	**1,294**	—
Business rates relief	**1,303**	325
Eat Out to help Out	**71**	—
	2,756	343

During the prior period, the Group also benefitted from the Government's VAT deferral scheme. Payments outstanding at the end of March 2020 totalling £323,000 were deferred and are being repaid over 12 months over the 2022 tax year.

Finance Income

	Period ended 27 June 2021 £'000	Period ended 28 June 2020 £'000
Interest on finance lease receivables	**24**	18

7. Other income and expenditure (continued)

Finance costs

	Period ended 27 June 2021 £'000	Period ended 28 June 2020 £'000
Interest on borrowings	320	398
Interest on leases	641	673
	961	1,071

Total operating expenses excluding highlighted items included in operating expenses

	Period ended 27 June 2021 £'000	Period ended 28 June 2020 £'000
Depreciation of owned property, plant and equipment	1,218	1,528
Depreciation of right-of-use assets	1,414	1,860
Amortisation of intangible assets	80	84
Loss on disposal of property, plant and equipment	—	10
Rates and service charge	742	1,806
Insurance and licenses	1,523	1,207
Property costs	1,657	1,995
Staff costs (see Note 6)	5,983	7,769
Contract security costs	57	713
Other operating expenses	2,390	3,357
	15,064	20,329

8. Income tax

(a) Tax on profit on ordinary activities

The tax is made up as follows:

	Period ended 27 June 2021 £'000	Period ended 28 June 2020 £'000
Current tax:		
UK corporation tax charge on the profit for the period		
Adjustment in respect of prior periods	(60)	(296)
Total current tax	(60)	(296)
Deferred tax:		
Origination and reversal of temporary differences	(21)	(418)
Total tax (credit) for the period	(81)	(714)

(b) Factors affecting tax charge for the period

The tax credit for the current period was £0.1 million (2020: credit of £0.7 million). The tax credit for the current and prior period benefitted from the utilisation of brought-forward tax losses and movements on deferred tax from timing differences. The tax charge for the current year is lower than the expected 19% tax charge due to the following:

	Period ended 27 June 2021 £'000	Period ended 28 June 2020 £'000
Profit/(loss) on ordinary activities before tax	**4,198**	(10,207)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	**798**	(1,939)
Effects of:		
Expenses not deductible for tax purposes and non-taxable income	**70**	580
Losses carried forward	**—**	888
Losses carried back	**—**	(240)
Non-qualifying depreciation	**61**	53
Adjustment in respect of prior periods	**(60)**	(56)
Movement in unrecognised deferred tax arising from utilisation of brought forward losses	**(950)**	—
Total tax credit for the period	**(81)**	(714)

(c) Deferred tax

In the Spring budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. This new law was substantively enacted on 24 May 2021. Deferred taxation has been calculated using a tax rate of 19% (2020: 19%) on the basis that the majority of the balance will be realised before the tax rate change takes effect. The net deferred taxation liability comprises the following:

	Period ended 27 June 2021 £'000	Period ended 28 June 2020 £'000
Assets		
Taxable losses carried forward	**407**	302
	407	302
Liabilities		
Capital allowances in advance of depreciation	**(561)**	(191)
Goodwill	**(111)**	(111)
Total deferred tax liability recognised in the balance sheet	**(265)**	—

Deferred tax balances as at 27 June 2021 and 28 June 2020 have been presented on a net basis.

An explanation of the deferred tax treatment of Brighton Palace Pier can be found in Note 2: *Significant judgements and estimates – deferred tax on revalued assets.*

In 2021, there were gross unrecognised deferred tax assets totalling £nil (2020: £888,000 arising in relation to carried forward losses).

9. Earnings per share

Basic earnings per share amounts are calculated by dividing net income for the period attributable to ordinary shareholders of The Brighton Pier Group PLC by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the Parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

Adjusted basic and diluted earnings per share are calculated based on the profit for the period adjusted for highlighted items and their related tax effects.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

Basic earnings/(loss) per share

	Period ended 27 June 2021	Period ended 28 June 2020
Profit/(loss) for the period (£'000)	**4,279**	(9,493)
Basic weighted number of shares (number)	**37,286,284**	37,286,284
Earnings/(loss) per share - Basic (pence)	**11.5**	(25.5)

Basic adjusted earnings/(loss) per share

	Period ended 27 June 2021	Period ended 28 June 2020
Profit/(loss) for the period before highlighted items (£'000)	**2,136**	(1,977)
Basic adjusted weighted number of shares (number)	**37,286,284**	37,286,284
Adjusted earnings/(loss) per share - Basic (pence)	**5.7**	(5.3)

Diluted basic earnings/(loss) per share

	Period ended 27 June 2021	Period ended 28 June 2020
Profit/(loss) for the period (£'000)	**4,279**	(9,493)
Diluted weighted number of shares (number)	**37,286,284**	37,286,284
Earnings/(loss) per share - Diluted (pence)	**11.5**	(25.5)

Adjusted diluted earnings/(loss) per share

	Period ended 27 June 2021	Period ended 28 June 2020
Profit/(loss) for the period before highlighted items (£'000)	2,136	(1,977)
Diluted weighted number of shares (number)	37,286,284	37,286,284
Adjusted earnings/(loss) per share - Diluted (pence)	5.7	(5.3)

Reconciliation of adjusted profit/(loss) for the period

Adjusted profit is calculated as follows:

	Period ended 27 June 2021 £'000	Period ended 28 June 2020 £'000
Profit/(loss) for the period	4,279	(9,493)
Highlighted items	(2,746)	8,117
Tax charge/(credit) arising on highlighted items	603	(601)
Adjusted profit/(loss) for the period	2,136	(1,977)

The tax charge arising on highlighted items of £603,000 (2020: credit of £601,000) reflects the amount of current tax at the enacted rate of 19% (2020: 19%) that arises on those highlighted items that are allowable for tax purposes.

Diluted basic earnings per share

The impact of dilutive shares on the weighted average number of shares is summarised below:

	27 June 2021 Number	28 June 2020 Number
Weighted average number of shares for Basic EPS	37,286,284	37,286,284
Dilutive effect of share options and warrants	—	—
Weighted average number of shares for Diluted EPS	37,286,284	37,286,284

Share options with exercise prices of 55p, 63.5p, 95p and 111p as noted in Note 19 were not included in the calculation of weighted average number of shares for diluted earnings per share as these options were anti-dilutive in both the current and prior period.

10. Intangible assets

	Goodwill £'000	Computer software and websites £'000	Total £'000
Cost:			
At 1 July 2019	16,885	427	17,312
Additions	—	45	45
At 28 June 2020	16,885	472	17,357
Additions	1,070	—	1,070
At 27 June 2021	**17,995**	**472**	**18,427**
Amortisation & impairments:			
At 1 July 2019	4,489	108	4,597
Charge for the period	—	84	84
Impairment (see Note 13)	3,209	—	3,209
At 28 June 2020	7,698	192	7,890
Charge for the period	—	80	80
At 27 June 2021	**7,698**	**272**	**7,970**
Net book value			
At 1 July 2019	12,396	319	12,715
At 28 June 2020	9,187	280	9,467
At 27 June 2021	**10,297**	**200**	**10,457**

The brought-forward goodwill balance relates primarily to the Group's acquisition of Lethington Leisure Limited, (owner of Paradise Island Adventure Golf), on 8 December 2017, along with the Putney Fez site in the Bars division, which was purchased as one of 12 sites in 2006. Goodwill arising from subsequent bar acquisitions has been allocated on an individual basis against each site acquired.

Additions during the period ended 27 June 2021 arise from the Group's acquisition of Lightwater Valley on 17 June 2021 (see Note 4).

The Group has four operating segments; however, management considers each site to be a separate CGU on the basis that each site generates cash flows which are largely independent of the cash flows generated by other sites.

The value of the goodwill across the Bars, Golf and Lightwater Valley segments (the Pier segment has no goodwill) was tested for impairment during the current financial year by means of comparing the recoverable amount of each CGU with the carrying value of its goodwill.

Based on the operating performance of the CGUs, no impairments were identified in the current financial year (2020: impairments of £3,209,000). The prior year impairments related to eight sites in the Bars division and one site in the Golf division. As a result, only one site in the Bars division (Putney) and six sites in the Golf division contain goodwill as at 27 June 2021.

The remaining valuations indicate that headroom in the Bars division, along with headroom in most sites in the Golf division, is not sensitive to reasonably possible changes to key assumptions. Refer to Note 13 for further information on the impairment review.

Computer software and website additions relate to the creation of new revenue-generating website platforms.

The remaining amortisation period of the computer software and website intangible asset is four years.

11. Property, plant and equipment

	Computers £'000	Motor vehicles £'000	Fixtures, fittings & equipment £'000	Leasehold improvement £'000	Pier, landing stage & deck £'000	Assets under construction £'000	Total £'000
Cost:							
At 1 July 2019	421	32	9,948	8,494	17,344	—	36,239
Additions	96	—	487	957	—	—	1,540
Disposals	—	(14)	(23)	—	—	—	(37)
At 28 June 2020	**517**	**18**	**10,412**	**9,451**	**17,344**	**—**	**37,742**
Additions	8	—	128	112	—	10	258
Acquired*	3	3	1,639	2,571	—	—	4,216
Disposals	(25)	—	(569)	(740)	—	—	(1,334)
At 27 June 2021	**503**	**21**	**11,610**	**11,394**	**17,344**	**10**	**40,882**
Depreciation:							
At 1 July 2019	329	19	6,074	2,648	—	—	9,070
Charge for the period	59	6	921	542	—	—	1,528
Disposals	—	(13)	(14)	—	—	—	(27)
Impairments	7	—	357	1,044	—	—	1,408
At 28 June 2020	**395**	**12**	**7,338**	**4,234**	**—**	**—**	**11,979**
Charge for the period	44	6	683	485	—	—	1,218
Disposals	(25)	—	(558)	(740)	—	—	(1,323)
At 27 June 2021	**414**	**18**	**7,463**	**3,979**	**—**	**—**	**11,874**
Net Book value:							
27 June 2021	**89**	**3**	**4,147**	**7,415**	**17,344**	**10**	**29,008**
Net Book value;							
28 June 2020	122	6	3,074	5,217	17,344	—	25,763
Net Book value;							
1 July 2019	92	13	3,874	5,846	17,344	—	27,169

* Assets acquired during the period ended 27 June 2021 relates to the purchase of Lightwater Valley. See Note 4 for further details.

The gross cost of fully depreciated property, plant and equipment that is still in use was £4,325,000 (2020: £5,504,000).

The value of the property, plant and equipment was tested for impairment during the current financial period by means of comparing the recoverable amount of each CGU with the carrying value of its fixed assets. Based on the operating performance of the CGUs, no impairments were identified in the current financial period (2020: £1,408,000). See Note 13 for further details.

12. Leases

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets, and
- Leases with a duration of 12 months or less.

IFRS 16 was adopted on 1 July 2019 without restatement of comparative figures. The following policies apply subsequent to the date of initial application, 1 July 2019.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used. Variable lease payments arising from turnover rent are expensed in the period to which they relate.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease, and
- initial direct costs incurred.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease.

When the Group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. In this case an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in profit or loss.

COVID-19 practical expedient

The onset of the COVID-19 pandemic prompted the IASB to issue a practical expedient to provide relief for lessees from lease modification accounting for rent concessions related to COVID-19 received up to 30 June 2022. The practical expedient allows entities to recognise the value of certain eligible rent concessions in the Statement of Comprehensive Income rather than adjusting the underlying right-of-use asset and lease liability. The Group has recognised total credits of £590,000 (2020: £53,000) within highlighted items in the Statement of Comprehensive Income for the period ended 27 June 2021.

During the period ended 27 June 2021 the Group also derecognised £744,000 (2020: £nil) of lease liabilities arising from landlord concessions by applying the derecognition criteria set out in IFRS 9: 'Financial instruments'. These concessions were outside the scope of the IFRS 16 practical expedient as the concession periods lasted beyond 30 June 2022. The amount derecognised has been included within highlighted items in the Statement of Comprehensive Income.

Nature of leasing activities (in the capacity as lessee)

The Group leases a number of properties in the UK from which it operates late-night bars (operated by the Bars division) and indoor adventure golf sites located in shopping centres (operated by the Golf division). The term of these leases typically ranges from 2 to 20 years. As part of the purchase of Lightwater Valley on 17 June 2021, the Group also acquired leasehold land with a remaining term of 76 years. The rent payable on all leased sites is reset periodically to market rental rates. Following negotiations with its landlords during the COVID-19 pandemic, the Group has agreed short-medium term deeds of variation for 9 of its trading sites which replace a portion of the original contractual base rent with variable payments linked to meeting a certain turnover threshold. These agreements last between four months to two years. During the period ended 27 June 2021 the Group recognised variable rent payments of £34,000 in relation to these agreements.

Prior to the onset of the pandemic, only one site in the Bars estate was subject to variable payments linked to meeting a certain turnover threshold. This threshold was not met during the period ended 27 June 2021 and is not forecast to be for the foreseeable future.

The Group also leases certain items of fittings and office equipment, such as photocopiers, telephone systems and bar equipment. The Group's Pier division also leases a storage facility in Brighton. These leases comprise only fixed payments over the lease terms.

Right-of-use assets

	Property £'000	Vehicles £'000	Equipment £'000	Total £'000
At 1 July 2019	23,164	—	19	23,183
Depreciation	(1,854)	—	(6)	(1,860)
Impairments	(3,463)	—	—	(3,463)
Derecognition of sublet property	(577)	—	—	(577)
At 28 June 2020	**17,270**	**—**	**13**	**17,283**
Additions	7,298	24	—	7,322
Depreciation	(1,401)	(7)	(6)	(1,414)
At 27 June 2021	**23,167**	**17**	**7**	**23,191**

On 19 August 2019, the Group agreed to sub-let one of its leased bar sites in Reading on a 15-year term (equal to the remaining life of the head lease). At the date of transfer, the right-of-use asset was derecognised and reclassed as a net investment in a lease. The Group's liability in relation to this lease remains on the balance sheet.

Lease liabilities

	Property £'000	Vehicles £'000	Equipment £'000	Total £'000
At 1 July 2019	23,645	—	19	23,664
Interest expense	670	—	3	673
Payments	(1,343)	—	(8)	(1,351)
Concessions received from landlords	(53)	—	—	(53)
At 28 June 2020	**22,919**	**—**	**14**	**22,933**
Additions	7,284	24	—	7,308
Disposals	(1,838)	—	—	(1,838)
Concessions received from landlords and recognised using:				
IFRS 16 practical expedient	(590)	—	—	(590)
IFRS 9 derecognition criteria	(744)	—	—	(744)
Interest expense	637	2	2	641
Payments	(918)	(9)	(10)	(937)
At 27 June 2021	**26,750**	**17**	**6**	**26,773**

The maturity analysis of amounts payable under finance leases is provided below:

Period ended 27 June 2021	**Total £'000**	**Up to 1 year £'000**	**1-2 years £'000**	**2-5 years £'000**	**5-10 years £'000**	**10-20 years £'000**	**20+ years £'000**
Undiscounted amounts payable	**38,256**	**2,805**	**2,000**	**6,341**	**8,569**	**8,039**	**10,502**
Interest	**(11,483)**	**(715)**	**(649)**	**(1,564)**	**(2,000)**	**(1,955)**	**(4,600)**
Total amounts payable on finance leases	**26,773**	**2,090**	**1,351**	**4,777**	**6,569**	**6,084**	**5,902**

Period ended 28 June 2020	Total £'000	Up to 1 year £'000	1-2 years £'000	2-5 years £'000	5-10 years £'000	10-20 years £'000	20+ years £'000
Undiscounted amounts payable	29,985	2,938	2,151	6,149	8,569	10,055	123
Interest	(7,052)	(688)	(641)	(1,768)	(2,000)	(1,950)	(5)
Total amounts payable on finance leases	**22,933**	**2,250**	**1,510**	**4,381**	**6,569**	**8,105**	**118**

12. Leases (continued)

Net investment in finance leases

Net investment in finance leases relates to sites in Edinburgh and Reading that the Group no longer trades and has sublet to a new tenant. The leases are classified as finance leases as both sites have been leased for the remainder of the contractual terms as defined in the head lease. On adoption of IFRS 16 the lease liabilities for the Group's obligation under the head lease was recognised with the corresponding net investment in finance leases recognised. Where a site is sub-leased during the period, the right-of-use asset is derecognised and a net investment in finance lease is recognised. The value of the net investment is the equivalent of the right-of-use asset at the point the lease is assigned, adjusted for any lease incentives offered to the new tenant. The liability remains unchanged. A reconciliation of sublet property is as follows:

	£'000
As at 1 July 2019	121
Reclassification from right-of-use asset	618
Rental income received – gross	(68)
Interest	18
As at 28 June 2020	**689**
Rental income received – gross	—
Interest	**18**
Impairment recognised	**(47)**
Amounts reclassed as other receivable on expiry of lease	**(25)**
As at 27 June 2021	**635**

During the period ended 27 June 2021 an impairment of £47,000 was recognised in relation to the Edinburgh site. The head lease on this site expired in May 2021 and was not renewed.

During the period ended 28 June 2020 a gain of £40,000 was recognised in the Statement of Comprehensive Income as a result of the derecognition of a right-of-use asset with a carrying value of £577,000 and reclassification as a net investment in finance lease.

The maturity analysis of amounts receivable from finance leases is provided below:

Period ended 27 June 2021	**Total £'000**	**Up to 1 year £'000**	**1-2 years £'000**	**2-5 years £'000**	**5+ years £'000**
Undiscounted amounts receivable	**840**	**149**	**52**	**157**	**482**
Interest	**(205)**	**(48)**	**(15)**	**(40)**	**(102)**
Total amounts receivable from finance leases	**635**	**101**	**37**	**117**	**380**

Period ended 28 June 2020	Total £'000	Up to 1 year £'000	1-2 years £'000	2-5 years £'000	5+ years £'000
Undiscounted amounts receivable	828	137	52	157	482
Interest	(139)	(18)	(17)	(43)	(61)
Total amounts receivable from finance leases	689	119	35	114	421

13. Impairment review

The Group performed its annual impairment test in June 2021 (2020: June). The Group considers the relationship between the trading performance of each CGU and their book value when reviewing for indicators of impairment. The second and third waves of COVID-19 in the UK resulted in the compulsory closures of the Group's trading estate during November 2020 and from January to May 2020. As at the period end date, the Pier and most of the Golf division sites had reopened, however much of the Bars division sites remained closed, with the expectation that these would be permitted to fully reopen on 19 July 2021. Further information relating to the ongoing impact of COVID-19 on the Group can be found in the strategic report.

As at the period end date, despite management's optimism about future trading, there continued to be uncertainty about when and how pandemic restrictions would be fully eased. This has therefore been treated by management as an indicator for impairment, prompting a full review of the recoverable amount of all cash generating units (CGUs) within the Group. Management do not believe that indictors for impairment arose between the acquisition date and the period end date. Each of the Group's sites represents a separate CGU, which were assessed individually for impairment. The carrying value of each CGU consists of the net book value of goodwill (where applicable), property plant and equipment and right-of-use assets. Goodwill is allocated to the site on which it arose.

Based on management's review of the expected performance of the core estate, no impairments were identified (2020: impairments totalling £8,080,000 were identified). The impairments required during the prior period, along with their impact on the carrying value of the Group's CGUs is detailed in the table below.

	Carrying value prior to June 2020 impairment review £'000	Impairment £'000	Carrying value carried forward after June 2020 impairment review £'000
Goodwill	12,396	(3,209)	9,187
Property, plant and equipment	27,171	(1,408)	25,763
Right-of-use assets	20,746	(3,463)	17,283
Total carrying value of CGUs	**60,313**	**(8,080)**	**52,233**

The prior period impairments mostly related to the Bars division, with some also occurring in the Golf division, as shown in the table below. There were no impairments required in respect of the Pier division.

As at 28 June 2020	Goodwill £'000	Property, plant and equipment £'000	Right-of-use assets £'000	Total £'000	Recoverable amount (value-in-use) £'000
Bars division					
Embargo	860	—	—	860	2,548
Lowlander	736	115	103	954	57
Putney Fez	298	—	—	298	2,950
Bath PoNaNa	268	91	966	1,325	—
Bristol PoNaNa	249	—	—	249	855
Brighton Coalition	130	337	135	602	-
Wimbledon Smash	137	407	922	1,466	—
Reading Lola Lo	—	33	279	312	975
Reading Smash	—	296	767	1,063	—
Cambridge Fez	—	30	25	55	—
Total Bars	**2,678**	**1,309**	**3,197**	**7,184**	**7,385**
Golf division					
Derby	531	99	266	**896**	**1,711**
Total group impairments during the period ended 28 June 2020	**3,209**	**1,408**	**3,463**	**8,080**	

13. Impairment review (continued)

Methodology

The recoverable amount of each CGU has been determined based on a value in use calculation performed as at 27 June 2021 using cash flow projections from financial budgets as at 27 June 2021 approved by senior management covering the period to June 2023. In order to reflect the uncertainty regarding future performance resulting from the COVID-19 pandemic, these cash flow projections modelled two scenarios – a 'base case', which represents management's realistic expectation for the performance of each site, and a 'downside' scenario which models a reasonably possible situation in which the recovery from the pandemic is significantly slower than current expectations. Management then applied a percentage likelihood of each scenario occurring and from that derived weighted average forecast cash flows for each CGU. The results of the impairment review performed during the current period were not sensitive to changes in the weighting between these scenarios. Cash flows for each CGU beyond June 2023 are extrapolated, using assumed terminal growth and pre-tax discount rates for each operating segment as follows:

Division	Terminal growth rate	Pre-tax discount rate
Bars	2%	13.74%
Pier, Golf & Lightwater Valley	2%	12.42%

To assess for impairment, the value in use of the CGU is compared to the carrying value of the assets of that CGU including any attributed goodwill. If the resultant net present value of the discounted cash flows is less than the carrying value of the CGU including goodwill, the difference is written off through the statement of comprehensive income. Impairments to property, plant and equipment and right-of-use assets are allocated on a proportional basis based on the carrying value of each category of asset and the impairment required.

The calculation of value in use for all CGUs is most sensitive to the following assumptions:

- discount rates;
- growth rates used to extrapolate cash flows beyond the forecast period, and
- growth in expenses, including rent based on rent reviews.

Discount rates – The discount rate calculation is based on the specific circumstances of each division and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service.

Growth rates – Rates are based on market conditions and economic factors such as the changing habits of students in the towns and cities the Group operates in as well as competition faced from other businesses in these areas. Management has also considered general consumer confidence, including factors like job prospects, inflation and household disposable income. When determining the appropriate growth rates, management has also considered the regulatory environment.

Growth in expenses including rent – the Group's main costs are drinks, labour and rent. Estimates regarding the drink cost are based on past actual price movements as well as expected results from supplier negotiations. Labour increases have been estimated in relation to the National Minimum Wage. Rent reviews are typically every five years and budgets assume increases of between 2 to 5% annually compounded. The rate reflects the specific market locations for the related venue.

Period of cash flows – the Group considers the period of cash flows over which it expects the future cash generating units to be operational. This can be longer than the current period upon which the sites hold rental agreements and therefore require an element of judgement by the Group. The majority of leasing arrangements are inside the Landlords and Tenants Act 1954, therefore it can be reasonably assumed that an extension will occur. For leases outside the Landlords and Tenants Act 1954 ('the Act') the Group considers the best available information to determine whether a lease extension is likely, and whether the period of cash flows should be reviewed on a period longer than the current lease agreement. The impairment testing model assumes cash flows for the sites continue in perpetuity beyond the contractual lease terms because the Directors consider that the Group will be able to either extend the existing lease or locate alternative comparable leased premises to enable the CGUs to continue trading. The sites operate in locations where alternative leased premises can be obtained. For those leases outside of the Act, the extension required to the existing lease terms to result in no impairment would be as follows:

Site	Extension required to existing lease to avoid impairment	Impairment required should lease not be extended or alternative trading premises found £'000
Glasgow	3 years	846
Manchester	4 years	1,897
Livingston	Nil	—
		2,743

Headroom is dependent upon sensitivities to these and other assumptions. The only element of goodwill remaining in the Bars division is in 'Putney Le Fez'. An increase in the WACC to 19.0% or a decrease in the long-term growth rate to 6% negative growth would result in impairment of goodwill at this site.

The site which is allocated the most goodwill in the Golf division is Manchester. Sites in the Golf division are sensitive to increases of the WACC to between 14.5% (Rushden) and 25% (Manchester). Similarly, the long-term growth rate would need to decrease to between 0% (Rushden) and 12% negative growth (Manchester) before an impairment was required.

The other sites, excluding Plymouth which does not have goodwill, are able to support increases in the WACC to between 14.5% (Rushden) and 21.5% (Livingston), and a reduction in the terminal growth rate to between 0% (Rushden) and 11% negative growth (Livingston) before an impairment to goodwill is triggered.

Management consider that a reduction of 2% in the long-term growth rate or an increase in the WACC of 2% are reasonably possible scenarios. Such changes would result in an impairment being required on the Rushden site in the Golf division. Based on current assumptions and projections, headroom on this site is £437,000.

Should EBTIDA remain in line with management forecasts to FY23, but then remain flat after FY23 and into perpetuity, then this would result in impairments of £0.1million in the Golf division. No impairment would be required in the Group's other divisions.

Should EBTIDA suffer a fall of 5% per year over the forecast two-year period to June 2023, before recovering to 2% growth in perpetuity, then this would not result in impairments in any division.

An analysis of goodwill by CGU for those CGUs where the goodwill is significant in the context of the overall goodwill is as follows:

	£'000
Bars	
Putney	888
Golf	
Glasgow	2,055
Manchester	2,997
Sheffield	1,012
Rushden	1,272
Lightwater Valley	1,070
	9,294
Other sites	963
Total goodwill	**10,257**

14. Other financial assets and liabilities

Financial assets

Group	As at 27 June 2021 Amortised cost £'000	As at 28 June 2020 Amortised cost £'000
Non-current assets as per balance sheet		
Net investment in finance leases	**635**	689
Other receivables	**209**	367
Current assets as per balance sheet		
Trade and other receivables excluding prepayments	**2,312**	819
Cash and cash equivalents	**7,080**	2,649
Total financial assets	**10,236**	4,524

There were no financial assets measured at fair value through profit or loss at 27 June 2021 (28 June 2020: £nil).

Financial assets at amortised cost are non-derivative financial assets. The carrying value may be affected by changes in the credit risk of the counterparties.

Financial liabilities: Trade and other payables and lease liabilities

		As at 27 June 2021		As at 28 June 2020
Group	Maturity	**Amortised cost £'000**	**Fair value through profit and loss £'000**	Amortised cost £'000
Trade payables	Payable within 1 year	**2,793**	**—**	1,680
Other payables, accruals and deferred consideration	Payable within 1 year	**5,028**	**—**	1,713
Other payables due in more than one year	Payable in more than 1 year	**315**	**—**	—
Contingent consideration	Payable within 1 year	**—**	**500**	—
Lease liabilities	Payable within 1 year	**2,090**	**—**	2,250
Lease liabilities	Payable in more than 1 year	**24,683**	**—**	20,683
		34,909	**500**	26,326

Financial liabilities: Borrowings

Group	Interest rate %	Maturity	**As at 27 June 2021 Amortised cost £'000**	As at 28 June 2020 Amortised cost £'000
Liabilities as per balance sheet				
Current:				
Other loans:				
£11.8m bank loans (2020:£14.85m)	LIBOR + 2.25%	Dec 2022	**400**	—
£3.75m revolving loan facility (2020:£1.75m)	LIBOR + 2.25%	Dec 2022	**1,884**	—
£3.2m coronavirus business interruption loan	Base rate + 2.00%	Mar 2023	**1,829**	—
£1.8m coronavirus business interruption loan	Base rate + 2.00%	Jun 2022	**1,800**	—
			5,913	—
Non-current:				
Other loans:				
£11.8m bank loans (2020:£14.85m)	LIBOR + 2.25%	Dec 2022	**11,356**	11,797
£3.75m revolving loan facility (2020:£1.75m)	LIBOR + 2.25%	Dec 2022	**1,729**	—
£3.2m coronavirus business interruption loan	Base rate + 2.00%	Mar 2023	**1,371**	3,200
£1.8m coronavirus business interruption loan	Base rate + 2.00%	Jun 2022	**—**	1,800
			14,456	16,797

£11.8 million bank loan

This term loan commenced on 27 April 2016 and was renewed and extended on 5 December 2017. The purpose of the loan was to facilitate the acquisitions of Brighton Palace Pier in April 2016 and Lethington Leisure Limited in December 2017. In June 2021, as part of the financing arrangements to purchase Lightwater Valley Attractions Limited, the term loan was formally restated from £14.85m to £11.8m, reflecting the amount outstanding on the loan at the time. The amount outstanding at the period end was £11,756,000 (2020: £11,797,000), net of unamortised arrangement fees. The loan is repayable in equal biannual instalments and is due for final repayment on 5 December 2022. As a result of the COVID-19 pandemic, during the period ended 28 June 2020, the lender agreed to a 12-month capital repayment holiday on the term loan to the end of June 2021.

£3.75 million revolving credit facility

This revolving credit facility commenced on 27 April 2016 and was renewed and extended on 5 December 2017, with a further extension agreed on 26 June 2020. In June 2021, as part of the financing arrangements to purchase Lightwater Valley Attractions Limited, the limit on this facility was increased to £3.75m. This limit decreases to £2.75m on 31 August 2021, reducing further to £1.75m on 31 October 2021. The facility then steps down to £1m in June 2022 and remains at that limit until its maturity on 5 December 2022.

The purpose of this facility was to fund capital expenditure and new site acquisitions. The amount drawn down on the facility as at 27 June 2021 was £3,614,000, net of unamortised arrangement fees (2020: £nil).

Barclays Bank Plc has a fixed and floating charge, including a negative pledge, over the assets of the Group, including those of Lightwater Valley Attraction Limited, acquired on 17 June 2021.

Coronavirus business interruption loans (CBILs)

As a result of the COVID-19 pandemic, the business successfully applied for two CBILs with a combined value of £5 million. These facilities were made available from 27 April 2020. The purpose of these facilities was to ensure the Group had sufficient cash to meet its liabilities as they fell due during the enforced closure and subsequent recovery periods during 2020. The UK Government will meet the cost of interest payments for a period of 12 months after initial drawdown. Both facilities enjoy a capital repayment holiday of 12 months, with quarterly repayments due to commence in September 2021. There were no arrangement fees arising on either loan.

14. Other financial assets and liabilities (continued)

Banking covenants

The Group's loan arrangements are subject to certain following covenants, which, under normal trading circumstances, are tested on a quarterly basis. The Group must ensure that:

a) Loan to value does not at any time exceed 70%

b) Minimum liquidity should not fall below £1.75m

c) Debt service cover should not be less that 1.40:1 up to 31 December 2021 and 1.0:1 thereafter

d) Fixed charge cover should not fall below 2.00:1

e) Leverage should not exceed 3.00:1 up to 31 December 2021 and 2.50:1 thereafter

As at the 27 June 2021, the Group maintained significant headroom over these covenants.

Fair Values

Set out below is a comparison, by class, of the carrying amounts and fair value of the Group's interest bearing loans and borrowings:

	As at 27 June 2021		As at 28 June 2020	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
	£'000	**£'000**	£'000	£'000
Interest-bearing loans and borrowings	**15,369**	**15,878**	11,797	11,816

CBILS have been excluded from the above table on the basis that they are government-backed loans that were available to all businesses during the pandemic. Management assessed that the fair values of cash and short-term deposits, trade receivables, trade payables and other current liabilities held at amortised cost approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

- Long-term fixed-rate and variable-rate borrowings are evaluated by the Group based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project.
- The fair value of unquoted instruments, loans from banks and other financial liabilities, obligations under leases, as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.
- The fair values of the Group's interest-bearing borrowings and loans are determined by employing the DCF method using a discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at 27 June 2021 was assessed to be insignificant.

All loans are classed as Level 2 in the fair value hierarchy. There were no Level 3 inputs during the period.

Financial instruments not measured at fair value

Financial instruments not measured at fair value include cash and cash equivalents, trade and other receivables, trade and other payables, lease liabilities, loans and borrowings.

Due to their short-term nature, the carrying value of cash and cash equivalents, trade and other receivables and trade and other payables approximates their fair value.

For details of the fair value hierarchy, valuation techniques, and significant unobservable inputs related to determining the fair value of loans and borrowings, which are classified in level 2 of the fair value hierarchy, refer to the above.

Financial risk management objectives and policies

The Group's financial instruments comprise cash, loans, borrowings and liquid resources, as well as various items such as trade receivables and trade payables that arise directly from its operations.

The Group does not enter into derivatives or hedging transactions.

It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are interest rate risk and liquidity risk. The Group does not have any exposure to foreign currency risk. The Board reviews policies for managing each of these risks, and they are summarised as follows:

Interest rate risk

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings):

	Increase/decrease in basis points	Effect on profit before tax £000
2021		
Sterling	**+ 100**	**(204)**
Sterling	**– 100**	**204**
2020		
Sterling	+ 100	(168)
Sterling	– 100	168

Liquidity risk

The Group's policy is to finance its operations and expansion through working capital and, in the case of investing in target companies, to raise an appropriate level of acquisition finance.

The table below summarises the maturity profile of the Group's financial liabilities as at 27 June 2021 and 28 June 2020 based on contractual (undiscounted) payments and interest.

Period ended 27 June 2021	**Total £'000**	**On demand £'000**	**Up to 1 year £'000**	**1-2 years £'000**	**2-5 years £'000**	**5+ years £'000**
Interest-bearing loans and borrowings	**21,033**	**—**	**5,006**	**16,027**	**—**	**—**
Lease liabilities	**38,256**	**—**	**2,805**	**2,000**	**6,341**	**27,110**
Trade payables	**2,793**	**—**	**2,793**	**—**	**—**	**—**
Deferred and contingent consideration	**1,000**	**—**	**1,000**	**—**	**—**	**—**
Other payables	**4,877**	**—**	**4,562**	**35**	**105**	**175**
	67,959	**—**	**16,166**	**18,062**	**6,446**	**27,285**

Period ended 28 June 2020	Total £'000	On demand £'000	Up to 1 year £'000	1-2 years £'000	2-5 years £'000	5+ years £'000
Interest-bearing loans and borrowings	17,648	—	—	3,591	14,057	—
Lease liabilities	26,567	—	2,938	2,151	6,149	15,329
Trade payables	1,680	—	1,680	—	—	—
Other payables	1,713	—	1,713	—	—	—
	47,608	—	6,331	5,742	20,206	15,329

14. Other financial assets and liabilities (continued)

Liquidity risk (continued)

The Group aims to mitigate liquidity risk by managing cash generation by its operations. Investment is carefully controlled, with authorisation limits operating up to Board level and cash payback periods applied as part of the investment appraisal process.

Credit risk

Credit risk is the risk that one or more counterparties will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. There are no significant concentrations of credit risk within the Group. The maximum credit risk exposure relating to financial assets is trade receivables, represented by the carrying value as at the balance sheet date.

Each business unit manages customer credit risk. Risk management of customer credit is subject to the Group's established policies, procedures and controls. Outstanding customer receivables are regularly monitored and are approved by management. The Group evaluates the concentration of risk with respect to trade receivables as low, due to the fact that its customers are often also suppliers to the business.

There is no material difference between the fair values and book values of the Group's trade receivables and no concerns relating to credit worthiness.

The Group manages its capital structure and adjusts it in the light of economic conditions. To maintain or adjust the capital structure, the Group may return capital to shareholders or perhaps issue new shares. Following the listing of the Group on AIM in November 2013, the Group's primary capital management objectives involved remaining within debt covenants whilst also seeking out suitable acquisition targets.

Composition of net debt

Net debt is made up as follows:

	2021 £'000	2020 £'000
Cash and cash equivalents	**7,308**	2,649
Short term borrowings	**(5,006)**	—
Long term borrowings	**(15,363)**	(16,797)
	(13,061)	(14,148)
Lease liabilities	**(26,773)**	(22,932)
Deferred and contingent consideration	**(1,000)**	—
Total net debt	**(40,834)**	(37,080)

Cash flows from financing activities can be reconciled to the balance sheet movements as follows:

	Non-current loans and borrowings £'000	Current loans and borrowings £'000	Non-current lease liabilities £'000	Current lease liabilities £'000	Total cash flows £'000
At 28 June 2020	**16,797**	**—**	**20,683**	**2,250**	**39,730**
Cash flows from financing activities	3,549	—	—	(296)	3,253
Repayment of Lightwater Valley debt	(1,206)	—	—	—	(1,206)
Non-cash flows:					
Acquisition of debt in Lightwater Valley (see note 4)	1,206	—	—	—	1,206
Additional arrangement fees	(21)	—	—	—	(21)
Unwinding of unamortised arrangement fees	44	—	—	—	44
Loan repayments becoming current during the period	(5,913)	5,913	—	—	—
Non-cash lease liability movements (see Note 12)	—	—	6,090	(1,954)	4,136
Lease payments becoming current during the period	—	—	(2,090)	2,090	—
At 27 June 2021	**14,456**	**5,913**	**24,683**	**2,090**	**47,142**

	Non-current loans and borrowings £'000	Current loans and borrowings £'000	Non-current lease liabilities £'000	Current lease liabilities £'000	Total cash flows £'000
At 1 July 2019	**12,787**	**2,003**	**—**	**—**	**14,790**
Cash flows	3,693	(1,728)	—	(732)	1,233
Non-cash flows:					
Unwinding of unamortised arrangement fees	33	9	—	—	42
Deferral of payment due to COVID-19	284	(284)	—	—	—
Lease adjustments (see Notes 11 and 28)	—	—	22,165	1,500	23,665
Lease payments becoming current during the period	—	—	(1,482)	1,482	—
At 28 June 2020	**16,797**	**—**	**20,683**	**2,250**	**39,730**

14. Other financial assets and liabilities (continued)

Details of the significant investments in which the Company holds, directly or indirectly, 20% or more of the nominal value of any class of share capital are as follows:

	Holding	Proportion of voting rights and shares held	Nature of Business
Brighton Palace Pier (Holdings) Limited	Ordinary shares	100%	Holding Company
Lethington Leisure Limited	Ordinary shares	100%	Operation of Paradise Island Adventure Golf
Lightwater Valley Attractions Limited	Ordinary shares	100%	Operation of Lightwater Valley theme park
Brighton Marine Palace & Pier Company (The) ±	Ordinary shares	100%	Operation of Brighton Palace Pier
Brighton Palace Pier (Assets) Limited ∞	Ordinary shares	100%	Operation of Brighton Palace Pier
Eclectic Icon Limited	Ordinary shares	100%	Holding Company
Eclectic Bars Limited †	Ordinary shares	100%	Funding entity
Eclectic Bars Trading Limited *	Ordinary shares	100%	Management & operation of bars
Eclectic Bars (Cambridge) Limited ■	Ordinary shares	100%	Dormant
Eclectic Bars (Deansgate Locks) Limited ■	Ordinary shares	100%	Dormant
Eclectic Bars (East Street) Limited ■	Ordinary shares	100%	Dormant
Eclectic Bars (Embargo) Limited ■	Ordinary shares	100%	Dormant
Eclectic Bars (Friar Street) Limited ■	Ordinary shares	100%	Dormant
Eclectic Bars (Manchester) Limited ■	Ordinary shares	100%	Dormant
Eclectic Bars (Norwich) Limited ■	Ordinary shares	100%	Dormant
Eclectic Bars (Brighton Arches) Limited ■	Ordinary shares	100%	Dormant
Eclectic Bars (Sidney Street) Limited ■	Ordinary shares	100%	Dormant
Eclectic Bars (West Street) Limited ■	Ordinary shares	100%	Dormant
Sakura Bars Limited ■	Ordinary shares	100%	Dormant
HSB Clubs Limited ■	Ordinary shares	100%	Dormant
Newman Bars Limited	Ordinary shares	100%	Dormant
Chalice Bars Limited ^	Ordinary shares	100%	Dormant

± held indirectly by Brighton Palace Pier (Holdings) Limited
∞ held indirectly by Brighton Marine Palace and Pier Company (The)
† held indirectly by Eclectic Icon Limited
* held indirectly by Eclectic Bars Limited
■ held indirectly by Eclectic Bars Trading Limited
^ held indirectly by Newman Bars Limited

For the period ended 27 June 2021, the following subsidiaries were entitled to the exemption from audit under section 479A of the Companies Act 2006.

Newman Bars Limited	Registered Number 07041435
Chalice Bars Limited	Registered Number 07045390

The registered office of all entities listed above is at 36 Drury Lane, London, WC2B 5RR.

15. Inventories

	As at 27 June 2021 £'000	As at 28 June 2020 £'000
Goods for re-sale	**731**	562
	731	562

The cost of inventories recognised as an expense and included in cost of sales amounted to £1,677,000 (2020: £3,224,000).

16. Trade and other receivables

	As at 27 June 2021 £'000	As at 28 June 2020 £'000
Current assets		
Trade receivables	**314**	277
Other receivables	**1,998**	542
Prepayments and accrued income	**1,690**	1,107
	4,002	1,926
Non-current assets		
Other receivables	**209**	367

Trade receivables are non-interest bearing and are payable on 30 day terms. All outstanding trade receivables are considered recoverable. Included within current Other receivables of £1,998,000 relate to amounts receivable in relation the Group's COVID-19 business interruption insurance claim.

During the period ended 27 June 2021, the Group adopted a change in accounting policy whereby any amounts not received in the Group's bank account by the close of business on the period end date is now classed as a trade receivable, rather than as cash and cash equivalents. The amount of cash not yet deposited at bank at the period end was £229,000. The prior period has not been restated as the amounts that require recognising as a receivables are not material.

17. Cash and cash equivalents

	As at 27 June 2021 £'000	As at 28 June 2020 £'000
Cash at bank and in hand	**7,308**	2,649
Cash and cash equivalents	**7,308**	2,649

At 27 June 2021, the Group had available £116,000 (2020: £1,750,000) of undrawn committed borrowing facilities.

18. Issued capital and reserves

Ordinary shares called up and fully paid

Ordinary shares issued and fully paid	Period ended 27 June 2021 Thousands	Period ended 27 June 2021 £'000	Period ended 28 June 2020 Thousands	Period ended 28 June 2020 £'000
Ordinary shares of £0.25 each	**37,286**	**9,322**	37,286	9,322

Three were no movements in share capital during the current or prior period.

Share premium	**£'000**
At 1 July 2019, 28 June 2020 and 27 June 2021	**15,993**

Number of shares in issue	
At 1 July 2019, 28 June 2020 and 27 June 2021	**37,286,284**

Merger reserve

This reserve represents the value passed onto the existing shareholders of Eclectic Bars Limited, the former Parent Company of the Group, as part of the share-for-share swap with The Brighton Pier Group PLC, which took place on incorporation of the new Parent entity.

The merger reserve also contains merger relief of £464,210 arising on consideration shares issued on purchase of Lethington Leisure Limited on 8 December 2017, as total equity secured in the target company exceeded 90%. The merger relief reserve is a requirement under the Companies Act 2006.

Other reserves

This reserve contains the equity value of share-based payments issued to date.

19. Share-based payments

Employee Share Option Plan (ESOP)

Under the Employee Share Option Plan (ESOP), share options of the Parent are granted to employees of the Group with more than twelve months of service. The exercise price of the share options is equal to the market price of the underlying shares on the date of grant. The share options vest in four equal annual instalments provided the employee remains in employment on the vesting date. All share option schemes had fully vested as at 27 June 2021.

There are no performance conditions associated with these options. The fair value of the options was estimated at the grant date using the Black Scholes option pricing model, taking into account the terms and conditions upon which the share options were granted. All share option contracts expire on the tenth anniversary of the grant date. There are no cash settlement alternatives.

The expense recognised for employee services during the year is shown in the following table:

	Period ended 27 June 2021 £'000	Period ended 28 June 2020 £'000
Total expense arising from share-based payment transactions	—	45

Movements in the year

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the period:

	Number	WAEP (£)
Outstanding at 1 July 2019	**1,121,129**	**0.75**
Forfeited during the period	(230,793)	0.66
Exercised during the period	—	—
Outstanding at 28 June 2020	**890,336**	**0.77**
Forfeited during the period	(56,654)	0.59
Exercised during the period	—	—
Outstanding at 27 June 2021	**833,682**	**0.78**
Exercisable at 27 June 2021	**833,682**	**0.78**

The weighted average remaining contractual life for the share options outstanding as at 27 June 2021 is 5 years (2020: 5 years).

The weighted average exercise price for all options outstanding at the end of the period was £0.78 (2020: £0.77).

The highest and lowest market price of the Group's shares during the period ended 27 June 2021 was £0.61 and £0.29 respectively.

No options were granted during the periods presented.

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome either.

Share options outstanding at the end of the year have the following expiry date and exercise prices:

Grant-vest	Expiry date — 30 June	Exercise price in £ per share options	Share options (thousands)
2013-14	2023	0.64	35
2013-15	2023	0.64	35
2013-16	2023	0.64	35
2013-17	2023	0.64	47
2014-14	2024	0.64	3
2014-15	2024	0.64	3
2014-16	2024	0.64	3
2014-17	2024	0.64	3
2015-16	2026	0.64	12
2015-17	2026	0.64	18
2015-18	2026	0.64	19
2015-19	2026	0.64	19
2016-16	2026	0.55	60
2016-17	2026	0.55	72
2016-18	2026	0.55	79
2016-19	2026	0.55	79
2016-17	2026	1.11	78
2017-18	2027	1.11	78
2017-19	2027	1.11	78
2017-20	2027	1.11	78
			834

20. Dividends paid and proposed

No dividends were paid or proposed during the period ended 27 June 2021 (2020: £nil).

21. Trade and other payables

	As at 27 June 2021 £'000	As at 28 June 2020 £'000
Current liabilities		
Trade payables	**2,793**	1,680
Other payable	**1,848**	123
Accruals and deferred income	**2,220**	1,590
Deferred consideration	**500**	—
Contingent consideration	**500**	
Other taxes and social security costs	**460**	552
	8,321	3,945
Non-current liabilities		
Other non-current payables	**315**	—
	8,636	3,945

Other non-current payables relates to the non-current portion of the fine levied by York Magistrates Court on Lightwater Valley Attractions Limited in December 2020, prior to the Group's acquisition of the business. The fine arose from the former management's breaches of Section 3(1) of the Health and Safety at Work Act 1974. The total fine is £350,000 and is payable in 10 equal annual instalments commencing on 30 December 2021.

22. Related party transactions

Group

The Parent Company and ultimate controlling entity of the Group is The Brighton Pier Group PLC.

Notes 14 and 27 provide information about the Group's structure, which also includes details of the subsidiaries and the holding Company.

The Group considers its key management personnel to be the Directors of the Parent Company. The compensation of key management personnel is as follows:

	As at 27 June 2021 £'000	As at 28 June 2020 £'000
Short-term employee benefits	**502**	465
Post-employment pension	**1**	1
Total compensation paid to key management personnel	**503**	466

Amounts paid to Directors as part of short-term employee benefits including employer's national insurance contributions was £503,000 during the period (2020: £466,000).

Transactions between the Group and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

23. Commitments

Operating lease commitments

Lessor:

	Period ended 27 June 2021 £'000	Period ended 28 June 2020 £'000
Minimum lease payments:		
Within one year	**120**	120
In two to five years	**—**	—
In over five years	**—**	—
	120	120

Operating lease income relates to the rental of concession stalls to tenants on a 12-month contract.

24. Events after the reporting period

At the end of September 2021, the bars division surrendered the lease of its Reading Coalition site, the last of the four marginal sites to be disposed in the Bars division. This disposal resulted in gains of approximately £530,000 arising from the derecognition of lease liabilities and cash outflows of £12,000.

In August and October 2021, the Group received payments of £2 million from its insurers. This income had been accrued in the Group's financial statements as at 27 June 2021 as it was virtually certain that these amounts would be received. These final payments were in full and final settlement of our Business Interruption claims.

Management continues to closely monitor the forecast performance of the business following its full reopening to trade during summer 2021. Should the strong trading continue for the foreseeable future in the Bars and Golf divisions, management will assess whether it is appropriate to reverse some or all of the impairments booked during the prior period against right-of-use assets and property, plant and equipment in these divisions.

25. Auditor remuneration

	Period ended 27 June 2021 £'000	Period ended 28 June 2020 £'000
Fees payable to the Group's auditor and its associates for the audit of the parent Company and consolidated financial statements:	**108**	96
Audit of the Group's subsidiaries	**40**	34
Fees payable to the Group's auditor and its associates for other services:		
Audit related assurance services	**12**	6
	152	136

26. Non-GAAP measures

The Group uses certain alternative performance measures as a means of evaluating the trading performance and cash generation of the underlying business. As these are not a defined performance measures in IFRS and are not intended as a substitute for those measures, the Group's definition of adjusted items may not be comparable with similarly titled performance measures or disclosures by other entities.

EBITDA

EBITDA (earnings before interest, tax, depreciation and amortisation) is a key metric used by management in order to assess the performance of each division and the Group as a whole. EBITDA including highlighted items broadly reflects the cash generated within the Group from its trading activities. This allows management to make decision about how best to allocate resources. EBITDA excluding highlighted items removes the impact of non-comparable costs included in the Consolidated Statement of Comprehensive Income for each period. This allows users of the Annual Report and financial statements to assess the current period trading performance of the Group and compare it to the prior period on a like-for-like basis.

Group profit before tax can be reconciled to Group EBITDA as follows:

EBITDA Reconciliation	**Period ended 27 June 2021 £'000**	Period ended 28 June 2020 £'000
Profit/(loss) before tax for the year	**4,198**	(10,207)
Add back depreciation of property, plant and equipment	**1,218**	1,528
Add back depreciation of right-of-use assets	**1,414**	1,860
Add back amortisation	**80**	84
Add back finance costs	**937**	1,070
Add back share based payment charge	**—**	45
Add back highlighted items	**(2,746)**	8,117
Group EBITDA excluding highlighted items	**5,101**	2,498

Group EBITDA after highlighted items excludes those highlighted items that do not impact EBITDA as follows:

	Period ended 27 June 2021 £'000	Period ended 28 June 2020 £'000
EBITDA excluding highlighted items	**5,101**	2,498
Highlighted items	**2,746**	(8,117)
Remove gains arising on lease liability derecognition	**(3,172)**	—
Remove goodwill impairment	**—**	3,209
Remove fixed asset impairment	**—**	1,408
Remove ROU asset write down	**—**	3,463
Group EBITDA including highlighted items	**4,675**	2,461

Like-for-like sales

Like for like growth is a measure of growth in sales, adjusted for new or divested sites. This is used as an indicator of the Group's trading performance at a given point in time. It is presented in the strategic report in order to allow users of the financial statements to compare the current and prior period trading performance of each division over a given period excluding the impact of new or divested sites.

Gross margin

Gross margin is calculated by dividing gross profit by revenue. It is presented in this report as a percentage value. This measure is included in this report to allow users of the financial statements to understand the amount of revenue that is retained after the direct costs of trading (i.e. cost of sales) is taken into account.

27. Group arrangements

The Group consists of nine main entities, each of which perform a specific role in the business as a whole.

Brighton Palace Pier (Holdings) Limited is 100% owned by The Brighton Pier Group PLC and acts as the holding company for the entities which operate as part of the Pier division, namely Brighton Marine Palace & Pier Company and Brighton Palace Pier (Assets) Limited. All cash and trading in relation to Brighton Palace Pier is managed by Brighton Marine Palace & Pier Company.

In respect of the Bars division, all trading cash is controlled by Eclectic Bars Limited. Eclectic Bars Limited is 100% owned by Eclectic Icon Limited. All trading and leases of the Bar division are managed by Eclectic Bars Trading Limited, the principal trading entity of the Bar division. The Group also contains a number of dormant subsidiaries, which hold operating leases. The risks, rewards and expenses relating to all bar and club operating leases are borne by Eclectic Bars Trading Limited.

Lethington Leisure Limited is a 100% subsidiary of The Brighton Pier Group PLC and manages all trading in relation to the Golf division of the Group.

Lightwater Valley Attractions Limited (acquired on 17 June 2021) is a 100% subsidiary of The Brighton Pier Group PLC and manages all trading in relation to the Lightwater Valley theme park.

Parent Company balance sheet

For the period ended 27 June 2021

	Notes	As at 27 June 2021 £'000	As at 28 June 2020 £'000
Non-current assets			
Investments	2	**22,241**	18,387
Current assets			
Trade and other receivables	3	**3,550**	5,840
Total assets		**25,791**	24,227
Equity			
Share capital	4	**9,322**	9,322
Share premium	4	**15,993**	15,993
Merger reserve		**464**	464
Other reserve		**452**	452
Retained deficit		**(2,180)**	(2,317)
Total equity		**24,051**	23,914
Current liabilities			
Other payables	5	**1,739**	312
Income tax payable		**1**	1
Total liabilities		**1,740**	313
Total equity and liabilities		**25,791**	24,227

As permitted by section 408 of Companies Act 2006, a separate statement of comprehensive income for the Company has not been included in these financial statements. The Company's total comprehensive income for the period ended 27 June 2021 was £137,000 (2020: total comprehensive loss of £3,128,000).

The accompanying notes form an integral part of these Company financial statements.

The financial statements were approved by the Board of Directors, authorised for issue on 1 November 2021 and were signed on its behalf by:

J.A.Smith

Company Secretary and Director

Company registration number: 08687172

Parent Company statement of changes in equity

For the period ended 27 June 2021

	Share capital £'000	Share premium £'000	Merger reserve £'000	Other reserve £'000	Retained deficit £'000	Total £'000
Balance at 1 July 2019	**9,322**	**15,993**	**464**	**407**	**811**	**26,997**
Loss and total comprehensive income for the period	—	—	—	—	(3,128)	(3,128)
	9,322	**15,993**	**464**	**407**	**(3,128)**	**(23,869)**
Transactions with owners:						
Share-based payments charge	—	—	—	45	—	45
Balance at 28 June 2020	**9,322**	**15,993**	**464**	**452**	**(2,317)**	**23,914**
Profit and total comprehensive income for the period	—	—	—	—	137	137
Balance at 27 June 2021	**9,322**	**15,993**	**464**	**452**	**(2,180)**	**24,051**

Notes to the parent company financial statements

For the period ended 27 June 2021

1. Accounting Policies

Basis of Preparation

The annual financial statements of The Brighton Pier Group PLC (the Parent Company financial statements) have been prepared in accordance with Financial Reporting Standard 100 'Application of Financial Reporting Requirements' ("FRS 100") and Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101").

The financial statements are presented in sterling under the historical cost convention. All values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

The financial statements are prepared on a 52- or 53-week basis up to the last Sunday in June or the first Sunday in July each year (2021: 52-week period ended 27 June 2021; 2020: 52-week period ended 28 June 2020). The notes to the consolidated financial statements are on this basis.

Disclosure exemptions adopted

In preparing these financial statements the Company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore, these financial statements do not include:

- certain comparative information as otherwise required by UK endorsed IFRS;
- certain disclosures regarding the Company's capital;
- a statement of cash flows;
- the effect of future accounting standards not yet adopted;
- the disclosure of the remuneration of key management personnel, and
- disclosure of related party transactions with the Company's wholly owned subsidiaries.

In addition, and in accordance with FRS 101, further disclosure exemptions have been adopted because equivalent disclosures are included in the Company's Consolidated Financial Statements. These financial statements do not include certain disclosures in respect of:

- financial instruments (other than certain disclosures required as a result of recording financial instruments at fair value), and
- fair value measurement (other than certain disclosures required as a result of recording financial instruments at fair value).

There were no other material amendments to the disclosure requirements previously applied in accordance with UK endorsed IFRS.

The principal accounting policies adopted in the preparation of the financial statements as set out below have been consistently applied to all periods presented.

Going concern

As a holding company and the ultimate parent company of The Brighton Pier Group Plc group (the "Group"), the ability of the business to continue as a going concern is intrinsically linked that of the Group as a whole.

All divisions of the Group were able to fully reopen during summer 2021. The Pier division opened for trade on 12 April 2021, with much of the Golf division reopening on 17 May 2021. Lockdown restrictions were fully lifted on 19 July 2021, allowing all sites in the Bars division to reopen. As discussed in the strategic report, the Group enjoyed strong trading during the summer months across all divisions, including at the newly acquired Lightwater Valley theme park. In addition, the Group received its final payment of £2.0 million from its insurers in relation to its business interruption claims in the Bars and Golf divisions, bringing the total to the policies cap of £5.0 million.

As at the September 2021 period end, the Group held cash and cash equivalents of £12.9 million. The Directors believe that forecast trading, along with existing cash reserves, will continue to fund the Group's cash requirements through FY2022 and FY2023.

The Directors and management of the business have reviewed the Group's detailed forecast cash flows for the forthcoming twelve months from the date of the approval of the financial statements and consider that the Group will have sufficient cash resources available to meet its liabilities as they fall due. These cash flow forecasts and re-forecasts are prepared regularly as part of the business planning process. These have been subjected to scenario modelling and sensitivity analysis which the Directors consider to be sufficiently robust.

As part of this assessment, the Directors modelled a scenario in which infection rates increase over the early winter period into Christmas, resulting in a three-month lockdown for the period from January 2022 to March 2022.

This scenario assumes that:

- all the Bars division sites are closed from January 2022 to March 2022;
- all the Golf division sites are closed from January 2022 to March 2022;
- Lightwater Valley is closed as normal from January 2022 to March 2022;
- the Pier continues to trade during this traditionally quite period but with a return of social distancing measures;
- the Group receives no government assistance by way of furlough, further rates relief or grants;
- the Group is unable to mitigate costs other than direct operating costs and hourly paid staff, and
- the Group makes repayments of £7.6 million in FY 2022 to the revolving credit facility and term loans.

In this scenario, EBITDA (being a proxy for cash generated) would fall by £2.4 million, however the total cash available to the Group (being cash at bank and amounts available to draw down from its revolving credit facility) does not fall below £4.2 million. The Group also continues to comply with all banking covenants throughout the modelled period and continues to make all its scheduled repayments of bank debt. Furthermore, based on the Group's experience from previous lockdowns, the business is confident it would be able to significantly mitigate the financial impact of the lockdowns modelled in the above scenario, by further reducing operating costs, halting all capital spending projects and taking advantage of further government support, if available.

The Directors and management believe that the likelihood of any such further lockdowns occurring is remote. The success of the double vaccination programme, and the planned roll out of booster vaccinations for the over fifties should continue to protect the UK through the winter months. Furthermore, the government have made it clear that it currently has no wish to reintroduce a lockdown strategy.

The Directors therefore expect the Group to continue to meet its day-to-day working capital requirements from the cash flows generated by its trading activities, loan facilities with its bank as well as cash resources available to it throughout the four divisions, should this be required. Accordingly, these financial statements have been prepared on a going concern basis.

The Group's principle five-year term loan, together with its revolving credit facility are due for renewal in December 2022. The Group's current intention is to renew the £11 million debt outstanding with a further five-year facility, with annual repayments expected to be similar to the original term loan of circa £1.5 million per annum. In addition, the Group aims to agree a further RCF facility of circa £2 million to provide supporting working capital funding for future investments.

The first of the Group's Coronavirus Business Interruption Loans (£1.8 million loan) is scheduled to be fully repaid by the end of June 2022. The second CBIL (£3.2 million) is scheduled to be fully repaid by the end of March 2023. The £3.6 million drawn on its revolving credit facility to fund the acquisition of Lightwater Valley was fully repaid in October 2021.

Based on trading through the busy summer period, including from the newly acquired Lightwater Valley, the £5 million proceeds from business interruption insurance, the Group has £12.9 million of cash and cash equivalents available to it at the end of September 2021. The Group is confident that it will continue to be able to pay back its scheduled repayments as they fall due.

Management believes that when the renewal of the Group's term loan and revolving credit facility arises in December 2022, the Group will continue to be an attractive proposition for most lenders, given the relatively low leverage of the Group, its strong earnings potential and the asset backed security that can be provided from the freehold value inherent in the Pier and long-term nature of the Lightwater Valley Lease (lease ends in January 2097).

Investments in subsidiaries

Investments in subsidiaries are stated at cost less provision for impairment.

Foreign currency

The presentation currency for the Company's financial statements is Sterling. Foreign currency transactions are recorded in their functional currencies at the exchange rate at the date of the transaction.

The Parent Company's functional currency is Sterling.

1. Accounting Policies (continued)

Current taxation

Current taxation for the Company is based on the local taxable income at the local statutory tax rate enacted or substantively enacted at the balance sheet date and includes adjustments to tax payable or recoverable in respect of previous periods.

Deferred taxation

Deferred taxation is calculated using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred tax arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. No deferred tax is recognised on initial recognition of goodwill or on investment in subsidiaries. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax liabilities are provided in full and are not discounted.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the statement of Comprehensive Income, except where they relate to items that are charged or credited directly to equity, in which case the related deferred tax is also charged or credited directly to equity.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority where there is an intention to settle the balances on a net basis.

Equity

Equity comprises the following:

- 'Share capital' represents the nominal value of equity shares issued;
- 'Share premium' represents amounts subscribed for share capital, net of issue costs, in excess of nominal value;
- 'Retained earnings' represents the accumulated profits and losses attributable to equity shareholders, and
- 'Other reserve' relates to the equity value of share-based payments issued to date.

Financial assets

Financial assets within the scope of IFRS 9 are classified as fair value through profit or loss, fair value through other comprehensive income or at amortised cost.

The Company currently holds no financial assets held at fair value through profit or loss or fair value through other comprehensive income.

The Company determines the classifications of its financial assets on initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year end.

Amortised cost

These assets arise principally from the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

A loss allowance is recognised for expected credit losses on financial assets at amortised cost. At each period-end, the Company assesses whether the credit risk on financial assets has increased significantly since initial recognition. If the credit risk on financial assets has not increased significantly since initial recognition, the Company measures the loss allowance for financial assets at an amount equal to the 12-month expected credit losses. If the credit risk on financial assets has increased significantly since initial recognition or for credit impaired financial assets, the Company measures the allowance account for the financial assets at an amount equal to the lifetime expected credit losses.

The Company's financial assets measured at amortised cost comprise amounts due from Group undertakings and cash and cash equivalents.

Cash and short-term deposits in the statement of financial position comprise cash at bank and short-term deposits with a maturity of three months or less.

Financial liabilities

Financial liabilities within the scope of IFRS 9 are classified as fair value through profit or loss or amortised cost.

The Company's accounting policy for each category is as follows:

Amortised cost

Trade payables, other short-term monetary liabilities and amounts due to Group undertakings are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Fair value through profit or loss

The Company has contingent consideration payable in respect of the purchase of Lightwater Valley Attractions Limited. The amount payable is recognised at fair value, being management's best estimate of the total amount that will become due. The contingent consideration is due to be settled within 12 months of the period end. Any difference between the fair value recognised and the amount actually paid will be recognised in the Statement of Comprehensive Income on the date of settlement.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of the Company's financial statements requires management to make estimates, judgements and assumptions that affect the reported amount of assets and liabilities at the Balance Sheet date, amounts reported for revenues and expenses during the year, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the assets or liability affected in the future.

In the process of applying the Company's accounting policies, management has made the following judgements and estimates which have the most significant effect on the amounts recognised in the financial statements:

Estimates

Impairment of investments

Impairment exists when the carrying value of an investment exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on similar assets or observable market prices less incremental costs for disposing of the assets. The value in use calculation is based on a discounted cash flow model.

The recoverable amount is most sensitive to changes in expected future cash flows. The cash flows are derived from the budget and projections for the next three years. These projections are influenced by factors which are inherently uncertain such as footfall and non-controllable costs such as rent, rates and license costs. They do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is also sensitive to the discount rate used for the discounted cash flow model and the growth rate used for extrapolation purposes. See Note 2 for further details.

2. Investments

	As at 27 June 2021 £'000	As at 28 June 2020 £'000
Investment in Lethington Leisure Limited	**10,834**	10,834
Investment in Lightwater Valley Attractions Limited	**3,854**	—
Investment in Eclectic Icon Limited	**7,496**	7,496
Investment in Newman Bars Limited	**57**	57
	22,241	18,387

On 17 June 2021, the Company purchased the entire issued share capital of Lightwater Valley Attractions Limited. The amount recognised in relation to this investment includes £254,000 of acquisition costs of arising on the transaction.

Also, during the period ended 27 June 2021 the Company performed its annual impairment review of investments. No impairments were identified. The result of this review was not sensitive to reasonably possible changes to the key assumptions applied (being the long-term growth rate and the discount rate).

During the period ended 28 June 2020, management identified impairments totalling £3,241,000 in relation to its investments. Of this, £837,000 related to the Company's investment in Newman Bars Limited, and £2,404,000 related to its investment in Eclectic Icon Limited. Both impairments were driven by the prolonged closures and uncertainty surrounding the Group's Bars division as a result of the COVID-19 pandemic.

The Company owns, directly or indirectly, 100% of the ordinary share capital of the following UK companies. All entities are incorporated in England and Wales, with the exception of Lethington Leisure Limited which is incorporated in Scotland.

	Holding	Proportion of voting rights and shares held	Nature of Business
Brighton Palace Pier (Holdings) Limited	Ordinary shares	100%	Holding Company
Lethington Leisure Limited	Ordinary shares	100%	Operation of Paradise Island Adventure Golf
Lightwater Valley Attractions Limited	Ordinary shares	100%	Operation of Lightwater Valley theme park
Brighton Marine Palace & Pier Company (The) ±	Ordinary shares	100%	Operation of Brighton Palace Pier
Brighton Palace Pier (Assets) Limited ∞	Ordinary shares	100%	Operation of Brighton Palace Pier
Eclectic Icon Limited	Ordinary shares	100%	Holding Company
Eclectic Bars Limited †	Ordinary shares	100%	Funding entity
Newman Bars Limited	Ordinary shares	100%	Dormant
Chalice Bars Limited ^	Ordinary shares	100%	Dormant
Eclectic Bars Trading Limited *	Ordinary shares	100%	Management & operation of bars
Eclectic Bars (Cambridge) Limited ■	Ordinary shares	100%	Dormant
Eclectic Bars (Deansgate Locks) Limited ■	Ordinary shares	100%	Dormant
Eclectic Bars (East Street) Limited ■	Ordinary shares	100%	Dormant
Eclectic Bars (Embargo) Limited ■	Ordinary shares	100%	Dormant
Eclectic Bars (Friar Street) Limited ■	Ordinary shares	100%	Dormant
Eclectic Bars (Manchester) Limited ■	Ordinary shares	100%	Dormant
Eclectic Bars (Norwich) Limited ■	Ordinary shares	100%	Dormant
Eclectic Bars (Brighton Arches) Limited ■	Ordinary shares	100%	Dormant
Eclectic Bars (Sidney Street) Limited ■	Ordinary shares	100%	Dormant
Eclectic Bars (West Street) Limited ■	Ordinary shares	100%	Dormant
Sakura Bars Limited ■	Ordinary shares	100%	Dormant
HSB Clubs Limited ■	Ordinary shares	100%	Dormant

± held indirectly by Brighton Palace Pier (Holdings) Limited

∞ held indirectly by Brighton Marine Palace & Pier Company (The)

† held indirectly by Eclectic Icon Limited

* held indirectly by Eclectic Bars Limited

■ held indirectly by Eclectic Bars Trading Limited

^ held indirectly by Newman Bars Limited

3. Trade and other receivables

	As at 27 June 2021 £'000	As at 28 June 2020 £'000
Amounts due from group undertakings	**3,539**	5,829
Other receivable	**11**	11
	3,550	5,840

Amount due from Group undertakings are interest bearing and repayable on demand.

Of the total amount owing from group undertakings of £3,539,000, £2,040,000 is due from Brighton Palace Pier (Holdings) Limited. As Brighton Palace Pier (Holdings) Limited has sufficient liquid resources to be able to repay the receivable, if demanded, the Directors have assessed that there has not been a significant increase in credit risk and no impairment has been recognised.

£1,206,000 is due from Lightwater Valley Attractions Limited. This entity does not have sufficient liquid resources to be able to repay the receivable if it were demanded at the balance sheet date however the entity is cash generative and is expected to continue being so for the foreseeable future. The Directors consider that the entity will be able to repay the amount owed (including any accrued interest) in the short to medium term even if estimates used in projecting future profitability are at the lower end of what the Directors consider a reasonable range. For this reason, no impairment is considered necessary.

4. Issued capital and reserves

Ordinary shares called up and fully paid

	At 27 June 2021		At 28 June 2020	
Ordinary shares issued and fully paid	**Thousands**	**£'000**	Thousands	£'000
Ordinary shares at £0.25 each	**37,286**	**9,322**	37,286	9,322

Share premium

	£'000
At 1 July 2019, 28 June 2020 and 27 June 2021	**15,993**

Merger Reserve

The merger reserve contains merger relief of £464,210 arising on consideration shares issued on purchase of Lethington Leisure Limited on 8 December 2017, as total equity secured in the target company exceeded 90%. The merger relief reserve is a requirement under the Companies Act.

Other reserve

This reserve contains the equity value of share-based payments issued to date.

5. Other payables

Current:

	As at 27 June 2021 £'000	As at 28 June 2020 £'000
Deferred consideration for Lightwater Valley	**500**	—
Contingent consideration for Lightwater Valley	**500**	—
Accruals	**189**	14
Other payables	**247**	—
Amounts due to Group undertakings	**303**	298
	1,739	312

The deferred and contingent cash consideration totalling £1,000,000 (2020: £nil) arose from the acquisition of Lightwater Valley Attractions Limited on 17 June 2021.

Amounts owed to Group undertakings are repayable on demand and bear interest at 2.5% per annum (2020:2.5%). The counterparty has confirmed that demands for payment will not be made during the next twelve months from the date of the Balance Sheet.

6. Related Parties and Directors' Transactions

There are no employees of the Company other than the Directors in either period. Directors are remunerated by subsidiary entities. There were no other related party transactions in either period that the Company is required to report.

7. Events after the reporting period

Please refer to Note 24 of the consolidated Group financial statements.

Notes

Designed and produced by Perivan

The Brighton Pier Group plc
36 Drury Lane
London WC2B 5RR

Tel: 020 7376 6300
Fax: 020 7823 3756

www.brightonpiergroup.com

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