2021/2022

THE BRIGHTON PIER GROUP PLC

The Brighton Pier Group plc | Annual Report and Accounts For the 18 month period ended 25 December 2022

Annual Report and Accounts

For the 18 month period ended 25 December 2022

Directors, officers and advisers

Directors	**Luke Johnson** **Anne Ackord** **John Smith** **James (Jim) Fallon** **Paul Viner**	**Non-Executive Chairman** **Chief Executive Officer** **Chief Financial Officer** **Non-Executive Director (deceased 21 November 2022)** **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 dusk

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Chairman's statement

This report covers the 18 months ending 25 December 2022, this being the first financial reporting period following the Group's change from a June to a December year-end (unless otherwise stated, comparisons to 2021 financial performance are for the 12 months ended 27 June 2021). The change of year end date will enable more meaningful comparison of the Group's financial performance going forwards, as it ensures that the typically busy summer trading months are aggregated within a single reporting period. The current period was the first in which the Group was able to operate largely unhindered by the trading restrictions introduced as a response to the COVID-19 pandemic. I am pleased to report total Group revenue of £58.9 million (2021: £13.5 million), EBITDA of £13.8 million (2021: £4.7 million) and earnings per share of 17.1 pence (2021: 11.3 pence).

The Group's diverse offering enabled it to capitalise on the surge in demand for leisure experiences following the final removal of the COVID-19 restrictions. In 2021, Brighton Palace Pier was the most visited free to enter attraction in the UK with over 4.2 million visitors, demonstrating the continued appeal and resilience of this iconic structure. The strong demand enjoyed by all four of the Group's divisions, coupled with targeted Government support through business and VAT relief, saw Group revenue of £15.9 million in the 13-week period to the end of September 2021, an all-time high.

The economic backdrop experienced throughout much of 2022 has painted a different picture for the Group, with rising inflation leading to steep cost increases in all areas of the business. The Group has sought to pass these on wherever possible, however many of the indirect input increases were necessarily absorbed by the Group, constraining earnings in the latter 6 months of the period.

The Group successfully completed the full integration of Lightwater Valley Family Adventure Park (which was acquired on 17 June 2021) in the first few months of this period. Ahead of the Park's re-opening in Easter 2022, the Group enhanced its offering through the introduction of new attractions and catering options, as well as the installation of a new EPOS system across the Park. For the 18 months ending 25 December 2022, Lightwater Valley delivered revenue of £8.1 million and EBITDA of £1.9 million. The economic downturn has been felt most acutely in Lightwater Valley, with admissions in summer 2022 down on the previous year. This resulted in lower revenues, despite the improved spend-per-head derived from the investment in the new catering operations.

The Group utilised the strong earnings in the period to lower its gearing, repaying £9.1 million of debt in the 18 months to 25 December 2022 and reducing debt by 44%. At the end of March 2023, the Group made a final £0.5 million repayment against its Coronavirus Business Interruption Loans (totalling £5.0 million), which were taken out during the pandemic. On 19 April 2023, the Group extended the term on its £10.9 million loan facility by 12 months to 5 December 2024, and over the coming months it is looking to re-structure this debt. The intention will be to replace the £10.9 million term loan and £1.0 million revolving credit facility with a larger revolving credit facility and a reduced term loan. These new facilities will enable the Group to reduce its interest costs.

Looking forward, challenges to trading are expected to continue, with the economic downturn set to persist in 2023 and inflation still at elevated levels. The resulting cost increases will impact margins across all four of the Group's divisions. However, in spite of these difficulties, the businesses remain profitable, tightly managed and are backed by a strong balance sheet and asset base.

Directorate

The death of Senior Independent Non-Executive Director James (Jim) Fallon was a great sadness to all of the Board. Jim was instrumental in leading the IPO of the Company to AIM in 2013 and he continued to make an outstanding contribution throughout his tenure. Our thoughts are with his family and friends.

The Group is currently in the process of recruiting for the position of Senior Independent Non-Executive Director; further details will be shared in due course.

Dividend

The Board does not propose to pay any dividend in respect of the 2022 reporting period (2021: nil).

Luke Johnson

Non-Executive Chairman
21 April 2023

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 Lightwater Valley Adventure Park.

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 most popular free attraction in the UK in 2021, with over 4.2 million visitors.

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 popular 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. The Bars 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 sites are 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 owns and operates the Lightwater Valley Family Adventure 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 including rides, amusements, crazy golf, children’s outdoor and indoor play, and entertainment shows, alongside numerous food, drink and retail outlets. Popular seasonal events such as at Halloween (Frightwater Valley) are also organised by the Park.

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, 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.

Manchester Lola Lo

Paradise Island

Lightwater Valley


EMBARGO

Chief Executive Officer's report

This business review covers the trading results for the 18 months ended 25 December 2022 (2021: 12 months ended 27 June 2021).

Operational Review

This trading period began with three of the Group's four divisions (The Pier, Golf and Lightwater Valley) having recently been fully re-opened, following a period of closures and restrictions resulting from Government-imposed lockdowns during the COVID-19 pandemic. The final lockdown restrictions, impacting the Group's late-night bars, were relaxed on 19 July 2021.

All four divisions saw exceptional trading over the summer 2021 period. A combination of warm weather, pent-up consumer demand, accumulated lockdown savings and Government-backed schemes (VAT and business rates relief, 'Eat Out to Help Out') enabled the Group to maximise revenue and earnings as divisions resumed trading.

The Group continued to reposition its portfolio to its more profitable sites with the surrender of the lease of its Reading Coalition site at the end of September 2021, the last of the four marginal sites to be disposed of in the Bars division. This disposal resulted in net gains of £670,000 arising from the derecognition of lease liabilities.

Some minor restrictions were reintroduced in December 2021 due to the emergence of the Omicron variant, although the effect on Group trading was minimal.

Over the winter months, Lightwater Valley was closed to visitors. The Group took advantage of the Park's closure to upgrade a variety of facilities, including the installation of a new EPOS system, a new fish & chip shop, and the construction of a new woodland trail. The Group has also started work on the development of circa twenty pod-type units for rental on the southern edge of the Lightwater Valley Park. The unique forest environment will make these an attractive proposition and will add a further revenue stream to the business. Whilst this project is at an early stage and has required some variation to the original planning consent for 106 lodges, it demonstrates the potential to create significant growth in the medium term.

In contrast to the period following the final removal of pandemic restrictions in July 2021, the first half of 2022 saw the onset of a sharp downturn in economic activity. Global instability and ongoing supply chain disruption driving UK inflation to the highest rate seen in over 40 years. The resulting impact on consumer discretionary spend, coupled with significant operating cost increases across all of the Group's divisions, resulted in a much more challenging trading environment during summer 2022. The period saw prolonged and severe heatwaves across the UK, which impacted footfall at the indoor venues in the Bars and Golf division but benefited the activities on the Pier and at Lightwater Valley.

While the Group worked hard to pass on price increases to customers wherever possible, and was able to maintain gross margins, inflation persisted throughout the remainder of 2022, resulting in the Group having to absorb many of the higher costs. Combined with a general dip in consumer confidence, this led to softer trading and profitability in the second half of 2022.

Full-year results for the 18 months to 25 December 2022

Unless otherwise stated, comparisons to 2021 financial performance are for the 12 months ended 27 June 2021.

Revenue for the period was £58.9 million (2021: £13.5 million). This reflects the longer period of account, the strong trading enjoyed by the business in the first 12 months following the easing of COVID-19 restrictions, as well as prior period revenue also being heavily impacted by the restriction of trading during the pandemic.

Chief Executive Officer's report

Continued

Revenue split by division:

Pier division

2022	**£25.3m**
2021	£9.6m

Golf division

2022	**£10.0m**
2021	£2.4m

Bars division

2022	**£15.5m**
2021	£1.3m

Lightwater Valley

2022	**£8.1m**
2021*	£0.2m

* This represents only 10 days of ownership from 17 June 2021 when the business was acquired to 27 June 2021.

Group gross margin for the period was maintained at 87% (2021: 87%), despite significant cost pressures across the Group.

Group EBITDA (see Notes 3 and 27) for the period was £13.8 million (2021: £4.7 million).

EBITDA split by division:

Pier division

2022	**£4.7m**
2021	£1.0m

Golf division

2022	**£5.5m**
2021	£3.1m

Bars division

2022	**£3.5m**
2021	£1.8m

Lightwater Valley

2022	**1.9m**
2021*	£0.1m

Group overhead

2022	**£(1.8)m**
2021	£(1.4)m

* This represents only 10 days of ownership from 17 June 2021 when the business was acquired to 27 June 2021.

Group EBITDA excluding highlighted items (see Note 27) for the period was £13.9 million (2021: £5.1 million).

Profit before tax was £7.6 million (2021: £4.2 million), benefitting from pent-up consumer demand and government support schemes. The prior period was heavily impacted by the COVID-19 pandemic and resulting closures across the business and included £5.0 million of income from business interruption insurance claims.

Profit after tax was £6.4 million (2021: £4.2 million).

Divisional trading commentary

Pier division

- **Revenue** – up 161% on the prior period at £25.3 million (2021: £9.6 million)
- **Like-for-like sales** – up 11% on the same pre-COVID period in 2019
- **Gross margin** – down 1% at 85% (2021: 86%), with government support schemes boosting prior period margin
- **EBITDA** – £4.7 million (2021: £1.0 million)

Golf division

- **Revenue** – up 320% on last year at £10.0 million (2021: £2.4 million)
- **Gross margin** – in line with last year at 99% (2021: 99%)
- **Like-for-like sales** – up 12% on the same pre-COVID period in 2019
- **EBITDA** – £5.5 million (2021: £3.1 million); in 2021 this included £2.5 million of business interruption insurance income

Bars division

- **Revenue** – total sales of £15.5 million (2021: £1.3 million); with the Bars estate the most heavily impacted of the Group's four divisions by lockdown closures in the prior period
- **Like-for-like sales** – up 2% on the same pre-COVID period in 2019 (for only 75 weeks as the division was only able to re-open from the end of July 2021)
- **Gross margin** – up 10% at 82% (2021: 72%), with the absence of the wet-led late-night bars during the prior period resulting in a lower than ordinary margin for the division
- **EBITDA** – £3.5 million (2021: £1.8 million); in 2021 this included £2.5 million of business interruption insurance income

Lightwater Valley

- **Revenue** – total sales of £8.1 million (2021*: £0.2 million)
- **Gross margin** – 87% (2021*: 91%)
- **EBITDA** – total EBITDA of £1.9 million (2021*: £0.1 million)

* This represents only 10 days of ownership from 17 June 2021 when the business was acquired to 27 June 2021.

Highlighted items consist of net gains of £0.5 million (2021: £2.7 million of gains) which were recognised during the period - see Note 5 for further details. Highlighted items are treated as such if the matters are material and fall within one of the categories below:

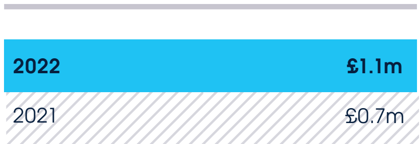
a) acquisition costs and pre-opening costs relating to new and refit sites; and

b) impairment charges and reversals, lease liability adjustments, site closure and other related legal costs.

Finance costs of £1.8 million (2021: £1.0 million), 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 £9.4 million (2021: £5.1 million).

Taxation on ordinary activities of £1.3 million (2021: tax credit of £0.1 million), with the Group utilising prior period losses to offset taxable profits in 2021 (see Note 8 for further details).

Chief Executive Officer's report

Continued

In summary, for the 18 month period ended 25 December 2022:

Revenue

2022	**£58.9m**
2021	£13.5m

Operating profit

2022	**£9.4m**
2021	£5.1m

Group EBITDA excluding highlighted items**

2022	**£13.9m**
2021	£5.1m

Group EBITDA

2022	**£13.8m**
2021	£4.7m

Profit before tax

2022	**£7.6m**
2021	£4.2m

Profit after tax

2022	**£6.4m**
2021	£4.2m

Basic earnings per share (excluding highlighted items)^

2022	**17.1p**
2021	11.3p

Basic earnings per share^

2022	**16.4p**
2021	5.6p

Diluted earnings per share (excluding highlighted items)^

2022	**16.9p**
2021	11.3p

Diluted earnings per share^

2022	**16.2p**
2021	5.6p

** Highlighted items are detailed in Note 5 to the financial statements.

^ See Note 9.

Brighton Jazz festival

Starlings over the Palace Pier

Palm Court


LOWLANDER
LOWLANDER
GRAND CAFE
LOWLANDER
GRAND CAFE

Financial review

Unless otherwise stated, comparisons to 2021 financial performance are for the 12 months ended 27 June 2021.

Cash flow

Cash flow generated from operations (after interest and tax payments) available for investment was £10.7 million (2021: £4.9 million). This increase was principally driven by the higher profit before tax recognised during the current period.

Property, plant and equipment and software

The Group invested £1.3 million in capital expenditure during the period (2021: £0.3 million):

- £0.5 million was spent on the Pier division, which related to upgrading the till systems, refurbishment of various food & drink outlets and new machines for the amusement arcades, as well as other minor capital maintenance;
- £0.4 million was spent at Lightwater Valley on upgrading EPOS across the Park, creation of a new fish and chip shop to enhance the food & beverage offering, and the building of a new woodland trail as a new feature for 2022;
- £0.3 million was spent in the Bars division on ERP software upgrades alongside other minor refurbishments across the trading sites; and
- £0.1 million was spent in the Golf division on course improvements in the Glasgow and Manchester sites.

Shareholders will be aware that each year we undertake an annual substructure survey on the Pier. A further survey, typically performed every five to six years and using divers to inspect the areas below the water line, will be completed in 2023. We can report that no additional maintenance issues were identified other than the usual budgeted maintenance requirements for the coming financial year from either survey. Costs associated with the ongoing maintenance of the Pier are recorded through the Statement of Comprehensive Income in the period in which they are incurred.

Current bank debt and cash

At the period end the Group had total bank debt of £11.3 million (2021: £20.4 million) and net debt (total bank debt less cash and cash equivalents) of £7.1 million (2021: £13.3 million), broken down as follows:

- An outstanding principal term facility of £10.9 million (2021: £11.8 million)
  - £0.9 million debt repayment was made in the period (2021: £0.1 million), offset by the amortisation of loan fees
  - £0.5 million is due within the next twelve months
- CBILS 1 facility of £nil (2021: £1.8 million)
  - Repaid in full during the current period
- CBILS 2 facility of £0.5 million (2021: £3.2 million)
  - Final repayment of £0.5 million made at the end of March 2023
- RCF facility drawdowns of £nil (2021: £3.6 million)
  - Facility was increased to £3.75 million in the prior period to fund the acquisition of Lightwater Valley
  - Fully repaid by the end of October 2021
  - Current facility is £1.0 million (2021: £3.75 million)
- Cash balances of £4.2 million (2021: £7.1 million)

During the 18 month period, the Group made net repayments of £9.1 million (2021: net drawdowns of £3.5 million), made up of:

- £3.6 million repayment of the RCF (2021: £3.6 million drawdown);
- £0.9 million repayment of the principal term facility (2021: £0.1 million);
- £1.8 million repayment of the CBILS 1 facility (2021: £nil); and
- £2.7 million repayment of the CBILS 2 facility (2021: £nil).

Key performance indicators ('KPI's')

The Group's KPIs remain focused on the continued growth of the Group to drive revenues, EBITDA (see Note 27) and earnings growth.

The same pre-COVID period in 2019 as referenced below is defined as the 18 month period ending 29 December 2019, being the last comparable period. Total Group revenue for the period was £58.9 million (2021: £13.5 million), up 19% on the same pre-COVID period in 2019 (2019: £49.4 million) primarily due to the acquisition of Lightwater Valley on 17 June 2021.

Revenue split by division:

Pier division

2022	**£25.3m**
2021	£9.6m

Golf division

2022	**£10.0m**
2021	£2.4m

Financial review

Continued

Bars division

2022	**£15.5m**
2021	£1.3m

Lightwater Valley

2022	**£8.1m**
2021*	£0.2m

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

On a divisional basis and comparing with the pre-COVID like-for-like period in 2019:

- Brighton Palace Pier like-for-like sales were up 11% on 2019;
- Golf division like-for-like sales were up 12% on 2019; and
- Bars division like-for-like sales (for only 75 weeks as the division was only able to re-open from the end of July 2021) were up 2% on 2019.

Group gross margin for the period continued in line at 87% (2021: 87%), reflecting the high-margin nature of all four divisions – and this despite the numerous ongoing supply and cost challenges that have appeared in the economy in the period.

Highlighted items totalling £0.5 million of gains (2021: £2.7 million of gains) were recognised during the period (see Note 5 for further details). These gains arose from:

- £(1.0) million – impairment of goodwill in the Glasgow and Rushden golf sites;
- £0.9 million – reversal of impairment charges to property, plant and equipment and right-of-use assets;
- £(0.4) million – recognition of in-substance fixed lease payments;
- £0.4 million – gain from the derecognition of other lease liabilities during the period;
- £0.7 million – gain on extinguishment of lease liabilities following the disposal of Smash in Reading; and
- £(0.1) million – in relation to a potential claim in relation to an assigned lease.

Group profit on ordinary activities before taxation was up 84% at £7.6 million (2021: £4.2 million).

Group profit on ordinary activities after taxation was up 51% at £6.4 million (2021: £4.2 million), with no tax payable in the prior period due to utilisation of losses which occurred during lockdown.

In summary, for the 18 month period ended 25 December 2022:

Revenue

2022	**£58.9m**
2021	£13.5m

Operating profit

2022	**£9.4m**
2021	£5.1m

Group EBITDA excluding highlighted items*

2022	**£13.9m**
2021	£5.1m

Group EBITDA

2022	**£13.8m**
2021	£4.7m

Operating profit excluding highlighted items

2022	**£9.0m**
2021	£2.4m

Profit before tax excluding highlighted items

2022	**£7.2m**
2021	£1.4m

Profit before tax

2022	**£7.6m**
2021	£4.2m

Profit after tax

2022	**£6.4m**
2021	£4.2m

Net debt at the end of the period

2022	**£7.1m**
2021	£13.3m

Basic earnings per share (excluding highlighted items)^

2022	**17.1p**
2021	11.3p

Basic earnings per share^

2022	**16.4p**
2021	5.6p

Diluted earnings per share (excluding highlighted items)^

2022	**16.9p**
2021	11.3p

Diluted earnings per share^

2022	**16.2p**
2021	5.6p

* Highlighted items are detailed in Note 5 to the financial statements.

^ See Note 9.

EBITDA split by division:

Pier division

2022	**£4.7m**
2021	£1.0m

Golf division

2022	**£5.5m**
2021	£3.1m

Bars division

2022	**£3.5m**
2021	£1.8m

Lightwater Valley

2022	**£1.9m**
2021*	£0.1m

Group overhead

2022	**£(1.8)m**
2021	£(1.4)m

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

Financial review

Continued

Significant events that have taken place since the year end

On 19 April 2023 the Group extended its current bank facilities that were due to expire in December 2023 for a further period of 12 months to the end of December 2024. The Group is currently in the final stages of negotiations to replace its existing bank facilities with a new longer-term facility made up of a larger revolving credit facility and a reduced term loan.

These new bank facilities will provide the Group with additional flexibility in meeting its day-to-day working capital requirements and reduce its interest costs by repaying further debt back to the revolving credit facility. Had this extension been agreed at 25 December 2022, the Group's total bank debt of £11.3 million would be shown as £0.9 million of current debt and £10.4 million of non-current debt. The presentation in the Consolidated Balance Sheet (see page 57) shows a current liability of £11.3 million.

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

Short to medium-term strategy and outlook

While trading has now returned to pre-COVID levels, with like-for-like revenues ahead of 2019 equivalents, inflation continues to provide a challenging environment for the Group, with wide-ranging cost increases across all four divisions. The resulting economic uncertainty and decline in consumer confidence is expected to continue in the short to medium-term and the Group looks ahead with caution.

However, despite the continuing cost pressures, all four divisions remain profitable. The Group will continue to seek further operational efficiencies in order to mitigate cost pressures to the greatest extent possible. The repayment of £9.1 million of debt in the current financial period, will enable the Group to remain resilient, further bolstered by a strong balance sheet and asset base.

Current trading

Current total Group sales for the first three months to the end of March 2023 were down 11% on a like-for-like basis versus the equivalent period in 2022, with 76% of this shortfall coming from the Bars division. This was predominantly the result of a challenging prior year comparative for the Bars, which continued to benefit from the post-pandemic surge in demand in the early months of 2022. Notwithstanding, trading in 2023 has seen a general decline in consumer confidence in response to the difficult economic environment currently being faced. These economic pressures, and the resulting impact on both consumer discretionary spend and increased costs, will continue to present significant trading challenges going forwards.

Longer-term: new acquisitions and developments

The longer-term strategy 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 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.


LIGHTWATER VALLEY
FAMILY ADVENTURE PARK

Principal risks and uncertainties

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, or exit marginal sites **Change to risk level:** →	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.	During the period the Group has: • completed its first full year of trading at Lightwater Valley, which has delivered increases in revenue and EBITDA during the period. The Group has invested significant resources in enhancing the offering of the Park, including upgrading EPOS across the site, creation of a new fish & chip shop to enhance the food & beverage offering, and the building of a new woodland trail as a new feature for 2022; and • continued to undertake regular reviews of the Group's Bars estate, completing the rationalisation programme with the disposal of Smash in Reading. All remaining sites continue to generate positive EBITDA.
Business and resulting financial risk: Increased competition and changing consumer habits **Change to risk level:** →	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.	• The Board of Directors meet regularly to discuss the ongoing strategy of the Group, concerning both development of existing sites and approval of acquisitions, enabling significant strategic changes to be controlled; • The Group constantly monitors consumer feedback through online reviews and surveys, enabling it to respond to changes in behaviour over time. The introduction of www.reputation.com across the Group has enabled us to monitor and measure social media across many channels. It is good to note that all our venues score ahead of their industry average; • Ongoing staff training is undertaken to ensure a positive consumer experience at the point of sale across all operations; and • The Group regularly seeks to improve the variety and quality of products sold. In the current period, the Group revamped the food offering at 'La Plage' restaurant at Brighton Palace Pier and at Lowlander in the Bars Division to provide enhanced vegetarian, vegan and low-calorie options for visitors.
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 cost inflationary pressure **Change to risk level:** ↑	The market for the best people is fiercely competitive. High levels of inflation have been seen in 2022, leading to significant wage, energy and other direct input cost pressures. Mitigating these cost increases is challenging.	• The Group continues to focus on its training programmes across all 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; and • The Group performs succession planning to ensure that transition of key roles occurs effectively.

Key risks	Risk description	Mitigating actions and achievements during the year
Regulatory risk: Failure to comply with the complex regulatory frameworks in place in the UK **Change to risk level:** →	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. The Group's focus on operational 'rituals and routines' helps to protect the business in this highly regulated marketplace.
IT risk: Threat of cyber attack Loss of system and website availability **Change to risk level:** →	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 outsourced 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; • implementation of multi-factor authentication across all the Group's central servers and email accounts; and • a full review in the current period of the Group's IT infrastructure to ensure it is capable of safeguarding for current and potential future cyber security threats. As a consequence of this review and resulting improvements made, the Group's Microsoft 365 Secure Score currently stands at 85%, up from 47%. The average for organisations of a similar size is 45%.
Brexit risk: Following the UK's exit from the European Union on 31 January 2020 **Change to risk level:** →	The departure from the European Union is presenting supply and employment risks which could impact 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.

Principal risks and uncertainties

Continued

Key risks	Risk description	Mitigating actions and achievements during the year
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 **Change to risk level:** →	The risk of: • catastrophic events (including those caused by climate change); and • structural integrity of the Pier.	The Group invests significantly 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 dive survey will be completed in 2023, alongside the annual survey of the Pier substructure. The 2022 substructure survey did not uncover any issues beyond normal levels of annual maintenance being required. The Pier has high-pressure pumps and deluge systems installed to mitigate risk of fire, as well as improved electric and water supplies. Cathodic protection has been applied to the 60 steel piles under the main rides area of the Pier as an anti-corrosion measure.
Specific risk related to business disruption caused by pandemics **Change to risk level:** ↓	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. 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.	Based on current knowledge, further trading disruption as a result of the COVID-19 pandemic appears remote. The Group implemented a number of measures to mitigate the effect of the pandemic which are still in place, including: • strong cost control measures and minimising capital expenditure to protect cash flow; • regular Board review of latest developments, including risk assessment and preventative measures; • bolstering the Group's liquidity position; and • monitoring the impact on business operations, such as the Group's supply chain, credit risk events and business interruptions and implementing prompt interventions when necessary. Our current insurance policies now specifically exclude COVID-19 type claims. The Directors are confident that the measures introduced will mitigate the impact of any equivalent future event to the greatest extent possible.

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 others;

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.

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.	The Directors recognise that a highly motivated and skilled workforce is critical for the success of the business in achieving its strategic ambitions. Pay benefits and other support provisions are kept under regular review by the Directors to ensure employees have the support they need from the Company. Management from each of the Group's four divisions regularly hold strategic meetings. These meetings are held across the Group estate, which enable collaboration and sharing of best practice, and continue to reinforce the strategic vision of the Group: The aim of our diverse businesses is to entertain our customers. Supported by our values of passion, integrity, knowledge, and inclusion. Our vision is to work together to build a thriving, growing business where our customers leave with wonderful memories that last a lifetime. Management use these meetings as an opportunity for communications and to gather feedback from the wider workforce. The Directors recognise that a highly motivated and skilled workforce is critical for the success of the business in achieving its strategic ambitions. Pay benefits and other support provisions are kept under regular review by the Directors to ensure employees have the support they need from the Company. Staff have access to various role-specific training initiatives, allowing them to cultivate the essential skills required to succeed in their roles. During the period we have started a process to learn more about the people that work for the Group. Every new employee is now asked to complete a questionnaire which will in time give us a better understanding of how successful we are at nurturing employment policies that encourage a diversity amongst our employees that reflects the customers we work with every day.

Section 172 statement

Continued

Stakeholder Group	Why we engage	Decisions we make with stakeholders in mind
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; and • gaining actionable insight and competitive analysis with meaningful scores to monitor and measure progress.
Suppliers	The Group 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 reviewed and approved at Board level on an ongoing basis. The Group maintains open and transparent relationships with its key suppliers, and communication is regularly maintained. A dedicated procurement team provides the following functions: • analysis, selection and marketing of products that will satisfy changes in consumer preferences and needs; • cost analysis and supplier negotiations; and • innovation in food & beverage offerings across the Group estate. 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. As part of the continued sustainability agenda of the Group, an ongoing process is in place to ensure that sustainable/ biodegradable packaging is used wherever possible.

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**	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. Lightwater Valley is home to a family adventure park set in 175 acres of North Yorkshire countryside. All our venues need to comply with local and national regulation such as licensing, planning, health and safety and environmental laws.	In the previous year, the Group established a dedicated Risk and ESG Committee to advise the Board on these important considerations. In the current period, the Group has quantified its Scope 1 & Scope 2 carbon emissions in accordance with Greenhouse Gas (GHG) Protocol for the first time:

	18 months to December 2022
Scope 1 CO_2 emissions (tonnes)	276.4
Scope 2 CO_2 emissions (tonnes)	1,082.7
Total CO_2 emissions (tonnes)	**1,359.1**
Emissions intensity (tonnes CO_2e/£m revenue)	**23.0**

The Group intends to use the current period as its baseline reporting year, against which emissions in future reporting periods will be measured. Reducing emissions wherever possible is an essential step towards the Group's target of reaching net zero carbon emissions by 2050 at the latest.

The Risk and ESG Committee considers the following areas in relation to the Group's environment:

- compliance with latest ESG-related regulations;
- measures to reduce the Group's environmental footprint wherever possible; and
- ongoing development of the Group's ESG strategy.

Green energy tariffs are used exclusively across the Group. In addition, solar farms installed in adjacent fields provide up to 45% of the required electricity needs of the Park. Lightwater Valley also utilises eco-friendly biomass heating systems to heat many parts of the Park through the burning of wood-pellets.

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.

Section 172 statement

Continued

Stakeholder Group	Why we engage	Decisions we make with stakeholders in mind
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 wide variety of other 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.

By order of the Board

J.A.Smith

Company Secretary and Director
21 April 2023

Governance

The Board

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

In addition, whilst the Board recruits a new Senior Independent Non-Executive Director, he is also a temporary member of the Audit Committee.

Anne Ackord – Chief Executive Officer

Anne was Operations Director General of The Brighton Marine Palace and Pier Company and associated businesses for over twelve years. Prior to this she was Operations Director for Bourne Leisure Limited, a leading holiday park operator where she was responsible for all on-park entertainment and the coordination of on-site activities managing a team of over 1,000 entertainers. She also was Director-in-Charge of retail across a 57-park estate. Anne was previously the first female Area Director at Welcome Break, a position she held for over 4 years, managing large motorway service areas and coordinating national training initiatives during periods of the company's expansion. She has also served as an Independent Governor in FE colleges where she was Chair of the HR and Remuneration Committee and a member of the Audit and Risk 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.

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 an Independent Director in which capacity he chairs the Audit Committee.

In addition, whilst the Board recruits a new Senior Independent Non- Executive Director, he is also the temporary Chair of the Risk and ESG committee and a temporary member of the Nominations and Remuneration Committee.

Senior Independent Non-Executive Director

The Group is currently recruiting a replacement for the Senior Independent Non- Executive Director following the death of James (Jim) Fallon. In the short term, the role of Chair of the Risk and ESG Committee and membership of the Nominations Committee is being held temporarily by Paul Viner and the second member of the Audit Committee is being held by Luke Johnson, pending the new appointment.

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 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

Corporate governance statement

Continued

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 26. 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 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 are detailed on pages 20 to 22.
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. Matters for consideration at AGMs have historically been passed unopposed 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 Annual 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

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 established a new Risk and ESG Committee during the period and its first meeting was held in October 2021. The Committee meets under the leadership of the Senior Independent Non-Executive Director. Meeting the challenge of climate change is going to be a very important part of the Committee's work over the coming months. The Committee's plans for ESG are outlined on page 42. Many of the other considerations and actions we take are detailed in the Section 172 statement on pages 23 to 26.
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. 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).	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 Non-Executive Director, the Committee will include the CEO, the CFO and will also bring 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 other key identified risks to the business and how these are mitigated are detailed on pages 20 to 22.

Corporate governance statement

Continued

QCA Principles	Application	How the principle of the code is applied
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 Board of Directors control the Group. 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 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 meets at least ten times during every 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 period ending 25 December 2022 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. The Audit, Remuneration, Nomination and Risk and ESG Committees support the Board. 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 the Senior Independent Non-Executive Director. Paul is a Chartered Accountant with experience as Finance Director in both multi-site retail operations and quoted companies. Whilst the recruitment for a Senior Independent Non-Executive Director is underway, the second member of this Committee is being held by Luke Johnson.

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 experience and skills of both of these Non-Executive Directors are very relevant to the business conducted by the Audit Committee. Although both Directors serving on this Committee during the period have had a financial interest in the Group, the Board is of the view that the size of these investments did not compromise the Committee's independence. Since the end of the period the Chairman has taken over the role of the second member of the Committee pending the recruitment of a new Senior Independent Non-Executive Director. **Remuneration and Nominations Committee** Luke Johnson is the Chairman of the Remuneration and Nominations Committee and its other member is the Senior Independent Non-Executive Director. The Remuneration and Nominations Committee advises and assists the Board in relation to new appointments. **Risk and ESG Committee** The Senior Independent Non-Executive Director will be the Chair of the Risk and ESG Committee, supported by 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. 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.	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 28. 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 makes recommendations to the Board on all new Board appointments. 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.

QCA Principles	Application	How the principle of the code is applied
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 require 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 culture should be visible in every aspect of the business, including recruitment, nominations, training, and engagement.	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 just before the outbreak of COVID-19 in January 2020. This was the first time that the managers from all the divisions were able to meet together alongside their head office teams. The purpose of the conference was to allow the teams from all the divisions to collaborate together to contribute to the strategic vision of the Group, review the culture of the business, create an action-orientated business plan for each division.

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 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.	One of the principal outcomes from the conference was the Group's mission statement: *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.*
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. The Board meets at least twelve times in any given year. 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 meets 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), and 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 facing the Group, as well as the skills, knowledge and experience required.

Corporate governance statement

Continued

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		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 twice a year. The Committee has responsibility for the regular review of the Group's 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 and setting objectives for the Group, as well as overseeing communication between the Group and its shareholders.

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		**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. As announced on 20 June 2022, the Group has changed its accounting reference date from 30 June to 31 December. 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 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 18 month period ended 25 December 2022.

Members of the Audit Committee

The Group is currently recruiting a replacement for the Senior Independent Non-Executive Director following the death of James (Jim) Fallon. In the short term, membership of the Audit Committee is being held temporarily by Luke Johnson and is chaired by me. I am a chartered accountant with experience as Finance Director in both multi-site retail operations and quoted companies.

The Committee held five scheduled meetings during the extended period 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 a normal 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; the focus in the current period has continued to be the accounting treatment of landlord concession arrangements under IFRS 16;
- considering the impact of the inflationary-led economic downturn on Group impairment reviews of goodwill, right-of-use assets and property, plant and equipment; and
- reviewing the Group's risk management processes, key risk register and risk mitigations.

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 26 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 current 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 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.

Jim Fallon

Finally, I would like to pay a personal tribute to Jim Fallon who had been with the Group since it listed in 2013. Despite his illness he continued to attend all the meetings of the Audit, Remuneration and Nominations and the Risk and ESG Committees. He will be remembered for his quiet counsel, and eye for detail. His extensive business experience will be sorely missed by everyone he came into contact with. On behalf of everyone at the Company and the other Committees he served on, I want to say thank you to Jim for his outstanding contribution and offer once again our heartfelt condolences to his family and friends.

Paul Viner

Chairman of the Audit Committee
21 April 2023

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 period.

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

Members of the Remuneration and Nominations Committee

The Group is currently recruiting a replacement for the Senior Independent Non-Executive Director following the death of James (Jim) Fallon. In the short term, membership of the Nominations Committee is being held temporarily by Paul Viner 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 one meeting during the period.

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 period.

Directors' remuneration and share options

The following table summarises the total gross remuneration and share options of the Directors who served during the current 18 month period ending 25 December 2022 (2021: 12 month period ending 27 June 2021):

Director's remuneration	Basic salary & fees £'000	Bonus £'000	Benefits £'000	2022 Total 18 months £'000	2021 Total 12 months £'000
Anne Ackord	240	—	54	294	176
John Smith	238	—	49	287	183
Paul Viner	53	—	—	53	33
Jim Fallon (deceased 21 November 2022)	50	10	—	60	33
Luke Johnson	30	—	—	30	2
Total	**611**	**10**	**103**	**724**	**427**

Anne Ackord's basic salary was increased to £160,000 effective from 1 July 2021 (2021: £145,000). No other director received a pay increase in the 18 months ended 25 December 2022.

Payments totalling £1,981 (2021: £1,315) were paid on behalf of Directors into the Group's auto-enrolment scheme with the 'People's Pension Scheme'.

All Board members took voluntary temporary pay decreases during the COVID-19 pandemic, affecting total remuneration in the 12 month period ending 27 June 2021.

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

Directors' interests in the share capital of the Company

As at 25 December 2022, 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 (deceased 21 November 2022)	1.3%	472,484	(iii)
Paul Viner	0.1%	54,000	(iv)

(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) As at 25 December 2022, Jim Fallon's shares were held by his estate following his death on 22 November 2022.

(iv) 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
21 April 2023

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

On behalf of the Board, I am pleased to present the Risk and Environmental, Social and Governance (ESG) Report for the 18 month period ended 25 December 2022.

Members of the Risk and ESG committee

The Committee consists of the Senior Independent Non-Executive Director (Chair), supported by the two Executive Directors, Anne Ackord (Chief Executive Officer) and John Smith (Chief Financial Officer). Other relevant members of the Group will join the Committee meetings as required to provide specific input and expertise.

The Committee held three meetings during the period and full attendance was noted at all meetings. The Committee's terms of reference are available on the Group's website. Its principal responsibilities are as follows:

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);
- review succession planning for key roles in the Group;
- ensure compliance with regulatory frameworks; and
- monitor resources and liquidity.

Duties associated with ESG

- continued compliance with current and future ESG regulations;
- measures to mitigate the effects of severe climate events on the Group's operations and reduce the Group's environmental footprint wherever possible;
- 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 Group is not currently required to provide detailed disclosures related to Environmental, Social and Governance matters. However, the Group is committed to a sustainable future and operating as a responsible business. In the current period, the Group has quantified its Scope 1 & Scope 2 carbon emissions in accordance with Greenhouse Gas (GHG) Protocol for the first time (see page 25 for details). As part of the Group's ongoing ESG project, it is our intention to report against the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) for the first time in next year's Annual Report. The Group will prepare separate ESG and TCFD reports to demonstrate the work performed in this important area. These reports will be updated annually, enabling the Group to demonstrate its progress against its targets over time.

Our internal commitment to a sustainable future is 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 reports regularly to the Board to ensure it is fully aware of all initiatives and any areas requiring further action.

Anne Ackord

On behalf of the Risk and ESG Committee
21 April 2023

Directors' report

The Directors present their report and the audited financial statements for the 18 month period ended 25 December 2022.

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 26.

Dividends

The Directors do not propose to pay a dividend for the current period (2021: £nil).

Going concern

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 continue to have sufficient cash resources 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. These cash flow 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. Accordingly, these financial statements have been prepared on a going concern basis. Further details are provided in Note 1 to the financial statements on page 60.

Events after the reporting period

On 19 April 2023, the Group's term loan and revolving credit banking facilities were extended for a period of 12 months and are now due for final repayment on 5 December 2024.

The Group's current intention is to replace the £10,870,000 term loan and £1,000,000 revolving credit facility with a larger revolving credit facility and a reduced term loan. This will provide the Group with additional flexibility in meeting its day-to-day working capital requirements and reduce its interest costs by repaying further debt back to the revolving credit facility. The covenant tests will be modified to account for the changes in circumstances as part of the revised refinancing arrangement.

Board of Directors

Non–Executive Directors

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

Senior Independent Non-Executive Director – Chair of the Risk and ESG Committee, member of the Remuneration and Nominations Committee and Audit Committee.

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

The Group is currently recruiting a replacement for the Senior Independent Non- Executive Director following the death of James (Jim) Fallon. In the short term, membership of the Audit Committee is being held temporarily by Luke Johnson and membership of the Remuneration and Nominations Committee is being held temporarily by Paul Viner.

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 28.

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 25 December 2022 (2021: £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 an 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. For further details, refer to the Section 172 statement on pages 23 to 26.

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 regularly, at which information relevant to the Group's financial performance across all four divisions is communicated.

The Group offers competitive remuneration, which also includes profit sharing and share option schemes for staff.

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. Further details of how the Directors engage with suppliers, customers and other stakeholders can be found in the Section 172 statement on pages 23 to 26.

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 40 to 41.

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 period (2021: £nil).

Share capital

The Group's issued ordinary share capital as at 25 December 2022 comprised a single class of £0.25 ordinary shares, of which 37,286,284 shares were in issue and listed on AIM (2021: 37,286,284 £0.25 ordinary shares).

Options over a further 833,682 ordinary shares (2021: 833,682 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 (2021: 267,898). There were 40,625 share options held by a member of the Board (2021: 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 25 December 2022, 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
21 April 2023

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 25 December 2022 and of the Group's profit for the period then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- 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 25 December 2022 which comprise the Consolidated statement of comprehensive income, the Consolidated and Parent Company balance sheets, the Consolidated statement of cash flows, the Consolidated and Parent Company statements of changes in equity and notes to the Consolidated and Parent Company financial statements, including summaries of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted international accounting standards. 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 2024 and challenging the key assumptions against current trading, historic trading, management's historical forecasting accuracy and our knowledge of the business and wider sector trends;
- considering the appropriateness of the Group's reasonable downside and stressed scenarios and challenging management to confirm that they have suitably addressed the inputs that are most susceptible to change, including mitigations through cost control;
- 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
- obtaining an understanding of the Group's financing facilities, including the nature of facilities, repayment terms and financial covenants.

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

<table>
<tr><td>Coverage</td><td>99% (2021: 98%) of Group profit before tax
100% (2021: 98%) of Group revenue
98% (2021: 98%) of Group total assets</td></tr>
<tr><td>Key audit matters</td><td>
<table>
<tr><th></th><th>2022</th><th>2021</th></tr>
<tr><td>Impairment of goodwill and other non-current assets</td><td>√</td><td>√</td></tr>
<tr><td>Revenue recognition</td><td></td><td>√</td></tr>
<tr><td>Lease modifications</td><td></td><td>√</td></tr>
</table>
Accounting for lease modifications is no longer considered to be a key audit matter due to extensive work having been completed in the prior period, which has a) reduced the level of risk assessed by the audit team and b) consequently reduced the amount of time required to audit the assertions related to the account balance and charges.

Revenue is no longer considered to be a key audit matter as we have, following a consideration of the risk associated with the class of transaction and the extent of resources directed at this area, concluded that the amount of time required of the engagement team for its audit was limited; further, we have not identified a large population of manual journals to revenue, with the significant majority of revenue recorded based on point of sale systems.</td></tr>
<tr><td>Materiality</td><td>Group financial statements as a whole:
£385,000 (2021: £130,000) based on 5% (2021: 5%) of the Group's profit before tax.</td></tr>
</table>

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 systems 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's accounting process is structured around a Group finance function at its head office in Drury Lane, London with local teams in London, Brighton and Ripon for its divisional finance operations. All four of the Group's operating segments were considered to be significant components subject to a full audit to component materialities. Although not all of the Group's entities were identified as significant components, full scope audits of these entities were performed by the group audit team as they are individually subject to a statutory audit.

All work was undertaken by the group audit team.

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. This matter was 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 this matter.

<table>
<tr><th colspan="2">Key audit matter</th><th>How the scope of our audit addressed the key audit matter</th></tr>
<tr>
<td>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</td>
<td>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").

There is also 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.

We further identified a risk that the disclosures in the financial statements do not reflect the requirements of IAS 36 – "Impairment of Assets", including the presentation of management's sensitivity disclosures.

For these reasons we considered the impairment of goodwill and other non-current assets to be a key audit matter.</td>
<td>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 on the inputs used in the forecasts;
• we challenged management on the various inputs into the model, including their assumptions of the forecast taxation charges and working capital movements for each individual CGU; and
• in conjunction with input from our internal valuations specialist team, we assessed the appropriateness of the discount rates and long term growth rates applied.

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 potential and recorded impairment reversals as presented in Note 13 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.</td>
</tr>
</table>

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	
	2022	2021	**2022**	2021
Materiality	£385,000	£130,000	£347,000	£117,000
Basis for determining materiality	5% of the Group's annual profit before tax, adjusted for the add back of highlighted items as outlined in Note 5 to the financial statements.	5% of the Group's three-year absolute average profit or loss before tax	90% of Group materiality	5% of the Group's three-year absolute average profit or loss before tax
Rationale for the benchmark applied	Adjusted profit before tax is a key performance indicator of the Group and considered to be an important metric to stakeholders of the business. As the impact of COVID-19 abates, we judged the most recent financial information to be of greatest relevance to the users of the financial statements and as such have used the FY22 value to determine our materiality level. We have also added back the highlighted items as outlined in Note 5 to the financial statements to use underlying profitability for our determination.	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 year as a result of the COVID-19 pandemic.	The Parent Company has no underlying trading and therefore we have used an asset basis for our determination of materiality; however, we cap the parent company materiality level at 90% of the Group materiality level to mitigate the risk of aggregated misstatements under materiality becoming material for the wider group.	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 year as a result of the COVID-19 pandemic.
Performance materiality	£270,000	£90,000	£260,000	£77,000

	Group financial statements		Parent company financial statements	
	2022	2021	**2022**	2021
Basis for determining performance materiality	70% of group materiality	70% of group materiality	75% of entity materiality	75% of entity materiality
Rationale for the percentage applied for performance materiality	70% of group materiality based on our assessment of a number of factors including the expected total number and value of uncorrected misstatements based on our past experience with the audit, our knowledge of the Group's internal control environment and management's attitude to our proposed adjustments.		75% of group materiality based on our assessment of a number of factors including the expected total number and value of uncorrected misstatements based on our past experience with the audit, our knowledge of the group's internal control environment and management's attitude to our proposed adjustments.	

Component materiality

For the purposes of our Group audit opinion, we set materiality for each significant component of the Group apart from the Parent Company whose materiality is set out above, based on a percentage of between 27% and 90% (2021: 2% and 90%) of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from £347,000 to £103,000 (2021: £2,000 to £117,000). In the audit of each component, we further applied performance materiality levels of 75% (2021: 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 £15,000 (2021: £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 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:

Non-compliance with laws and regulations

Based on:

- our understanding of the Group and the industry in which it operates;
- discussion with management, legal counsel and those charged with governance; and
- obtaining and understanding of the Group’s policies and procedures regarding compliance with laws and regulations.

We considered the significant laws and regulations to be the applicable accounting frameworks, the Companies Act 2006, industry specific regulation, AIM listing rules and employment and taxation laws and regulations in the jurisdictions in which the Group operates. Our procedures in respect of the above included:

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

Fraud

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

- obtaining an understanding of the Group’s policies and procedures relating to:
  - o Detecting and responding to the risks of fraud; and
  - o Internal controls established to mitigate risks related to fraud.
- review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these.

Based on our risk assessment, we considered the areas most susceptible to fraud to be management’s capability to override controls and the appropriateness of revenue recognition (in particular manual journal entries to revenue. Our procedures included the following:

- we obtained an understanding 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 those processes and controls;
- we considered management’s estimates and judgements applied in the preparation of the financial statements throughout the audit, individually and in aggregate, to evaluate whether there were any indications of bias in the application of these judgements. This included those set out in the key audit matters section of our report;
- performed journal entry testing, focusing on journal entries containing defined characteristics and on large or unusual transactions based on our knowledge of the business by agreeing to supporting documentation; and
- substantively confirmed that the revenue recorded by the Group agreed to point-of-sale reports and to cash received across the full year for all operating segments.

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

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

A further description of our responsibilities 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.

David Perry (Senior Statutory Auditor)

For and on behalf of BDO LLP,
Statutory Auditor
London
21 April 2023

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

Financial Statements

Consolidated statement of comprehensive income

For the 18 month period ended 25 December 2022

	Notes	**18 months ended 25 December 2022 £'000**	12 months ended 27 June 2021 restated £'000
Revenue		**58,905**	13,541
Cost of sales		**(7,748)**	(1,781)
Gross profit		**51,157**	11,760
Operating expenses - excluding highlighted items	7	**(42,373)**	(15,086)
Highlighted items	5	**451**	2,746
Total operating expenses		**(41,922)**	(12,340)
Other income	7	**197**	5,693
Operating profit - excluding highlighted items		**8,981**	2,367
Highlighted items	5	**451**	2,746
Operating profit		**9,432**	5,113
Finance income	7	**24**	24
Finance cost	7	**(1,817)**	(987)
Profit before tax - excluding highlighted items		**7,188**	1,404
Highlighted items	5	**451**	2,746
Profit on ordinary activities before taxation		**7,639**	4,150
Taxation on ordinary activities	8	**(1,266)**	81
Profit and total comprehensive income for the period		**6,373**	4,231
Earnings per share – basic* (pence)	9	**17.1**	11.3
Earnings per share – diluted (pence)	9	**16.9**	11.3

* 2022 basic weighted average number of shares in issue is 37.29 million (2021: 37.29 million).

No other comprehensive income was earned during the period (2021: nil).

Consolidated balance sheet

At 25 December 2022

	Notes	At 25 December 2022 £'000	At 27 June 2021 restated £'000	At 28 June 2020 restated £'000
Non-current assets				
Intangible assets	10	**9,545**	10,457	9,467
Property, plant and equipment	11	**28,139**	29,008	25,763
Right-of-use assets	12	**25,223**	23,916	18,030
Net investment in finance leases	12	**—**	635	689
Other receivables due in more than one year	16	**—**	209	367
		62,907	64,225	54,316
Current assets				
Inventories	15	**815**	731	562
Trade and other receivables	16	**1,835**	4,002	1,926
Income tax receivable		**—**	5	—
Cash and cash equivalents	17	**4,208**	7,080	2,649
		6,858	11,818	5,137
TOTAL ASSETS		**69,765**	76,043	59,453
EQUITY				
Issued share capital	18	**9,322**	9,322	9,322
Share premium	18	**15,993**	15,993	15,993
Merger reserve	18	**(1,111)**	(1,111)	(1,111)
Other reserve	18	**452**	452	452
Retained earnings/(deficit)		**897**	(5,476)	(9,707)
Equity attributable to equity shareholders of the Parent		**25,553**	19,180	14,949
TOTAL EQUITY		**25,553**	19,180	14,949
LIABILITIES				
Current liabilities				
Trade and other payables	21	**3,833**	8,321	3,945
Other financial liabilities*	14	**11,327**	5,913	—
Lease liabilities	12	**1,808**	2,059	2,179
Income tax payable		**987**	—	35
Provisions	22	**119**	—	—
		18,074	16,293	6,159
Non-current liabilities				
Other financial liabilities*	14	**—**	14,456	16,797
Lease liabilities	12	**25,365**	25,534	21,548
Deferred tax liability	8	**512**	265	—
Other payables due in more than one year	21	**261**	315	—
		26,138	40,570	38,345
TOTAL LIABILITIES		**44,212**	56,863	44,504
TOTAL EQUITY AND LIABILITIES		**69,765**	76,043	59,453

* On 19 April 2023, the Group's term loan was extended for a period of 12 months and is now due for final repayment on 5 December 2024. Had this extension been agreed at the reporting date, the Group's current other financial liabilities of £11,327,000 would be replaced by a £942,000 current liability and a £10,385,000 non-current liability.

These consolidated financial statements have been approved by the Board of Directors and signed on its behalf by:

J.A.Smith, Director
21 April 2023

Registered Company number: 08687172

Consolidated statement of cash flows

For the 18 month period ended 25 December 2022

	Notes	18 months to 25 December 2022 £'000	12 months to 27 June 2021 restated £'000
Operating activities			
Profit before tax		**7,639**	4,150
Net finance costs	7	**1,793**	963
Amortisation of intangible assets	10	**126**	80
Impairment of goodwill	5, 10	**985**	—
Reversal of impairment of property, plant and equipment	5, 11	**(424)**	—
Reversal of impairment of right-of-use assets	5, 12	**(489)**	—
Depreciation of property, plant and equipment	11	**2,372**	1,218
Depreciation of right-of-use assets	12	**2,453**	1,436
Impairment of net investment in finance lease	12	**—**	47
Gain on derecognition of lease liabilities due to disposal	12	**(688)**	(1,838)
Gain on derecognition of lease liabilities due to waivers & concessions	5, 12	**(402)**	(1,334)
Charge on recognition of in-substance fixed rent	12	**268**	—
Increase/(decrease) in provisions and deferred tax		**119**	(21)
Increase in inventories		**(84)**	(59)
Decrease/(increase) in trade and other receivables		**2,381**	(1,738)
(Decrease)/increase in trade and other payables		**(3,539)**	2,985
Interest paid on borrowings		**(712)**	(320)
Interest paid on lease liabilities	12	**(1,105)**	(667)
Interest received		**24**	6
Income tax paid		**(32)**	(52)
Net cash flow generated from operating activities		**10,685**	4,856
Investing activities			
Purchase of property, plant and equipment and intangible assets	10, 11	**(1,296)**	(258)
Acquisition of business, net of cash acquired	4	**—**	(2,251)
Proceeds from disposal of property, plant and equipment		**18**	11
Payment of deferred and contingent consideration to former Lightwater Valley Attractions Limited Shareholders		**(1,000)**	—
Net cash flows used in investing activities		**(2,278)**	(2,498)
Financing activities			
Proceeds from borrowings		**—**	3,634
Repayment of borrowings		**(9,063)**	(1,291)
Principal paid on lease liabilities	12	**(2,216)**	(270)
Net cash flows (used in)/generated from financing activities		**(11,279)**	2,073
Net (decrease)/increase in cash and cash equivalents		**(2,872)**	4,431
Cash and cash equivalents at beginning of period		**7,080**	2,649
Cash and cash equivalents end of period	17	**4,208**	7,080

Consolidated statement of changes in equity

For the 18 month period ended 25 December 2022

	Issued share capital £'000	Share premium £'000	Merger reserve £'000	Other reserves £'000	Retained (deficit)/ earnings £'000	Total shareholders' equity £'000
At 28 June 2020	**9,322**	**15,993**	**(1,111)**	**452**	**(9,660)**	**14,996**
Correction to opening reserves (see Note 28)	—	—	—	—	(47)	(47)
At 28 June 2020 restated	**9,322**	**15,993**	**(1,111)**	**452**	**(9,707)**	**14,949**
Restated profit and total comprehensive income for the period	—	—	—	—	4,231	4,231
At 27 June 2021	**9,322**	**15,993**	**(1,111)**	**452**	**(5,476)**	**19,180**
Profit and total comprehensive income for the period	—	—	—	—	6,373	6,373
At 25 December 2022	**9,322**	**15,993**	**(1,111)**	**452**	**897**	**25,553**

Notes to the consolidated financial statements

For the 18 month period ended 25 December 2022

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 25 December 2022, the Group also operated eight premium bars (2021: eight) and eight (2021: eight) indoor adventure golf facilities trading in major towns and cities across the UK, as well as operating Lightwater Valley Family Adventure Park, situated in North Yorkshire.

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 25 December 2022. These accounting policies were consistently applied for all the periods presented.

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

On 20 June 2022, the Group changed its accounting reference date (and financial year end) from 30 June to 31 December. As a result, the current period financial results are presented on an 18 month basis to 25 December 2022, with a comparison to the latest audited accounts for the 12 months ended 27 June 2021. As such, prior period comparatives will not be directly comparable to current year financial information. The notes to the consolidated financial statements are on this basis.

Going concern

As at 25 December 2022, the Group had net current liabilities of £11,216,000 (2021: £4,475,000). The Group also had cash and cash equivalents of £4,208,000 (2021: £7,080,000) available to meet short-term needs.

The Group meets its day-to-day working capital requirements through its bank facilities. The Group's principal sources of funding are:

- a one year term loan of £10,870,000, which was initially entered into in April 2016. As of 25 December 2022, the term loan was due for final repayment on 5 December 2023, and is therefore shown as a current liability in the Consolidated Balance Sheet. The term loan was extended for a period of 12 months on 19 April 2023 and is now due for final repayment on 5 December 2024. As a consequence, loan repayments of £485,000 are payable over the next 12 months; and
- a one year revolving credit facility of £1,000,000, which was initially entered into in April 2016. This was due to expire on 5 December 2023 as of 25 December 2022, but was also extended for a period of 12 months on 19 April 2023. As at 25 December 2022, this facility was undrawn.
- the Group also had £457,000 of Coronavirus Business Interruption Loans (CBILs) outstanding as at 25 December 2022 (2021: £5,000,000), which were repaid in full at the end of March 2023.

Quarterly covenant tests are in place over the bank facilities and the Group was fully compliant as at 25 December 2022.

The Group's current intention is to replace the £10,870,000 term loan and £1,000,000 revolving credit facility with a larger revolving credit facility and a reduced term loan. This will provide the Group with additional flexibility in meeting its day-to-day working capital requirements and reduce its interest costs by repaying further debt back to the revolving credit facility. The covenant tests will be modified to account for the changes in circumstances as part of the revised refinancing arrangement.

Based on current forecast performance, the Directors consider that the Group will be both profitable and cash generative and will continue to comply with covenant testing for the foreseeable future.

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. The Group will also have sufficient cash resources available to meet its liabilities as they fall due Accordingly, these financial statements have been prepared on a going concern basis.

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
IT equipment	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 accounting judgments and key sources of estimation uncertainty (see Note 2) for further detail.

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 derecognition 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

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.

Cash flows in relation to deferred and contingent consideration, such as those settled in the current period in relation to the prior period acquisition of Lightwater Valley Attractions Limited, are recognised as investing activities in the Consolidated statement of cash flows.

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.

1. Accounting policies (continued)

Goodwill is tested for impairment annually at the period end date and when circumstances indicate that the carrying value may be impaired. In the current period, the Group performed two impairment assessments in December 2022 and June 2022 (2021: one assessment in June 2021) to reflect the change in accounting reference date to 31 December.

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.

Where an impairment loss recognised in a prior period is assessed to have decreased or no longer exist, and the recoverable amount of the relevant asset is assessed to be greater than its impaired carrying value, the impairment loss is reversed to increase the carrying amount of the relevant asset to its recoverable amount.

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 to 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.

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

In the prior period, the Group recognised contingent consideration payable in respect of the purchase of Lightwater Valley Attractions Limited. The amount payable was recognised at fair value, being management's best estimate of the total amount that subsequently became due. The contingent consideration was settled during the current period.

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 derecognition 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.

1. Accounting policies (continued)

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; or

b) impairment charges and reversals, lease liability adjustments, 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.

Charges/credits 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 liability adjustments recognised within highlighted items relate either to the disposal of a site, to the granting of rent waivers by the Group's landlords, or to the recognition of consequent in-substance fixed rental payments. 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 recur in future. Furthermore, gains recognised from the derecognition of lease liabilities on disposed sites 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 year ending 28 June 2020. 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 has passed to the buyer, usually on consumption. Revenue from services (principally use of entertainment machines on the Pier and indoor golf courses) is recognised on delivery of service apart from revenue arising from the sale of annual passes to Lightwater Valley Family Adventure Park and concession income on the Pier which is recognised over time in accordance with the satisfaction of the relevant performance obligation.

Government grants

During the periods ended 25 December 2022 and 27 June 2021, 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 periods ended 25 December 2022 and 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 (see Note 7).

Share-based payments

Equity-settled transactions

The cost 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

1. Accounting policies (continued)

- 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 new standards, interpretations and amendments that are effective for the first time for the financial year beginning 26 December 2022 are detailed below:

- IFRS 3 Business Combinations (Amendment – Definition of Business);
- Annual Improvements to IFRS: 2018-2020 Cycle;
- IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Amendment – Onerous Contracts – Cost of Fulfilling a Contract);
- IAS 16 Property, Plant and Equipment (Amendment – Proceeds before Intended Use); and
- Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS39, IFRS 7, IFRS 4 and IFRS 16.

These amendments have not had a material impact on the Group.

New standards and interpretations not yet adopted

The Group is currently assessing the impact of the following accounting standards and amendments:

- IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment – Definition of Material);
- IAS 1 Presentation of Financial Statements (Amendment – Classification of Liabilities as Current or Non-Current);
- IFRS 17 Insurance Contracts;
- IAS 12 Deferred Tax (Amendment – Assets & Liabilities Arising from a Single Transaction); and
- IFRS 16 (Amendment – Leases on sale and leaseback).

2. Critical accounting judgments and key sources of estimation uncertainty

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

The acquisition growth strategy of the Group has led to material goodwill being recognised on the balance sheet. This goodwill, which is allocated across CGUs, is tested at least annually to determine whether there is any indication of impairment, as outlined in Note 13. 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 key inputs used to determine the recoverable amount of each CGU require significant management judgment, including those used to derive the expected future cash flows, discount rates, long term growth rates and period of cash flows. Actual performance may differ from management's expectations. Additionally, property, plant and equipment and right-of-use assets which have been allocated to CGUs are reviewed at least annually for indicators of impairment and if an indicator of impairment exists, similar recoverability testing is performed.

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.

Critical accounting judgements

Right-of-use assets and lease liabilities

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.

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.

The Group is also required to exercise judgment in estimating the appropriate discount rate used to calculate the initial measurement of the lease liability. The discount rate is determined using the incremental borrowing rate, as the interest rate implicit in the lease cannot be readily determined across the Group's leasing activities. The incremental borrowing rate is the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset in a similar economic environment with similar terms and conditions.

Determination of an appropriate lease term and discount rate has a direct impact on the value of the right-of-use asset and the lease liability recognised in the Balance Sheet.

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 25 December 2022.

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:

18 month period ended 25 December 2022	Brighton Palace Pier £'000	Golf £'000	Bars £'000	Lightwater Valley £'000	Total segments £'000	Head office costs £'000	**2022 consolidated total £'000**
Revenue	25,249	10,014	15,517	8,125	58,905	—	**58,905**
Cost of sales	(3,782)	(140)	(2,750)	(1,076)	(7,748)	—	**(7,748)**
Gross profit	21,467	9,874	12,767	7,049	51,157	—	**51,157**
Gross profit %	85%	99%	82%	87%	87%		**87%**
Administrative expenses: Other administrative expenses (excluding depreciation and amortisation)	(16,823)	(4,463)	(9,335)	(5,146)	(35,767)	(1,655)	**(37,422)**
Other income: Insurance income	100	10	—	—	110	—	**110**
Local authority grant income	—	35	46	—	81	—	**81**
Other income	—	—	6	—	6	—	**6**
Divisional earnings/(loss)	4,744	5,456	3,484	1,903	15,587	(1,655)	**13,932**
Highlighted items	—	(307)	758	—	451	—	**451**
Depreciation and amortisation (excluding depreciation of right-of-use assets)	(751)	(604)	(604)	(539)	(2,498)	—	**(2,498)**
Depreciation of right-of-use assets	(13)	(1,263)	(1,039)	(138)	(2,453)	—	**(2,453)**
Net finance cost (excluding interest on lease liabilities)	—	—	—	—	—	(688)	**(688)**
Net finance costs arising on lease liabilities	(3)	(446)	(413)	(243)	(1,105)	—	**(1,105)**
Profit/(loss) before tax	3,977	2,836	2,186	983	9,982	(2,343)	**7,639**
Income tax						(1,266)	**(1,266)**
Profit/(loss) after tax	3,977	2,836	2,186	983	9,982	(3,609)	**6,373**
EBITDA (excluding highlighted items)	4,744	5,456	3,484	1,903	15,587	(1,655)	**13,932**
EBITDA (including highlighted items)	4,744	5,456	3,484	1,903	15,587	(1,774)	**13,813**

12 month period ended 27 June 2021 restated	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	—	573	2,493	—	3,066	(320)	2,746
Depreciation and amortisation (excluding depreciation of right-of-use assets)	(518)	(430)	(350)	—	(1,298)	—	(1,298)
Depreciation of right-of-use assets	(12)	(797)	(620)	(7)	(1,436)	—	(1,436)
Net finance cost (excluding interest on lease liabilities)	—	—	—	—	—	(296)	(296)
Net finance costs arising on lease liabilities	(4)	(319)	(332)	(12)	(667)	—	(667)
Profit/(loss) before tax	489	2,156	2,966	89	5,700	(1,550)	4,150
Income tax	—	—	—	—	—	81	81
Profit/(loss) after tax	489	2,156	2,966	89	5,700	(1,469)	4,231
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.

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, and annual passes at Lightwater Valley, 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 was therefore £4.8 million.

The total consideration was 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 which was paid at the end of October 2021, and contingent consideration of a further £0.5 million, which was paid in September 2021.

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 was therefore £4.8 million (£4.5 million including cash acquired).

4. Acquisition of Lightwater Valley Attractions Limited (continued)

At 25 December 2022, the measurement period for the acquisition of Lightwater Valley had exceeded 12 months and accordingly the fair values presented below are final.

Fair value of assets acquired and liabilities assumed	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 identifiable net assets at fair value	**2,530**
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 were not included as part of consideration transferred and were 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 of 27 June 2021. 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 have shown 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

	18 month period ended 25 December 2022 £'000	12 month period ended 27 June 2021 £'000
Acquisition costs	—	254
Restructuring costs	—	66
Impairment of goodwill	985	—
Reversal of impairment of property, plant and equipment	(424)	—
Reversal of impairment of right-of-use assets	(489)	—
Charge on recognition of in-substance fixed rent	430	—
Gain on derecognition of lease liabilities for continuing sites using:		
- IFRS 9 derecognition criteria	(337)	(590)
- IFRS 16 practical expedient	(65)	(744)
Gain on derecognition of lease liabilities for disposed sites	(670)	(1,838)
Other closure costs & legal costs	119	106
Total	**(451)**	(2,746)

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 27 for further details.

18 month period ended 25 December 2022

The Group performed two impairment tests in the current period, in December 2022 and in June 2022 (2021: one test in June 2021). The Group considers the relationship between the trading performance of each CGU and their book value when reviewing for indicators of impairment. Based on management's review of the expected performance of the core estate, an impairment of £985,000 (2021: nil) was identified, split between the Rushden (£693,000) and Glasgow (£292,000) sites in the Golf division. Conversely, with the removal of the final remaining COVID restrictions in the period, the trading outlook in other sites is more favourable than in prior reviews, resulting in a reversal of impairments applied to property, plant and equipment of £424,000 (2021: nil) and right-of-use assets of £489,000 (2021: nil). These reverse impairments that were applied as part of management's 2020 impairment review. Further details are provided in Note 13.

During the pandemic, the Group reached agreements with many of its landlords to temporarily replace fixed rents repayable with a combination of fixed rents and variable turnover rents, with the turnover element benchmarked to pre-pandemic trading. At the time the agreements were made, there was considerable uncertainty about whether the sites, particularly in the Bars division, would be able to reopen and recover to pre-pandemic trading levels. In line with accounting standards, lease liabilities were adjusted to reflect only the fixed rent element of the lease agreements. Amounts derecognised were included within highlighted items.

During the period, management regularly reviewed the lease arrangements in place across the Group in conjunction with the forecast performance at each leased site. With most sites once again trading at or above pre-pandemic levels, in June 2022 management assessed that the payment of turnover rent at some sites in the Bars division was sufficiently certain as to make them in-substance fixed lease payments in accordance with IFRS 16.B42. At this point, future payments totalling £268,000 were recognised as additional lease liabilities (see Note 12). Prior to the assessment having been made, turnover rent payments totalling £162,000 were recognised directly in the Statement of Comprehensive Income. Total turnover rent payments of £430,000 (2021: nil) were recognised within highlighted items in the period ended 25 December 2022, ensuring consistency with the treatment of previously derecognised liabilities in prior periods.

5. Highlighted items (continued)

The onset of the COVID pandemic prompted the IASB to issue a practical expedient to provide relief for lessees from lease modification accounting for rent concessions related to COVID. The practical expedient allows entities to recognise the value of any agreed 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 £65,000 (2021: £744,000) within highlighted items in the Statement of Comprehensive Income for the period ended 25 December 2022.

The practical expedient can only be used for rent concessions covering the period to 30 June 2022. In some instances, the Group has agreed temporary lease variations that extend beyond this date. These variations amount, in substance, to forgiveness of rent payable without materially changing the present value of total cash outflows over the life of the lease. In such circumstances, the Group de-recognises the appropriate portion of its total liability in accordance with the provisions of IFRS 9: Financial Instruments. The value of these extended waivers is recognised in the Statement of Comprehensive Income. The Group has recognised total credits of £337,000 (2021: £590,000) within highlighted items in the Statement of Comprehensive Income during the period ended 25 December 2022.

Lease liabilities of £688,000 (see Note 12) were extinguished during the period as a result of the disposal of the Reading Smash site. The right-of-use asset relating to this site was impaired to nil during the period ended 28 June 2020 and was included in highlighted items for that period. Additional costs of £18,000 were incurred in relation to the disposal, which were offset against the corresponding gain within highlighted items.

Legal costs of £119,000 arise as a result of an ongoing claim made in relation to a former trading site in the Bars division.

12 month 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.

6. Employee costs

Employee benefits expense

	18 month period ended 25 December 2022 £'000	12 month period ended 27 June 2021 £'000
Included in other operating costs		
Wages and salaries	**18,010**	5,374
Social security costs	**1,246**	540
Pensions – defined contribution plans	**129**	69
	19,385	5,983

Wages and salaries expense for the period ended 25 December 2022 is shown net of £34,000 (2021: £2,184,000) received from the UK Government in relation to the Coronavirus Job Retention Scheme.

Average number of people employed (including Executive Directors)

	2022	2021
Number of employees	**681**	374
Split between:		
Operational	**647**	327
Administration	**34**	47
Total average headcount	**681**	374

Directors' remuneration

	18 month period ended 25 December 2022 £'000	12 month period ended 27 June 2021 £'000
Aggregate remuneration in respect of qualifying services	**724**	427
Aggregate remuneration in respect of the highest paid Director	**294**	183

An analysis of Directors' remuneration is set out in the report of the Remuneration and Nominations Committee on page 41.

Payments totalling £1,981 (2021: £1,315) were made on behalf of one (2021: one) Director into the Group's auto-enrolment 'People's Pension Scheme'.

7. Other income and expenditure

Other income

	18 month period ended 25 December 2022 £'000	12 month period ended 27 June 2021 £'000
Insurance income	**110**	5,000
Local authority grant income	**81**	693
Other income	**6**	—
	197	5,693

At the end of the period the Group has recognised insurance income totalling £0.1 million (2021: £5.0 million) as other income in the Statement of Comprehensive Income in relation to COVID-19 business interruption claims. The Group is not expected to make any further insurance claims in relation to COVID-19.

During the period the Group received income of £81,000 (2021: £693,000) from local authorities in the towns and cities where its trading sites are located. These grants were paid to assist businesses with meeting their day-to-day running costs during lockdown periods.

The Group also received £34,000 (2021: £2,184,000) 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 25 December 2022 the Group benefitted from other government assistance via the following schemes:

Scheme	18 month period ended 25 December 2022 £'000	12 month period ended 27 June 2021 £'000
Interest payment relief on Coronavirus Business Interruption Loans (CBILs)	**—**	88
VAT reduction for hospitality businesses	**1,570**	1,294
Business rates relief	**666**	1,303
Eat out to help out	**—**	71
	2,236	2,756

Finance Income

	18 month period ended 25 December 2022 £'000	12 month period ended 27 June 2021 £'000
Interest on finance lease receivables	**24**	24

Finance costs

	18 month period ended 25 December 2022 £'000	12 month period ended 27 June 2021 restated £'000
Interest on borrowings	**712**	320
Interest on leases	**1,105**	667
	1,817	987

Total operating expenses excluding highlighted items included in operating expenses

	18 month period ended 25 December 2022 £'000	12 month period ended 27 June 2021 restated £'000
Depreciation of owned property, plant and equipment	**2,372**	1,218
Depreciation of right-of-use assets	**2,453**	1,436
Amortisation of intangible assets	**126**	80
Loss on disposal of property, plant and equipment	**2**	—
Rates and service charge	**2,763**	742
Insurance and licenses	**2,927**	1,523
Property costs	**4,420**	1,657
Staff costs (see Note 6)	**19,385**	5,983
Contract security costs	**1,258**	57
Other operating expenses	**6,667**	2,390
	42,373	15,086

8. Income tax

(a) Tax on profit on ordinary activities

The tax is made up as follows:

	18 month period ended 25 December 2022 £'000	12 month period ended 27 June 2021 £'000
Current tax:		
UK corporation tax charge on the profit for the period	**1,011**	—
Adjustment in respect of prior periods	**(19)**	(60)
Total current tax	**992**	(60)
Deferred tax:		
Changes in tax rates	**198**	—
Adjustments in respect of prior periods	**(92)**	—
Origination and reversal of temporary differences	**168**	(21)
Total deferred tax	**274**	(21)
Total tax charge/(credit) for the period	**1,266**	(81)

8. Income tax (continued)

(b) Factors affecting tax charge/(credit) for the period

The tax charge for the current period was £1.6 million (2021: credit of £0.1 million). The tax charge for the current year is higher than (2021: lower than) the expected 19% tax charge due to the following:

	18 month period ended 25 December 2022 £'000	12 month period ended 27 June 2021 restated £'000
Profit on ordinary activities before tax	**7,639**	4,149
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021:19%)	**1,451**	788
Effects of:		
Expenses not deductible for tax purposes and non-taxable income	**(173)**	80
Changes in tax rates	**198**	—
Fixed asset differences	**(267)**	61
Adjustments in respect of prior periods	**(111)**	(60)
Movement in unrecognised deferred tax arising from utilisation of brought forward losses	**—**	(950)
Other deferred tax movements	**168**	—
Total tax charge/(credit) for the period	**1,266**	(81)

(c) Deferred tax

Deferred taxation has been calculated using a tax rate of 25% (2021: 19%) following the increase to the main rate of corporation effective from 1 April 2023. The net deferred taxation liability comprises the following:

	18 month period ended 25 December 2022 £'000	12 month period ended 27 June 2021 £'000
Assets		
Other timing differences	**34**	—
Taxable losses carried forward	**14**	407
	48	407
Liabilities		
Capital allowances in advance of depreciation	**(414)**	(561)
Goodwill	**(146)**	(111)
	(560)	(672)
Total deferred tax liability recognised in the balance sheet	**(512)**	(265)

Deferred tax balances as at 25 December 2022 and 27 June 2021 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 2022, there were gross unrecognised deferred tax assets totalling £0.1 million (2021: nil) 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 per share

	18 month period ended 25 December 2022	12 month period ended 27 June 2021 restated
Profit for the period (£'000)	**6,373**	4,231
Basic weighted number of shares (number)	**37,286,284**	37,286,284
Earnings per share - Basic (pence)	**17.1**	11.3

Basic adjusted earnings per share

	18 month period ended 25 December 2022	12 month period ended 27 June 2021 restated
Profit for the period before highlighted items (£'000)	**6,126**	2,088
Basic adjusted weighted number of shares (number)	**37,286,284**	37,286,284
Adjusted earnings per share - Basic (pence)	**16.4**	5.6

Diluted basic earnings per share

	18 month period ended 25 December 2022	12 month period ended 27 June 2021 restated
Profit for the period (£'000)	**6,373**	4,231
Diluted weighted number of shares (number)	**37,802,824**	37,286,284
Earnings per share - Diluted (pence)	**16.9**	11.3

9. Earnings per share (continued)

Adjusted diluted earnings per share

	18 month period ended 25 December 2022	12 month period ended 27 June 2021 restated
Profit for the period before highlighted items (£'000)	**6,126**	2,088
Diluted weighted number of shares (number)	**37,802,824**	37,286,284
Adjusted earnings per share - Diluted (pence)	**16.2**	5.6

Reconciliation of adjusted profit for the period

Adjusted profit is calculated as follows:

	18 month period ended 25 December 2022 £'000	12 month period ended 27 June 2021 restated £'000
Profit for the period	**6,373**	4,231
Highlighted items	**(451)**	(2,746)
Tax charge arising on highlighted items	**204**	603
Adjusted profit for the period	**6,126**	2,088

The tax charge arising on highlighted items of £204,000 (2021: £603,000) reflects the amount of current tax at the enacted rate of 19% (2021: 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:

	25 December 2022 Number	27 June 2021 Number
Weighted average number of shares for Basic EPS	**37,286,284**	37,286,284
Dilutive effect of share options and warrants	**516,540**	—
Weighted average number of shares for Diluted EPS	**37,802,824**	37,286,284

Share options with exercise prices of 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 the current period (2021: share options with exercise prices of 55p, 63.5p and 111p).

10. Intangible assets

	Goodwill £'000	Computer software and websites £'000	Total £'000
Cost:			
At 28 June 2020	16,885	472	17,357
Additions	1,070	—	1,070
At 27 June 2021	17,955	472	18,427
Additions	—	199	199
At 25 December 2022	**17,955**	**671**	**18,626**
Amortisation & impairments:			
At 28 June 2020	7,698	192	7,890
Charge for the period	—	80	80
At 27 June 2021	7,698	272	7,970
Charge for the period	—	126	126
Impairment charges	985	—	985
At 25 December 2022	**8,683**	**398**	**9,081**
Net book value:			
At 28 June 2020	9,187	280	9,467
At 27 June 2021	10,257	200	10,457
At 25 December 2022	**9,272**	**273**	**9,545**

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, Lightwater Valley Attractions Limited (owner of Lightwater Valley) on 17 June 2021, and the Putney Fez site in the Bars division, which was purchased as one of twelve sites in 2006.

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, impairments totalling £985,000 were identified in the current financial year (2021: £nil).

Refer to Note 13 for further information on the impairment reviews, including certain sensitivities applied and their respective impacts on the Group's goodwill carrying values.

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

11. Property, plant and equipment

	IT Equipment £'000	Motor vehicles £'000	Fixtures, fittings & equipment £'000	Leasehold improvement £'000	Pier, landing stage & deck £'000	Assets under construction £'000	Total £'000
Cost:							
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**
Transfers	(3)	(1)	4	—	—	—	—
Additions	50	—	769	278	—	—	1,097
Disposals	—		(40)	—	—	(10)	(50)
At 25 December 2022	**550**	**20**	**12,343**	**11,672**	**17,344**	**—**	**41,929**
Depreciation:							
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**
Charge for the period	77	2	1,263	1,030	—	—	2,372
Disposals	—	—	(32)	—	—	—	(32)
Impairment reversals	—	—	(86)	(338)	—	—	(424)
At 25 December 2022	**491**	**20**	**8,608**	**4,671**	**—**	**—**	**13,790**
Net book value:							
At 28 June 2020	122	6	3,074	5,217	17,344	—	25,763
At 27 June 2021	89	3	4,147	7,415	17,344	10	29,008
At 25 December 2022	**59**	**—**	**3,735**	**7,001**	**17,344**	**—**	**28,139**

* 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 £8,699,000 (2021: £4,325,000).

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 (2021: no impairments).

With the removal of the final remaining COVID restrictions in the period, the trading outlook in certain sites is more favourable than in prior impairment reviews, resulting in a reversal of impairments applied to property, plant and equipment of £424,000 (2021: nil). The original impairments were applied as part of the June 2020 impairment review, when the uncertainty caused by the COVID pandemic resulted in a highly cautious trading outlook for the Group. The reversals of impairment that were recognised, along with their impact on the carrying value of the Group's CGUs, are detailed in Note 13.

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.

With the removal of the final remaining COVID restrictions in the period, the trading outlook in certain sites is more favourable than in prior impairment reviews, resulting in a reversal of impairments applied to right-of-use assets of £489,000 (2021: nil). The original impairments were applied as part of the June 2020 impairment review, when the uncertainty caused by the COVID pandemic resulted in a highly cautious trading outlook for the Group. The reversals of impairment that were recognised, along with their impact on the carrying value of the Group's CGUs, are detailed in Note 13.

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 £337,000 (2021: £590,000) within highlighted items in the Statement of Comprehensive Income for the period ended 25 December 2022.

During the period ended 25 December 2022 the Group also derecognised £65,000 (2021: £744,000) 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.

Lease contract accounting prior period restatement

In the current period, the Group undertook a detailed review of its leasing contracts and discovered that a signed lease extension for the premises at the Manchester golf site had been unintentionally omitted during the Group's initial adoption of IFRS 16 in 2019 due to the presence of a landlord break clause in March 2023. As a consequence, this 10-year extension period (from March 2023 to March 2033) had not been reflected in the measurement of the right-of-use asset and associated lease liability.

The Group also discovered that in the Cambridge bars site, a longer lease term had been used in the calculation of the right-of-use asset and associated lease liability than that agreed with the landlord.

The net effect of these restatements is primarily on the Balance Sheet, with an increase to the right-of-use asset of £0.7 million, and a £0.8 million increase to the associated lease liability as of 27 June 2021. The correction to opening reserves of the remaining £0.1 million reflects the net impact on the Statements of Comprehensive Income in prior periods and relates to the higher net depreciation and interest charges. See Note 28 for further details.

12. Leases (continued)

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 payments in relation to this lease are subject to annual increases in proportion with the equivalent increase in the UK Retail Prices Index (RPI). The rent payable on all other 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 nine 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 and two years. During the period ended 25 December 2022 the Group recognised variable rent payments of £430,000 (2021: £34,000) in relation to these agreements, which have been recognised as highlighted items in the Statement of Comprehensive Income (see Note 5).

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 25 December 2022.

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
restated (see Note 28)

	Property £'000	Vehicles £'000	Equipment £'000	Total £'000
At 28 June 2020	18,017	—	13	18,030
Additions	7,298	24	—	7,322
Depreciation	(1,423)	(7)	(6)	(1,436)
At 27 June 2021	**23,892**	**17**	**7**	**23,916**
Additions	2,007	—	—	2,007
Depreciation	(2,436)	(12)	(5)	(2,453)
Reversal of impairment	489	—	—	489
Remeasurement adjustments	1,264	—	—	1,264
At 25 December 2022	**25,216**	**5**	**2**	**25,223**

Lease liabilities restated (see Note 28)

	Property £'000	Vehicles £'000	Equipment £'000	Total £'000
At 28 June 2020	23,713	—	14	23,727
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	663	2	2	667
Payments	(918)	(9)	(10)	(937)
At 27 June 2021	**27,570**	**17**	**6**	**27,593**
Additions	1,989	—	—	1,989
Disposals	(1,323)	—	—	(1,323)
Concessions received from landlords and recognised using:				
IFRS 16 practical expedient	(65)	—	—	(65)
IFRS 9 derecognition criteria	(337)	—	—	(337)
Interest expense	1,102	1	2	1,105
Payments	(3,300)	(13)	(8)	(3,321)
Recognition of in-substance fixed rent	268	—	—	268
Remeasurement adjustments	1,264	—	—	1,264
At 25 December 2022	**27,168**	**5**	**—**	**27,173**

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

18 month period ended 25 December 2022	**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	39,413	2,529	2,293	6,228	8,930	7,868	11,565
Interest	(12,240)	(721)	(673)	(1,741)	(2,083)	(2,046)	(4,976)
Total amounts payable on finance leases	**27,173**	**1,808**	**1,620**	**4,487**	**6,847**	**5,822**	**6,589**

12 month period ended 27 June 2021 restated (see Note 28)	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	39,202	2,805	2,066	6,781	9,220	7,828	10,502
Interest	(11,609)	(741)	(675)	(1,644)	(2,027)	(1,922)	(4,600)
Total amounts payable on finance leases	**27,593**	**2,064**	**1,391**	**5,137**	**7,193**	**5,906**	**5,902**

12. Leases (continued)

Net investment in finance leases

Net investment in finance leases relates to a site in 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. The sublet was disposed of in the period.

A reconciliation of sublet property is as follows:

	£'000
At 28 June 2020	689
Interest income	18
Impairment recognised	(47)
Amounts reclassed as other receivable on expiry of lease	(25)
At 27 June 2021	**635**
Disposals	(635)
At 25 December 2022	**—**

During the period ended 25 December 2022 no impairments were recognised.

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.

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

18 month period ended 25 December 2022	**Total £'000**	**Up to 1 year £'000**	**1-2 years £'000**	**2-5 years £'000**	**5+ years £'000**
Undiscounted amounts receivable	—	—	—	—	—
Interest	—	—	—	—	—
Total amounts receivable from finance leases	**—**	**—**	**—**	**—**	**—**

12 month 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**

13. Impairment review

The Group performed two impairment tests in the current period, in December 2022 and in June 2022 (2021: one in June 2021). The Group considers the relationship between the trading performance of each CGU and their book value when reviewing for indicators of impairment. 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.

Following the easing of the effects of the COVID-19 pandemic, the first half of 2022 created new economic uncertainty, with multiple factors leading to significant increases in global food and energy prices, which in turn have led to rapid inflation and a cost-of-living crisis. Management believes the diversity of the Group's offerings and strong balance sheet will offer some resilience in the short and medium-term as these factors are tackled. Longer-term, the Board remains optimistic about the outlook for the Group.

The multiple factors have however been treated by management as an indicator for impairment, prompting a full review of the recoverable amount of all CGUs within the Group.

Based on management's review of the expected performance of the core estate, impairments of £985,000 were identified in the Golf division: £693,000 (2021: £nil) in the Rushden site, and £292,000 (2021: £nil) in the Glasgow site.

Conversely, with the removal of the final remaining government-imposed COVID-19 restrictions in the period, the trading outlook in other sites is more favourable than in prior reviews, resulting in a reversal of impairments applied to property, plant and equipment of £424,000 (2021: £nil) and right-of-use assets of £489,000 (2021: £nil). The original impairments were applied as part of the June 2020 impairment review, when the uncertainty caused by the COVID-19 pandemic resulted in a highly cautious trading outlook for the Group. The impairments and reversals of impairment that were recognised, along with their impact on the carrying value of the Group's CGUs, are detailed in the table below:

	Carrying value prior to impairment review £'000	(Impairment)/ reversal of Impairment £'000	Carrying value carried forward after impairment review £'000
Goodwill	10,257	(985)	9,272
Property, plant and equipment	27,715	424	28,139
Right-of-use assets	24,734	489	25,223
Total carrying value of CGUs	**62,706**	**(72)**	**62,634**

An analysis of goodwill by CGU is as follows:

	Carrying value prior to impairment review £'000	Impairment £'000	Carrying value carried forward after impairment review £'000
Bars			
Putney	888	—	888
Golf			
Glasgow	2,055	(292)	1,763
Manchester	2,997	—	2,997
Livingston	147	—	147
Sheffield	1,012	—	1,012
Cheshire Oaks	814	—	814
Rushden	1,274	(693)	581
Lightwater Valley	1,070	—	1,070
Total goodwill	**10,257**	**(985)**	**9,272**

13. Impairment review (continued)

Methodology

The recoverable amount of each CGU has been determined based on a value in use calculation performed as at 25 December 2022 using cash flow projections from financial budgets as at 25 December 2022 approved by senior management covering the period to December 2024. Cash flows for each CGU beyond December 2024 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
Pier	2%	13.0%
Bars	2%	10.4% - 13.1%
Golf	2%	11.8% - 12.8%
Lightwater Valley	2%	13.0%

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) adjusted for various inputs from comparable market participants. The discount rate 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.

Long term 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 labour and rent. 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	N/A*	1,446
Manchester	Nil	—
Livingston	2 years	104
		1,550

*Glasgow recorded an impairment charge of £292,000 in the December 2022 impairment review.

Sensitivity

The Group has carried out sensitivity analyses on the reasonably possible changes to key assumptions in the impairment test. The Group has assessed the effect on headroom of the following sensitivities:

- a reduction of 2.0% in the estimated long-term growth rate;
- an increase of 2.0% in the estimated WACC underlying the discount rate; and
- a reduction of 5% in all cashflows in 2023 and 2024.

For each analysis, all inputs other than the relevant sensitivity being tested were unchanged from the base case scenario.

The table below summarises the resulting additional impairment to the Group's goodwill:

	Impairment			
	Base case £'000	WACC sensitivity £'000	Long term growth rate sensitivity £'000	EBITDA sensitivity £'000
Golf				
Glasgow	292	613	563	400
Rushden	693	1,150	930	788
Lightwater Valley	—	436	—	—
Total impairment	**985**	**2,199**	**1,493**	**1,188**

14. Other financial assets and liabilities

Financial assets

Group	At 25 December 2022 Amortised cost £'000	At 27 June 2021 Amortised cost £'000
Non-current assets as per balance sheet		
Net investment in finance leases	—	635
Other receivables	—	209
Current assets as per balance sheet		
Trade and other receivables excluding prepayments	**482**	2,312
Cash and cash equivalents	**4,208**	7,080
Total financial assets	**4,690**	10,236

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

		At 25 December 2022		At 27 June 2021 (restated)	
Group	Maturity	**Amortised cost £'000**	**Fair value through profit and loss £'000**	Amortised cost £'000	Fair value through profit and loss £'000
Trade payables	Payable within 1 year	**1,205**	—	2,793	—
Other payables, accruals and deferred consideration	Payable within 1 year	**2,628**	—	5,028	—
Other payables due in more than one year	Payable in more than 1 year	**261**	—	315	—
Contingent consideration	Payable within 1 year	—	—	—	500
Lease liabilities	Payable within 1 year	**1,808**	—	2,059	—
Lease liabilities	Payable in more than 1 year	**25,365**	—	25,534	—
		31,267	—	35,729	500

Financial liabilities: borrowings

Group	Interest rate %	Maturity	**At 25 December 2022 Amortised cost £'000**	At 27 June 2021 Amortised cost £'000
Liabilities as per balance sheet				
Current:				
Other loans:				
£10.9m bank loans (2021: £11.8m)*	LIBOR + 2.25%	Dec 2023	**10,870**	400
£1.0m revolving loan facility (2021: £3.75m)	LIBOR + 2.25%	Dec 2023	**—**	1,884
£3.2m coronavirus business interruption loan	Base rate + 2.00%	Mar 2023	**457**	1,829
£1.8m coronavirus business interruption loan	Base rate + 2.00%	Jun 2022	**—**	1,800
			11,327	5,913
Non-current:				
Other loans:				
£10.9m bank loans (2021: £11.8m)*	LIBOR + 2.25%	Dec 2023	**—**	11,356
£1.0m revolving loan facility (2021: £3.75m)	LIBOR + 2.25%	Dec 2023	**—**	1,729
£3.2m coronavirus business interruption loan	Base rate + 2.00%	Mar 2023	**—**	1,371
£1.8m coronavirus business interruption loan	Base rate + 2.00%	Jun 2022	**—**	—
			—	14,456

* As at 25 December 2022, the Group's term loan was due for final repayment on 5 December 2023. The term loan was extended for a period of 12 months on 19 April 2023 and is now due to expire on 5 December 2024. Had this extension been agreed at the reporting date, the Group's current financial liabilities of £11,327,000 would be replaced by a £942,000 current liability and a £10,385,000 non-current liability.

£10.9 million bank loan

This term loan commenced on 27 April 2016. 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. On 16 March 2022, the term loan was renewed and extended from 5 December 2022 to 5 December 2023. The amount outstanding at the period end was £10,870,000 (2021: £11,756,000), net of unamortised arrangement fees. The loan is repayable in equal biannual instalments and is due for final repayment on 5 December 2023. The term loan was extended for a period of 12 months on 19 April 2023 and is now due to expire on 5 December 2024.

£1.0 million revolving credit facility

This revolving credit facility commenced on 27 April 2016 and was renewed and extended on 16 March 2022. 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 decreased to £2.75m on 31 August 2021, reducing further to £1.75m on 31 October 2021. There was then a final reduction to £1m in June 2022, and it will remain at that limit until its maturity on 5 December 2024.

The purpose of this facility was to fund capital expenditure and new site acquisitions. The amount drawn down on the facility as at 25 December 2022 was £nil, net of unamortised arrangement fees (2021: £3,614,000).

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.

14. Other financial assets and liabilities (continued)

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 £5.0 million. These bank facilities were made available from 27 April 2020. The purpose of these bank 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 met the cost of interest payments for a period of 12 months after initial drawdown. Quarterly repayments on both bank facilities commenced in September 2021. There were no arrangement fees arising on either loan.

Banking covenants

The Group's loan arrangements are subject to certain following covenants, which, under normal trading circumstances, are tested on a quarterly basis. For the 18 month period ending 25 December 2022, the Group's covenants were as follows:

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 25 December 2022, the Group maintained 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:

	At 25 December 2022		At 27 June 2021	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
	£'000	**£'000**	£'000	£'000
Interest-bearing loans and borrowings	**10,870**	**10,837**	15,369	15,878

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 25 December 2022 was assessed to be insignificant.

All loans are classed as Level 2 in the fair value hierarchy. The fair value of the contingent consideration was classed as Level 3 in the fair value hierarchy due to the presence of significant unobservable inputs, primarily in relation to future performance.

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 interest-bearing loans and borrowings: (through the impact on floating rate borrowings):

	Increase/decrease in basis points	Effect on profit before tax £'000
2022		
Sterling	**+ 100**	**(113)**
Sterling	**– 100**	**113**
2021		
Sterling	+ 100	(204)
Sterling	– 100	204

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 25 December 2022 and 27 June 2021 based on contractual (undiscounted) payments and interest.

14. Other financial assets and liabilities (continued)

18 month period ended 25 December 2022	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	**11,327**	**—**	**11,327**	**—**	**—**	**—**
Lease liabilities	**39,413**	**—**	**2,529**	**2,293**	**6,228**	**28,363**
Trade payables	**1,205**	**—**	**1,205**	**—**	**—**	**—**
Other payables	**2,889**	**—**	**2,628**	**35**	**105**	**121**
	54,834	**—**	**17,689**	**2,328**	**6,333**	**28,484**

12 month 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

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:

	At 25 December 2022 £'000	At 27 June 2021 restated £'000
Cash and cash equivalents	**4,208**	7,080
Short term borrowings	**(11,327)**	(5,006)
Long term borrowings	**—**	(15,363)
	(7,119)	(13,289)
Lease liabilities	**(27,173)**	(27,593)
Deferred and contingent consideration	**—**	(1,000)
Total net debt	**(34,292)**	(41,882)

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 2021	**14,456**	**5,913**	**25,534**	**2,059**	**47,962**
Cash outflows from financing activities	—	(9,063)	—	(2,216)	(11,279)
Repayment of Lightwater Valley debt					
Non-cash flows:					
Additional arrangement fees	(40)	—	—	—	(40)
Unwinding of unamortised arrangement fees	61	—	—	—	61
Loan repayments becoming current during the period	(14,477)	14,477	—	—	—
Non-cash lease liability movements (see Note 12)	—	—	1,639	157	1,796
Lease payments becoming current during the period	—	—	(1,808)	1,808	—
At 25 December 2022	**—**	**11,327**	**25,365**	**1,808**	**38,500**

	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 29 June 2020 (restated)	**16,797**	**—**	**21,548**	**2,179**	**40,524**
Cash flows from financing activities	—	3,549	—	(270)	3,279
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	(2,364)	2,364	—	—	—
Non-cash lease liability movements (see Note 12)	—	—	6,045	(1,909)	4,136
Lease payments becoming current during the period	—	—	(2,059)	2,059	—
At 27 June 2021	**14,456**	**5,913**	**25,534**	**2,059**	**47,962**

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 Family Adventure 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 Bars & Clubs Limited (formerly 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 Bars & Clubs Limited (formerly 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 25 December 2022, 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

	At 25 December 2022 £'000	At 27 June 2021 £'000
Goods for re-sale	**815**	731

The cost of inventories recognised as an expense and included in cost of sales amounted to £7,607,000 (2021: £1,677,000).

16. Trade and other receivables

	At 25 December 2022 £'000	At 27 June 2021 £'000
Current assets		
Trade receivables	**284**	314
Other receivables	**198**	1,998
Prepayments and accrued income	**1,353**	1,690
	1,835	4,002
Non-current assets		
Other receivables	**—**	209

Trade receivables are non-interest bearing and are payable on 30-day terms. All outstanding trade receivables are considered recoverable.

Included within trade receivables are amounts in relation to volume-based sponsorship rebates. Included within current other receivables are £nil in relation to amounts receivable in relation to the Group's COVID-19 business interruption insurance claim (2021: £1,998,000).

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 £99,000 (2021: £229,000).

The Group has not attributed any expected credit losses to its receivables based on the Directors' analysis of historical data and the nature of the instruments.

17. Cash and cash equivalents

	At 25 December 2022 £'000	At 27 June 2021 £'000
Cash at bank and in hand	**4,208**	7,080

At 25 December 2022, the Group had £1,000,000 available (2021: £116,000) of undrawn committed borrowing banking facilities.

Notes to the consolidated financial statements

For the 18 month period ended 25 December 2022

Continued

18. Issued capital and reserves

Ordinary shares called up and fully paid

Ordinary shares issued and fully paid	18 month period ended 25 December 2022 Thousands	18 month period ended 25 December 2022 £'000	12 month period ended 27 June 2021 Thousands	12 month period ended 27 June 2021 £'000
Ordinary shares of £0.25 each	**37,286**	**9,322**	37,286	9,322

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

Share premium	**£'000**
At 28 June 2020, 27 June 2021 and 25 December 2022	**15,993**

Number of shares in issue	
At 28 June 2020, 27 June 2021 and 25 December 2022	**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 25 December 2022.

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.

No expense was recognised for employee services during the year (2021: £nil).

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 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**
Forfeited during the period	—	—
Exercised during the period	—	—
Outstanding at 25 December 2022	**833,682**	**0.78**
Exercisable at 25 December 2022	**833,682**	**0.78**

The weighted average remaining contractual life for the share options outstanding as at 25 December 2022 is 4 years (2021: 5 years).

The weighted average exercise price for all options outstanding at the end of the period was £0.78 (2021: £0.78).

The highest and lowest market price of the Group's shares during the period ended 25 December 2022 was £1.15 and £0.49 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 25 December 2022 (2021: nil).

21. Trade and other payables

	At 25 December 2022 £'000	At 27 June 2021 £'000
Current liabilities		
Trade payables	**1,205**	2,793
Other payables	**251**	1,848
Accruals and deferred income	**1,669**	2,220
Deferred consideration	**—**	500
Contingent consideration	**—**	500
Other taxes and social security costs	**708**	460
	3,833	8,321
Non-current liabilities		
Other non-current payables	**261**	315
	4,094	8,636

Other non-current payables relate 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. Provisions

	Legal claim £'000
Balance at 27 June 2021	—
Additions during the period	119
Balance at 25 December 2022	**119**

Legal claims of £119,000 arise as a result of an ongoing claim made in relation to a former trading site in the Bars division.

23. Related party transactions

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

Note 14 provides 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:

	At 25 December 2022 £'000	At 27 June 2021 £'000
Short-term employee benefits	**816**	502
Post-employment pension	**2**	1
Total compensation paid to key management personnel	**818**	503

Amounts paid to Directors as part of short-term employee benefits including employer's national insurance contributions was £818,000 during the period (2021:£503,000).

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

24. Commitments

Operating lease commitments

Lessor:

	18 month period ended 25 December 2022 £'000	12 month period ended 27 June 2021 £'000
Minimum lease payments:		
Within one year	**15**	120
In two to five years	**—**	—
In over five years	**—**	—
	15	120

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

25. Events after the reporting period

On 19 April 2023, the Group's term loan and revolving credit banking facilities were extended for a period of 12 months and are now due for final repayment on 5 December 2024.

26. Auditor remuneration

	18 month period ended 25 December 2022 £'000	12 month period ended 27 June 2021 £'000
Fees payable to the Group's auditor and its associates for the audit of the parent Company and consolidated financial statements:	**188**	108
Audit of the Group's subsidiaries	**70**	40
Fees payable to the Group's auditor and its associates for other services:		
Audit related assurance services	**10**	12
	268	160

27. 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 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 decisions 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	18 month period ended 25 December 2022 £'000	12 month period ended 27 June 2021 restated £'000
Profit before tax for the year	**7,639**	4,150
Add back depreciation of property, plant and equipment	**2,372**	1,218
Add back depreciation of right-of-use assets	**2,453**	1,436
Add back amortisation	**126**	80
Add back finance costs	**1,793**	963
Add back highlighted items	**(451)**	(2,746)
Group EBITDA excluding highlighted items	**13,932**	5,101

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

	18 month period ended 25 December 2022 £'000	12 month period ended 27 June 2021 £'000
EBITDA excluding highlighted items	**13,932**	5,101
Highlighted items	**451**	2,746
Remove gains arising on lease liability derecognition	**(1,072)**	(3,172)
Remove goodwill impairment	**985**	—
Remove reversal of impairment of property, plant and equipment	**(424)**	—
Remove reversal of impairment of right-of-use assets	**(489)**	—
Remove charge on recognition of in-substance fixed rent	**430**	—
Group EBITDA including highlighted items	**13,813**	4,675

Like-for-like sales growth

Like-for-like sales 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.

Proforma consolidated statement of comprehensive income (unaudited)

The table below shows Group trading performance for the 12 month period ended 25 December 2022 (2021: 12 month period ended 26 December 2021) on a like-for-like basis:

	Unaudited 12 months ended 25 December 2022 £'000	Unaudited 12 months ended 26 December 2021 £'000
Revenue	**36,121**	28,126
Cost of sales	**(4,760)**	(3,677)
Gross profit	**31,361**	24,449
Operating expenses - excluding highlighted items	**(28,946)**	(20,694)
Highlighted items	**(353)**	1,129
Total operating expenses	**(29,299)**	(19,565)
Other income	**197**	4,293
Operating profit - excluding highlighted items	**2,612**	8,048
Highlighted items	**(353)**	1,129
Operating profit	**2,259**	9,177
Finance income	**—**	32
Finance cost	**(1,266)**	(1,044)
Profit before tax - excluding highlighted items	**1,346**	7,036
Highlighted items	**(353)**	1,129
Profit on ordinary activities before taxation	**993**	8,165
Taxation on ordinary activities	**43**	(1,228)
Profit and total comprehensive income for the period	**1,036**	6,937
Earnings per share – basic* (pence)	**2.8**	18.5
Earnings per share – diluted (pence)	**2.6**	18.5

* 2022 basic weighted average number of shares in issue is 37.29 million (2021: 37.29 million).

No other comprehensive income was earned during the period (2021: nil).

28. Lease contract accounting prior period restatement

In the current period, the Group undertook a detailed review of its leasing contracts and discovered that a signed lease extension for the premises at the Manchester golf site had been unintentionally omitted during the Group's initial adoption of IFRS 16 in 2019. As a consequence, this 10-year extension period (from March 2023 to March 2033) had not been reflected in the measurement of the right-of-use asset and associated lease liability. The Group also discovered that in the Cambridge Bars site, a longer lease term had been used in the calculation of the right-of-use asset and associated lease liability than that agreed with the landlord. The net effect of these restatements is primarily on the Balance Sheet, with an increase to the right-of-use asset of £0.7 million, and a £0.8 million increase to the associated lease liability as of 27 June 2021. The correction to opening reserves of the remaining £0.1 million reflects the net impact on the Statements of Comprehensive Income in prior periods and relates to higher net depreciation and interest charges.

28. Lease contract accounting prior period restatement (continued)

Balance Sheet (extract)	27 June 2021 £'000	Manchester Golf £'000	Cambridge Bars £'000	27 June 2021 (restated) £'000
Right-of-use assets	23,191	900	(175)	23,916
Lease liabilities	(26,773)	(1,001)	181	(27,593)
Net assets	**19,275**	**(101)**	**6**	**19,180**
Retained deficit	(5,381)	(101)	6	(5,476)
Total equity	**19,275**	**(101)**	**6**	**19,180**

Balance Sheet (extract)	28 June 2020 £'000	Manchester Golf £'000	Cambridge Bars £'000	28 June 2020 (restated) £'000
Right-of-use assets	17,283	921	(174)	18,030
Lease liabilities	(22,933)	(971)	177	(23,727)
Net assets	**14,996**	**(50)**	**3**	**14,949**
Retained deficit	(9,660)	(50)	3	(9,707)
Total equity	**14,996**	**(50)**	**3**	**14,949**

Statement of Comprehensive Income (extract)	27 June 2021 £'000	Manchester Golf £'000	Cambridge Bars £'000	27 June 2021 (restated) £'000
Operating expenses	(12,318)	(21)	(1)	(12,340)
Operating profit	**5,135**	**(21)**	**(1)**	**5,113**
Net finance costs	(937)	(30)	4	(963)
Profit on ordinary activities before taxation	**4,198**	**(51)**	**3**	**4,150**
Profit for the period	**4,279**	**(51)**	**3**	**4,231**
Earnings per share – basic (pence)	**11.5**	**(0.2)**	**—**	**11.3**
Earnings per share – diluted (pence)	**11.5**	**(0.2)**	**—**	**11.3**

Statement of Comprehensive Income (extract)	28 June 2020 £'000	Manchester Golf £'000	Cambridge Bars £'000	28 June 2020 (restated) £'000
Operating expenses	(28,446)	(21)	(1)	(28,468)
Operating loss	**(9,154)**	**(21)**	**(1)**	**(9,176)**
Net finance costs	(1,053)	(29)	4	(1,078)
Loss on ordinary activities before taxation	**(10,207)**	**(50)**	**3**	**(10,254)**
Loss for the period	**(9,493)**	**(50)**	**3**	**(9,540)**
Loss per share – basic (pence)	**(25.5)**	**(0.2)**	**—**	**(25.7)**
Loss per share – diluted (pence)	**(25.5)**	**(0.2)**	**—**	**(25.7)**

Parent Company balance sheet

At 25 December 2022

	Notes	At 25 December 2022 £'000	At 27 June 2021 £'000
Non-current assets			
Investments	2	**22,241**	22,241
Current assets			
Trade and other receivables	3	**3,364**	3,550
Total assets		**25,605**	25,791
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		**(2,106)**	(2,180)
Total equity		**24,125**	24,051
Current liabilities			
Other payables	5	**1,479**	1,739
Income tax payable		**1**	1
Total liabilities		**1,480**	1,740
Total equity and liabilities		**25,605**	25,791

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 25 December 2022 was £74,000 (2021: total comprehensive income of £137,000).

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 21 April 2023 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 18 month period ended 25 December 2022

	Share capital £'000	Share premium £'000	Merger reserve £'000	Other reserve £'000	Retained deficit £'000	Total £'000
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**
Profit and total comprehensive income for the period	—	—	—	—	74	74
Balance at 25 December 2022	**9,322**	**15,993**	**464**	**452**	**(2,106)**	**24,125**

Notes to the Parent Company financial statements

For the 18 month period ended 25 December 2022

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.

On 20 June 2022, the Company changed its accounting reference date (and financial year end) from 30 June to 31 December. As a result, the current period financial results are presented on an 18 month basis to the 25 December 2022, with a comparison to the latest audited accounts for the 12 months ended 27 June 2021.

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. See Note 1 of the consolidated financial statements for further details.

As at 25 December 2022, the Group had net current liabilities of £11,216,000 (2021: £4,475,000). The Group also had cash and cash equivalents of £4,208,000 (2021: £7,080,000) available to meet short-term needs.

The Group meets its day-to-day working capital requirements through its bank facilities. The Group's principal sources of funding are:

- a one year term loan of £10,870,000, which was initially entered into in April 2016. As of 25 December 2022, the term loan was due for final repayment on 5 December 2023, and is therefore shown as a current liability in the Consolidated Balance Sheet. The term loan was extended for a period of 12 months on 19 April 2023 and is now due for final repayment on 5 December 2024. As a consequence, loan repayments of £485,000 are payable over the next 12 months; and
- a one year revolving credit facility of £1,000,000, which was initially entered into in April 2016. This was due to expire on 5 December 2023 as of 25 December 2022, but was also extended for a period of 12 months on 19 April 2023. As at 25 December 2022, this facility was undrawn.

1. Accounting Policies (continued)

The Group also had £457,000 of Coronavirus Business Interruption Loans (CBILs) outstanding as of 25 December 2022 (2021: £5,000,000), which were repaid in full at the end of March 2023.

Quarterly covenant tests are in place over the bank facilities and the Group was fully compliant as at 25 December 2022.

The Group's current intention is to replace the £10,870,000 term loan and £1,000,000 revolving credit facility with a larger revolving credit facility and a reduced term loan. This will provide the Group with additional flexibility in meeting its day-to-day working capital requirements and reduce its interest costs by repaying further debt back to the revolving credit facility. The covenant tests will be modified to account for the changes in circumstances as part of the revised refinancing arrangement.

Based on current forecast performance, the Directors consider that the Group will be both profitable and cash generative and will continue to comply with covenant testing for the foreseeable future.

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. The Group will also have sufficient cash resources available to meet its liabilities as they fall due Accordingly, these financial statements have been prepared on a going concern basis.

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.

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 deficit' represents the accumulated 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.

1. Accounting Policies (continued)

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.

2. Investments

	At 25 December 2022 £'000	At 27 June 2021 £'000
Investment in Lethington Leisure Limited	**10,834**	10,834
Investment in Lightwater Valley Attractions Limited	**3,854**	3,854
Investment in Eclectic Bars & Clubs Limited (formerly Eclectic Icon Limited)	**7,496**	7,496
Investment in Newman Bars Limited	**57**	57
	22,241	22,241

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 25 December 2022 the Company performed its annual impairment review of investments. No impairments were identified (2021: no impairments). 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).

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 Family Adventure 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 Bars & Clubs Limited (formerly 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 Bars & Clubs Limited (formerly 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 25 December 2022, 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.

3. Trade and other receivables

	At 25 December 2022 £'000	At 27 June 2021 £'000
Amounts due from group undertakings	**3,353**	3,539
Other receivable	**11**	11
	3,364	3,550

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

Of the total amount owing from group undertakings of £3,353,000, £2,106,000 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.

£1,245,000 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 25 December 2022		At 27 June 2021	
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 28 June 2020, 27 June 2021 and 25 December 2022	**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:

	At 25 December 2022 £'000	At 27 June 2021 £'000
Deferred consideration for Lightwater Valley	—	500
Contingent consideration for Lightwater Valley	—	500
Accruals	—	189
Other payables	23	247
Amounts due to Group undertakings	1,456	303
	1,479	1,739

The deferred and contingent cash consideration totalling £1,000,000 at the prior year balance sheet date arose from the acquisition of Lightwater Valley Attractions Limited on 17 June 2021, and was settled in full at the end of September 2021.

Amounts owed to Group undertakings are repayable on demand and bear interest at 3.25% per annum (2021:2.5%). 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 25 of the consolidated Group financial statements.

Notes

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